Fiscal 2022
Supplementary Material

POLA ORBIS HOLDINGS INC.
Representative Director and President
Yoshikazu Yokote

We will now begin the financial results briefing for the fiscal year ending December 31, 2022, and forecasts for fiscal 2023.

■ 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.

We have adopted the accounting standard for revenue recognition from the fiscal year ended December 31, 2022, and this material has been prepared based on the same standard for the fiscal year ended December 31, 2021, as for the fiscal year ended December 31, 2022.

POLA ORBIS HOLDINGS

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Progress on the Medium-term Management Plan
4. Forecasts for Fiscal 2023 and Initiatives Going Forward
5. Sustainability and ESG Initiatives
6. Appendices

Let me begin with the consolidated results.

FY2022 Key Topics

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) as a whole recovered moderately.
- The recovery trend continued in the Japanese market, except for inbound demand.
- In the overseas market, mainland China continued to suffer the impact of the rapid infection spread on economic activity, despite easing of the zero-COVID policy.

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

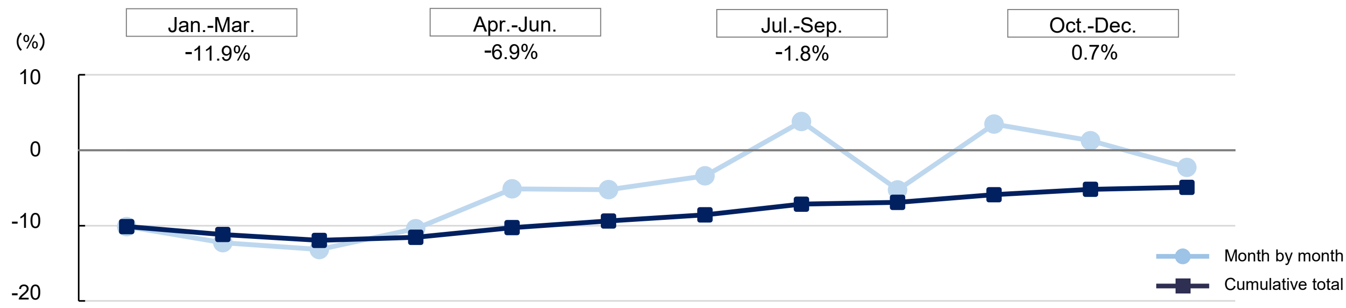
- The recovery trend continued after a low in the first quarter, with an upturn in consolidated revenue and income in the fourth quarter.
- For POLA, consignment sales were in an improving trend, but shipments to duty free stores in South Korea were suppressed (down approx. ¥3.7 bil.). Excluding this impact, overseas net sales decreased by 5.1% year on year, an improvement compared to the first half of the fiscal year.
- ORBIS's customer numbers recovered in the fourth quarter to the levels of the previous year, and high LTV drove a 5% increase in revenue and double-digit income growth in the fourth quarter.
- In overseas brands, Jurlique turned profitable for the fourth quarter.

Medium-term Management Plan Indicators (FY2022)

Overseas sales ratio	17.4% (-1.3 ppt*)
Domestic e-commerce sales ratio	26.9% (+1.1 ppt*)

*vs Dec. 2021

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



The domestic cosmetics market continued its gradual recovery. Overseas, although China's zero-COVID policy has eased, the rapid spread of COVID-19 has had an impact on economic activity.

Under these circumstances, our group's performance has been on a recovery phase since bottoming out in Q1, and both revenue and income increased on a consolidated basis in Q4 alone.
First, POLA's consignment sales showed improvement due to the recovery of offline contact points, while overseas sales also showed improvement compared to H1, excluding the impact of restrained shipments to South Korea duty free.
ORBIS was able to turn Q4 alone into an increase in revenue and double-digit profit growth.

Actual vs Planned Variance Analysis

(mil. yen)	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	YoY change		Jul. 29, 2022	vs. Plan	
			Amount	%	Plan	Amount	%
Consol. net sales	174,896	166,307	(8,588)	(4.9%)	170,000	(3,692)	(2.2%)
Operating income	15,582	12,581	(3,000)	(19.3%)	11,700	881	7.5%
Ordinary income	17,662	14,928	(2,734)	(15.5%)	15,700	(771)	(4.9%)
Profit attributable to owners of parent	10,823	11,446	622	5.8%	14,000	(2,553)	(18.2%)

Average exchange rates: 1.00 AUD = 91.00 JPY, 1.00 USD = 131.43 JPY, 1.00 CNY = 19.48 JPY

	Variance from Jul. 29 Plan	Major Factors of the Variance
Consolidated net sales	-¥3,692 mil. (down 2.2%)	■ Variance in the beauty care segment (down approx. ¥4,100 mil.) • POLA (down approx. ¥2,100 mil.) • Jurlique (down approx. ¥600 mil.) • ORBIS (down approx. ¥1,000 mil.) • Brands under development (down approx. ¥500 mil.)
Operating income	¥881 mil. (up 7.5%)	■ POLA: The control of expenses compensated for the variance in net sales (up approx. ¥900 mil.) ■ ORBIS: More efficient expense execution covered the decrease in net sales (down approx. ¥150 mil.) ■ Brands under development: Promoted structural reform for ACRO (up approx. ¥150 mil.)
Ordinary income	-¥771 mil. (down 4.9%)	■ Foreign exchange gain decreased due to the higher-than-anticipated value of the yen (down approx. ¥1,600 mil.)
Profit attributable to owners of parent	-¥2,553 mil. (down 18.2%)	■ Impairment loss on goodwill for FUJIMI (down ¥1,987 mil.) Although net sales are currently diverging from the plan made at the time of acquisition, impairment has been recorded against the balance of goodwill as the result of giving priority to investment in business expansion and reviewing future cash flow.

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

Next, I will explain the planned variances.

Although net sales fell short of the plan, operating income exceeded the plan due to efficient cost execution, especially by POLA. Ordinary income decreased, but this was due to a decrease in foreign exchange gains as the yen appreciated more than expected toward the end of the year. Net profit was lower than planned due to the goodwill impairment of FUJIMI. Although FUJIMI was acquired in 2021, the Company decided to record an impairment loss of approximately JPY2 billion on the goodwill balance as a result of prioritizing investments for business expansion and reviewing future cash flows.

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Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	YoY Change Amount	YoY Change %
Consolidated net sales	174,896	166,307	(8,588)	(4.9%)
Cost of sales	31,291	31,037	(254)	(0.8%)
Gross profit	143,604	135,270	(8,334)	(5.8%)
SG&A expenses	128,022	122,688	(5,333)	(4.2%)
Operating income	15,582	12,581	(3,000)	(19.3%)

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 : 17.9% ⇒ FY2022 : 18.7%
- **SG&A expenses**: Labor expenses: up ¥272 mil. YoY
  Sales commissions: down ¥1,598 mil. YoY
  ⇒ Decreased due to lower POLA consignment sales.
  Sales related expenses: down ¥1,595 mil. YoY
  Administrative expenses, etc.: down ¥2,411 mil. YoY
- **Operating income**: Impact of suppression on shipment to duty free stores in South Korea (down approx. ¥1,400 mil.)
  Operating margin FY2021: 8.9% ⇒ FY2022: 7.6%

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

The following is an explanation of consolidated P&L.

Cost to sales ratio increased mainly due to a decrease in the share of sales at POLA, which has a lower cost to sales ratio. Regarding sales related expenses, mainly sales commissions and advertising expenses, were decreased, but unfortunately, income decreased. However the Group’s profitability has not changed significantly, except for the impact of the JPY1.4 billion in operating income from the suppression of shipments to the Korean duty-free market.

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

(mil. yen)	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	YoY Change Amount	YoY Change %
Operating income	15,582	12,581	(3,000)	(19.3%)
Non-operating income	2,297	2,773	475	20.7%
Non-operating expenses	217	427	209	96.3%
Ordinary income	17,662	14,928	(2,734)	(15.5%)
Extraordinary income	383	762	378	98.7%
Extraordinary losses	1,740	3,379	1,638	94.2%
Profit before income taxes	16,306	12,311	(3,994)	(24.5%)
Income taxes etc.	5,426	804	(4,622)	(85.2%)
Profit attributable to non-controlling interests	56	61	4	8.6%
Profit attributable to owners of parent	10,823	11,446	622	5.8%

Key Factors

- Non-operating income: Foreign exchange gain ¥2,355 mil
- Extraordinary losses: FUJIMI goodwill impairment loss ¥1,987 mil.
  (reduction in depreciation and amortization from 2023 onward approx. ¥380 mil.)
  Extraordinary loss due to liquidation of H2O PLUS ¥165 mil.
- Income taxes etc.: Reduction in income taxes etc. – deferred due to liquidation of H2O PLUS ¥4,466 mil.

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

Let me explain about operating income, and others.

Non-operating income increased due to foreign exchange gains of approximately JPY2.3 billion. As for extraordinary losses, as I explained earlier, we recorded an impairment loss on goodwill of FUJIMI. The impact of this decrease in depreciation expense after FY2023 will be approximately JPY380 million per year. The decrease in income taxes is due to the dissolution and liquidation of H2O PLUS, which was announced in Q1.

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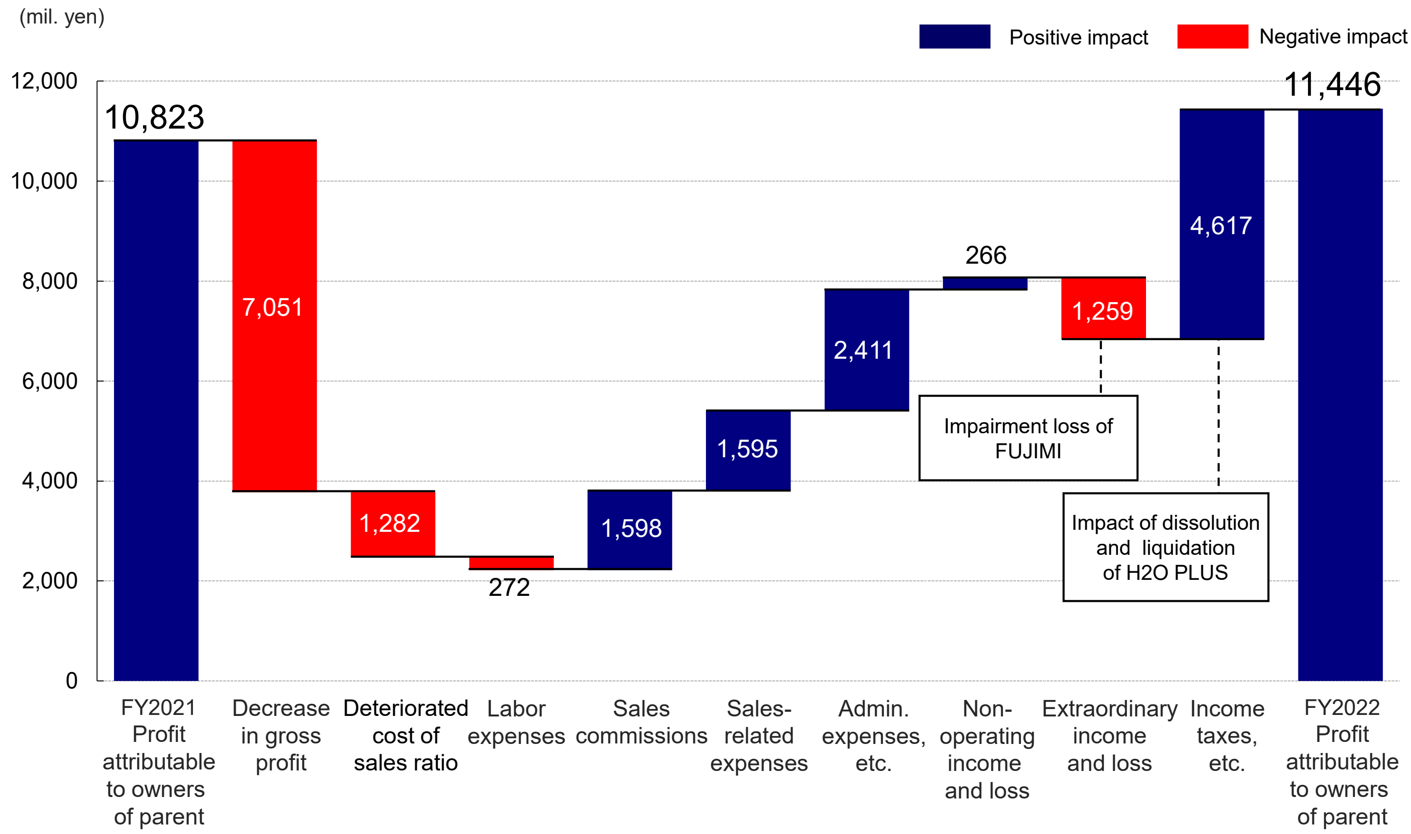
Factors Impacting Profit Attributable to Owners of Parent

While gross profit decreased due to lower revenue, profit attributable to owners of parent increased by ¥622 mil. YoY due to a reduction in income taxes etc. resulting from the impact of the liquidation of H2O PLUS.



Factors contributing to the increase/decrease in net profit are as shown.

Despite the decrease in gross profit, net profit increased due to the control of SG&A expenses and a decrease in income taxes.

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Next, the status of the segments.

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Segment Results

(mil yen)	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	YoY Change Amount	YoY Change %
Consolidated net sales	174,896	166,307	(8,588)	(4.9%)
Beauty care	170,403	161,654	(8,749)	(5.1%)
Real estate	2,112	2,083	(29)	(1.4%)
Others	2,379	2,569	189	8.0%
Operating income	15,582	12,581	(3,000)	(19.3%)
Beauty care	15,754	13,793	(1,961)	(12.5%)
Real estate	488	491	2	0.6%
Others	70	96	26	37.4%
Reconciliations	(731)	(1,800)	(1,068)	-

Segment Results Summary

- Beauty care: Net sales decreased YoY, primarily due to a decrease in revenue from POLA and ORBIS, and operating income declined, mainly due to a decrease in gross profit. However, losses were reduced in overseas brands and brands under development.
- Real estate: Sold unprofitable property.

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

Beauty care business experienced a 5% decline in revenue for the year but is showing steady improvement each quarter. In real estate business, we executed sales of unprofitable property. We will continue our efforts to improve profitability.

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Beauty Care Business Results by Brands

(mil. yen)	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	YoY Change Amount	YoY Change %
Beauty care net sales	170,403	161,654	(8,749)	(5.1%)
POLA	105,769	96,371	(9,397)	(8.9%)
ORBIS	39,071	38,417	(654)	(1.7%)
Jurlique	7,940	8,388	447	5.6%
H2O PLUS	1,116	1,584	467	41.9%
Brands under development	16,505	16,892	387	2.3%
Beauty care operating income	15,754	13,793	(1,961)	(12.5%)
POLA	15,144	12,495	(2,648)	(17.5%)
ORBIS	5,965	4,850	(1,115)	(18.7%)
Jurlique	(1,542)	(1,266)	275	-
H2O PLUS	(802)	(180)	621	-
Brands under development	(3,011)	(2,105)	905	-

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

Next are the results by brand.

With regard to net sales, the decrease in POLA's revenue had a significant impact on the consolidated results. Operating income decreased on a consolidated basis due to a decrease in gross profit, but the decrease in POLA's operating income was mainly due to curbs on shipments to South Korea duty free stores.

On the other hand, losses have been improving for overseas brands and brands under development, especially THREE.

In the following pages, we will explain the status of each brand.

POLA

Brand Analysis (1)

FY2022 Results

- For domestic, revenue from consignment sales decreased due to a decline in customer numbers, but revenue increased from the high price range *B.A* series, and net sales of aesthetic treatment are in a recovery trend, reaching the highest in the fiscal year during the fourth quarter.
- Overseas net sales improved compared to the first half, down 5.1% YoY excluding the impact of suppression on shipment to South Korea duty free.

Q4 (YTD)		Results (mil. yen)	YoY Change
Net sales		96,371	(8.9%)
Operating income		12,495	(17.5%)
Key indicators			
Sales ratio	Consignment sales		65.7%
	Overseas		16.6%
	Domestic e-commerce		5.8%
	Dept. store, B2B		11.9%
Sales growth*	Consignment sales		down 9.4%
	Overseas		down 21.1%
	Domestic e-commerce		up 6.1%
	Dept. store, B2B		up 10.7%
Consignment sales channel	# of sales offices**		2,946 (down 281)
	# of PB**		537 (down 51)
	Purchase per customer*		up 17.5%
	# of customers*		down 21.9%
Number of stores overseas**			152 (up 20)

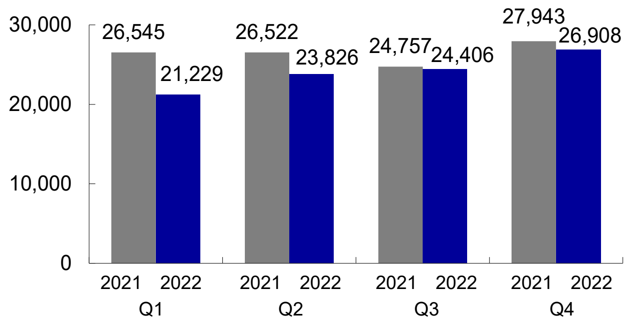
*YoY basis
** vs Dec. 2021

Topics

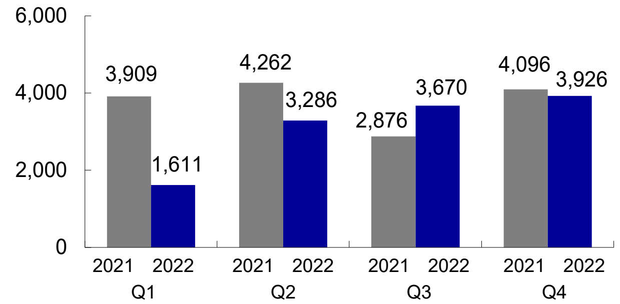
- Launched a renewed eye cream form B.A series (October)

POLA B.A EYE ZONE CREAM N

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



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

Revenue in POLA's consignment sales channel declined due to a decrease in the number of customers, but revenue of B.A, a high prestige skincare series, increased. Aesthetic treatment sales have also grown since Q1, with Q4 being the largest in the year, indicating a recovery in storefront operations.
In addition, domestic department store sales continued to increase, with strong double-digit revenue growth in Q4 alone.

Overseas revenue declined 21.1% as a result of curbing shipments to South Korea duty free, but excluding this impact, revenue declined 5.1%, showing improvement compared to H1.

ORBIS

Brand Analysis (2)

FY2022 Results

- The new *ORBIS U* contributed to an increase in revenue in the fourth quarter, bringing income growth into double figures.
- The decline in customer levels was stopped, with numbers during the same period on a par with the previous year.

Q4 (YTD)		Results (mil. yen)	YoY Change
Net sales		38,417	(1.7%)
Operating income		4,850	(18.7%)
Key indicators			
Sales ratio	Domestic e-commerce		60.5%
	(Proportion of domestic sales attributable to e-commerce)		63.4%
	Other mail-order		13.6%
	Stores and overseas, etc.		25.9%
Sales growth*	Domestic e-commerce		down 1.2%
	Other mail-order		down 11.6%
	Stores and overseas, etc.		up 1.2%
Mail-order** purchase per customer*			up 1.6%
Number of mail-order** customers*			down 7.4%
ORBIS U series ratio of sales[1]			26%

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

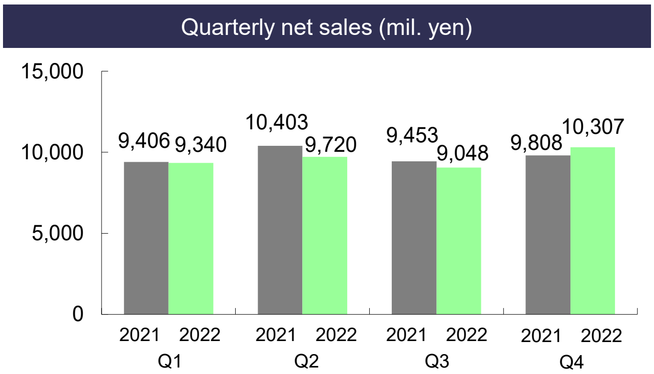
* YoY basis

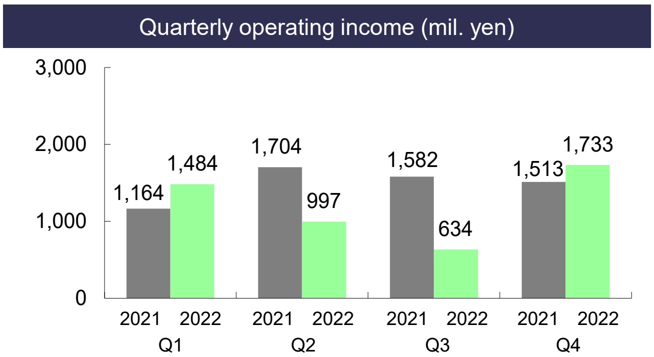
** include e-commerce and catalog

Topics

- Launched *hada ka.r.te* (November), a new service to support beauty habits with proposals tailored to each customer's skin concerns.
  Accelerated CRM strategy centered on app.

hada ka.r.te





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

ORBIS is trying to attract new target customers mainly with ORBIS U.

Although the unit price per customer exceeded the previous year's level, revenue decreased due to a decline in the number of customers. However, as we will explain in more detail later, the decline in the number of customers has been halted, and Q4 alone saw an increase in revenue and double-digit income growth.

Brand Analysis (3) Overseas Brands

FY2022 Results

- Losses were ameliorated for Jurlique, with a return to profit for the fourth quarter.
  Sales were strong in mainland China, despite the continued impact of COVID-19.

Q4 (YTD)		Results (mil. yen)	YoY Change[1]
Jurlique	Net sales	8,388	5.6%
	OP income	(1,266)	275
H2O PLUS	Net sales	1,584	41.9%
	OP income	(180)	621
Key indicators			
Jurlique			
Sales ratio	Australia		18.1%
	Hong Kong		12.2%
	Duty free		14.7%
	mainland China		39.7%
Sales growth[2]	Australia		up 8.3%
	Hong Kong		down 29.5%
	Duty free		up 23.5%
	mainland China		up 2.5%

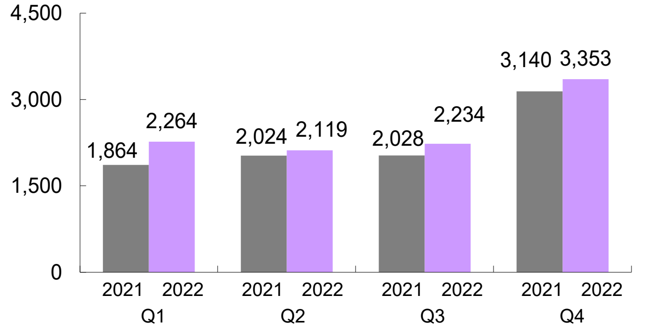
(1) For operating income, the YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

Topics

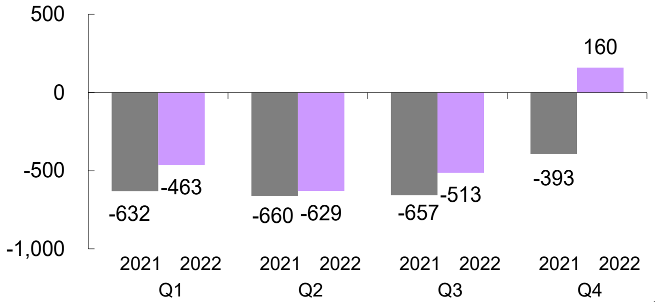
- Jurlique launched a nighttime cream mask (October)

HYDRATING MASK

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



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

Jurlique has been able to recover losses and return to profitability in Q4 alone. The Chinese market was also affected by COVID-19, but the results were better than the previous year.

H2O PLUS is progressing as planned toward liquidation. The liquidation is scheduled to be completed in this year, 2023.

Brand Analysis (4) Brands Under Development

FY2022 Results

- Proceeded with the structural reform of ACRO, which runs THREE, and ameliorated losses.
- Net sales of THREE grew on external e-commerce platforms, in addition to the impact of the suspension of in-house e-commence abating, the domestic e-commerce business is in a recovery trend.
- DECENCIA launched a new skincare series, reinforcing its branding as a prestige brand.

Topics

- DECENCIA launched a new aging-care series (October)

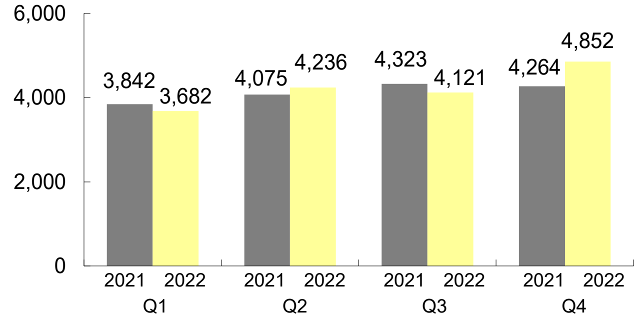
DECENCIA

Q4 (YTD)	Results (mil. yen)	YoY Change
Net sales	16,892	2.3%
Operating income(1)	(2,105)	905
ACRO Net sales	7,305	(13.4%)
ACRO OP income(1)	(2,002)	661
THREE(3) Net sales	6,042	(13.7%)
THREE(3) OP income(1)	(1,164)	161
DECENCIA Net sales	4,723	(13.5%)
DECENCIA OP income	594	(16.7%)

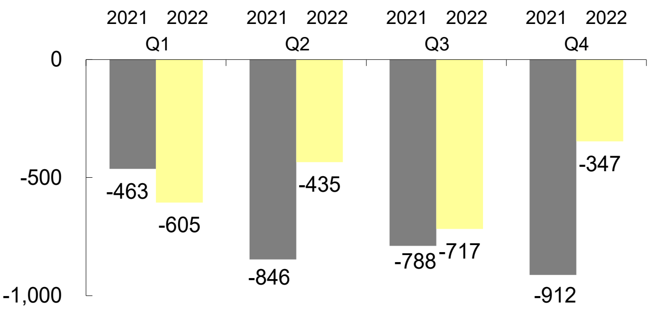
Key indicators		
THREE(3)		
Sales ratio	Domestic storefronts, etc.	60.9%
	Domestic e-commerce	12.4%
	Overseas	26.7%
Sales growth(2)	Domestic storefronts, etc.	down 17.6%
	Domestic e-commerce	down 9.0%
	Overseas	down 5.8%

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

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



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

Overall sales of brands under development increased, and losses recovered.
The recovery of losses was mainly due to progress in structural reforms at ACRO. THREE's external e-commerce sales grew, and online customer contact points expanded. DECENCIA is also working to raise its brand stage by strengthening its appeal as a prestige brand in the sensitive skin market.

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The above is an explanation of the results by brand.
Next, I will explain the progress of the medium-term management plan.

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Progress of 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**

A longer-than-expected zero-COVID policy in the Chinese market, together with delays in the progress of recovery in domestic businesses in Japan, have made it difficult to achieve management indicator targets.

First, progress on management indicators.

Unfortunately, the achievement of the 2023 index is difficult due to the prolonged zero-COVID policy in the Chinese market and the delayed recovery of the Japanese domestic business compared to our expectations.

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Progress of 2021-2023 Medium-term Management Plan

【Growth Strategies】

	Strategies		Evaluation
1	Evolve domestic direct selling	Slightly behind	- Although it took some time for POLA customer numbers to recover, the decline has slowed, and progress has been made in the introduction of app and the expansion of digital contact points to promote OMO. - The number of ORBIS mail-order customers has recovered to the level of previous year (Q4 2022).
2	Grow overseas businesses profitably	Slightly behind	- POLA overseas revenue declined due to the zero-COVID policy in the Chinese market and the suppression of shipments to South Korea. - Jurlique structural reform progressed, but progress towards a return to profit in 2023 was delayed. - Decided on the liquidation of H2O PLUS.
3	Profit contribution from brands under development	Behind	- Revenue declined across brands under development as a whole, excluding FUJIMI. - Even greater urgency is required in ameliorating losses for ACRO.
4	Strengthen operations	On track	- Steady progress was made in creating a new materials pipeline. - Establishment of the Technical Development Center, which will engage in unique new dosage forms research and the development of high value-added products, progressed as planned.
5	Expand new brands and domains of “beauty”	On track	- Progress was made on the consideration of several new businesses in new fields such as aesthetic medicine.

Although POLA and ORBIS struggled amid the COVID-19 pandemic, progress was made on evolving direct selling for the future, and losses in overseas brands were progressively ameliorated.
In 2023, the final year of the Medium-term Management Plan, we will accelerate the growth trend in domestic businesses and restructure to expand overseas businesses, to ensure growth under the new Medium-term Management Plan from 2024 onward.

Progress on the strategic side.
Although flagship brands POLA and ORBIS struggled due to the impact of COVID-19, POLA promoted its own OMO, and the decline in new customers bottomed out in Q4 for the domestic business as a whole. Domestic sales in H2 are showing a recovery to the level of the previous year. In addition, ORBIS is seeing a recovery in the number of customers as a result of thorough communication centered on the app.
Although we are making progress in improving losses in overseas and brands under development, we have a renewed awareness of the need to further accelerate the pace of improvement in this area.

This year will be a year of preparation for the next new medium-term management plan. We hope to confirm the trend of improved performance seen since H2 of 2022, and to make this a year that will give momentum to the expansion of our business performance in 2024 and beyond.
In Japan, we will accelerate the business growth trend, while overseas, we will work to rebuild our business operation structure with an eye to the next stage.

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Next, I will explain the outlook for the current fiscal year and our initiatives for each brand.

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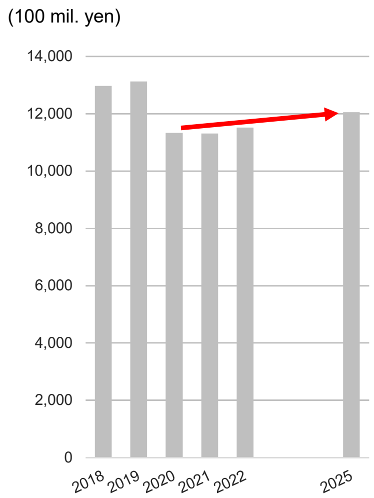
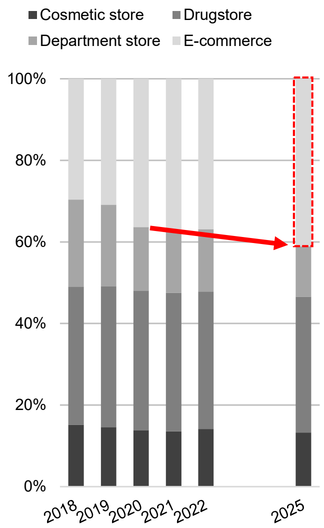
Trends in the Cosmetics Market

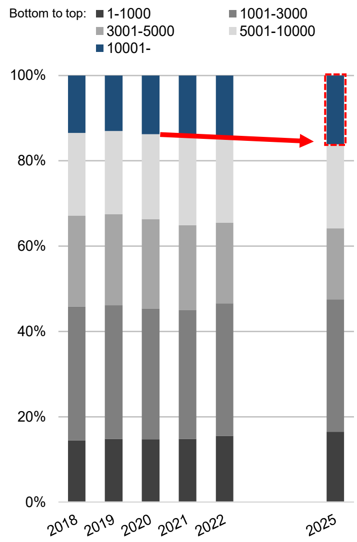
Domestic Cosmetics Market



Percentage by Domestic Route



Percentage by Domestic Price Range



Source: Data published in January 2023 by Intage SLI (not including inbound demand)
Company assumption for 2025

【Domestic market】

- ■ Moderate recovery trend in domestic demand, with continued strength in the skincare market.
- ■ Inbound demand remains unclear at present, but some degree of recovery is expected by 2025.
- ■ The e-commerce market is expected to continue to expand.
- ■ The high price range market targeted by our Group has performed relatively strongly, even in the COVID-19 pandemic, and growth is forecast to continue in 2023 and beyond.

【Overseas market】

- ■ Growth slowed in the Chinese market in 2022 due to the prolonged zero-COVID policy, but is expected to recover in 2023. China is the most important market for the Group's overseas expansion, with steady growth anticipated in the long term.

The first is market trends.

As for the cosmetics market, we estimate that domestic demand will continue to recover moderately. The skincare and high-priced markets, which are our strong areas, have remained relatively firm even under this situation under COVID-19 and are expected to continue to expand.

As for overseas markets, the Chinese cosmetics market is expected to see the effect of COVID-19 subside in the current fiscal year, and based on the fact that steady growth is possible in the medium to long term, it remains the most important market for our group.

POLA ORBIS HOLDINGS

Forecasts for Fiscal 2023

(mil. yen)	FY2022 Full-year Results	YoY Change (same-standard basis) Amount	YoY Change (same-standard basis) %	FY2023 Full-year plan	YoY Change Amount	YoY Change %
Consol. net sales	166,307	(8,588)	(4.9%)	180,000	13,692	8.2%
Beauty care	161,654	(8,749)	(5.1%)	175,500	13,845	8.6%
Real estate	2,083	(29)	(1.4%)	2,000	(83)	(4.0%)
Others	2,569	189	8.0%	2,500	(69)	(2.7%)
OP income	12,581	(3,000)	(19.3%)	15,100	2,518	20.0%
Beauty care	13,793	(1,961)	(12.5%)	15,450	1,656	12.0%
Real estate	491	2	0.6%	300	(191)	(39.0%)
Others	96	26	37.4%	80	(16)	(17.3%)
Reconciliations	(1,800)	(1,068)	-	(730)	1,070	-
Ordinary income	14,928	(2,734)	(15.5%)	15,100	171	1.2%
Profit attributable to owners of parent	11,446	622	5.8%	10,000	(1,446)	(12.6%)

Assumed exchange rates: 1.00 AUD = 91.0 JPY (PY 91.00) 1.00 CNY = 18.6 JPY (PY 19.48)

Assumptions used for this guidance	■ In view of the uncertainty of inbound demand, it has been left at the previous year's levels and not reflected in the plan at present. ■ Shipments to the South Korea duty free channel have been reflected to the same extent as in 2022.

	FY2022	FY2023 (plan)
Shareholder returns	Annual ¥52 (Consol. Payout ratio 100.5%)	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 115.0%)
Capital investment	¥12,532 mil.	¥18,000 mil. - ¥19,000 mil.
Depreciation	¥8,482 mil.	¥8,000 mil. - ¥9,000 mil.

On that basis, I would like to explain our outlook for FY2023.

For 2023, we plan net sales of JPY180 billion, up 8.2% from the previous year, and operating income of JPY15.1 billion, up 20%.

With regard to inbound travel, entry restrictions are being eased, but there is still a high degree of uncertainty, so at this point we have decided to keep inbound travel at the same level as in the previous year. The shipment volume of POLA to Korea duty free is assumed to be the same size as in FY2022.
The reduction in losses of reconciliations, is due to the allocation of group-wide costs to the Beauty Care business. Please understand that the actual increase in the Beauty Care business is equivalent to the sum of the increase in Beauty Care business and the increase in reconciliation as shown in the column.

With respect to shareholder returns, although net profit is expected to decrease, the Company has decided to maintain the dividend amount unchanged at JPY52 per share for the year, against the backdrop of the planned increase in operating income basis.

POLA

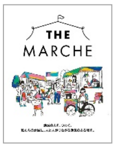
Initiatives Going Forward: POLA Domestic

- Promote OMO and build a new business model to integrate domestic customer data and seamlessly connect each sales channel.
- Prioritize expanding the top line, with upfront investment to bring about a reversal in customer numbers, already in a growth trend, and enhance LTV.

Domestic strategy

Change through the integration of customer IDs	Achieve high-LTV businesses utilizing the characteristics and strengths of each sales channel, by building a shared domestic customer base. ✓ Enhance customer experience value by increasing the immediacy of customer follow-up and personalization (evolve customer service quality and continuity). ✓ Strengthen routes that lead customers to consignment sales channels with high customer retention rates and LTV.

- Focus investment on digital advertising.
- Expand offline events (MARCHE etc.)
- Recruit Beauty Directors and strengthen their development.



Increase customer contact points and recognition ↗

- Introduce entry-level products to lower the hurdle for first-time purchases.
- Expand e-commerce chat functions and content.

B.A MILK FOAM
(for launch in April 2023)

Increase new purchases ↗

- Direct e-commerce customers to stores through the provision of tickets for aesthetic treatment.
- Shared membership program across sales channels.

Increase customers directed to stores and repeat customers ↗

2023 business plan (POLA as a whole)

Net Sales	Up approx. **10**% (domestic: up approx. **5**% or more; overseas: up approx. **30**%)
Operating Income	Similar level to last year *Up approx. 5% in real terms, excluding the impact of an increase in the allocation of companywide costs.

Next, I will explain our initiatives of the fiscal year and beyond.

First, POLA. POLA's domestic operations have expanded online contacts in the COVID-19 disaster. In addition, since H2 of last year, we have been active in real contacts in each region, one of our traditional strengths.
On this basis, in FY2023, we will build a new common customer base for our domestic business, and by leveraging the characteristics and strengths of each channel, we will work together across channels to further improve the brand experience for our customers. Overwhelmingly expanded points of contact with customers, both online and offline. We will accelerate directing customers to consignment sales channels, where POLA's uniqueness is best utilized and where the repeat rate and lifetime value are highest.

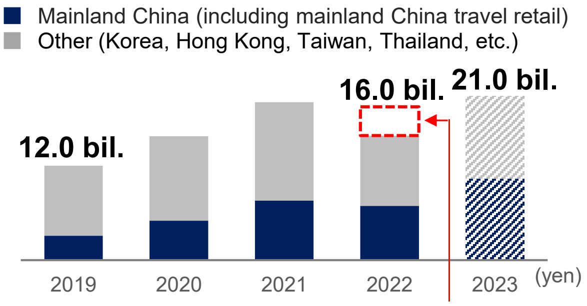
Our business plan for the current fiscal year is to prioritize top-line expansion with upfront investments aimed at reversing the number of customers and improving lifetime value. Net sales are projected to increase approximately 10% from the previous year, and operating income is projected to increase approximately 5% in real terms.

Initiatives Going Forward: POLA Overseas

- Mainland China is a key market: firmly establish brand presence.
- Accelerate growth in other regions in Asia.

Overseas strategy

Overseas sales*

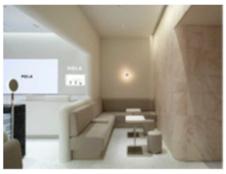


Down ¥3.7 bil. due to the suppression of shipments to duty free stores in South Korea

*The new revenue recognition standard was applied from the FY2021 results.

- Mainland China
  - Offline, continue store openings, expanding customer contact points to further increase brand recognition and enhance customer experience.
  - Online, strengthen the distribution of unique content and consider opening stores on new platforms.
- Other regions
  - Expand into new countries, mainly in Asia, enhance global brand presence, and build the foundations for growth in the next market after mainland China.
  - Shipments to South Korea duty free will be at the same level as in 2022.

Plan for new store openings (mainland China)

Department stores	Stores providing aesthetic treatment	Travel retail
50 stores in 2023 (up 10 from Dec. 2022)	**55** stores in 2023 (up 14 from Dec. 2022)	**7** stores in 2023 (up 1 from Dec. 2022)
		

Next is POLA's overseas business.

We will continue to place the highest priority on the Chinese market and work to expand our customer contacts both offline and online, centering on the B.A series.
Offline, we will continue to open new stores and enhance the customer experience. We plan to increase the distribution of our original content online and also expand into new platforms.
In 2022, we opened new stores in Vietnam and Malaysia, and we will continue to expand our global operations to enhance our brand presence and build a new foundation for growth next to China.

Initiatives Going Forward: Changes in ORBIS Customer Composition

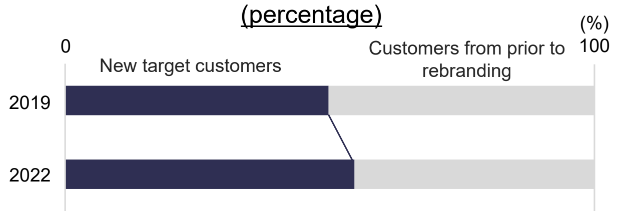
ORBIS

- Rebranding to expand the target customer demographics accessible through the value offered by the brand.
- Although customer numbers have been declining with strategies targeting an improvement in customer composition, they recovered to last year’s levels in the fourth quarter of 2022.

Composition of mail-order customers

- Net sales and profit have decreased due to a decline in customer numbers, but customer composition is progressively more profitable due to reductions in expenses for points and discounts and a shift to high value-added products.

Number of customers by target (percentage)

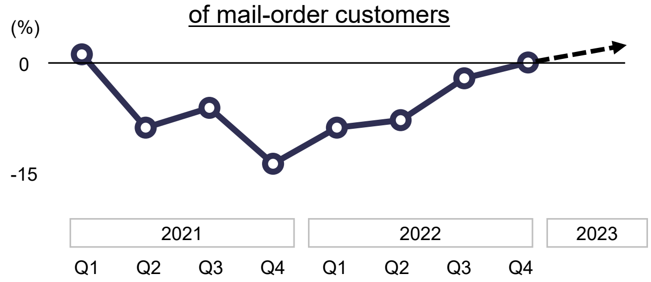


【New target customers】
Customers in the core target demographics acquired under the new branding, mainly for *ORBIS U*, since rebranding.

【Characteristics of new target customers】
✓ The unit price of each product is higher than for previous customers.
✓ Continued increase in per-customer spending, with high expected LTV.

Number of mail-order customers

YoY change in number of mail-order customers



✓ The new *ORBIS U* launched in the third quarter contributed to new customer acquisition.
✓ The decline in customer numbers has been stopped.

Focus on stable new customer acquisition and retention in 2023 and beyond.
Steadily accumulate customer numbers to return to revenue growth.

Then, ORBIS.

Before we get into this year’s efforts, I would like to give a proper explanation of the changes in the customer structure in the mail-order business during the last fiscal year.
First, the target group in customers is changing. ORBIS has made progress in rebranding, and the composition of customers who are not dependent on price appeals, have a high level of interest in skincare, and can expect high lifetime value has grown significantly.

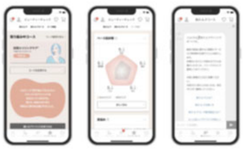
Along with this structural change in the target group, the number of customers also showed a clear upward trend following the launch of the new ORBIS U in Q3 of last fiscal year, and by Q4, the number of customers had recovered to almost the same level as the previous year. We have been able to halt the downward trend in the number of customers for several years. We are well aware of the response we have received toward the recovery of business performance from this fiscal year.

Initiatives Going Forward: ORBIS

- Evolve its unique customer data platform and achieve a return to revenue growth by increasing customer numbers and maximizing LTV.
- Open up new markets for further business growth and launch new skincare products for the senior generation in 2023.

ORBIS customer data platform

- Provide not only product sales but also successful beauty experiences to achieve the maximization of LTV.
  - Provide close communication that accompanies customers throughout their lives through the new *hada ka.r.te* app service.
  - Promote something extra added to skincare purchases through more sophisticated customer data analysis and one-to-one communication.



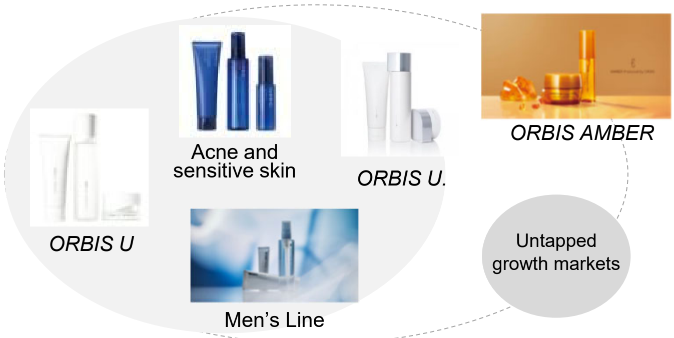
The ORBIS app

Number of app downloads: **4.7** million*

*As of December 2022

Strategic extension of target markets

- Expand our share of the growing age 50+ market and launch the new *ORBIS AMBER* series in February 2023.
- Plan strategic product launches in untapped markets.



2023 business plan

- Strengthen upfront investment to increase customer numbers, prioritizing top-line growth to target income increases in 2024 and beyond.

Net Sales	Up approx. **4**%
Operating Income	Similar level to last year

*Up approx. 7% in real terms, excluding the impact of an increase in the allocation of companywide costs.

ORBIS has been strengthening the two-way communication with its customers through its own unique content, centered on its app.
At the end of last year, we began offering new content on the app called hada ka.r.te. This is an unprecedented, across-the-board service that supports your beauty routine with suggestions on beauty methods that cuddle each customer. We will increase contact with the brand beyond product purchases, deepening one-to-one communication and increasing customer lifetime value.

To further strengthen our growth potential, we will also launch a new skincare series for seniors. With the strong performance of ORBIS U. and the newly launched ORBIS AMBER series, we will expand our efforts to attract new customers in the growing over 50s market.

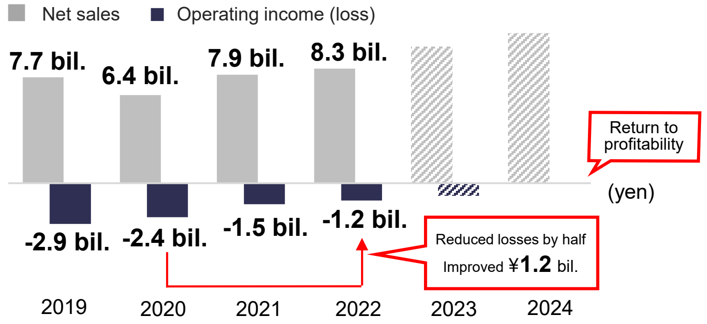
Our business plan for this fiscal year is to strengthen upfront investment and aim for top-line expansion. Net sales are projected to increase approximately 4% YoY, and operating income is projected to increase approximately 7% on a real basis.

Initiatives Going Forward: Jurlique

Jurlique

- Reset the timing of a return to profitability to 2024 in view of the prolonged impact of COVID-19, especially in mainland China.
- Expand the top line and proceed with further structural reforms to lower the breakeven point, aiming for an early return to profitability.

Performance trend*



*The new revenue recognition standard has been applied from the FY2021 results.

- Operating losses are steadily shrinking thanks to cost structure reforms and fixed cost reductions.
- Top-line growth fell short of the plan for 2022 due to the prolonged impact of COVID-19 in mainland China and Hong Kong.

Achieve profitability

- Expand the top line
  - Accelerate growth in China, focusing on online sales.
  - Achieve a business recovery in post-pandemic Australia and Hong Kong.
- Reduce fixed costs and strengthen cost control
  - Switch product packaging to renewable materials to reduce costs and environmental burden.

Establish brand presence

- Strengthen facial skincare and pivot on star products to enhance customer acquisition and engagement.
- Strengthen brand experience through spa treatments.

Next is Jurlique.

Losses are halved compared to 2020 due to thorough cost structure reforms. Loss improvement is well underway.
However, we have been working on the target of returning to profitability in 2023, but due to the prolonged impact of COVID-19, we have decided to reset the timing of the return to profitability to 2024. We are very sorry that we have had to push back the timing of our promised return to profitability, but we are committed to achieving it as soon as possible by promoting further structural reforms as well as expanding the top line.

Initiatives Going Forward: Brands Under Development

- Swiftly achieve profitability in currently unprofitable brands as a top priority, and promote structural reform for THREE to turn profitable in 2024.
- For FUJIMI, aim for further business expansion and profitability in 2023
  (before amortization of intangible assets recognized on acquisition).

THREE Amplitude ITRIM

- Redefine the value provided to regrow the THREE brand, and renew the flagship skincare series (February).
- Proceed to full-scale expansion into the local market in mainland China and utilize sales agents to swiftly expand customer contact points, both online and offline.
- Structural reform to achieve profitability
  - Greater cost efficiency and fixed cost reductions.
  - Review development and procurement processes to reduce costs.
  - Optimize sales channels.

THREE BALANCING

DECENCIA

- Radically revise promotions and build brand equity as a prestige brand.
- Develop star products, and expand brand recognition.

DECENCIA

FUJIMI

- Communicate the new brand message and launch a skincare series (in March) as a new product line offering to accelerate growth.

FUJIMI
美しさを私らしく

Next, brands under development.

THREE is pleased to announce the renewal of its core skincare series and its launch today. Taking advantage of this opportunity, we will achieve renewed growth of the brand through aggressive promotion. Last year, we also entered the local Chinese market. We will strive to quickly expand offline and online customer contact points and enhance our brand presence. Along with these top-line expansion efforts, we will further reduce fixed costs and aim to return to profitability in 2024 as we optimize our channel structure.

DECENCIA is committed to raising its brand stage. Focus on attracting and retaining new customers with a new skincare series that symbolizes the company’s commitment.

FUJIMI will launch a new skincare series for further growth and expansion. We will strive to achieve profitability in this fiscal year by expanding the top line and thoroughly controlling costs.

Initiatives Going Forward: Strengthen Operations

Research and development

■ Unique research strategy for new value creation

- Dispatch researchers to the research base in Singapore and build the infrastructure for new value creation, starting with *Mirror Skin* research.
- Strengthen external collaboration through investment in startups and alliances, and accelerate research, development, and utilization.
- Preparations are progressing in the aesthetic medicine business, with the construction of a business model.
- The expansion of the new materials pipeline (in the aging-care domain) is progressing as planned.

■ Investment in research and development

- Invest at least 2% of consolidated net sales in research and development.
- The Technical Development Center (TDC) will begin operation in 2024.

Illustration of the completed TDC

Overseas organizational structure

■ Restructure the overseas business to accelerate global expansion (launch of the new structure planned for 2024)

- Change from independent business operating structures for each brand to operations divided by region.
- Aim to achieve more efficient decision-making, maximize utilization of local resources, and optimize operations through the localized delegation of authority.

Finally, the strengthen operations.

In R&D, we are continuing our efforts to create new value. We begin dispatching researchers to Singapore for the development of mirror skin and artificial skin as announced in our long-term plan. In addition, the expansion of the pipeline in the anti-aging care area is progressing as planned. Construction of the Technical Development Center, a new facility for research on unique new dosage forms and high value-added product development, is progressing as planned, with operations scheduled to begin in 2024.

Next, overseas organizational structure. In this fiscal year, we began reorganizing the management structure of our overseas operations in order to accelerate the Group's global expansion. The new structure, which is scheduled to be operational in 2024, will change from the previous system of operating businesses independently by brand to one in which each region can operate as a group, thereby speeding up decision-making and establishing a system to maximize the use of local resources.

POLA ORBIS HOLDINGS

The Commitment to Sustainability of the Group

The unique KPIs to realize a sustainable society

Materiality Categories	Corresponding SDGs	KPIs	Targets for 2029
QOL improvement through innovative technology services		• Number of new businesses created • Job satisfaction and engagement score • Brand recognition and loyalty • Number of research awards won at home and aboard • Number of researchers in cutting-edge dermatology research	• Cumulative total of 10 (2023) • 75% • Brand awareness/enthusiasm • Cumulative total of 10 • 120
Regional revitalization		• Number of regional entrepreneur owners • Number of initiatives contributing to the local economy	• 1,200 • 78
Culture, the Arts, Design		• Number of new brand experiences created utilizing art • Number of participants in liberal arts workshops	• 20 • 550,000 in total
All-inclusive human resources		• Percentage of female executives • Percentage of female managers • Percentage of candidates to become management executives • Number of people leaving the company for health reasons	• 30-50% • 50% or higher • 200% • 0
Environment		• CO_2 emissions • Water consumption • Waste • Plastic cosmetics containers and packaging consumption	• 42% reduction in actual Scope 1 and 2 emissions (vs. 2019) 30% reduction in actual Scope 3 emissions (vs. 2019) • 26% reduction in Scope 1 and 2 per unit of sales (vs. 2019) • 26% reduction in Scope 1 and 2 per unit of sales (vs. 2015) • 100% sustainable design based on 4R's

Please see here for the Group's sustainability policy: https://www.po-holdings.co.jp/en/csr/policy/

Inclusion in ESG indexes and external ratings

- Selected for inclusion in indexes such as the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index.
- Selected by CDP as a "Climate Change A List" company, the highest rating, for the second consecutive year.

FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index
CDP A LIST 2022 CLIMATE

Sustainability and ESG Initiatives

Main initiatives in 2022

All-inclusive human resources

- Established the Diversity Promotion Committee, led and strongly promoted by a top female officer.
  - Engaged in training to reform gender awareness within the Group.
  - Actively communicated on female empowerment both within and outside the Group.
- POLA received the 2022 Tokyo Metropolitan Women's Promotion Award.

Miki Oikawa
Senior Corporate Officer
Responsible for Group Diversity
Representative Director and
President of POLA INC.

Environment

- Increased the effectiveness of environmental KPIs such as climate change targets by linking them with compensation for corporate executives, and gradually switch to CO_2-free electricity from 100% renewable energy.
- Jurlique has begun changing its packages, with the aim of replacing all container and packaging materials with renewable ones by 2024.

Jurlique Rose Collection

Topics: Launch of demonstration tests of a new circular economy for plastic containers in collaboration with Shiseido

- Commence storefront collection of used plastic cosmetics containers from April 2023.

【Aims of the initiative】

- The Group has so far strived to respond to environmental issues (through climate change countermeasures, curbing resource depletion and waste, etc.) with the aim of faithfully addressing all stakeholders and the global and social environments to achieve a sustainable society.
- In collaboration with Shiseido, the Group will carry out demonstration tests aimed at recycling plastic containers, to further accelerate response to environmental issues. The Group will work to deepen customers' understanding of these issues and contribute to achieving a sustainable society in cooperation with them.

Collection boxes planned for installation at storefronts

(Appendix) Improvement in Capital Efficiency and Shareholder Returns

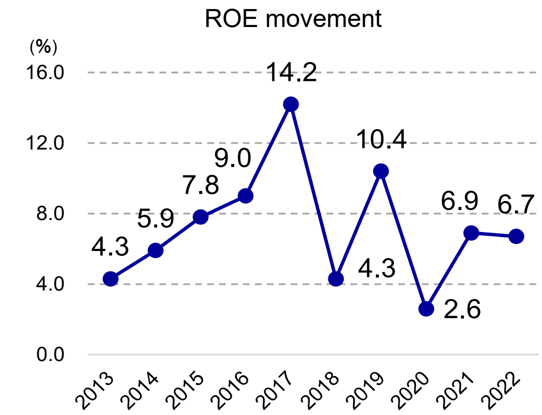
Initiatives to Improve Capital Efficiency

Mid-term Management Plan Indicator for 2023
ROE 9% or higher
(Return on equity)

= EPS (Earnings per share) / BPS (Book value per share)

EPS:
- Operating income CAGR 25% or higher
- Achieve net income growth which is higher than operating income growth by decreasing overseas losses

BPS:
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth

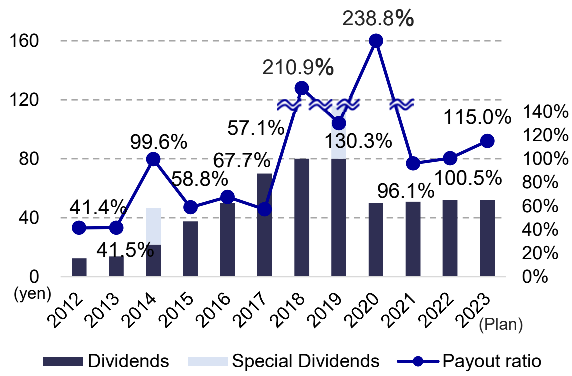


Improvement of Shareholder Return

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 FY2023:
- Dividend per share : **¥52** (Interim ¥21, Year-end ¥31)
- Consol. payout ratio : 115.0%



(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%)	46,652	0.7%
Beauty care	36,516	(12.3%)	39,903	(7.3%)	39,810	(1.9%)	45,423	0.6%
Real estate	523	(1.4%)	516	(1.2%)	521	(1.2%)	521	(1.7%)
Others	622	6.3%	665	13.1%	573	3.0%	707	9.1%

■ 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%)	4,913	18.0%
Beauty care	2,026	(49.0%)	3,219	(27.8%)	3,073	2.0%	5,473	27.1%
Real estate	189	(8.1%)	127	146	114	(41.8%)	61	(42.4%)
Others	0	(92.7%)	70	393.2%	(2)	(1)	27	(36.7%)
Reconciliations	(305)	(202)	(411)	(261)	(434)	(246)	(649)	(357)

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).

POLA ORBIS HOLDINGS

(Appendix) Quarterly Results by Brands

■ Net sales

(mil. yen)	FY2022 Jan.-Mar. Results	FY2022 Jan.-Mar. YoY Change	FY2022 Apr.-Jun. Results	FY2022 Apr.-Jun. YoY Change	FY2022 Jul.-Sep. Results	FY2022 Jul.-Sep. YoY Change	FY2022 Oct.-Dec Results	FY2022 Oct.-Dec YoY Change
Beauty care net sales	36,516	(12.3%)	39,903	(7.3%)	39,810	(1.9%)	45,423	0.6%
POLA	21,229	(20.0%)	23,826	(10.2%)	24,406	(1.4%)	26,908	(3.7%)
ORBIS	9,340	(0.7%)	9,720	(6.6%)	9,048	(4.3%)	10,307	5.1%
Jurlique	1,925	13.5%	1,729	(2.7%)	1,732	1.8%	3,000	8.5%
H2O PLUS	338	102.0%	389	58.2%	502	53.4%	353	(5.8%)
Brands under development	3,682	(4.2%)	4,236	4.0%	4,121	(4.7%)	4,852	13.8%

■ Operating income

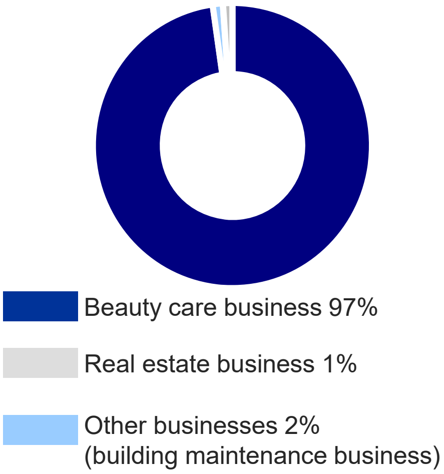
(mil. yen)	FY2022 Jan.-Mar. Results	FY2022 Jan.-Mar. YoY Change	FY2022 Apr.-Jun. Results	FY2022 Apr.-Jun. YoY Change	FY2022 Jul.-Sep. Results	FY2022 Jul.-Sep. YoY Change	FY2022 Oct.-Dec Results	FY2022 Oct.-Dec YoY Change
Beauty care operating income	2,026	(49.0%)	3,219	(27.8%)	3,073	2.0%	5,473	27.1%
POLA	1,611	(58.8%)	3,286	(22.9%)	3,670	27.6%	3,926	(4.1%)
ORBIS	1,484	27.5%	997	(41.5%)	634	(59.9%)	1,733	14.5%
Jurlique	(323)	124	(562)	(68)	(547)	(71)	167	291
H2O PLUS	(139)	44	(66)	99	33	215	(7)	262
Brands under development	(605)	(142)	(435)	411	(717)	70	(347)	565

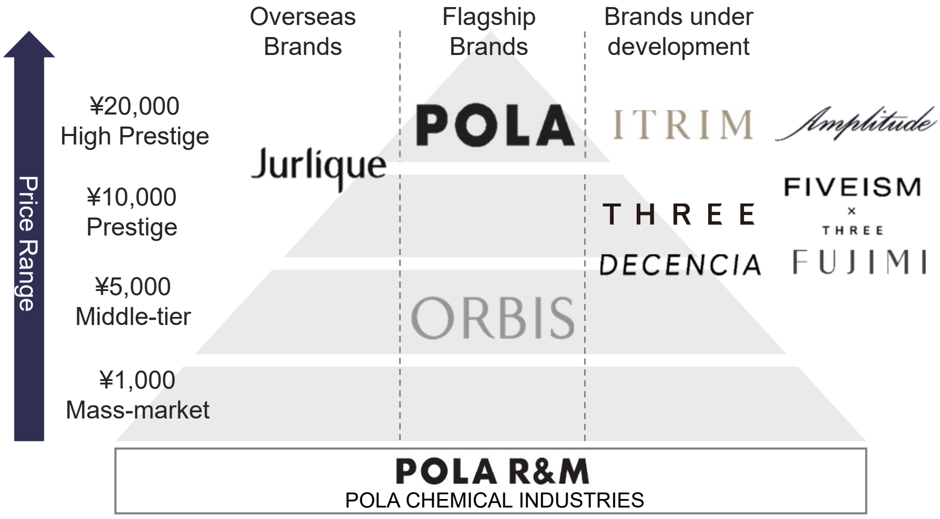
Note: YoY change is calculated using the same accounting standards for both years.
: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).
: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are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

FY2022
Consol. Net Sales
¥166.3 bil.





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

POLA ORBIS HOLDINGS

(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	
	24%	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	6%	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	Operated by ACRO INC.
		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	Operated by ACRO INC.
		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	Operated by ACRO INC.
		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 FY2022. Brands under development includes OEM business.

(1) Duty free stores

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(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 (FY2021 - 2023)

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 (FY2024 - 2026)

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 (FY2027 - 2029)

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

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(Appendix) Beauty Care Business Results for FY2021 – FY2022 by Brands

(mil. yen)	FY2021 Results	FY2021 Results (recalculated under the 2022 standard)	FY2022 Results	FY2021 - FY2022 YoY Change Amount	FY2021 - FY2022 YoY Change %
Consolidated net sales	178,642	174,896	166,307	(8,588)	(4.9%)
Beauty care net sales	174,150	170,403	161,654	(8,749)	(5.1%)
POLA	105,168	105,769	96,371	(9,397)	(8.9%)
ORBIS	43,389	39,071	38,417	(654)	(1.7%)
Jurlique	7,838	7,940	8,388	447	5.6%
H2O PLUS	1,116	1,116	1,584	467	41.9%
Brands under development	16,637	16,505	16,892	387	2.3%
Consol. operating income	16,888	15,582	12,581	(3,000)	(19.3%)
Beauty care operating income	17,060	15,754	13,793	(1,961)	(12.5%)
POLA	16,374	15,144	12,495	(2,648)	(17.5%)
ORBIS	5,925	5,965	4,850	(1,115)	(18.7%)
Jurlique	(1,536)	(1,542)	(1,266)	275	-
H2O PLUS	(802)	(802)	(180)	621	-
Brands under development	(2,901)	(3,011)	(2,105)	905	-

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