# Summary of Financial Results

For the First Half of the Fiscal Year Ending December 31, 2020 (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, 2020


**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 14, 2020
Start of Cash Dividend Payment: September 7, 2020
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 2020

(January 1, 2020–June 30, 2020)

### (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 | % |
| FY2020 First Half | 83,802 | (24.0) | 5,881 | (63.8) | 4,543 | (70.8) | 916 | (90.8) |
| FY2019 First Half | 110,247 | (12.0) | 16,236 | (29.7) | 15,561 | (31.5) | 9,938 | (35.1) |

Note: Comprehensive income: ¥850 million (-91.6%) for the first half ended June 30, 2020;
¥10,171 million (-29.4%) for the first half ended June 30, 2019

| | Net Income Per Share | Diluted Net Income Per Share |
|---|---|---|
| | Yen | Yen |
| FY2020 First Half | 4.14 | 4.14 |
| FY2019 First Half | 44.93 | 44.88 |

### (2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets Per Share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| FY2020 Second Quarter | 206,733 | 173,989 | 84.0 | 784.74 |
| FY2019 | 227,256 | 191,069 | 83.9 | 862.00 |

Reference: Equity capital: FY2020 Second Quarter: ¥173,599 million; FY2019: ¥190,690 million

## 2. Dividends

| | Annual Cash Dividends Per Share | | | | |
|---|---|---|---|---|---|
| | Q1-end | Q2-end | Q3-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2019 | — | 35.00 | — | 81.00 | 116.00 |
| FY2020 | — | 35.00 | | | |
| FY2020 (Forecast) | | | — | 45.00 | 80.00 |

Note1: Revisions to the cash dividends forecast announced most recently: none

**3. Consolidated Performance Forecast for Fiscal Year Ending December 31, 2020**
(January 1, 2020–December 31, 2020)

(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 | 190,000 (13.6) | 19,000 (39.0) | 16,500 (46.1) | 8,400 (57.3) | 37.97 |

Note: Revisions to the consolidated performance forecast announced most recently: none

## 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 : None
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, 2020 229,136,156 shares
At December 31, 2019 229,136,156 shares
2) Number of shares of treasury stock at the end of each period
At June 30, 2020 7,916,253 shares
At December 31, 2019 7,916,253 shares
3) Average number of shares issued and outstanding in each period
Six months ended June 30, 2020 221,219,903 shares
Six months ended June 30, 2019 221,187,074 shares

Note: The number of shares of treasury stock at June 30, 2020 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 2020 (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 2020

## (1) Explanation of Consolidated Operating Results

During the first half of fiscal 2020 (January 1–June 30, 2020), the Japanese economy experienced a rapid decline and extremely difficult conditions due to the impact of requests to people to refrain from going out and to suspend business activities because of the spread of COVID-19 (the novel coronavirus), as well as the impact of the declaration of a state of emergency in April, which led to severe restrictions on economic activity.

The domestic cosmetics market saw a significant decrease in inbound demand and declines in consumer sentiment in response to such requests as those for closing stores and refraining from going out as a result of the spread of COVID-19, amid a lingering weakness in personal consumption following the consumption tax hike. As a result, the current outlook for the economy remains uncertain, even after the lifting of the state of emergency declaration. In the overseas cosmetics market, the outlook has also remained uncertain mainly due to the global spread of COVID-19. However, consumption is returning to the Chinese market as economic activity resumes.

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 six months of fiscal 2020.

Consolidated net sales for the first half of fiscal 2020 decreased 24.0% year on year, to ¥83,802 million. Operating income declined 63.8% year on year, to ¥5,881 million, resulting from lower gross profit accompanying the decrease in net sales. Ordinary income was ¥4,543 million , resulting from the recording of non-operating expenses including foreign exchange losses. In addition to these results, due to the effect of recording an extraordinary loss for expenses associated with the temporary closure of business following the declaration of a state of emergency due to the spread of COVID-19, profit attributable to owners of parent was ¥916 million .

Operating Results Overview (Millions of yen)

| | Six Months Ended June 30 | | | |
|---|---|---|---|---|
| | 2019 | **2020** | Year-on-Year | |
| | | | Amount Change | Percent Change (%) |
| Net Sales | ¥110,247 | **¥83,802** | ¥(26,445) | (24.0) |
| Operating Income | 16,236 | **5,881** | (10,354) | (63.8) |
| Ordinary Income | 15,561 | **4,543** | (11,017) | (70.8) |
| Profit Attributable to Owners of Parent | ¥9,938 | **¥916** | ¥(9,022) | (90.8) |

Operating Results by Segment

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

| | Six Months Ended June 30 | | | |
|---|---|---|---|---|
| | 2019 | **2020** | Year-on-Year | |
| | | | Amount Change | Percent Change (%) |
| Beauty Care | ¥107,733 | **¥81,401** | ¥(26,332) | (24.4) |
| Real Estate | 1,319 | **1,225** | (94) | (7.1) |
| Others | 1,194 | **1,175** | (18) | (1.6) |
| Total | ¥110,247 | **¥83,802** | ¥(26,445) | (24.0) |

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

| | Six Months Ended June 30 | | | |
|---|---|---|---|---|
| | 2019 | **2020** | Year-on-Year | |
| | | | Amount Change | Percent Change (%) |
| Beauty Care | ¥15,682 | **¥5,290** | ¥(10,392) | (66.3) |
| Real Estate | 573 | **503** | (70) | (12.2) |
| Others | 85 | **14** | (70) | (82.6) |
| Reconciliations of Segment Profit (Note) | (105) | **72** | 177 | ― |
| Total | ¥16,236 | **¥5,881** | ¥(10,354) | (63.8) |

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 10 and 11 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 taking measures to counter the slowdown in inbound demand by launching high-value-added products centered on anti-aging and skin-brightening products, for which there is strong demand in the market, and by focusing on basic activities such as consulting and aesthetic services, with the aim of achieving a high customer retention rate. However, due to the spread of COVID-19, there are still some restrictions on face-to-face services at locations such as aesthetic salons and department stores in Japan and abroad. Meanwhile, to further expand the possibilities for meeting and connecting with customers in the "new way of life," POLA has launched an online consulting service in Japan, with a focus on the Tokyo metropolitan area, and plans to expand this service nationwide in the future. Overseas, POLA is aggressively opening stores, particularly in China, where consumption is returning. In addition, POLA is strengthening e-commerce channels both in Japan and overseas in an effort to attract new skincare customers and increase sales. Although POLA has revitalized its online and offline activities with the aim of regrowth, POLA recorded net sales and operating income below those of the corresponding period of the previous year.

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 world view of the brand message, "Simply you. Simply beautiful." along with consistent marketing communication. In addition to the ORBIS U anti-aging skincare series, and ORBIS DEFENCERA, the Food for Specified Health Uses with recognized skincare functions, the third symbolic product, ORBIS OFF CREAM (cleansing cream), which was launched in February, contributed to the acquisition of new customers. In addition, ORBIS worked to improve its brand recognition rate by expanding customer contact points in Asia. Meanwhile, there was a decrease in existing customers as a result of efforts to strategically narrow down target customers. Since the spread of COVID-19, ORBIS has been working proactively on directing customers to the e-commerce channel mainly through smartphone applications, and product proposals through online consulting, in anticipation of the "new way of life." However, as a result of factors including temporary store closures, net sales of ORBIS fell below those of the corresponding period of the previous year. Operating income surpassed that of the corresponding period of the previous year due to an enhanced customer structure and sales promotion efficiency on the cost front.

For overseas brands, the Group took initiatives aimed at business growth in Australia and Asia for Jurlique

and in the United States, where H2O PLUS originated. Following the spread of COVID-19, Jurlique was forced to suspend the operation of directly managed stores and major department stores in Australia, and sales activities in travel retail were significantly restricted due to the continuation of international travel restrictions in various countries. Global business activities have been significantly impacted, despite sales growth in Jurlique e-commerce channels and a recovery in sales activities in China and Hong Kong. As a result, net sales fell below those of the corresponding period of the previous year. On the cost front, Jurlique actively worked to shrink selling, general and administrative expenses and reduce fixed costs, and the operating loss was reduced as a result. H2O PLUS is implementing a new e-commerce strategy with full support from ORBIS, in order to strengthen the e-commerce channel. H2O PLUS is promoting the branding of the new CLEAN J-BEAUTY brand concept with social network services in an effort to improve brand recognition and attract new customers. Meanwhile, although net sales fell below those of the corresponding period of the previous year due to a decrease in shipments of hotel amenities during an extended suspension of business by alliance partners stemming from the spread of COVID-19, operating loss narrowed as a result of aggressive efforts to reduce selling, general and administrative expenses.

For brands under development, while there were strong acquisitions of new customers owing to new products of DECENCIA, and a growth in sales of Amplitude, ITRIM, and FIVEISM × THREE, which were launched in 2018, net sales and operating income fell below those of the corresponding period of the previous year due to the great impact of a reduction in sales of THREE as a result of the spread of COVID-19.

As a result of the factors noted above, net sales—sales to external customers—were ¥81,407 million, down 24.4% year on year, and operating income was ¥5,293 million, down 66.2% 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 the six months of fiscal 2020, net sales and operating income fell below those of the corresponding period of the previous year as a result of some tenants moving out.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥1,225 million, down 7.1% year on year, and operating income was ¥503 million, down 12.2% 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 six months of fiscal 2020, net sales and operating income were below those of the corresponding period of the previous year due to a decrease of construction orders.

As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥1,175 million, down 1.6% year on year, and operating income was ¥14 million, down 82.6% year on year.

**(2) Explanation of Consolidated Financial Position**

As of June 30, 2020, total assets stood at ¥206,733 million, down 9.0%, or ¥20,523 million, from December 31, 2019. Factors related to this change included increases of ¥382 million in short-term investments in securities, ¥1,439 million in merchandise and finished goods, and ¥795 million in software, as well as decreases of ¥13,643 million in cash and deposits and ¥6,138 million in notes and accounts receivable – trade.

Total liabilities amounted to ¥32,743 million, down 9.5%, or ¥3,442 million, from December 31, 2019. Factors related to this change included decreases of ¥294 million in notes and accounts payable-trade, ¥2,120 million in other under current liabilities associated with a decrease in accounts payable – other, and ¥377 million in income taxes payable.

Net assets amounted to ¥173,989 million, down 8.9%, or ¥17,080 million, from December 31, 2019. Factors related to this change included a decrease of ¥17,930 million in dividends from retained earnings, partially offset by an increase of ¥916 million in profit attributable to owners of parent.

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

The Group has made no revisions to the full-year consolidated performance forecast announced on April 28, 2020.

(Information for reference)

Cumulative Results for Fiscal 2019

| | (Millions of yen) | | | |
|---|---|---|---|---|
| | Three Months | Six Months | Nine Months | Full Year |
| Net Sales | ¥52,440 | ¥110,247 | ¥165,530 | ¥219,920 |
| Operating Income | 6,773 | 16,236 | 25,411 | 31,137 |
| Ordinary Income | 6,525 | 15,561 | 24,370 | 30,630 |
| Profit Attributable to Owners of Parent | ¥4,157 | ¥ 9,938 | ¥ 15,898 | ¥ 19,694 |

Quarterly Results for Fiscal 2019

| | (Millions of yen) | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Net Sales | ¥52,440 | ¥57,806 | ¥55,282 | ¥54,390 |
| Operating Income | 6,773 | 9,462 | 9,175 | 5,725 |
| Ordinary Income | 6,525 | 9,035 | 8,809 | 6,259 |
| Profit Attributable to Owners of Parent | ¥ 4,157 | ¥ 5,781 | ¥ 5,959 | ¥ 3,796 |

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

| | FY2019<br>December 31, 2019 | **FY2020 Second Quarter<br>June 30, 2020** |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | ¥ 66,548 | **¥ 52,904** |
| Notes and accounts receivable – trade | 21,624 | **15,485** |
| Short-term investments in securities | 24,518 | **24,901** |
| Merchandise and finished goods | 13,684 | **15,124** |
| Work in process | 853 | **843** |
| Raw materials and supplies | 5,163 | **5,485** |
| Other | 11,617 | **7,198** |
| Allowance for doubtful accounts | (1,074) | **(25)** |
| Total current assets | 142,935 | **121,918** |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 17,866 | **17,372** |
| Land | 14,094 | **14,082** |
| Other, net | 12,026 | **11,495** |
| Total property, plant and equipment | 43,987 | **42,950** |
| Intangible assets | | |
| Right of trademark | 31 | **30** |
| Software | 8,019 | **8,814** |
| Other | 98 | **97** |
| Total intangible assets | 8,149 | **8,942** |
| Investments and other assets | | |
| Investments in securities | 20,301 | **20,271** |
| Other | 12,056 | **12,868** |
| Allowance for doubtful accounts | (173) | **(217)** |
| Total investments and other assets | 32,184 | **32,922** |
| Total non-current assets | 84,320 | **84,814** |
| Total assets | ¥227,256 | **¥206,733** |

(Millions of yen)

| | FY2019<br>December 31, 2019 | **FY2020 Second Quarter<br>June 30, 2020** |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | ¥ 3,129 | **¥ 2,834** |
| Income taxes payable | 1,374 | **996** |
| Provision for bonuses | 1,490 | **1,172** |
| Provision for point program | 2,872 | **2,498** |
| Other provisions | 98 | **91** |
| Other | 17,657 | **15,537** |
| Total current liabilities | 26,621 | **23,130** |
| Non-current liabilities | | |
| Other provisions | 88 | **106** |
| Net defined benefit liability | 3,872 | **4,001** |
| Asset retirement obligations | 2,153 | **2,158** |
| Other | 5,603 | **5,505** |
| Total non-current liabilities | 9,564 | **9,613** |
| Total liabilities | 36,186 | **32,743** |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 10,000 | **10,000** |
| Capital surplus | 80,785 | **80,785** |
| Retained earnings | 100,915 | **83,900** |
| Treasury stock | (2,652) | **(2,652)** |
| Total shareholders' equity | 189,047 | **172,033** |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (62) | **(183)** |
| Foreign currency translation adjustments | 2,047 | **2,148** |
| Remeasurements of defined benefit plans | (341) | **(398)** |
| Total accumulated other comprehensive income | 1,643 | **1,566** |
| Subscription rights to shares | 243 | **243** |
| Non-controlling interests | 134 | **146** |
| Total net assets | 191,069 | **173,989** |
| Total liabilities and net assets | ¥227,256 | **¥206,733** |

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

Consolidated Statements of Income

(Millions of yen)

| | Six Months Ended June 30 | |
|---|---|---|
| | FY2019 (January 1, 2019– June 30, 2019) | **FY2020 (January 1, 2020– June 30, 2020)** |
| Net sales | ¥110,247 | **¥83,802** |
| Cost of sales | 16,921 | **13,567** |
| Gross profit | 93,326 | **70,234** |
| Selling, general and administrative expenses | | |
| Sales commission | 24,947 | **18,842** |
| Promotion expenses | 10,521 | **8,383** |
| Advertising expenses | 6,141 | **4,720** |
| Salaries, allowances and bonuses | 10,437 | **9,758** |
| Provision for bonuses | 953 | **863** |
| Provision for point program | 2,971 | **2,087** |
| Other | 21,116 | **19,697** |
| Total selling, general and administrative expenses | 77,089 | **64,353** |
| Operating income | 16,236 | **5,881** |
| Non-operating income | | |
| Interest income | 98 | **93** |
| Other | 120 | **113** |
| Total non-operating income | 218 | **206** |
| Non-operating expenses | | |
| Interest expense | 42 | **44** |
| Loss on sales of investments securities | ― | **367** |
| Loss on valuation of investment securities | 240 | ― |
| Foreign exchange losses | 436 | **433** |
| Compensation expenses | 103 | **624** |
| Other | 71 | **74** |
| Total non-operating expenses | 894 | **1,544** |
| Ordinary income | 15,561 | **4,543** |
| Extraordinary income | | |
| Subsidy income | ― | **40** |
| Other | 0 | **2** |
| Total extraordinary income | 0 | **43** |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 111 | **117** |
| Impaiment loss | 0 | **643** |
| Loss on valuation of investment securities | ― | **80** |
| Loss related to COVID-19 | ― | **1,232** |
| Other | 2 | **3** |
| Total extraordinary losses | 114 | **2,077** |
| Profit before income taxes | 15,446 | **2,509** |
| Income taxes – current | 3,470 | **2,141** |
| Income taxes – deferred | 2,038 | **(560)** |
| Total income taxes | 5,509 | **1,581** |
| Profit | 9,937 | **928** |
| Profit (Loss) attributable to non-controlling interests | (1) | **11** |
| Profit attributable to owners of parent | ¥ 9,938 | **¥ 916** |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Six Months Ended June 30 | |
|---|---|---|
| | FY2019 (January 1, 2019– June 30, 2019) | **FY2020 (January 1, 2020– June 30, 2020)** |
| Profit | ¥9,937 | **¥928** |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (76) | **(121)** |
| Foreign currency translation adjustments | 59 | **100** |
| Remeasurements of defined benefit plans | 252 | **(56)** |
| Total other comprehensive income | 234 | **(77)** |
| Comprehensive income | 10,171 | **850** |
| Comprehensive income attributable to owners of parent | 10,176 | **839** |
| Comprehensive income attributable to non-controlling interests | ¥(4) | **¥11** |

## (3) Notes to Consolidated Financial Statements

**(Going Concern Assumptions)**
None

**(Significant Changes in Shareholders' Equity)**
None

**(Segment Information)**
I. 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 building maintenance business. 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

II. First Half of Fiscal 2020 (January 1, 2020–June 30, 2020)

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 | **¥81,401** | **¥1,225** | **¥82,626** | **¥1,175** | **¥83,802** | **—** | **¥83,802** |
| Intersegment Sales or Transfers | **48** | **260** | **308** | **825** | **1,134** | **¥(1,134)** | **—** |
| Total | **81,449** | **1,485** | **82,935** | **2,001** | **84,936** | **(1,134)** | **83,802** |
| Segment Profit | **¥5,290** | **¥503** | **¥5,793** | **¥14** | **¥5,808** | **¥72** | **¥5,881** |

Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and include the building maintenance business.
2. The segment profit reconciliation of ¥ 72 million includes intersegment transaction eliminations of ¥1,946 million, and corporate expenses of ¥ (1,874) 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