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Q&A on the Financial Results for the First Quarter of the Fiscal Year Ending December 2025

We appreciate your continued interest in our company.

Below, we have disclosed the main questions received recently from investors along with our responses.

This disclosure is intended to enhance information transparency and ensure fair disclosure for all investors.

Please note that some discrepancies may arise due to timing differences in the information provided.

Q1: How much did operating profit exceed the plan in Q1 FY2025, and what are the main contributing factors?

Operating profit in Q1 FY2025 exceeded the plan due to the following three main factors. All were related to timing differences, and there is no change to our H1 or full-year forecasts.

1. An approximately ¥200 million upside from the initial sell-in of renewed "YOLU" products, which was concentrated in March.
2. An approximately ¥200 million upside due to a portion of advertising expenses originally planned for Q1 being deferred to Q2.
3. A several tens of millions of yen upside as amortization of intangible assets initially planned was not recorded, owing to the pending PPA valuation of Tout Vert Co., Ltd.

01 Consolidated Results Highlights



Progress against Forecasts

- Given that full-year performance tends to be concentrated in H2, Q1 net sales were **largely as expected and profits marked a strong start**.
- Full-year forecasts **remain unchanged for now**, given advertising and other investment spending to be allocated in Q2.

	Q1 actual	H1 forecast	Q1 actual as % of H1 forecast	Full-year forecast
Net sales	¥11.11 bn	¥23.00 bn	48.3%	¥52.00 bn
EBITDA	¥1.31 bn	¥2.43 bn	53.9%	¥6.76 bn
Operating profit	¥0.90 bn	¥1.53 bn	58.9%	¥5.04 bn
Ordinary profit	¥0.84 bn	¥1.48 bn	56.9%	¥5.00 bn
Net income attributable to owners of the parent	¥0.37 bn	¥0.72 bn	51.9%	¥2.70 bn

Initial forecasts unchanged

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01 Consolidated Results Highlights



Recognition of Goodwill and Intangible Assets from M&As

- Of the two M&As in October 2024, **the PPA^{*1} assessment for Artemis^{*2} is completed^{*3}** (annual amortization is largely in line with what the initial 2025 forecasts suggested).
- For Tout Vert, the PPA assessment remains underway. It is scheduled to be completed by the time of the H1 results announcement. Upon completion, we will proceed with the accounting recognition and revise the provisionally recorded amortization, as necessary.

	Artemis ^{*2}			Tout Vert	
	Pre-PPA ^{*1} estimates	Post-PPA ^{*1} finalized values		Pre-PPA ^{*1} estimates	
Recognized amount of goodwill and intangible assets					
Accumulated amortization					
Intangible assets					
Goodwill					
	Dec. 31, 2024	Dec. 31, 2024	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2025
Amortization/impairment period	Goodwill: 10 years; intangible assets: 10 years			PPA ^{*1} still underway (scheduled to be completed by the time of the H1 results announcement)	
Annual amortization/impairment	¥ 0.43 bn (¥0.10 bn for goodwill, ¥0.33 bn for intangible assets)				

^{*1} Purchase price allocation: a corporate accounting term referring to the process of determining the fair value of assets, etc. identifiable from the acquired company as of the acquisition date. Must be distinguished from goodwill. ^{*2} Artemis was formerly known as TTrading Co., Ltd. It adopted its current name following the M&A. ^{*3} When the assessment is finalized, we will retrospectively adjust the Q4 and full-year FY2024 results.

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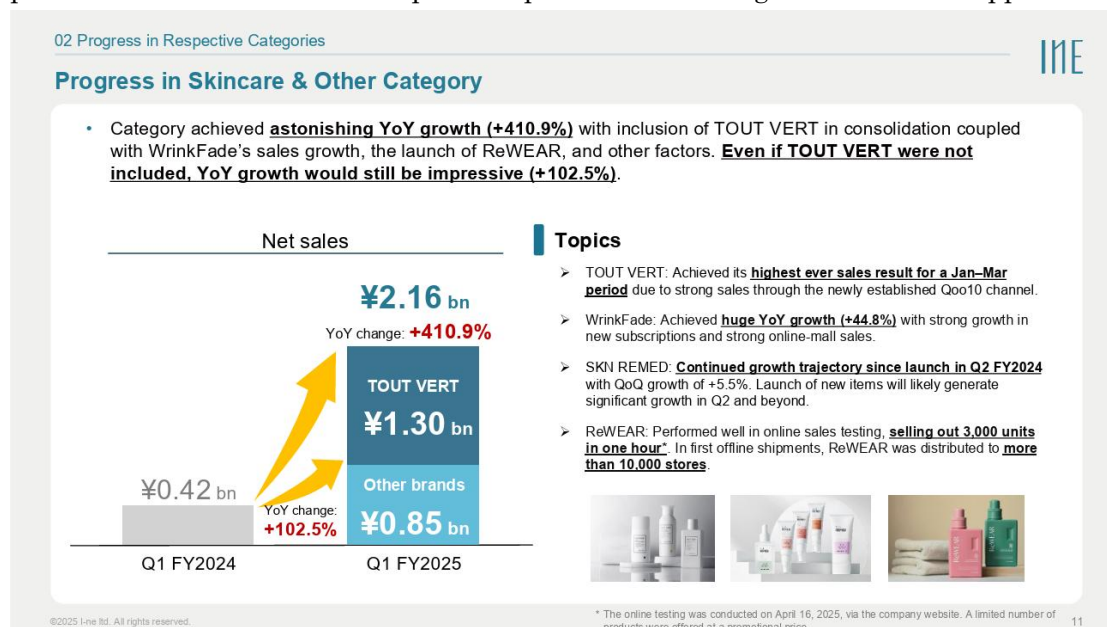
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Q2: Within the “Skincare & Others” category, organic brands alone saw a significant YoY increase of ¥430 million (+102.5%). Which brands contributed to this growth?

The main factors contributing to the revenue increase were approximately ¥100 million from "WrinkFade," ¥150 million from "SKN REMED," and ¥200 million from "ReWEAR."

Since acquiring the "WrinkFade" brand in 2022, sales had temporarily declined. However, following various initiatives to improve profitability, signs of renewed growth have emerged. Going forward, we will continue to focus on enhancing and expanding its brand value as one of our core D2C brands.

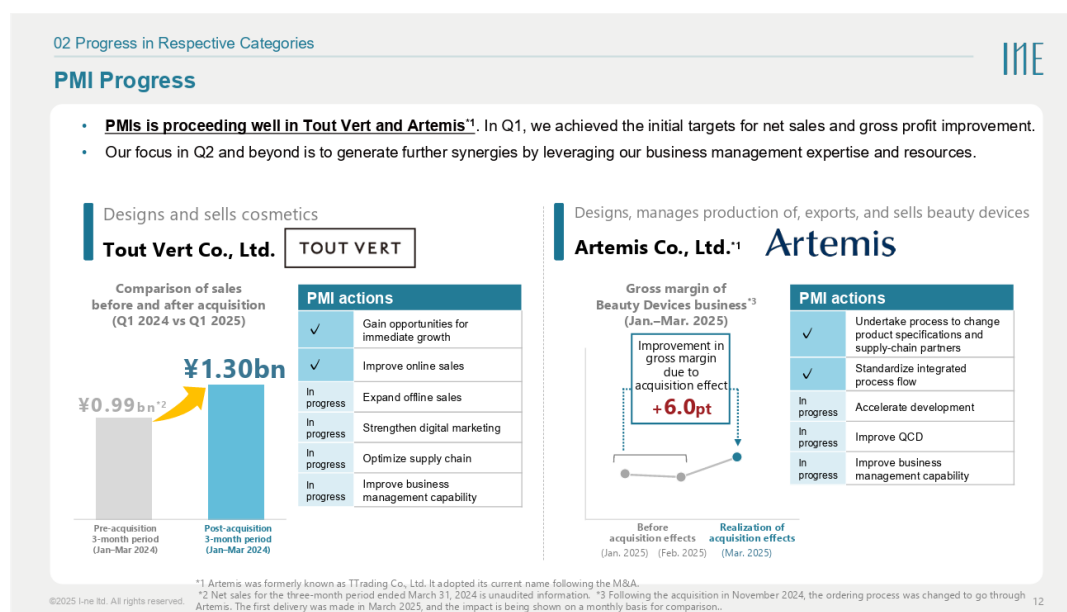
Additionally, "SKN REMED" and "ReWEAR," which were recorded for the first time in Q1, aim to achieve the company’s internal hit standard of ¥1 billion in annual sales as soon as possible. We will continue to implement phased and strategic measures to support this growth.



Q3: What initiatives have contributed to revenue growth following the M&A of Tout Vert Co., Ltd.?

The PMI process is progressing smoothly, leading to a more stable order management system and reduced opportunity loss. Additionally, expansion into new online channels such as Qoo10 and ZOZOCOSME has contributed to sales growth.

We also plan to begin test sales at variety stores starting in Q2.



Q4: What initiatives are in place to strengthen differentiation from competitors for sustainable growth going forward?

With a view toward medium- to long-term growth and in response to recent changes in the external environment, we are advancing various strategic initiatives.

Details of these initiatives will be disclosed at appropriate times, such as during the announcement of the next medium-term management plan. As part of these efforts, strengthening our R&D capabilities is a key focus.

Specifically, in 2024, we established the "Value Creation Laboratory" (<https://i-ne-global.com/business/science/>), staffed primarily by researchers with extensive experience in major corporations. Leveraging the flexibility and agility of a fabless manufacturer, we are actively pursuing cutting-edge areas that are difficult for large companies to tackle.

In addition, we are promoting joint research with leading domestic universities. Some of the outcomes have already been announced or released as products and are transitioning into the practical application phase.

We ask for your continued interest and support in our future developments.