

Date and time:

Thursday, November 6, 2025, 16:00-16:50 (JST)

Respondents:

Masakazu Negoro, Representative Director, Senior Managing Executive Officer

Mitsuhiro Watanabe, Vice President, Investor Relations

- 1) What is the background behind reducing the sales volume effect in the FY2025 operating income forecast from +20.0 billion yen to +17.5 billion yen, and the selling price effect from +15.0 billion yen to +12.0 billion yen compared with your original plan?**

Sales volume:

We have incorporated declines in the businesses facing challenges outside Japan into our forecast. As we shift from quantity-based to quality-based growth, we will be selective about sales volume expansion, particularly in Indonesia. Risks in the hair salon business in the Americas and Europe have also been reflected in the forecast.

Selling price:

Consistent with our stance on sales volume, we have incorporated intensifying price competition in Southeast Asia, particularly in Indonesia. We have also reflected the risk that price adjustments in the Americas and Europe are progressing more slowly than in Japan.

How do you view the outlook for Southeast Asia, where competition is intensifying, and what initiatives are you taking?

Price competition with local competitors is intensifying. As the economic slowdown weighs on spending, consumers are opting for lower-priced products. We will allocate more resources to the *Bioré* skin care and *Laurier* sanitary brands, as well as other brands where we can enhance value-added and achieve differentiation, to improve profitability. We will also optimize the sales strategy for these brands. The effects of these initiatives are expected to appear in H2 FY2026 and beyond.

- 2) The Chemical Business appears to be slightly behind the plan. Is a review of the business required?**

The Q3 year-to-date (YTD) profit decline reflects a timing mismatch between price adjustments and rising raw material prices, as well as weak demand in Europe and an influx of low-priced Chinese products associated with U.S. tariff policies. However, we expect earnings to recover from Q4 onward, supported by factors including sales volume growth following the start of operations at the new tertiary amine plant in the U.S.

Could you also provide an update on the progress of the reforms for the *JERGENS* skin care brand and the *GOLDWELL* brand for hair salons in the Americas and Europe?

JERGENS

- We launched new products targeting younger consumers in Q3; initial consumer response has been good.
- We plan a brand restage in FY2026.

GOLDWELL

- In terms of the impact on overall business, lower salon traffic has led to some salons being unprofitable, and personnel expenses are also rising.
- We will review low-margin business and reform inefficient businesses in terms of each country and brand. However, we do not plan to record significant structural reform expenses.
- We plan a brand restage in FY2026.

3) Will it be possible to continue strategic price increases in Japan going forward?

Japan's consumer price index (CPI) remains relatively low by international standards, and surveys indicate low price elasticity for spending on daily necessities. Rather than simple pass-through, we will continue to implement price adjustments with value-added while maintaining a balance between selling price and sales volume.

4) By how much did the sales of the Cosmetics Business in China increase year on year (YoY) in Q3 (July–September)? Also, could you update us on the progress of the *KATE* makeup brand in Asia, and your full-year forecast of the Cosmetics Business operating income?

Sales in China nearly doubled YoY, showing a significant improvement driven by the distribution inventory optimization implemented in FY2024. Sales in Japan are also currently performing well. *KATE* is progressing ahead of the plan, and we aim to achieve a full-year operating income of 9.0 billion yen.

5) Are there any changes in the status of the skin protection business?

Progress remains steady in the major markets of the Americas and Europe, but UV care in Asia is not progressing as planned in some areas. In Asia, we will reinforce the entire *Bioré* brand, including body soaps, facial cleansers.

Note

The content presented in this document is the opinion of the Company. The content is a summary of the earnings conference Q&A. The Company makes no guarantee or promise regarding the accuracy or completeness of this information, which is subject to change without notice.

Forward-looking statements such as earnings forecasts and other projections are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.