Summary of Financial Results

For the First Half of the Fiscal Year Ending December 31, 2019 (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 30, 2019

POLA ORBIS HOLDINGS INC.

Listing: Tokyo Stock Exchange, First Section (Code No.: 4927)
URL: https://www.po-holdings.co.jp/
Representative: Satoshi Suzuki, Representative Director And President
Contact: Akira Fujii, Director, Finance Tel: +81-3-3563-5517

Filing Date of Quarterly Securities Report: August 9, 2019
Start of Cash Dividend Payment: September 9, 2019
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 2019

(January 1, 2019–June 30, 2019)

(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	%
FY2019 First Half	110,247	(12.0)	16,236	(29.7)	15,561	(31.5)	9,938	(35.1)
FY2018 First Half	125,262	6.7	23,103	10.3	22,723	8.5	15,321	9.8

Note: Comprehensive income: ¥10,171 million (-29.4%) for the first half ended June 30, 2019;
¥14,417 million (0.5%) for the first half ended June 30, 2018

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2019 First Half	44.93	44.88
FY2018 First Half	69.27	69.18

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2019 Second Quarter	227,392	189,016	83.0	852.76
FY2018	244,596	188,797	77.0	851.78

Reference: Equity capital: FY2019 Second Quarter: ¥188,641 million; FY2018: ¥188,395 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	35.00	—	45.00	80.00
FY2019	—	35.00			
FY2019 (Forecast)			—	81.00	116.00

Note1: Revisions to the cash dividends forecast announced most recently: none
Note2: Dividend per share for Year-end of \81.00 for the fiscal year ending December 31, 2019 consists of \45.00 for ordinary dividend and \36.00 for special dividend.

3. Consolidated Performance Forecast for Fiscal Year Ending December 31, 2019
(January 1, 2019–December 31, 2019)

(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	229,000 (7.9)	34,500 (12.6)	34,000 (12.7)	21,000 150.3	94.94

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, 2019 229,136,156 shares
At December 31, 2018 229,136,156 shares
2) Number of shares of treasury stock at the end of each period
At June 30, 2019 7,923,133 shares
At December 31, 2018 7,956,853 shares
3) Average number of shares issued and outstanding in each period
Six months ended June 30, 2019 221,187,074 shares
Six months ended June 30, 2018 221,178,314 shares

Note: The number of shares of treasury stock at June 30, 2019 includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (148,600 shares). The Company's shares held by the officer compensation BIP trust 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.

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 2019 (3) Explanation of Consolidated Performance Forecast and Other Predictive Information" on page 5.

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1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2019

(1) Explanation of Consolidated Operating Results

During the first half of fiscal 2019 (January 1–June 30, 2019), the Japanese economy continued on a moderate recovery track, showing signs of a pickup in personal consumption amid continued improvement in the employment and income climate.

The domestic cosmetics market saw a slowdown in recent growth, partly reflecting the impact of China's E-commerce Law coming into effect, even though inbound consumption by tourists visiting Japan was steady. In addition, the market scale is expected to shrink when inbound consumption is excluded. In particular, the domestic premium market as a whole is shrinking. In the overseas cosmetics market, a modest expansion continued with steady growth in Asia, mainly in China.

Within this market environment, the POLA ORBIS Group (the "Group") continued its efforts to achieve further improved profitability in Japan, a solid shift toward profitability from overseas operations and creations of brands for next-generation growth. The efforts were in line with the four-year medium-term management plan (from 2017 to 2020) that started in fiscal 2017.

As a result of these factors, the Group achieved the following consolidated operating results for the first half of fiscal 2019.

Consolidated net sales for the first half of fiscal 2019 decreased 12.0% year on year, to \110,247 million, reflecting the impact of a decline in domestic inbound sales of the flagship brand POLA. Operating income declined 29.7% year on year, to ¥16,236 million, resulting from lower gross profit accompanying the decrease in sales. Ordinary income declined 31.5% year on year, to ¥15,561 million. As a result, profit attributable to owners of parent decreased 35.1% year on year, to ¥9,938 million.

Operating Results Overview (Millions of yen)

	Six Months Ended June 30			
	2018	**2019**	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥125,262	**¥110,247**	¥(15,015)	(12.0)
Operating Income	23,103	**16,236**	(6,866)	(29.7)
Ordinary Income	22,723	**15,561**	(7,162)	(31.5)
Profit Attributable to Owners of Parent	¥15,321	**¥9,938**	¥(5,382)	(35.1)

Operating Results by Segment

Net Sales (Segment Sales to External Customers) (Millions of yen)

	Six Months Ended June 30			
	2018	**2019**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥116,973	**¥107,733**	¥(9,239)	(7.9)
Real Estate	1,354	**1,319**	(34)	(2.6)
Others	6,934	**1,194**	(5,740)	(82.8)
Total	¥125,262	**¥110,247**	¥(15,015)	(12.0)

Segment Profit (Loss) (Operating Income (Loss)) (Millions of yen)

	Six Months Ended June 30			
	2018	**2019**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥22,253	**¥15,682**	¥(6,571)	(29.5)
Real Estate	564	**573**	9	1.7
Others	519	**85**	(434)	(83.6)
Reconciliations of Segment Profit (Note)	(234)	**(105)**	128	—
Total	¥23,103	**¥16,236**	¥(6,866)	(29.7)

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 brands Jurlique and H2O PLUS, and the brands under development THREE, DECENCIA, Amplitude, ITRIM, and FIVEISM × THREE.

POLA is seeking to further improve the value of its brand and strengthen its business foundation through efforts to launch highly functional products focused on the field of anti-aging and skin-whitening and to strengthen development of professional human resources who embody the value of the brand. With the aim of further revitalizing the skin-whitening market, in May, POLA launched new products White Shot LX (lotion) and White Shot MX (milk). These products contain a new whitening active ingredient, the first approved for the market in about a decade in Japan thanks to its high effectiveness and safety. POLA also commenced sales of POLA Wrinkle Shot Serum at duty-free shops in Japan, Thailand and South Korea in April, and through domestic e-commerce and cross-border e-commerce in June. POLA will continue this sequential expansion overseas and accelerate growth in overseas operations. However, POLA recorded net sales and operating income below those of the corresponding period of the previous year due to the slowdown in inbound demand in the domestic market, reflecting the impact of China's E-commerce Law coming into effect.

ORBIS is making efforts to enhance its presence through the creation of brand differentiation in order to re-grow into a highly profitable business. ORBIS stepped up communication centered on products that embody the worldview of the brand message, "Simply you. Simply beautiful." along with consistent marketing communication. The ORBIS U anti-aging skincare that was completely revamped in October 2018 and ORBIS DEFENCERA, the first Food for Specified Health Uses launched in Japan with recognized skincare functions, contributed to gaining new customers. Although ORBIS made proactive advertising investments to raise brand recognition of new products, net sales and operating income of ORBIS fell below those of the corresponding period of the previous year due to stock-outs of ORBIS DEFENCERA and a decrease in existing customers.

For overseas brands, the Group took initiatives aimed at business growth in Australia and Hong Kong for Jurlique and in the United States, where H2O PLUS originated. Jurlique is focusing on sales in directly operated channels in Australia and Hong Kong; however, net sales fell below those of the corresponding period of the previous year due to sluggish sales in Chinese and Australian markets and duty-free channels. On the cost front, while Jurlique made proactive efforts to reform the cost structure by downsizing headquarters functions, these were not sufficient to make up for the decline in sales, and operating losses expanded as a result. H2O PLUS saw a deterioration in net sales and operating losses compared with those of the corresponding period of the previous year due to withdrawal

from some retailers as well as a decrease in shipments of hotel amenities, despite pursuing expansion in e-commerce channels.

Brands under development recorded higher net sales than those of the corresponding period of the previous year due to growth in overseas sales of THREE, which marked the 10th anniversary of the brand's launch, as well as the contribution of Amplitude, ITRIM, and FIVEISM × THREE, which were launched in the second half of 2018. However, operating income fell below that of the corresponding period of the previous year due to further growth investments for the new brands.

As a result of the factors noted above, net sales—sales to external customers—were ¥107,733 million, down 7.9% year on year, and operating income was ¥15,682 million, down 29.5% 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 the first half of fiscal 2019, although net sales fell below those of the corresponding period of the previous year as a result of some tenants moving out, profitability increased due to the implementation of measures to improve the value of buildings as well as revision of occupancy conditions in light of the situation in the market and at other companies. As a result, operating income exceeded that of the corresponding period of the previous year.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥1,319 million, down 2.6% year on year, and operating income was ¥573 million, up 1.7% 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 mainly catering to the needs of Group companies. During the first half of fiscal 2019, net sales and operating income were up year on year due to large construction orders.

As a result of the above, in addition to the impact of withdrawal from the pharmaceuticals business in January 2019, net sales—sales to external customers—generated by the Others segment totaled ¥1,194 million, down 82.8% year on year, and operating income was ¥85 million, down 83.6% year on year.

(2) Explanation of Consolidated Financial Position

As of June 30, 2019, total assets stood at ¥227,392 million, down 7.0%, or ¥17,204 million, from December 31, 2018. Factors related to this change included increases of ¥1,700 million in investments in securities for the management of surplus funds and ¥2,750 million in current assets "Other" associated with an increase in accounts receivable – other and other items, as well as decreases of ¥9,704 million in cash and deposits, ¥6,656 million in notes and accounts receivable – trade, ¥2,220 million in merchandise and finished goods, and ¥2,155 million in investments and other assets "Other" associated with a decrease in deferred tax assets and other items.

Total liabilities amounted to ¥38,375 million, down 31.2%, or ¥17,423 million, from December 31, 2018. Factors related to this change included decreases of ¥1,846 million in notes and accounts payable – trade, ¥3,466 million in income taxes payable, and ¥9,876 million in provision for loss on business liquidation.

Net assets amounted to ¥189,016 million, up 0.1 %, or ¥219 million, from December 31, 2018. Factors related to this change included a decrease of ¥9,953 million in dividends from retained earnings, partially offset by an increase of ¥9,938 million in profit attributable to owners of parent.

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

Because of the decline in performance at POLA during the first half of fiscal 2019, the Company has made revisions to the full-year of fiscal 2019 consolidated performance forecast since it was announced on April 26, 2019 as follows;

Revisionsto the Consolidated Performance Forecast for the Fiscal Year Ending December31, 2019 (January1, 2019－December 31, 2019)

	(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)	¥241,000	¥40,500	¥40,500	¥25,500	¥115.29
Current Forecast (B)	**229,000**	**34,500**	**34,000**	**21,000**	**94.94**
Amount Change (B－A)	-12,000	-6,000	-6,500	-4,500	―
Percent Change (%)	-5.0	-14.8	-16.0	-17.6	―
(reference) Actual Results for Fiscal 2018	¥248,574	¥39,496	¥38,954	¥8,388	¥37.93

(Information for reference)
Cumulative Results for Fiscal 2018

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥59,526	¥125,262	¥184,807	¥248,574
Operating Income	9,943	23,103	32,335	39,496
Ordinary Income	9,460	22,723	32,189	38,954
Profit Attributable to Owners of Parent	¥6,406	¥ 15,321	¥ 22,393	¥ 8,388

Quarterly Results for Fiscal 2018

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥59,526	¥65,736	¥59,544	¥63,767
Operating Income	9,943	13,159	9,232	7,160
Ordinary Income	9,460	13,262	9,465	6,765
Profit Attributable to Owners of Parent	¥ 6,406	¥ 8,914	¥ 7,072	¥ (14,004)

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2018 December 31, 2018	**FY2019 Second Quarter June 30, 2019**
Assets		
Current assets		
Cash and deposits	¥ 77,332	**¥ 67,627**
Notes and accounts receivable – trade	27,285	**20,628**
Short-term investments in securities	22,597	**21,869**
Merchandise and finished goods	17,034	**14,814**
Work in process	923	**965**
Raw materials and supplies	6,008	**6,078**
Other	6,230	**8,981**
Allowance for doubtful accounts	(1,396)	**(1,339)**
Total current assets	156,016	**139,625**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,350	**17,669**
Land	14,675	**14,089**
Other, net	11,799	**12,322**
Total property, plant and equipment	45,825	**44,081**
Intangible assets		
Right of trademark	29	**33**
Software	5,600	**6,999**
Other	105	**99**
Total intangible assets	5,735	**7,132**
Investments and other assets		
Investments in securities	22,737	**24,437**
Other	14,541	**12,386**
Allowance for doubtful accounts	(260)	**(272)**
Total investments and other assets	37,019	**36,552**
Total non-current assets	88,580	**87,766**
Total assets	¥244,596	**¥227,392**

(Millions of yen)

	FY2018 December 31, 2018	**FY2019 Second Quarter June 30, 2019**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 5,519	**¥ 3,673**
Income taxes payable	5,431	**1,965**
Provision for bonuses	1,585	**1,118**
Provision for point program	3,547	**3,378**
Provision for loss on business liquidation	9,906	**30**
Other provisions	67	**54**
Other	20,096	**18,299**
Total current liabilities	46,154	**28,519**
Non-current liabilities		
Other provisions	52	**106**
Net defined benefit liability	4,236	**3,915**
Other	5,355	**5,833**
Total non-current liabilities	9,644	**9,855**
Total liabilities	55,799	**38,375**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	90,240	**80,776**
Retained earnings	88,968	**98,906**
Treasury stock	(2,188)	**(2,654)**
Total shareholders' equity	187,021	**187,028**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	**(73)**
Foreign currency translation adjustments	2,063	**2,126**
Remeasurements of defined benefit plans	(691)	**(439)**
Total accumulated other comprehensive income	1,374	**1,612**
Subscription rights to shares	275	**254**
Non-controlling interests	125	**121**
Total net assets	188,797	**189,016**
Total liabilities and net assets	¥244,596	**¥227,392**

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

Consolidated Statements of Income

(Millions of yen)

	Six Months Ended June 30	
	FY2018 (January 1, 2018– June 30, 2018)	**FY2019 (January 1, 2019– June 30, 2019)**
Net sales	¥125,262	**¥110,247**
Cost of sales	19,847	**16,921**
Gross profit	105,415	**93,326**
Selling, general and administrative expenses		
Sales commission	28,431	**24,947**
Promotion expenses	11,549	**10,521**
Advertising expenses	5,580	**6,141**
Salaries, allowances and bonuses	11,151	**10,437**
Provision for bonuses	1,034	**953**
Provision for point program	2,970	**2,971**
Other	21,594	**21,116**
Total selling, general and administrative expenses	82,311	**77,089**
Operating income	23,103	**16,236**
Non-operating income		
Interest income	105	**98**
Other	160	**120**
Total non-operating income	265	**218**
Non-operating expenses		
Interest expense	31	**42**
Loss on valuation of investment securities	**—**	**240**
Foreign exchange losses	585	**436**
Compensation expenses	**—**	**103**
Other	28	**71**
Total non-operating expenses	645	**894**
Ordinary income	22,723	**15,561**
Extraordinary income		
Gain on reversal of subscription rights to shares	26	**—**
Other	2	**0**
Total extraordinary income	28	**0**
Extraordinary losses		
Loss on disposal of non-current assets	145	**111**
Other	36	**2**
Total extraordinary losses	182	**114**
Profit before income taxes	22,569	**15,446**
Income taxes – current	8,062	**3,470**
Income taxes – deferred	(814)	**2,038**
Total income taxes	7,248	**5,509**
Profit	15,320	**9,937**
Profit (Loss) attributable to non-controlling interests	(0)	**(1)**
Profit attributable to owners of parent	¥ 15,321	**¥ 9,938**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30	
	FY2018 (January 1, 2018– June 30, 2018)	**FY2019 (January 1, 2019– June 30, 2019)**
Profit	¥15,320	**¥9,937**
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	**(76)**
Foreign currency translation adjustments	(974)	**59**
Remeasurements of defined benefit plans	70	**252**
Total other comprehensive income	(903)	**234**
Comprehensive income	14,417	**10,171**
Comprehensive income attributable to owners of parent	14,423	**10,176**
Comprehensive income attributable to non-controlling interests	¥(6)	**¥(4)**

(3) Notes to Consolidated Financial Statements

(Going Concern Assumptions)

None

(Significant Changes in Shareholders' Equity)

None

(Changes in Accounting Policies)

The Group subsidiaries which have been prepared their financial statements in accordance with IFRS, adopted IFRS 16 "Leases" (Issued in January 2016; hereafter, "IFRS 16") in the three months ended March 31, 2019. As a transitional measure upon the adoption of IFRS 16, the subsidiaries have recognized the cumulative effect of initially applying this Standard on the initial date of application.

For leases that the Group as lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities are recognized at the date of initial application.

With the application of this Standard, "Other" under "Property, plant and equipment" has increased \1,359 million, "Other" under "Current liabilities" has increased \646 million, and "Other" under "Non-current liabilities" has increased \787 million in the Consolidated Balance Sheets.

And the impact of this change on the profit and loss for the first half of fiscal 2019 is minor.

(Additional Information)

Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) at the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

(Performance-based Share-based Compensation Plan)

At the 13th Annual Shareholders' Meeting held on March 26, 2019, the Company decided to introduce performance-based share-based compensation plan (the "Plan"), with a view toward materializing the Group's long-term vision and medium-term management plan, in order to further clarify the linkage between compensation for the applicable directors and corporate officers of the Company (excluding non-resident persons for Japanese tax purposes), as well as directors of its subsidiaries (excluding outside directors and non-residents for Japanese tax purposes) and the business performance of the Group, as well as its stock value, while enhancing motivation for boosting of its corporate value over medium to long term, and further promoting the common interest shared with shareholders.

1. Summary of the Plan

The Plan is structured based on the adoption of a scheme referred to as a Board Incentive Plan Trust (the "BIP Trust"). The BIP Trust delivers and grants shared of the Company to the applicable directors, etc., along with the cash proceeds from the conversion thereof (collectively, the "shares in the Company, etc."), commensurate with their individual executive ranking and level of achievement against the corporate performance targets.

2. The Company's shares remaining in the trust

The Company's shares remaining in the trust are posted in nets assets as treasury stock at their book value (excluding the amount of ancillary expenses) in the trust. The book value and the number of shares of the treasury stock at June 30, 2019 are 517 million yen and 148,600 shares, respectively.

(Segment Information)

Ⅰ. First Half of Fiscal 2018 (January 1, 2018-June 30, 2018)

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	¥ 116,973	¥1,354	¥118,328	¥6,934	¥125,262	—	¥125,262
Intersegment Sales or Transfers	47	256	303	1,130	1,434	¥(1,434)	—
Total	117,021	1,610	118,631	8,065	126,697	(1,434)	125,262
Segment Profit	¥ 22,253	¥564	¥ 22,817	¥ 519	¥ 23,337	¥ (234)	¥ 23,103

Notes: 1. “Others” comprises business operations that are not categorized as reportable segments and include the pharmaceuticals and building maintenance businesses.

2. The segment profit reconciliation of ¥(234) million includes intersegment transaction eliminations of ¥1,537 million, and corporate expenses of ¥ (1,771) 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 2019 (January 1, 2019–June 30, 2019)

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	**¥107,733**	**¥1,319**	**¥109,053**	**¥1,194**	**¥110,247**	**—**	**¥110,247**
Intersegment Sales or Transfers	**38**	**249**	**287**	**1,094**	**1,382**	**¥(1,382)**	**—**
Total	**107,772**	**1,569**	**109,341**	**2,288**	**111,629**	**(1,382)**	**110,247**
Segment Profit	**¥15,682**	**¥573**	**¥16,256**	**¥85**	**¥16,341**	**¥(105)**	**¥16,236**

Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and include the pharmaceuticals and building maintenance businesses. The pharmaceuticals business, which was previously included in "Others", is excluded from the scope of the consolidation with the transfer of all shares of POLA PHARMA INC. at January 1, 2019.

2. The segment profit reconciliation of ¥ (105) million includes intersegment transaction eliminations of ¥1,865 million, and corporate expenses of ¥ (1,970) 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