

## Presentation

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**Moderator:** Thank you very much for joining us today for the financial results briefing for the fiscal year ended March 31, 2026 of ARTNATURE INC. The financial results briefing will be held from now.

I would now like to introduce the attendees from the Company side. Yoshikata Igarashi, Chairman and President.

**Igarashi:** I am Igarashi. Thank you.

**Moderator:** Toshio Honda, Senior Corporate Officer, General Manager of Management Planning Division.

**Honda:** This is Honda. Thank you.

**Moderator:** Next, Hiroaki Inoue, Senior Corporate Officer, General Manager, Finance & Accounting Division.

**Inoue:** I am Inoue. Thank you.

**Moderator:** Atsushi Senkoshi, General Manager, IR Office, Corporate Planning Department.

**Senkoshi:** I am Senkoshi. Thank you.

**Moderator:** That is all. Thank you.

We have the following documents at your disposal today. Please confirm them. The following materials are included in the report: slide presentation of the financial results meeting, financial summary, data sheet 2026, notice of difference between non-consolidated financial results and those of the previous period, notice of revision of dividend forecast, and preliminary monthly sales report. In addition, we have also distributed a survey form to you. This questionnaire will be used as a reference for future IR activities. Please take a moment to fill out the form before you leave.

Today's briefing will begin with an explanation by Chairman Igarashi, followed by an explanation by Senior Corporate Officer Honda. A question-and-answer session will follow, and the scheduled closing time is exactly at 5:00 p.m.

We will now move on to the financial results presentation. First, Chairman Igarashi, please go ahead.

**Igarashi:** This is Igarashi from ARTNATURE. Thank you very much for taking the time today to participate in the financial results briefing. Today, I would like to present an overview of the financial results for the fiscal year ended March 31, 2026, and an outline of our long-term management plan, ARTNATURE 2.0, which begins in fiscal 2026, and our new medium-term management plan, the ARTNATURE Frontier Plan. After that, Honda, General Manager of Management Planning Division, will explain specific strategies and measures. Now to the explanation.

First, here is an overview of the financial results for the fiscal year ending March 31, 2026.

Consolidated net sales for the period were JPY44.6 billion, up 2.9% from the previous year, and operating income was JPY3.2 billion, up 47.6%, a significant increase from the previous year.

In terms of sales by category, men's sales increased for the second consecutive year, while ladies' sales reached a record high for the fourth consecutive year. Operating income also exceeded the plan by JPY400

million. On the other hand, sales fell short of the plan by 6.3%. The main reason was the failure to acquire new business areas. The improvement in operating income is the result of increased revenue as well as reduction of SG&A expenses through efficient cost management.

Please refer to the performance trends for the past 10 fiscal years. Net sales reached the highest level since the Company's listing and operating income reached the level before the COVID-19 pandemic.

We will now give an overview of our medium-term management plan, ARTNATURE 2.0, and our new medium-term management plan, the ARTNATURE Frontier Plan.

First, a review of the previous medium-term plan. In the current fiscal year, the final year of the previous medium-term management plan, we achieved net sales of JPY44.6 billion, the highest since the Company was listed on the stock exchange. On the other hand, the initial plan of JPY52.3 billion, ordinary income margin of 10%, and ROE of 10.3% were not reached. The main reason was a decline in the number of customers visiting stores and the inability to acquire new business in new areas. As a result, the management team, including myself, takes the responsibility of not achieving this goal very seriously.

This chart shows sales of major products and the number of customers who visited our stores during the previous medium-term plan period. Sales of major products increased YoY for both men and women during the period under review, with women in particular experiencing a significant increase of 108.8%. On the other hand, the number of male customers who visited the store was 99%, almost the same as the previous year, while the number of female customers was 95.9%, indicating that the Company struggled to attract new customers.

We recognize that the biggest reason for the sales plan not being achieved was our inability to appeal to new female customers. Behind the scenes, there was a delay in responding to digital sales channels, particularly social media. In the new medium-term plan, we will redesign our new acquisition model to strengthen our customer base.

Next, I would like to discuss the acquisition of business in new areas. The Company has considered several M&As and new business deals since 2020 but has not been successful in obtaining them. In the new medium-term business plan, we will add the challenge of new areas as one of our priority issues and make progress toward acquiring projects that satisfy synergies with existing businesses and capital profitability in the medium to long term.

This is an initiative related to the sustainable enhancement of corporate value. A new Bangladesh plant started operation at the end of last year, enabling us to decentralize our production bases. On the other hand, challenges remained in the sales and administrative structure in terms of staff sufficiency and the development of digital human resources. These will be resolved in the new medium-term plan.

To achieve a sustainable society, we have been promoting the use of LEDs in all our stores and the introduction of renewable energy sources. We also introduced a medical wig support system for employees and their relatives suffering from hair problems due to medical treatment. Continuing, we will engage in various business activities under the motto of "What we want to increase is the number of smiles".

Here are the stock price and PBR. While stock prices have improved, PBR has generally remained between 0.9x and 1.0x since 2022 and was 0.98x at the end of March 2026. We take this as a market assessment of our growth potential and return on capital. In the new medium-term plan, we aim to establish a P/B ratio of over 1x through ROE improvement and dialogue with the market.

In the previous medium-term plan, we also worked to increase shareholder returns. In FY2023, we introduced a dividend policy with a minimum annual dividend of JPY28 per share, based on a consolidated payout ratio

of at least 40%, and decided to increase the dividend by JPY2 per share for the current fiscal year. In addition, we have introduced a shareholder special benefit plan in FY2025.

We will summarize our review to this point. What became clear throughout the previous medium-term plan was the decline in the number of customers, the rise in the cost of goods, the lack of efficiency improvements, the failure to win new territories, and the human capital challenge. Based on this, we have set five priority issues in the new medium-term business plan: strengthening our customer base, reinforcing our production base, improving efficiency, taking on the challenge of entering new fields, and enhancing our human capital. The success of the new medium-term plan will depend on its ability to effectively resolve these five issues.

Here is the business environment. The domestic hair market is in a structural contraction trend, shrinking from JPY140.2 billion in FY2016 to JPY119.5 billion in FY2025, a decline of approximately 15% over the past decade. Therefore, it is necessary to simultaneously dig deeper into existing markets and develop new areas.

Meanwhile, our share of the domestic hair market has increased from 28.9% in FY2016 to 36.2% in FY2025. We accept this because our products and services have continued to be selected even in a shrinking market. In the new medium-term plan, we will further strengthen this competitive advantage.

There are opportunities and risks in the business environment. Opportunities include firm domestic demand, an increase in the number of active seniors, the proliferation of social networking services, and progress in the use of AI. On the other hand, there are risks such as unstable exchange rates, high prices, declining birthrates, and increased competition from neighboring industries.

Given the future business environment, it will be important to capture potential customers and increase lifetime value in the men's market, and to develop new sales channels in the ladies' market. We believe that it is important to expand our support beyond hair care to include all aspects of life.

We have positioned the 10-year period from FY2026 to FY2035 as our long-term management plan, ARTNATURE 2.0, and have set our long-term vision as "Aiming to be a World-Leading Wig Lifestyle Solutions Provider". Being the best in the world here does not mean mere size. It means to provide not only hair care, but also the comprehensive range of goods and services necessary to enrich our customers' lives, and to be the most preferred provider. First, during the four years of the new medium-term plan, we will strengthen the foundation of our domestic business and take on the concrete challenge of entering new areas.

Here is an overview of the new medium-term management plan, the ARTNATURE Frontier Plan. Our main numerical targets are net sales of JPY59.9 billion, ordinary income margin of 6.7%, and ROE of 9.2% for the fiscal year ending March 31, 2030.

During the four years of the new medium-term plan, we will proceed in three phases: the preparation phase, a cultivation phase, and a reward-reaping phase. The first year is a period of preparation in which we make upfront investments to strengthen our business foundation and take on challenges in new areas. Subsequently, we will establish measures to expand sales and improve profitability. First, we will build a winning position domestically, and then prepare for overseas expansion.

Here are the numerical targets for the new medium-term plan. For the fiscal year ending March 31, 2027, the first year of the plan, we expect sales to increase to JPY48.4 billion, but we also plan a temporary decrease in profits. This is to concentrate upfront investment as a preparation period. We believe that a temporary decrease in profit despite an increase in revenue is inevitable as we build a winning position in Japan. The key is to translate this investment into sales growth and improved profitability in the second year and beyond.

We plan to announce the numerical targets for the second and subsequent years in May of next year, based on the application of the new lease accounting standards.

Finally, we have the shareholder return policy. The Company will pay a minimum annual dividend of JPY28 per share, with a consolidated dividend payout ratio of at least 50% until the Company achieves a ROE of over 10%. We intend to maintain the minimum dividend of JPY28 in the first year of the new medium-term plan. We will strive to increase corporate value while maintaining a balance between investment in growth and shareholder returns.

That is all I have to say. Thank you.

**Moderator:** Next, we will hear from Senior Corporate Officer Honda. Thank you for your time, Honda.

**Honda:** This is Honda from ARTNATURE. I will supplement the financial results for the fiscal year ended March 31, 2026, from a numerical standpoint, and then explain the specific measures of the new medium-term management plan, the ARTNATURE Frontier Plan, and finally the financial plan for the fiscal year ending March 31, 2027.

Please see the summary of the consolidated statement of income for the fiscal year ending March 31, 2026 on page 23 of the document.

For the fiscal year ending March 31, 2026, sales were JPY44.6 billion, up 2.9% from the previous year, the highest since the Company was listed on the stock exchange. The breakdown was JPY23.2 billion for men's business and JPY19.7 billion for ladies' business, with growth in ladies' business in particular contributing to the overall increase in sales.

In terms of profit, the cost to sales ratio was 33.2%, an improvement of 0.6 percentage points from the previous year. The SG&A expenses ratio was also 59.6%, down 1.6 percentage points from the previous year. Profitability improved because of a review of cost management, particularly advertising expenses. As a result, operating income was JPY3.2 billion, up 47.6% from the previous year, and ordinary income was JPY3.4 billion, up 53.4%. We view this fiscal year's results as one in which sales growth and cost containment led to higher profits.

CAPEX in the bottom line was approximately JPY2.4 billion, which was executed mainly for store facilities, systems, and the new Bangladesh plant. We are also systematically developing the infrastructure for future growth.

Page 24 of the document shows sales by product and service, with non-consolidated totals for men and ladies. The figures by product and service are presented on a non-consolidated basis from this page.

The total of all products and services in the bottom line was JPY42.7 billion, up 3.1% from the previous year. Overall, new sales weakened slightly, while repeat sales and growth in JULLIA OLGIER supported sales.

New sales of custom-made wigs, a mainstay product, declined 5.4% from the previous fiscal year, but repeat sales rose 3.5%, for a total of JPY22.5 billion, up 1.9% year on year.

Hair addition products were also solid at JPY4.3 billion, up 11.2% YoY, and JULLIA OLGIER at JPY5 billion, up 4.5% YoY.

On the other hand, overall new sales were down 1% from the previous year, and the key issue for future growth will be how to increase contacts with new customers.

Page 25 of the document shows the status of the men's business. The men's business totaled JPY23.2 billion, up 0.5% from the previous year, marking the second consecutive year of growth. By product, sales of custom-

made wigs decreased 1% YoY, while sales of hair addition products increased 5.7%. In particular, new sales of hair addition products grew significantly, up 17.5% from the previous year, supporting the overall growth.

The men's business is our stable revenue base. Going forward, we will maintain the strong performance of our hair addition products and utilize social media and the Web to attract new customers and encourage existing customers to continue using our products.

Page 26 of the document shows the status of the ladies' business. Business for women totaled JPY18.5 billion, up 6.7% from the previous year. New sales remained a challenge, down 3.8%, but repeat sales rose 11.6% YoY, and JULLIA OLGIER boosted overall sales with a 4.5% YoY increase. Repeat sales of custom-made wigs grew particularly strongly, up 14.2% from the previous quarter.

In the ladies' business, we are steadily capturing replacement demand from existing customers. Meanwhile, the recovery of new acquisitions continues to be a challenge. We will seek to expand our customer base by proposing new sales channels, products, and services.

Next, page 27 of the document shows the reasons for changes in consolidated ordinary income. Consolidated ordinary income was JPY3.4 billion, an increase of JPY1.2 billion or 53.4% from the previous year.

The main reason for the increase in profit is the rise in gross profit due to the increase in sales and the curbing of advertising expenses. Non-operating income also improved, contributing to the boost in profits. On the other hand, there are also necessary costs such as the revision of company-wide salary levels, system amortization costs associated with DX promotion, and expenses related to the new Bangladesh plant and shareholder benefits. The fact that we were able to achieve a significant increase in profit while managing these cost increases is a major achievement for the current fiscal year. Going forward, it will be important to sustain the trend of profit improvement while promoting investment for growth.

Overall monthly sales of major products were 103.2% of the previous year's level, as shown on page 28 of the document. Men's sales recovered to almost the same level as the previous year at 100.1%, while ladies' sales increased significantly to 108.8%. Particularly strong movement toward the end of the period was seen in the ladies' segment, which drove revenue growth in the period under review. A recovery trend is also seen for men, particularly for hair addition products.

Going forward, it is important to ensure that this sales recovery is not a one-time event but leads to continued growth. To this end, in addition to our product capabilities, we will promote initiatives to expand our points of contact with customers.

On the other hand, as shown on page 29 of the document, the overall number of customers who visited the store was 98% of the previous year's level, with 99% of male customers and 95.9% of female customers, down from the previous year. Although sales are growing, we recognize that the decline in the number of customers visiting our stores is an important issue for us. While repeat sales and higher unit prices currently support sales, we believe there is room to broaden the base of the number of customers visiting the store. For this reason, the new medium-term management plan places the enhancement of the customer base as one of the priority issues, and we will redesign our new acquisition model and strengthen relationships with existing customers.

We will now explain the specific measures of the new medium-term management plan, the ARTNATURE Frontier Plan. Regarding the five priority issues as explained by the Chairman, I will focus on the implementation aspect.

Please see the value creation story on page 31 of the document. Here is the value creation story of this medium-term plan. We aim to be a world-leading wig lifestyle solutions provider by leveraging the quality,

technology, and customer contacts we have cultivated over the years. This is the concept of expanding the scope of our offerings to include products and services that support the enrichment of our customers' lives, with a focus on hair care. In this medium-term business plan, we will address five key issues as the first phase of the plan, which will lead to both expansion of business performance and enhancement of corporate value.

The five priority tasks listed in the document, strengthening the customer base, reinforcing the production base, improving efficiency, taking on challenges in new areas, and enhancing human capital, will be pursued step by step over the next four years.

The first is to strengthen the customer base, as shown on page 32 of the document. We will work on three initiatives: redesigning the new acquisition model, shortening the repeat cycle, and maximizing lifetime value.

As I mentioned earlier, the decline in the number of customers visiting our stores is a major challenge. In addition to traditional customer contact points, we will also utilize digital contact points such as the Web and social media to strengthen leads that lead to consultations and store visits. We also seek to maximize lifetime value by deepening relationships with existing customers and increasing opportunities for replacement and additional proposals.

One of our efforts to strengthen relationships with existing customers is our lifestyle concierge service. This is an initiative to leverage contacts with existing customers and expand proposals to include products and services that are not limited to hair-related products and services.

We have a relationship of trust with our customers that we have cultivated over the years. We aim to improve customer satisfaction and lifetime value by leveraging this point of contact with our customers to meet a wide range of needs related to their lives.

The second, as shown on page 34 of the document, is to strengthen the production base. Central here is our effort to develop our new Bangladesh plant as the main base for the next generation. Strengthening the production base will help stabilize costs, improve supply capacity, and address supply chain risks. We intend to maintain quality while stabilizing operations at the new plant and establishing a production system that will support our company's growth.

Third, as shown on page 35 of the document, is the improvement of efficiency. We will work to optimize and effectively utilize store assets and improve operational efficiency using generative AI and DX. For future growth, it is essential not only to increase sales, but also to use limited personnel and stores more efficiently. We will also improve profitability by reviewing our stores, systems, and business processes to make them more productive.

Fourth, as shown on page 36 of the document, is the challenge of entering new areas. We will acquire new growth engines in Japan and prepare for future overseas expansion. In the previous medium-term plan, the acquisition of business in new areas remained an issue. In this medium-term business plan, we will consider new business opportunities while assessing their affinity with our core business, profitability, and future growth potential. Rather than relying solely on existing businesses, we will seek to grow the Company as a whole by expanding our business into peripheral areas, starting with hair.

Fifth, strengthen human capital. Through recruitment, training, and compensation improvements, we will establish a human resource base to support business growth. The measures set forth in this medium-term plan will ultimately be implemented on the ground. It is important to create a system in which every employee, including stylists, salespeople, and administrative staff, can demonstrate their abilities. We will position our investment in human resources as an investment in the foundation necessary for future growth and will proceed systematically.

For stylists, we will improve labor productivity through reskilling, as shown on page 38 of the document. As customers' needs become more diverse, it is important to have not only technical skills but also proposal skills, customer service skills, and the use of digital tools. We aim to both increase customer satisfaction and improve profitability by establishing an education system and enhancing on-site responsiveness.

I will now explain our strategy by business, as shown on page 39 of the document. In this medium-term plan, profits from the men's business will be reinvested in building a foundation, and then allocated to the ladies' business and to investments to achieve both sales growth and profit improvement in the ready-made business for women.

In this figure, the size of the circle indicates sales, the vertical axis indicates growth potential, and the horizontal axis indicates profitability. The men's business will serve as a stable revenue base to generate investment capacity for the entire company. On the other hand, the ladies' business and the ready-made business for women are future growth areas. By investing management resources here, we will accelerate company-wide growth by promoting sales growth and improving investment efficiency.

In the men's business, we aim to achieve stable and sustainable growth, as shown on page 40 of the document. By developing high value-added products and expanding the subscription system, we will create a business foundation that is less susceptible to price competition. In addition, by expanding contacts with new customers through social media and the Web, we will continue to uncover potential customers and increase the number of customers who will use our services for a long time.

The men's business will maintain a high profit margin despite low growth and will serve as a stable revenue base for the Company to generate investment capacity for the entire company.

In the ladies' business, as shown on page 41 of the document, we aim to become No. 1 in Japan by strengthening our foundation through an increase in new customers. Replacement demand from existing customers is strong, but to grow further, we need to increase our contacts with new customers. In addition to the introduction of high value-added products, we will accelerate the growth of our ladies' business through new sales channels and linkages with beauty services.

In the ready-made business for women, we aim to achieve stable sales expansion and profit growth, centering on JULLIA OLGER, as shown on page 42 of the document. The Company will strengthen its repeat-sales system by reviewing store development and strengthening follow-up with existing customers. The ready-made business is an important area that supports the growth of the overall ladies' business. We will enhance the attractiveness of our stores and our ability to serve customers, leading to continued growth.

Finally, I will explain our plan for the fiscal year ending March 31, 2027. The fiscal year ending March 31, 2027 is the first year of the new medium-term management plan and is positioned as a preparation period. It is not only about profit in a single year, but also about what investments will be made and what kind of foundation will be built for re-growth.

On page 44 of the document, I will explain our full-year consolidated earnings plan for the fiscal year ending March 31, 2027.

For the fiscal year ending March 31, 2027, we plan net sales of JPY48.4 billion, up 8.7% from the previous year. Men's business is projected at JPY23.4 billion, ladies' business at JPY20.6 billion, and others at JPY4.3 billion. This others of JPY4.3 billion is mainly due to contributions from new areas of business. Specific details will be provided as soon as the projects are finalized.

On the earnings front, however, the Company plans operating income of JPY2.5 billion, ordinary income of JPY2.6 billion, and net income of JPY1.2 billion, which are decreases from the previous year. This decrease in

profit is due to the fact that the Company is in a preparation phase and is making investments for re-growth ahead of time. The plan is to give priority to stocking up in the first year, incorporating challenges in new areas, investment in human resources, and response to high prices.

The numerical targets presented today are based on the current lease accounting standards. The new lease accounting standard is expected to be applied during this medium term, and the impact on financial statements, including the balance sheet and income statement, is expected after the application. The revised numerical targets reflecting these changes will be announced again in May of next year.

As shown on page 45 of the document, we plan a total of JPY43.8 billion in non-consolidated products and services, a 2.7% increase over the previous year. The Company expects sales of its mainstay custom-made wigs to reach JPY22.7 billion, up 1.2% YoY; hair addition products, JPY4.4 billion, up 1.6% YoY; and JULLIA OLGGER, JPY5.4 billion, up 9.6% YoY. In addition to targeting growth centered on JULLIA OLGGER, the Company aims to achieve steady revenue growth in other product categories through redesigning the new acquisition model and revamping the sales pipeline.

In the men's business, as shown on page 46 of the document, we plan a total of JPY23.4 billion, an increase of 0.7% over the previous year. Sales of custom-made wigs are expected to be JPY13.8 billion, up 0.4% from the previous year, and sales of hair addition products are expected to be JPY3 billion, up 2.3% from the previous year. Rather than aiming for a large increase in sales to men, we plan to steadily increase sales to men as a stable revenue base. We will strengthen our appeal through social media and the Web to attract new customers and promote continued use by existing customers.

In the ladies' business, as shown on page 47 of the document, we plan a total of JPY19.3 billion, an increase of 4.5% over the previous year. We expect sales of custom-made wigs to be JPY8.9 billion, up 2.4% from the previous year, and sales of JULLIA OLGGER to be JPY5.4 billion, up 9.6% from the previous year. For women, we will accelerate growth by strengthening JULLIA OLGGER and developing new beauty services. We will recover the acquisition of new customers and expand contacts with existing customers to strengthen the foundation for achieving the No. 1 market share for women in Japan.

Finally, on page 48 of the document, I will explain the factors for changes in the consolidated ordinary income plan for the fiscal year ending March 31, 2027.

Ordinary income for the fiscal year ending March 31, 2027 is projected at JPY2.6 billion, a decrease of slightly more than JPY700 million from the previous year. In terms of profit, in addition to growth in existing businesses, we expect an increase in other sales due to entry into new areas. On the other hand, expenses associated with strengthening the business base and taking on challenges in new areas have been factored in, and earnings from new areas of business have been offset in terms of profit.

The fiscal year ending March 31, 2027, I repeat, is positioned as a preparation period to secure future revenue sources. We will steadily implement this preparation to lead to growth and improved profitability in the second year and beyond.

This concludes my explanation. Thank you for your attention.

**Moderator:** Thank you very much for your explanation.

## Question & Answer

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**Moderator [M]:** We will now move to the question-and-answer session. Please note that due to the availability of materials, we will respond to your questions while seated.

First, the Company will answer the questions we received after last Friday's earnings announcement, as well as the issues that we often receive from investors in advance of the announcement. We have three questions today, so please answer one at a time. This will be the first question.

**Participant [Q]:** In the fiscal year ending March 31, 2026, sales reached a record high and operating income exceeded the plan. On the other hand, sales fell short of the plan. How would you summarize the current fiscal year? Please respond here.

**Igarashi [M]:** Honda will answer your question now.

**Honda [A]:** I will answer you then. For the fiscal year ending March 31, 2026, we achieved record net sales of JPY44.6 billion, and operating income also exceeded our plan. As explained earlier, this was due to solid repeat sales and sales of ready-made products, including JULLIA OLGER, as well as a review of advertising and other cost management, which also contributed to this result. On the other hand, sales fell short of the plan due to a lack of business wins in new areas, as well as difficulties in attracting new customers. The Company recognizes that these are important issues.

We did not simply curb advertising expenses for a single fiscal year but rather reviewed our investment targets based on the efficiency of the response and curbed the use of ineffective expenses. We intend to increase both our advertising efficiency and our ability to acquire customers while making the necessary investments in growth. This is the answer to the question.

**Moderator [M]:** Thank you very much. This is followed by the second question.

**Participant [Q]:** You are aiming for JPY59.9 billion in sales in the new medium-term plan. How do you plan to build on the growth of existing businesses and the acquisition of new areas of business? Please answer this question.

**Honda [A]:** I will answer this question as well. The overall concept of this medium-term business plan is that the first year will be a period for strengthening the business base and preparing for the challenge of entering new fields, and that the results will be realized in the second half of the medium-term business plan. We believe that sales growth will be based on the growth of existing businesses, first by strengthening our customer base. The introduction of the lifestyle concierge service is intended to deepen contact with existing customers, increase lifetime value, and build up sales through cross-selling.

We also consider capturing demand in new areas as an important theme. However, we will not simply pursue the scale of sales, but will be disciplined in our efforts, focusing on our customer base, affinity with our brand, profitability, and the possibility of return on investment. This is the answer to the question.

**Moderator [M]:** Thank you very much. Now the last and third question.

**Participant [Q]:** In the previous year, the annual dividend was JPY30, an increase of JPY2, but this year, the annual dividend is expected to be JPY28, a decrease of JPY2. What are your plans for shareholder returns in the future? Please respond to this question.

**Igarashi [A]:** I will answer your question now. Shareholder returns are an important management issue for the Company. In the new medium-term management plan, we will continue our dividend policy of maintaining stable and continuous dividends, with a minimum annual dividend of JPY 28 per share. For the fiscal year ending March 31, 2026, we increased the annual dividend to JPY30, or by JPY2 per share, in accordance with our dividend policy, as profits exceeded our plan due to a review of cost management in addition to increased revenue. Meanwhile, in the fiscal year ending March 2027, as a preparation period for the first year of the new medium-term plan, we plan to invest in strengthening our customer base, enhancing our production base, improving efficiency, taking on the challenge of entering new areas, and investing in human resources. Therefore, currently, the annual dividend is expected to be JPY28 per share. This is not a retreat from our stance on shareholder returns, but rather a balance between maintaining the level of returns set forth in our dividend policy and investing in future growth. We will continue to strive for both stable shareholder returns and medium- to long-term improvements in corporate value. That is the answer to the question.

**Moderator [M]:** Thank you very much. Now, I would like to take your questions. The staff member will be holding a microphone, and we would appreciate it if you would raise your hand and let us know. Please ask your questions. Are there any questions? I will now turn the microphone over to the man on the left.

**Tanabe [Q]:** My name is Tanabe from TOYO KEIZAI INC. Thank you. So as far as expanding for ladies, I think that you may have wanted to expand JULLIA OLGER's business a little more in the medium-term plan that you completed. If you see something that you think "JULLIA OLGER has a little more potential in this area," or if you see something that you think "the service is rather good here," please let us know.

The second point is related to the development of new customers. You mentioned digital measures, but could you tell us about the progress you are making in the areas where you are seeing results, or if there are any areas where you have seen success by doing things this way?

**Igarashi [A]:** I think you are asking about the first point, whether there are any factors to further develop JULLIA OLGER. The customer base has become very diversified, and now, JULLIA OLGER is still growing steadily year after year. As for this matter, the most important thing is reorganization in terms of marketability. We are developing products that meet the tastes of our customers, and we take that in each instance, and this is what we are good at, so we are making progress in this direction at this point, and we are in a situation where we can steadily increase.

In terms of new customers, it is very important to have a strong product lineup, or in other words, to produce a hit product. Our development department is always working on new products, which should be called "hit products", and we launch new products in the spring and fall of each year. As for that, after all, in the past, we had a blockbuster product called FEELIN and others in our development capabilities. We will continue to work on such matters based on new products and the ability to make announcements, and in this way, we would like to continue to expand sales by launching such new products in the future.

**Moderator [M]:** Thank you very much for your question. How about a follow-up question? Please raise your hand and let us know. Thank you.

**Suzuki [Q]:** Thank you for your explanation. My name is Suzuki from [inaudible] Japan. I wonder if you could give us some idea of what this new area of business is all about.

**Honda [A]:** I will explain then. As for what we are calling new business areas, we are considering business areas related to beauty and health in Japan, and since we are in the hair business, we are now looking for areas adjacent to the hair business that can generate synergy effects.

We have considered a considerable number, but no final agreement has been reached, and at this point, we have yet to acquire any. As for the future, we are currently considering acting so that we can further broaden the scope and securely make acquisitions. This concludes my explanation.

**Suzuki [Q]:** Is it definitely possible to acquire the new areas during the period of the medium-term plan? It is a naive question, but I'm curious. You have been searching constantly, but in the end couldn't do anything. Well, the new medium-term plan says you will do it, "definitely". Naturally, there will be various partners, but this is a simple question: will it be possible to do so as planned?

**Honda [A]:** As you asked, unfortunately, we have not achieved this goal for the past three years, so it is difficult to say "definitely". However, we consider it one of our most important tasks to acquire these, and we are currently studying the possibility of acquiring them during the period of this medium-term management plan. I am very sorry, and my response may not be very clear, but that is the way I would like to answer your question.

**Moderator [M]:** Thank you for your question. How about a follow-up question? Any questions? If there are no more questions, although there is some time remaining, I would like to conclude the question-and-answer session, if I may.

We would appreciate your cooperation in filling out the questionnaire that we asked you to fill out at the beginning of this presentation. Please feel free to leave your completed questionnaire at your seat. Also, this is a great opportunity. If you would like to exchange business cards after the session, please come to the front of the room.

This concludes today's financial results briefing. Thank you very much for your attendance today.

[END]

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### **Document Notes**

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