Summary of Financial Results

For the First Half of the Fiscal Year Ended December 31, 2024 (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.

August 5, 2024

POLA ORBIS HOLDINGS INC.

Listing: Tokyo Stock Exchange, Prime Market (Code No.: 4927)
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Filing Date of Semi-annual Securities Report: August 14, 2024
Start of Cash Dividend Payment: September 6, 2024
Supplemental Materials Prepared for Financial Results: Yes
Conference Presentation for Financial Results: Yes(for analysts)

(Amounts less than one million yen have been truncated)

1. Consolidated Performance for the First Half of Fiscal 2024

(January 01, 2024–June 30, 2024)

(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	%
FY2024 First Half	83,836	(2.3)	7,316	(18.4)	11,121	(2.4)	7,500	1.3
FY2023 First Half	85,836	9.0	8,966	82.3	11,389	28.3	7,404	(32.1)

Note: Comprehensive income: ¥5,882 million (-9.1%) for the first half ended June 30, 2024;
¥6,470 million (-27.7%) for the first half ended June 30, 2023

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2024 First Half	33.90	33.86
FY2023 First Half	33.47	33.43

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2024 Second Quarter	200,044	167,448	83.4	754.09
FY2023	201,207	168,398	83.4	758.49

Reference: Equity capital: FY2024 Second Quarter: ¥166,853 million; FY2023: ¥167,806 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	21.00	—	31.00	52.00
FY2024	—	21.00			
FY2024 (Forecast)			—	31.00	52.00

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

3. Consolidated Performance Forecast for Fiscal Year Ended December 31, 2024
(January 01, 2024–December 31, 2024)

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	173,500	0.1	14,500	(9.8)	17,900	(3.1)	11,600	20.0	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) : Yes
Newly included: 1 company (POLA ORBIS (Shanghai) Enterprise Management CO., LTD.)

(2) Application of special accounting methods for the preparation of semi-annual 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) : Yes
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, 2024 229,136,156 shares
At December 31, 2023 229,136,156 shares
2) Number of shares of treasury stock at the end of each period
At June 30, 2024 7,870,651 shares
At December 31, 2023 7,897,963 shares
3) Average number of shares issued and outstanding in each period
Six months ended June 30, 2024 221,252,128 shares
Six months ended June 30, 2023 221,235,929 shares

Note: The number of shares of treasury stock at the end of each period includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (344,998 shares at June 30, 2024, 235,910 shares at December 31, 2023). The number of shares of treasury stock deducted in the calculation of average number of shares outstanding during each period includes the Company's shares held by BIP trust (242,832 shares in the six months ended June 30, 2024, 238,174 shares in the six months ended June 30, 2023).

Information Regarding Review Procedures
Semi-annual financial results report are exempt from 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 2024 (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 2024 …… 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. Semi-annual 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 that are difficult to distinguish from Changes in Accounting Estimates …… 10
(Consolidated Statements of Cash Flows) …… 10
(Segment Information) …… 11
(Subsequent Events) …… 12

1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2024

(1) Explanation of Consolidated Operating Results

During the first half of fiscal 2024 (January 1, 2024–June 30, 2024), despite recent stagnation, the Japanese economy showed a moderate recovery with improvements in the employment and income environment. Meanwhile, with price increases continuing to outpace wage increases, personal consumption improvements were at a standstill.

In the domestic cosmetics market, personal consumption has improved thanks to the moderate economic recovery. Moreover, inbound demand, boosted by the weak yen, has continued to grow. In the Chinese market, the economy has shown signs of recovery as policy measures take hold. However, the recovery of personal consumption is experiencing stagnation.

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

As a result, the Group's consolidated operating results for the first half of fiscal 2024 were as follows.

Consolidated net sales for the first half of fiscal 2024 fell 2.3% year on year to ¥83,836 million due mainly to a decrease in sales of the flagship POLA brand. Operating income decreased 18.4% year on year to ¥7,316 million due to a decrease in gross profit from lower net sales, and ordinary income decreased 2.4% year on year to ¥11,121 million due to foreign exchange gains caused by continued depreciation of the yen. As a result of the factors noted above and the impact of the extraordinary losses recorded in the previous year, profit attributable to owners of parent increased 1.3% year on year to ¥7,500 million.

Operating Results Overview (Millions of yen)

	Six Months Ended June 30			
	2023	**2024**	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥85,836	**¥83,836**	¥(2,000)	(2.3)
Operating Income	8,966	**7,316**	(1,649)	(18.4)
Ordinary Income	11,389	**11,121**	(268)	(2.4)
Interim Profit Attributable to Owners of Parent	¥7,404	**¥7,500**	¥95	1.3

Operating Results by Segment

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

	Six Months Ended June 30			
	2023	**2024**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥83,529	**¥81,322**	¥(2,207)	(2.6)
Real Estate	1,036	**995**	(40)	(3.9)
Others	1,270	**1,518**	247	19.5
Total	¥85,836	**¥83,836**	¥(2,000)	(2.3)

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

	Six Months Ended June 30			
	2023	**2024**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥8,713	**¥7,890**	¥(823)	(9.5)
Real Estate	277	**0**	(277)	(99.9)
Others	30	**141**	110	359.3
Reconciliations of Segment Profit (Note)	(55)	**(714)**	(659)	—
Total	¥8,966	**¥7,316**	¥(1,649)	(18.4)

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 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 working to establish brand experience (the One POLA model) to promote the transition from new customer acquisition to high lifetime value. Elsewhere, expansion of the POLA Premium Pass, a membership program launched in 2023 covering all sales channels, has seen customers start to move between sales channels. We boosted our consulting services centered on the new products that won many best cosmetics awards. This helped drive double-digit sales growth in the department store channel. In the consignment sales channel, while the trend of new customer acquisition is improving, the number of stores and customers in this channel decreased. As a result, overall performance in the domestic business fell short of the previous year. In the overseas business, we are working to drive a business recovery in the post-pandemic world. We focus on expanding contact points with high-prestige customers and strengthening CRM for establishing a brand presence in China, a top priority market. However, due to the economic slowdown in some areas of Asia centered by China, the overall performance of overseas business fell below that of the previous year. As a result, POLA brand net sales and operating income decreased year on year.

ORBIS strives to regrow into a highly profitable business by enhancing its presence through creation of brand differentiation, improving customer loyalty, and increasing users of skincare products, with a focus on the ORBIS U anti-aging skincare series for improving wrinkles and brightening skin. In the domestic business, we are working to achieve steady growth in its skincare-centered direct selling business, build a robust profit base, and increase net sales in new fields by entering untapped markets. In the direct selling channel, where we are building an increasingly stable customer base, both new and existing customer numbers grew. Increased sales of highly functional, higher-priced products also contributed to raising the customer unit price. As a result, sales increased significantly. In the external channels, which we have positioned as a new growth driver and are proactively developing, performance has remained strong and sales have grown significantly. In the overseas business, to accelerate growth and return to profitability in China, our priority market, we are continuing to strengthen investments aimed at expanding customer contact points and raising brand recognition. While according to the impact of the economic slowdown in China, the overall performance of overseas business fell below that of the previous year. As a result of the above, ORBIS brand net sales and operating income exceeded those of the previous year.

Jurlique continues to work toward business growth in the markets of Asia, mainly in Australia and in China. In

Australia, the home country of the brand, thanks to the business recovery in the post-pandemic world and the favorable reception of new products, double-digit growth from last year was achieved. In China, the economic slowdown hampered sales at department store and e-commerce channels, especially from April onward, leading to weaker performance than that of the previous year. As a result of the above, Jurlique brand net sales exceeded those of the previous year. Meanwhile, operating losses expanded due to the impact of higher selling and administrative expenses and the foreign exchange rate.

For brands under development, efforts are underway to regenerate THREE. While we have been working to revitalize stores with new products highlighting essential oils that are the brand's differentiation, new customer acquisition did not reach the previous year's level and results fell short of the previous year. DECENCIA continued to show a rise in customer numbers through stronger sales strategies tailored to customer attributes, and results improved year on year. FUJIMI is working toward profitability by improving customer experience value, and results remained unchanged from the previous year. In addition to the above, the withdrawal of two brands in the previous year meant that overall net sales for the brands under development decreased year on year. However, operating loss improved due to strict cost controls implemented for each brand.

As a result of the factors noted above, net sales—sales to external customers—were ¥81,322 million, down 2.6% year on year, and operating income was ¥7,890 million, down 9.5% 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 2024, net sales and operating income fell below those of the previous year mainly due to the withdrawal of some tenants and expenses incurred in conjunction with the completion of the "POLA aoyama building."

As a result of the above, net sales—sales to external customers—totaled ¥995 million, down 3.9% year on year, and operating income was ¥0 million, down 99.9% 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 2024, both net sales and operating income increased year on year thanks to an increase in the number of contracts.

As a result of the above, net sales—sales to external customers—totaled ¥1,518 million, up 19.5% year on year, and operating income was ¥141 million, up 359.3% year on year.

(2) Explanation of Consolidated Financial Position

As of June 30, 2024, total assets stood at ¥200,044 million, down 0.6%, or ¥1,162 million, from December 31, 2023. Factors related to this change included increases of ¥4,923 million in investments in securities and ¥4,113 million in property, plant and equipment, as well as decreases of ¥4,192 million in cash and deposits, ¥2,395 million in "Other" under current assets associated with an decrease in income taxes refund receivable, ¥2,009 million in short-term investments in securities and ¥1,302 million in notes and accounts receivable – trade.

Total liabilities amounted to ¥32,596 million, down 0.6%, or ¥213 million, from December 31, 2023. Factors related to this change included an increase of ¥1,857 million in income taxes payable, as well as decreases of ¥1,253 million in "Other" under current liabilities associated with a decrease in accounts payable – other, ¥622 million in provision for bonuses, and ¥411 million in net defined benefit liability.

Net assets amounted to ¥167,448 million, down 0.6%, or ¥949 million, from December 31, 2023. Factors related to this change included a recording of ¥7,500 million in profit attributable to owners of parent, ¥6,865 million in dividends from retained earnings, and a decrease of ¥1,683 million in foreign currency translation adjustments.

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

Due to the decline of POLA brand during the first half of fiscal 2024, the Group has decided to revise its consolidated performance forecast for the fiscal year ended December 31, 2024 which was announced on February 14, 2024 as follows.

	(Millions of yen)				
	Twelve Months Ended December 31				
	Net Sales	Operating Income	Ordinary Income	Profit attributable to Owners of Parent	Net Income Per Share(yen)
Previous Forecast (A)	¥179,000	¥17,900	¥17,900	¥11,600	52.43
Current Forecast (B)	173,500	14,500	17,900	11,600	52.43
Amount Change (B-A)	(5,500)	(3,400)	—	—	—
Percent Change (%)	(3.1)	(19.0)	—	—	—
(reference) Actual Results for Fiscal 2023	¥173,304	¥16,080	¥18,469	¥9,665	43.69

(Information for reference)
Cumulative Results for Fiscal 2023

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥42,136	¥85,836	¥126,739	¥173,304
Operating Income	4,549	8,966	11,913	16,080
Ordinary Income	4,832	11,389	14,830	18,469
Profit Attributable to Owners of Parent	¥2,743	¥7,404	¥9,284	¥9,665

Quarterly Results for Fiscal 2023

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥42,136	¥43,700	¥40,902	¥45,564
Operating Income	4,549	4,416	2,946	4,167
Ordinary Income	4,832	6,557	3,440	3,639
Profit(loss) Attributable to Owners of Parent	¥2,743	¥4,661	¥1,880	¥380

2. Semi-annual Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2023 December 31, 2023	**FY2024 Second Quarter June 30, 2024**
Assets		
Current assets		
Cash and deposits	¥ 47,200	**¥ 43,008**
Notes and accounts receivable – trade	17,820	**16,518**
Short-term investments in securities	17,944	**15,935**
Merchandise and finished goods	12,198	**12,596**
Work in process	683	**934**
Raw materials and supplies	3,534	**3,772**
Other	8,388	**5,993**
Allowance for doubtful accounts	(72)	**(76)**
Total current assets	107,697	**98,681**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,528	**31,990**
Land	14,247	**14,276**
Other, net	22,920	**11,543**
Total property, plant and equipment	53,696	**57,810**
Intangible assets		
Right of trademark	21	**19**
Software	11,813	**11,457**
Other	91	**91**
Total intangible assets	11,926	**11,568**
Investments and other assets		
Investments in securities	17,361	**22,284**
Deferred tax assets	6,264	**5,276**
Other	4,582	**4,772**
Allowance for doubtful accounts	(321)	**(348)**
Total investments and other assets	27,886	**31,984**
Total non-current assets	93,510	**101,362**
Total assets	¥201,207	**¥200,044**

(Millions of yen)

	FY2023 December 31, 2023	**FY2024 Second Quarter June 30, 2024**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,751	**¥ 2,560**
Current portion of long-term borrowings	12	**11**
Income taxes payable	875	**2,732**
Contract liabilities	5,226	**5,175**
Provision for bonuses	1,807	**1,184**
Other provisions	216	**154**
Other	14,754	**13,500**
Total current liabilities	25,644	**25,318**
Non-current liabilities		
Long-term borrowings	46	**41**
Other provisions	175	**47**
Net defined benefit liability	811	**399**
Asset retirement obligations	3,534	**3,484**
Other	2,597	**3,305**
Total non-current liabilities	7,165	**7,277**
Total liabilities	32,809	**32,596**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	81,025	**81,184**
Retained earnings	80,907	**81,542**
Treasury stock	(2,839)	**(2,922)**
Total shareholders' equity	169,093	**169,804**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229	**236**
Foreign currency translation adjustments	(1,772)	**(3,455)**
Remeasurements of defined benefit plans	255	**268**
Total accumulated other comprehensive income	(1,287)	**(2,950)**
Subscription rights to shares	243	**236**
Non-controlling interests	348	**358**
Total net assets	168,398	**167,448**
Total liabilities and net assets	¥201,207	**¥200,044**

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

Consolidated Statements of Income

(Millions of yen)

	Six Months Ended June 30	
	FY2023 (January 01, 2023– June 30, 2023)	**FY2024 (January 01, 2024– June 30, 2024)**
Net sales	¥85,836	**¥83,836**
Cost of sales	15,177	**15,057**
Gross profit	70,659	**68,778**
Selling, general and administrative expenses		
Sales commission	17,636	**16,598**
Promotion expenses	5,460	**5,380**
Advertising expenses	5,926	**5,585**
Salaries, allowances and bonuses	10,773	**10,797**
Provision for bonuses	1,037	**1,036**
Other	20,858	**22,062**
Total selling, general and administrative expenses	61,692	**61,461**
Operating income	8,966	**7,316**
Non-operating income		
Interest income	98	**114**
Foreign exchange gains	2,288	**3,582**
Other	173	**282**
Total non-operating income	2,560	**3,979**
Non-operating expenses		
Interest expense	46	**55**
Commission expenses	65	**87**
Other	24	**32**
Total non-operating expenses	137	**174**
Ordinary income	11,389	**11,121**
Extraordinary income		
Compensation income	376	**—**
Total extraordinary income	376	**—**
Extraordinary losses		
Loss on disposal of non-current assets	186	**75**
Impairment loss	11	**—**
Loss on valuation of investment securities	254	**144**
Loss on liquidation of business	589	**—**
Other	4	**5**
Total extraordinary losses	1,046	**225**
Interim net income before income taxes	10,720	**10,896**
Income taxes – current	3,179	**2,365**
Income taxes – deferred	95	**1,008**
Total income taxes	3,275	**3,374**
Interim Net Income	7,445	**7,521**
Interim profit attributable to non-controlling interests	40	**21**
Interim profit attributable to owners of parent	¥ 7,404	**¥ 7,500**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30	
	FY2023 (January 01, 2023– June 30, 2023)	**FY2024 (January 01, 2024– June 30, 2024)**
Interim Net Income	¥7,445	**¥7,521**
Other comprehensive income		
Valuation difference on available-for-sale securities	103	**6**
Foreign currency translation adjustments	(1,069)	**(1,659)**
Remeasurements of defined benefit plans	(8)	**13**
Total other comprehensive income	(974)	**(1,639)**
Interim Comprehensive income	6,470	**5,882**
Interim comprehensive income attributable to owners of parent	6,407	**5,836**
Interim comprehensive income attributable to non-controlling interests	¥63	**¥45**

(3) Notes to Consolidated Financial Statements

(Going Concern Assumptions)
None

(Significant Changes in Shareholders' Equity)
None

(Changes in Accounting Policies that are difficult to distinguish from Changes in Accounting Estimates)
(Change in Depreciation Method for Tangible Fixed Assets)

The Company and its domestic consolidated subsidiaries have shifted from using the declining balance method, which was primarily used for the depreciation of tangible fixed assets (except for leased assets), to the straight-line method from the beginning of the current interim consolidated accounting period.

The establishment of the Technical Development Center (TDC) in 2024 and the launch of the medium-term management plan in the same year have led to the anticipation of stable and consistent production and sales in the future. Consequently, the straight-line method, which evenly distributes costs over the useful life, has been deemed a more suitable approach for conducting periodic profit and loss calculations.

As a result of this change, operating income have increased by ¥310 million, ordinary income, and income before income taxes for the first half of the current consolidated accounting period have increased by ¥315 million respectively compared with using the previous method.

(Consolidated Statements of Cash Flows)

The consolidated statement of cash flows for the interim consolidated accounting period has not been prepared. The depreciation expenses for the interim consolidated accounting period, including the amortization of intangible fixed assets and long-term prepaid expenses, are as follows.

	FY2023 (January 01, 2023– June 30, 2023)	**FY2024 (January 01, 2024– June 30, 2024)**
Depreciation and amortization	¥3,704 Millions	**¥4,065 Millions**

(Segment Information)

I. First Half of Fiscal 2023 (January 01, 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 semi-annual 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 2024 (January 01, 2024–June 30, 2024)

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	**¥81,322**	**¥995**	**¥82,318**	**¥1,518**	**¥83,836**	**—**	**¥83,836**
Intersegment Sales or Transfers	**97**	**232**	**329**	**1,182**	**1,511**	**¥(1,511)**	**—**
Total	**81,419**	**1,228**	**82,647**	**2,700**	**85,348**	**(1,511)**	**83,836**
Segment Profit	**¥7,890**	**¥0**	**¥7,890**	**¥141**	**¥8,031**	**¥(714)**	**¥7,316**

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 ¥(714) million includes intersegment transaction eliminations of ¥1,510 million, and corporate expenses of ¥ (2,225) 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 semi-annual 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

3. Information about change in Reportable Segment

(Change in Depreciation Method for Tangible Fixed Assets)

As stated in "Changes in Accounting Policies which are difficult to distinguish from Changes in Accounting Estimates", the Company and its domestic consolidated subsidiaries have shifted from using the declining balance method, which was primarily used for the depreciation of tangible fixed assets (except for leased assets), to the straight-line method from the beginning of the current interim consolidated accounting period.

As a result of this change, segment profits for semi-annual of the current consolidated accounting period have increased by ¥282 million in Beauty Care, ¥30 million in Real Estate, and ¥0 million in Others respectively compared with using the previous method. Reconciliations to segment profit has decreased by ¥2 million.

(Subsequent Events)

None