Summary of Financial Results

For the Nine Months of the Fiscal Year Ending December 31, 2021 (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.

November 1, 2021

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:		November 12, 2021
Start of Cash Dividend Payment:		-
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 Nine Months of Fiscal 2021

(January 1, 2021–September 30, 2021)

(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	%
FY2021 Nine Months	131,164	4.3	12,241	32.7	13,432	72.8	8,661	453.1
FY2020 Nine Months	125,814	(24.0)	9,222	(63.7)	7,775	(68.1)	1,565	(90.2)

Note: Comprehensive income: ¥8,437 million (471.5%) for the nine months ended September 30, 2021;
¥1,476 million (-90.9%) for the nine months ended September 30, 2020;

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2021 Nine Months	39.15	39.11
FY2020 Nine Months	7.08	7.07

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2021 Third Quarter	201,462	170,570	84.5	769.05
FY2020	203,742	169,854	83.2	766.05

Reference: Equity capital: FY2021 Third Quarter: ¥170,136 million; FY2020: ¥169,466 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	35.00	—	15.00	50.00
FY2021	—	20.00	—		
FY2021 (Forecast)				31.00	51.00

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

3. Consolidated Performance Forecast for Fiscal Year Ending December 31, 2021
(January 1, 2021–December 31, 2021)

(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	7.8	19,000	38.2	19,000	51.0	11,300	144.0	51.08

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 September 30, 2021 229,136,156 shares
At December 31, 2020 229,136,156 shares
2) Number of shares of treasury stock at the end of each period
At September 30, 2021 7,907,561 shares
At December 31, 2020 7,915,453 shares
3) Average number of shares issued and outstanding in each period
Nine months ended September 30, 2021 221,225,877 shares
Nine months ended September 30, 2020 221,220,063 shares

Note: The number of shares of treasury stock at September 30, 2021 includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (244,708 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 Nine Months of Fiscal 2021 (3) Explanation of Consolidated Performance Forecast and Other Predictive Information" on page 5.

Table of Contents

1. Qualitative Information on Consolidated Performance for the Nine Months of Fiscal 2021…… 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
(Additional Information) …… 10
(Segment Information) …… 10

1. Qualitative Information on Consolidated Performance for the Nine Months of Fiscal 2021

(1) Explanation of Consolidated Operating Results

During the nine months of fiscal 2021 (January 1–September 30, 2021), the Japanese economy continued to experience difficult circumstances, with limited economic activity. This was due to the rapid spread of COVID-19 (the novel coronavirus) as well as an outbreak of highly infectious variants, which led to repeated declarations of a state of emergency accompanied by additional measures, such as expanding the target regions and extending the periods of declarations. In terms of personal consumption, consumer sentiment continues to be affected by trends in the number of COVID-19 cases. Currently, the vaccination rate is rising and restrictions are being relaxed, and the number of new cases has begun to decrease. If this trend continues, it is expected to stimulate a recovery of the economy and consumption. However, it is not yet possible to predict when COVID-19 will be contained, so the future outlook remains uncertain.

The domestic cosmetics market has been affected by restrictions on economic activity and a resulting decline in consumer sentiment. Furthermore, competition has intensified in the mail order business including e-commerce, which has driven the market in the COVID-19 pandemic. Particularly with respect to the acquisition of new customers, competition is expected to intensify further leading to a rapid rise in acquisition costs. In the overseas cosmetics market, the COVID-19 pandemic has spread worldwide, and is continuing to run rampant. In the Chinese market, which the Group has designated as a priority area, the spread of COVID-19 has been confirmed in some regions, but remains relatively sedated in China, as a whole. Since the full resumption of economic activity, personal consumption has continued to exceed the level of the previous year. In contrast, the pandemic is continuing to spread on a global scale with no end in sight, and serious concerns regarding the spread of COVID-19 from abroad still remain. Accordingly, it will be necessary to continue to monitor the pandemic in the future.

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 new medium-term management plan (from 2021 to 2023) that started in fiscal 2021. As a result, the Group achieved the following consolidated operating results for the nine months of fiscal 2021.

Consolidated net sales for the nine months of fiscal 2021 increased 4.3% year on year to ¥131,164 million driven by the growth on the overseas of POLA as a flagship brand. Operating income increased 32.7% year on year to ¥12,241 million due to an increase in gross profit resulting from an improvement on cost of sales ratio. Ordinary income increased 72.8% year on year to ¥13,432 million due to the recording of foreign exchange gains due to yen depreciation. As a result of the factors noted above, profit attributable to owners of parent increased 453.1% year on year to ¥8,661 million.

Operating Results Overview (Millions of yen)

	Nine Months Ended September 30			
	2020	**2021**	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥125,814	**¥131,164**	¥5,349	4.3
Operating Income	9,222	**12,241**	3,018	32.7
Ordinary Income	7,775	**13,432**	5,656	72.8
Profit Attributable to Owners of Parent	¥1,565	**¥8,661**	¥7,095	453.1

Operating Results by Segment

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

	Nine Months Ended September 30			
	2020	**2021**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥122,295	**¥127,834**	¥5,539	4.5
Real Estate	1,763	**1,581**	(182)	(10.3)
Others	1,755	**1,748**	(7)	(0.4)
Total	¥125,814	**¥131,164**	¥5,349	4.3

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

	Nine Months Ended September 30			
	2020	**2021**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥8,423	**¥12,271**	¥3,848	45.7
Real Estate	669	**382**	(286)	(42.8)
Others	37	**26**	(11)	(30.6)
Reconciliations of Segment Profit (Note)	92	**(439)**	(531)	―
Total	¥9,222	**¥12,241**	¥3,018	32.7

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 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, FIVEISM × THREE and FUJIMI.

POLA is seeking to further improve the value of its brand and establish its customer foundation over the medium to long term, through efforts to launch highly functional products focused on the field of anti-aging and skin-brightening, increase its contact points in the growth markets of China and travel retail, and strengthen online consulting to improve communication during the COVID-19 pandemic. POLA has renewed and improved major products, including the wrinkle-improving quasi-drug Wrinkle Shot, a new skin-brightening serum from the White Shot series, and Base Make from the B.A series. POLA has also accelerated its online consulting initiatives in the midst of the COVID-19 pandemic to increase the number of customers and maximize the annual life time value (LTV). In addition, its Customer Relations Office is focused on responding to changes in the environment, which led to receive the highest evaluation from third-party organizations. The e-commerce channel has also continued to show strong performance. Overseas, POLA has steadily expanded its business mainly in China and in travel retail, which has largely driven the POLA brand as a whole. As a result, while the impact of COVID-19 still remains, POLA brand net sales and operating income rose year on 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 is further strengthening its communications centered on products that embody the world view of the brand message, "Simply you. Simply beautiful." along with consistent marketing communication. ORBIS is also expanding its skincare customer base, with a focus on the ORBIS U anti-aging skincare series, as well as the sunscreen, Wrinkle White UV Protector, which improves wrinkles and brightens skin, and ORBIS DEFENCERA, the only FOSHU (Food for Specified Health Uses) in Japan with recognized skincare functions. Furthermore, there is an increasing number of users of the subscription service, which was launched with the aim of improving its customer retention rate. ORBIS will continue working to make this service more convenient. Overseas, while ORBIS worked to improve its brand recognition rate by expanding customer contact points in Asia, due to the COVID-19 pandemic, a state near to lockdown has continued in Taiwan, which constitutes a high proportion of our overseas business. Similarly, in Japan, due to slow recovery of demand in makeup product, as well as investment in new businesses, resulted in ORBIS brand net sales and operating income dropping below those of the corresponding period of the previous year.

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. However, net sales rose year on year owing to sales growth in Jurlique e-commerce channel in Australia, a recovery in sales activities in China and Hong Kong. On the cost front, Jurlique actively worked to shrink selling, general and administrative expenses, and the operating loss was reduced as a result. H2O PLUS is making effort to attract new customers in the EC channel with the aiming of achieving a solid brand position in the Clean Beauty market. Meanwhile, in the hotel amenity business, net sales rose year on year from expansion of shipments by a recovery in the tourism industries as vaccination for COVID-19 has expanded in the United States. On the cost front, while investment in acquiring new customers in the EC business has increased, operating loss was reduced as a result of an increase in gross profit due to increased sales.

For brands under development, in addition to growth in domestic EC sales of DECENCIA, as well as overseas and cross-border EC sales of THREE, there was the addition of FUJIMI (tricot, Inc.), which became a subsidiary in April, resulting in an increase in net sales year on year. However, an increase in amortization of goodwill and right of trademark resulted in a larger operating loss.

As a result of the factors noted above, net sales—sales to external customers—were ¥127,834 million, up 4.5% year on year, and operating income was ¥12,271 million, up 45.7% 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 nine months of fiscal 2021, 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 ¥1,581 million, down 10.3% year on year, and operating income was ¥382 million, down 42.8% 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 nine months of fiscal 2021, the number of construction orders remained at the level of the previous year, but net sales and operating income fell year on year due to a decrease in the unit price of orders. As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥1,748 million, down 0.4% year on year, and operating income was ¥26 million, down 30.6% year on year.

(2) Explanation of Consolidated Financial Position

As of September 30, 2021, total assets stood at ¥201,462 million, down 1.1%, or ¥2,280 million, from December 31, 2020. Factors related to this change included increases of ¥606 million in merchandise and finished goods, ¥2,461 million in goodwill, ¥891 million in right of trademark, and ¥1,576 million in software, as well as decreases of ¥2,372 million in notes and accounts receivable – trade, ¥3,382 million in short-term investments in securities, and ¥420 million in investments in securities

Total liabilities amounted to ¥30,892 million, down 8.8%, or ¥2,995 million, from December 31, 2020. Factors related to this change included an increase of ¥947 million in income taxes payable, as well as decreases of ¥131 million in notes and accounts payable – trade, ¥499 million in provision for point program, and ¥3,887 million in other under current liabilities associated with a decrease in accounts payable – other.

Net assets amounted to ¥170,570 million, up 0.4%, or ¥715 million, from December 31, 2020. Factors related to this change included an increase of ¥8,661 million in profit attributable to owners of parent and a decrease of ¥7,750 million in dividends from retained earnings.

(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 February 12, 2021.

(Information for reference)

Cumulative Results for Fiscal 2020

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥43,316	¥83,802	¥125,814	¥176,311
Operating Income	2,006	5,881	9,222	13,752
Ordinary Income(Loss)	(154)	4,543	7,775	12,579
Profit(Loss) Attributable to Owners of Parent	¥(1,246)	¥ 916	¥ 1,565	¥ 4,632

Quarterly Results for Fiscal 2020

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥43,316	¥40,485	¥42,012	¥50,496
Operating Income	2,006	3,875	3,340	4,530
Ordinary Income(Loss)	(154)	4,698	3,231	4,804
Profit(Loss) Attributable to Owners of Parent	¥(1,246)	¥ 2,163	¥ 649	¥ 3,066

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2020 December 31, 2020	**FY2021 Third Quarter September 30, 2021**
Assets		
Current assets		
Cash and deposits	¥ 59,518	**¥ 60,024**
Notes and accounts receivable – trade	17,955	**15,582**
Short-term investments in securities	25,581	**22,199**
Merchandise and finished goods	11,922	**12,528**
Work in process	872	**824**
Raw materials and supplies	4,361	**4,799**
Other	5,186	**4,605**
Allowance for doubtful accounts	(39)	**(39)**
Total current assets	125,358	**120,526**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,072	**16,376**
Land	13,973	**13,978**
Other, net	10,078	**9,590**
Total property, plant and equipment	41,124	**39,945**
Intangible assets		
Goodwill	―	**2,461**
Right of trademark	28	**919**
Software	9,235	**10,811**
Other	96	**411**
Total intangible assets	9,360	**14,603**
Investments and other assets		
Investments in securities	15,973	**15,552**
Other	12,177	**11,067**
Allowance for doubtful accounts	(251)	**(234)**
Total investments and other assets	27,900	**26,386**
Total non-current assets	78,384	**80,936**
Total assets	¥203,742	**¥201,462**

(Millions of yen)

	FY2020 December 31, 2020	**FY2021Third Quarter September 30, 2021**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,657	**¥ 2,525**
Income taxes payable	593	**1,541**
Provision for bonuses	1,615	**2,335**
Provision for point program	2,482	**1,983**
Other provisions	101	**139**
Current portion of long-term borrowings	―	**11**
Other	17,132	**13,245**
Total current liabilities	24,582	**21,783**
Non-current liabilities		
Long-term borrowings	―	**74**
Other provisions	101	**138**
Net defined benefit liability	3,937	**3,595**
Asset retirement obligations	2,154	**2,322**
Other	3,111	**2,977**
Total non-current liabilities	9,305	**9,108**
Total liabilities	33,887	**30,892**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	80,785	**81,027**
Retained earnings	79,868	**80,779**
Treasury stock	(2,652)	**(2,867)**
Total shareholders' equity	168,001	**168,939**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(59)	**19**
Foreign currency translation adjustments	1,794	**1,379**
Remeasurements of defined benefit plans	(269)	**(201)**
Total accumulated other comprehensive income	1,465	**1,197**
Subscription rights to shares	243	**243**
Non-controlling interests	144	**189**
Total net assets	169,854	**170,570**
Total liabilities and net assets	¥203,742	**¥201,462**

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

Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2020 (January 1, 2020– September 30, 2020)	**FY2021 (January 1, 2021– September 30, 2021**
Net sales	¥125,814	**¥131,164**
Cost of sales	20,504	**20,582**
Gross profit	105,310	**110,581**
Selling, general and administrative expenses		
Sales commission	27,012	**25,330**
Promotion expenses	13,320	**12,865**
Advertising expenses	7,339	**9,185**
Salaries, allowances and bonuses	14,433	**15,247**
Provision for bonuses	1,942	**2,057**
Provision for point program	2,142	**1,655**
Other	29,896	**31,998**
Total selling, general and administrative expenses	96,087	**98,340**
Operating income	9,222	**12,241**
Non-operating income		
Interest income	137	**133**
Foreign exchange gains	—	**1,108**
Other	132	**136**
Total non-operating income	269	**1,377**
Non-operating expenses		
Interest expense	67	**87**
Loss on sales of investment securities	367	**—**
Foreign exchange losses	246	**—**
Compensation expenses	946	**—**
Commission expenses	71	**69**
Other	17	**30**
Total non-operating expenses	1,716	**186**
Ordinary income	7,775	**13,432**
Extraordinary income		
Gain on step acquisitions	—	**297**
Subsidy income	723	**74**
Other	39	**1**
Total extraordinary income	763	**372**
Extraordinary losses		
Loss on disposal of non-current assets	148	**81**
Impairment Loss	2,168	**455**
Loss on valuation of investment securities	80	**9**
Loss related to COVID-19	1,271	**173**
Other	35	**3**
Total extraordinary losses	3,704	**723**
Profit before income taxes	4,834	**13,081**
Income taxes – current	3,584	**4,014**
Income taxes – deferred	(326)	**373**
Total income taxes	3,258	**4,387**
Profit	1,576	**8,693**
Profit (Loss) attributable to non-controlling interests	10	**32**
Profit attributable to owners of parent	¥ 1,565	**¥ 8,661**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2020 (January 1, 2020– September 30, 2020)	**FY2021 (January 1, 2021– September 30, 2021)**
Profit	¥1,576	**¥8,693**
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	**78**
Foreign currency translation adjustments	(25)	**(403)**
Remeasurements of defined benefit plans	(32)	**68**
Total other comprehensive income	(99)	**(255)**
Comprehensive income	1,476	**8,437**
Comprehensive income attributable to owners of parent	1,467	**8,392**
Comprehensive income attributable to non-controlling interests	¥8	**¥45**

(3) Notes to Consolidated Financial Statements

(Going Concern Assumptions)
None

(Significant Changes in Shareholders' Equity)
None

(Additional Information)
(Accounting estimates for the spread of COVID-19)
Although the situation regarding the spread of COVID-19 continues to be unstable, as evidenced by the issuance of the emergency declaration for the fourth time in the Tokyo metropolitan area in July to September 2021, there is no significant impact on the assumptions used as the basis for the accounting estimates in the consolidated financial statements as described in the (Additional Information) section of the Annual Securities Report for the previous fiscal year.
However, the impact of the spread of COVID-19 is highly uncertain, and changes in the timing of the convergence of COVID-19 and its impact on the economic environment may affect the business results and financial position of the Group.

(Segment Information)
I. Nine Months of Fiscal 2020 (January 1, 2020-September 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	¥ 122,295	¥1,763	¥124,059	¥1,755	¥125,814	—	¥125,814
Intersegment Sales or Transfers	57	390	448	1,264	1,713	¥(1,713)	—
Total	122,353	2,154	124,507	3,020	127,527	(1,713)	125,814
Segment Profit	¥ 8,423	¥669	¥ 9,092	¥ 37	¥ 9,130	¥ 92	¥ 9,222

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 ¥92 million includes intersegment transaction eliminations of ¥2,900 million, and corporate expenses of ¥ (2,808) million not allocated to each reportable 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)
Impairment loss of ¥ 2,168 million is recognized on Beauty Care segment.

(Significant Changes in Goodwill)
None

II. Nine Months of Fiscal 2021 (January 1, 2021–September 30, 2021)

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	**¥127,834**	**¥1,581**	**¥129,416**	**¥1,748**	**¥131,164**	**—**	**¥131,164**
Intersegment Sales or Transfers	**66**	**350**	**417**	**1,295**	**1,712**	**¥(1,712)**	**—**
Total	**127,900**	**1,932**	**129,833**	**3,043**	**132,876**	**(1,712)**	**131,164**
Segment Profit	**¥12,271**	**¥382**	**¥12,654**	**¥26**	**¥12,680**	**¥(439)**	**¥12,241**

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 ¥ (439) million includes intersegment transaction eliminations of ¥2,778 million, and corporate expenses of ¥ (3,218) million not allocated to each reportable 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)

In the "Beauty Care" segment, the Company acquired shares of tricot, Inc. and includes it in the scope of consolidation. The amount of increase in goodwill due to this event was 2,650 million yen in the nine months of the current fiscal year.