Third 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.

Today, we will be discussing the financial results briefing for the third quarter of fiscal year ending December 31, 2023.

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

Let me begin by explaining our highlights of consolidated performance.

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Q3 Key Topics

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) was strong.
- In terms of domestic demand, economic activity progressed toward normalization and the recovery from the COVID-19 pandemic continued also in the cosmetics market.
- The recovery in inbound demand progressed due to an increase in the number of foreign tourists (consolidated inbound net sales for the first three quarters: up approx. 70% YoY, a revenue increase of approx. ¥0.9 billion).
- The cosmetics market in mainland China requires monitoring, with a sense of uncertainty concerning economic conditions and consumption trends.

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

- Consolidated net sales increased both in Japan and overseas (up 6% YoY in Japan, up 6% YoY in overseas). Substantial increase in consolidated operating income (up 55% YoY).
- POLA's revenue and income increased in Japan, supported by growth in aesthetic treatment and *B.A.* Overseas revenue fell short of our expectations, despite a 10% increase, due to a slowdown in mainland China against partly caused by unanticipated changes in the market environment.
- ORBIS's progress exceeded expectations, with growth in number of customers and average purchase per customer resulting in a double-digit growth in revenue and substantial increase in income.
- Jurlique's revenue increased and losses were ameliorated in the third quarter (July to September).
- Losses from brands under development were ameliorated.

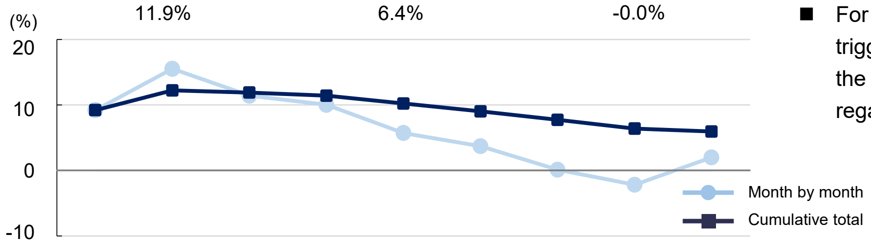
Medium-term Management Plan Indicators (FY2023 Q3 YTD)

Overseas sales ratio	16.8% (-0.6ppt*)
Domestic e-commerce sales ratio	27.7% (+0.8ppt*)

*vs Dec. 2022

YoY Change in Consolidated Monthly Net Sales

Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
11.9%	6.4%	-0.0%



- Revenue in Japan is steady due to reopening.
- For overseas, sales activities in mainland China were triggered by the release of ALPS* treated water into the ocean, in addition to a sense of uncertainty regarding the economic outlook.

*Advanced Liquid Processing System

Based on data from METI and INTAGE, the domestic cosmetics market remained steady as in H1. The number of tourists were at 2019 levels in September. Although Chinese tourists are still recovering at minus approximately 80% of 2019 levels, the inbound sales are increasing.
On the other hand, in overseas markets, the Chinese market was affected by the spread of COVID-19 pandemic in Q1, but the overall market showed a recovery trend from Q2. However, economic conditions have changed significantly since Q3, and the severe consumption environment continues.

In this environment, the Group's cumulative Q3 results exceeded those of the same period of the previous year. Consolidated net sales both in Japan and overseas increased by 6%. Consolidated operating income increased by 55%.

Revenue of POLA brand increased in Japan due to the growth of high-end skincare products centering on B.A. Overseas revenue also increased by 10% but were lower than expected due to a deteriorating consumption environment, which was not anticipated at the time of Q2 results, and the impact of the treated water on local sales activities.

Meanwhile, ORBIS was able to achieve a double-digit increase in revenue and more than double its income in Q3 (July to September). Revenue have increased in all channels where we operate and have continued to grow since Q4 of last year.
For other brands, we speedily executed a portfolio review to improve losses.

Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2022 Q3 Results (YTD)	FY2023 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Consolidated net sales	119,654	126,739	7,084	5.9%
Cost of sales	21,795	22,799	1,004	4.6%
Gross profit	97,859	103,939	6,080	6.2%
SG&A expenses	90,190	92,026	1,835	2.0%
Operating income	7,668	11,913	4,244	55.4%

Key Factors

- **Consol. net sales**: Revenue increased both in Japan and overseas.
- **Cost of sales**: The cost of sales ratio declined due to lower loss on valuation and abandonment of inventories.
  Cost of sales ratio FY2022 Q3 : 18.2% ⇒ FY2023 Q3 : 18.0%
- **SG&A expenses**: Labor expenses: up ¥132 mil. YoY
  Sales commissions: up ¥566 mil. YoY
  Sales related expenses: up ¥343 mil. YoY
  Administrative expenses, etc.: up ¥794 mil. YoY
- **Operating income**: Operating margin FY2022 Q3: 6.4% ⇒ FY2023 Q3: 9.4%

Next, we have the consolidated P&L. As I mentioned earlier, consolidated net sales increased both in Japan and overseas. The cost of sales ratio has improved, and high gross profit margins have been maintained.

SG&A expenses increased due to advertising expenses to acquire new customers and investments in e-commerce, but consolidated operating income increased by 55% and the operating margin improved by 3 percentage points.

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

(mil. yen)	FY2022 Q3 Results (YTD)	FY2023 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Operating income	7,668	11,913	4,244	55.4%
Non-operating income	4,903	3,159	(1,744)	(35.6%)
Non-operating expenses	403	242	(160)	(39.8%)
Ordinary income	12,169	14,830	2,660	21.9%
Extraordinary income	-	376	376	-
Extraordinary losses	827	1,389	561	67.9%
Profit before income taxes	11,341	13,817	2,476	21.8%
Income taxes etc.	(1,740)	4,476	6,217	-
Profit attributable to non-controlling interests	47	56	8	18.9%
Profit attributable to owners of parent	13,035	9,284	(3,750)	(28.8%)

Key Factors

- Non-operating income: Decrease in foreign exchange gain (foreign exchange gain FY2022 Q3: ¥4,591 mil., FY2023 Q3: ¥2,777 mil.)
- Extraordinary losses: Extraordinary losses due to discontinuation of Amplitude and ITRIM ¥785 mil.
- Income taxes etc.: Reduction in income taxes etc. – recorded in the same period last year due to liquidation of H2O PLUS ¥4,466 mil.

This is about operating income to profit attributable to owners of parent.
As two additional factors contributing to the difference, non-operating income was a negative factor of JPY1.7 billion due to the large foreign exchange gain YoY. In addition, the liquidation of H2O PLUS in the same period of the previous year resulted in a decrease in income taxes of approximately JPY4.4 billion, which boosted quarterly net profit for the same period of the previous year.

Excluding these special factors in the same period of the previous year, net profit and operating income for the quarter steadily increased in Q3.

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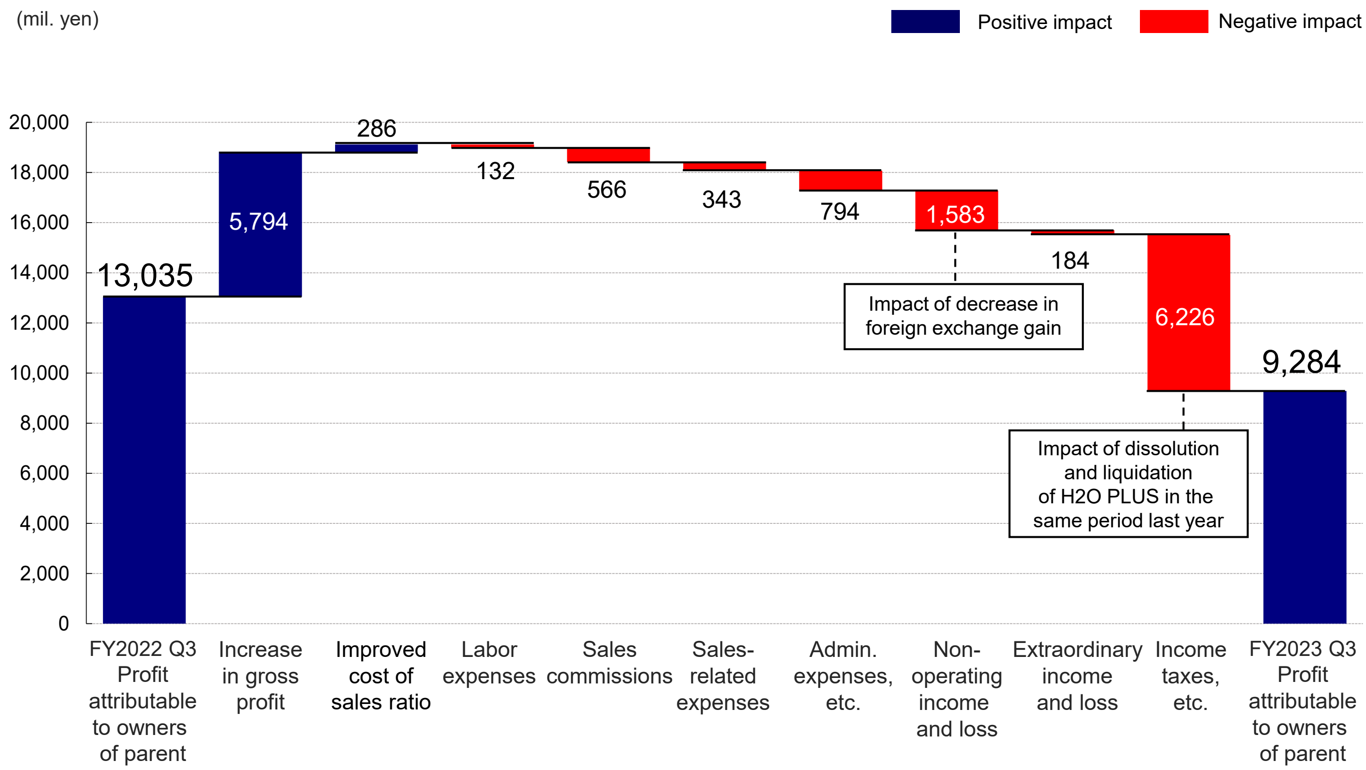
Factors Impacting Profit Attributable to Owners of Parent

Despite an increase in gross profit due to higher revenue, profit attributable to owners of parent declined by ¥3,750 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.



Next, the changes in profit attributable to owners of the parent company. As explained earlier, this was due to foreign exchange gains and income tax etc. effects in the same period of the previous year.

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Next, the status of the business by segment.

Segment Results

(mil. yen)	FY2022 Q3 Results (YTD)	FY2023 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Consolidated net sales	119,654	126,739	7,084	5.9%
Beauty care	116,231	123,260	7,029	6.0%
Real estate	1,561	1,557	(3)	(0.2%)
Others	1,861	1,920	59	3.2%
Operating income	7,668	11,913	4,244	55.4%
Beauty care	8,319	11,707	3,387	40.7%
Real estate	430	420	(10)	(2.4%)
Others	68	64	(4)	(5.8%)
Reconciliations	(1,150)	(279)	871	-

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 led the increase in consolidated revenue and income.

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Beauty Care Business Results by Brands

(mil. yen)	FY2022 Q3 Results (YTD)	FY2023 Q3 Results (YTD)	YoY Change Amount	YoY Change %
Beauty care net sales	116,231	123,260	7,029	6.0%
POLA	69,462	72,860	3,397	4.9%
ORBIS	28,109	31,227	3,117	11.1%
Jurlique	5,387	5,880	493	9.2%
Brands under development	12,040	12,601	561	4.7%
Beauty care operating income	8,319	11,707	3,387	40.7%
POLA	8,568	9,286	717	8.4%
ORBIS	3,116	4,450	1,333	42.8%
Jurlique	(1,433)	(1,536)	(102)	-
Brands under development	(1,758)	(578)	1,180	-

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).

Regarding results by brands, both the POLA and ORBIS brands have increased in revenue. Improvement in losses from brands under development has also had an impact on consolidated income.

The status of each brand will be explained in detail on the following pages.

POLA

Brand Analysis (1)

Q3 Result (YTD)

- Revenue continued to grow substantially in the department store, e-commerce, and amenities business. New customer acquisition progressed and the number of new customers in Japan increased YoY.
- Revenue from consignment sales decreased, taking time to rebuild the customer base, despite an improving trend in the number of customers.
- Revenue in mainland China increased, but was affected by the release of treated water.

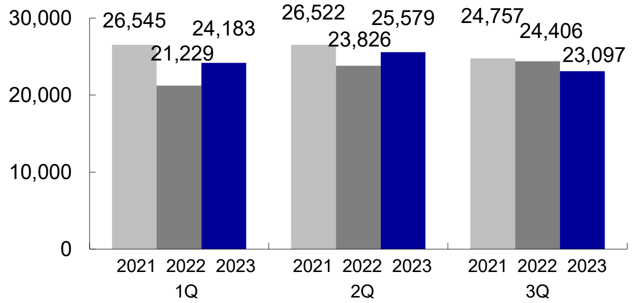
Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		72,860	4.9%
Operating income		9,286	8.4%
Key indicators			
Sales ratio	Domestic		83.1%
	Consignment sales		62.5%
	E-commerce		6.5%
	Dept. store, B2B(1) etc.		14.1%
	Overseas		16.9%
Sales growth(2)	Domestic		up 3.8%
	Consignment sales		down 2.1%
	E-commerce		up 20.3%
	Dept. store, B2B etc.		up 30.3%
	Overseas		up 10.4%
Consignment sales channel Purchase per customer(2)/ # of customers(2)			up 8.1% / down 8.0%
# of stores domestic(3)			2,727 (down 107)
# of stores overseas(3)/ # of stores mainland China(3)			158 (up 6) / 89 (up 2)

Topics

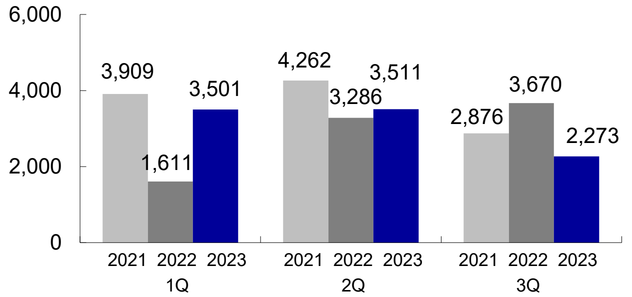
- Opened the second domestic store in a department store in South Korea, aiming to boost POLA's presence in Asia (August)

Image for illustration purposes

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



(1) Hotel amenities business
(2) YoY basis (3) vs Dec. 2022

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

First, let's talk about the POLA brand. In cumulative Q3, revenue increased by 5% and income increased by 8%.

In Japan, the department store, e-commerce, and amenities business continue to grow revenues by more than 20%. The number of new customers continued to increase from the previous year as a result of the thrust of investments in new customer acquisition throughout the domestic business.

Although the consignment sales channel fell short of expectations, the number of customers, which has been a challenge this year, showed improvement over Q2.

I would like to explain the overall impression of POLA brand's domestic business on the next page.

Next, in the overseas business, from Q3 onward, storefront sales were affected by a weakening of customer traffic to department stores and other stores due to the deteriorating consumption environment in mainland China. Performance has also slowed down due to the treated water impact which has resulted in the suspension of live commerce and marketing on KOL.

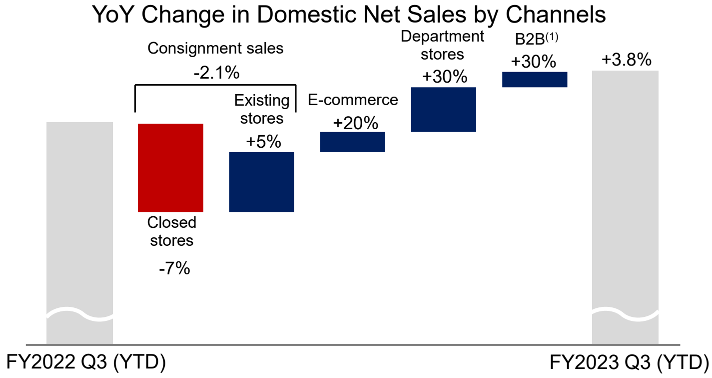
We expect the business environment to remain difficult in the current fiscal year. But we hope to recover as much as possible in Asia outside of China and in travel retail, including Japan.

POLA

Brand Analysis (1)
Analysis of Changes in POLA's Domestic Net Sales

Breakdown of Changes in Net Sales in the Domestic Business

YoY Change in Domestic Net Sales by Channels



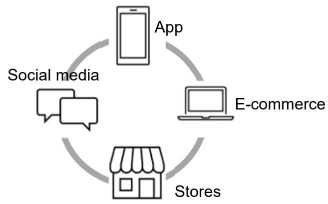
(1) B2B refers to the hotel amenities business.

- ✓ Revenue in the domestic business increased by 3.8% as the decline in consignment sales was covered by growth in the other channels.
- ✓ Consignment sales increased at growth stores that have established new customer acquisition methods by promoting the shift to online customer contact points and sales activities, but this was not enough to offset the impact of the contraction in customer contact points due to store closures, resulting in a decline in overall revenue for this channel.
- ✓ E-commerce, department stores, and B2B performed strongly, with double-digit revenue growth.

Initiatives to Achieve Further Growth in the Domestic Business

Expanding growth areas

- Expand online customer contact points and boost communication started online.
- Leverage the POLA Premium Pass[2] (PPP) and communication tailored to customer data to encourage repeat purchases.
- To acquire and retain customers across all domestic business, POLA promotes Online Merges with Offline (OMO), strengthens headquarters-led efforts to encourage customers to purchase through offline channels, such as experience campaigns for products and skin analysis, and measures to direct e-commerce customers to physical stores.
- Support the development of Beauty Directors and provide training and support for store owners.



(2) POLA Premium Pass: membership program

Shrinking negative factors

- The negative impact is shrinking due to the decline in the number of closed stores.
- Continue relationships by connecting directly with customers across all sales channels through PPP promotion.

This is the increase/decrease in net sales of POLA's domestic business in Q3 cumulative period, broken down by channels.
As you can see, the decline in revenue in the consignment sales channel was offset by other channels, resulting in a 3.8% increase in domestic business revenue.

The consignment sales channel was unable to absorb the impact of the closed stores shown in the red portion of the graph, resulting in a 2% decline in overall channel sales. However, existing stores on the right side of the closed stores have been able to grow and create increased revenues.
In addition, we will create sustainable growth for POLA's domestic business as a whole by providing seamless experience value across the overall POLA brand, including the e-commerce channel, department stores, and amenities business, where revenue have been increasing at double-digit rates.

Thus, to sustain future growth, we will first increase the volume of communication started online, invest in increasing the acquisition of new customers, and increase the repeat rate through the POLA Premium Pass.
Furthermore, we intend to implement additional in-store inducement measures that are starting to show results, such as skin analysis experience campaigns and facial aesthetic services for e-commerce customers, to encourage customers to migrate through the channel and become established.

The number of closed stores, which is a negative factor, is gradually decreasing. We are working on a scenario to recover by strengthening customer relations and preventing disengagement, while simultaneously increasing new store and existing store growth more.

ORBIS

Brand Analysis (2)

Q3 Result (YTD)

- New customer acquisition further accelerated thanks to the contribution of *ORBIS U.*, with double-digit growth in the number of new customers for direct selling channel.
- External channels continued to perform strongly, increasing over +70% YoY.
- Revenue and income increased significantly, exceeding expectations.

Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		31,227	11.1%
Operating income		4,450	42.8%
Key indicators			
Sales ratio	Domestic		95.6%
	Direct Selling[(1)]		85.6%
	External channels etc.		10.0%
	Overseas		4.4%
Sales growth[(2)]	Domestic		up 11.2%
	Direct Selling		up 6.8%
	External channels etc.		up 72.3%
	Overseas		up 7.8%
Direct Selling purchase per customer[(2)]			up 2.0%
Number of Direct Selling customers[(2)]			up 3.3%
Core target customer ratio			64.2%

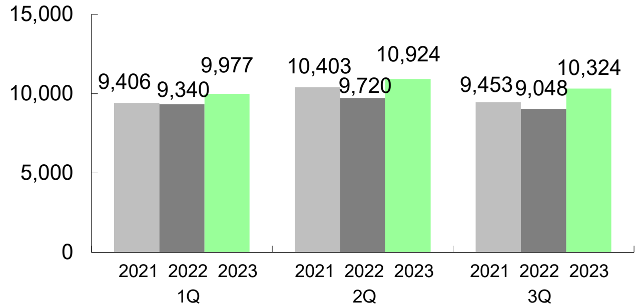
(1) Total of in-house mail-order sales and directly-operated stores sales
(2) YoY basis

Topics

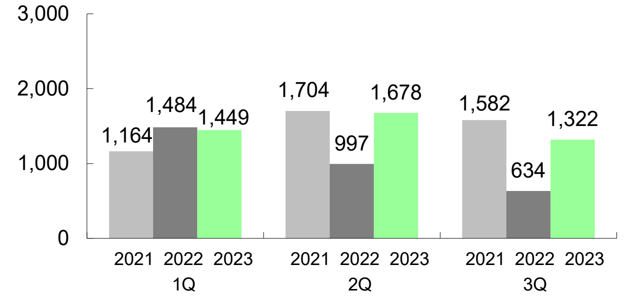
- Renewed ORBIS's premium aging-care series (August)

ORBIS U.

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, ORBIS. Orbis U., which was launched in August, had a good start. Special care products such as Wrinkle UV Protector, which was the biggest hit in H1, led the sales growth, which exceeded the plan and resulted in an 11% increase in cumulative sales for the period. The company continued its strong performance in Q3 (July to September) with a 14% increase in non-consolidated sales and a doubling of profits.

The growth rate of the direct selling channel, which combines domestic mail-order and directly-operated stores sales, is accelerating, and the number of new customers has increased by more than 10%, which is also promising for sustained growth in the future.
In addition, external channels, such as e-commerce platforms, are still growing at over 70%.

The returns from our aggressive marketing investments in line with hit products are shown. Thus, we will sustain growth through both direct selling and external channels to give impetus to full-fledged improvement in operating margin in the next fiscal year and beyond.

Jurlique

Brand Analysis (3)

Q3 Result (YTD)

- Revenue grew by 9% with the success of the storefront approach to customers in Australia, as well as growth in mainland China and Hong Kong.
- Conducted promotions focusing on face oil. Concentrated on customer acquisition in skincare.

Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		5,880	9.2%
Operating income[1]		(1,536)	(102)
Key indicators			
Sales ratio	Australia		20.8%
	Mainland China		37.6%
	Hong Kong		13.6%
	Duty free		12.3%
Sales growth[2]	Australia		up 22.9%
	Mainland China		up 2.5%
	Hong Kong		up 19.0%
	Duty free		down 11.7%

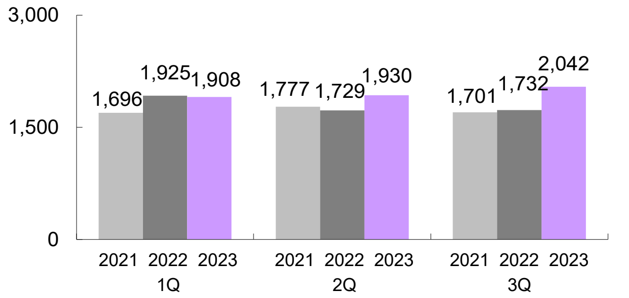
(1) The YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

Topics

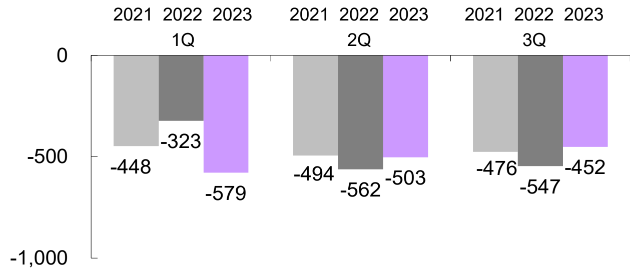
- Launched a limited-edition large size of the popular face oil (August)

Rare Rose Face 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.

In the Jurlique business, revenue increased in Australia, mainland China, and Hong Kong, which are the main regions. We saw the return of the flow of people as an opportunity, and our in-store CRM measures were effective, resulting in an increase in revenue. We will seek to accumulate customers in the future by star itemizing face oil.

![POLA ORBIS HOLDINGS]

Brand Analysis (4) Brands Under Development

Q3 Result (YTD)

- Losses from brands under development were ameliorated.
- THREE aimed to revitalize storefronts with its main series *BALANCING* and new makeup collection. Domestic revenue increased.
- DECENCIA saw a recovery in sales to the previous year's levels thanks to the success of efforts to acquire new customers and improve customer retention rates.

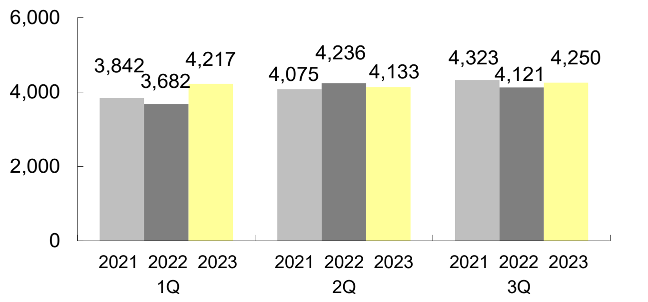
Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		12,601	4.7%
Operating income(1)		(578)	1,180
THREE Net sales		4,177	(2.4%)
THREE OP income(1)		(624)	287
DECENCIA Net sales		3,544	0.1%
DECENCIA OP income		198	(65.1%)
Key indicators			
THREE			
Sales ratio	Domestic		78.0%
	Overseas		22.0%
Sales growth(2)	Domestic		up 3.0%
	Overseas		down 17.7%

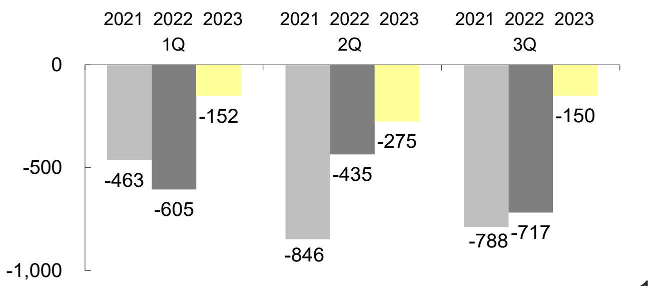
(1) The YoY change is shown as the amount (mil. yen)
(2) YoY basis

Topics

- Launched THREE autumn collection (August)

THREE AUTUMN MAKEUP COLLECTION





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

Next, the brands under development.

With the launch of its mainstay Balancing series, THREE was able to increase customer contact points and revitalize its e-commerce channel, enabling its domestic business to maintain an upward trend in revenue.

DECENCIA had been in a revenue decline until H1. However, it has turned to an increase in revenue with progressing new customer acquisition. Although income is still declining at the moment, due to prior investments in acquiring new customers, branding-oriented marketing is showing results, such as improved repeat rate and lower churn rates, and we expect profitability to improve in the future.

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3. Forecasts for Fiscal 2023
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Forecasts for Fiscal 2023 (Unchanged)

(mil. yen)	FY2023 Q3 Results (YTD)	YoY Change Amount	YoY Change %	FY2023 Full-year plan	YoY Change Amount	YoY Change %
Consol. net sales	126,739	7,084	5.9%	180,000	13,692	8.2%
Beauty care	123,260	7,029	6.0%	175,500	13,845	8.6%
Real estate	1,557	(3)	(0.2%)	2,000	(83)	(4.0%)
Others	1,920	59	3.2%	2,500	(69)	(2.7%)
OP income	11,913	4,244	55.4%	16,000	3,418	27.2%
Beauty care	11,707	3,387	40.7%	16,350	2,556	18.5%
Real estate	420	(10)	(2.4%)	300	(191)	(39.0%)
Others	64	(4)	(5.8%)	80	(16)	(17.3%)
Reconciliations	(279)	871	-	(730)	1,070	-
Ordinary income	14,830	2,660	21.9%	17,500	2,571	17.2%
Profit attributable to owners of parent	9,284	(3,750)	(28.8%)	11,600	153	1.3%

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

	FY2022	FY2023 (plan)
Shareholder returns	Annual ¥52 (Consol. Payout ratio 100.5%)	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 99.2%)
Capital investment Depreciation	¥12,532 mil. ¥8,482 mil.	¥18,000 mil. - ¥19,000 mil. ¥8,000 mil. - ¥9,000 mil.

The forecasts for the current fiscal year.
There is no change in the forecasts at this time. The forecasts remain the same as revised at the time of Q2.

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From this page, I will explain our initiatives going forward.

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Initiatives for FY2023 Q4 Onward

POLA

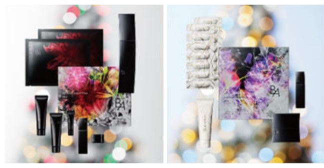
Domestic Business

- Strengthen online advertising for aesthetic treatment to acquire new customers and expand campaigns enabling customers to experience products capturing seasonal demand to direct customers to stores.
- Use lists of existing customers to promote purchases, launch POLA's premium serum *B.A GRANDLUXE* (October), and provide high-grade aesthetic treatment service linked to this product, to improve customer experience and increase lifetime value (LTV).
- Launch limited-edition kits for popular products, primarily the *B.A* series (progressively from October).

POLA B.A GRANDLUXE Ⅳ

Overseas Business

- In mainland China, hold a brand experience art event as a new trial to communicate the philosophy of the *B.A* series, aiming to expand brand awareness and acquire customers.
  For existing customers, pivot on the *B.A* series and aesthetic treatment to deepen relationships and increase LTV.
- Focus on store efficiency and revise store openings plan in mainland China based on the external environment (annual new store openings: 25 stores planned → revised to forecast around 10 stores).



B.A PRECIOUS COLLECTION

ORBIS

Domestic Business

- Stabilize the customer base to ensure top-line growth this fiscal year and sustainable growth next fiscal year and beyond.
  - Concentrate on communication focused on the strongly performing *ORBIS U.* and expand media exposure, aiming to boost brand recognition and acquire skincare customers.
  - Strengthen cross-selling with new products and limited-edition products, enhance proposals to sell additional items, and increase LTV.

(Left) ORBIS U.
(Right) ORBIS U MOUSSE VEIL MASK

First, let me talk about the domestic business of the POLA brand.
We will strengthen web advertising for our robust aesthetic treatment and develop it in conjunction with trial campaigns for B.A eye zone cream, WRINKLE SHOT, etc. to send customers to our stores.
In October, we launched B.A GRANDLUXE, POLA's top-of-the-line beauty serum. We will enhance the customer experience by offering a high-grade aesthetic menu linked to our products, which will lead to an increase in lifetime value.

Regarding overseas business, we will increase brand experience in mainland China. We are now holding a joint Japan–China B.A art event, which has attracted a large number of customers. We will push the brand position of "POLA equals B.A" and aim to attract more customers by promoting the sophisticated philosophy of the B.A series, which accounts for 80% of our sales.
In addition, in light of the external environment, we have decided to review our store-opening plan in mainland China for this fiscal year. And this year, we will operate with an emphasis on store efficiency.

Next, ORBIS. Top-line expansion has exceeded our expectations, and we will expand our number of customers to continue this expansion in the next fiscal year and beyond. Therefore, the marketing plan will be centered on ORBIS U., which is performing well, and will be expanded to include web advertising, collaborations, influencer marketing, and various other content. In addition to these, we will aggressively roll out new and limited-edition products, such as ORBIS U Mousse Veil Mask, to be introduced from September onward. The goal is to increase unit price and lifetime value of customers through cross-selling by purchasing additional items, with the growth of customer number.

POLA ORBIS HOLDINGS

Initiatives for FY2023 Q4 Onward

Jurlique

- Launch holiday kits for the year-end sales, aiming to achieve a profit in the fourth quarter (October to December).
- Continue the cost structure reforms to eliminate losses and ensure more efficient expense execution.

ADVENT CALENDAR 2023

Brands Under Development

THREE

Domestic Business

- THREE launches the first fragrance product (November) and strengthen the holistic approach through the essential oil that symbolize the brand.

Overseas Business

- Expand customer contact points in the market of mainland China and introduce the renewed *BALANCING* series to boost recognition as a skincare brand.

THREE ESSENTIAL SCENTS 00 WRITTEN IN STONE

DECENCIA

- Utilize the popular serum that improves wrinkles, renewed and launched in September, to maximize promotions and encourage purchases through initiatives tailored to customer attributes.

DECENCIA wrinkle O/L concentrate

FUJIMI

- Pivot on protein to acquire new customers.
  Build a customer base to achieve growth from next fiscal year onward, while prioritizing the amelioration of losses.

Jurlique is a brand that is strong in year-end sales and Christmas demand. Therefore, in addition to standard products such as the face oil that I mentioned earlier, we will increase the limited sales of kit products. We will also take a serious look at costs and expect to turn to profitability in Q4 (October to December).

THREE will be adding new fragrance products that can appeal to the philosophy of THREE. The company intends to pursue a holistic care marketing approach, using both the Balancing series, which was renewed in H1, and the new fragrance products, as a dual axis.

For both DECENCIA and FUJIMI, the key point is to acquire new customers. We expect the competitive environment in the e-commerce market to be challenging; however, customer-related KPIs, such as CPO and withdrawal rates, are beginning to improve. We will continue to leverage our strengths in direct selling to expand our business.

This is the end of the presentation.

(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%	43,700	6.4%	40,902	(0.0%)	-	-
Beauty care	40,950	12.1%	42,578	6.7%	39,731	(0.2%)	-	-
Real estate	518	(0.9%)	518	0.3%	521	(0.1%)	-	-
Others	666	7.1%	603	(9.3%)	650	13.3%	-	-

■ 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%	4,416	47.0%	2,946	7.1%	-	-
Beauty care	4,359	115.1%	4,354	35.2%	2,993	(2.6%)	-	-
Real estate	161	(14.7%)	115	(9.0%)	142	25.2%	-	-
Others	2	113.5%	28	(59.1%)	34	36	-	-
Reconciliations	26	331	(81)	329	(224)	210	-	-

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

(Appendix) Quarterly Results by Brands

■ Net sales

(mil. yen)	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%	42,578	6.7%	39,731	(0.2%)	-	-
POLA	24,183	13.9%	25,579	7.4%	23,097	(5.4%)	-	-
ORBIS	9,977	6.8%	10,924	12.4%	10,324	14.1%	-	-
Jurlique	1,908	(0.9%)	1,930	11.6%	2,042	17.9%	-	-
Brands under development	4,217	14.5%	4,133	(2.5%)	4,250	3.1%	-	-

■ Operating income

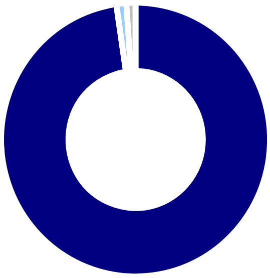
(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care operating income	4,359	115.1%	4,354	35.2%	2,993	(2.6%)	-	-
POLA	3,501	117.3%	3,511	6.8%	2,273	(38.1%)	-	-
ORBIS	1,449	(2.4%)	1,678	68.2%	1,322	108.5%	-	-
Jurlique	(579)	(256)	(503)	59	(452)	94	-	-
Brands under development	(152)	453	(275)	159	(150)	567	-	-

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).

(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.

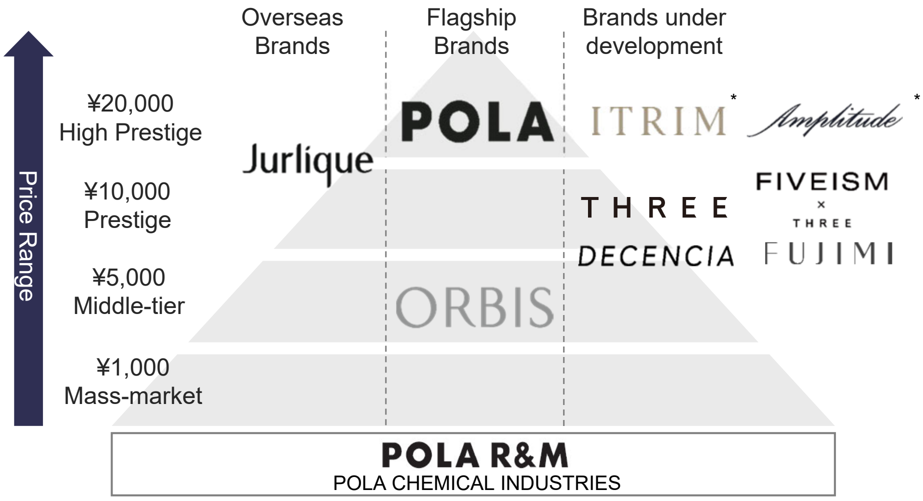
FY2022
Consol. Net Sales
¥166.3 bil.



Beauty care business 97%

Real estate business 1%

Other businesses 2%
(building maintenance business)



*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

(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: E-commerce ■ Overseas: DFS(1)	Operated by ACRO INC.
		ITRIM** Since 2018	■ Premium skincare made from finely selected organic ingredients	Approx. ¥20,000	■ JP: 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 ■ 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

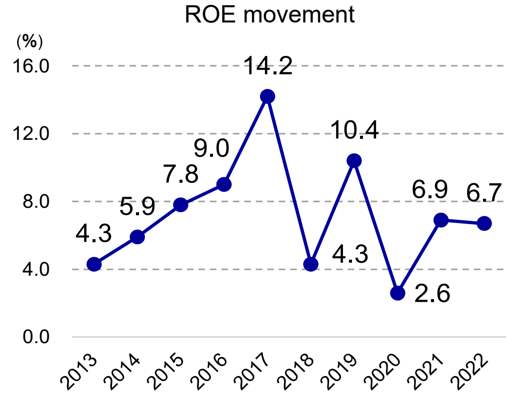
Initiatives to Improve Capital Efficiency

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

=

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

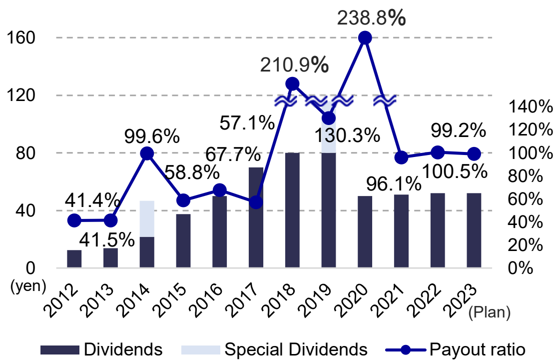
BPS
(Book value per share)
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth



Improvement of Shareholder Return

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

Dividends forecast for FY2023:
- Dividend per share : **¥52** (Interim ¥21, Year-end ¥31)
- Consol. payout ratio : 99.2%



(Appendix) Long-term Management Plan – VISION 2029

VISION 2029

A collection of unique businesses that respond to diversifying values of "beauty"

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

STAGE 1 (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

POLA ORBIS HOLDINGS

(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.