First Quarter of Fiscal 2023 Supplementary Material

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

- 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. The results for fiscal 2021 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 will now begin the first quarter financial results briefing for the fiscal year ending December 31, 2023.

POLA ORBIS HOLDINGS

First, I will explain the consolidated financial highlights.

POLA ORBIS HOLDINGS

Q1 Key Topics

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) as a whole was in a recovery trend.
- In the Japanese market, except for inbound demand, with signs of an upturn in personal consumption due to factors such as an increase in opportunities to go out, in addition to a rebound of the quasi-emergency measures in place last year.
- The market of mainland China experienced a moderate recovery trend due to changes in 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

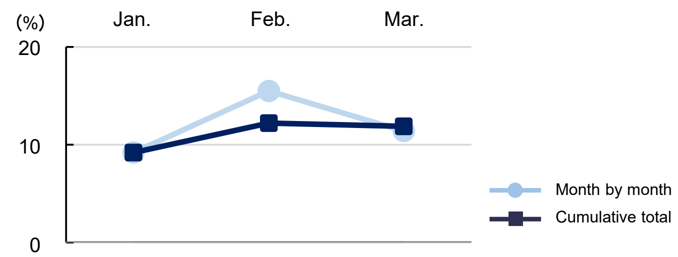
- Performance recovered both in Japan and overseas, with a double-digit rise in consolidated revenue and a substantial increase in operating income (consolidated net sales in Japan +8%, overseas net sales +32%).
- POLA's revenue increased across all sales channels with the reopening of the Japanese market, and overseas revenue increased significantly with the post-pandemic market recovery.
- ORBIS's customer numbers exceeded last year in its domestic businesses (mail-order + stores).
- Jurlique progressively recovered from the pandemic in Australia and Hong Kong.
- Losses were ameliorated through a review of the brand portfolio, and the Company decided to discontinue Amplitude and ITRIM in brands under development.

Medium-term Management Plan Indicators (FY2023 Q1)

Overseas sales ratio	17.9% (+0.5 ppt*)
Domestic e-commerce sales ratio	27.5% (+0.6 ppt*)

*vs Dec. 2022

YoY Change in Consolidated Monthly Net Sales



- In Japan, storefront activity became more vigorous with the continuation of the reopening trend from last year.
- The fiscal year started smoothly, with double-digit monthly revenue growth from February onwards.

The domestic cosmetics market as a whole was on a recovery track as opportunities for going out and human flow were revitalized. Inbound tourism is returning, but it is expected to take some time to bring back tourists from China.
On the other hand, overseas markets, especially in China, have been gradually recovering since March, despite the impact on sales due to the spread of COVID-19 after the lifting of zero-COVID policy, and we can expect future growth.

Under these circumstances, our group's Q1 results were significantly higher than in the same period of the previous year. On a consolidated basis, operating income increased by plus 138%, with double-digit revenue growth, domestic growth of plus 8% and overseas growth of plus 32%.

POLA, which led the way, achieved an increase in sales in all channels and a significant increase in profit, more than doubling its sales. ORBIS has maintained continuous growth since Q4 of last year due to an increase in the number of customers. In other brands, we are working speedily to improve losses by reviewing our portfolio.

Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2022 Q1 Results	FY2023 Q1 Results	YoY Change Amount	YoY Change %
Consolidated net sales	37,662	42,136	4,473	11.9%
Cost of sales	6,816	7,748	931	13.7%
Gross profit	30,845	34,387	3,542	11.5%
SG&A expenses	28,933	29,838	904	3.1%
Operating income	1,912	4,549	2,637	137.9%

Key Factors

- **Consol. net sales**: Increased on a consolidated basis, as performance recovered both in Japan and overseas.
- **Cost of sales**: On a par with the level of previous year due to favorable sales of POLA's high price range products, despite a slight rise due to changes in business structure.
  Cost of sales ratio 2022Q1 : 18.1% ⇒ 2023Q1 : 18.4%
- **SG&A expenses**: Labor expenses: down ¥5 mil. YoY
  Sales commissions: up ¥718 mil. YoY
  Sales related expenses: up ¥220 mil. YoY
  Administrative expenses, etc.: down ¥29 mil. YoY
- **Operating income**: Operating margin 2022Q1: 5.1% ⇒ 2023Q1: 10.8%

Next, consolidated P&L.

Consolidated net sales increased by double digits as explained earlier. The cost of sales ratio remained at the same level as the previous year, and we were able to maintain a high gross margin ratio.

SG&A expenses were lower than expected in Q1 partly due to the postponement of mainly through POLA's sales promotion and advertising expenses to Q2. As a result, operating income increased by 138%.

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

(mil. yen)	FY2022 Q1 Results	FY2023 Q1 Results	YoY Change Amount	YoY Change %
Operating income	1,912	4,549	2,637	137.9%
Non-operating income	2,314	385	(1,929)	(83.3%)
Non-operating expenses	86	103	16	19.3%
Ordinary income	4,140	4,832	691	16.7%
Extraordinary income	-	-	-	-
Extraordinary losses	231	620	389	168.3%
Profit before income taxes	3,908	4,211	302	7.7%
Income taxes etc.	(3,291)	1,454	4,746	-
Profit attributable to non-controlling interests	20	13	(6)	(31.5%)
Profit attributable to owners of parent	7,180	2,743	(4,437)	(61.8%)

Key Factors

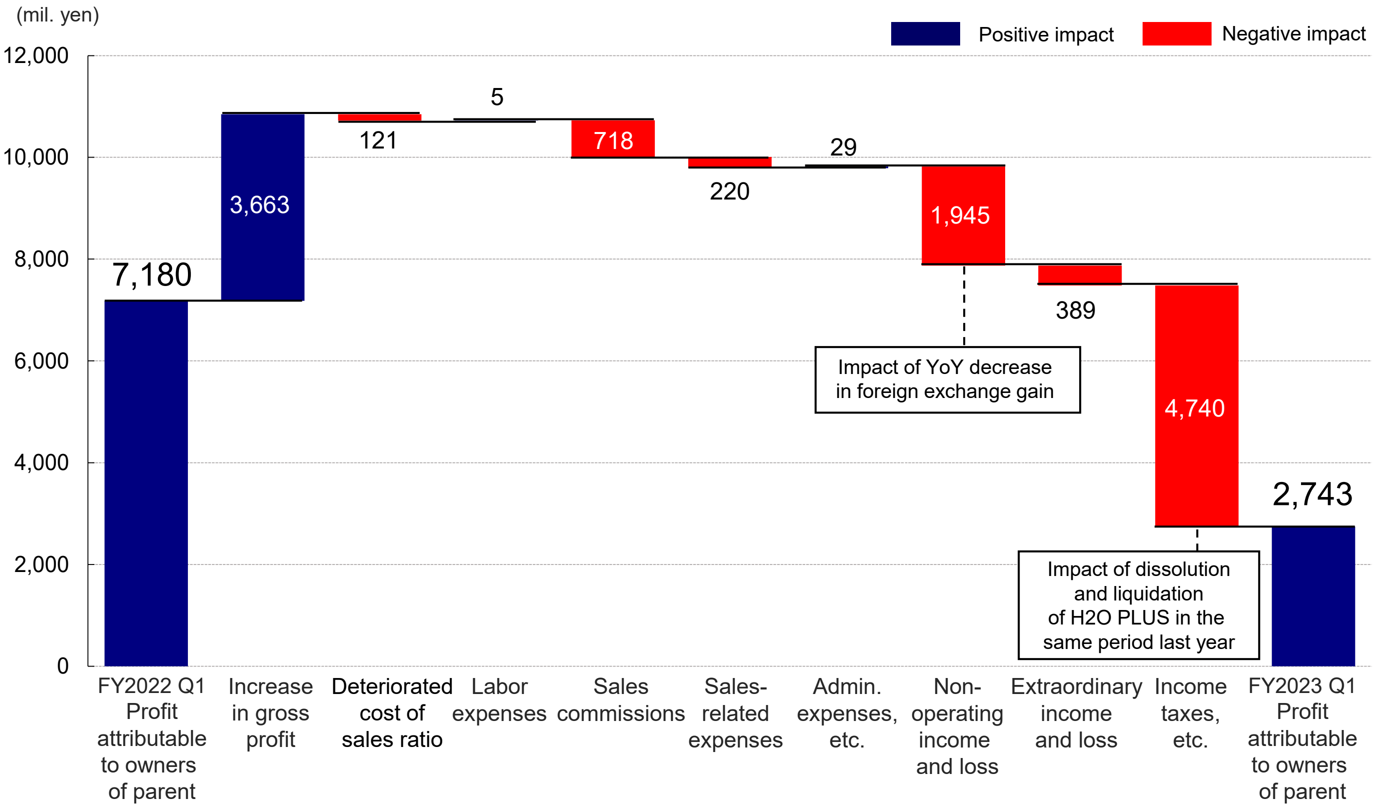
- Non-operating income: Decreased due to foreign exchange gain of ¥2,183 mil. recorded in the same period last year.
- Extraordinary losses: Extraordinary losses due to discontinuation of Amplitude and ITRIM ¥399 mil.
- Income taxes etc.: Reduction in income taxes etc. – recorded in the same period last year due to liquidation of H2O PLUS ¥4,443 mil.

Next, I will explain operating income and below.
There are two factors contributing to the significant differences from the same period last year. First, in the same period of the previous year, foreign exchange gains due to the weak yen amounted to approximately JPY2.1 billion in non-operating income. Secondly, in the same period of the previous year, the liquidation of H2O PLUS was resolved. As a result, there is a decrease of approximately JPY4.4 billion in income taxes etc.
Both of these two factors pushed up net income for the same period of the previous year. Therefore, it is safe to say that net income for this fiscal year, excluding these special factors of the same period of the previous year, is on the same trend of increasing profits as operating income.

POLA ORBIS HOLDINGS

Factors Impacting Profit Attributable to Owners of Parent

Despite an increase in gross profit due to higher revenue, profit attributable to owners of parent declined by ¥4,437 mil. YoY due to a decrease in foreign exchange gain and the rebound of the reduction in income taxes, etc. in the same period last year.



The change in net income attributable to owners of the parent.
As explained earlier, is due to foreign exchange gains and income taxes etc. for the same period of the previous year.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2023
4. Initiatives Going Forward & Appendices

Next, I would like to explain our business results by segment.

POLA ORBIS HOLDINGS

Segment Results

(mil. yen)	FY2022 Q1 Results	FY2023 Q1 Results	YoY Change Amount	YoY Change %
Consolidated net sales	37,662	42,136	4,473	11.9%
Beauty care	36,516	40,950	4,433	12.1%
Real estate	523	518	(4)	(0.9%)
Others	622	666	44	7.1%
Operating income	1,912	4,549	2,637	137.9%
Beauty care	2,026	4,359	2,332	115.1%
Real estate	189	161	(27)	(14.7%)
Others	0	2	1	113.5%
Reconciliations	(305)	26	331	-

Segment Results Summary

- Beauty care — Net sales increased YoY, primarily due to an increase in revenue from POLA and ORBIS, and operating income rose, mainly due to an increase in gross profit.

The beauty care business was the driving force behind the increases in sales and income.

Beauty Care Business Results by Brands

(mil. yen)	FY2022 Q1 Results	FY2023 Q1 Results	YoY Change Amount	YoY Change %
Beauty care net sales	36,516	40,950	4,433	12.1%
POLA	21,229	24,183	2,954	13.9%
ORBIS	9,340	9,977	637	6.8%
Jurlique	1,925	1,908	(16)	(0.9%)
Brands under development	3,682	4,217	535	14.5%
Beauty care operating income	2,026	4,359	2,332	115.1%
POLA	1,611	3,501	1,890	117.3%
ORBIS	1,484	1,449	(35)	(2.4%)
Jurlique	(323)	(579)	(256)	-
Brands under development	(605)	(152)	453	-

Note: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).
Totals for the beauty care business include results for the H2O PLUS brand (completion of liquidation planned during 2023).

For the results by brands, sales increased for both the POLA and ORBIS brands. The status of each brand will be explained in detail on the following pages.

POLA

Brand Analysis (1)

Q1 Result

- For domestic, used stronger online advertising and social media presence for aesthetic treatment, and new products as hooks to encourage customers to visit stores, and more actively promoted offline events, resulting in an upturn in the number of new customers for the consignment sales channel.
- In mainland China, pivoted on the *B.A* series to acquire new customers and revitalize existing customers.

Q1		Results (mil. yen)	YoY Change
Net sales		24,183	13.9%
Operating income		3,501	117.3%
Key indicators			
Sales ratio	Domestic		82.6%
	Consignment sales		62.7%
	E-commerce		6.8%
	Dept. store, B2B		13.1%
	Overseas		17.4%
Sales growth*	Domestic		up 8.1%
	Consignment sales		up 3.5%
	E-commerce		up 18.5%
	Dept. store, B2B		up 30.0%
	Overseas		up 52.5%
Consignment sales channel Purchase per customer*/ # of customers*			up 12.6% / down 4.1%
# of stores domestic**			2,787 (down 47)
# of stores overseas**/ # of stores mainland China**			152 (unchanged) / 89 (up 2)

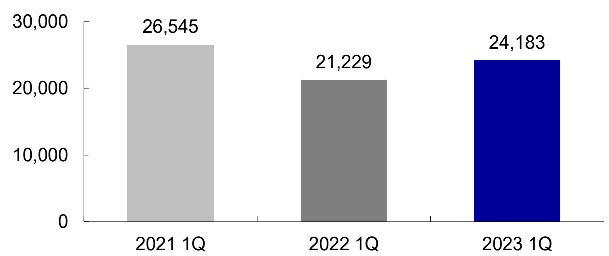
*YoY basis
** vs Dec. 2022

Topics

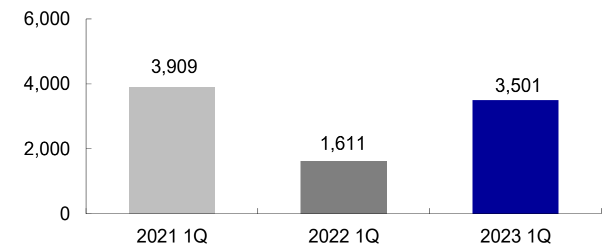
- Launched a serum containing protein from the *WRINKLE SHOT* series (January)

POLA WRINKLE SHOT GEO SERUM PROTEAN

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

Regarding the POLA brand, sales and income increased more than expected.
With the theme of expanding the number of customers, the domestic business is focusing on the recovery of offline contacts, mainly in aesthetic treatment services and events, and activities to increase these online contacts, such as web advertising, social media, and apps.
In promoting OMO, our domestic business is proceeding so that customers can seamlessly select each channel. In Q1, the domestic business began to show positive results, with a double-digit increase in the number of new customers across the three channels of consignment sales, e-commerce, and department stores compared to the same period last year.
By product, the Wrinkle Shot series, B.A. series, and aesthetic treatment services performed well, and the domestic business grew by about 8%.

As for the overseas business, although there was an expansion of COVID-19 infection in China, the situation gradually began to normalize from February onward. POLA's overall China business, which also includes travel retail here, grew by about 30% overall. We believe we have secured growth despite the difficult environment.
Hong Kong and travel retail in the rest of Asia are also returning, with overall international business growing by around 50% growth rate.

ORBIS

Brand Analysis (2)

Q1 Result

- Sales of *ORBIS U.* and UV special care product grew, new customer acquisition progressed, and the number of direct selling customers exceeded last year's level.
- External sales channels grew significantly more than 80% YoY, mainly through e-commerce platforms.

Q1		Results (mil. yen)	YoY Change
Net sales		9,977	6.8%
Operating income		1,449	(2.4%)
Key indicators (See p.20 for a comparison of classifications for disclosure)			
Sales ratio	Domestic		94.6%
	Direct Selling(1)		85.0%
	External channels etc.		9.6%
	Overseas		5.4%
Sales growth*	Domestic		up 5.8%
	Direct Selling(1)		up 1.0%
	External channels etc.		up 81.5%
	Overseas		up 28.1%
Direct Selling(1) purchase per customer*			down 2.6%
Number of Direct Selling(1) customers*			up 1.9%
Core target customer ratio			55.8%

* YoY basis

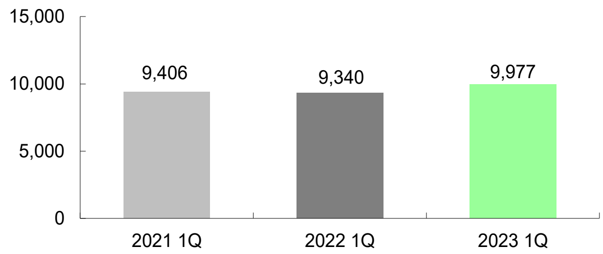
(1) Total of in-house mail-order sales and directly-operated stores sales

Topics

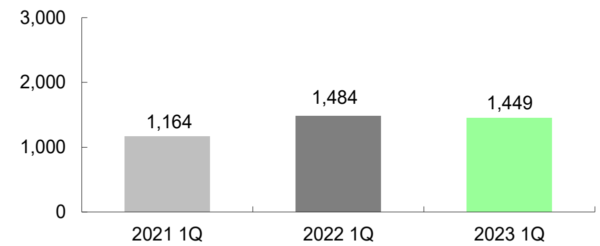
- Launched a genuine aging care series for the senior generation and a renewed UV protector that improves wrinkles and brightens the skin (February)

(Left) *ORBIS AMBER*
(Right) *ORBIS WRINKLE BRIGHT UV PROTECTOR*

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

ORBIS sales increased approximately 7% thanks to growth in ORBIS U, ORBIS U. , and special care products.

In the direct selling channel, which combines domestic mail-order and stores sales, the number of new customers increased by approximately 10%. We are seeing the effects of our aggressive marketing investments.

In addition, external channels, particularly e-commerce platforms, have shown a growth rate of over 80%. ORBIS AMBER, a strategic product for seniors, a market that is expected to grow in the future, has also been launched and is off to a good start. We will continue the growth trend in both the direct selling channel and external channels.

Also, the channel classification of ORBIS's key indicators has been changed from this fiscal year.

Jurlique

Brand Analysis (3)

Q1 Result

- Retail sales in mainland China increased YoY, although affected by COVID-19 in January, as Jurlique strengthened its product offerings and cross-selling pivoting on cosmetic oil from February onward.
- Revenue increased significantly in Australia and Hong Kong, with a gradual recovery in customer traffic and stronger new product offerings and storefront initiatives.

Q1		Results (mil. yen)	YoY Change
Net sales		1,908	(0.9%)
Operating income[1]		(579)	(256)
Key indicators			
Sales ratio	Australia		18.4%
	Mainland China		40.3%
	Hong Kong		15.4%
	Duty free		12.6%
Sales growth[2]	Australia		up 25.0%
	Mainland China		down 11.4%
	Hong Kong		up 75.7%
	Duty free		down 31.1%

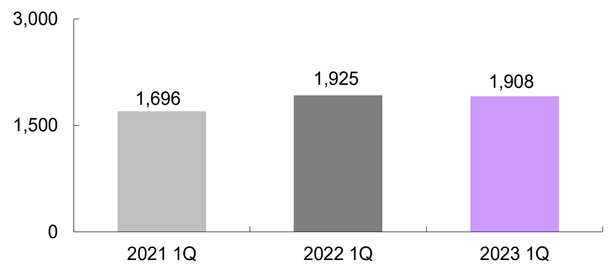
(1) The YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

Topics

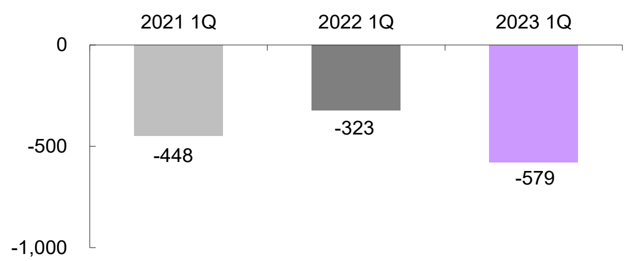
- Launched limited-edition body oil (January)

Rose Body Oil <Limited Edition>

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

Jurlique, the sales were lower than the previous year due to the impact of COVID-19 in Chinese business, but on the other hand, the retail base exceeded the previous year's level.

Also, the flow of people is returning in Australia and Hong Kong. Taking these opportunities, new products and storefront CRM measures have been effective, resulting in increased sales.

Brand Analysis (4) Brands Under Development

Q1 Result

- Ameliorated losses in brands under development.
- THREE focused on product recognition and creating brand experience opportunities for the launch of the main skincare series, and domestic revenue increased.
- Although DECENCIA struggled to acquire new customers, its customer retention rates increased with new branding.

Q1		Results (mil. yen)	YoY Change
Net sales		4,217	14.5%
Operating income(1)		(152)	453
THREE Net sales		1,374	(2.2%)
THREE OP income(1)		(264)	16
DECENCIA Net sales		1,131	(8.7%)
DECENCIA OP income		111	(47.5%)
Key indicators			
THREE			
Sales ratio	Domestic		79.9%
	Overseas		20.1%
Sales growth(2)	Domestic		up 9.1%
	Overseas		down 30.6%

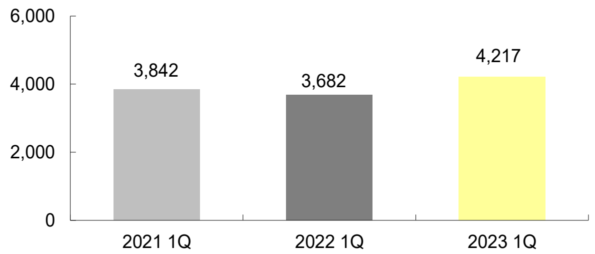
(1) The YoY change is shown as the amount (mil. yen)
(2) YoY basis

Topics

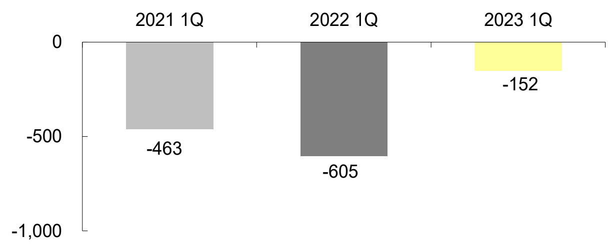
- Launched the renewed THREE Balancing series (February)

THREE BALANCING NECTAR

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

Next, we have brands under development.

THREE was able to turn its domestic business into an increase in revenue by increasing customer contacts with the launch of its mainstay series, Balancing.

DECENCIA acquired new customers, which did not go as well as expected, and the decrease in gross profit was a factor in the decrease in profit. On the other hand, our branding-focused sales have shown certain results, such as an increase in the repeat conversion rate and a decrease in the churn rate.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2023
4. Initiatives Going Forward & Appendices

Forecasts for Fiscal 2023 (Unchanged)

(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.

*YoY change represents a comparison with the results for FY2021 calculated using the same revenue recognition standards as FY2022.

The forecast for the full fiscal year is unchanged from the forecast at the beginning of the fiscal year.

POLA ORBIS HOLDINGS

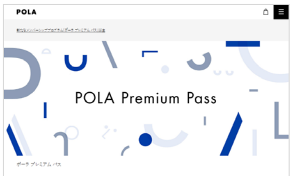
I would like to continue by explaining our company's initiatives.

Initiatives for FY2023 Q2 Onward

POLA

Domestic Business

- Standardize customer IDs in the domestic businesses and launched the POLA Premium Pass (April).
  - Enhance customer experience value through increased convenience as well as customer service tailored to each individual.
  - Direct e-commerce customers to stores by providing aesthetic treatment service and promote repeat purchases by providing brand experiences only possible at physical stores.
- Launch a new-feel foam-type emulsion in the *B.A* series (April) and continue to introduce new products that capture the increase in opportunities to go mask-less.



POLA Premium Pass

Overseas Business

- In mainland China, strengthen advertising and sales promotion investment to encourage store visits, and use new products as a hook to acquire new customers.
- Expand customer contact points in Asia with the first store openings at department stores in Vietnam and South Korea in April and May, respectively.

(Left) *POLA B.A MILK FOAM*
(Right) WRINKLE SHOT Season Special Kit

ORBIS

Domestic Business

- Continue to introduce new products, targeting stable new customer acquisition and retention, and promote shopping-around to increase LTV.
  - Sales of the renewed *WRINKLE BRIGHT UV PROTECTOR* are strong, with seasonal demand expected due to its high functionality.
  - Launch the first base makeup from *ORBIS U* (March) and strengthen cross-selling proposals to skincare customers.
  - Launch the renewed men's series, *ORBIS Mr.*, which is experiencing growth mainly through external sales channels (March).

ORBIS U makeup

ORBIS Mr.

First, let me talk about the domestic business of POLA.

The POLA Premium Pass was launched in April, standardize customer IDs in the domestic businesses. Each channel can be seamlessly connected, improving customer convenience and user experience. For example, as a linkage between online customers and consignment sales channels, we have started a model in which we offer aesthetic treatment services to e-commerce customers and send them to our stores. We will leverage the strength of our unique channel by providing a brand experience that can only possible at physical stores. In terms of products, a new formulation, B.A MILK FOAM, was launched in April. We are off to a very good start. We will also introduce wrinkle care products and other products as they become available. We will increase our customers' approach to caring for wrinkles and sagging due to de-masking. As for our overseas business, we will aim to expand our top line by using new products as a hook for marketing investment and store expansion in China. POLA will open its first department store in Vietnam in April and in South Korea in May. We intend to expand quickly in the Asian region in the future as well.

Next, ORBIS. Following Q1, ORBIS will continue to invest in marketing to attract new customers and increase lifetime value. WRINKLE BRIGHT UV PROTECTOR, which was launched in Q1, is highly functional. By successfully capturing seasonal demand, we were able to achieve strong sales. In Q2 and beyond, we will continue to introduce new products with differentiation. The first base makeup from ORBIS U was launched in March. The cushion foundation product has been very well received and will lead to cross-selling proposals to skin care customers.

Also there is a series for men called ORBIS Mr., which is growing mainly in the external channel. This has also been renewed and released. This is a field that is growing at a rate of about 25% on a full-year basis in FY2022, and we expect it to continue to expand in the future.

Initiatives for FY2023 Q2 Onward

Jurlique

- With cosmetic oil performing well in mainland China, promote brand entry through promotions pivoting on star products.
- Continue to acquire and retain customers for face care products in Australia and Hong Kong, while also strengthening the acquisition of tourist demand.

Rare Rose Face Oil

Brands Under Development

THREE

Domestic Business

- Release a new series to address pore and skin problems (April) and strengthen new customer acquisition through skincare with a high customer repeat ratio.
- Expand customer contact points on external e-commerce platforms.

Overseas Business

- Began offline expansion into the local market in mainland China and swiftly expand customer contact points.

THREE BALANCING STEM

DECENCIA

- Expand the range of items in the main DECENCIA series, acquire new customers and promote repeat purchases with differentiated products starting from the stratum corneum.

DECENCIA cleansing gel

FUJIMI

- Expand the brand's target demographics with a newly-launched skincare series and focus on new customer acquisition.

FUJIMI PERSONALIZED SKINCARE

As for Jurlique, we will develop face oil, which is doing well in China, into a star item. We will implement cross-selling measures based on this product to build a foundation for stable growth.

THREE launched BALANCING STEM, an approach to pores and skin problems, in April. This product has been developed to be genderless, and we have now gained commercial products that appeal to THREE's world view. In H1, we will continue marketing this series of Balancing as our main focus.

For DECENCIA and FUJIMI, the immediate issue is to acquire new customers. Although we expect the business environment to remain challenging due to the e-commerce channel being the main battleground and the intensifying competitive environment in the market, we will strive to acquire customers by taking advantage of our differentiated products and direct selling strengths.

This is the end of the explanation.

POLA ORBIS HOLDINGS

(Appendix) Quarterly Segment Results

■ Net sales

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated net sales	42,136	11.9%	-	-	-	-	-	-
Beauty care	40,950	12.1%	-	-	-	-	-	-
Real estate	518	(0.9%)	-	-	-	-	-	-
Others	666	7.1%	-	-	-	-	-	-

■ Operating income

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated operating income	4,549	137.9%	-	-	-	-	-	-
Beauty care	4,359	115.1%	-	-	-	-	-	-
Real estate	161	(14.7%)	-	-	-	-	-	-
Others	2	113.5%	-	-	-	-	-	-
Reconciliations	26	331	-	-	-	-	-	-

Note: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).

(Appendix) Quarterly Results by Brands

POLA ORBIS HOLDINGS

■ Net sales

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care net sales	40,950	12.1%	-	-	-	-	-	-
POLA	24,183	13.9%	-	-	-	-	-	-
ORBIS	9,977	6.8%	-	-	-	-	-	-
Jurlique	1,908	(0.9%)	-	-	-	-	-	-
Brands under development	4,217	14.5%	-	-	-	-	-	-

■ Operating income

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care operating income	4,359	115.1%	-	-	-	-	-	-
POLA	3,501	117.3%	-	-	-	-	-	-
ORBIS	1,449	(2.4%)	-	-	-	-	-	-
Jurlique	(579)	(256)	-	-	-	-	-	-
Brands under development	(152)	453	-	-	-	-	-	-

Note: 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).
: Totals for the beauty care business include results for the H2O PLUS brand (completion of liquidation planned during 2023).

POLA ORBIS HOLDINGS

(Appendix) ORBIS Comparison of Classifications for Disclosure

Purpose and content of the change

- **Purpose**
  - Our brand policy is to aim to provide seamless customer experiences across sales channels through OMO, and we have reorganized our classifications for disclosure to show structural changes in our businesses as a whole, without classifying them based whether purchases occur through e-commerce or stores.
- **Content of the change**
  - We have broken down the domestic business into “direct selling” and “external channels, etc.” from the former channel classification, “domestic e-commerce,” “other mail-order,” and “stores and overseas, etc.”
  - Sales not made through in-house channels (shipments to external e-commerce platforms, store wholesaling, etc.), which were previously included in “domestic e-commerce” and “stores,” have been separated into the newly-established class of “external channels, etc.”

Comparison

[Former channel classification]

- Domestic e-commerce
  - In-house e-commerce
  - External e-commerce
- Other mail-order
  - In-house catalog mail-order
- Stores and overseas, etc.
  - Directly-operated stores
  - Store wholesaling
  - Overseas

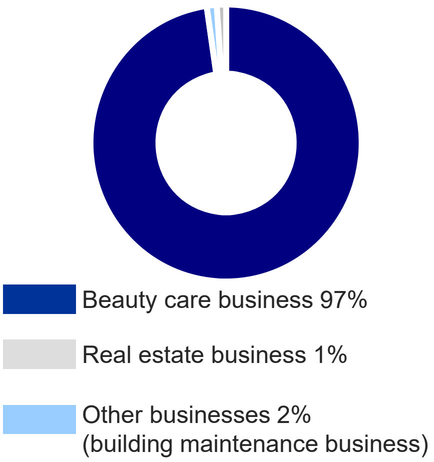
[New channel classification]

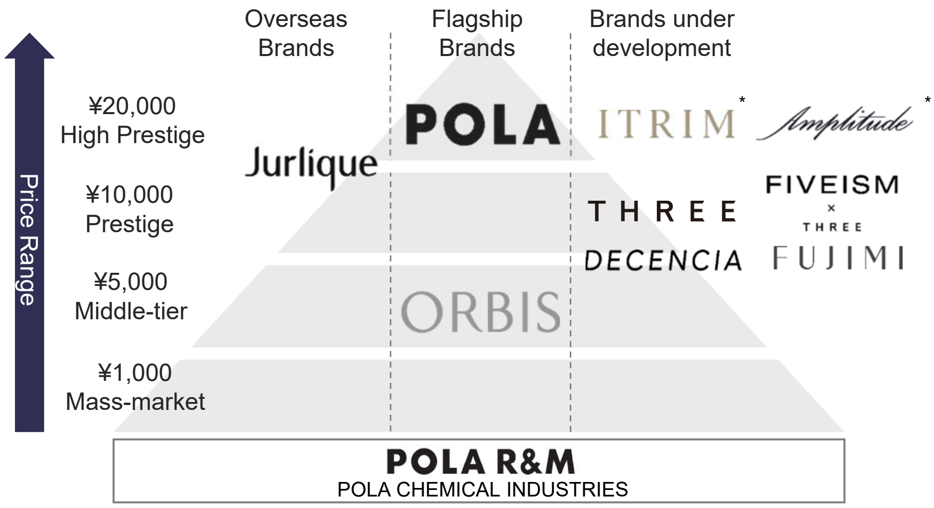
- Direct selling
  - In-house e-commerce
  - In-house catalog mail-order
  - Directly-operated stores
- External channels, etc.
  - External e-commerce
  - Store wholesaling
- Overseas
  - Overseas

(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.





*Amplitude and ITRIM are planned to be discontinued during 2023

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.
**Amplitude and ITRIM are planned to be discontinued during 2023.

(1) Duty free stores

(Appendix) Improvement in Capital Efficiency and Shareholder Returns

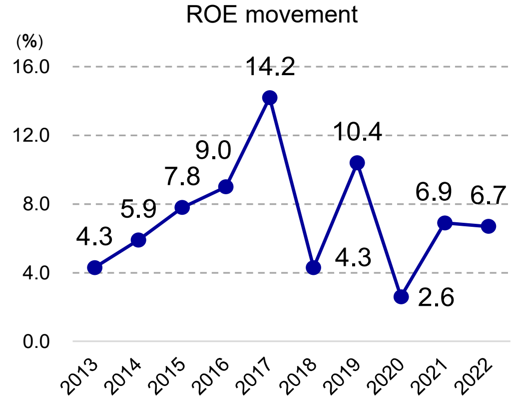
Initiatives to Improve Capital Efficiency

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

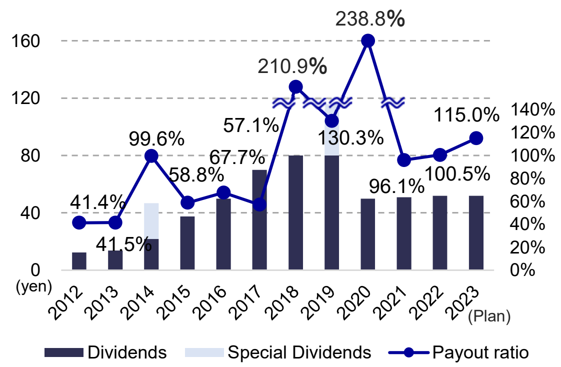
BPS:
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth



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%



POLA ORBIS HOLDINGS

(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

FY2021 - 2023

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

FY2024 - 2026

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

FY2027 - 2029

(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	%
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.