FANCL Corporation

Consolidated Financial Statements for the Interim Period of the Fiscal Year Ending March 31, 2025

April 1, 2024 to September 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)

Interim Results for the Fiscal Year Ending March 31, 2025

FANCL CORPORATION **November 5, 2024**

Stock exchange listings: TSE Prime Market, code number 4921

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Scheduled date for submission of interim *hokokusho* (securities report): November 13, 2024

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the interim results: No

Presentation meeting for the interim results: No

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

(1) Consolidated Operating Results

(Millions of yen, rounded down)

	Six months ended September 30, 2024		Six months ended September 30, 2023	
		% change		% change
Net sales	52,199	(3.5)	54,077	6.8
Operating income	4,742	(21.7)	6,057	80.8
Ordinary income	4,878	(23.3)	6,362	52.3
Net income attributable to owners of the parent company	2,550	(40.9)	4,316	62.6
Earnings per share (¥)	21.09	--	35.69	--
Earnings per share (diluted) (¥)	21.01	--	35.55	--

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: Six months ended September 30, 2024: ¥2,609 million (-39.8%)
Six months ended September 30, 2023: ¥4,337 million (52.1%)

(2) Consolidated Financial Position

(Millions of yen, rounded down)

	As of September 30, 2024	As of March 31, 2024
Total assets	98,642	110,728
Net assets	81,154	80,533
Equity ratio (%)	81.8	72.2

Shareholders' equity: As of September 30, 2024 ¥80,647 million
As of March 31, 2024: ¥79,996 million

2) Dividends per share

	FY ended March 31, 2024	FY ending March 31, 2025
Interim period	17.00	0.00
Year-end	17.00	0.00 (forecast)
Annual	34.00	0.00 (forecast)

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", the dividend forecast for the fiscal year ending March 31, 2025 announced on May 8, 2024 has been revised and 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)

As stated in the press release dated November 5, 2024, "Notice regarding differential between forecasts and actual results for interim period, and revision (withdrawal) of full-year results forecasts for fiscal year ending March 31, 2025", the Company's shares are scheduled to be delisted after the prescribed procedures, and therefore the consolidated earnings forecast for the full year period ending March 31, 2025 will not be disclosed.

4) Other

(1) Transfer of important subsidiaries during the period: None
Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the period under review.

(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 stock)	September 30, 2024	130,353,200 shares	March 31, 2024	130,353,200 shares
2. Number of treasury stock	September 30, 2024	9,374,270 shares	March 31, 2024	9,399,839 shares
3. Average number of shares during the six-month period	Six months to September 30, 2024	120,965,975 shares	Six months to September 30, 2023	120,938,741 shares

Note: The number of treasury stock at the end of the fiscal year includes the Company's shares held by the BIP Trust for Directors (182,834 shares as of September 30, 2024, and 206,039 shares as of March 31, 2024). The Company's shares held by the BIP Trust for Directors are included in treasury stock as a deduction in the calculation of average number of shares outstanding during the fiscal year.

***This interim financial report is not subject to audit procedures by a certified public accountant or auditor.**

*** 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 detail, please see Page 7: 1. Operating Results, Section 3, Forecasts for the fiscal year ending March 31, 2025.

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1. Overview of Operating Results

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

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

During the six-month period under review, overall sales decreased 3.5% to ¥52,199 million, due to a decrease in sales in the core cosmetics and nutritional supplements businesses. Operating income decreased 21.7% to ¥4,742 million, due to a decrease in gross profit on lower sales, despite efforts to effectively use advertising and promotion expenditure. Ordinary income decreased 23.3% to ¥4,878 million, and net income attributable to owners of the parent company decreased 40.9% to ¥2,550 million due to the abovementioned factors, in addition to the recording of an extraordinary loss for expenses related to the tender offer by Kirin Holdings Company, Limited for the Company's shares, etc.

Segment results are as follows:

1) Cosmetics Business

Sales decreased 2.1% to ¥29,261 million. In Japan, sales were at the same level as the previous interim period, as strong sales of core ATTENIR Cosmetics product *SKIN CLEAR CLEANSE OIL* and the renewed *PRIMA MOIST* basic skin care line were offset by the closure of unprofitable stores and a downturn in sales of certain FANCL Cosmetics products for which demand had surged ahead of time in the fourth quarter of the previous fiscal year. Overseas, sales declined due to a downturn in sales that followed an unusually large volume of shipments of FANCL Cosmetics in the fourth quarter of the previous fiscal year, and sluggish cross-border e-commerce sales of ATTENIR Cosmetics to China.

Operating income decreased 15.4% to ¥3,433 million, due to a decrease in gross profit on lower sales, alongside an increase in promotion expenditure resulting from the renewal of information magazines.

2) Nutritional Supplements Business

Sales decreased 7.5% to ¥19,780 million. In Japan, sales decreased due to factors including sluggish sales centered on lifestyle supplements due to the prolonged impact of an issue relating to a red yeast rice product made by another company, along with the impact of closures of underperforming stores. Overseas, sales declined as the release of treated water from the nuclear power plant affected cross-border e-commerce sales to China, limiting our ability to conduct proactive promotions.

Operating income decreased 25.0% to ¥2,204 million, due to a decrease in gross profit on lower sales, despite efforts to effectively use advertising and promotion expenditure.

3) Other Businesses

Sales increased 12.9% year on year to ¥3,158 million, due to strong sales of Hatsuga Genmai and comfort undergarments.

The operating loss improved by ¥100 million from the previous comparable period to ¥39 million, due to an increase in gross profit resulting from higher sales.

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

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

Assets decreased ¥12,085 million to ¥98,642 million, primarily due to a decrease of ¥10,981 million in current assets and a decrease of ¥1,104 million in fixed assets. The primary factors contributing to the decrease in current assets were an ¥8,264 million decrease in cash and cash equivalents and a ¥3,194 million decrease in notes and accounts receivable. The primary factors contributing to the decrease in fixed assets were a ¥491 million decrease in tangible fixed assets due to depreciation, and a ¥438 million decrease in investment and other assets due to a decrease in long-term prepaid expenses.
Liabilities decreased ¥12,706 million from the end of the previous fiscal year to ¥17,488 million. The primary contributing factors were a decrease of ¥12,700 million in current liabilities and a decrease of ¥6 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 ¥1,563 million decrease in accounts payable.
Net assets increased ¥620 million to ¥81,154 million. Contributing factors included a ¥2,550 million increase in retained earnings due to the recording of interim 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 9.6 points compared to the end of the previous fiscal year, to 81.8%.

Cash flow

Cash and cash equivalents as of September 30, 2024 were ¥33,816 million, ¥8,264 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Cash gained from operating activities during the interim period under review was ¥4,738 million, compared to an inflow of ¥3,635 million in the interim period of the previous fiscal year. Factors increasing operating cash flow included income before income taxes of ¥3,861 million, an increase in accounts receivable of ¥3,205 million and depreciation expenses of ¥1,855 million. Factors reducing operating cash flow included income taxes paid of ¥2,648 million, and a decrease in accounts payable of ¥1,571 million.

Cash flows from investing activities

Cash used in investing activities during the interim period under review was ¥937 million, compared to an outflow of ¥1,011 million in the interim period of the previous fiscal year. Factors reducing investment cash flow included outlays of ¥812 million for acquisitions of tangible fixed assets, and outlays of ¥253 million for acquisitions of intangible fixed assets.

Cash flows from financing activities

Cash used in financing activities during the interim period under review was ¥12,133 million, compared to an outflow of ¥2,129 million in the interim period of the previous fiscal year. The main factors reducing cash flow from financing activities were outlays of ¥10,000 million due to a redemption of the current portion of convertible bonds with stock acquisition rights and ¥2,058 million for dividend payments.

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

As stated in the press release dated November 5, 2024, "Notice regarding differential between forecasts and actual results for interim period, and revision (withdrawal) of full-year results forecasts for fiscal year ending March 31, 2025", the Company's shares are scheduled to be delisted after the prescribed procedures, and therefore the consolidated earnings forecast for the full year period ending March 31, 2025 will not be disclosed.

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen, rounded down)

	As of September 30, 2024	As of March 31, 2024
ASSETS		
I. Current assets:		
Cash and cash equivalents	33,816	42,080
Notes and accounts receivable	11,070	14,265
Merchandise and products	7,120	6,989
Raw materials and supplies	6,031	5,859
Others	1,717	1,545
Allowance for doubtful accounts	(92)	(94)
Total current assets	59,663	70,645
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	34,439	34,327
Accumulated depreciation and accumulated impairment loss	(20,702)	(20,355)
Buildings and structures (net)	13,737	13,972
Machinery and transport equipment	17,432	17,285
Accumulated depreciation and accumulated impairment loss	(13,441)	(12,966)
Machinery and transport equipment (net)	3,991	4,319
Furniture, tools and fixtures	9,413	9,344
Accumulated depreciation and accumulated impairment loss	(8,309)	(8,177)
Furniture, tools and fixtures (net)	1,103	1,167
Land	13,897	13,897
Leased assets	372	241
Accumulated depreciation and accumulated impairment loss	(175)	(147)
Leased assets (net)	197	94
Other	157	138
Accumulated depreciation and accumulated impairment loss	(108)	(76)
Other (net)	48	61
Construction in progress	71	25
Total tangible fixed assets	33,046	33,537
Intangible fixed assets		
Other intangible fixed assets	2,255	2,430
Total intangible fixed assets	2,255	2,430
Investments and other assets		
Investment securities	125	125
Others	3,551	3,989
Total investments and other assets	3,677	4,115
Total fixed assets	38,979	40,083
Total assets	**98,642**	**110,728**

Interim Consolidated Balance Sheet (continued)

(Millions of yen, rounded down)

	As of September 30, 2024	As of March 31, 2024
LIABILITIES		
I. Current liabilities:		
Accounts payable	2,317	3,881
Current portion of convertible bonds with stock acquisition rights	--	10,000
Accrued income taxes	1,478	2,973
Contract liability	2,984	2,956
Provision for bonuses	1,314	1,381
Others	7,473	7,076
Total current liabilities	15,569	28,269
II. Long-term liabilities:		
Provision for share awards for directors	391	356
Retirement benefit liabilities	952	1,066
Asset retirement obligations	405	415
Others	169	86
Total long-term liabilities	1,919	1,926
Total liabilities	17,488	30,195
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	12,178	12,170
Retained earnings	76,828	76,337
Treasury stock	(19,286)	(19,379)
Total shareholders' equity	80,516	79,923
Other comprehensive income		
Foreign currency translation adjustment	233	206
Total adjustments related to retirement benefits	(102)	(134)
Total other comprehensive income	130	72
Stock acquisition rights	507	536
Total net assets	81,154	80,533
Total Liabilities and Net Assets	**98,642**	**110,728**

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

Interim Consolidated statement of income

(Millions of yen, rounded down)

	April 1, 2024 to September 30, 2024	April 1, 2023 to September 30, 2023
Net sales	52,199	54,077
Cost of sales	16,798	17,432
Gross profit	35,401	36,644
Selling, general and administrative expenses	30,659	30,587
Operating income	4,742	6,057
Non-operating income		
Interest income	3	26
Dividend income	0	0
Foreign exchange gain	4	172
Rental income	101	59
Other non-operating income	64	76
Total non-operating income	174	334
Non-operating expenses		
Rent expenses on fixed assets	18	4
Restricted stock-related expenses	7	16
Other non-operating expenses	11	8
Total non-operating expenses	38	29
Ordinary income	4,878	6,362
Extraordinary income		
Income from sale of fixed assets	--	3
Total extraordinary income	--	3
Extraordinary loss		
Loss on sale of fixed assets	--	0
Loss on retirement of fixed assets	2	33
Impairment loss	1	4
Loss on store closings	8	21
Loss on business liquidation	53	--
Tender offer-related expenses	951	--
Other	--	5
Total extraordinary loss	1,017	64
Income before income taxes	3,861	6,301
Income and other taxes	1,170	2,193
Adjustments to income and other taxes	139	(208)
Total income and other taxes	1,310	1,985
Net income	2,550	4,316
Net income attributable to owners of the parent company	2,550	4,316

Interim Consolidated statement of comprehensive income

(Millions of yen, rounded down)

	April 1, 2024 to September 30, 2024	April 1, 2023 to September 30, 2023
Income before minority interests	2,550	4,316
Other comprehensive income		
Foreign currency translation adjustment	26	(22)
Adjustments related to retirement benefits	31	43
Total other comprehensive income	58	20
Comprehensive income	2,609	4,337
(Breakdown)		
Comprehensive income attributable to owners of the parent company	2,609	4,337
Comprehensive income attributable to minor interests	--	--

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen, rounded down)

	April 1, 2024 to September 30, 2024	April 1, 2023 to September 30, 2023
I. Cash flows from operating activities		
Income before income taxes	3,861	6,301
Depreciation	1,855	1,937
Impairment loss	1	4
Increase (decrease) in allowance for doubtful accounts	(13)	(5)
Increase (decrease) in allowance for bonuses	(66)	194
Increase (decrease) in provision for share awards for directors	115	87
Increase (decrease) in contract liabilities	28	(78)
Increase (decrease) in retirement benefit liabilities	(68)	112
Interest and dividend income	(3)	(26)
Loss (gain) on foreign exchange	(42)	(283)
Loss (gain) on sale of fixed assets	--	(3)
Loss on retirement of fixed assets	2	33
Loss on store closures	8	21
Loss on business liquidation	53	--
Tender offer-related expenses	951	--
Decrease (increase) in accounts receivable	3,205	(1,234)
Decrease (increase) in inventories	(336)	(1,196)
Decrease (increase) in other current assets	161	127
Decrease (increase) in other fixed assets	(43)	(120)
Increase (decrease) in accounts payable	(1,571)	(662)
Increase (decrease) in other current liabilities	(447)	67
Increase (decrease) in other long-term liabilities	0	(39)
Others	(109)	(97)
Sub-total	7,542	5,138
Interest and dividends received	3	1
Loss on liquidation of business	(2)	--
Tender offer related expenses paid	(156)	--
Income taxes paid	(2,648)	(1,504)
Net cash provided by (used in) operating activities	4,738	3,635

Interim Consolidated Statement of Cash Flows (continued)

(Millions of yen, rounded down)

	April 1, 2024 to September 30, 2024	April 1, 2023 to September 30, 2023
II. Cash flows from investing activities		
Acquisition of tangible fixed assets	(812)	(800)
Income from sale of tangible fixed assets	--	21
Acquisition of intangible fixed assets	(253)	(372)
Proceeds from collection of loans	25	--
Other payments	(50)	(27)
Other proceeds	153	167
Net cash used in investing activities	(937)	(1,011)
III. Cash flows from financing activities		
Redemption of current portion of convertible bonds with stock acquisition rights	(10,000)	--
Proceeds from disposal of treasury stock	0	0
Purchase of treasury stock	(9)	(0)
Cash dividends paid	(2,058)	(2,055)
Others	(65)	(73)
Net cash used in financing activities	(12,133)	(2,129)
IV. Effect of exchange rate changes on cash and cash equivalents	68	230
V. Net increase in cash and cash equivalents	(8,264)	725
VI. Cash and cash equivalents at the beginning of the period	42,080	37,039
VII. Cash and cash equivalents at end of period	33,816	37,765

(4) Notes to the interim consolidated financial statements

Note on items related to going concern:
No applicable items

Note on significant change in shareholders' equity
No applicable items

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 interim 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 theinterim 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 interim period under review. This change in accounting policies has been applied retrospectively. Accordingly, the interim consolidated financial statements for 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 interim consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Additional Information

Results of the Tender Offer for the Company's Shares etc. by Kirin Holdings Company, Limited and Changes to Parent Company and Other Related Company

The tender offer for the Company's common stock (the "Company Shares") and the Stock Acquisition Rights (Note 1) by Kirin Holdings Company, Limited (the "Tender Offeror") commenced from June 17, 2024 (the "Tender Offer") has been completed as of September 11, 2024, and as a result of the Tender Offer, changes to the Company's parent company and other related company shall occur as of September 19, 2024 (the commencement date of the settlement of the Tender Offer).
The details of the results of the Tender Offer and the changes to the Company's parent company and other related company are as follows.

(Note 1) "Stock Acquisition Rights" collectively refer to the stock acquisition rights in below (i) through (xiv).

(i) The fifth series stock acquisition rights of 2007 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 12, 2007 (exercise period is from December 4, 2007 to December 3, 2037)
(ii) The sixth series stock acquisition rights of 2008 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 14, 2008 (exercise period is from December 2, 2008 to December 1, 2038)
(iii) The seventh series stock acquisition rights of 2009 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 12, 2009 (exercise period is from December 2, 2009 to December 1, 2039)
(iv) The eighth series stock acquisition rights of 2010 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 15, 2010 (exercise period is from December 2, 2010 to December 1, 2040)
(v) The tenth series stock acquisition rights of 2011 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 14, 2011 (exercise period is from December 2, 2011 to December 1, 2041)
(vi) The twelfth series stock acquisition rights of 2012 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 12, 2012 (exercise period is from December 4, 2012 to December 3, 2042)
(vii) The thirteenth series stock acquisition rights of 2013 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 14, 2013 (exercise period is from December 3, 2013 to December 2, 2043)
(viii) The fifteenth series stock acquisition rights of 2014 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 30, 2014 (exercise period is from December 2, 2014 to December 1, 2044)
(ix) The sixteenth series stock acquisition rights of 2015 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 29, 2015 (exercise period is from December 2, 2015 to December 1, 2045)
(x) The seventeenth series stock acquisition rights of 2016 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 28, 2016 (exercise period is from December 2, 2016 to December 1, 2046)
(xi) The eighteenth series stock acquisition rights of 2017 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 30, 2017 (exercise period is from December 2, 2017 to December 1, 2047)
(xii) The nineteenth series stock acquisition rights of 2018 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 30, 2018 (exercise period is from December 4, 2018 to December 3, 2048)
(xiii) The twentieth series stock acquisition rights of 2019 issued pursuant to the resolution of the Board of Directors meeting of the Company held on October 30, 2019 (exercise period is from December 3, 2019 to December 2, 2049)
(xiv) The twenty-first series stock acquisition rights of 2020 issued pursuant to the resolution of the Board of Directors meeting of the Company held on November 4, 2020 (exercise period is from December 2, 2020 to December 1, 2050)

1. Result of the Tender Offer

The Company was informed by the Tender Offeror on September 12, 2024 that the total number of the share certificates etc. tendered in response to the Tender Offer (the "Tendered Shares, Etc.") (51,946,863 shares) has become no less than the minimum number of tendered shares to be

purchased (41,117,700 shares) in this Tender Offer as stated in the “Notice Regarding Result of Tender Offer for Shares,Etc.of FANCL Corporation (Securities Code: 4921) and Change in Subsidiary” announced by the Tender Offeror, and that therefore, the Tender Offeror shall purchase all of the Tendered Shares, Etc.

2. Change in Parent Company and Other Related Company

(1) Date of Change

September 19, 2024 (the commencement date of the settlement of the Tender Offer)

(2) Background

The details are described in “1. Result of the Tender Offer” above.

As a result, the settlement of the Tender Offer was performed, and since the ratio of the number of voting rights held by the Tender Offeror to the number of voting rights held by all shareholders, etc. of the Company became a majority, as of September 19, 2024 (the commencement date of the settlement of the Tender Offer), the Tender Offeror newly fell under a parent company of the Company.

(3) 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 June 30, 2024)	
(6) Date of establishment		February 23, 1907	
(7) Major shareholders and shareholding ratio (current as of June 30, 2024)		The Master Trust Bank of Japan, Ltd. (Trust Account)	17.47
		Custody Bank of Japan, Ltd. (Trust Account)	7.01
		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.)	2.15
		STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2.01
		SMBC Nikko Securities Inc.	1.99
		JP Morgan Securities Japan Co., Ltd.	1.57
		JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.31
		JAPAN SECURITIES FINANCE CO., LTD.	1.30
		SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Service Department, Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited)	1.22
(8) Relationship between the Company and the Tender Offeror			
	Capital relationship	The Tender Offeror owns 91,487,263 Company Shares (Ownership Ratio (Note 1) 75.25 %), and the Company is a consolidated subsidiary 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	The Company is a consolidated subsidiary of the Tender Offeror	

	related parties	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 number of shares (121,583,564 shares) which is (i) the total number of issued shares of the Company (130,353,200 shares) current as of September 30, 2024, plus the number of the Company Shares (421,800 shares) which are the subject of the 2,397 Stock Acquisition Rights remaining current as of September 30, 2024 (Note 2), less (ii) the number of treasury shares (9,191,436 shares) held by the Company current as of September 30, 2024 (provided, however, that this does not include the number of the Company Shares (182,834 shares) held by the officer compensation BIP (Board Incentive Plan) trust current as of the said date).

(Note 2) The breakdown of Stock Acquisition Rights remaining current as of September 30, 2024 (2,397) is as follows.

Name of Stock Acquisition Rights	Number of Stock Acquisition Rights current as of September 30, 2024	Number of Company Shares which are the subject (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 of 2016	228	45,600
The Eighteenth Series Stock Acquisition Rights of 2017	206	41,200
The Nineteenth Series Stock Acquisition Rights of 2018	151	30,200
The Twentieth Series Stock Acquisition Rights of 2019	292	29,200
The Twenty-First Series Stock Acquisition Rights of 2020	284	28,400
Total	2,397	421,800

(4) The Number of Voting Rights held by the Tender Offeror and its Ratio of Voting Rights before and after the Change

	Type	Number of Voting Rights (Voting Rights Ratio)		
		Direct	Amount to be included in aggregate	Total
Before the Change	Other Related Company and the largest shareholder which is a major shareholder	395,404 (32.52%)	—	395,404 (32.52%)
After the Change	Parent company and the largest shareholder which is a major shareholder	914,872 (75.24%)	—	914,872 (75.24%)

(Note) "Voting Rights Ratio" means the calculation, rounded to the second decimal place, with the denominator being the number of voting rights (1,215,985) related to the number of shares

(121,598,571 shares) which is (i) the total number of issued shares of the Company (130,353,200 shares) current as of June 30, 2024, plus the number of the Company Shares (432,400 shares) which are the subject of the 2,475 Stock Acquisition Rights remaining current as of March 31, 2024, less (ii) the number of treasury shares (9,187,029 shares) owned by the Company current as of June 30, 2024 (provided, however, that this does not include the number of Company Shares (196,034 shares) held by the officer compensation BIP (Board Incentive Plan) trust current as of the said date).

(5) Changes in Unlisted Parent Company subject to Disclosure
Not applicable.

(6) Future Outlook
As stated above, although 51,946,863 shares of Company's share certificates, etc. were tendered in the Tender Offer, since the Tender Offeror was unable to acquire all of the Company Shares (excluding, however, the treasury shares held by the Tender Offeror and the Company) and the Stock Acquisition Rights, the Tender Offeror plans to render only the Tender Offeror as the Company's shareholder by implementing a series of procedures as described in "(5) Policy on reorganization, etc. after the Tender Offer (matters relating to the so-called two-stage takeover)" of "3. Details of, and grounds and reasons for, the opinion on the Tender Offer" of "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" announced by the Company on June 14, 2024 (including the changes announced by "(Change) Notice regarding the partial changes to the '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'" dated July 29, 2024, "(Change) Notice regarding the partial changes to the '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'" dated August 6, 2024 and "(Change) Notice regarding the partial changes to the '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'" dated August 28, 2024).

Note on segment information, etc.

Business Segments

1. Six months ended September 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	29,261	19,780	3,158	52,199	--	52,199
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	29,261	19,780	3,158	52,199	--	52,199
Segment income (loss)	3,433	2,204	(39)	5,599	(856)	4,742

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 (¥856 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 (loss) is adjusted for operating income as recorded in the consolidated financial statements.

2. Six months ended September 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	29,886	21,394	2,796	54,077	--	54,077
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	29,886	21,394	2,796	54,077	--	54,077
Segment income (loss)	4,056	2,938	(139)	6,855	(798)	6,057

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 (¥798 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 (loss) is adjusted for operating income as recorded in the consolidated financial statements.

Important Subsequent Events

Share Consolidation

At the Board of Directors meeting held October 24, 2024, the Company resolved that the extraordinary general shareholders meeting scheduled to be held on November 29, 2024 (the "Extraordinary General Shareholders Meeting") would be convened, and an agenda related to share consolidation and an agenda related to abolition of the provisions of the share unit number and partial changes to the articles of incorporation would be brought up for discussion.
The common shares of the Company (the "Company Shares") fall under the delisting criteria provided in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the "TSE") in the course of the procedures above. Due to this, after the Company Shares are designated as delisted shares during the period from November 29, 2024 to December 17, 2024, the Company Shares are scheduled to be delisted as of December 18, 2024. Please take note that the Company Shares may not be traded in the prime market of the TSE after delisting.

1. Purpose and reasons for share consolidation

Kirin Holdings Company, Limited (the "Tender Offeror") has acquired all of the Company Shares and the Stock Acquisition Rights (provided, however, that this excludes the Company Shares directly owned by the Tender Offeror and the treasury shares owned by the Company; the same hereinafter), and as a part of the transaction to render the Company as a wholly-owned subsidiary of the Tender Offeror (the "Transaction"), the Tender Offeror has performed a tender offer towards the Company Shares during the period from June 17, 2024 to September 11, 2024 (the "Tender Offer"), and as a result, the Tender Offeror has come to own 91,487,263 shares of the Company Shares (Ownership Ratio: 75.24%) as of September 19, 2024 (the commencement date of the settlement of the Tender Offer).
As described above, the Tender Offer was completed; however, since the Tender Offeror was unable to acquire all of the Company Shares and the Stock Acquisition Rights by the Tender Offer, at the request of the Tender Offeror and also based on such facts as the completion of the Tender Offer which was performed as a part of the Transaction, as announced in the Opinion Expression Press Release, the Company, in order to render only the Tender Offeror as the Company's shareholder (excluding the Company), determined to implement share consolidation to consolidate 40,000,000 shares of the Company Shares into one (1) share (the "Share Consolidation"), and determined to bring up the agenda regarding the Share Consolidation at the Extraordinary General Shareholders Meeting.
By the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror is scheduled to become fractional shares less than one (1) share.

2. Summary of share consolidation

(1) Schedule of share consolidation

(i) Date of public announcement of the extraordinary general shareholders meeting	September 13, 2024 (Fri)
(ii) Record date for the extraordinary general shareholders meeting	September 30, 2024 (Mon)
(iii) Date of resolution of the Board of Directors meeting	October 24, 2024 (Thu)
(iv) Date of the extraordinary shareholders meeting	November 29, 2024 (Fri) (scheduled)
(v) Date of designation as a stock to be delisted	November 29, 2024 (Fri) (scheduled)
(vi) Last trading date of the Company Shares	December 17, 2024 (Tue) (scheduled)
(vii) Date of delisting of the Company Shares	December 18, 2024 (Wed) (scheduled)
(viii) Effective date of share consolidation	December 20, 2024 (Fri) (scheduled)

(2) Details of share consolidation

(i) Class of shares to be consolidated
Common shares

(ii) Ratio of consolidation
40,000,000 shares are to be consolidated into one (1) share

(iii) Total number of issued shares to decrease

130,353,197 shares

(iv) Total number of issued shares before effectuation
130,353,200 shares

(v) Total number of issued shares after effectuation
3 shares

(vi) Total number of authorized shares on effective date
11 shares

(vii) Treatment of fractional shares less than one share and amount of money expected to be paid to shareholders as a result of such treatment
As described in "1. Purpose and reasons for share consolidation" above, by the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror is scheduled to become fractional shares less than one (1) share.
With respect to the fractional shares less than one (1) share occurring as a result of the Share Consolidation, the shares of a number equivalent to the total number thereof (if there are fractional shares less than one (1) share in the total number thereof, such fractional shares shall be disregarded) shall be sold, and the proceeds obtained by the sale thereof shall be delivered to the shareholders for whom fractional shares have occurred depending upon the fractional shares thereof. With respect to such sale, due to such matters as that since the Company Shares are scheduled to be delisted on December 18, 2024 and will become shares without a market price, it can hardly be expected that a purchaser would appear by an auction, they are scheduled to be sold to the Tender Offeror with the permission of the court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same hereinafter) which is applied mutatis mutandis by Article 235, Paragraph 2 of the said Act.
If the permission of the court above is obtained as scheduled, the sales amount in such case is scheduled to be set at a price by which monies equivalent to an amount multiplying JPY 2,800, which is the same amount as the Tender Offer Price, by the number of the Company Shares owned by the shareholders described or recorded in the Company's final shareholder registry as of December 19, 2024, which is the business day preceding the effectuation date of the Share Consolidation, may be delivered to each of the shareholders.

3. The impact on per share information
Per share information of the Six months ended September 30, 2023 and the Six months ended September 30, 2024, on the assumption that the Share Consolidation is conducted at the beginning of the previous fiscal year, is as follows.

	Six months ended September 30, 2023	Six months ended September 30, 2024
Interim net income per share	JPY 1,438,707,783.00	JPY 850,242,863.33
Interim net income per share (diluted)	—	—

(Note) The interim net income per share (diluted) is not described because there would be no potential shares having dilution effect due to the implementation of the Share Consolidation.

Partial Amendment to the Articles of Incorporation

1. Purpose of the Articles of Incorporation

(1) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company Shares shall decrease to 11 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify such point, on the condition that the Share Consolidation is effectuated, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation shall be amended.

(2) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company shall become 3 shares, and there would be no need to provide for the number of share units. Accordingly, on the condition that the Share Consolidation is effectuated, in order to abolish the provisions of the number of share units of the Company Shares which are currently 100 shares per one (1) share unit, Article 7 (Number of Share Units) and Article 8 (Additional Purchase of Shares Less Than One Share Unit) of the current Articles of Incorporation shall be deleted, and the provision numbers shall

be moved up accompanying such amendment.

(3) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the Company Shares shall be delisted and only the Tender Offeror shall own one (1) or more shares of the Company Shares, and also due to the treatment of fractional shares after the Share Consolidation, only the Tender Offeror shall become the Company's shareholder; therefore, the provisions related to the record date of the annual general shareholders meeting and the provisions related to the electronic provision system of the materials of the general shareholders meeting shall lose their necessity. Accordingly, on the condition that the Share Consolidation is effectuated, the entire texts of Article 12 (Record Date of the Annual General Shareholders Meeting) and Article 14 (Electronic Provision Measures, etc.) of the current Articles of Incorporation shall be deleted, and the provision numbers shall be moved up accompanying such amendment.

2. Details of amendment to of the Articles of Incorporation

The details of the amendment are as follows. The amendment to the Articles of Incorporation related to the abolition of the provisions of the number of share units shall take effect on December 20, 2024, the effectuation date of the Share Consolidation, on the condition that the agenda of "Share Consolidation" is approved and passed as per the original proposal and the Share Consolidation is effectuated.

(Underlines indicate the amended parts.)

Current Articles of Incorporation	Draft Amendment
Article 6 Total Number of Authorized Shares The total number of authorized shares of the Company shall be 467,676,000 shares.	Article 6 Total Number of Authorized Shares The total number of authorized shares of the Company shall be 11 shares.
Article 7 Number of Share Units The number of share units of the Company shall be 100 shares.	(Deleted)
Article 8 Additional Purchase of Shares Less Than One Share Unit The shareholders of the Company, in accordance with the provisions of the Share Handling Regulations, shall be entitled to make a claim to sell the number of shares which will, when together with the number of the share already held by such shareholders, constitute one unit.	(Deleted)
Articles 9 through 11 (Provisions abbreviated)	Articles 7 through 9 (No change)
Article 12 Record Date of the Annual General Shareholders Meeting The record date for the voting rights of the annual general shareholders meeting of the Company shall be March 31 every year.	(Deleted)
Article 13 (Provisions abbreviated)	Article 10 (No change)
Article 14 Electronic Provision Measures, etc. 1. Upon convening the general shareholders meeting, the Company shall take electronic provision measures for information which are the contents of reference documents, etc. of the general shareholders meeting. 2. From among the matters for which it takes electronic provision measures, the Company shall be entitled to not describe on the document all or a part of the matters permitted not to describe on the document to be delivered to the shareholders who have made a claim to deliver the document on or before the record date of the voting rights, pursuant to the Ordinance of the Ministry of Justice.	(Deleted)
Articles 15 through 42 (Provisions abbreviated)	Articles 11 through 38 (No change)

3. Schedule for amendment to the Articles of Incorporation
   December 20, 2024 (scheduled)

4. Conditions for amendment to the Articles of Incorporation
   It shall be subject to the conditions that, at the Extraordinary General Shareholders Meeting, an agenda related to the Share Consolidation and an agenda related to partial amendment to the Articles of Incorporation regarding the abolition of the provisions concerning the number of share units are approved and passed as per the original proposal, and the Share Consolidation is effectuated.