

Summary of Financial Results

For the First Half of the Fiscal Year Ending December 31, 2023 (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.

July 31, 2023

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
 Filing Date of Quarterly Securities Report: August 10, 2023
 Start of Cash Dividend Payment: September 8, 2023
 Supplemental Materials Prepared for Quarterly Financial Results: Yes
 Conference Presentation for Quarterly Financial Results: Yes(for analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the First Half of Fiscal 2023

(January 1, 2023–June 30, 2023)

(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	%
FY2023 First Half	85,836	9.0	8,966	82.3	11,389	28.3	7,404	(32.1)
FY2022 First Half	78,748	(11.6)	4,917	(45.9)	8,876	(15.3)	10,904	53.9

Note: Comprehensive income: ¥6,470 million (-27.7%) for the first half ended June 30, 2023;
 ¥8,951 million (36.7%) for the first half ended June 30, 2022

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2023 First Half	33.47	33.43
FY2022 First Half	49.29	49.24

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2023 Second Quarter	206,996	171,053	82.4	770.60
FY2022	205,935	171,459	83.0	772.60

Reference: Equity capital: FY2023 Second Quarter: ¥170,486 million; FY2022: ¥170,924 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	21.00	—	31.00	52.00
FY2023	—	21.00	—	—	—
FY2023 (Forecast)	—	—	—	31.00	52.00

Note: Revisions to the cash dividends forecast announced most recently: none

3. Consolidated Performance Forecast for Fiscal Year Ending December 31, 2023

(January 1, 2023–December 31, 2023)

(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	180,000	8.2	16,000	27.2	17,500	17.2	11,600	1.3	52.43

Note: Revisions to the consolidated performance forecast announced most recently: yes

Notes to Summary Information

- (1) Changes in significant subsidiaries during the current period
(Changes in specific subsidiaries resulting in changes in the scope of consolidation) : None
- (2) Application of special accounting methods for the preparation of the quarterly consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting policies associated with revision of accounting standards : Yes
 - 2) Changes other than (3)-1) : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None
- (4) 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 June 30, 2023	229,136,156 shares
At December 31, 2022	229,136,156 shares
 - 2) Number of shares of treasury stock at the end of each period

At June 30, 2023	7,897,963 shares
At December 31, 2022	7,904,513 shares
 - 3) Average number of shares issued and outstanding in each period

Six months ended June 30, 2023	221,235,929 shares
Six months ended June 30, 2022	221,229,559 shares

Note: The number of shares of treasury stock at June 30, 2023 includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (235,910 shares). The number of shares of treasury stock deducted in the calculation of average number of shares outstanding during the first half of fiscal 2023 includes the Company's shares held by BIP trust (238,174 shares).

Information Regarding Quarterly Review Procedures

The quarterly financial results report is exempt from quarterly review 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. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2023 (3) Explanation of Consolidated Performance Forecast and Other Predictive Information" on page 5.

Table of Contents

1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2023	2
(1) Explanation of Consolidated Operating Results	2
(2) Explanation of Consolidated Financial Position	4
(3) Explanation of Consolidated Performance Forecast and Other Predictive Information	5
2. Quarterly Consolidated Financial Statements	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
(3) Notes to Consolidated Financial Statements	10
(Going concern Assumptions)	10
(Significant Changes in Shareholders' Equity)	10
(Changes in Accounting Policies)	10
(Additional Information)	10
(Segment Information)	11
(Subsequent Events)	12

1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2023

(1) Explanation of Consolidated Operating Results

During the first half of fiscal 2023 (January 1–June 30, 2023), the Japanese economy showed signs of moderate recovery, supported by the normalization of economic and social activities after COVID-19 was moved to Class V under the Infectious Diseases Control Law, and the increase in foreign visitors to Japan. Meanwhile, although the sharp rises in resource and energy prices slowed, there was a continued trend to shift these prices to selling prices, and personal consumption growth remained somewhat lackluster against a backdrop of price hikes that exceeded wage increases.

In the domestic cosmetics market, in addition to an increase in opportunities to go out due to the normalization of economic activities, the weak yen and the recent trend toward higher stock prices also provided a boost to expanding personal consumption. Moreover, there was a return of inbound demand due to an increase in the number of foreign visitors to Japan. Meanwhile, situations such as changes in consumer behavior and the composition of consumption due to the transformation of people's lifestyles, structural changes in sales channels, and soaring advertising costs in the EC market are being observed, and more ingenuity is required to cope with these changes.

In the overseas cosmetics market, while economic and social activities are recovering from the turmoil caused by the COVID-19 pandemic, there are signs of weakness in some regions due to various downward pressures on the economy and consumption, including the chronic high prices and high inflation, financial instability due to interest rate hikes in Europe and the United States, and growing uncertainty about the economy in the United States. In the Chinese market, the lifting of the zero-COVID policy has brought economic activity toward normalization, and although there are signs of recovery, particularly in service consumption as the flow of people increases, the current economic recovery is showing increasing signs of slowdown due to employment uncertainty and other factors.

Within this market environment, the POLA ORBIS Group (the "Group") has worked to achieve the key objectives—"evolving domestic direct sales," "growing overseas businesses profitably," "profit contribution from brands under development," "strengthening operations," and "expanding new brands and domains of 'beauty'." These objectives are in line with the medium-term management plan (from 2021 to 2023) that started in 2021. As a result, the Group achieved the following consolidated operating results for the first half of fiscal 2023.

Consolidated net sales for the first half of fiscal 2023 increased 9.0% year on year to ¥85,836 million, reflecting a recovery from the turmoil caused by the COVID-19 pandemic in Japan and overseas. Operating income increased 82.3% year on year to ¥8,966 million due to an increase in gross profit from higher sales, and ordinary income increased 28.3% year on year to ¥11,389 million due to the impact of a decrease in foreign exchange gains. As a result of the factors noted above and the impact of decrease in income taxes – deferred recorded in the previous year, profit attributable to owners of parent decreased 32.1% year on year to ¥7,404 million.

Operating Results Overview

(Millions of yen)

	Six Months Ended June 30			
	2022	2023	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥78,748	¥85,836	¥7,088	9.0
Operating Income	4,917	8,966	4,049	82.3
Ordinary Income	8,876	11,389	2,513	28.3
Profit Attributable to Owners of Parent	¥10,904	¥7,404	¥(3,499)	(32.1)

Operating Results by Segment

Net Sales (Segment Sales to External Customers)

(Millions of yen)

	Six Months Ended June 30			
	2022	2023	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥76,420	¥83,529	¥7,108	9.3
Real Estate	1,039	1,036	(3)	(0.3)
Others	1,287	1,270	(17)	(1.4)
Total	¥78,748	¥85,836	¥7,088	9.0

Segment Profit (Loss) (Operating Income (Loss))

(Millions of yen)

	Six Months Ended June 30			
	2022	2023	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥5,246	¥8,713	¥3,467	66.1
Real Estate	316	277	(39)	(12.4)
Others	71	30	(40)	(56.7)
Reconciliations of Segment Profit (Note)	(716)	(55)	661	—
Total	¥4,917	¥8,966	¥4,049	82.3

Note: Reconciliations of segment profit refer to elimination of profits arising from inter-company transactions and expenses not allocated to reportable segments. Please see note 2 in “1. Information about Net Sales and Profit (Loss) by Reportable Segment” on page 11 and 12 for the details of reconciliations of segment income during the period.

Beauty Care

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

POLA is working to further improve the value of its brand and build a medium- to long-term customer base by launching highly functional products mainly in the field of anti-aging and skin-brightening. In the domestic business, we are promoting the integration of online and offline channels (OMO: Online Merges with Offline) to realize a high lifetime-value business that leverages the features and strengths of each channel. In April 2023, we launched a new membership program, POLA Premium Pass, which integrates customer IDs from all sales channels and delivers a common service experience to all customers in Japan. In addition to the resumption of the flow of people due to the normalization of economic activities and the return of foreign visitors to Japan, all domestic businesses in the country recorded year-on-year growth thanks to new products such as B.A MILK FOAM and strong sales of esthetic treatment. In the overseas business, we are continually working to expand customer contact points for establishing a brand presence in China, a top priority market. Although it takes time for demand to recover after COVID-19 is quenched, the overall performance of the overseas business exceeded that of the previous year, with the success of marketing activities centered on the new products. As a result, POLA brand net sales and operating income increased year on year.

ORBIS is proceeding with enhancing its presence through creation of brand differentiation, improvement of customer loyalty, and acquisition of skincare product users, with a focus on the ORBIS U anti-aging skincare series for improving wrinkle and brightening skin, with the aim of regrowing into a highly profitable business. In the domestic business, we are making efforts to further boost the number of customers, which is on a recovery trend, and to maximize customer lifetime value by providing close communication that accompanies customers throughout their lives in our one-stop app, a cornerstone of the brand experience. In the direct selling channel, the number of customers exceeded the previous year due to the acquisition of new customers by expanding the recognition of ORBIS U., the pinnacle of the ORBIS U series, and the favorable reception of the special care line for UV which has been renewed. In addition, the external channels grew significantly year on year, mainly in the EC platform, contributing to the expansion of customer contact points. In the overseas business, we are working to accelerate growth and return to profitability particularly in China, a priority market. ORBIS continued to work on strengthening investments to expand customer contact points and raise brand recognition, and achieved the growth exceeding from last year. As a result of the above, ORBIS brand net sales

and operating income exceeded those of the corresponding period of the previous year.

The Jurlique brand continues to work toward business growth in the travel retail market, particularly in Australia and in China and Asia. Jurlique achieved the result exceeding from last year due to recovery under offline channel in Australia, a priority market, and improvement the value of its brand and strengthen its customer engagement by launching new products in China though being effected by the re-expanding of the number of COVID-19 cases. The brand is also processing reinforcement of its operation as it has started a new management structure especially with the new CEO of Jurlique International Pty Ltd. since June 1, 2023. As a result of the above, Jurlique brand net sales exceeded those of the corresponding period of the previous year. Meanwhile, operating losses expanded due to the impact of higher selling and administrative expenses and other costs.

For brands under development, the THREE brand is carrying out structural reforms targeting profitability in 2024. New products in the core skincare series have led to growth in skincare sales, and the domestic business has outperformed the previous year. Overall net sales for the brands under development were higher year on year. In addition, operating loss improved due to strict cost controls implemented for each brand. Effective March 6, 2023, the Group has decided to exit from two brands, Amplitude and ITRIM, to make a reformation on its brand portfolio on the beauty care segment as a part of enhancement on its profitability.

As a result of the factors noted above, net sales—sales to external customers—were ¥83,529 million, up 9.3% year on year, and operating income was ¥8,713 million, up 66.1% 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 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 the first half of fiscal 2023, net sales and operating income fell below those of the corresponding period of the previous year mainly due to the impact of the sales of some office buildings in the previous year.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥1,036 million, down 0.3% year on year, and operating income was ¥277 million, down 12.4% year on year.

Others

The Others segment is the building maintenance business.

The building maintenance business is mainly engaged in the operation and management of buildings. During the first half of fiscal 2023, both net sales and operating income decreased year on year due to a decline in the number of contracts.

As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥1,270 million, down 1.4% year on year, and operating income was ¥30 million, down 56.7% year on year.

(2) Explanation of Consolidated Financial Position

As of June 30, 2023, total assets stood at ¥206,996 million, up 0.5%, or ¥1,061 million, from December 31, 2022. Factors related to this change included increases of ¥7,213 million in investments in securities and ¥2,868 million in other under current assets associated with an increase in income taxes receivable, as well as decreases of ¥4,485 million in cash and deposits and ¥4,190 million in short-term investments in securities.

Total liabilities amounted to ¥35,942 million, up 4.3%, or ¥1,466 million, from December 31, 2022. Factors related to this change included an increase of ¥2,257 million in income taxes payable, as well as a decrease of ¥438 million in retirement benefit liability.

Net assets amounted to ¥171,053 million, down 0.2%, or ¥405 million, from December 31, 2022. Factors related to this change included an increase of recording of ¥7,404 million in profit attributable to owners of parent, as well as decreases of ¥6,865 million in dividends from retained earnings and ¥1,092 million in foreign currency translation adjustments.

(3) Explanation of Consolidated Performance Forecast and Other Predictive Information

Due to favorable performances on POLA brand and ORBIS brand during the first half of fiscal 2023, the Group has decided to revise its consolidated performance forecast for the fiscal year ending December 31, 2023 which was announced on February 14, 2023 as follows.

	(Millions of yen)				
	Twelve Months Ending December 31				
	Net Sales	Operating Income	Ordinary Income	Profit attributable to Owners of Parent	Net Income Per Share(yen)
Previous Forecast (A)	¥180,000	¥15,100	¥15,100	¥10,000	45.20
Current Forecast (B)	180,000	16,000	17,500	11,600	52.43
Amount Change (B-A)	—	900	2,400	1,600	—
Percent Change (%) (reference)	—	6.0	15.9	16.0	—
Actual Results for Fiscal 2022	¥166,307	¥12,581	¥14,928	¥11,446	51.74

(Information for reference)
Cumulative Results for Fiscal 2022

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥37,662	¥78,748	¥119,654	¥166,307
Operating Income	1,912	4,917	7,668	12,581
Ordinary Income	4,140	8,876	12,169	14,928
Profit Attributable to Owners of Parent	¥7,180	¥10,904	¥13,035	¥11,446

Quarterly Results for Fiscal 2022

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥37,662	¥41,085	¥40,906	¥46,652
Operating Income	1,912	3,005	2,751	4,913
Ordinary Income	4,140	4,736	3,292	2,758
Profit(loss) Attributable to Owners of Parent	¥7,180	¥3,723	¥2,130	¥(1,588)

2. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Millions of yen)

	FY2022 December 31, 2022	FY2023 Second Quarter June 30, 2023
Assets		
Current assets		
Cash and deposits	¥ 63,318	¥ 58,832
Notes and accounts receivable – trade	17,817	16,181
Short-term investments in securities	17,993	13,802
Merchandise and finished goods	11,149	11,813
Work in process	661	684
Raw materials and supplies	3,337	3,356
Other	4,055	6,923
Allowance for doubtful accounts	(59)	(61)
Total current assets	118,273	111,531
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,253	16,059
Land	14,226	14,244
Other, net	13,966	14,018
Total property, plant and equipment	44,446	44,321
Intangible assets		
Right of trademark	797	751
Software	11,510	12,082
Other	296	250
Total intangible assets	12,604	13,085
Investments and other assets		
Investments in securities	16,154	23,368
Deferred tax assets	10,606	10,605
Other	4,021	4,271
Allowance for doubtful accounts	(172)	(188)
Total investments and other assets	30,610	38,057
Total non-current assets	87,661	95,464
Total assets	¥205,935	¥206,996

(Millions of yen)

	FY2022 December 31, 2022	FY2023 Second Quarter June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,745	¥ 3,294
Current portion of long-term borrowings	12	12
Income taxes payable	1,252	3,510
Contract liabilities	5,437	5,362
Provision for bonuses	1,749	1,210
Other provisions	173	222
Other	14,584	14,360
Total current liabilities	25,954	27,972
Non-current liabilities		
Long-term borrowings	59	53
Other provisions	167	160
Net defined benefit liability	1,884	1,446
Asset retirement obligations	3,744	3,624
Other	2,665	2,684
Total non-current liabilities	8,521	7,969
Total liabilities	34,476	35,942
Net assets		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	81,025	81,025
Retained earnings	82,759	83,298
Treasury stock	(2,860)	(2,839)
Total shareholders' equity	170,924	171,484
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	120	223
Foreign currency translation adjustments	(303)	(1,395)
Remeasurements of defined benefit plans	182	174
Total accumulated other comprehensive income	(0)	(997)
Subscription rights to shares	243	243
Non-controlling interests	291	324
Total net assets	171,459	171,053
Total liabilities and net assets	¥205,935	¥206,996

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

Consolidated Statements of Income

(Millions of yen)

	Six Months Ended June 30	
	FY2022 (January 1, 2022– June 30, 2022)	FY2023 (January 1, 2023– June 30, 2023)
Net sales	¥78,748	¥85,836
Cost of sales	14,263	15,177
Gross profit	64,484	70,659
Selling, general and administrative expenses		
Sales commission	16,679	17,636
Promotion expenses	5,584	5,460
Advertising expenses	5,359	5,926
Salaries, allowances and bonuses	10,578	10,773
Provision for bonuses	1,015	1,037
Other	20,349	20,858
Total selling, general and administrative expenses	59,567	61,692
Operating income	4,917	8,966
Non-operating income		
Interest income	82	98
Foreign exchange gains	3,938	2,288
Other	147	173
Total non-operating income	4,168	2,560
Non-operating expenses		
Interest expense	76	46
Commission expenses	43	65
Loss related to COVID-19	47	—
Other	42	24
Total non-operating expenses	209	137
Ordinary income	8,876	11,389
Extraordinary income		
Compensation income	—	376
Total extraordinary income	—	376
Extraordinary losses		
Loss on disposal of non-current assets	144	186
Impairment loss	221	11
Loss on valuation of investment securities	73	254
Loss on liquidation of business	182	589
Other	0	4
Total extraordinary losses	621	1,046
Income before income taxes	8,254	10,720
Income taxes – current	1,540	3,179
Income taxes – deferred	(4,229)	95
Total income taxes	(2,688)	3,275
Net Income	10,943	7,445
Profit attributable to non-controlling interests	39	40
Profit attributable to owners of parent	¥ 10,904	¥ 7,404

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30	
	FY2022 (January 1, 2022– June 30, 2022)	FY2023 (January 1, 2023– June 30, 2023)
Net Income	¥10,943	¥7,445
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	103
Foreign currency translation adjustments	(1,957)	(1,069)
Remeasurements of defined benefit plans	31	(8)
Total other comprehensive income	(1,992)	(974)
Comprehensive income	8,951	6,470
Comprehensive income attributable to owners of parent	8,885	6,407
Comprehensive income attributable to non-controlling interests	¥66	¥63

(3) Notes to Consolidated Financial Statements

(Going Concern Assumptions)

None

(Significant Changes in Shareholders' Equity)

None

(Changes in Accounting Policies)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter period under review. The Company will apply the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the quarterly consolidated financial statements.

(Additional Information)

(Implementation of treatment of Accounting Treatment and Disclosure when Applying the Group Totalization System)

Effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have shifted from a consolidated tax payment system to a group totalization system. In accordance with this change, the accounting treatment and disclosure of income taxes, local taxes, and tax effect accounting are based on the "Treatment of Accounting and Disclosure when Applying the Group Totalization System" (PITF No. 42, August 12, 2021; hereinafter "PITF No. 42").

In accordance with Paragraph 32 (1) of the PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy accompanying the application of the PITF No. 42.

(Segment Information)

I. First Half of Fiscal 2022 (January 1, 2022-June 30, 2022)

1. Information about Net Sales and Profit (Loss) by Reportable Segment

(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	¥76,420	¥1,039	¥77,460	¥1,287	¥78,748	—	¥78,748
Intersegment Sales or Transfers	56	239	295	892	1,187	¥(1,187)	—
Total	76,476	1,279	77,755	2,180	79,936	(1,187)	78,748
Segment Profit	¥5,246	¥316	¥5,562	¥71	¥5,633	¥(716)	¥4,917

- Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.
2. The segment profit reconciliation of ¥(716) million includes intersegment transaction eliminations of ¥2,787 million, and corporate expenses of ¥(3,503) million not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.
3. Segment profit is adjusted for operating income reported in the quarterly consolidated statements of income.

2. Information about Impairment Loss of Non-current Assets and Goodwill by Reportable Segment
(Significant Impairment Loss of Non-current Assets)

None

(Significant Changes in Goodwill)

None

II. First Half of Fiscal 2023 (January 1, 2023–June 30, 2023)

1. Information about Net Sales and Profit (Loss) by Reportable Segment

(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	¥83,529	¥1,036	¥84,565	¥1,270	¥85,836	—	¥85,836
Intersegment Sales or Transfers	72	224	296	919	1,215	¥(1,215)	—
Total	83,601	1,260	84,862	2,189	87,051	(1,215)	85,836
Segment Profit	¥8,713	¥277	¥8,991	¥30	¥9,022	¥(55)	¥8,966

- Notes:
1. "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.
 2. The segment profit reconciliation of ¥(55) million includes intersegment transaction eliminations of ¥4,619 million, and corporate expenses of ¥(4,674) million not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.
 3. Segment profit is adjusted for operating income reported in the quarterly consolidated statements of income.

2. Information about Impairment Loss of Non-current Assets and Goodwill by Reportable Segment
(Significant Impairment Loss of Non-current Assets)

None

(Significant Changes in Goodwill)

None

(Subsequent Events)

None