August 7, 2026

Summary of Key Questions and Answers Concerning the Financial Results for FY 2026 Q2

1. **[Consolidated results] How did Q2 operating profit progress versus company assumptions, and what is the outlook for the full year?**

   On a consolidated basis, operating profit progressed ahead of the company's plan. However, we have left the full-year outlook unchanged, because we expect higher costs in the second half due to the situation in the Middle East. While remaining focused on achieving our guidance, we also aim to exceed it.

2. **[Consolidated results] Have there been any changes to the full-year outlook by brand based on the Q2 results?**

   Compared with the assumptions at the time of the Q1 earnings announcement, POLA's sales outlook remains unchanged, while operating profit is expected to increase by ¥0.3 billion. At ORBIS, both sales and operating profit are expected to increase by ¥0.2 billion. At Jurlique, sales are expected to increase by ¥0.4 billion, while the operating profit outlook remains unchanged. For the brands under development, sales are expected to decrease by ¥0.6 billion, while operating profit is expected to decrease by ¥0.5 billion.

3. **[Consolidated results] Regarding expense allocation, investors would like to see the company invest appropriately in customer acquisition to drive future sales growth. How do you plan to execute spending going forward?**

   At POLA, it is possible to increase expenses and acquire new customers in order to achieve short-term sales growth. However, what is important is whether those newly acquired customers ultimately contribute to higher lifetime value. We believe customer retention is key, and therefore aim to build a high-quality revenue structure that is not solely dependent on sales growth.
   At ORBIS, we are strategically advancing initiatives aimed at acquiring senior customers, including through the ORBIS Amber series. While sales from these initiatives remain modest, we are beginning to see a clear direction. Going forward, we will continue refining our approach, including how we establish touchpoints with senior customers and encourage repeat purchases.

4. **[Consolidated results] Regarding the marketing strategy, we understand that increasing the lifetime value of existing customers is important. However, if competitors aggressively invest in acquiring new customers, could your brands lose visibility relative to the market?**

   In marketing, rather than simply increasing the amount of communication by spending more, we believe it is increasingly important to refine the way we communicate so that it is appropriate for each brand and enables consumers to genuinely understand, empathize with, and develop an interest in the brand. By deepening our relationships with customers and ensuring that our brands continue to be chosen, we aim to drive sales growth.

5. **[POLA] Operating profit in the first half appears to have exceeded company assumptions. What were the key factors?**

In addition to changes in the timing of expense execution, the ongoing review of SG&A expenses, including a careful assessment of the effectiveness of marketing expenditures, also contributed to the outperformance. With regard to marketing expenses, we have prioritized spending on initiatives that enhance the lifetime value of existing customers rather than those focused primarily on acquiring new customers.

6. **[POLA] What has been the impact of the strengthened measures to curb secondary distribution in the salon channel?**

Excluding the impact of strengthened controls on secondary distribution, first-half sales in the salon channel were in line with the previous year. Sales at growth-track stores increased by 5% year over year, although we had hoped for stronger growth.
Looking at the composition of sales at these stores, sales of B.A products and esthetic services have grown faster than at other stores. Salons that are providing the unique customer experience that defines POLA, including personalized service, counseling tailored to individual customer needs, and highly effective esthetic treatments, are achieving growth. As the impact of strengthened secondary distribution controls diminishes in the second half, we aim to accelerate sales growth at growth-track stores and drive growth across the salon channel as a whole.

7. **[POLA] Customer numbers continue to decline. When do you expect this trend to bottom out?**

We have prioritized initiatives aimed at increasing the lifetime value of highly loyal existing customers, and purchase per customer has increased. We recognize the decline in customer numbers as a key challenge and would like to bring the decline to a halt as early as possible.

8. **[POLA] Overseas business recorded sales growth. Is this sustainable?**

Overseas business recorded an increase in sales of approximately ¥0.7 billion year over year on a Japanese yen basis, of which approximately ¥0.6 billion was attributable to foreign exchange effects.
In China, we had expected full-year sales to decline because of the closure of unprofitable stores. However, same-store sales have been progressing above the previous year's level, and e-commerce sales have also been strong. This is primarily attributable to the renewal of the B.A series.
In particular, the B.A WASH is receiving strong recognition in China. We believe the key going forward will be how effectively we can encourage customers who enter the brand through this product to use other items within the B.A lineup and the broader brand portfolio.

9. **[POLA] Will conditions in the domestic cosmetics market have an impact on the POLA brand?**

We believe that the overall domestic cosmetics market declined year over year in the first half, excluding inbound demand. The market continues to polarize across price segments. Since the high-end segment remains stable, we do not believe the external environment is having a negative impact on the POLA brand.

10. [ORBIS] The second half faces a high hurdle due to the contribution from Cleansing Oil in the prior year. Is the current plan achievable?

Cleansing Oil serves as an entry point between new customers and the brand, leading to repeat purchases and purchases of products beyond cleansing products. ORBIS has been steadily building its existing customer base, and we do not anticipate any significant downside risk to the plan as the new-product effect runs its course.