# Financial Results Meeting for the First Quarter of the Fiscal Year Ending February 28, 2027 Q&A Session (Summary) (Held on July 16, 2026)

[Question] I understand that you have traditionally offered products designed to address niche health and beauty concerns; is it correct to assume that you will now be changing your product development strategy to launch products aimed at a larger market?

[Answer] It is not the case that we will be launching products aimed at a larger market. As before, our policy remains unchanged:
even if the market is large, we will continue to develop niche segments within it.

[Question] The number of new customers acquired has been strong. How do you analyse the factors behind this?

[Answer] We believe this is attributable to two main factors. First, we carefully select products that we expect to sell well on our e-commerce site, and the accuracy of this selection process has improved. Second, improvements in the quality of our advertising creatives have enabled us to conduct more effective advertising campaigns.

[Question] Does the trend in the number of new customers acquired match the projections made at the start of the period?

[Answer] The results exceeded our projections at the start of the period, albeit only slightly.

[Question] How do you view the impact on cost of goods sold resulting from the expansion of product ranges such as make-up and food, and what are your thoughts on the future product mix?

[Answer] As the food category tends to have a high cost to sales ratio, we do not anticipate that its share of our product mix will increase significantly.
On the other hand, as there are no similar concerns regarding the cost to sales ratio for the make-up category, we intend to increase its share of the product mix going forward.

[Question] Are there any categories other than make-up and food that are suitable for this business model?

[Answer] As our product development framework has now been established, we will also focus on categories such as pharmaceuticals and medical devices.

[Question] In light of the recent surge in consumer prices and raw material costs, what risks do you anticipate that could hinder the achievement of your medium-term management plan?

[Answer] Whilst we recognise the impact of rising raw material prices and other factors as a risk, we do not currently consider it to be at a level that would necessitate a review of the targets set out in our medium-term management plan. We intend to continue taking the necessary measures in response to the business environment and market trends.

[Question] There have been reports that restrictions on cosmetic advertising under the Pharmaceutical and Medical Devices Act will be relaxed, allowing the use of numerical data and user testimonials that were previously prohibited. How do you view the impact this will have on your company and the industry?

[Answer] We anticipate growing opportunities across the industry as a whole, particularly in the skincare market. We believe that if we are able to provide quantitative evidence and user testimonials, we will be able to communicate the features of our products and the effects and benefits of using them more clearly than ever before, which will help stimulate customer demand.
Next, regarding the impact on our company, we believe that traditional marketing strategies within the cosmetics industry are likely to undergo significant change, which we view as a favourable development for us. Until now, as it has not been possible to mention specific effects and benefits, the main promotional method has been to implement image-based strategies utilising celebrities and entertainers; this has created a landscape that has been relatively advantageous for large corporations with substantial financial resources. However, once it becomes possible to refer to the actual effects and benefits of the products themselves,

we believe that image-based strategies will no longer be strictly necessary, which will work to the advantage of small and medium-sized enterprises.

[Question] Please outline the future measures to be taken to meet the market capitalisation threshold for tradable shares, and the current status of discussions regarding a transfer to the Standard Market.

[Answer] We believe that striving to improve our business performance and enhance shareholder returns will lead to the achievement of the market capitalisation benchmark for tradable shares. Furthermore, as a precautionary measure, we are also proceeding with discussions regarding a transfer to the Standard Market.

[Question] How confident are you that the targets for the fiscal year ending February 29, 2028—the final year of the medium-term management plan—will be met?

[Answer] As we are making progress in establishing systems for product development, sales and customer acquisition, we believe the likelihood of achieving our targets is higher than before.

(Note)
This document is not a direct transcript of the Q&A session held at the meeting.
Please note that partial corrections and revisions have been made based on the judgement of the Company to improve understanding.