

Summary of Financial Results

For the Fiscal Year Ended December 31, 2025 (Consolidated)

These financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan. The following English translation is based on the original Japanese-language document.

February 13, 2026

POLA ORBIS HOLDINGS INC.

Listing: Tokyo Stock Exchange, Prime Market (Code No.: 4927)
 URL: <https://www.po-holdings.co.jp/>
 Representative: Yoshikazu Yokote, Representative Director And President
 Contact: Naoki Kume, Director, Finance Tel: +81-3-3563-5517
 Annual Shareholders' Meeting: March 27, 2026
 Filing Date of Securities Report: March 25, 2026
 Start of Cash Dividend Payment: March 30, 2026
 Supplemental Materials Prepared for Yearly Financial Results: Yes
 Conference Presentation for Yearly Financial Results: Yes (for analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the Fiscal Year Ended December 31, 2025

(January 01, 2025–December 31, 2025)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	170,285	(0.0)	15,693	13.6	17,022	5.8	9,472	2.0
FY2024	170,359	(1.7)	13,810	(14.1)	16,083	(12.9)	9,286	(3.9)

Note: Comprehensive income: FY2025: ¥9,694 million (7.6%); FY2024: ¥9,011 million (6.5%)

	Net Income Per Share	Diluted Net Income Per Share	Return on Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2025	42.81	42.76	5.8	8.5	9.2
FY2024	41.97	41.93	5.6	8.0	8.1

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
At December 31				
FY2025	197,906	163,094	82.3	735.91
FY2024	200,320	164,916	82.2	744.16

Reference: Equity capital: At December 31, 2025: ¥162,833 million; At December 31, 2024: ¥164,656 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2025	18,536	7,878	(12,361)	61,948
FY2024	26,185	(12,104)	(13,376)	47,305

2. Dividends

	Annual Cash Dividends Per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2024	-	21.00	-	31.00	52.00	11,523	123.9	6.9
FY2025	-	21.00	-	31.00	52.00	11,523	121.5	7.0
FY2026(Forecast)	-	21.00	-	31.00	52.00		127.8	

3. Consolidated Performance Forecast for the Fiscal Year Ending December 31, 2026

(January 1, 2026–December 31, 2026)

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	173,000	1.6	17,300	10.2	17,300	1.6	9,000	(5.0)	40.67

Notes to Summary Information

(1) Changes in significant subsidiaries during the current year

(Changes in specific subsidiaries resulting in changes in the scope of consolidation)

: Yes

Newly Included: - Excluded: 2 ORBIS Beijing inc.

POLA ORBIS(Shanghai) Enterprise Management CO,LTD.

(2) Changes in accounting policies, accounting estimates, and restatement

1) Changes in accounting policies associated with revision of accounting standards

: Yes

2) Changes other than (2)-1)

: None

3) Changes in accounting estimates

: None

4) Restatement

: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of each period (including treasury stock)

At December 31, 2025 229,136,156 shares

At December 31, 2024 229,136,156 shares

2) Number of shares of treasury stock at the end of each period

At December 31, 2025 7,869,047 shares

At December 31, 2024 7,870,726 shares

3) Average number of shares issued and outstanding in each period

Fiscal year ended December 31, 2025 221,267,606 shares

Fiscal year ended December 31, 2024 221,258,267 shares

Note: The number of shares of treasury stock at December 31 includes the Company's shares held by the officer compensation

Board Incentive Plan (BIP) trust (FY2025: 344,910 shares, FY2024: 344,998shares).

The Company's shares held by the officer compensation BIP trust (FY2025: 344,168 shares, FY2024: 289,985 shares) are included in the shares of treasury stock that are deducted in the calculation of the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Performance**1. Non-consolidated Financial Performance for the Fiscal Year Ended December 31, 2025**

(January 01, 2025–December 31, 2025)

(1) Operating Results(Percentage figures
indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	27,071	5.6	16,714	13.2	17,922	15.5	12,475	3.8
FY2024	25,646	4.4	14,770	1.1	15,510	(3.3)	12,020	8.3

	Net Income Per Share		Diluted Net Income Per Share	
	Yen	Yen	Yen	Yen
FY2025	56.38	56.32	56.32	56.32
FY2024	54.33	54.27	54.27	54.27

(2) Financial Position

At December 31	Total Assets		Net Assets		Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2025	160,289	99,877	99,877	99,877	62.2	450.32
FY2024	164,665	98,797	98,797	98,797	59.9	445.45

Reference: Equity capital: At December 31, 2025: ¥99,641 million; At December 31, 2024: ¥98,561 million

Information Regarding Annual Audit Procedures

The annual financial results report is exempt from annual audit by certified public accountants or accounting firms.

Explanation of Appropriate Use of Performance Forecast and Other Special Items

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties. For performance projections, please refer to “1. Overview of Consolidated Operating Results (4) Consolidated Performance Forecast for Fiscal 2026” on page 7.

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1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results for Fiscal 2025

During the fiscal year ended December 31, 2025 (January 1–December 31, 2025), the Japanese economy continued to show a moderate recovery, despite the impact of U.S. trade policies and other factors, primarily on the automotive industry. Backed by a gradual recovery in the real wage income of employees and improvements to consumer sentiment, there are signs of recovery in personal consumption as well.

In the domestic cosmetics market, the post-COVID-19 pandemic recovery has reached its end, and recent performance has been in line with that of the previous year. While the reversal reaction from the previous year's high growth in inbound demand was considered to be temporary and followed by signs of recovery, however, it has recently shifted to a declining trend. In the Chinese cosmetics market, there are signs of recovery in consumer trend due in part to support from policy measures.

Within this market environment, as part of its medium-term management plan (from 2024 through 2026) that started in 2024, the POLA ORBIS Group (the "Group") implemented four business growth strategies, namely, "strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability," "further grow the overseas business and establish business bases in new markets," "achieve profitability through growth in brands under development, contributing to sustainable earnings," and "enhance the brand portfolio and expand business domains." At the same time, in an effort to sustainably strengthen the management foundations that will support these strategies, the Group has worked to "strengthen R&D capabilities for new value creation" and "strengthen sustainability combining the resolution of social issues with uniqueness."

As a result of the above, consolidated net sales for fiscal 2025 fell 0.0% year on year to ¥170,285 million, due mainly to a decrease in sales from the flagship POLA brand. Operating income increased 13.6% year on year to ¥15,693 million due to appropriate expense control, while ordinary income increased 5.8% year on year to ¥17,022 million due to foreign exchange gains recorded in the previous year. As a result of the factors noted above, affected by the recording of expenses involved in the business restructuring expenses and other factors, profit attributable to owners of parent increased 2.0% year on year to ¥9,472 million.

Operating Results Overview

(Millions of yen)

	Twelve Months Ended December 31			
	2024	2025	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥170,359	¥170,285	¥(74)	(0.0)
Operating Income	13,810	15,693	1,882	13.6
Ordinary Income	16,083	17,022	938	5.8
Profit Attributable to Owners of Parent	¥9,286	¥9,472	¥186	2.0

Operating Results by Segment

Net Sales (Segment Sales to External Customers)

(Millions of yen)

Twelve Months Ended December 31				
	2024	2025	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥165,060	¥164,148	¥(911)	(0.6)
Real Estate	2,214	3,023	809	36.6
Others	3,085	3,112	27	0.9
Total	¥170,359	¥170,285	¥(74)	(0.0)

Segment Income (Loss), Operating Income (Loss)

(Millions of yen)

Twelve Months Ended December 31				
	2024	2025	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥14,926	¥15,856	¥929	6.2
Real Estate	76	421	344	447.4
Others	231	218	(13)	(5.8)
Reconciliations of Segment Income (Note)	(1,424)	(801)	622	-
Total	¥13,810	¥15,693	¥1,882	13.6

Note: Reconciliations of segment income refer to elimination of profits arising from inter-company transactions and expenses not allocated to reportable segments. Please see note 2 in “3. Information about Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment” on page 18 for the details of reconciliations of segment income in fiscal 2025.

Beauty Care

The Beauty Care segment consists of the flagship brands POLA and ORBIS, the overseas brand Jurlique, and the brands under development DECENCIA, THREE and FUJIMI.

POLA is working to establish a business base to return to a growth trajectory. In the domestic business, we are working to accelerate sales expansion among stores on a growth track in the consignment sales channel and achieve further growth in other sales channels. Sales by stores on a growth track have continued to grow and other sales channels have remained solid, but due in part to the impacts of initiatives aimed at strengthening branding, such as increasing the precision of restraints placed on shipping for secondary distribution, overall performance in the domestic business fell below that of the previous year. In the overseas business, we are continuing to establish our brand presence in China, our priority market, by expanding contact points with high-prestige customers and strengthening CRM. However, due to the continued impact of the economic slowdown in some areas of Asia, particularly in China, the overall performance of the overseas business also fell below that of the previous year. As a result, POLA brand net sales and operating income decreased year on year.

ORBIS is proceeding with initiatives toward customer retention and higher lifetime value as it aims to establish an even higher profit structure. In the domestic business, high-value-added skincare products such as ORBIS THE CLEANSING OIL, which was launched in May, performed well. In the direct selling channel, unit purchase price rose as a result of efforts to promote active customers. In the external channels, we expanded customer contact points and maintained a high sales growth rate, and overall performance in the domestic business exceeded that of the previous year. In the overseas business, overall performance fell below that of the previous year due to the continued impact of the economic slowdown in some areas of Asia, particularly in China, as well as the impact of the liquidation of our Chinese subsidiary. As a result of the above, ORBIS brand net sales and operating income exceeded those of the previous year.

Jurlique continues to work toward business growth in the markets of Asia, mainly in Australia and in China. In Australia, the home country of the brand, although the performance of directly operated retail store and e-commerce channels exceeded that of the previous year, sales in the department store channel were sluggish and performance fell below that of the previous year. In China, performance of cross-border e-commerce channels surpassed that of the previous year, but sales in the department store and e-commerce channels were sluggish and performance fell below that of the previous year. As a result of the above, Jurlique brand net sales fell below those of the previous year. However, thanks to appropriate control of selling and administrative expenses amid organizational structure reforms, operating loss improved.

For brands under development, DECENCIA is proceeding to build a stable customer structure to achieve further growth. As a result of focusing on increasing high-lifetime-value customers through proposals centered on high-value-added products, profitability is improving. Efforts are underway to regenerate THREE. By strengthening our holistic approach centered on essential oils, sales of holistic-care products rose year on year during the second half of the year. However, new customer acquisition did not reach the plan and overall results fell below those of the previous year. FUJIMI brand has been struggling to acquire customers through the web advertising market and worked to enhance customer acquisition through offline measures, but results fell below those of the previous year. However, the new Kaokara and Dive businesses have grown and are contributing to earnings. In addition to the above, affected by the performance of the OEM business, overall net sales declined year on year, but the operating loss improved.

As a result of the factors noted above, net sales—sales to external customers—for the Beauty Care segment were ¥164,148 million, down 0.6% year on year, and operating income was ¥15,856 million, up 6.2% year on year.

Real Estate

The Real Estate segment concentrates on the leasing of office buildings in urban areas. Efforts are currently directed at sustaining and improving rental income and reducing vacancy rates by creating attractive office environments.

Another area of emphasis is the residential properties rental business. This business highlights condominiums perfect for families with young children. During fiscal 2025, net sales and operating income increased year on year thanks to the opening of the “POLA aoyama building,” which was completed in the previous year.

As a result of the above, net sales—sales to external customers—totaled ¥3,023 million, up 36.6% year on year, and operating income was ¥421 million, up 447.4% year on year.

Others

The Others segment is the building maintenance business.

The building maintenance business is engaged in the operation and management of buildings,

renovation work, and more. During fiscal 2025, net sales exceeded those of the previous year due to the steady performance in the building maintenance business. However, operating income was below that of the previous year due to a decline in the number of construction projects expected to generate high profit margins.

As a result of the above, net sales—sales to external customers—totaled ¥3,112 million, up 0.9% year on year, and operating income was ¥218 million, down 5.8% year on year.

(2) Overview of Consolidated Financial Position at End of Fiscal 2025

As of December 31, 2025, total assets stood at ¥197,906 million, down 1.2%, or ¥2,413 million, from December 31, 2024. Factors related to this change included increases of ¥14,535 million in cash and deposits and ¥1,382 million in retirement benefit asset, as well as decreases of ¥13,961 million in short—term investments in securities, ¥1,641 million in “other” under current assets, ¥812 million in property plant and equipment, ¥766 million in investments in securities, ¥563 million in intangible assets, and ¥557 million in deferred tax assets.

Total liabilities amounted to ¥34,812 million, down 1.7%, or ¥592 million, from December 31, 2024.

Factors related to this change included an increase of ¥1,081 million in accounts payable—other and ¥898 million in retirement benefit liability, as well as a decrease of ¥2,647 million in income taxes payable.

Net assets amounted to ¥163,094 million, down 1.1%, or ¥1,821 million, from December 31, 2024.

Factors related to this change included a recording of ¥9,472 million in profit attributable to owners of parent, as well as ¥11,523 million in dividends from retained earnings and a decrease of ¥208 million in foreign currency translation adjustments.

(3) Overview of Consolidated Cash Flows for Fiscal 2025

The balance of cash and cash equivalents as of December 31, 2025 was ¥61,948 million, up ¥14,642 million from the end of the previous fiscal year.

The status of cash flows from operating activities, investing activities, and financing activities for fiscal 2025, and noteworthy increases and decreases to these cash flows, are described below.

Cash flows from operating activities

Net cash provided by operating activities decreased 29.2% from a year ago, to ¥18,536 million. The primary components contributing to an increase in net cash were ¥13,296 million in profit before income taxes, ¥8,170 million in depreciation and amortization, ¥935 million in impairment loss, and ¥2,222 million in increase in accrued consumption taxes. Major components leading to a decrease in net cash were ¥6,037 million of income taxes paid and ¥1,776 million of foreign exchange gain.

Cash flows from investing activities

Net cash provided by investing activities amounted to ¥7,878 million (outflow of ¥12,104 million in the same period of the previous year).

The main factors were an increase in net cash resulting from ¥19,000 million in proceeds from sales and redemption of short-term investments in securities, and a decrease in net cash resulting from ¥3,175 million in purchase of property, plant and equipment, ¥3,506 million in purchase of intangible assets and ¥4,705 million in purchase of investments in securities.

Cash flows from financing activities

Net cash used in financing activities decreased 7.6% from a year ago, to ¥12,361 million. The decrease was primarily attributed to ¥819 million in repayments of lease obligations and ¥11,523 million in cash dividends paid.

(Reference) Cash flow related indicators

	FY2021	FY2022	FY2023	FY2024	FY2025
Equity ratio (%)	83.1	83.0	83.4	82.2	82.3
Equity ratio based on market value (%)	203.9	199.8	174.2	157.8	145.6
Cash flow/Interest-bearing debt ratio (years)	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio (times)	264.1	168.6	137.4	226.6	161.6

Equity ratio = Shareholders' equity/Total assets

Equity ratio based on market value = Market capitalization/Total assets

Cash flow/Interest-bearing debt ratio = Interest-bearing debt/Cash flow

Interest coverage ratio = Cash flow/Interest payments

Notes: 1. All indicators were calculated using consolidated financial figures.

2. Market capitalization was calculated based on the number of shares issued and outstanding, excluding treasury stock.

3. Cash flow refers to cash flows from operating activities.

4. Interest-bearing debt includes all debts on which we pay interest among the debts shown on the consolidated balance sheets.

(4) Consolidated Performance Forecast for Fiscal 2026

The Japanese economy is expected to continue a gradual recovery, against a backdrop of improvements in the employment and income environment and the effects of various policy measures. However, sufficient attention must be paid to risks of downward pressure on the economy including future price trends, uncertainties related to U.S. trade policies, and fluctuations in financial and capital markets.

Against this backdrop, as the second stage toward achieving our long-term management plan, VISION 2029, the Group started its new medium-term management plan in 2024. As key strategies, the Group continues to implement four business growth strategies, namely, “strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability,” “further grow the overseas business and establish business bases in new markets,” “achieve profitability through growth in brands under development, contributing to sustainable earnings,” and “enhance the brand portfolio and expand business domains,” with the aim of accelerating business growth. At the same time, in effort to sustainably strengthen the management foundations that will support these strategies, the Group also continues to “strengthen R&D capabilities for new value creation” and “strengthen sustainability combining the resolution of social issues with uniqueness.”

For the fiscal year ending December 31, 2026, the Group forecasts net sales of ¥173,000 million, up 1.6% year on year, operating income of ¥17,300 million, up 10.2%, ordinary income of ¥17,300 million, up 1.6%, and profit attributable to owners of parent of ¥9,000 million, down 5.0%, considering the steady execution of key strategies and downside risks arising from a potential economic downturn.

2. Basic Approach to the Selection of Accounting Standards

Over the near term, the Group will prepare its consolidated financial statements based on Japanese GAAP, taking into account the inter-period comparability of the consolidated financial statements and comparability between companies.

With regard to the application of International Financial Reporting Standards (IFRS), the Group's policy is to take appropriate measures in light of the situation in Japan and abroad while considering.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets**

(Millions of yen)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Assets		
Current assets		
Cash and deposits	¥ 45,176	¥59,711
Notes and accounts receivable – trade	17,465	17,631
Short-term investments in securities	18,907	4,945
Merchandise and finished goods	12,094	12,183
Work in process	904	929
Raw materials and supplies	3,621	3,506
Other	8,047	6,405
Allowance for doubtful accounts	(96)	(160)
Total current assets	106,120	105,151
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,373	69,533
Accumulated depreciation	(37,952)	(38,528)
Buildings and structures, net	31,420	31,005
Machinery, equipment and vehicles	11,758	11,652
Accumulated depreciation	(8,125)	(8,270)
Machinery, equipment and vehicles, net	3,633	3,382
Land	14,252	14,201
Leased assets	6,754	6,573
Accumulated depreciation	(6,058)	(5,895)
Leased assets, net	695	678
Construction in progress	246	522
Other	20,089	19,895
Accumulated depreciation	(12,806)	(12,967)
Other, net	7,282	6,928
Total property, plant and equipment	57,530	56,718
Intangible assets		
Right of trademark	19	20
Software	11,590	11,026
Other	90	88
Total intangible assets	11,700	11,136
Investments and other assets		
Investments in securities	15,407	14,640
Long-term loans receivable	251	392
Retirement benefit asset	-	1,382
Deferred tax assets	5,220	4,663
Other	4,530	4,340
Allowance for doubtful accounts	(440)	(519)
Total investments and other assets	24,969	24,900
Total non-current assets	94,200	92,755
Total assets	¥200,320	¥197,906

(Millions of yen)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,264	¥ 2,206
Current portion of long-term loans payable	6	7
Lease obligations	774	601
Accounts payable – other	10,171	11,253
Income taxes payable	4,206	1,559
Contract liabilities	4,795	4,587
Provision for bonuses	1,578	1,423
Provision for directors' bonuses	177	183
Other provisions	8	69
Other	3,368	4,411
Total current liabilities	27,351	26,305
Non-current liabilities		
Long-term borrowings	40	30
Lease obligations	1,295	959
Net defined benefit liability	229	1,128
Provision for share benefits for directors	99	107
Provision for environmental measures	7	4
Asset retirement obligations	3,885	3,807
Other	2,496	2,470
Total non-current liabilities	8,053	8,507
Total liabilities	35,404	34,812
Net assets		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	80,451	80,451
Retained earnings	78,674	76,622
Treasury stock	(2,922)	(2,915)
Total shareholders' equity	166,203	164,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	196
Foreign currency translation adjustments	(2,106)	(2,315)
Remeasurements of defined benefit plans	483	792
Total accumulated other comprehensive income	(1,547)	(1,326)
Subscription rights to shares	236	235
Non-controlling interests	23	25
Total net assets	164,916	163,094
Total liabilities and net assets	¥200,320	¥197,906

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Twelve Months Ended December 31	
	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Net sales	¥170,359	¥170,285
Cost of sales	31,846	32,021
Gross profit	138,513	138,264
Selling, general and administrative expenses		
Sales commission	32,941	31,382
Promotion expenses	11,221	12,775
Packing and transportation expenses	5,823	5,781
Advertising expenses	11,469	10,408
Salaries, allowances and bonuses	22,167	22,677
Welfare expenses	4,551	4,520
Retirement benefit expenses	762	746
Provision for bonuses	1,521	1,417
Depreciation and amortization	6,274	6,001
Other	27,969	26,858
Total selling, general and administrative expenses	124,702	122,570
Operating income	13,810	15,693
Non-operating income		
Interest income	261	278
Foreign exchange gains	1,749	962
Gain on sale of investment securities	-	266
Other	518	191
Total non-operating income	2,529	1,698
Non-operating expenses		
Interest expense	113	115
Commission expenses	74	183
Other	69	70
Total non-operating expenses	257	370
Ordinary income	¥ 16,083	¥17,022

(Millions of yen)

	Twelve Months Ended December 31	
	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Extraordinary losses		
Loss on disposal of non-current assets	330	¥464
Impairment loss	696	935
Loss on valuation of investment securities	300	296
Loss on liquidation of business	20	387
Business restructuring expenses	-	802
Loss on reversal of foreign currency translation adjustment	-	718
Other	87	120
Total extraordinary losses	1,434	3,726
Income before income taxes	14,649	13,296
Income taxes – current	4,306	3,449
Income taxes – deferred	1,034	373
Total income taxes	5,341	3,823
Net income	9,307	9,472
Profit attributable to non-controlling interests	21	-
Profit attributable to owners of parent	¥9,286	¥9,472

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Twelve Months Ended December 31	
	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Net income	¥9,307	¥9,472
Other comprehensive income		
Valuation difference on available-for-sale securities	(153)	120
Foreign currency translation adjustments	(371)	(207)
Remeasurements of defined benefit plans	228	308
Total other comprehensive income	(296)	222
Comprehensive income	9,011	9,694
Comprehensive income attributable to owners of the parent	9,026	9,693
Comprehensive income attributable to non-controlling interests	¥ (14)	¥ 1

(3) Consolidated Statements of Changes in Net Assets

FY2024 (January 01, 2024 – December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥10,000	¥81,025	¥80,907	¥(2,839)	¥169,093
Changes of items during the period					
Dividends from retained earnings			(11,519)		(11,519)
Net income attributable to owners of parent			9,286		9,286
Acquisition of treasury stock				(195)	(195)
Disposal of treasury stock		159		112	271
Changes in ownership interest due to acquisition of subsidiary stock		(733)			(733)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(574)	(2,233)	(82)	(2,890)
Balance at the end of the period	¥10,000	¥80,451	¥78,674	¥(2,922)	¥166,203

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥229	¥(1,772)	¥255	¥(1,287)	¥243	¥348	¥168,398
Changes of items during the period							
Dividends from retained earnings							(11,519)
Net income attributable to owners of parent							9,286
Acquisition of treasury stock							(195)
Disposal of treasury stock							271
Changes in ownership interest due to acquisition of subsidiary stock							(733)
Net changes of items other than shareholders' equity	(153)	(334)	228	(260)	(7)	(324)	(591)
Total changes of items during the period	(153)	(334)	228	(260)	(7)	(324)	(3,482)
Balance at the end of the period	¥75	¥(2,106)	¥483	¥(1,547)	¥236	¥23	¥164,916

FY2025 (January 01, 2025 – December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥10,000	¥80,451	¥78,674	¥(2,922)	¥166,203
Changes of items during the period					
Dividends from retained earnings			(11,523)		(11,523)
Net income attributable to owners of parent			9,472		9,472
Acquisition of treasury stock				(8)	(8)
Disposal of treasury stock		0		15	16
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	(2,051)	7	(2,043)
Balance at the end of the period	¥10,000	¥80,451	¥76,622	¥(2,915)	¥164,159

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	¥75	¥(2,106)	¥483	¥(1,547)	¥236	¥23	¥164,916
Changes of items during the period							
Dividends from retained earnings							(11,523)
Net income attributable to owners of parent							9,472
Acquisition of treasury stock							(8)
Disposal of treasury stock							16
Net changes of items other than shareholders' equity	120	(208)	308	221	(0)	1	221
Total changes of items during the period	120	(208)	308	221	(0)	1	(1,821)
Balance at the end of the period	¥196	¥(2,315)	¥792	¥(1,326)	¥235	¥25	¥163,094

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Twelve Months Ended December 31	
	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Cash flows from operating activities		
Income before income taxes	¥14,649	¥13,296
Depreciation and amortization	8,352	8,170
Impairment loss	696	935
Increase (decrease) in allowance for doubtful accounts	145	132
Increase (decrease) in provision for bonuses	(248)	(153)
Increase (decrease) in other provision	(64)	8
Decrease (increase) in retirement benefit asset	-	(1,382)
Increase (decrease) in net defined benefit liability	(258)	1,336
Interest income	(261)	(278)
Interest expense	113	115
Loss (gain) on sale of investment securities	-	(266)
Foreign exchange gain	(1,378)	(1,776)
Loss on valuation of investment securities	300	296
Loss on disposal of non-current assets	330	464
Foreign currency translation adjustments	-	718
Loss on liquidation of business	-	387
Business restructuring expenses	-	802
Decrease (increase) in notes and accounts receivable – trade	495	(42)
Decrease (increase) in inventories	(17)	(82)
Increase (decrease) in notes and accounts payable – trade	(708)	(87)
Increase (decrease) in contract liabilities	(460)	(223)
Increase (decrease) in accrued consumption taxes	(284)	2,222
Decrease (increase) in other assets	259	898
Increase (decrease) in other liabilities	514	(550)
Other	55	153
Subtotal	22,229	25,096
Interest received	273	305
Interest paid	(115)	(114)
Payment for liquidation of business	(38)	(206)
Payment for business structure improvement expenses	-	(506)
Income taxes refund (paid)	3,836	(6,037)
Net cash provided by operating activities	¥26,185	¥18,536

(Millions of yen)

	Twelve Months Ended December 31	
	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Cash flows from investing activities		
Payments into time deposits	¥(278)	¥(235)
Proceeds from withdrawal of time deposits	281	317
Purchase of short-term investments in securities	(2,000)	-
Proceeds from sales and redemption of short-term investments in securities	12,000	19,000
Purchase of property, plant and equipment	(8,172)	(3,175)
Proceeds from sales of property, plant and equipment	4	71
Purchase of intangible assets	(3,983)	(3,506)
Payments for disposal of non-current assets	(29)	(67)
Purchase of investments in securities	(9,310)	(4,705)
Proceeds from sales and redemptions of investment securities	43	531
Payment for Asset retirement obligations	(338)	(278)
Purchase of long-term prepaid expenses	(346)	(169)
Payments for lease and guarantee deposits	(192)	(164)
Proceeds from collection of lease and guarantee deposits	288	491
Other	(70)	(228)
Net cash used in investing activities	(12,104)	¥7,878
Cash flows from financing activities		
Repayment of loan payable	(12)	(8)
Repayments of lease obligations	(800)	(819)
Cash dividends paid	(11,554)	(11,523)
Purchase of treasury stock	(195)	(8)
Payments for acquisition of shares of subsidiaries not resulting in change in scope of consolidation	(1,008)	-
Proceeds from sales of treasury stock	195	-
Net cash used in financing activities	(13,376)	(12,361)
Effect of exchange rate change on cash and cash equivalents	224	588
Net decrease in cash and cash equivalents	928	14,642
Cash and cash equivalents at beginning of period	46,376	47,305
Cash and cash equivalents at end of period	¥47,305	¥61,948

(5) Notes to Consolidated Financial Statements**(Going Concern Assumptions)**

None

(Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes)

The company has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year.

In adopting the new accounting categories for current income taxes (taxes on other comprehensive income), we follow the transitional dispensation provided in a proviso for Article 20-3 of ASBJ Statement No.27 and the transitional dispensation provided in a proviso for Article 65-2 (2) of "Guidance on Accounting Standard of Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022). Applying the accounting standard will have no impact on the consolidated financial statements.

From the beginning of the current period under review, the company has also adopted ASBJ Guidance No.28 in applying new treatments to consolidated financial statements in the case of deferring the gains or losses on sale of subsidiaries' shares between consolidated companies for tax purpose. We have retroactively applied these changes of accounting policy to their effects on the comparative quarterly consolidated financial statements in the previous fiscal year and the consolidated financial statements for the previous fiscal year. Applying the Guidance will have no impact on the consolidated financial statements described as above.

(Segment Information)**1. General Information about Reportable Segments**

A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group primarily develops, manufactures and markets cosmetics and related products. It promotes a multi-brand strategy of holding a range of brands and winning market shares for each of its high-profile brands in order to satisfy the diversifying needs of its customers based on their values. Comprehensive strategies are planned and products are marketed by each brand name in Japan and overseas. In addition to its cosmetics business, a variety of businesses is conducted to contribute to the Group's profits.

Therefore, reportable segments consist of the Beauty Care business, the Group's core business, and the Real Estate business, which indirectly supports the Group's core business.

The Beauty Care business manufactures and distributes cosmetics and health foods and sells fashion items under the following brand names: *POLA, ORBIS, Jurlique, DECENCIA, THREE, and FUJIMI*. The Real Estate business is engaged in the leasing of office buildings and residential properties.

2. Calculation Method for Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

The accounting method for the Group's reportable business segments is generally the same as described in "Basis for Preparation of Consolidated Financial Statements" disclosed in the most recent securities report (submitted on March 27, 2025).

Segment income is based on operating income. The amounts of inter-segment unrealized profits and transfers are calculated based on prevailing market prices.

3. Information about Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment
Fiscal Year Ended December 31, 2024 (January 01, 2024–December 31, 2024)

(Millions of yen)

	Reportable Segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net Sales							
Sales to External Customers	¥165,060	¥2,214	¥167,274	¥3,085	¥170,359	-	¥170,359
Intersegment Sales or Transfers	124	478	603	2,538	3,142	¥(3,142)	-
Total	165,184	2,692	167,877	5,624	173,502	(3,142)	170,359
Segment Income	14,926	76	15,003	231	15,235	(1,424)	13,810
Segment Assets	157,088	34,004	191,093	2,988	194,081	6,239	200,320
Other Items							
Depreciation and Amortization	6,886	722	7,609	12	7,622	730	8,352
Increase in property, plant and equipment and intangible assets	¥8,197	¥6,048	¥14,245	¥2	¥14,248	¥270	¥14,518

- Notes:
1. “Others” comprises business operations that are not categorized as reportable segments and include the building maintenance businesses.
 2. Reconciliations consist of the following:
 - (1) The segment income reconciliation of ¥(1,424) million includes intersegment transaction eliminations of ¥3,052 million and less corporate expenses of ¥(4,477) million, not allocated to each segment. Corporate expenses are primarily the Company’s administrative expenses not allocated to reportable segments.
 - (2) The segment assets reconciliation of ¥6,239 million includes less intersegment eliminations of ¥(64,068) million and corporate assets of ¥70,307 million, not allocated to each segment. Corporate assets are primarily the Company’s financial assets and assets in the administrative division not allocated to reportable segments.
 - (3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment, and intangible assets are those related to corporate assets and intersegment eliminations.
 3. Segment income is adjusted for operating income reported in the consolidated statements of income.
 4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment, and intangible assets, respectively.

(Significant Impairment Loss of Non-current Assets)

Impairment loss of ¥696 million is recognized at Beauty Care segment.

Fiscal Year Ended December 31, 2025 (January 01, 2025–December 31, 2025)

(Millions of yen)

	Reportable Segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net Sales							
Sales to External Customers	¥ 164,148	¥ 3,023	¥ 167,172	¥ 3,112	¥ 170,285	-	¥ 170,285
Intersegment Sales or Transfers	145	482	628	2,647	3,275	¥ (3,275)	-
Total	164,294	3,506	167,800	5,760	173,561	(3,275)	170,285
Segment Income	15,856	421	16,277	218	16,495	(801)	15,693
Segment Assets	154,083	32,900	186,984	3,027	190,011	7,895	197,906
Other Items							
Depreciation and Amortization	6,673	796	7,470	3	7,474	696	8,170
Increase in property, plant and equipment and intangible assets	¥ 7,809	¥ 688	¥ 8,498	¥ 6	¥ 8,504	¥ (119)	¥ 8,385

- Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and include the building maintenance business.
2. Reconciliations consist of the following:
- (1) The segment income reconciliation of ¥(801) million includes intersegment transaction eliminations of ¥3,495 million less corporate expenses of ¥(4,297) million, not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.
 - (2) The segment assets reconciliation of ¥7,895 million includes less intersegment eliminations of ¥(58,357) million and corporate assets of ¥66,252 million, not allocated to each segment. Corporate assets are primarily the Company's financial assets and assets in the administrative division not allocated to reportable segments.
 - (3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment, and intangible assets are those related to corporate assets and intersegment eliminations.
3. Segment income is adjusted for operating income reported in the consolidated statements of income.
4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment, and intangible assets, respectively.

(Significant Impairment Loss of Non-current Assets)

Impairment loss of ¥935 million is recognized at Beauty Care segment.

(Per Share Information)

	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Net assets per share	¥744.16	¥735.91
Net income per share	¥41.97	¥42.81
Diluted net income per share	¥41.93	¥42.76

Note 1: The Company's shares held by the officer compensation BIP trust are included in shares of treasury stock that are deducted from the number of shares issued and outstanding at December 31 in the calculation of net assets per share and are included in shares of treasury stock that are deducted in the calculation of the average number of shares of treasury stock during the period for calculating net income per share and diluted net income per share. The number of shares of deducted treasury stock at December 31, 2025 is 344,910 and the average number of shares is 344,168 during the period. The number of shares of deducted treasury stock at December 31, 2024 was 344,998 and the average number of shares is 289,985 during the previous period.

Note 2: Basis for calculation of net income per share and diluted net income per share is stated below:

Item	FY2024 (January 01, 2024– December 31, 2024)	FY2025 (January 01, 2025– December 31, 2025)
Net income per share		
Profit attributable to owners of parent (millions of yen)	¥9,286	¥9,472
Amounts not attributable to shareholders of common stock (millions of yen)	-	-
Profit attributable to owners of parent associated with common stock (millions of yen)	¥9,286	¥9,472
Weighted average number of shares of common stock during the fiscal year	221,258,267	221,267,606
Diluted net income per share		
Adjustment of profit attributable to owners of parent (millions of yen)	-	-
Number of shares of common stock increased	231,066	228,679
[Of which, subscription rights to shares]	(231,066)	(228,679)
Outline of the dilutive shares not included in the calculation of diluted net income per share due to their antidilutive effects	-	-

Note 3: Basis for calculation of net assets per share is stated below:

Item	FY2024 (At December 31, 2024)	FY2025 (At December 31, 2025)
Total net assets (millions of yen)	¥164,916	¥163,094
Amount deducted from total net assets (millions of yen)	¥259	¥260
[Of which, subscription rights to shares (millions of yen)]	¥(236)	¥(235)
[Of which, non-controlling interests (millions of yen)]	¥(23)	¥(25)
Net assets associated with common stock (millions of yen)	¥164,656	¥162,833
Number of shares of common stock used in the calculation of net assets per share	221,265,430	221,267,109

(Subsequent Event)

The Company adopted a resolution at the Board of Directors on February 13, 2026 to implement early retirement program “Next Career Special Support Plan” (the “Program”) offered to employees of its consolidated subsidiary, POLA Inc.

1. Purpose

The POLA ORBIS Group has established “VISION2029” as “A collection of unique businesses that respond to diversifying values of ‘beauty’.” We have pursued three fundamental strategies: “Develop the cosmetics business globally; reform and enhance the brand portfolio,” “Create new value and expand business domains,” and “Strengthen research and technical strategy.” Particularly within the cosmetics business, we have worked to reform the brand portfolio and further strengthen the profit base for each brand.

Amidst these circumstances, our core brand, POLA Inc., is responding to changes in the business environment surrounding its operations—such as structural shifts in the cosmetics market and the competitive landscape—while aiming for medium- to long-term business growth. To achieve a turnaround in its business, the company is undertaking structural reforms. As part of these efforts, it has decided to implement the Program, a voluntary retirement program. We will support the individual growth of employees seeking to build new careers in different environments, treating this initiative as a turning point.

2. Overview

(1)	Eligible employees	Employees of POLA Inc., who meet the specified recruitment criteria, such as a certain age and length of service
(2)	Estimated number of applicants	Approx. 160
(3)	Application period	March 16, 2026 to March 27, 2026
(4)	Applicants’ date of retirement	June 30, 2026, in principle
(5)	Support plan and benefits	Special additional benefits based on the retirement length of service and age added to the regular retirement allowance Career transition support to those who wish to use it

3. Expected impact on earnings

The costs of attributable to the payment of career support allowances incurred by the Program are expected to be approximately ¥1.4 billion as extraordinary losses in the fiscal year ending December 2026.