

Summary of Financial Results

For the Nine Months 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.

November 11, 2024

POLA ORBIS HOLDINGS INC.

Listing: Tokyo Stock Exchange, Prime Market (Code No.: 4927)
 URL: <https://www.po-holdings.co.jp/>
 Representative: Yoshikazu Yokote, Representative Director And President
 Contact: Naoki Kume, Director, Finance Tel: +81-3-3563-5517
 Start of Cash Dividend Payment: —
 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 Nine Months of Fiscal 2024

(January 01, 2024–September 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 Nine Months	125,395	(1.1)	10,817	(9.2)	11,725	(20.9)	6,948	(25.2)
FY2023 Nine Months	126,739	5.9	11,913	55.4	14,830	21.9	9,284	(28.8)

Note: Comprehensive income: ¥6,626 million (-18.5%) for the nine months ended September 30, 2024;
 ¥8,126 million (-25.9%) for the nine months ended September 30, 2023

	Net Income Per Share		Diluted Net Income Per Share	
	Yen	Yen	Yen	Yen
FY2024 Nine Months	31.41		31.37	
FY2023 Nine Months	41.97		41.92	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
FY2024 Third Quarter	194,306	162,529	83.5	733.37
FY2023	201,207	168,398	83.4	758.49

Reference: Equity capital: FY2024 Third Quarter: ¥162,270 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: 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)
Newly included: 1 company (POLA ORBIS (Shanghai) Enterprise Management CO., LTD.) : Yes
- (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) : 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 September 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 September 30, 2024 7,870,726 shares
At December 31, 2023 7,897,963 shares
3) Average number of shares issued and outstanding in each period
Nine months ended September 30, 2024 221,256,118 shares
Nine months ended September 30, 2023 221,236,608 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 September 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 (273,482 shares in the nine months ended September 30, 2024, 237,495 shares in the nine months ended September 30, 2023).

Information Regarding Review Procedures

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: : None

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 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 Nine Months 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. 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
(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 Nine Months of Fiscal 2024

(1) Explanation of Consolidated Operating Results

During the nine months of fiscal 2024 (January 1–September 30, 2024), despite some lingering stagnation, the Japanese economy showed a moderate recovery with improvements in the employment and income environment. In addition, personal consumption, despite experiencing stagnation in some areas, has recently been showing signs of recovery, backed by the recent upturn in real wages among other factors.

In the domestic cosmetics market, personal consumption has improved thanks to the moderate economic recovery. Moreover, inbound demand has continued to grow despite the slight yen appreciation of late. In the Chinese market, although supply has increased as policy measures take hold, the economy has remained stagnant.

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.”

Consolidated net sales for the nine months of fiscal 2024 fell 1.1% year on year to ¥125,395 million due mainly to a decrease in sales of the flagship POLA brand. Operating income decreased 9.2% year on year to ¥10,817 million due to a decrease in gross profit from lower net sales, and ordinary income decreased 20.9% year on year to ¥11,725 million due to a decrease in foreign exchange gains. As a result of the factors noted above, profit attributable to owners of parent decreased 25.2% year on year to ¥6,948 million.

Operating Results Overview

(Millions of yen)

	Nine Months Ended September 30			
	2023	2024	Year-on-Year	
			Amount Change	Percent Change (%)
Net Sales	¥126,739	¥125,395	¥(1,344)	(1.1)
Operating Income	11,913	10,817	(1,095)	(9.2)
Ordinary Income	14,830	11,725	(3,104)	(20.9)
Interim Profit Attributable to Owners of Parent	¥9,284	¥6,948	¥(2,335)	(25.2)

Operating Results by Segment

Net Sales (Segment Sales to External Customers)

(Millions of yen)

Nine Months Ended September 30				
	2023	2024	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥123,260	¥121,487	¥(1,773)	(1.4)
Real Estate	1,557	1,577	19	1.2
Others	1,920	2,330	409	21.3
Total	¥126,739	¥125,395	¥(1,344)	(1.1)

Segment Profit (Loss) (Operating Income (Loss))

(Millions of yen)

Nine Months Ended September 30				
	2023	2024	Year-on-Year	
			Amount Change	Percent Change (%)
Beauty Care	¥11,707	¥11,731	¥24	0.2
Real Estate	420	55	(364)	(86.7)
Others	64	189	125	193.2
Reconciliations of Segment Profit (Note)	(279)	(1,159)	(880)	—
Total	¥11,913	¥10,817	¥(1,095)	(9.2)

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. Through activities to enhance customer experience value, such as boosting our consulting services centered on new products, launching a new skin analysis service, and renewing the APEX series, sales increased at growth stores in the consignment sales channel, while the department store channel continued to witness double-digit sales growth. However, overall performance in the domestic business fell short of the previous year, impacted by the reduction in customer contact points caused by a decrease in the number of stores in the consignment sales channel, and other factors. In the overseas business, we are working to drive business recovery in the post-pandemic world and to establish a brand presence in China, our top priority market, by expanding contact points with high-prestige customers and strengthening CRM. However, due to the continued impact of the economic slowdown in some areas of Asia, particularly in China, the overall performance of the overseas business fell short 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, the number of customers continued to grow, and the continued strong 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, we expanded our product lineup, enabling sales growth to remain brisk. In the overseas business, we are focusing on expanding customer contact points and raising brand recognition in China, our priority market. However, the overall performance of overseas business fell below that of the previous year due to the continued economic slowdown in China. 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, sales continued to increase thanks to strong sales of new products launched in March and solid sales in the department store, directly operated retail store, and e-commerce channels. In China, the effects of the economic slowdown continued, hampering sales in both the 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 mainly due to the impact of higher selling and administrative expenses.

For brands under development, efforts are underway to regenerate THREE. While we have been working to revitalize stores with 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. Results for DECENCIA increased year on year due to the acquisition of new customers and revitalized interest among existing customers through strengthening sales strategies tailored to customer attributes. FUJIMI achieved higher results than the previous year, backed by efforts for profitability by improving customer experience value. 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 ¥121,487 million, down 1.4% year on year, and operating income was ¥11,731 million, up 0.2% 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 nine months of fiscal 2024, although net sales increased year on year, operating income fell below that 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 ¥1,577 million, up 1.2% year on year, and operating income was ¥55 million, down 86.7% 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 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 ¥2,330 million, up 21.3% year on year, and operating income was ¥189 million, up 193.2% year on year.

(2) Explanation of Consolidated Financial Position

As of September 30, 2024, total assets stood at ¥194,306 million, down 3.4%, or ¥6,900 million, from December 31, 2023. Factors related to this change included increases of ¥4,378 million in investments in securities and ¥3,576 million in property, plant and equipment, as well as decreases of ¥8,193 million in cash and deposits, ¥2,913 million in "Other" under current assets associated with a decrease in income taxes refund receivable, ¥1,999 million in short-term investments in securities and ¥1,819 million in notes and accounts receivable – trade.

Total liabilities amounted to ¥31,777 million, down 3.1%, or ¥1,031 million, from December 31, 2023. Factors related to this change included increases of ¥2,324 million in income taxes payable and ¥736 million in "Other" under non-current liabilities associated with an increase in long-term deposits received, as well as decreases of ¥3,402 million in "Other" under current liabilities associated with a decrease in accounts payable – other and ¥810 million in contract liabilities.

Net assets amounted to ¥162,529 million, down 3.5%, or ¥5,869 million, from December 31, 2023. Factors related to this change included a recording of ¥6,948 million in profit attributable to owners of parent and ¥11,519 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 August 5, 2024.

(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	¥46,564
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. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2023 December 31, 2023	FY2024 Third Quarter September 30, 2024
Assets		
Current assets		
Cash and deposits	¥ 47,200	¥ 39,007
Notes and accounts receivable – trade	17,820	16,001
Short-term investments in securities	17,944	15,944
Merchandise and finished goods	12,198	13,409
Work in process	683	1,000
Raw materials and supplies	3,534	3,410
Other	8,388	5,474
Allowance for doubtful accounts	(72)	(55)
Total current assets	107,697	94,192
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,528	31,822
Land	14,247	14,252
Other, net	22,920	11,198
Total property, plant and equipment	53,696	57,273
Intangible assets		
Right of trademark	21	19
Software	11,813	11,510
Other	91	90
Total intangible assets	11,926	11,620
Investments and other assets		
Investments in securities	17,361	21,739
Deferred tax assets	6,264	5,142
Other	4,582	4,684
Allowance for doubtful accounts	(321)	(346)
Total investments and other assets	27,886	31,220
Total non-current assets	93,510	100,114
Total assets	¥201,207	¥194,306

(Millions of yen)

	FY2023 December 31, 2023	FY2024 Third Quarter September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	¥ 2,751	¥ 3,089
Current portion of long-term borrowings	12	9
Income taxes payable	875	3,199
Contract liabilities	5,226	4,416
Provision for bonuses	1,807	2,254
Other provisions	216	181
Other	14,754	11,352
Total current liabilities	25,644	24,503
Non-current liabilities		
Long-term borrowings	46	40
Other provisions	175	69
Net defined benefit liability	811	421
Asset retirement obligations	3,534	3,410
Other	2,597	3,333
Total non-current liabilities	7,165	7,274
Total liabilities	32,809	31,777
Net assets		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	81,025	80,449
Retained earnings	80,907	76,336
Treasury stock	(2,839)	(2,922)
Total shareholders' equity	169,093	163,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229	114
Foreign currency translation adjustments	(1,772)	(1,982)
Remeasurements of defined benefit plans	255	274
Total accumulated other comprehensive income	(1,287)	(1,593)
Subscription rights to shares	243	236
Non-controlling interests	348	22
Total net assets	168,398	162,529
Total liabilities and net assets	¥201,207	¥194,306

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

Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2023 (January 01, 2023– September 30, 2023)	FY2024 (January 01, 2024– September 30, 2024)
Net sales	¥126,739	¥125,395
Cost of sales	22,799	22,803
Gross profit	103,939	102,592
Selling, general and administrative expenses		
Sales commission	26,026	24,490
Promotion expenses	7,734	7,951
Advertising expenses	8,935	8,467
Salaries, allowances and bonuses	15,488	15,632
Provision for bonuses	2,126	2,165
Other	31,715	33,065
Total selling, general and administrative expenses	92,026	91,774
Operating income	11,913	10,817
Non-operating income		
Interest income	169	185
Foreign exchange gains	2,777	556
Other	212	400
Total non-operating income	3,159	1,142
Non-operating expenses		
Interest expense	80	83
Commission expenses	117	108
Other	44	43
Total non-operating expenses	242	234
Ordinary income	14,830	11,725
Extraordinary income		
Compensation income	376	—
Total extraordinary income	376	—
Extraordinary losses		
Loss on disposal of non-current assets	266	149
Impairment loss	11	—
Loss on valuation of investment securities	308	144
Loss on liquidation of business	785	—
Other	16	8
Total extraordinary losses	1,389	303
Net income before income taxes	13,817	11,422
Income taxes – current	4,218	3,279
Income taxes – deferred	258	1,171
Total income taxes	4,476	4,451
Net Income	9,341	6,970
Profit attributable to non-controlling interests	56	21
Profit attributable to owners of parent	¥ 9,284	¥ 6,948

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months Ended September 30	
	FY2023 (January 01, 2023– September 30, 2023)	FY2024 (January 01, 2024– September 30, 2024)
Net Income	¥9,341	¥6,970
Other comprehensive income		
Valuation difference on available-for-sale securities	71	(115)
Foreign currency translation adjustments	(1,306)	(248)
Remeasurements of defined benefit plans	20	19
Total other comprehensive income	(1,214)	(343)
Comprehensive income	8,126	6,626
Comprehensive income attributable to owners of parent	8,056	6,642
Comprehensive income attributable to non-controlling interests	¥69	¥(15)

(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 first quarter of current fiscal year.

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 ¥477 million, ordinary income, and income before income taxes for the nine months of the current consolidated accounting period have increased by ¥485 million respectively compared with using the previous method.

(Consolidated Statements of Cash Flows)

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

	FY2023 (January 01, 2023– September 30, 2023)	FY2024 (January 01, 2024– September 30, 2024)
Depreciation and amortization	¥5,647 Millions	¥6,073 Millions

(Segment Information)

I. Nine months of Fiscal 2023 (January 01, 2023-September 30, 2023)

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

	Reportable Segments				Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
	Beauty Care	Real Estate	Subtotal	Others (Note 1)			
Net Sales							
Sales to External Customers	¥123,260	¥1,557	¥124,818	¥1,920	¥126,739	—	¥126,739
Intersegment Sales or Transfers	85	334	419	1,368	1,787	¥(1,787)	—
Total	123,345	1,891	125,237	3,289	128,526	(1,787)	126,739
Segment Profit	¥11,707	¥420	¥12,127	¥64	¥12,192	¥(279)	¥11,913

- 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 ¥(279) million includes intersegment transaction eliminations of ¥6,810 million, and corporate expenses of ¥(7,090) 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 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. Nine months of Fiscal 2024 (January 01, 2024–September 30, 2024)

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

	Reportable Segments					(Millions of yen)	
	Beauty Care	Real Estate	Subtotal	Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount Shown on the Consolidated Financial Statements (Note 3)
Net Sales							
Sales to External Customers	¥121,487	¥1,577	¥123,064	¥2,330	¥125,395	—	¥125,395
Intersegment Sales or Transfers	113	355	469	1,771	2,240	¥(2,240)	—
Total	121,601	1,932	123,533	4,102	127,635	(2,240)	125,395
Segment Profit	¥11,731	¥55	¥11,787	¥189	¥11,977	¥(1,159)	¥10,817

- 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 ¥(1,159) million includes intersegment transaction eliminations of ¥2,270 million, and corporate expenses of ¥(3,430) 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 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 change in Reportable Segment

(Change in Depreciation Method for Tangible Fixed Assets)

As stated in "Changes in Accounting Policies that 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 first quarter of current fiscal year.

As a result of this change, segment profits for the third quarter of the current consolidated accounting period have increased by ¥446 million in Beauty Care, ¥31 million in Real Estate, and ¥0 million in Others respectively compared with using the previous method. Reconciliations to segment profit has decreased by ¥1 million.

(Subsequent Events)

None