

**POLA ORBIS HOLDINGS INC.****Summary of Key Questions and Answers Concerning the Financial Results of FY2017 Q3**

- Q1. [Wrinkle Shot Serum] Were sales of Wrinkle Shot for the third quarter in line with the Company's expectations?**
- Compared with the revised plan, they were in line with expectations. What exceeded our expectations was the effect of cross-selling. The average price per new customer captured through Wrinkle Shot is higher than that for the usual new customers. In addition, the customer base has been successfully increased, and we believe that this is a good foundation for next year.
- Q2. [Wrinkle Shot Serum] Why did the cross-selling ratio become higher in the third quarter? What made sales of Wrinkle Shot in July higher than in other months?**
- In the third quarter, POLA enjoyed the effect of winning best cosmetics awards from major beauty magazines, responses to TV commercials and other additional promotional investments, and the benefits of skin consultations at store counters. In July, in particular, sales jumped due to promotions conducted from the end of June to July.
- Q3. [Wrinkle Shot Serum] What effects do you expect to see as a result of launches of competitive products?**
- We hope that the anti-wrinkle market will be established and will become a trending topic within the cosmetics industry to enliven the overall market.
- Q4. [Wrinkle Shot Serum] What is the second-time purchase rate of Wrinkle Shot among new customers?**
- Around 30%, and this is within our expectations (as presented in the supplementary material for 2Q 2017).
- Q5. [Wrinkle Shot Serum] What is the outlook for Wrinkle Shot Serum for next year?**
- The overall sales plan for next year is currently undergoing management planning discussions. First and foremost, the Group wishes to achieve an increase in sales of the POLA brand next year.
- Q6. [POLA brand] What makes up the incremental revised sales of the POLA brand?**
- Wrinkle Shot remains at the revised forecast of ¥12.5 billion. The increment consists of cross-selling (such as the

B.A series, the whitening series, and beauty and health food products), new product launches, growth in overseas business and inbound sales.

**Q7. [POLA brand] What percentage did inbound sales account for in the POLA brand?**

→ Around 12%.

**Q8. [POLA brand] How much of the incremental sales do you expect to see as a result of the launch of V resonatic cream in the fourth quarter?**

→ The sales target for the product for this fiscal year is around ¥3.0 billion. As it is taking over from the preceding product, the net increase will not be as much as ¥3.0 billion; however, to some extent, V resonatic cream will contribute to the sales increase.

**Q9. [POLA brand] About how much will POLA spend on marketing and advertising this year?**

→ Including additional investments, we expect that it will spend around ¥5.0 to ¥6.0 billion (this may change depending on the situation). In the fourth quarter, in particular, POLA plans to implement advertising for Wrinkle Shot Serum to raise market recognition of the product, such as transit advertising, and marketing expenses with a view to achieving sales growth next year.

**Q10. [ORBIS brand] It looks like ORBIS is catching up slightly on sales in the third quarter but is still in the process of recovery. What is the scenario for growth next year?**

→ We think that it will take some time for ORBIS to fully recover, but we hope that the brand will achieve increased sales next year, at least. ORBIS intends to focus on the acquisition of skincare-oriented customers with the potential of high lifetime value while putting aside a rapid increase in customers. To this end, it is necessary for the brand to consider reviewing its flagship product series and carrying out new marketing approaches other than the existing platform such as LINE. These initiatives should be commenced within this fiscal year.

**Q11. [Jurlique brand] What contributed to the increase in sales in the Australian market during 3Q? Is the Chinese business recovering?**

→ The recovery in the Australian market is due to product launches and CRM reinforcement. In China, sales decreased on a year-on-year basis because of the change to the agency business model last year. Sales on a retail basis for the third quarter were flat year on year. On the other hand, in Hong Kong and duty-free markets, Jurlique is still struggling, but the brand will make the most of the product launches to get back on track to recovery.

**Q12. [Jurlique brand] Which will be the main factor for increasing operating income, increased sales or cost reductions?**

→ They will both be contributing factors. However, Jurlique shall not cut costs that will directly affect sales. In addition, the brand can also expect an improvement in the cost of sales ratio next year.

**Q13. [Consolidated results] Is POLA the main reason behind the upward revision to sales and operating income?**

→ For sales, POLA accounts for most of the revision. For operating income, there is an upward revision at POLA and some downward revisions at other businesses.

[Attention]

This document contains our summary (in random order, edited for disclosure format) of the questions and answers regarding the Financial Results of FY 2017 Q3 for Pola Orbis Holdings, Inc. in view of fair disclosure while taking responsibility for the summarization. It does not guarantee the accuracy and completeness of the information provided, and such information is subject to change without notice. Statements about the future, including financial projections, included in this material are based on information currently available to us and certain assumptions that are considered reasonable, which do not guarantee the achievement of the projected results. The actual financial results may vary from such forecasts depending on the economic situation and various other uncertain factors.