Third Quarter of Fiscal 2022
Supplementary Material

POLA ORBIS HOLDINGS INC.
Corporate Officer
PR, IR, CSR and Sustainability
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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.

- POLA ORBIS HOLDINGS INC. has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from fiscal 2022.

- Regarding the results for fiscal 2021:
  The results for fiscal 2021 presented in this presentation have been calculated using the same accounting standards as those in fiscal 2022, and are shown as reference information (unaudited) for the purpose of comparison.

POLA ORBIS HOLDINGS

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2022
4. Initiatives Going Forward & Appendices

Q3 Key Topics

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) as a whole was robust.
- The recovery trend continued in the Japanese market, except for inbound demand, with signs of a return in customer traffic.
- In the overseas market, mainland China continued to suffer the impact of lockdowns, etc.

Source: Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Japan Tourism Agency, Japan Department Stores Association, Intage SLI, and National Bureau of Statistics of China

Our Group

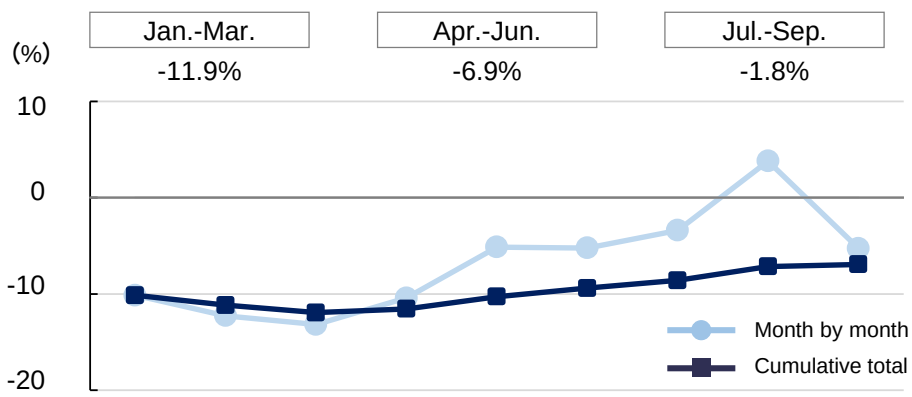
- The recovery trend continued after a low in the first quarter.
- For POLA, as consignment sales in Japan showed signs of a recovery, domestic sales is reaching almost similar levels to the previous year in the third quarter (July to September). Revenue declined overseas, partly due to the impact of COVID-19 in mainland China and the suppression on shipment to duty free stores in South Korea (down ¥2.8 bil.).
- ORBIS's revenue fell, but the decline in customer numbers slowed.
- In overseas brands, losses were ameliorated for Jurlique, excluding the impact of exchange rates.

Medium-term Management Plan Indicators (FY2022 Q3 YTD)

Overseas sales ratio	16.7% (-2.0ppt*)
Domestic e-commerce sales ratio	27.1% (+1.3ppt*)

*vs Dec. 2021

YoY Change in Consolidated Net Sales (same-standard basis)



- In Japan, an increase in opportunities to go out led to a recovery in customer traffic.
- Overseas, intermittent lockdowns occurred and restrictions on storefront operations continued in mainland China.

Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2021 Q3 Results (YTD) (recalculated under the 2022 standard)	FY2022 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Consolidated net sales	128,560	119,654	(8,905)	(6.9%)
Cost of sales	22,479	21,795	(683)	(3.0%)
Gross profit	106,080	97,859	(8,221)	(7.8%)
SG&A expenses	94,661	90,190	(4,470)	(4.7%)
Operating income	11,419	7,668	(3,750)	(32.8%)

Key Factors

- **Consol. net sales** — Decreased on a consolidated basis, mainly due to a decrease in revenue from POLA and ORBIS.
- **Cost of sales** — Cost of sales ratio deteriorated due to lower sales ratio from POLA.
  Cost of sales ratio FY2021 Q3 : 17.5% ⇒ FY2022 Q3 : 18.2%
- **SG&A expenses** — Labor expenses: up ¥443 mil. YoY
  Sales commissions: down ¥1,646 mil. YoY
  ⇒ Decreased due to lower POLA consignment sales.
  Sales related expenses: down ¥1,403 mil. YoY
  Administrative expenses, etc.: down ¥1,864 mil. YoY
- **Operating income** — Operating margin FY2021 Q3: 8.9% ⇒ FY2022 Q3: 6.4%

Note: FY2021 Q3 (YTD) results are presented for reference only (unaudited).

POLA ORBIS HOLDINGS

Consolidated P&L Changes Analysis
Operating Income to Profit Attributable to Owners of Parent

(mil. yen)	FY2021 Q3 Results (YTD) (recalculated under the 2022 standard)	FY2022 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Operating income	11,419	7,668	(3,750)	(32.8%)
Non-operating income	1,377	4,903	3,526	255.9%
Non-operating expenses	186	403	216	115.9%
Ordinary income	12,610	12,169	(441)	(3.5%)
Extraordinary income	372	-	(372)	(100.0%)
Extraordinary losses	723	827	103	14.4%
Profit before income taxes	12,259	11,341	(918)	(7.5%)
Income taxes etc.	4,136	(1,740)	(5,876)	-
Profit attributable to non-controlling interests	32	47	14	44.0%
Profit attributable to owners of parent	8,090	13,035	4,944	61.1%

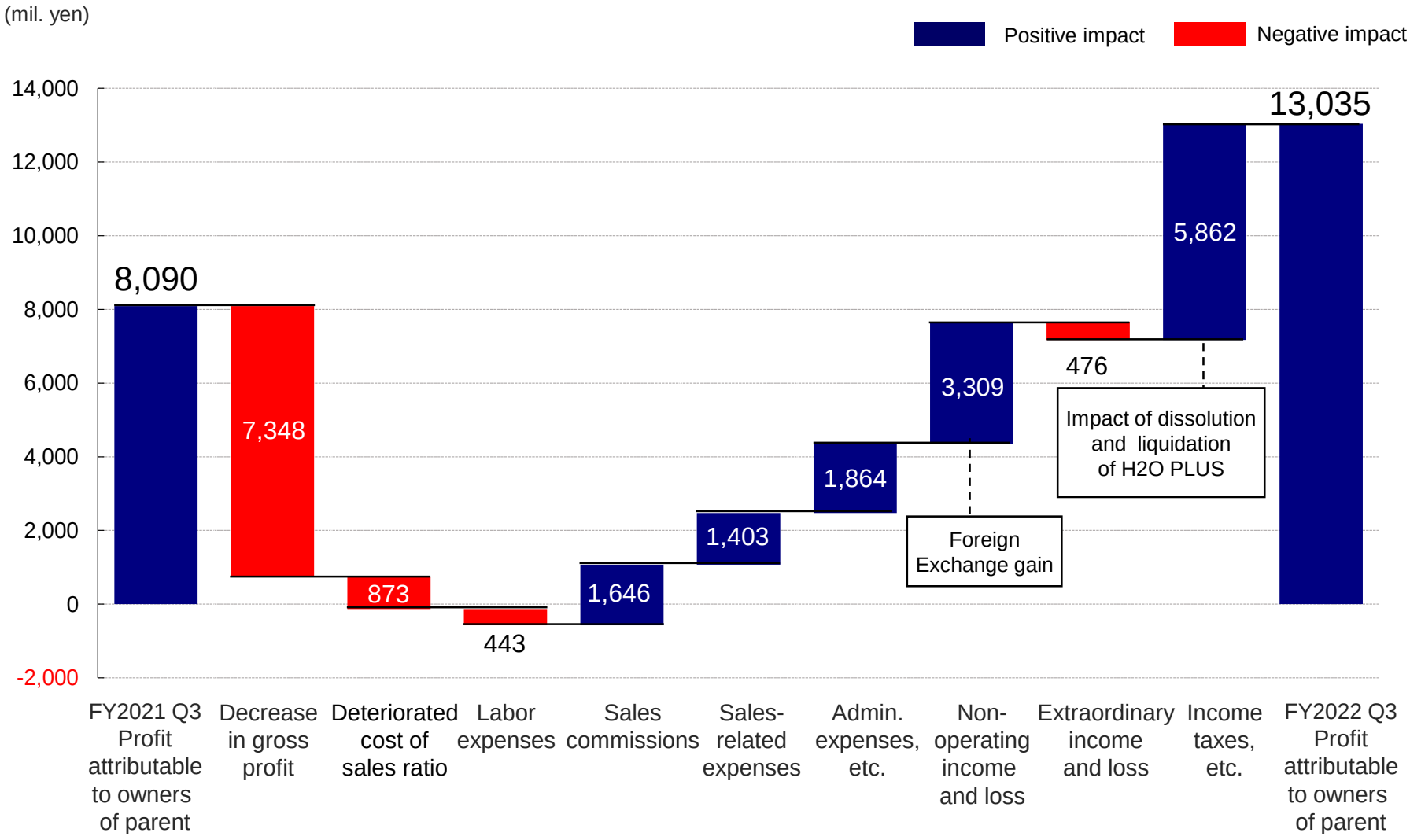
Key Factors

- Non-operating income: Foreign exchange gain ¥4,591 mil
- Extraordinary losses: Extraordinary loss due to liquidation of H2O PLUS ¥165 mil.
- Income taxes etc.: Reduction in income taxes – deferred due to liquidation of H2O PLUS ¥4,466 mil.

Note: FY2021 Q3 (YTD) results are presented for reference only (unaudited).

Factors Impacting Profit Attributable to Owners of Parent

While gross profit decreased due to lower revenue, profit attributable to owners of parent increased by ¥4,944 mil. YoY due to a reduction in income taxes etc. resulting from the impact of exchange rates and the liquidation of H2O PLUS.



POLA ORBIS HOLDINGS

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Segment Results

(mil yen)	FY2021 Q3 Results (YTD) (recalculated under the 2022 standard)	FY2022 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Consolidated net sales	128,560	119,654	(8,905)	(6.9%)
Beauty care	125,247	116,231	(9,016)	(7.2%)
Real estate	1,581	1,561	(20)	(1.3%)
Others	1,731	1,861	130	7.5%
Operating income	11,419	7,668	(3,750)	(32.8%)
Beauty care	11,449	8,319	(3,130)	(27.3%)
Real estate	382	430	47	12.5%
Others	26	68	42	162.2%
Reconciliations	(439)	(1,150)	(711)	-

Segment Results Summary

- Beauty care: Revenue decreased YoY, primarily due to a decrease in revenue from POLA and ORBIS. Operating income declined, mainly due to a decrease in gross profit.
- Real estate: Revenue decreased due to the departure of tenants.

Note: FY2021 Q3 (YTD) results are presented for reference only (unaudited).

Beauty Care Business Results by Brands

(mil. yen)	FY2021 Q3 Results (YTD) (recalculated under the 2022 standard)	FY2022 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Beauty care net sales	125,247	116,231	(9,016)	(7.2%)
POLA	77,825	69,462	(8,362)	(10.7%)
ORBIS	29,263	28,109	(1,153)	(3.9%)
Jurlique	5,175	5,387	211	4.1%
H2O PLUS	741	1,231	489	66.0%
Brands under development	12,241	12,040	(201)	(1.6%)
Beauty care operating income	11,449	8,319	(3,130)	(27.3%)
POLA	11,048	8,568	(2,479)	(22.4%)
ORBIS	4,451	3,116	(1,334)	(30.0%)
Jurlique	(1,418)	(1,433)	(15)	-
H2O PLUS	(532)	(173)	359	-
Brands under development	(2,098)	(1,758)	340	-

Note: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

Brand Analysis (1)

Q3 Result (YTD)

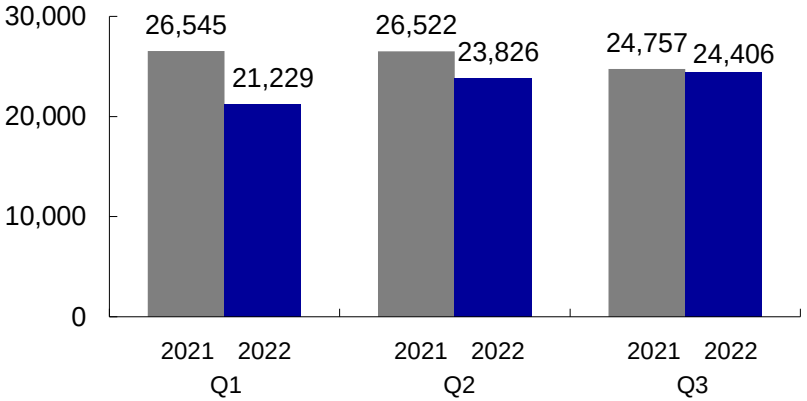
- Consignment sales showed a recovery trend with the return of customer numbers, both new and existing. New customer acquisitions through online touchpoints showed double-digit YoY growth in July to September.
- The growth trend continued in department store and B2B sales.
- The impact of COVID-19 in mainland China and the suppression on shipment to South Korea continued. (Excluding the impact of South Korea duty free, overseas net sales were down 9.5% YoY.)

Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		69,462	(10.7%)
Operating income		8,568	(22.4%)
Key indicators			
Sales ratio	Consignment sales		66.9%
	Overseas		16.1%
	Domestic e-commerce		5.7%
	Dept. store, B2B		11.3%
Sales growth*	Consignment sales		down 10.4%
	Overseas		down 24.5%
	Domestic e-commerce		up 1.5%
	Dept. store, B2B		up 8.1%
Consignment sales channel	# of sales offices**		2,942 (down 285)
	# of PB**		548 (down 40)
	Purchase per customer*		up 17.0%
	# of customers*		down 22.0%
Number of stores overseas**			145 (up 13)

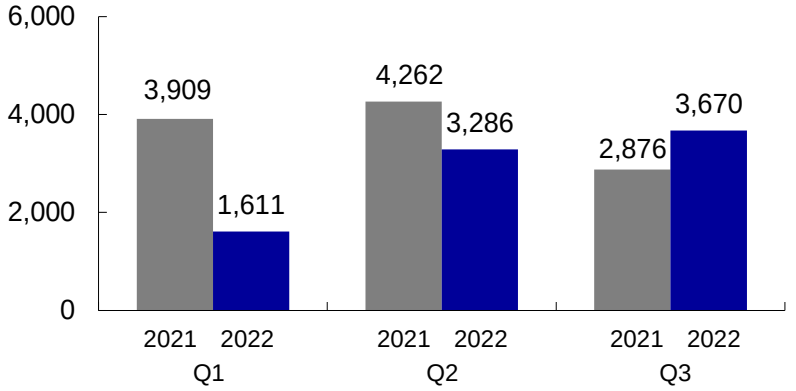
Topics

- Launched on Douyin in mainland China (July)

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



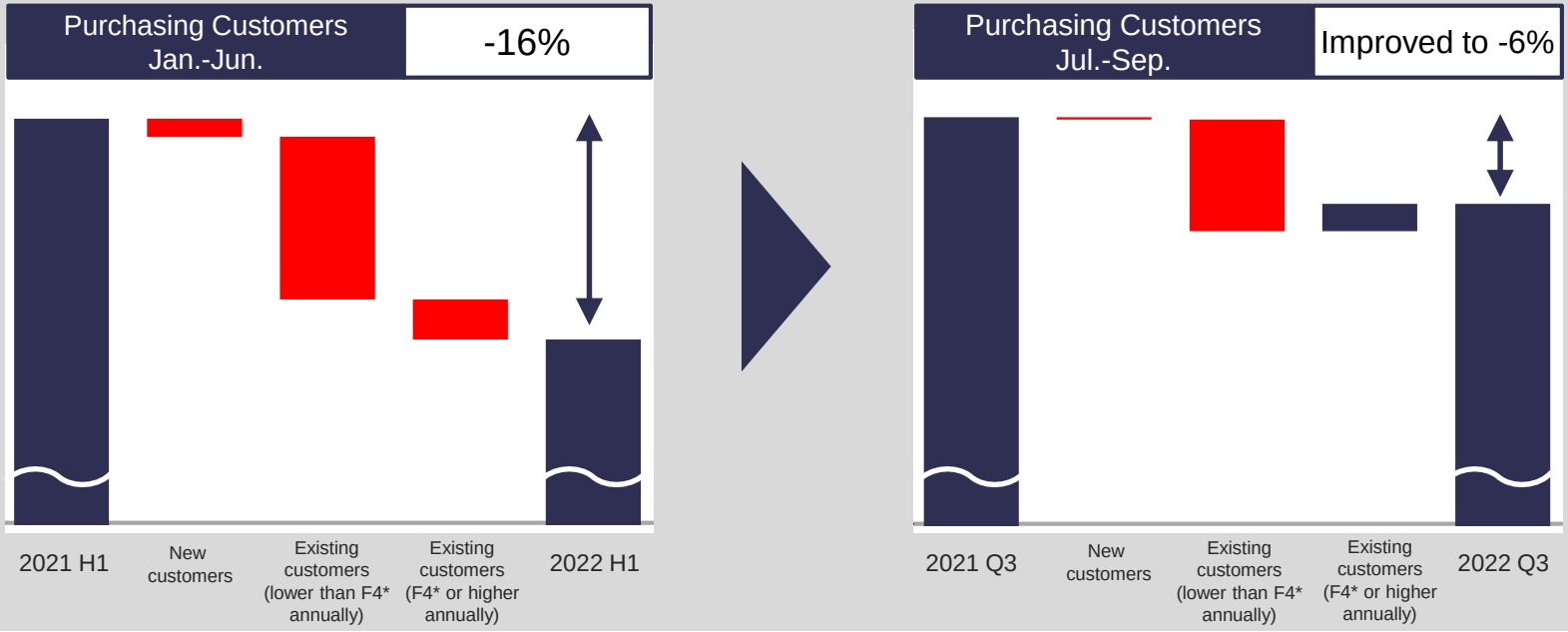
*YoY basis
** vs Dec. 2021

Note: YoY change has been calculated using the same accounting standards for both years.

Brand Analysis (1)
POLA Consignment Sales Channel Customer Trends

Net sales from the consignment sales channel for July to September recovered to a similar level to last year due to an improvement in customer trends (customer numbers and frequency of store visits), in addition to a continued strong performance from high price range skincare.

Consignment Sales Channel Customer Trends (Total Number of Purchasing Customers)



* The graphs above are based on the percentage YoY changes. Annual F4 represents customers who made four purchases during the previous year.

Q3 Results

- The number of followers grew to around 900,000 through the continued strengthening of store social media presence, and the expansion of customer list linked directly through online communication contributed to new customer acquisition.
- Stronger offerings to encourage existing customers to visit stores, and a recovery in sales of aesthetic treatment, which had the highest quarterly sales this fiscal year were recorded from July to September
- Sales to highly loyal customers were robust, and the number of purchasing customers increased YoY.

Initiatives Going Forward

- Develop an online sensory sales campaign for the launch of *B.A EYE ZONE CREAM* and cultivate topics on social media to acquire new customers.
- Launch a Christmas coffret to boost new customer acquisition and repeat purchasing.
- Release new aesthetic treatment services and link this to repeat store visits.

Aim for an increase in sales in the second half in the consignment sales channel and across the POLA brand.

Brand Analysis (2)

Q3 Result (YTD)

- The new *ORBIS U* contributed to new customer acquisition, with high-single-digit growth* in the number of mail-order customers from July to September. Measures targeting inactive customers also produced results, slowing the decline in the number of customers.
- Upfront investments were made for the fourth quarter and beyond, focused on the new *ORBIS U*.

Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		28,109	(3.9%)
Operating income		3,116	(30.0%)
Key indicators			
Sales ratio	Domestic e-commerce		60.4%
	(Proportion of domestic sales attributable to e-commerce)		63.3%
	Other mail-order		13.6%
	Stores and overseas, etc.		26.0%
Sales growth*	Domestic e-commerce		down 4.4%
	Other mail-order		down 13.1%
	Stores and overseas, etc.		up 0.6%
Mail-order** purchase per customer*			down 0.4%
Number of mail-order** customers*			down 8.2%
ORBIS U series ratio of sales(1)			26.0%

(1) Total of *ORBIS U*, *U white*, *U encore,* and *U*.

* YoY basis

** include e-commerce and catalog

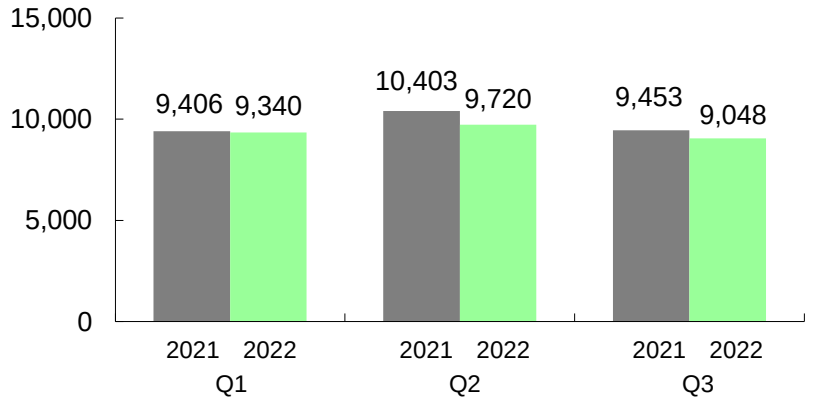
Topics

- Renewed *ORBIS U* skincare series, the symbol of ORBIS (August)

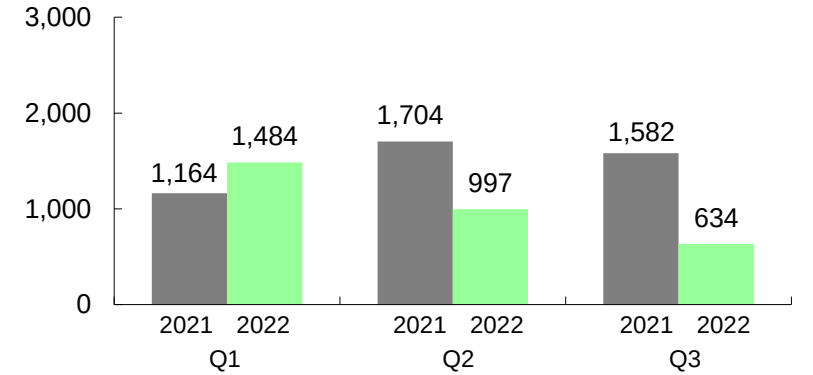


ORBIS U

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: YoY change has been calculated using the same accounting standards for both years.

Brand Analysis (3) Overseas Brands

Q3 Result (YTD)

- Jurlique continued to struggle in Hong Kong, and suffered from the impact of COVID-19 on storefronts in mainland China, but performed strongly in e-commerce.
- Excluding the impact of exchange rates, losses were ameliorated for Jurlique as a whole, despite a decline in revenue.

Q3 (YTD)		Results (mil. yen)	YoY Change(1)
Jurlique	Net sales	5,387	4.1%
	OP income	(1,433)	(15)
H2O PLUS	Net sales	1,231	66.0%
	OP income	(173)	359

Key indicators		
Jurlique		
Sales ratio	Australia	18.1%
	Hong Kong	12.2%
	Duty free	14.9%
	mainland China	39.2%
Sales growth(2)	Australia	up 2.1%
	Hong Kong	down 28.9%
	Duty free	up 10.6%
	mainland China	up 10.6%

(1) For operating income, the YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

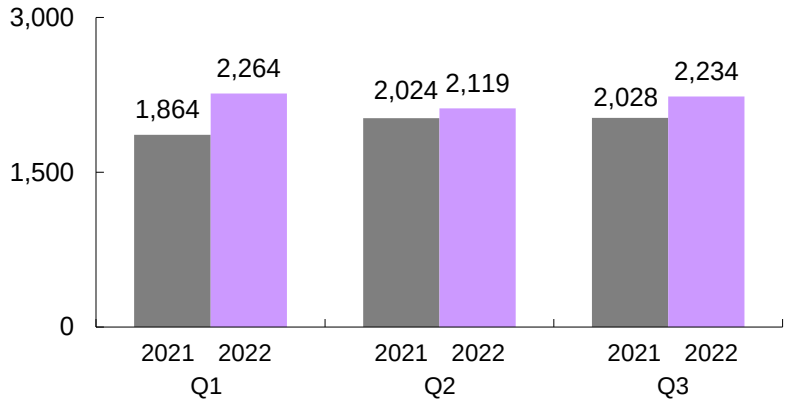
Topics

- Jurlique launched face oil (September)

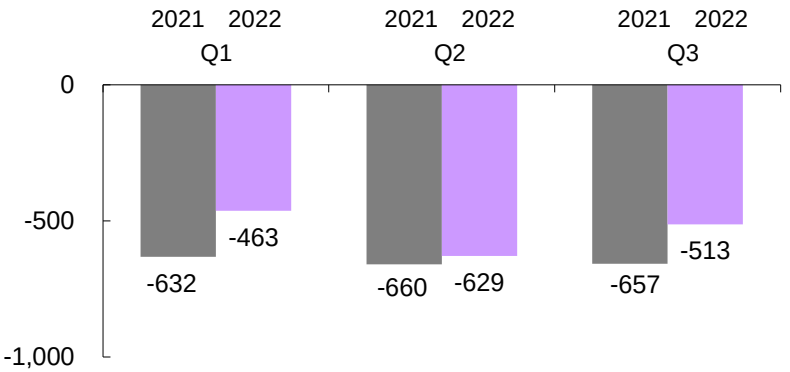


RO Face Oil

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: YoY change has been calculated using the same accounting standards for both years.

Brand Analysis (4) Brands Under Development

Q3 Result (YTD)

- THREE continued to strengthen online communication.
- DECENCIA restrained advertising investment for current products in preparation for main series renewal in October.

Topics

- THREE launched cream for the areas around the eyes and mouth (September)

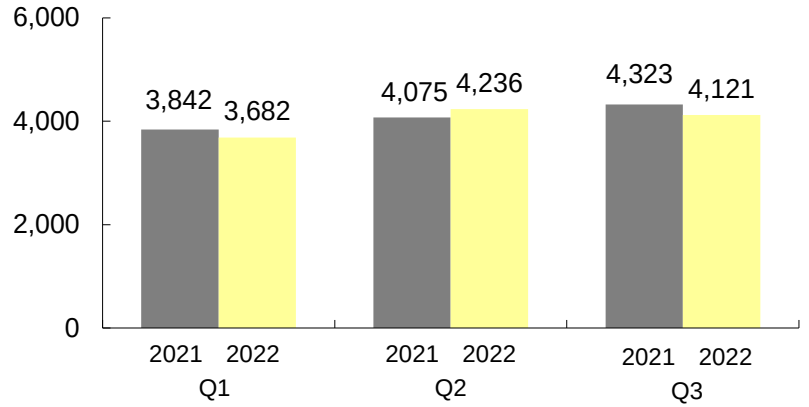


THREE BALANCING CONDENSED CREAM

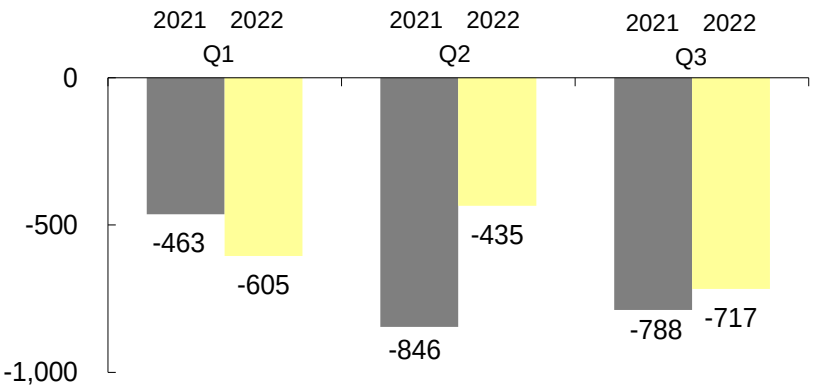
Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	12,040	(1.6%)
Operating income(1)	(1,758)	340
ACRO Net sales	5,133	(20.2%)
ACRO OP income(1)	(1,624)	35
THREE(3) Net sales	4,278	(19.7%)
THREE(3) OP income(1)	(912)	(200)
DECENCIA Net sales	3,541	(14.1%)
DECENCIA OP income	568	2.9%

Key indicators		
THREE(3)		
Sales ratio	Domestic storefronts, etc.	62.5%
	Domestic e-commerce	11.4%
	Overseas	26.1%
Sales growth(2)	Domestic storefronts, etc.	down 14.5%
	Domestic e-commerce	down 39.6%
	Overseas	down 19.7%

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



(1) The YoY change is shown as the amount (mil. yen)
(2) YoY basis (3) Includes FIVEISM

Note: YoY change has been calculated using the same accounting standards for both years.

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Forecasts for Fiscal 2022 (Unchanged)

(mil. yen)	FY2022 Q3 Results (YTD)	YoY Change (same-standard basis)		FY2022 Full-year Plan	YoY Change (same-standard basis)	
		Amount	%		Amount	%
Consol. net sales	119,654	(8,905)	(6.9%)	170,000	(4,896)	(2.8%)
Beauty care	116,231	(9,016)	(7.2%)	165,800	(4,603)	(2.7%)
Real estate	1,561	(20)	(1.3%)	1,900	(212)	(10.1%)
Others	1,861	130	7.5%	2,300	(79)	(3.3%)
OP income	7,668	(3,750)	(32.8%)	11,700	(3,882)	(24.9%)
Beauty care	8,319	(3,130)	(27.3%)	13,130	(2,624)	(16.7%)
Real estate	430	47	12.5%	400	(88)	(18.2%)
Others	68	42	162.2%	70	0	(0.6%)
Reconciliations	(1,150)	(711)	-	(1,900)	(1,168)	-
Ordinary income	12,169	(441)	(3.5%)	15,700	(1,962)	(11.1%)
Profit attributable to owners of parent	13,035	4,944	61.1%	14,000	3,176	29.3%

Planned exchange rates: 1.00 AUD = 88.3 JPY (PY 82.48) 1.00 USD = 122.9 JPY (PY 109.8) 1.00 CNY = 18.9 JPY (PY 17.03)

	FY2021	FY2022 (plan)
Shareholder returns	Annual ¥51 (Consol. Payout ratio 96.1%)	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 82.2%)
Capital investment	¥8,945 mil.	¥12,000 mil. - ¥14,000 mil.
Depreciation	¥7,110 mil.	¥8,000 mil. - ¥9,000 mil.

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Initiatives for 2022 Q4 onward

POLA

- Launch new products from the main product series and strengthen online presence, including through the app and store social media sites.
  - Renew *B.A EYE ZONE CREAM* (October). Expand new customer contact points and encourage existing customers to visit stores by hosting an intensive series of offline events to mark the launch.
  - Launch a limited-edition kit from the *B.A.* series to revitalize customers.
- Strengthen sales systems to return consignment sales to growth, focus investment on growing stores where the digital shift is progressing, and revitalize the recruitment and development of Beauty Directors.
- Expand the range of entry-level products on e-commerce channels, enhance usability, and strengthen new customer acquisition through digital touchpoints.
- In mainland China, strengthen relations with offline customers through social media from stores.
  For online sales, strengthen Douyin promotion and acquire new customers through live commerce.



POLA B.A EYE ZONE CREAM N



POLA B.A PRECIOUS COLLECTION LH

ORBIS

- New customer acquisition numbers progressed with more than double-digit YoY growth in October.
- Promote cross-selling of high price range new products and limited-edition products to customers progressively acquired through the new *ORBIS U*, to achieve a turnaround to full-year revenue growth.
  - Strengthen new customer acquisition through the strongly-performing new *ORBIS U*, and encourage repeat purchases.
  - Launch *WRINKLE BRIGHT SERUM* (October), a renewed release of serum to improve wrinkles and brighten the skin.
- Renew the app at the core of the new CRM strategy, incorporating new functions to enable ORBIS to keep pace with individual customers as it provides them with personalized, successful beauty experiences (November)



WRINKLE BRIGHT SERUM

Initiatives for 2022 Q4 onward

Overseas Brands

Jurlique

- Improve brand entry and retention rate, pivoting on facial care products.
- Launch a holiday collection to maximize performance in the year-end sales.
- Promote a shift to renewable materials for product containers and packaging to achieve coexistence with the environment, a goal of the brand throughout its history, as well as a reduction in costs.



Jurlique rose collection

Brands Under Development

THREE

Amplitude
ITRIM
FIVEISM
×
THREE

- Launch limited-edition products and holiday collections, and strengthen both online and offline promotions to acquire new customers and stimulate purchasing by existing customers.
- Expand into THREE's local market in mainland China and improve brand recognition by expanding customer touchpoints, in addition to existing cross-border e-commerce and duty free sales channels.



THREE holiday collection

DECENCIA

- Renew creative content for the launch of the new aging-care product *DECENCIA* series (October), and strengthen value appeal as a prestige brand.



DECENCIA

FUJIMI

- Enhance product range and promote cross-selling, aiming to boost purchase per customer.



FUJIMI PERSONALIZED PROTEIN

(Appendix) Quarterly Segment Results

■ Net sales

(mil. yen)	FY2022 Jan.-Mar.		FY2022 Apr.-Jun.		FY2022 Jul.-Sep.		FY2022 Oct.-Dec	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated net sales	37,662	(11.9%)	41,085	(6.9%)	40,906	(1.8%)	-	-
Beauty care	36,516	(12.3%)	39,903	(7.3%)	39,810	(1.9%)	-	-
Real estate	523	(1.4%)	516	(1.2%)	521	(1.2%)	-	-
Others	622	6.3%	665	13.1%	573	3.0%	-	-

■ Operating income

(mil. yen)	FY2022 Jan.-Mar.		FY2022 Apr.-Jun.		FY2022 Jul.-Sep.		FY2022 Oct.-Dec	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated operating income	1,912	(53.3%)	3,005	(30.2%)	2,751	(8.9%)	-	-
Beauty care	2,026	(49.0%)	3,219	(27.8%)	3,073	2.0%	-	-
Real estate	189	(8.1%)	127	146	114	(41.8%)	-	-
Others	0	(92.7%)	70	393.2%	(2)	(1)	-	-
Reconciliations	(305)	(202)	(411)	(261)	(434)	(246)	-	-

Note: YoY change is calculated using the same accounting standards for both years.
: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).

(Appendix) Quarterly Results by Brands

■ Net sales

(mil. yen)	FY2022 Jan.-Mar.		FY2022 Apr.-Jun.		FY2022 Jul.-Sep.		FY2022 Oct.-Dec	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care net sales	36,516	(12.3%)	39,903	(7.3%)	39,810	(1.9%)	-	-
POLA	21,229	(20.0%)	23,826	(10.2%)	24,406	(1.4%)	-	-
ORBIS	9,340	(0.7%)	9,720	(6.6%)	9,048	(4.3%)	-	-
Jurlique	1,925	13.5%	1,729	(2.7%)	1,732	1.8%	-	-
H2O PLUS	338	102.0%	389	58.2%	502	53.4%	-	-
Brands under development	3,682	(4.2%)	4,236	4.0%	4,121	(4.7%)	-	-

■ Operating income

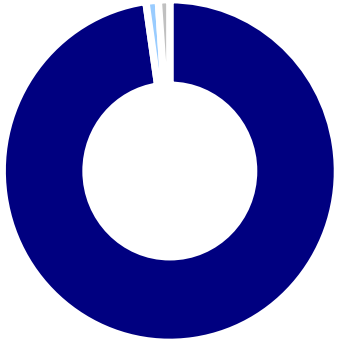
(mil. yen)	FY2022 Jan.-Mar.		FY2022 Apr.-Jun.		FY2022 Jul.-Sep.		FY2022 Oct.-Dec	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care operating income	2,026	(49.0%)	3,219	(27.8%)	3,073	2.0%	-	-
POLA	1,611	(58.8%)	3,286	(22.9%)	3,670	27.6%	-	-
ORBIS	1,484	27.5%	997	(41.5%)	634	(59.9%)	-	-
Jurlique	(323)	124	(562)	(68)	(547)	(71)	-	-
H2O PLUS	(139)	44	(66)	99	33	215	-	-
Brands under development	(605)	(142)	(435)	411	(717)	70	-	-

Note: YoY change is calculated using the same accounting standards for both years.
: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).
: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

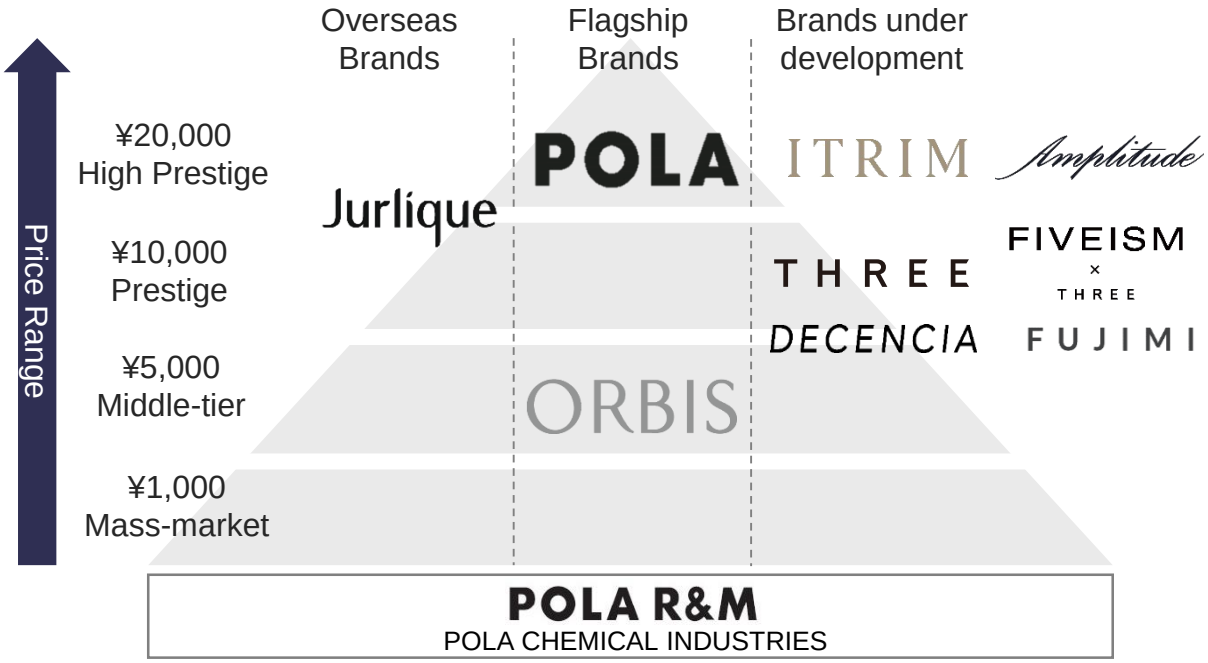
(Appendix) About POLA ORBIS Group

Beauty care is the core business of the Group, and nine different cosmetics brands are operated under the Group umbrella.

FY2021
Consol. Net Sales
¥178.6 bil.



- Beauty care business 98%
- Real estate business 1%
- Other businesses 1% (building maintenance business)



Our strengths

- Multi-brand strategy
- Focus on skincare products
- Flagship brands, POLA and ORBIS own and operate through their own unique sales channels

→

- Meeting diversified needs of customers
- High customer repeat ratio
- Strong relationships with customers

(Appendix) Beauty Care Business Brand Portfolio

	Sales ratio*	Brand	Concept and products	Price	Main sales channel	
Flagship brands	60%	POLA Since 1929	■ High-prestige skincare ■ Leading-edge technology in aging-care and skin-brightening fields	Approx. ¥10,000 or higher	■ JP: Consignment sales, department stores and e-commerce ■ Overseas: Department stores, directly-operated stores, DFS(1), e-commerce and cross-border e-commerce	
	25%	ORBIS Since 1984	■ Aging-care brand to draw out people's intrinsic beauty	Approx. ¥1,000~ ¥3,000	■ JP: Mail-order (e-commerce and catalog) and directly-operated stores ■ Overseas: E-commerce, cross-border e-commerce, DFS(1), and retail stores	
Overseas Brands	5%	Jurlique Acquired in 2012	■ Premium natural skincare brand from Australia	Approx. ¥5,000 or higher	■ AU: Department stores, directly-operated stores and e-commerce ■ Overseas: Department stores, directly-operated stores, DFS(1), e-commerce and cross-border e-commerce	
Brands under develop-ment	10%	THREE Since 2009	■ Skincare made with natural ingredients from Japan and fashion-forward make-up	Approx. ¥5,000 or higher	■ JP: Department stores, directly-operated stores and e-commerce ■ Overseas: Department stores, DFS(1), e-commerce and cross-border e-commerce	Operated by ACRO INC.
		Amplitude Since 2018	■ High prestige quality makeup from Japan	Approx. ¥5,000~ ¥10,000	■ JP: Department stores and e-commerce ■ Overseas: DFS(1) and cross-border e-commerce	
		ITRIM Since 2018	■ Premium skincare made from finely selected organic ingredients	Approx. ¥20,000	■ JP: Department stores and e-commerce ■ Overseas: DFS(1) and cross-border e-commerce	
		FIVEISM × THREE Since 2018	■ Cosmetics brand with a gender-fluid concept	Approx. ¥2,000~ ¥12,000	■ JP: Department stores, directly-operated stores and e-commerce ■ Overseas: Department stores, DFS(1) and cross-border e-commerce	
		DECENCIA Since 2007	■ Skincare for sensitive skin	Approx. ¥5,000～ ¥10,000	■ JP: E-commerce, department store ■ Overseas: Cross-border e-commerce	
		FUJIMI Acquired in 2021	■ Personalized beauty care brand operated by tricot, Inc.	Approx. ¥6,000～ ¥10,000	■ JP: E-commerce and directly-operated store	

*Sales ratio in the beauty care business as of FY2021. Brands under development includes OEM business.

(1) Duty free stores

(Appendix) Improvement in Capital Efficiency and Shareholder Returns

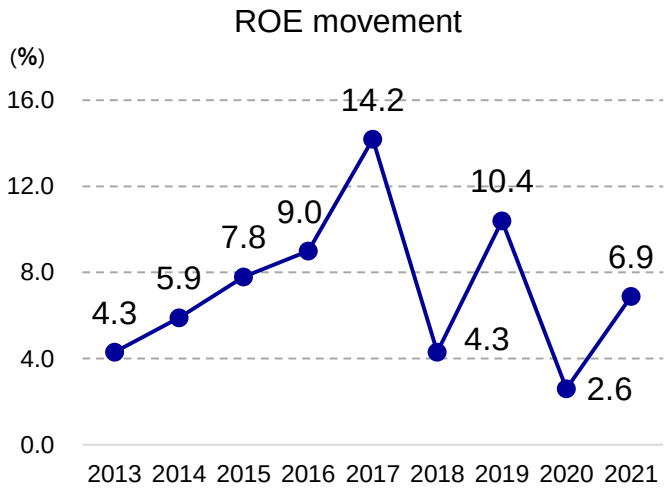
Initiatives to Improve Capital Efficiency

Target for 2023
ROE 9% or higher
(Return on equity)

=

EPS (Earnings per share)
- Operating income CAGR 25% or higher
- Achieve net income growth which is higher than operating income growth by decreasing overseas losses

BPS (Book value per share)
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth

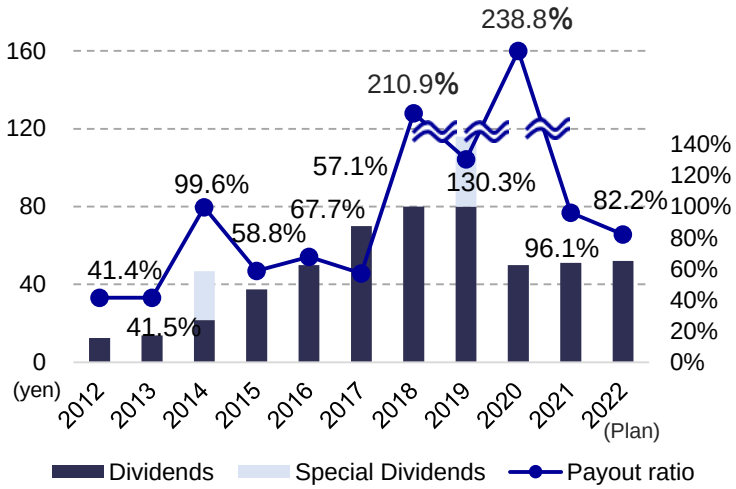


Improvement of Shareholder Return

Basic Policy :

- With a policy of consolidated payout ratio of **60%** or higher, aim for steady increases in dividends, in line with profitable growth.
- Purchases of treasury stock shall be considered based on our investment strategies, as well as market prices and liquidity of the Company's shares.

Dividends forecast for FY2022:
- Dividend per share : **¥52** (Interim ¥21, Year-end ¥31)
- Consol. payout ratio : 82.2%



(Appendix) Long-term Management Plan - VISION 2029

VISION 2029

A collection of unique businesses that respond to diversifying values of “beauty”

Basic strategy 1	Develop the cosmetics business globally; reform and enhance the brand portfolio
Basic strategy 2	Create new value and expand business domains
Basic strategy 3	Strengthen research and technical strategy

STAGE 1

Build the base of existing businesses, and restructure the portfolio for high profits

- ✓ Emphasize profitability and LTV in domestic businesses
- ✓ Accelerate global development
- ✓ Sow the seeds for growth in new businesses, and engage in CVC investment
- ✓ Dispose of unprofitable businesses

STAGE 2

Invest in growth businesses to accelerate growth

- ✓ Rapid global development
- ✓ New business growth
- ✓ M&A and CVC investment
- ✓ Launch new materials and expand pipelines
- ✓ Establish new dosage forms technology

STAGE 3

Be a collection of unique businesses that respond to diversifying values of “beauty”

- ✓ Establish a clear presence in the well-being and social domains

【Targets for 2029】

- ■ Consolidated operating income: ¥50.0 bil.
- ■ Consolidated operating margin: 15% or higher
- ■ Consolidated net sales: ¥300.0 bil.
- ■ Overseas sales ratio: 30 - 35%
- ■ ROE: 14% or higher

FY2021 - 2023 → FY2024 - 2026 → FY2027 - 2029

(Appendix) 2021 – 2023 Medium-term Management Plan

Management Indicators for 2023

Net Sales	■ Consolidated net sales	⇒ **¥205.0 to 215.0 bil.** in FY2023 CAGR 6% or higher
	■ Overseas sales ratio	⇒ **20 to 25%** in FY2023 (15% in FY2020) CAGR 20 to 25%
	■ Domestic e-commerce sales ratio	⇒ **30%** in FY2023 (24% in FY2020)
Operating Income	■ Operating margin	⇒ **12% or higher** in FY2023
	■ Operating income	⇒ CAGR **25% or higher**
Capital Efficiency	■ ROE	⇒ **9% or higher** in FY2023
Shareholder Returns	■ Consolidated payout ratio	⇒ **60% or higher**

Strategy 1. Evolve domestic direct selling

Strategy 2. Grow overseas businesses profitably

Strategy 3. Profit contribution from brands under development

Strategy 4. Strengthen operations

Strategy 5. Expand new brands and domains of “beauty”

POLA ORBIS HOLDINGS

(Appendix) Beauty Care Business Results for FY2019 – FY2021 by Brands

(mil. yen)	FY2019 Results	FY2020 Results	FY2021 Results	FY2021 Results (recalculated under the 2022 standard)
Consolidated net sales	219,920	176,311	178,642	174,896
Beauty care net sales	214,886	171,658	174,150	170,403
POLA	135,502	102,888	105,168	105,769
ORBIS	50,726	45,415	43,389	39,071
Jurlique	7,765	6,444	7,838	7,940
H2O PLUS	1,470	722	1,116	1,116
Brands under development	19,421	16,186	16,637	16,505
Consol. operating income	31,137	13,752	16,888	15,582
Beauty care operating income	30,193	12,965	17,060	15,754
POLA	25,529	10,927	16,374	15,144
ORBIS	9,252	7,329	5,925	5,965
Jurlique	(2,968)	(2,489)	(1,536)	(1,542)
H2O PLUS	(825)	(724)	(802)	(802)
Brands under development	(794)	(2,076)	(2,901)	(3,011)

Note : Consolidated operating income and loss for each brand are shown for reference purpose only (unaudited).
Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited).