Summary of Financial Results

For the First Half of the Fiscal Year Ending December 31, 2022 (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 29, 2022

POLA ORBIS HOLDINGS INC.

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

Filing Date of Quarterly Securities Report:	August 12, 2022
Start of Cash Dividend Payment:	September 6, 2022
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 2022
(January 1, 2022–June 30, 2022)

(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	%
FY2022 First Half	78,748	(11.6)	4,917	(45.9)	8,876	(15.3)	10,904	53.9
FY2021 First Half	89,055	6.3	9,095	54.7	10,477	130.6	7,086	673.3

Note: Comprehensive income: ¥8,951 million (36.7%) for the first half ended June 30, 2022;
¥6,549 million (670.0%) for the first half ended June 30, 2021

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2022 First Half	49.29	49.24
FY2021 First Half	32.03	32.00

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2022 Second Quarter	207,364	174,331	83.8	785.61
FY2021	208,039	173,267	83.1	781.11

Reference: Equity capital: FY2022 Second Quarter: ¥173,801 million; FY2021: ¥172,803 million

2. Dividends

	Annual Cash Dividends Per Share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	20.00	—	31.00	51.00
FY2022	—	21.00			
FY2022 (Forecast)			—	31.00	52.00

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

3. Consolidated Performance Forecast for Fiscal Year Ending December 31, 2022
(January 1, 2022–December 31, 2022)

(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	170,000	(4.8)	11,700	(30.7)	15,700	(17.2)	14,000	19.3	63.29

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, 2022 229,136,156 shares
At December 31, 2021 229,136,156 shares
2) Number of shares of treasury stock at the end of each period
At June 30, 2022 7,905,613 shares
At December 31, 2021 7,906,761 shares
3) Average number of shares issued and outstanding in each period
Six months ended June 30, 2022 221,229,559 shares
Six months ended June 30, 2021 221,224,712 shares

Note: The number of shares of treasury stock at June 30, 2022 includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (243,560 shares).

Information Regarding Quarterly Review Procedures

The quarterly financial results report is exempt from quarterly review by certified public accountants or accounting firms.

Explanation of Appropriate Use of Performance Forecast and Other Special Items

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties. For performance projections, please refer to "1. Qualitative Information on Consolidated Performance for the First Half of Fiscal 2022 (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 2022

(1) Explanation of Consolidated Operating Results

During the first half of fiscal 2022 (January 1–June 30, 2022), the Japanese economy has shown signs of recovery, particularly in terms of footfalls and personal consumption, as economic and social activities have moved toward normalization since the easing of COVID-19 (the novel coronavirus) restrictions. Meanwhile, the outlook is even more uncertain than before as the economy faces downside risks other than the COVID-19 pandemic, which has yet to be contained, such as supply chain restrictions, soaring energy and raw material prices, and turmoil in financial markets due to the disruption of the international community, including the situation in Ukraine. In the domestic cosmetics market, demand for makeup products, which had declined due to fewer opportunities to go out following the spread of COVID-19, is recovering. In addition, face-to-face services, which have been greatly affected by COVID-19 restrictions, have also remained steady along with a recovery in footfalls since the easing of restrictions. The expansion of services that integrate offline with online is expected to remain an important strategy as a result of increased combined usage of e-commerce channels due to the COVID-19 pandemic. Overseas markets also continued to be affected by COVID-19, with the Chinese market, which the Group has designated as a priority market, seeing its economy temporarily stall significantly due to lockdowns. Although lockdowns have been lifted since the number of cases peaked out and economic normalization is progressing, the threat of the resurgence in COVID-19 cases has not been eradicated.

Within this market environment, the POLA ORBIS Group (the "Group") has worked to achieve the key objectives—"evolving domestic direct sales," "growing overseas businesses profitably," "profit contribution from brands under development," "strengthening operations," and "expanding new brands and domains of 'beauty'." These objectives are in line with the medium-term management plan (from 2021 to 2023) that started in 2021. As a result, the Group achieved the following consolidated operating results for the first half of fiscal 2022.

Consolidated net sales for the first half of fiscal 2022 decreased 11.6% year on year to ¥78,748 million. Operating income decreased 45.9% year on year to ¥4,917 million as a result of a decrease in gross profit due to decreased sales, and ordinary income decreased 15.3% year on year to ¥8,876 million due to the recording of foreign exchange gains resulting from yen depreciation. As a result of the factors noted above, profit attributable to owners of parent increased 53.9% year on year to ¥10,904 million.

Operating Results Overview (Millions of yen)

	Six Months Ended June 30			
	2021	**2022**	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥89,055	**¥78,748**	¥(10,307)	(11.6)
Operating Income	9,095	**4,917**	(4,178)	(45.9)
Ordinary Income	10,477	**8,876**	(1,601)	(15.3)
Profit Attributable to Owners of Parent	¥7,086	**¥10,904**	¥3,817	53.9

Operating Results by Segment

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

	Six Months Ended June 30			
	2021	**2022**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥86,819	**¥76,420**	¥(10,398)	(12.0)
Real Estate	1,053	**1,039**	(13)	(1.3)
Others	1,182	**1,287**	105	8.9
Total	¥89,055	**¥78,748**	¥(10,307)	(11.6)

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

	Six Months Ended June 30			
	2021	**2022**	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥9,133	**¥5,246**	¥(3,887)	(42.6)
Real Estate	186	**316**	129	69.4
Others	27	**71**	43	160.7
Reconciliations of Segment Profit (Note)	(252)	**(716)**	(464)	184.1
Total	¥9,095	**¥4,917**	¥(4,178)	(45.9)

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, Amplitude, ITRIM, FIVEISM × THREE and FUJIMI.

POLA is seeking to further improve the value of its brand and strengthen its business foundation through efforts to launch highly functional products mainly in the field of anti-aging and skin-brightening, and to focus on the growth markets of China and travel retail. In the domestic business, sales growth was seen in the e-commerce channels as a result of efforts to acquire and retain customers seamlessly between real stores and online channels and to improve loyalty and life time value. In the overseas business, in China, a priority market, POLA has focused on marketing with an emphasis on maintaining and improving brand loyalty over the medium to long term, as well as strengthening the e-commerce channel by entering a platform where we can control the brand. However, the lockdown in China and the decline in existing customers in Japan had a significant impact, and POLA brand net sales and operating income declined year on year.

ORBIS is proceeding with enhancing its presence through the creation of brand differentiation and acquiring skincare product users, with a focus on the ORBIS U anti-aging skincare series, in order to re-grow into a highly profitable business. In Japan, ORBIS promoted the purchase of special care products such as Wrinkle White UV Protector, which offers UV protection, improves wrinkles and brightens skin, through communication by customer segment. This measure led to an increase in the customer purchasing activity rate and spending per customer, and life time value exceeding the previous year, as well as torevitalization of dormant customers and a decrease in disengaged customers for increasing customer activation. Overseas, in China, a priority market, ORBIS is focusing on raising its brand recognition by expanding customer contact points and selling skincare products through both offline and online marketing. In addition to promoting the brand online through live commerce and social selling, we took measures such as relocating our distribution center to minimize the impact of lockdown. However, the effect has been limited and ORBIS is still far from normal operations. Overall, ORBIS brand net sales and operating income dropped below those of the corresponding period of the previous year.

The Jurlique brand achieved double-digit growth mainly in e-commerce channel in China, which is positioned as its priority market, despite the impact of the lockdown in Shanghai and the zero-COVID policy in various provinces. As a result, Jurlique brand net sales increased year on year. On the cost front, through the efficient execution, Jurlique brand operating loss decreased those of the corresponding period of the previous year.

H2O has proceeded production and sales mainly on the US market. However, the business environmental which is surrounding the company is tough and its operating results is unachieved to the business plan. The Group has decided to exit from the entire businesses which H2O brand is developing, to make a reformation on its brand portfolio on the beauty care segment aiming as a part of enhancement on its profitability.

For brands under development, Fujimi brand which is performing well in both new customers and existing customers led , resulting in higher overall net sales for the brands under development compared to the same period last year. Operating losses decreased due to cost control on each brand adopting to the each business situation.

As a result of the factors noted above, net sales—sales to external customers—were ¥76,420 million, down 12.0% year on year, and operating income was ¥5,246 million, down 42.6% 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 2022, net sales fell below those of the corresponding period of the previous year as a result of some tenants moving out. However, operating income increased those of the corresponding period of the previous year due to a temporal maintenance fee for leasing buildings was accounted in the previous year.

As a result of the above, net sales—sales to external customers—generated by the Real Estate segment totaled ¥1,039 million, down 1.3% year on year, and operating income was ¥316 million, up 69.4% year on year.

Others

The Others segment is the building maintenance business.

The building maintenance business is mainly engaged in the operation and management of buildings. During the first half of fiscal 2022, net sales and operating income rose year on year thanks to higher building maintenance and construction orders.

As a result of the above, net sales—sales to external customers—generated by the Others segment totaled ¥1,287 million, up 8.9% year on year, and operating income was ¥71 million, up 160.7% year on year.

(2) Explanation of Consolidated Financial Position

As of June 30, 2022, total assets stood at ¥207,364 million, down 0.3%, or ¥675 million, from December 31, 2021. Factors related to this change included increases of ¥7,165 million in investments in securities and ¥4,528 million in deferred tax assets, as well as decreases of ¥14,359 million in cash and deposits and ¥1,467 million in notes and accounts receivable – trade.

Total liabilities amounted to ¥33,033 million, down 5.0%, or ¥1,739 million, from December 31, 2021. Factors related to this change included an increase of ¥4,862 million in contract liabilities, as well as decreases of ¥753 million in income taxes payable, ¥1,903 million in other provision associated with a decrease of provision for point program and ¥2,863 million in other under current liabilities.

Net assets amounted to ¥174,331 million, up 0.6%, or ¥1,063 million, from December 31, 2021. Factors related to this change included a recording of ¥10,904 million in profit attributable to owners of parent, ¥6,865 million in dividends from retained earnings and a decrease of ¥1,985 million in foreign currency translation adjustments.

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

Due to the decline of the POLA brand during the first half of fiscal 2022 and other factors, the Group has decided to revise its consolidated performance forecast for the fiscal year ending December 31, 2022, which was announced on April 28, 2022, as follows.

	(Millions of yen)				
	Twelve Months Ending December 31				
	Net Sales	Operating Income	Ordinary Income	Profit attributable to Owners of Parent	Net Income Per Share(yen)
Previous Forecast (A)	¥186,000	¥17,700	¥17,700	¥16,200	73.23
Current Forecast (B)	170,000	11,700	15,700	14,000	63.29
Amount Change (B-A)	(16,000)	(6,000)	(2,000)	(2,200)	―
Percent Change (%)	(8.6)	(33.9)	(11.3)	(13.6)	―
(reference) Actual Results for Fiscal 2021	¥178,642	¥16,888	¥18,968	¥11,734	53.04

(Information for reference)

Cumulative Results for Fiscal 2021

	(Millions of yen)			
	Three Months	Six Months	Nine Months	Full Year
Net Sales	¥43,561	¥89,055	¥131,164	¥178,642
Operating Income	4,307	9,095	12,241	16,888
Ordinary Income	5,763	10,477	13,432	18,968
Profit Attributable to Owners of Parent	¥3,939	¥7,086	¥8,661	¥ 11,734

Quarterly Results for Fiscal 2021

	(Millions of yen)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Sales	¥43,561	¥45,493	¥42,109	¥47,477
Operating Income	4,307	4,788	3,145	4,647
Ordinary Income	5,763	4,714	2,954	5,536
Profit Attributable to Owners of Parent	¥3,939	¥3,146	¥ 1,574	¥ 3,073

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2021 December 31, 2021	**FY2022 Second Quarter June 30, 2022**
Assets		
Current assets		
Cash and deposits	¥ 72,425	**¥ 58,065**
Notes and accounts receivable – trade	17,545	**16,078**
Short-term investments in securities	20,146	**19,948**
Merchandise and finished goods	10,841	**11,563**
Work in process	734	**737**
Raw materials and supplies	4,295	**3,900**
Other	3,648	**5,888**
Allowance for doubtful accounts	(41)	**(39)**
Total current assets	129,596	**116,142**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,697	**16,527**
Land	13,986	**14,016**
Other, net	9,765	**11,802**
Total property, plant and equipment	40,449	**42,345**
Intangible assets		
Goodwill	2,366	**2,177**
Right of trademark	896	**847**
Software	11,774	**11,555**
Other	388	**342**
Total intangible assets	15,425	**14,923**
Investments and other assets		
Investments in securities	12,105	**19,270**
Deferred tax assets	6,160	**10,689**
Other	4,539	**4,211**
Allowance for doubtful accounts	(237)	**(218)**
Total investments and other assets	22,568	**33,952**
Total non-current assets	78,443	**91,221**
Total assets	¥208,039	**¥207,364**

(Millions of yen)

	FY2021 December 31, 2021	**FY2022 Second Quarter June 30, 2022**
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,513	**¥ 2,842**
Income taxes payable	1,736	**983**
Provision for bonuses	1,831	**1,250**
Other provisions	2,170	**266**
Current portion of long-term borrowings	11	**11**
Contract liabilities	—	**4,862**
Other	16,972	**14,109**
Total current liabilities	25,236	**24,325**
Non-current liabilities		
Long-term borrowings	72	**65**
Other provisions	136	**185**
Net defined benefit liability	3,434	**2,882**
Asset retirement obligations	2,868	**2,762**
Other	3,024	**2,812**
Total non-current liabilities	9,536	**8,707**
Total liabilities	34,772	**33,033**
Net assets		
Shareholders' equity		
Common stock	10,000	**10,000**
Capital surplus	81,027	**81,027**
Retained earnings	83,853	**86,868**
Treasury stock	(2,867)	**(2,863)**
Total shareholders' equity	172,013	**175,031**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5	**(61)**
Foreign currency translation adjustments	999	**(986)**
Remeasurements of defined benefit plans	(215)	**(183)**
Total accumulated other comprehensive income	790	**(1,230)**
Subscription rights to shares	243	**243**
Non-controlling interests	220	**286**
Total net assets	173,267	**174,331**
Total liabilities and net assets	¥208,039	**¥207,364**

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

Consolidated Statements of Income

(Millions of yen)

	Six Months Ended June 30	
	FY2021 (January 1, 2021– June 30, 2021)	**FY2022 (January 1, 2022– June 30, 2022)**
Net sales	¥89,055	**¥78,748**
Cost of sales	13,471	**14,263**
Gross profit	75,584	**64,484**
Selling, general and administrative expenses		
Sales commission	17,389	**16,679**
Promotion expenses	8,272	**4,781**
Advertising expenses	6,329	**5,359**
Salaries, allowances and bonuses	10,577	**10,578**
Provision for bonuses	936	**1,015**
Other	22,983	**21,152**
Total selling, general and administrative expenses	66,488	**59,567**
Operating income	9,095	**4,917**
Non-operating income		
Interest income	86	**82**
Foreign exchange gains	1,288	**3,938**
Other	113	**147**
Total non-operating income	1,487	**4,168**
Non-operating expenses		
Interest expense	59	**76**
Commission expenses	31	**43**
Loss related to COVID-19	—	**47**
Information security expenses	—	**27**
Other	14	**15**
Total non-operating expenses	106	**209**
Ordinary income	10,477	**8,876**
Extraordinary income		
Gain on step aquisitions	297	—
Other	0	—
Total extraordinary income	297	—
Extraordinary losses		
Loss on disposal of non-current assets	38	**144**
Impairment loss	215	**221**
Loss on valuation of investment securities	9	**73**
Loss on liquidation of business	—	**182**
Loss related to COVID-19	145	—
Other	1	**0**
Total extraordinary losses	409	**621**
Income before income taxes	10,365	**8,254**
Income taxes – current	2,860	**1,540**
Income taxes – deferred	395	**(4,229)**
Total income taxes	3,255	**(2,688)**
Net Income	7,109	**10,943**
Profit attributable to non-controlling interests	22	**39**
Profit attributable to owners of parent	¥ 7,086	**¥ 10,904**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30	
	FY2021 (January 1, 2021– June 30, 2021)	**FY2022 (January 1, 2022– June 30, 2022)**
Net Income	¥7,109	**¥10,943**
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	**(66)**
Foreign currency translation adjustments	(601)	**(1,957)**
Remeasurements of defined benefit plans	48	**31**
Total other comprehensive income	(560)	**(1,992)**
Comprehensive income	6,549	**8,951**
Comprehensive income attributable to owners of parent	6,516	**8,885**
Comprehensive income attributable to non-controlling interests	¥32	**¥66**

(3) Notes to Consolidated Financial Statements

(Going Concern Assumptions)

None

(Significant Changes in Shareholders' Equity)

None

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

From the beginning of the first quarter period under review, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. (hereafter “Accounting Standard for Revenue Recognition”), and recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to the customer.

The main changes resulting from the adoption of this accounting standard are as follows:

(1)Revenue Recognition for Digested Purchase Sales Transactions

With respect to digestion purchase transaction, the Company previously recognized revenue on a net amount received from the customer less an amount equivalent to the dealer's commission. However, since the Company's role in the transaction corresponds to that of the principal, the Company has changed the method of recognizing revenue to the gross amount.

(2)Revenue recognition related to points programs

With respect to points programs, the Company previously recorded expenses that are expected to be required to be exchanged for points in the future as an allowance. However, the Company has now shifted to method of identifying them as performance obligation and deferring the recognition of revenue when the points provide significant rights to customers.

(3)Accounting for sales promotion expenses, etc.

With respect to certain sales promotion expenses, and sales commissions which are compensation paid to customers, while previously recorded as selling, general and administrative expenses, the Company has shifted to a method of deducting from sales.

In addition, for expenses pertaining to the performance obligation to grant free promotional items to customers in response to sales, the Company has shifted to a method of recording in cost of sales.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the first quarter period under review, was added to or deducted from retained earnings at the beginning of the first quarter period under review, and the new accounting policy has been applied from the beginning balance of the fiscal year under review.

As a result, sales for the second quarter period are ¥570 million lower, cost of sales is ¥1,156 million higher, selling, general and administrative expenses are ¥1,825 million lower, and operating income, ordinary income and income before income taxes and minority interests are each ¥98 million higher. In addition, the balance of retained earnings at the beginning of the fiscal year is ¥981 million lower.

As a result of the application of the Accounting Standard for Revenue Recognition, “Provision for points” which was presented in “Current liabilities” in the consolidated balance sheet for the previous fiscal year, is presented as “Contract liabilities” from the first quarter period under review. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation method.

（Accounting Standard for Fair Value Measurement)

The company has adopted the "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereafter “Accounting Standard for Fair Value Measurement”), etc. from the beginning of the first quarter period under review. The Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).The Company does not hold any financial instruments whose fair value is used as the value on the quarterly consolidated balance sheets, and there is no impact on the quarterly consolidated financial statements.

(Segment Information)

I. First Half of Fiscal 2021 (January 1, 2021-June 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	¥86,819	¥1,053	¥87,872	¥1,182	¥89,055	—	¥89,055
Intersegment Sales or Transfers	58	233	291	893	1,185	¥(1,185)	—
Total	86,877	1,286	88,164	2,075	90,240	(1,185)	89,055
Segment Profit	¥9,133	¥186	¥9,320	¥27	¥9,347	¥252	¥9,095

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 ¥(252) million includes intersegment transaction eliminations of ¥1,846 million, and corporate expenses of ¥(2,098) 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)

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.

II. First Half of Fiscal 2022 (January 1, 2022–June 30, 2022)

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

(Millions of yen)

	Reportable Segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net Sales							
Sales to External Customers	¥76,420	¥1,039	¥77,460	¥1,287	¥78,748	—	¥78,748
Intersegment Sales or Transfers	56	239	295	892	1,187	¥(1,187)	—
Total	76,476	1,279	77,755	2,180	79,936	(1,187)	78,748
Segment Profit	¥5,246	¥316	¥5,562	¥71	¥5,633	¥(716)	¥4,917

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

2. The segment profit reconciliation of ¥ (716) million includes intersegment transaction eliminations of ¥2,787 million, and corporate expenses of ¥ (3,503) million not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.

3. Segment profit is adjusted for operating income reported in the quarterly consolidated statements of income.

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

(Significant Impairment Loss of Non-current Assets)

None

(Significant Changes in Goodwill)

None

3. Information about changes in Reportable Segments

As described in "Changes in Accounting Policies", effective from the beginning of the first quarter period under review, the Company has adopted the Accounting Standard for Revenue Recognition and changed its accounting method for revenue recognition. The Company has made similar changes to the method of calculating income and loss in its Business Segments. As a result of this change, in the second quarter period under review, compared with the previous method of calculation, Beauty Care sales are ¥519 million lower and segment income is ¥98 million higher. Other business sales are ¥82 million lower and there is no impact on segment income. Additionally, the sales of Reconciliations are ¥31 million higher and there is no impact on segment income.

(Subsequent Events)

None