FANCL Corporation

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2025

April 1, 2024 to June 30, 2024

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2025

FANCL CORPORATION

August 2, 2024

Stock exchange listings: TSE Prime Market, code number 4921

https://www.fancl.jp/en/

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Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the first quarter results: No

Presentation meeting for the first quarter results: No

1) Consolidated results for the first quarter period (April 1, 2024 to June 30, 2024) of the fiscal year ending March 31, 2025

(1) Consolidated Operating Results

(Millions of yen, rounded down)

	Three months ended June 30, 2024		Three months ended June 30, 2023	
		% change		% change
Net sales	26,042	(4.1)	27,152	6.0
Operating income	2,621	(18.1)	3,202	84.3
Ordinary income	2,711	(18.5)	3,327	70.0
Net income attributable to owners of the parent company	1,673	(23.6)	2,189	87.4
Earnings per share (¥)	13.83	--	18.11	--
Earnings per share (diluted) (¥)	13.78	--	18.04	--

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: Three months ended June 30, 2024: ¥ 1,697 million (-21.3%)
Three months ended June 30, 2023: ¥2,157 million (73.0%)

(2) Consolidated Financial Position

(Millions of yen, rounded down)

	As of June 30, 2024	As of March 31, 2024
Total assets	98,416	110,728
Net assets	80,205	80,533
Equity ratio (%)	81.0	72.2

Shareholders' equity: As of June 30, 2024: ¥79,698 million
As of March 31, 2024: ¥79,996 million

2) Dividends per share

	FY ended March 31, 2024	FY ending March 31, 2025 (forecast)
Interim period	17.00	0.0
Year-end	17.00	0.0
Annual	34.00	0.0

Note: As announced in the press release dated June 14, 2024, "Notice regarding Revisions to the Dividend Forecast (No Dividend) of the Fiscal Year Ending March 31, 2025 and Abolition of the Shareholders Benefit System", on the condition that the tender offer for the Company's common stock and Stock Acquisition Rights by Kirin Holdings Company, Limited is completed, the Company will not distribute dividends at the end of the interim period or at the end of the fiscal year ending March 31, 2025.

3) Consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Interim period ending September 30, 2024		FY Ending March 31, 2025	
		Change %		Change %
Net sales	55,730	3.1	118,500	6.9
Operating income	6,590	8.8	14,500	15.3
Ordinary income	6,600	3.7	14,500	12.0
Profit attributable to owners of parent	4,500	4.3	10,000	13.2
Net income per share (¥)	37.20	--	82.67	--

Notes: 1. Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.
2. Changes to the Consolidated forecasts during the period under review: No

4) Other

(1) Significant changes in the scope of consolidation during the consolidated quarterly period under review: None

(2) Use of simplified accounting methods or special accounting procedures: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements:

1. Changes following revisions to accounting standards: Yes
2. Other changes: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of outstanding shares (common stock)

1. Number of shares outstanding (including treasury shares)	June 30, 2024	130,353,200 shares	March 31, 2024	130,353,200 shares
2. Number of treasury shares	June 30, 2024	9,383,063 shares	March 31, 2024	9,399,839 shares
3. Average number of shares during the three-month period	Three months to June 30, 2024	120,952,960 shares	Three months to June 30, 2023	120,922,909 shares

Note: The number of treasury stocks at the end of the period includes shares held by the Officer Compensation BIP (Board Incentive Plan) Trust Account (196,034 shares as of June 30, 2024, 206,039 as of March 31, 2024). Furthermore, the treasury stock held by the Officer Compensation BIP Trust Account are included in the treasury stock deducted in the calculation of the average number of shares outstanding during the period.

***Review of accompanying quarterly consolidated financial statements by a certified public accountant or auditor:** No

*** Appropriate use of financial forecasts, other special notes**

(Cautionary note regarding forward-looking statements)

Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further details, please see Page 7: 1. Overview of Operating Results, Section 3, Consolidated Financial Forecasts and Other Forward-Looking Statements.

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1. Overview of Operating Results

(1) Overview of consolidated business performance for the consolidated fiscal period under review

(All comparisons are with the three-month period of the previous fiscal year, unless stated otherwise.)

During the three-month period under review, overall sales decreased 4.1% to ¥26,042 million, due to a decline in sales in the cosmetics and nutritional supplements businesses. Operating income decreased 18.1% to ¥2,621 million due to a decrease in gross profit on lower sales, despite efforts to effectively use advertising and promotion expenditure. Ordinary income decreased 18.5% to ¥2,711 million, and net income attributable to owners of the parent company decreased 23.6% to ¥1,673 million.

Segment results are as follows:
1) Cosmetics Business
Sales
Sales from the Cosmetics business decreased 2.1% to ¥15,070 million.

(Millions of yen, rounded down)

	Three months ended June 30, 2024		Three months ended June 30, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	10,679	70.9	11,149	72.5	(4.2)
ATTENIR Cosmetics	4,111	27.3	3,884	25.2	5.9
boscia	81	0.5	150	1.0	(46.0)
Others	197	1.3	206	1.3	(4.4)
Totals	15,070	100.0	15,391	100.0	(2.1)

	Three months ended June 30, 2024		Three months ended June 30, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Online and catalogue sales	8,846	58.7	8,141	52.9	8.7
Direct store sales	2,645	17.6	3,345	21.7	(20.9)
Wholesales and others	2,626	17.4	2,501	16.3	5.0
Overseas sales	952	6.3	1,403	9.1	(32.1)
Totals	15,070	100.0	15,391	100.0	(2.1)

Sales of **FANCL Cosmetics** decreased 4.2% to ¥10,679 million, primarily due to factors including a shift in the demand period for some products to the fourth quarter of the previous fiscal year, and despite the launch of basic skin care product *Toiro (quasi-drug)* and *MILD CLEANSING OIL Black & Smooth* refill-type.

Sales of **ATTENIR Cosmetics** increased 5.9% to ¥4,111 million, due to strong trending sales of the mainstay *SKIN CLEAR CLEANSE OIL*.

Results **by sales channels** were: online and catalogue sales increased 8.7% to ¥8,846 million, direct store sales decreased 20.9% to ¥2,645 million, wholesale sales through other sales channels increased 5.0% to ¥2,626 million, and overseas sales decreased 32.1% to ¥952 million.

Operating income
Operating income decreased 9.0% to ¥1,940 million, due to a decrease in sales combined with an increase in advertising and promotion expenditure and other expenses.

2) Nutritional Supplements Business

Sales

Nutritional supplement sales decreased 8.9% to ¥9,414 million.

(Millions of yen, rounded down)

	Three months ended June 30, 2024		Three months ended June 30, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Online and catalogue sales	4,078	43.3	4,611	44.6	(11.6)
Direct store sales	1,833	19.5	1,839	17.8	(0.3)
Wholesales and others	2,757	29.3	3,058	29.6	(9.8)
Overseas Sales	745	7.9	822	8.0	(9.4)
Totals	9,414	100.0	10,331	100.0	(8.9)

Despite strong sales of *Age Bracket-Based Supplements*, sales of lifestyle-related supplements were slow due to the spillover effect of an issue relating to a red yeast rice product made by another company, resulting in a decrease in overall sales.

Results by **sales channels** were: Online and catalogue sales decreased 11.6% to ¥4,078 million, direct store sales decreased 0.3% to ¥1,833 million, wholesale sales through other sales channels decreased 9.8% to ¥2,757 million, and overseas sales decreased 9.4% to ¥745 million.

Operating income

Operating income decreased 34.3% to ¥986 million, due to a decrease in gross profit on lower sales, despite efforts to effectively use advertising and promotion expenditure.

3) Other Businesses

Sales

Other businesses increased 8.9% year on year to ¥1,557 million.

(Millions of yen, rounded down)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Change (%)
Hatsuga genmai	473	463	2.2
Kale juice	425	442	(3.9)
Other	658	524	25.6
Totals	1,557	1,430	8.9

Operating income

Operating income of ¥80 million was recorded (compared to an operating loss of ¥29 million in the previous comparable period) due to an increase in sales of Hatsuga genmai and comfort undergarments.

(2) Overview of financial position for the consolidated fiscal period under review

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

Assets decreased ¥12,312 million to ¥98,416 million, primarily due to a decrease of ¥11,831 million in current assets and a decrease of ¥480 million in fixed assets. The primary factors contributing to the decrease in current assets were a ¥10,625 million decrease in cash and cash equivalents, and a ¥1,894 million decrease in notes and accounts receivable. The primary factor contributing to the decrease in fixed assets was a ¥264 million decrease in tangible fixed assets due to depreciation.

Liabilities decreased ¥11,984 million from the end of the previous fiscal year to ¥18,211 million. The primary contributing factors were a decrease of ¥11,956 million in current liabilities and a decrease of ¥28 million in long-term liabilities. Factors contributing to the decrease in current liabilities included a ¥10,000 million decrease due to a redemption of the current portion of convertible bonds with stock acquisition rights, and a ¥1,759 million decrease in accrued income taxes.

Net assets decreased ¥327 million to ¥80,205 million. Contributing factors included a ¥1,673 million increase in retained earnings due to the recording of net income attributable to owners of the parent, and a ¥2,059 million decrease in retained earnings due to dividend payments.
As a result, the shareholders' equity ratio increased 8.8 points compared to the end of the previous fiscal year, to 81.0%.

(3) Consolidated financial forecasts and other forward-looking statements

At this time, the full-year and interim consolidated results forecasts are unchanged from those announced on May 8, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen, rounded down)

	As of June 30, 2024	As of March 31, 2024
ASSETS		
I. Current assets:		
Cash and cash equivalents	31,454	42,080
Notes and accounts receivable	12,371	14,265
Merchandise and products	7,186	6,989
Raw materials and supplies	5,701	5,859
Others	2,193	1,545
Allowance for doubtful accounts	(93)	(94)
Total current assets	58,813	70,645
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	34,382	34,327
Accumulated depreciation and accumulated impairment loss	(20,538)	(20,355)
Buildings and structures (net)	13,844	13,972
Machinery and transport equipment	17,353	17,285
Accumulated depreciation and accumulated impairment loss	(13,182)	(12,966)
Machinery and transport equipment (net)	4,171	4,319
Furniture, tools and fixtures	9,467	9,344
Accumulated depreciation and accumulated impairment loss	(8,288)	(8,177)
Furniture, tools and fixtures (net)	1,178	1,167
Land	13,897	13,897
Leased assets	228	241
Accumulated depreciation and accumulated impairment loss	(151)	(147)
Leased assets (net)	76	94
Other	147	138
Accumulated depreciation and accumulated impairment loss	(91)	(76)
Other (net)	55	61
Construction in progress	48	25
Total tangible fixed assets	33,273	33,537
Intangible fixed assets		
Other intangible fixed assets	2,338	2,430
Total intangible fixed assets	2,338	2,430
Investments and other assets		
Investment securities	125	125
Others	3,866	3,989
Total investments and other assets	3,991	4,115
Total fixed assets	39,603	40,083
Total assets	**98,416**	**110,728**

Quarterly Consolidated Balance Sheet (continued)

(Millions of yen, rounded down)

	As of June 30, 2024	As of March 31, 2024
LIABILITIES		
I. Current liabilities:		
Accounts payable	2,628	3,881
Current portion of convertible bonds with stock acquisition rights	--	10,000
Accrued income taxes	1,214	2,973
Contract liability	3,054	2,956
Provision for bonuses	2,084	1,381
Asset retirement obligations	6	--
Others	7,324	7,076
Total current liabilities	16,313	28,269
II. Long-term liabilities:		
Provision for share awards for directors	399	356
Retirement benefit liabilities	1,016	1,066
Asset retirement obligations	408	415
Others	72	86
Total long-term liabilities	1,897	1,926
Total liabilities	18,211	30,195
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	12,178	12,170
Retained earnings	75,951	76,337
Treasury stock	(19,323)	(19,379)
Total shareholders' equity	79,601	79,923
Other comprehensive income		
Foreign currency translation adjustment	215	206
Total adjustments related to retirement benefits	(118)	(134)
Total other comprehensive income	97	72
Stock acquisition rights	507	536
Total net assets	80,205	80,533
Total Liabilities and Net Assets	**98,416**	**110,728**

(2) Quarterly Consolidated statement of income and Quarterly Consolidated statement of comprehensive income

Quarterly Consolidated statement of income

(Millions of yen, rounded down)

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023
Net sales	26,042	27,152
Cost of sales	8,154	8,608
Gross profit	17,888	18,544
Selling, general and administrative expenses	15,266	15,342
Operating income	2,621	3,202
Non-operating income		
Interest income	0	12
Dividend income	0	0
Foreign exchange gain	26	65
Rental income	40	29
Other non-operating income	35	30
Total non-operating income	103	138
Non-operating expenses		
Rent expenses on fixed assets	2	2
Restricted stock-related expenses	5	6
Other non-operating expenses	5	4
Total non-operating expenses	13	13
Ordinary income	2,711	3,327
Extraordinary income		
Income from sale of fixed assets	--	0
Total extraordinary income	--	0
Extraordinary loss		
Loss on sale of fixed assets	--	0
Loss on retirement of fixed assets	1	26
Impairment loss	1	--
Loss on store closings	8	12
Loss on business liquidation	50	--
Tender offer-related expenses	155	--
Total extraordinary loss	217	38
Income before income taxes	2,493	3,288
Income and other taxes	961	1,399
Adjustments to income and other taxes	(140)	(301)
Total income and other taxes	820	1,098
Net income	1,673	2,189
Net income attributable to owners of the parent company	1,673	2,189

Quarterly Consolidated statement of comprehensive income

(Millions of yen, rounded down)

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023
Income before minority interests	1,673	2,189
Other comprehensive income		
Foreign currency translation adjustment	8	(53)
Adjustments related to retirement benefits	15	21
Total other comprehensive income	24	(32)
Comprehensive income	1,697	2,157
(Breakdown)		
Comprehensive income attributable to owners of the parent company	1,697	2,157
Comprehensive income attributable to minor interests	--	--

(3) Notes to the quarterly consolidated financial statements

Note on change in accounting policy

(Adoption of Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. has been adopted from the beginning of the first quarter period under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter period under review. This change in accounting policies has been applied retrospectively. Accordingly, the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been retrospectively restated. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Additional information

(Commencement of Tender Offer for the Company's Shares etc. by Kirin Holdings Company, Limited)

As announced in the press release dated June 14, 2024, "Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company's Shares etc. by Kirin Holdings Company, Limited," at a Board of Directors meeting held on the same day, with regard to the tender offer for the Company's common stock (the "Company Shares") and the Stock Acquisition Rights (as defined in "2. Price of tender offer" below) by Kirin Holdings Company, Limited (the "Tender Offeror") (the "Tender Offer"), the Company resolved to (i) express its affirmative opinion regarding the Tender Offer, (ii) recommend that its shareholders tender their shares in the Tender Offer, and (iii) leave the decision up to the holders of Stock Acquisition Rights (the "Stock Acquisition Rights Holders") whether or not to tender their Stock Acquisition Rights in the Tender Offer.

The aforementioned resolution of the Board of Directors meeting was adopted on the assumption that, after the Tender Offer and the series of subsequent procedures, the Tender Offeror is making the Company a wholly-owned subsidiary of the Tender Offeror and the Company Shares shall be delisted.

The Tender Offeror then commenced the Tender Offer on June 17, 2024, and, after taking into consideration the overall situation of, among others, the applications to the Tender Offer since its commencement, as well as the prospects for future applications, made by the shareholders of the Company and the Stock Acquisition Rights Holders, and, in order to provide the shareholders of the Company and the Stock Acquisition Rights Holders with further opportunities to make a decision on whether to tender their shares in the Tender Offer, the Tender Offeror determined, on July 29, 2024, to extend the Tender Offer Period to August 13, 2024, for a total of 40 business days.

1. Summary of the Tender Offeror

(1)	Name	Kirin Holdings Company, Limited	
(2)	Address	10-2 Nakano 4-chome, Nakano-ku, Tokyo	
(3)	Title/name of representative	Takeshi Minakata, Representative Director of the Board, President & COO	
(4)	Details of business	Formulation and management control of the group's management strategy	
(5)	Share capital	¥102,046 million (as of March 31, 2024)	
(6)	Date of establishment	February 23, 1907	
(7)	Major shareholders and shareholding ratio (as of December 31, 2023)	The Master Trust Bank of Japan, Ltd. (Trust Account)	17.76
		Custody Bank of Japan, Ltd. (Trust Account)	7.10
		Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	3.86
		STATE STREET BANK AND TRUSTCOMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2.19
		SMBC Nikko Securities Inc.	1.98
		STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.96
		SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hong Kong Shanghai Banking Corporation Limited)	1.25
		JAPAN SECURITIES FINANCE CO., LTD.	1.23
		JP Morgan Securities Japan Co., Ltd.	1.15
		THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.05
(8)	Relationship between the Company and the Tender Offeror		
	Capital relationship	The Tender Offeror owns 39,540,400 Company Shares (Ownership Ratio (Note 1) 32.52 %), and the Company is an affiliate accounted for by the equity method of the Tender Offeror.	
	Personnel relationship	One of the Company's directors is concurrently serving as the director of the Tender Offeror, and another director formerly belonged to the Tender Offeror. In addition, one of the Company's company auditors formerly belonged to the Tender Offeror. In addition, as of April 1, 2024, 12 employees of the Tender Offeror are seconded to the Company, and 4 of the Company's employees are seconded to the Tender Offeror.	

	Transactional relationship	The Tender Offeror has executed a capital and business alliance agreement with the Company. There is also a transactional relationship between the Tender Offeror and the Company regarding raw materials, products, etc.
	Applicable status of related parties	The Company is an affiliate accounted for by the equity method of the Tender Offeror and falls under a related party of the Tender Offeror.

(Note 1) "Ownership Ratio" means the ratio (rounded to the second decimal place) of the number of Company Shares to the "Total Number of Shares After Accounting for Diluted Shares" (121,591,800 shares), which is obtained by calculating the total number of issued shares of the Company (130,353,200 shares) as of March 31, 2024, plus the 432,400 shares corresponding to the number of the Company Shares which are the subject of the 2,475 Stock Acquisition Rights remaining as of June 14, 2024 (Note 2), minus the number of treasury shares (9,193,800 shares) held by the Company as of March 31, 2024 described in the Company's Summary of Financial Results (excluding 206,039 shares held by the Board Incentive Plan (BIP) Trust as of the same date). Hereinafter the same.

(Note 2) The breakdown of Stock Acquisition Rights remaining as of June 14, 2024 (2,475) is as follows.

Name of Stock Acquisition Rights	Number of Stock Acquisition Rights as of June 14, 2024	Number of Company Shares to be issued (shares)
The Fifth Series Stock Acquisition Rights of 2007	38	7,600
The Sixth Series Stock Acquisition Rights of 2008	68	13,600
The Seventh Series Stock Acquisition Rights of 2009	49	9,800
The Eighth Series Stock Acquisition Rights of 2010	105	21,000
The Tenth Series Stock Acquisition Rights of 2011	150	30,000
The Twelfth Series Stock Acquisition Rights of 2012	193	38,600
The Thirteenth Series Stock Acquisition Rights of 2013	253	50,600
The Fifteenth Series Stock Acquisition Rights of 2014	188	37,600
The Sixteenth Series Stock Acquisition Rights of 2015	192	38,400
The Seventeenth Series Stock Acquisition Rights pf 2016	228	45,600
The Eighteenth Series Stock Acquisition Rights of 2017	218	43,600
The Nineteenth Series Stock Acquisition Rights of 2018	167	33,400
The Twentieth Series Stock Acquisition Rights of 2019	319	31,900
The Twenty-First Series Stock Acquisition Rights of 2020	307	30,700
Total	2,475	432,400

2. Summary of Tender Offer

(1) Class of Shares, etc. to be Purchased, etc.
Common stock and Stock Acquisition Rights

(2) Period for Purchase, etc.
Monday, June 17, 2024 to Tuesday, August 13, 2024 (40 business days)

(3) Price of Tender Offer

(1) JPY 2,690 per common stock.

(2) Stock acquisition rights (the stock acquisition rights in (i) through (xiv) below are collectively referred to as the "Stock Acquisition Rights".)

(i) The fifth series stock acquisition rights of 2007 issued pursuant to the resolution of the Board of

Directors of the Company held on November 12, 2007 (exercise period is from December 4, 2007 to December 3, 2037): JPY 1 per stock acquisition right

(ii) The sixth series stock acquisition rights of 2008 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2008 (exercise period is from December 2, 2008 to December 1, 2038): JPY 1 per stock acquisition right

(iii) The seventh series stock acquisition rights of 2009 issued pursuant to the resolution of the Board of Directors of the Company held on November 12, 2009 (exercise period is from December 2, 2009 to December 1, 2039): JPY 1 per stock acquisition right

(iv) The eighth series stock acquisition rights of 2010 issued pursuant to the resolution of the Board of Directors of the Company held on November 15, 2010 (exercise period is from December 2, 2010 to December 1, 2040): JPY 1 per stock acquisition right

(v) The tenth series stock acquisition rights of 2011 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2011 (exercise period is from December 2, 2011 to December 1, 2041): JPY 1 per stock acquisition right

(vi) The twelfth series stock acquisition rights of 2012 issued pursuant to the resolution of the Board of Directors of the Company held on November 12, 2012 (exercise period is from December 4, 2012 to December 3, 2042): JPY 1 per stock acquisition right

(vii) The thirteenth series stock acquisition rights of 2013 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2013 (exercise period is from December 3, 2013 to December 2, 2043): JPY 1 per stock acquisition right

(viii) The fifteenth series stock acquisition rights of 2014 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2014 (exercise period is from December 2, 2014 to December 1, 2044): JPY 1 per stock acquisition right

(ix) The sixteenth series stock acquisition rights of 2015 issued pursuant to the resolution of the Board of Directors of the Company held on October 29, 2015 (exercise period is from December 2, 2015 to December 1, 2045): JPY 1 per stock acquisition right

(x) The seventeenth series stock acquisition rights of 2016 issued pursuant to the resolution of the Board of Directors of the Company held on October 28, 2016 (exercise period is from December 2, 2016 to December 1, 2046): JPY 1 per stock acquisition right

(xi) The eighteenth series stock acquisition rights of 2017 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2017 (exercise period is from December 2, 2017 to December 1, 2047): JPY 1 per stock acquisition right

(xii) The nineteenth series stock acquisition rights of 2018 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2018 (exercise period is from December 4, 2018 to December 3, 2048): JPY 1 per stock acquisition right

(xiii) The twentieth series stock acquisition rights of 2019 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2019 (exercise period is from December 3, 2019 to December 2, 2049): JPY 1 per stock acquisition right

(xiv) The twenty-first series stock acquisition rights of 2020 issued pursuant to the resolution of the Board of Directors of the Company held on November 4, 2020 (exercise period is from December 2, 2020 to December 1, 2050): JPY 1 per stock acquisition right

(4) Number of Shares, etc. to be Purchased

Number of shares, etc. to be purchased:	82,051,400 shares
Minimum number of shares, etc. to be purchased:	41,117,700 shares
Maximum number of shares, etc. to be purchased	--

(Note) Tender Offeror sets the minimum number of tendered shares to be purchased at 41,117,700 shares (Ownership Ratio: 33.82%). If the total number of shares tendered in the Tender Offer is less than the minimum number of shares to be purchased, the Tender Offeror will not purchase all the tendered shares.

Note on segment information, etc.

Business Segments

1. Three months ended June 30, 2024

(Millions of yen, rounded down)

	Business Segments			Total	Eliminations or Corporate*2	Consolidated *3
	Cosmetics Business	Nutritional Supplements Business	Other Businesses *1			
1. Sales and operating income:						
(1) Sales to external customers	15,070	9,414	1,557	26,042	--	26,042
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	15,070	9,414	1,557	26,042	--	26,042
Segment income	1,940	986	80	3,006	(385)	2,621

Notes:

1. The Other Businesses segment consists of sundries, personal effects, comfort undergarments, Hatsuga genmai (germinated brown rice), and kale juice.
2. The adjustment amount on segment income of (¥385 million) includes total company expenses not distributed to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
3. Segment income is adjusted for operating income as recorded in the consolidated financial statements.

2. Three months ended June 30, 2023

(Millions of yen, rounded down)

	Business Segments			Total	Eliminations or Corporate*2	Consolidated *3
	Cosmetics Business	Nutritional Supplements Business	Other Businesses *1			
1. Sales and operating income:						
(1) Sales to external customers	15,391	10,331	1,430	27,152	--	27,152
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	15,391	10,331	1,430	27,152	--	27,152
Segment income (loss)	2,132	1,500	(29)	3,603	(401)	3,202

Notes:

1. The Other Businesses segment consists of sundries, personal effects, comfort undergarments, Hatsuga genmai (germinated brown rice), and kale juice.
2. The adjustment amount on segment income (loss) of (¥401 million) includes total company expenses not distributed to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
3. Segment income and loss is adjusted for operating income as recorded in the consolidated financial statements.

Note on significant change in shareholders' equity

No applicable items

Note on items related to going concern:

No applicable items

Note on the quarterly statements of cash flows

Quarterly consolidated statements of cash flows have not been prepared for the first quarter period under review. Depreciation (including depreciation of intangible assets) for the consolidated first quarter period are as follows

(Millions of yen, rounded down)

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023
Depreciation	917	969