POLA ORBIS HOLDINGS

Financial Results of 2021
2022 – 2029 Long-term Management Plan

POLA ORBIS HOLDINGS INC.
Representative Director and President
Satoshi Suzuki

We will now begin the financial results briefing for the fiscal year ending December 31, 2021, 2022-2029 long-term management plan, and forecasts for fiscal 2022.

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Today's flow will be in three.

Part I is about the financial results for FY2021 ending December 31.
Part II is about the new long-term management plan for the period 2022 to 2029. And in Part III, I will explain the forecasts for FY2022 ending December 31.

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Part I Fiscal 2021 Consolidated Performance

1. Highlights of Consolidated Performance
2. Segment Analysis

First of all, the financial for fiscal year ending December 31, 2021.

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FY2021 Key Topics

Cosmetics Market

- The overall size of the Japanese cosmetics market (including exports) continued to shrink
- The impact of COVID-19 persisted in the Japanese market. Despite a gradual recovery after restrictions such as the state of emergency were lifted at the end of September, the outlook remained unclear due to the spread of new COVID-19 variants
- The Chinese market suffered lockdowns and restrictions on storefront operations due to COVID-19

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

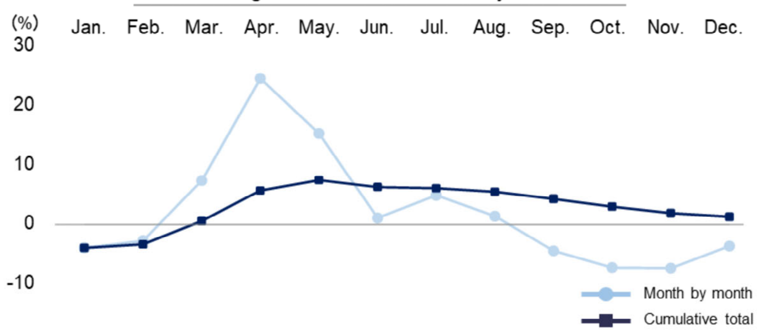
Our Group

- Consolidated revenue and income increased, with revenue growth mainly from POLA domestic e-commerce and POLA overseas
- ORBIS revenue decreased, but skincare sales grew
- Domestic storefront operations continued to struggle as a whole, and the recovery was slow
- Losses were ameliorated in overseas brands as anticipated

Medium-term Management Plan Indicators (FY2021 YTD)	
Overseas sales ratio	18.2% (+3.2 ppt*)
Domestic e-commerce sales ratio	27.1% (+3.2 ppt*)

*vs Dec. 2020

YoY Change in Consolidated Monthly Net Sales



- Compared to 2020 when the market shrank due to COVID-19, consolidated net sales increased year on year from March, but the recovery in storefront operations came to a standstill from the third quarter onwards due to the prolonged state of emergency and restrictions on the flow of people
- The state of emergency was lifted in October, but the recovery remained only gradual

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The overall cosmetics market shrank due to the impact of COVID-19. Domestic consumption has been on a gradual recovery trend since the declaration of the state of emergency was lifted at the end of September, but the future is still uncertain due to the current expansion of the Omicron variant.

Under these circumstances, the Group's domestic store business continued to struggle, but POLA's domestic e-commerce and overseas led to increased sales and profits on a consolidated basis.

In the bottom row, we show you the monthly sales trend. In the second quarter, the growth was high, partly due to a rebound from the previous year, but then stagnated due to the spread of COVID-19 in Japan, and the recovery slowed down.

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Actual vs Planned Variance Analysis

(mil. yen)	FY2020 Results	FY2021 Results	YoY change Amount	YoY change %	Initial Plan	vs. Plan Amount	vs. Plan %
Consol. net sales	176,311	178,642	2,331	1.3%	190,000	(11,357)	(6.0%)
Operating income	13,752	16,888	3,135	22.8%	19,000	(2,111)	(11.1%)
Ordinary income	12,579	18,968	6,388	50.8%	19,000	(31)	(0.2%)
Profit attributable to owners of parent	4,632	11,734	7,102	153.3%	11,300	434	3.8%

Average exchange rates: 1.00 AUD = 82.48 JPY, 1.00 USD = 109.8 JPY, 1.00 CNY = 17.03 JPY

	Variance from Initial Plan	Major Factors of the Variance
Consolidated net sales	-¥11,357 mil. (down 6.0%)	■ POLA (down approx. ¥6,800 mil.) ■ ORBIS (down approx. ¥2,600 mil.) ■ Brands under development (down approx. ¥2,200 mil.)
Operating income	-¥2,111 mil. (down 11.1%)	■ POLA: Improved profit structure due to an improvement in the cost of sales ratio and the management of sales related expenses compensated for the variance in net sales (up approx. ¥270 mil.) ■ ORBIS: Decrease in gross profit (down approx. ¥1,400 mil.) ■ Brands under development: Decrease in gross profit and optimization of costs (down approx. ¥350 mil.)
Ordinary income	-¥31 mil. (down 0.2%)	■ Foreign exchange gain offset the variance in operating income
Profit attributable to owners of parent	¥434 mil. (up 3.8%)	■ Reflects extraordinary income associated with the acquisition of the shares of tricot, Inc.

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Next, I would like to explain the differences from the plan.

Both net sales and operating income increased but fell short of the plan.

However, the decline in gross profit was partially offset by a better profit structure due to the improvement on cost of sales ratio and the control of management of sales related expenses at POLA, and by more efficient expenses for brands under development.

Ordinary income was generally in line with the plan due to foreign exchange gains of approximately JPY1.9 billion against the difference in the plan at the operating income level.

Net income exceeded the plan, mainly due to the extraordinary gain related to the acquisition of tricot Inc. shares.

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Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2020 Results	FY2021 Results	YoY Change Amount	YoY Change %
Consolidated net sales	176,311	178,642	2,331	1.3%
Cost of sales	29,979	28,720	(1,258)	(4.2%)
Gross profit	146,331	149,921	3,590	2.5%
SG&A expenses	132,578	133,033	454	0.3%
Operating income	13,752	16,888	3,135	22.8%

Key Factors

- Consol. net sales: Increased on a consolidated basis, with revenue growth mainly from POLA overseas, although storefront operations suffered the impact of COVID-19
- Cost of sales: Cost of sales ratio decreased due to an increase in the contribution from POLA
  Cost of sales ratio FY2020: 17.0% ⇒ FY2021: 16.1%
- SG&A expenses: Labor expenses: up ¥1,336 mil. YoY
  Sales commissions: down ¥2,003 mil. YoY
  ⇒ Decreased due to lower POLA consignment sales
  Sales related expenses: down ¥1,121 mil. YoY
  Administrative expenses, etc.: up ¥2,242 mil. YoY
  ⇒ Increased due to the expansion of POLA overseas and a reactionary increase after the transfer of some COVID-19 related expenses to extraordinary losses in the previous year
- Operating income: Operating margin FY2020: 7.8% ⇒ FY2021: 9.5%

I am going to explain about the consolidated P&L.

The cost of sales ratio has been declining as the percentage of POLA sales has increased.

SG&A expenses increased, mainly in labor cost, partly due to the impact of the reclassification of COVID-19 related expenses as an extraordinary loss in the previous fiscal year.

As a result, we were able to improve our operating income margin from 7.8% in the previous fiscal year to 9.5%.

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

(mil. yen)	FY2020 Results	FY2021 Results	YoY Change Amount	YoY Change %
Operating income	13,752	16,888	3,135	22.8%
Non-operating income	344	2,297	1,953	567.9%
Non-operating expenses	1,517	217	(1,299)	(85.7%)
Ordinary income	12,579	18,968	6,388	50.8%
Extraordinary income	880	383	(496)	(56.4%)
Extraordinary losses	4,291	1,740	(2,551)	(59.4%)
Profit before income taxes	9,169	17,612	8,443	92.1%
Income taxes etc.	4,527	5,821	1,293	28.6%
Profit attributable to non-controlling interests	9	56	47	502.9%
Profit attributable to owners of parent	4,632	11,734	7,102	153.3%

Key Factors

- Non-operating income: Foreign exchange gain ¥1,974 mil.
- Extraordinary losses: Loss related to COVID-19 ¥180 mil.
  (Breakdown: POLA ¥39 mil. ORBIS ¥75 mil. ACRO ¥39 mil)
  [Reference] FY2020: 1,283 mil. (Breakdown: POLA ¥379 mil. ORBIS ¥501 mil. ACRO ¥293 mil.)

Please look at the table below for operating income and such.

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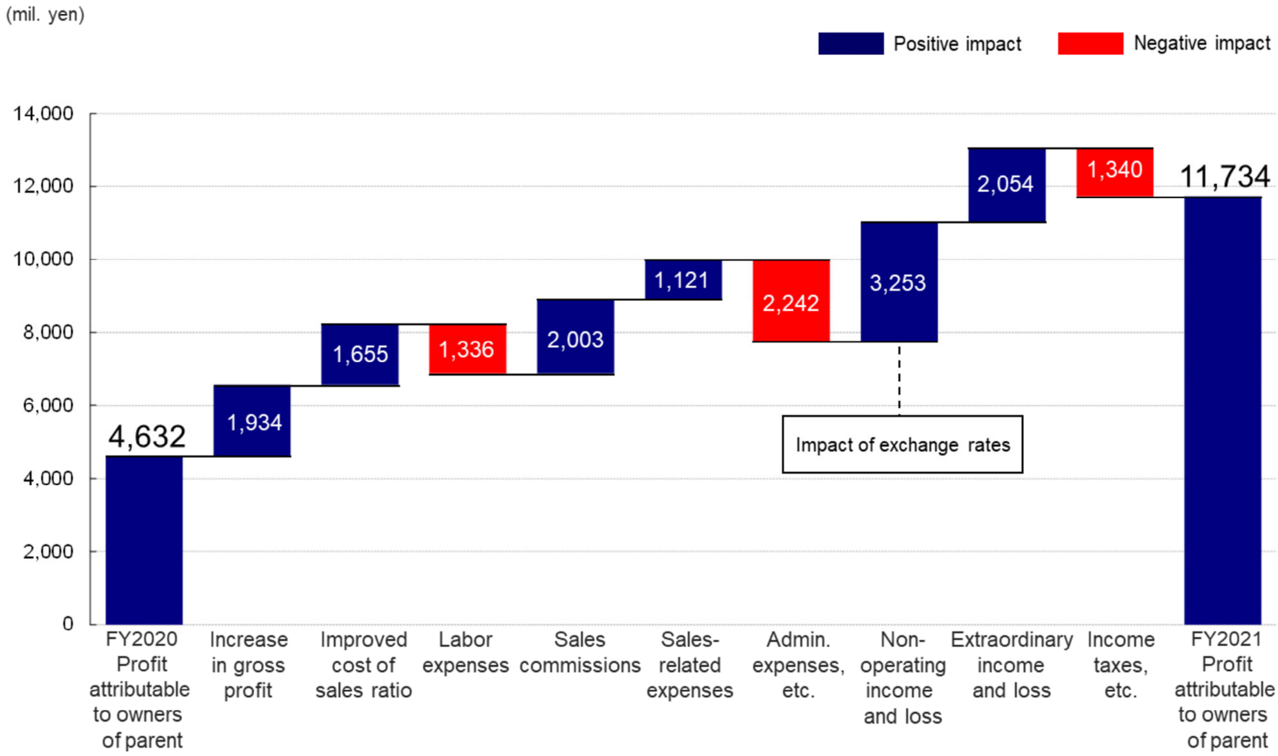
Factors Impacting Profit Attributable to Owners of Parent

An increase in gross profit, a change in the business structure, and the impact of the exchange rate boosted profit attributable to owners of parent by ¥7,102 million YoY



We will also not explain the factors behind the increase and decrease in net income.

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Part I Fiscal 2021 Consolidated Performance

1. Highlights of Consolidated Performance
2. Segment Analysis

Next, let's look at the status of our segments.

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Segment Results

(mil yen)	FY2020 Results	FY2021 Results	YoY Change Amount	YoY Change %
Consolidated net sales	176,311	178,642	2,331	1.3%
Beauty care	171,658	174,150	2,492	1.5%
Real estate	2,291	2,112	(179)	(7.8%)
Others	2,361	2,379	18	0.8%
Operating income	13,752	16,888	3,135	22.8%
Beauty care	12,965	17,060	4,094	31.6%
Real estate	710	488	(222)	(31.2%)
Others	128	70	(57)	(45.1%)
Reconciliations	(51)	(731)	(679)	-

Segment Results Summary

- **Beauty care** Revenue increased year on year, due to a revenue increase primarily in POLA
  Operating income increased due to an increase in gross profit and an increase in contribution from POLA domestic e-commerce and overseas sales
- **Real estate** Revenue and income decreased due to the departure of some tenants as buildings is being remodeling
- **Others** Income decreased in the building maintenance business

The results by segment are as shown below.
Both sales and income increased in the beauty care business, while both sales and income decreased in the real estate business due to the removal of tenants followed by the reconstruction of buildings.

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Beauty Care Business Results by Brands

(mil. yen)	FY2020 Results	FY2021 Results	YoY Change Amount	YoY Change %
Beauty care net sales	171,658	174,150	2,492	1.5%
POLA	102,888	105,168	2,279	2.2%
ORBIS	45,415	43,389	(2,026)	(4.5%)
Jurlique	6,444	7,838	1,393	21.6%
H2O PLUS	722	1,116	394	54.6%
Brands under development	16,186	16,637	451	2.8%
Beauty care operating income	12,965	17,060	4,094	31.6%
POLA	10,927	16,374	5,447	49.8%
ORBIS	7,329	5,925	(1,403)	(19.1%)
Jurlique	(2,489)	(1,536)	953	-
H2O PLUS	(724)	(802)	(77)	-
Brands under development	(2,076)	(2,901)	(824)	-

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

As for results by the brand, sales in all categories except for ORBIS increased from the previous fiscal year.

The main reasons for the increase in operating income were an increase in gross profit and a rise in the sales composition of POLA's high-margin domestic e-commerce and overseas businesses.

Jurlique has increased revenue, and loss improvement is underway.

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

POLA

Brand Analysis (1)

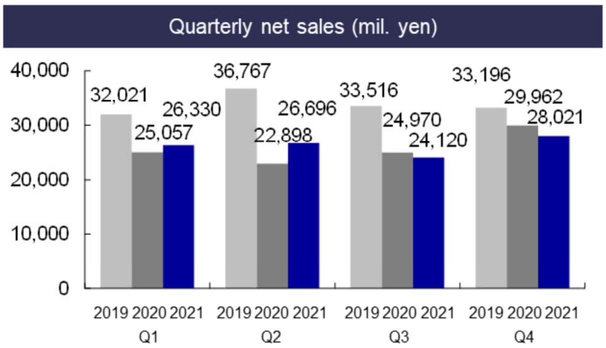
FY2021 Results

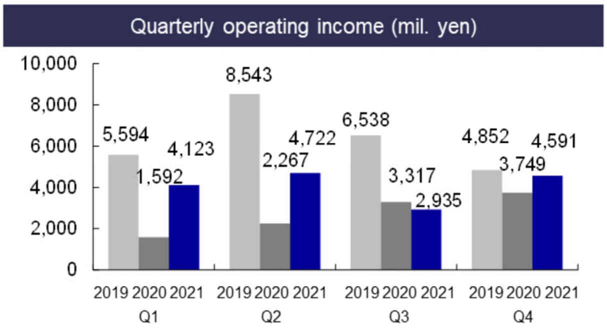
- Domestic consignment sales struggled, even after the state of emergency was lifted, while high growth continued in e-commerce sales
- Overseas revenue increased, and sales in Mainland China grew 38% YoY despite the impact of lockdowns, etc. due to COVID-19
- Income increased significantly due to an increase in the contribution from domestic e-commerce and overseas sales

Q4 (YTD)		Results (mil. yen)	YoY Change
Net sales		105,168	2.2%
Operating income		16,374	49.8%
Key indicators			
Sales ratio	Consignment sales		68.4%
	Overseas		18.8%
	Domestic e-commerce		5.0%
	Dept. store, B2B		7.8%
Sales growth*	Consignment sales		down 5.2%
	Overseas		up 24.6%
	Domestic e-commerce		up 49.8%
	Dept. store, B2B		up 6.8%
Consignment sales channel	# of sales offices**		3,227 (down 553)
	# of PB**		588 (down 48)
	Purchase per customer*		up 1.5%
	# of customers*		down 5.0%
Number of stores overseas**			132 (up 22)

Topics

- Launched the new app *PORTAL by POLA* (November)





*YoY basis , ** vs Dec. 2020

In the POLA, while the consignment business struggled, sales increased due to growth in the domestic e-commerce and overseas businesses.

In China, which is our key market, the measures to prevent COVID-19 have been taken and store sales activities have been affected, but cumulative sales increased by 38% over the previous year.

In terms of profit, the change in the structure of the channel has resulted in a significant increase in profit.

ORBIS

Brand Analysis (2)

FY2021 Results

- Sales grew of high-function special care with features such as improving wrinkles and brightening the skin, and revenue for the skincare category increased
- The number of existing customers decreased due to marketing focused on LTV, but purchase per customer recovered

Q4 (YTD)		Results (mil. yen)	YoY Change
Net sales		43,389	(4.5%)
Operating income		5,925	(19.1%)
Key indicators			
Sales ratio	Domestic e-commerce(1)		61.2%
	(Proportion of domestic sales attributable to e-commerce)		63.8%
	Other mail-order		15.6%
	Stores and overseas, etc.		23.2%
Sales growth*	Domestic e-commerce		down 3.1%
	Other mail-order		down 15.4%
	Stores and overseas, etc.		up 0.5%
Mail-order** purchase per customer*			up 1.7%
Number of mail-order** customers*			down 9.6%
ORBIS U series ratio of sales(2)			26%

(1) From FY2021, domestic e-commerce includes sales from external e-commerce

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

* YoY basis

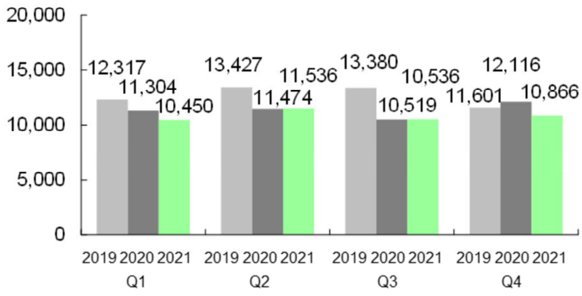
** include e-commerce and catalog

Topics

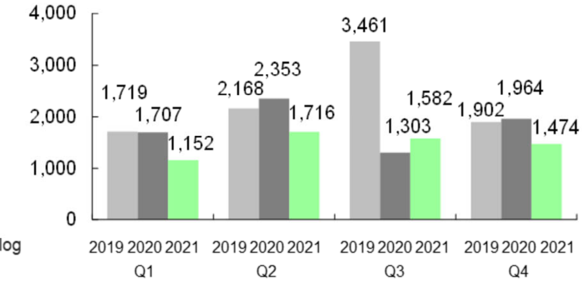
- The *WRINKLE WHITE* series of special care items won numerous best cosmetics awards

(Left) *WRINKLE WHITE UV PROTECTOR*
(Right) *WRINKLE WHITE ESSENCE*

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Sales of ORBIS decreased due to a decline in the number of customers. This is a result of the change in promotion from price-appealing campaign to one that emphasizes lifetime value.

On the other hand, with the marketing efforts focused on special care such as wrinkle improvement and skin brightening, sales in the skincare category have increased. The shift of the structure to obtain repeat customers is expected to progress steadily.

In the current fiscal year, we hope to halt the decline in the number of customers and achieve a turnaround in revenue growth.

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Brand Analysis (3) Overseas Brands

FY2021 Results

- Losses were ameliorated in overseas brands as anticipated
- Jurlique stores reopened in Australia, but struggled to attract customers due to COVID-19, while Mainland China saw e-commerce grow, driving an increase in revenue
- One-time expenses were incurred at H2O PLUS to improve the cost structure with the aim of swiftly achieving profitability

Q4 (YTD)		Results (mil. yen)	YoY Change[1]
Jurlique	Net sales	7,838	21.6%
	OP income	(1,536)	953
H2O PLUS	Net sales	1,116	54.6%
	OP income	(802)	(77)

Key indicators		
Jurlique		
Sales ratio	Australia	16.3%
	Hong Kong	16.8%
	Duty free	11.5%
	Mainland China	37.6%
Sales growth[2]	Australia	down 6.7%
	Hong Kong	up 7.3%
	Duty free	up 28.9%
	Mainland China	up 18.6%

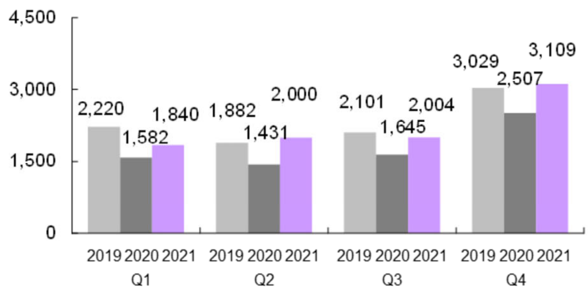
(1) For operating income, the YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

Topics

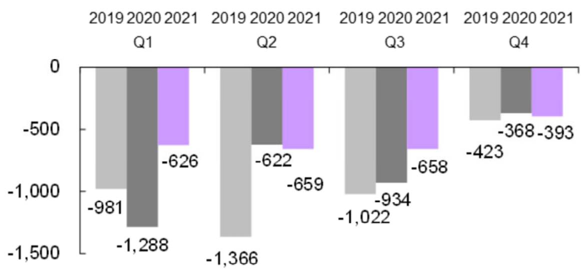
- Jurlique
  Launched a limited edition body oil (October)

Treatment Oil Rose
<Limited Edition>

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Overseas brands are making progress in improving losses.

Jurlique has been focusing on social media promotion in mainland China, and online sales have been strong.

H2O PLUS reported decrease in income in the fourth quarter due to one-time expenses incurred to improve the cost structure.

Brand Analysis (4) Brands Under Development

FY2021 Results

- THREE continued to struggle in the partial makeup category
- DECENCIA achieved a double-digit increase in income due to enhanced cost efficiency
- Losses were ameliorated, excluding the recently-acquired FUJIMI

(Note) FIVEISM×THREE results have been included in THREE from the third quarter, due to the transfer of brand operation functions (same standard basis)

Topics

- THREE launched the *SQ* series (October)

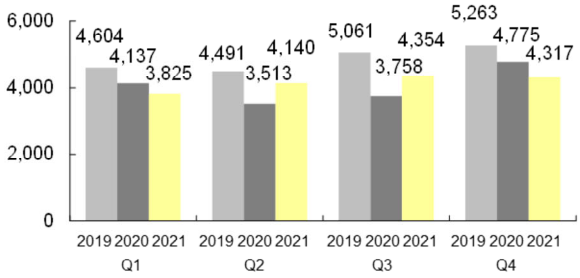
THREE BALANCING SQ SERIES

Q4 (YTD)	Results (mil. yen)	YoY Change
Net sales	16,637	2.8%
Operating income(1)	(2,901)	(824)
ACRO Net sales	8,487	(4.9%)
ACRO OP income(1)	(2,663)	288
THREE Net sales	7,046	(4.2%)
THREE OP income(1)	(1,325)	20
DECENCIA Net sales	5,546	0.9%
DECENCIA OP income	823	21.4%

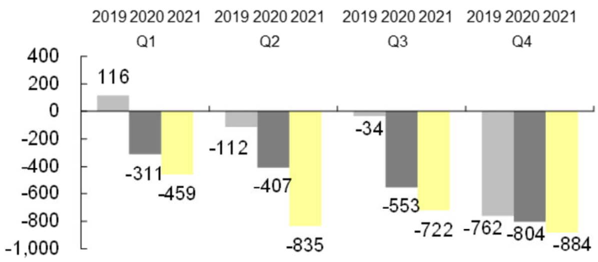
Key indicators		
THREE		
Sales ratio	Domestic storefronts, etc.	63.3%
	Domestic e-commerce	11.7%
	Overseas	25.0%
Sales growth(2)	Domestic storefronts, etc.	down 1.4%
	Domestic e-commerce	down 27.8%
	Overseas	up 4.6%

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

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



As for a brand under development, THREE continues to struggle in the partial makeup category.

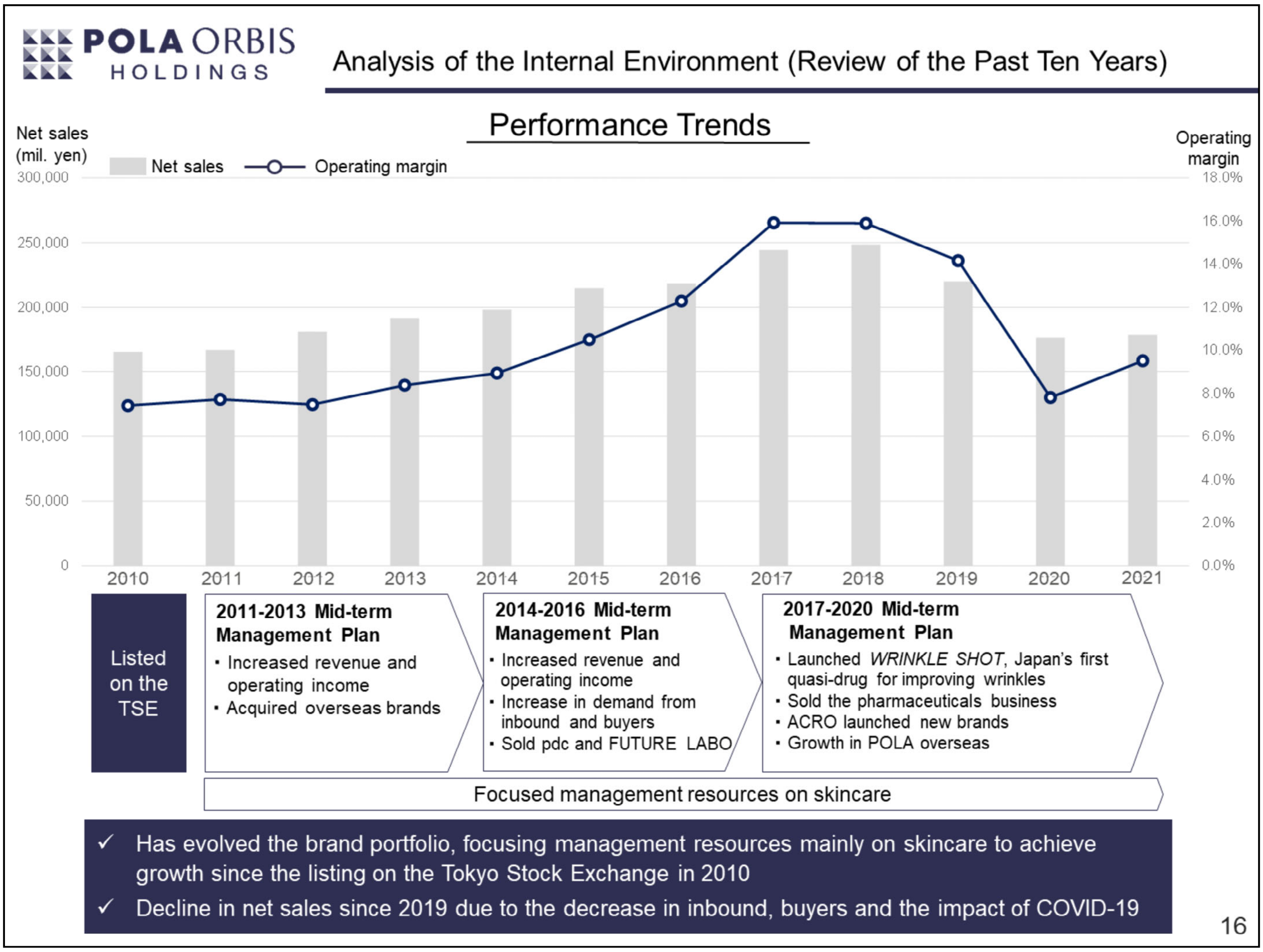
E-commerce brand DECENCIA is seeing strong sales of existing customer. Double-digit profit growth was achieved by streamlining expenses.

Excluding the impact of the acquisition of FUJIMI, the overall loss for the brands under development improved.

Part II 2022 – 2029 Long-term Management Plan

1. 2022 – 2029 Long-term Management Plan
2. 2029 Sustainability and ESG Policies

From here, as Part II of today's presentation, I would like to explain our new long-term management plan for 2029, which will mark the 100th anniversary of our company.



But first, I would like to look back on the past 12 years since we were listed.

Our company was listed on the stock exchange in 2010. We have established a long-term management plan for the year 2020 and had been working on it in three stages.
When the market had shrunk due to the 2008 financial crisis, we have concentrated our management resources on the skincare field, where we can leverage our R&D and technological capabilities—and have continued to grow based on our strength in direct selling.

However, from 2019 onwards, sales have been declining, partly due to major changes in the business environment, namely the decline in inbound tourism and the impact of COVID-19.

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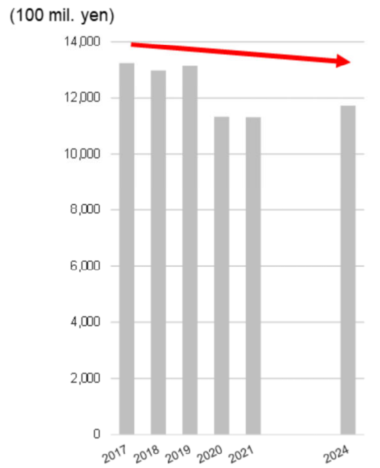
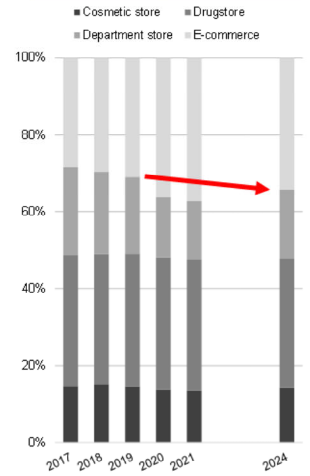
Trends in the Cosmetics Market

Domestic cosmetics market



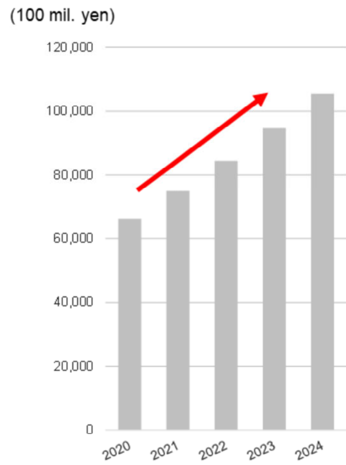
Source: Intage SLI
Jan. 2022 Data published

Percentage by Route



Source: Intage SLI
Jan. 2022 Data published

China Cosmetics Market



Source: Euromonitor
Jan. 2022 Data published

*Market data collection methods differ among survey companies
The spread of COVID-19 infections since January 2022 has not been reflected in the data

【Domestic market】

- Shrinking as customers change their behavior and refrain from outdoor activities amid COVID-19 in addition to the evaporation of inbound demand
- Gradually recovering, but expected to be 2024 or later before approaching pre-COVID-19 levels
  The timing of the recovery is anticipated to change depending on the spread of COVID-19 from January 2022 onwards
- Sales are brisk in e-commerce markets due to the tailwinds provided by a new way of life and stay-at-home consumption, and digital marketing is becoming increasingly important
- The increasing awareness of sustainability has led to greater penetration for products and services that respond to changes in value perceptions of consumption and address social issues

【Overseas market】

- The Chinese market is forecast to continue to grow, and is the key market for the Group's overseas development
- The competitive environment in the Chinese market is becoming increasingly intense, but the Group aims for sustainable growth with profit

As for trends in the cosmetics market, the domestic market is shrinking due to the impact of COVID-19. Although it is on a gradual recovery trend, we estimate that the market will not approach the pre-pandemic level until 2024 or later.
However, the recovery time may vary depending on the pandemic situation.

Looking at the new trends in the cosmetics market, we can see the growing importance of digital marketing, the changing awareness of sustainability and social issues.

As for overseas markets, the Chinese cosmetics market is expected to continue to grow at a high rate and will remain our key market.

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– VISION 2029 –

Mission	Sensitize the world to beauty.
Vision	To maximize the unique character of each brand, and become a global corporate group that enriches the lives of people around the world.
Operations	Our Strengths: ■ Direct selling ■ Multiple brands ■ R&D capabilities Sustainability Policy: ■ QOL improvement through innovative technology services ■ Regional revitalization ■ Culture, Arts, and Design ■ All-inclusive human resources ■ Environment

Aspiring to take on challenges in new domains
ever since the establishment of the corporate philosophy in 2017

Business challenges

- Optimizing channels with and after COVID-19
- Prioritize the maximization of domestic LTV, to be a business that can secure stable growth and high profits
- Accelerate overseas operations, primarily in Mainland China
- Improve the profitability of POLA and ORBIS, and achieve profits in currently unprofitable brands

External environment

- Shrinking domestic cosmetics market
- Recovery of the inbound evaporation will take time
- Dramatic shift to online sales
- Expanded definition of beauty
- Consumer behavior that emphasizes social sustainability

VISION 2029

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

✓ In addition to providing value centered on cosmetics, expand the portfolio towards well-being and the social domain, aiming for sustainable business growth both domestically and overseas

✓ Strengthen existing businesses, further enhance profitability, and secure funds for new businesses

Now, I would like to explain about the next eight years toward our 100th anniversary.

Looking back, in 2017, we formulated a new group philosophy, with the mission of sensitize the world to beauty and the vision of maximize the unique character of each brand, and become a global corporate group that enriches the lives of people around the world.
The original purpose of our group's activities is to care for the people of the world and to color their lives.

In order to achieve this, we have been challenging to the new area beyond the framework of cosmetics where our existing cosmetic business lines.
In recent years, as we learn more about the new lifestyles and consumer attitudes of Generation Z, beauty in a broader sense and social value are getting more important.

With this background, we have decided our VISION 2029 should be a collection of unique businesses that respond to the diversifying values of beauty.

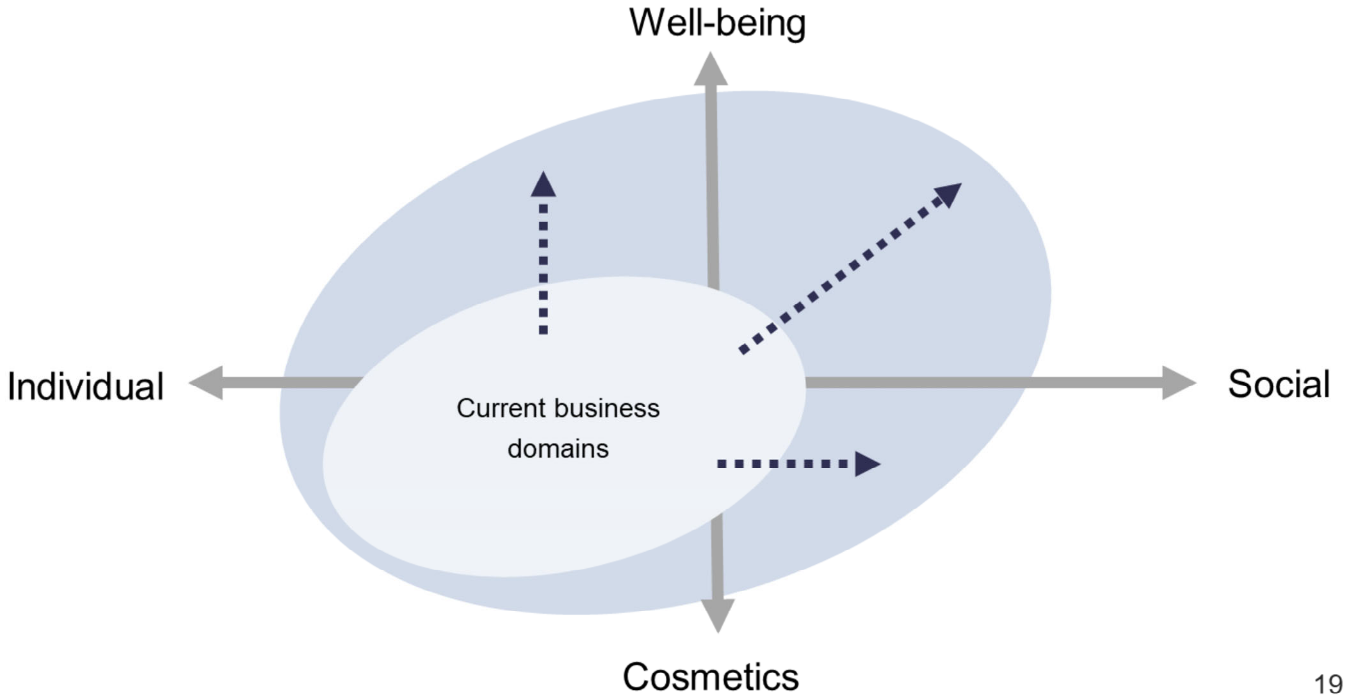
We aim to achieve sustainable business growth by expanding our business portfolio into the well-being and social domains. We will further improve the profitability of our existing businesses and use the profits to invest in new businesses.

Approach to the Business Portfolio for 2029

VISION 2029

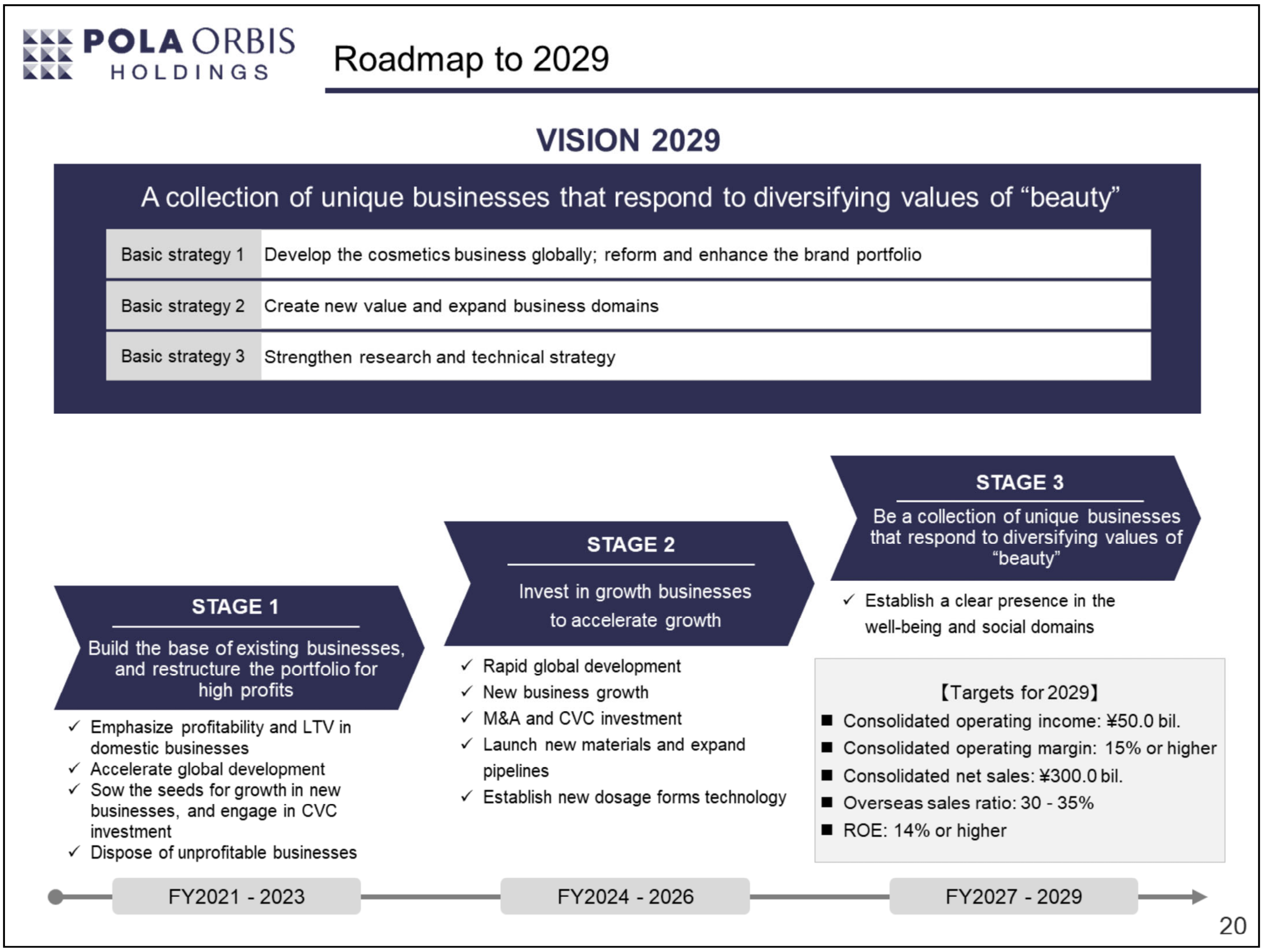
A collection of unique businesses that respond to diversifying values of "beauty"

Approach to the Business Portfolio	Expand into well-being and social domains



Here is the new business portfolio.

With cosmetics and well-being on the vertical axis and the individual and society on the horizontal axis, we would like to expand our business portfolio beyond our current business domain of cosmetics, to include well-being, or the broader concept of physical and mental health and happiness, as well as the social domain.



Here is the overall picture of the new long-term management plan.
To achieve VISION 2029, we will work on three basic strategies.

Strategy one: Develop the cosmetics business globally and reform and enhance the brand portfolio.
Strategy two: Create new value and expand business domains.
Strategy three: Strengthen research and technical strategy.

As management indicators for 2029, we have set the following targets: operating income of JPY50 billion, operating margin of at least 15%, consolidated net sales of JPY300 billion, overseas sales ratio of 30% to 35%, and ROE of at least 14%.

POLA ORBIS HOLDINGS

Long-term Management Plan: Basic Strategy 1

Basic Strategy 1: Develop the cosmetics business globally; reform and enhance the brand portfolio

- Domestic: Improve profitability and achieve sustainable growth with profit
- Overseas: Emphasize the enhancement of brand value, and create growth drivers
- Determine the continuity of unprofitable brands through the evaluation of KPIs over short cycles

Domestic

Net Sales Targets for 2029

¥180.0 bil. or higher (stable growth with a CAGR of 2-3%)

Basic Strategy

- Rebuild the business structures and models for flagship brands
  - ✓ Promote digital shift, reorganize IT functions across the Group, and speed up DX
  - ✓ Accelerate OMO and optimize channels
  - ✓ Leverage customer lists and direct selling assets that provide special experiences to maximize LTV
- Swiftly ascertain the return on investment for brands under development and additional new brands in the future

Overseas

Net Sales Targets for 2029

¥100.0 bil. or higher (growth with a CAGR of 15% or higher)

Basic Strategy

- Accelerate growth with Mainland China as the key market

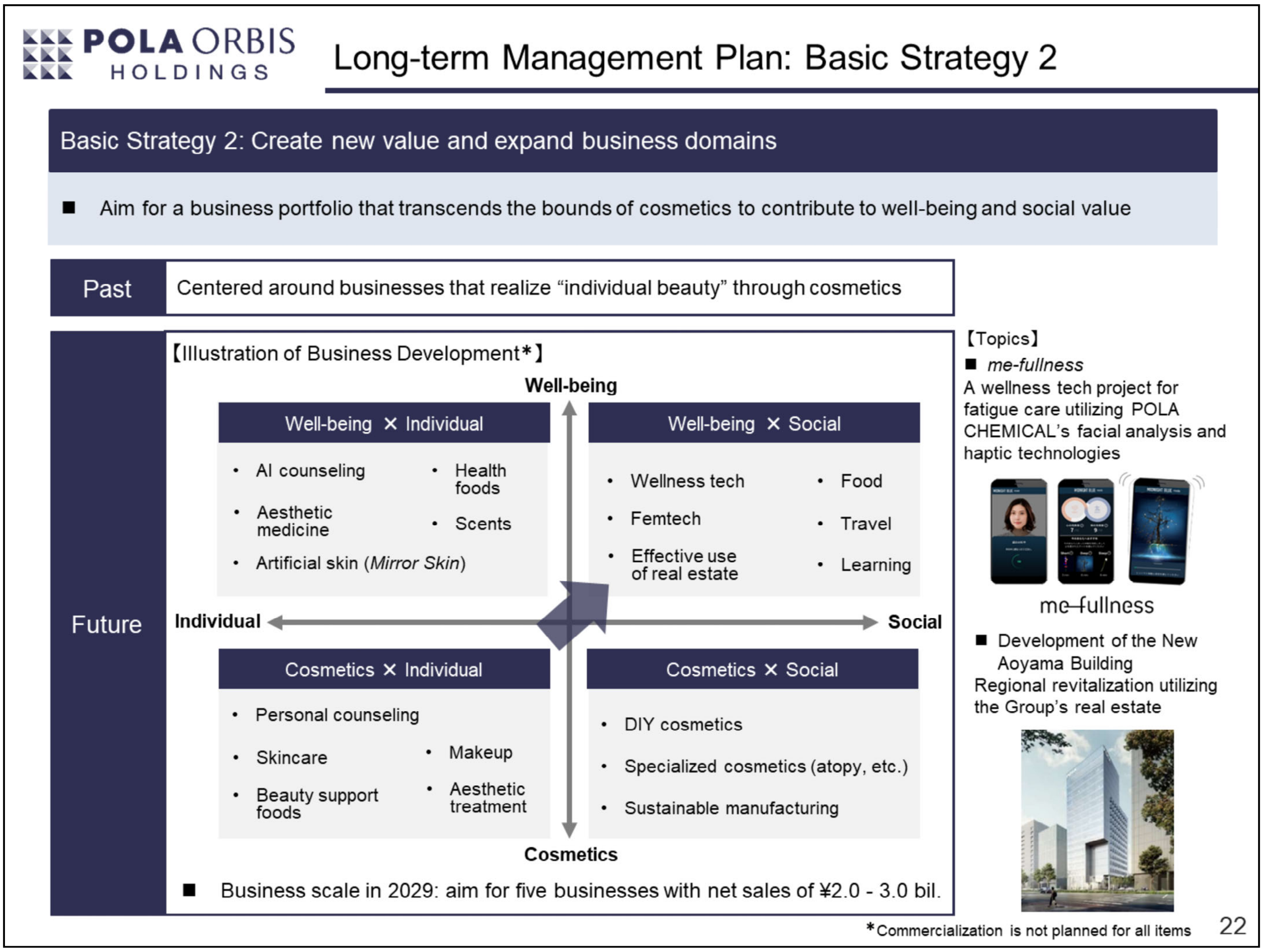
POLA / Jurlique / ORBIS / THREE × ・Department stores ・Travel retail ・BtoB ・Directly-operated stores ・E-commerce

  - ✓ Achieve greater brand value penetration and differentiation for POLA through branding investment while expanding stores providing aesthetic treatment
  - ✓ Swiftly expand China operations for brands other than POLA
- Plan expansion into new countries in ASEAN etc.
- Focus on branding, and actively reduce the flow of products into CtoC markets due to the risk of damaging brands in the future

I am going to explain more about strategy one for both Japan and overseas.

In Japan, we aim to achieve sales of JPY180 billion or more by 2029. We will promote OMO as the flagship brand and the top line expansion by maximizing lifetime value, utilizing our direct selling assets. We will achieve profitable growth by quickly assessing the return on investment of brands under development and new brands.

Overseas, we aim to achieve sales of JPY100 billion or more by 2029. The key market will be China. In conjunction with the expansion of new store openings, particularly those offering facial aesthetics, POLA will step up in investment for branding.
For brands other than POLA, we are developing channels that match the characteristics of each brand, such as e-commerce and BtoB.



Next, let's look at strategy two. This is the high-resolution version of the business portfolio I showed you earlier.

In the past, our core business area was the lower left. This area will be expanded.

On the upper left, we are already examining the business potential in areas such as the aesthetic medicine, and we believe that artificial skin will be the core of the next generation of research areas.

Right below, DIY cosmetics are to be achieved in the current mid-term plan. We will also explain sustainable manufacturing in the next research strategy.

Finally, the upper right is an area that goes far beyond cosmetics. We will also challenge the field of technology to achieve a healthy and fulfilling state of mind and body.

For example, we have already released me-fullness, a wellness tech project that uses an app to digitally analyze physical and mental balance and provide a solution experience that stimulates the five senses.

In addition, we will work on the development of the New Aoyama Building by effectively utilizing the real estate we own. By incorporating culture and art into the real estate business, we will transform the way the real estate business has been conducted to date.

We plan to launch about five new businesses with the scale of JPY2 to JPY3 billion by 2029.

Long-term Management Plan: Basic Strategy 3

Basic Strategy 3: Strengthen research and technical strategy

- Expand new materials pipelines (world-first, industry-first)
- Extend new cosmetics domains (moonshot R&D pivoting on artificial skin research)
- Develop next-generation technologies and establish new dosage forms technology (sustainable manufacturing)

Approach to Investment in Research and Development

- Actively invest 2% or more of consolidated net sales
- Expand research targets (skin⇒people⇒feelings, bodies, environment)

Unique Research Strategy

New Value Creation

- Progress skin research and research into artificial skin
  ⇒ Use iPS cells to create skin copies of individuals (*Mirror Skin*)

【Illustration】

Create seeds that will form the base of skin from individuals

Nurture and grow these seeds into skin

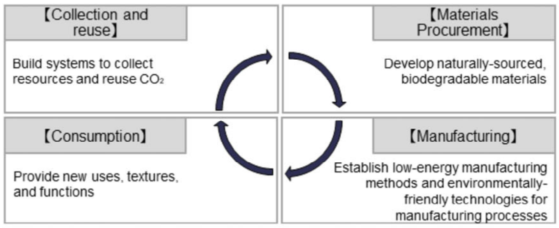
Recreate the skin characteristics of each individual

✓ Aim to resolve negative skin conditions through the ultimate in personalization
✓ Use the insight gained in the technology development process for a range of different outputs

- Establish a new research base in Singapore, and build the infrastructure for value creation, beginning with research into artificial skin

Development of New Technologies (Technical Development Center)

- Sustainable manufacturing
  (1) Manufacturing methods that do not produce CO_2
  (2) Usage methods that do not waste water



✓ Establish cycles from procurement to collection and reuse Aim for uniquely sustainable manufacturing
✓ Develop new dosage forms based on manufacturing equipment from different fields

Strategy three is the research and technological strategy, that will make strategies one and two feasible.

We will continue to focus on expanding pipeline for new cosmetic materials, which we are the first in the world and the industry, and will also engage in skin research based on new artificial skin research.
We plan to develop artificial skin using iPS cells as a new value creation which evolved skin research. It can copy person’s skin completely and offer ultimately personalized cosmetics. Also, it aims to solve skin problems that are impossible to solve with conventional cosmetics.

In addition, through this artificial skin research, we will realize a variety of outputs through the so-called moonshot R&D, which diverts the results obtained in the process of research.
We will establish a new research base in Singapore and starting with artificial skin research. We will also collaborate with various startups to build an infrastructure for creating new value.

Adding to that, we will achieve sustainable manufacturing by recycling raw materials from procurement to collection and reuse. We will promote the reduction of environmental impact throughout the product life cycle.

POLA ORBIS HOLDINGS

Part II 2022 – 2029 Long-term Management Plan

1. 2022 – 2029 Long-term Management Plan
2. 2029 Sustainability and ESG Policies

Next, I will explain our sustainability and ESG policies.

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Sustainability and ESG initiatives (5 Key Domains)

QOL improvement through innovative technology services | Regional revitalization | Culture, Arts, and Design | All-inclusive human resources | Environment

QOL improvement through innovative technology services

- Accelerate new value creation through multiple schemes
  - ✓ MIRC (Multiple Intelligence Research Center)
    Strengthen the incubation function and raise the quantity, quality and speed of new business development
  - ✓ CVC
    Continue to invest in start-ups, and promote collaboration with investment targets to create new businesses
  - ✓ Internal ventures
    Strengthen the function of accelerating new business creation
- Establish a new body to decide on commercialization or withdrawal from new businesses, to enable faster decision-making
- Plan to apply research into DIY cosmetics, which won an IFSCC* Magazine award, in the Group's products and services

mirc
multiple intelligence research center

POLA ORBIS CAPITAL

*International Federation of Societies of Cosmetic Chemists

Regional revitalization / Culture, Arts, and Design

- Regional revitalization utilizing the Group's real estate
  - ✓ Change the approach to the real estate business, transforming it from a business that provides office buildings into one that provides spaces and content integral to lifestyles
  - ✓ Collaborate with the Pola Museum of Art and the POLA Research Institute of Beauty & Culture to provide unique, high value-added content utilizing art, cultural, and other assets
  - ✓ At the same time, progressively sell unprofitable properties to enhance profitability

New Aoyama Building
Completion January 2024 (planned)

We have identified the following five areas as our priority for sustainability. Here are some examples of our own initiatives in these five areas.

In the area of QOL improvement through innovative technology and services, we are promoting the creation of new businesses through multiple schemes, including MIRC, CVC, and in-house ventures at our research institutions.

In the area of regional revitalization and culture, arts, and design, we will change the way of the conventional real estate business works by combining our real estate holdings with our unique culture and arts.

POLA ORBIS HOLDINGS

Sustainability and ESG initiatives (5 Key Domains)

All-inclusive human resources (Governance)

- Elected multiple independent Outside Directors to ensure the transparency of the Board of Directors, and aim to increase diversity further in the future
- Response and view to the revision of Japan's Corporate Governance Code

✓ Ensuring diversity:
- A Personnel Development Committee for strengthening the development of future senior management, and established KPIs for 2029
- Established a Diversity Promotion Committee to lead the promotion of diversity in the Group
  Aim to swiftly achieve advanced goals not limited to gender equality

✓ Ensure the fulfillment of functions by the Board of Directors:
Revise the behavioral characteristics (Competency) required of senior managers, with an emphasis on a “person-centered approach,” “progress,” and “transformation”

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

Environment

- At TDC (Technical Development Center), create new manufacturing methods and dosage forms to reduce environmental impact
- By 2029, aim to establish a 100% recycling model for plastic containers and packaging used for cosmetics, based on the 4 Rs*
- Abolish shopping bags for purchased products

*Reduce, Reuse, Replace and Recycle

POLA *SHOWER BREAK*
With the product renewal, 100% recyclable PET has been used as the base material for applicators

As part of our efforts to promote all-inclusive human resources, we have established Diversity Promotion Committee, chaired by POLA President Oikawa, to accelerate the Group's diversity promotion.

With regard to the environment, TDC, one of our research institutes, will continue to work on the development of new manufacturing methods and formulations that reduce environmental impact. In addition, we are working toward sustainable design based on the four Rs for cosmetics containers and packaging materials.
We will also gradually discontinue the use of shopping bags to reduce the environmental impact.

POLA ORBIS HOLDINGS

Part III Forecasts for Fiscal 2022 and Initiatives Going Forward

1. Progress on the Medium-term Management Plan
2. Forecasts for Fiscal 2022
3. Initiatives Going Forward & Appendices

In the last section, Part III, I will explain our business forecasts for this fiscal year and our future initiatives.
First, I would like to talk about the progress of the current medium-term management plan.

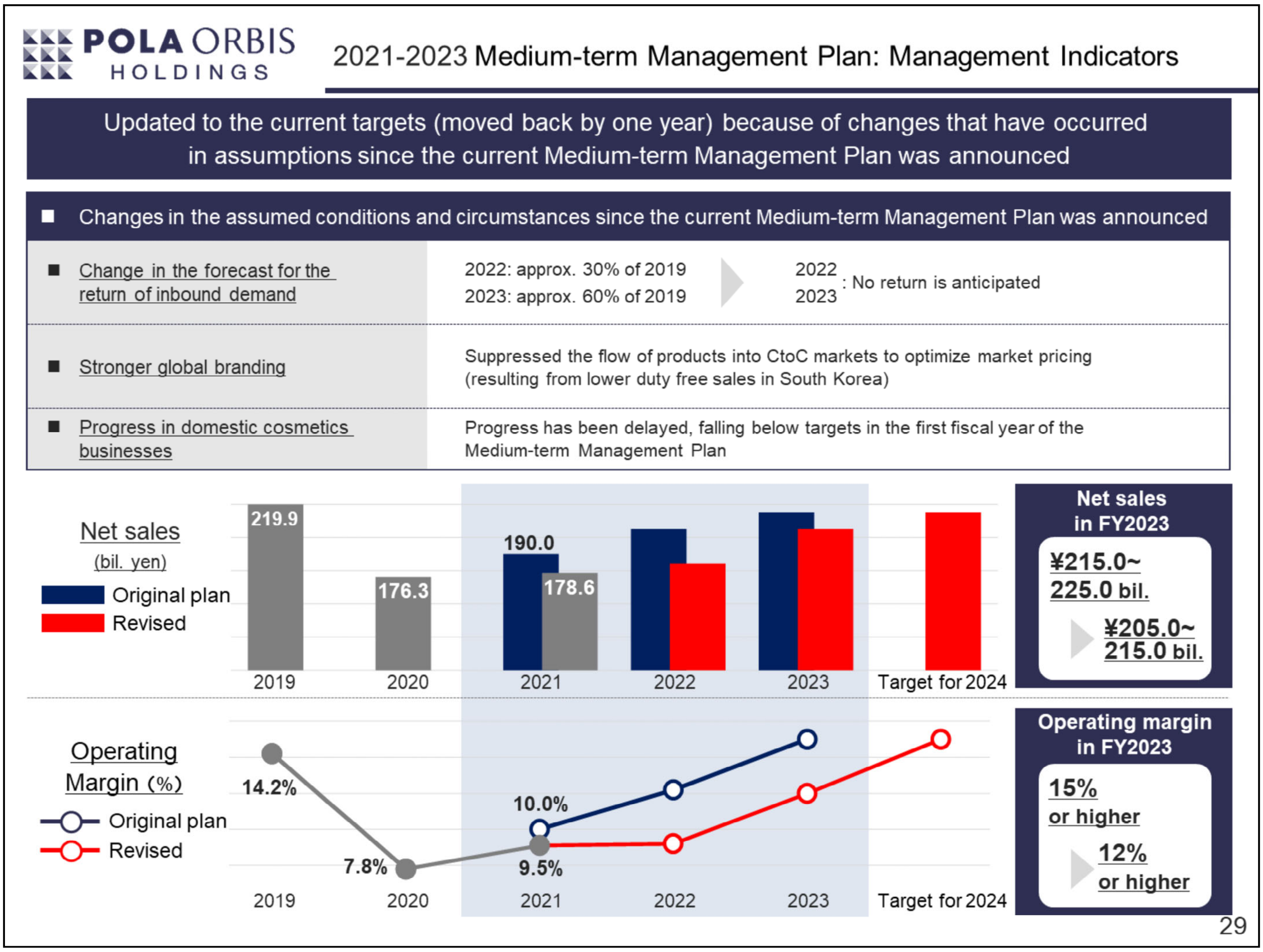
POLA ORBIS HOLDINGS

Progress of 2021-2023 Medium-term Management Plan

Strategies		Evaluation	
1	Evolve domestic direct selling	Slightly behind	- POLA e-commerce grew, but the growth was insufficient to compensate for struggling storefront channels - The downwards trend in ORBIS customer numbers continued
2	Grow overseas businesses profitably	Slightly behind	- POLA grew in Mainland China and travel retail Recognize that reducing the flow of products into CtoC markets is vital to achieve long-term growth in Mainland China - Structural reform of overseas brands is progressing
3	Profit contribution from brands under development	Slightly behind	- Radical structural reform is underway for THREE, Amplitude, ITRIM, and FIVEISM × THREE - Losses were ameliorated, excluding the recently-acquired FUJIMI
4	Strengthen operations	On track	- The creation of new pipelines is progressing smoothly - Renewed the commitment to sustainability, enhancing effectiveness by linking non-financial KPIs with compensation for corporate executives
5	Expand new brands and domains of "beauty"	On track	- Commenced consideration of business expansion into new domains, including the formation of a cosmetic medicine task force

Management indicators progressed below targets due to the prolonged COVID-19 pandemic
Accelerating overseas business growth, transforming the business model through OMO, turning a profit in overseas brands and brands under development, and expanding the business portfolio for future growth are key to returning to a growth trajectory and achieving sustainable growth

The evaluation of each strategy is shown in the table below. In terms of management indices, progress has been lower than planned due to the prolonged COVID-19. The most urgent issues are to rebuild the domestic businesses of POLA and ORBIS, and to turnaround the overseas brands and brands under development.



In addition to the progress made in the first year of the medium-term management plan, the assumptions made at the time of the announcement has changed, so we have moved back the 2023 target by about one year and updated the current target as shown here.

We now have changed our assumption that inbound will not return until 2023. In addition, from a branding perspective, we will suppress the CtoC market, which may lead to the risk of brand damage in the future.

With all those factors, as shown in the graph below, we have changed our forecasts for the current mid-term plan.

Part III Forecasts for Fiscal 2022 and Initiatives Going Forward

1. Progress on the Medium-term Management Plan
2. Forecasts for Fiscal 2022
3. Initiatives Going Forward & Appendices

Next, I will explain our forecasts for FY2022.

POLA ORBIS HOLDINGS

Impact of Revenue Recognition on P&L from FY2022 onwards

■ Main Impact on the Group

1. Sales with the award of points	Where points provided to customers with the sale of products (SG&A expenses ⇒ deducted from net sales)
2. Sales on consignment	Sales commissions to department stores (Deducted from net sales ⇒ recognized in both net sales and SG&A expenses)
3. Sales with attached promotional items	Novelty items for customers (Cost of the novelty items recognized in SG&A expenses ⇒ recognized in cost of sales)
4. Aesthetic treatments	Sales of aesthetic treatments (Recognized in sales at the time when the aesthetic treatment service is sold ⇒ recognized in sales at the time when the treatment is provided)

(mil. yen)	FY2021 Full-year Results	FY2021 Full-year Results (recalculated under the 2022 standard)	Main Changes
Consolidated net sales	178,642	174,896	− 1. Reduced by the expense of point program (approx. ¥4,400 mil.) + 2. Increased by the difference between retail and wholesale prices in contracts for sales on consignment (approx. ¥3,400 mil.) − 4. Reduced by the amount for aesthetic treatments not yet provided (approx. ¥2,000 mil.)
Cost of sales	28,720	31,291	+ 3. Increased by the cost of novelty items (approx. ¥2,100 mil.)
SG&A expenses	133,033	128,022	− 1. Reduced by the expense of point program (approx. ¥4,400 mil.) + 2. Increased by the difference between retail and wholesale prices in contracts for sales on consignment (approx. ¥3,400 mil.) − 3. Reduced by the cost of novelty items (approx. ¥2,100 mil.)
Operating income	16,888	15,582	− 4. Reduced by the amount for aesthetic treatments not yet provided (approx. ¥800 mil.)

*Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited)

From this fiscal year, revenue recognition has been changed, which has affected the P&L mainly in the items shown below. For comparison purposes, the figures for FY2021 ending December 31 are shown as the same standard for 2022, adjusted to the same assumptions as for the current fiscal year. Please check.

POLA ORBIS HOLDINGS

Forecasts for Fiscal 2022

(mil. yen)	FY2021 Full-year Results (previous standard)	FY2022 Full-yean plan	YoY Change Amount	YoY Change %	FY2021 Full-year Results (recalculated under the 2022 standard)	FY2022 Full-yean plan	YoY Change Amount	YoY Change %
Consol. net sales	178,642	186,000	7,357	4.1%	174,896	186,000	11,103	6.3%
Beauty care	174,150	181,800	7,649	4.4%	170,403	181,800	11,396	6.7%
Real estate	2,112	1,900	(212)	(10.1%)	2,112	1,900	(212)	(10.1%)
Others	2,379	2,300	(79)	(3.3%)	2,379	2,300	(79)	(3.3%)
OP income	16,888	17,700	811	4.8%	15,582	17,700	2,117	13.6%
Beauty care	17,060	19,130	2,069	12.1%	15,754	19,130	3,375	21.4%
Real estate	488	400	(88)	(18.2%)	488	400	(88)	(18.2%)
Others	70	70	0	(0.6%)	70	70	0	(0.6%)
Reconciliations	(731)	(1,900)	(1,168)	-	(731)	(1,900)	(1,168)	-
Ordinary income	18,968	17,700	(1,268)	(6.7%)	17,662	17,700	37	0.2%
Net income attributable to owners of parent	11,734	11,900	165	1.4%	10,823	11,900	1,076	9.9%

Assumed exchange rates: 1.00 AUD = 85 JPY (PY 82.48) 1.00 USD = 107 JPY (PY 109.8) 1.00 CNY = 16.7 JPY (PY 17.03)

Assumptions used for this guidance	
	■ No recovery in inbound demand can be expected in 2022 compared to 2021
	■ Reflects the suppression of the flow of product into CtoC markets

	FY2021	FY2022 (plan)
Shareholder returns	Annual ¥51 (Consol. Payout ratio 96.1%)	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 96.7%)
Capital investment	¥8,945 mil.	¥12,000 mil. - ¥14,000 mil.
Depreciation	¥7,110 mil.	¥8,000 mil. - ¥9,000 mil.

Note: Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited)

As for the forecasts for the current fiscal year, we are planning for 6.3% YoY increase in net sales and 13.6% YoY increase in operating income on a real basis.

The annual dividend is set at JPY52 per share, an increase of JPY1 per share.

Part III Forecasts for Fiscal 2022 and Initiatives Going Forward

1. Progress on the Medium-term Management Plan
2. Forecasts for Fiscal 2022
3. Initiatives Going Forward & Appendices

I would like to explain our initiatives for this fiscal year and beyond.

POLA

Initiatives Going Forward

POLA: Evolve domestic direct selling

- Leverage direct selling to build unique OMO and enhance customer experience
  - ✓ Design diverse channels for customers to choose, and enhance convenience
  - ✓ Provide personalized communication at all touchpoints

- Expand the number of loyal customers and stabilize the customer base through communication that transcends the boundaries of online and offline

Online

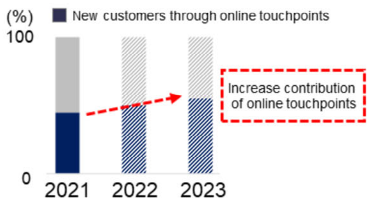
- Expand touchpoints and enhance convenience
  - ✓ Organize the factors that lead customers into stores (completion planned in 2023)
  - ✓ Introduce online payments and direct delivery systems for consignment sales, and reflect the online activities of Beauty Directors in commissions
- Expand the scale of net sales from e-commerce to ¥10.0 bil. in 2023

Offline

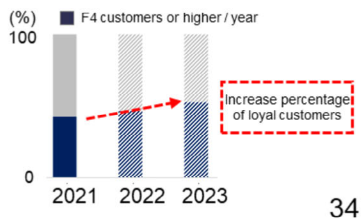
- Emphasize the value that can only be provided by physical stores to enhance real experience value
  - ✓ Focus management resources on penetrating and expanding OMO in consignment sales

    Transition to systems that place greater weight on contribution (by aesthetic treatments, etc.) to enhancing LTV
- Accelerate the establishment of corporations, which achieves high LTV in the consignment sales channel

<New Customers>



<Existing Customers>



First, there's POLA. In Japan, we are promoting our own OMO. It integrates customer management and promotion, which were previously separated by channel, to improve the customer experience with one-to-one customer service at all touch points.

It will also stimulate online activities by our beauty directors. There are already several stores that have dramatically improved to attract new customers through community-based social networking and promotions that take advantage of the strengths and characteristics of each store.

From this fiscal year, we will introduce online payment and direct delivery system. Online activities of our beauty directors will be included in the sales commissions.

In the e-commerce business, we aim to achieve sales of JPY10 billion by 2023.

ORBIS

Initiatives Going Forward

ORBIS: Evolve domestic direct selling

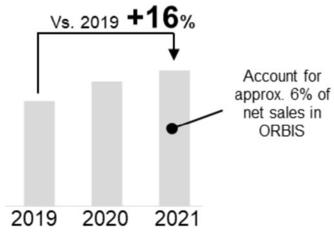
- Increase the frequency of contact with the brand through unique CRM to enhance LTV, and return to a growth trend
  - ✓ Expand contribution from the target demographics acquired since rebranding, and stop the decline in customer numbers
  - ✓ Launch new CRM and evolve customer communication
    - Leverage [interests and tastes data] in addition to the existing [purchase and attribute data] to engage in more sophisticated customer analysis, and build a new customer data platform
    - Update one of the largest beauty apps in Japan* to strengthen brand experience

* Number of registered users of the ORBIS official app: approx. 2.7 million (as of Jan. 2022)

- Expand the scale of target markets through the strategic extension of the skincare domain, and develop channels to match product characteristics (BtoB)
  - ✓ Release an acne care series on the sensitive skin market, a growth area
  - ✓ Expand ORBIS' share in the newly-emerging men's cosmetics market

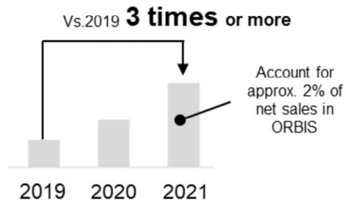
<*CLEAR* Series Net Sales>

CLEARFUL
(Mar. 2022 Launch)



ORBIS Mr.

<*ORBIS Mr.* Net Sales>



- Mark the 35th anniversary of ORBIS brand's founding with the launch of a major product, and carry out extensive marketing

Next is ORBIS's domestic business. We will launch new CRM.
In addition to general customer data such as attributes and purchase history, we will build a new data platform unique to ORBIS by integrating emotional data such as their interests and tastes.
By enriching experiential content using AI and other technologies, and through highly accurate communication based on accumulated data, we will increase the number of opportunities for contact with brands other than purchasing, thereby increasing the lifetime value.

In terms of products, while focusing on skincare, acne, sensitive skin, and men's skin have been designated as new priority segments.

ORBIS is celebrating its 35th anniversary this fiscal year. We will undertake extensive marketing activities with a hook of launching major product.

POLA

Initiatives Going Forward

POLA: Grow overseas businesses profitably

2022-2023 CAGR 20-25 %

Overseas sales

Basic Strategy

- Accelerate growth to achieve a 50:50 spread of overseas and domestic sales in 2029 (based on retail net sales)
- Mainland China is the key market
  - ✓ Expand both offline and online touchpoints, and open new stores centered on stores providing aesthetic treatment
  - ✓ Strengthen investment in branding promotion, predicated on profitable growth

Plan for new store openings (Mainland China)

Department stores / stores providing aesthetic treatment	Travel retail	E-commerce
110 stores in 2023 (up 43 from 2021)	10 stores in 2023 (up 6 from 2021)	Expand platform

Next is POLA’s overseas business. In terms of retail sales, we will accelerate our growth aiming to achieve 50:50 ratio of overseas to domestic sales by 2029.

Our particular focus will be China. We will continue to open new stores with focusing on the B.A series, our mainstay skincare products, where offering popular facial aesthetic treatments. While assuming profitable growth, we will step up investments in branding and promotion to hasten growth in both offline and online channels.

In addition, we will continue to open stores in the duty-free channel in China, as we did last year in Hainan Island duty-free stores.

POLA ORBIS HOLDINGS

Initiatives Going Forward

Grow overseas businesses profitably

Jurlique

- Accelerate growth in key markets, and expand the top line
  - ✓ Focus on skincare in Mainland China, and expand online sales
  - ✓ Strengthen CRM in Australia to promote repeat purchases
    Develop a new brand strategy in Australia, where Jurlique originated, and strengthen the holistic approach
- Structural reforms aimed at turning to profit
  - ✓ Review the structure of business operations, and lower the breakeven point through further reductions in fixed costs
  - ✓ Reduce costs

Overseas development in other brands

ORBIS

- Actively invest in the key market of Mainland China to accelerate the growth
  - ✓ Expand customer touchpoints both online and offline
    For offline sales, target the expanding inland urban middle-class volume zone
  - ✓ Improve brand recognition through brand investment

(Left) *UV CUT SUNSCREEN ON FACE*
(Right) *ORBIS U.*

THREE

- Enter the Chinese market and swiftly expand brand touchpoints to improve brand recognition

Next is Jurlique. With the new brand strategy, Jurlique is started as a holistic beauty brand from Australia.
Focusing on the star skincare products such as Nutri-Define series, we will continue to attract new and repeat customers.
We will reduce fixed costs further to return to profitability.

As for ORBIS, in order to accelerate overseas business, we will step up in investment in improving brand recognition by expanding business through real channels, targeting the volume zones in inland cities where we see a possibility of expansion, in addition to online channel.

THREE will expand into the local Chinese market, adding on to existing duty-free shops. We will expand customer connection points as soon as possible, focusing on e-commerce and specialty stores.

Initiatives Going Forward

Profit contribution from brands under development

THREE Amplitude ITRIM FIVEISM × THREE

- Continue structural reforms aimed at making ACRO profitable as a whole by 2024
  - ✓ Reduce fixed costs
    - Cut down on stores and increase the proportion of e-commerce sales
    - Restructure headquarters functions to be more compact, and abolish the business department system
  - ✓ Cost reductions
    - Restructure the development function and flow
    - Reduce SKU and increase the proportion of skincare sales

THREE *AIMING*

ITRIM Elementary Essential PP Cream

DECENCIA

- Establish recognition as a prestige brand in the sensitive skin market
- Establish a model of success in cross-border e-commerce, in preparation for full-scale entry into Mainland China

DECENCIA ayanasu wrinkle O/L BB essence

FUJIMI

- Open directly-operated stores, and strengthen branding (planned for March)

Personalize protein

As for brands under development, THREE and the other new brands which developed by ACRO, we will continue working on structural reforms to return to profitability. On the channel side, we will shift into e-commerce, review our operational structure, and reduce fixed costs.

On the product side, we will work on reducing costs and improve the retention rate by narrowing down SKUs and increasing the ratio of skincare products.

Then there is DECENCIA. With the launch of a new BB cream that can improve wrinkles while applying makeup, we will solidify our brand recognition as a prestige brand in the sensitive skin market.

As for FUJIMI, the brand we newly acquired, we plan to open directly-operated stores in order to strengthen its branding.

POLA ORBIS HOLDINGS

Improvement in Capital Efficiency and Shareholder Returns

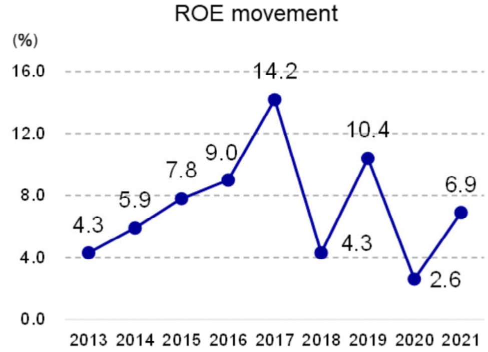
Initiatives to Improve Capital Efficiency

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

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

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

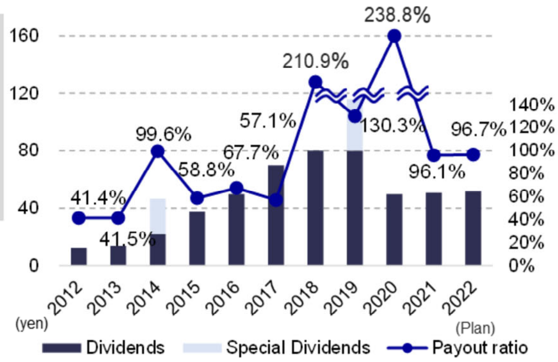
BPS:
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth



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 FY2022:
- Dividend per share : **¥52** (Interim ¥21, Year-end ¥31)
- Consol. payout ratio : 96.7%



Lastly, I would like to talk about capital efficiency and shareholder return. Our ROE target for 2023 is 9% or higher. For the current fiscal year, we will pay an annual dividend of JPY52 per share, increase of JPY1 share. As a result, the dividend payout ratio will be 96.7%.

This is the end of the explanation. Thank you very much for your attention.

(Appendix) 2021 – 2023 Medium-term Management Plan (Revised)

Management Indicators for 2023		Original plan (Feb. 12, 2021)	Revised
Net Sales	■ Consolidated net sales	⇒ **¥215.0 to 225.0 bil.** in FY2023 CAGR 7 to 9%	**¥205.0 to 215.0 bil.** in FY2023 CAGR 6% or higher
	■ Overseas sales ratio	⇒ **20 to 25%** in FY2023 CAGR 20 to 25% (15% in FY2020)	Unchanged
	■ Domestic e-commerce sales ratio	⇒ **30%** in FY2023 (24% in FY2020)	Unchanged
Operating Income	■ Operating margin	⇒ **15% or higher** in FY2023	**12% or higher** in FY2023
	■ Operating income	⇒ CAGR **30% or higher**	CAGR **25% or higher**
Capital Efficiency	■ ROE	⇒ **12%** in FY2023	**9% or higher** in FY2023
Shareholder Returns	■ Consolidated payout ratio	⇒ **60% or higher**	Unchanged

- Strategy 1. Evolve domestic direct selling
- Strategy 2. Grow overseas businesses profitably
- Strategy 3. Profit contribution from brands under development
- Strategy 4. Strengthen operations
- Strategy 5. Expand new brands and domains of “beauty”

(Appendix) The Commitment to Sustainability

■ Establish five key domains to realize a sustainable society, ensuring effectiveness by linking some KPIs with compensation for corporate executives

Five Domains	Corresponding SDGs	KPIs	Targets for 2029
QOL improvement through innovative technology services	3, 8, 9	• 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	• 10 in total (2023 target) • 75% • Establish brand appreciation • 10 in total • 120
Regional revitalization	5, 8, 11	• Number of regional entrepreneur owners • Number of initiatives contributing to the local economy	• 1,200 • 78
Culture, Arts, and Design	4, 17	• Number of new brand experiences created that utilized art • Number of participants in liberal arts workshops	• 20 • 550,000 in total
All-inclusive human resources	3, 5, 10	• 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	12, 13, 14, 15, 17	• CO_2 emissions • Water consumption • Waste • Plastics consumption	• 42% reduction in actual Scope 1 and 2 emissions (vs. 2019) 30% reduction in actual Scope 3 emissions (vs. 2019) • 26% reduction in water consumption in Scope 1 and 2 per unit of sales (vs. 2019) • 26% reduction in waste in Scope 1 and 2 per unit of sales (vs. 2015) • Use 100% sustainable materials based on 4 Rs in plastic containers and packaging for cosmetics

Selected by CDP as a “climate change A List” company, we will continue our initiatives to actively address climate change and aim to realize a better society, as a company at the forefront of climate change response

POLA ORBIS HOLDINGS

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

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

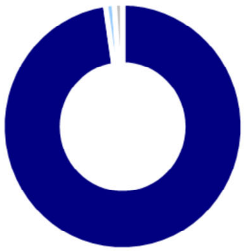
Note : Consolidated operating income and loss for each brand are shown for reference purpose only (figures are unaudited)
*Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited)

(Appendix) About POLA ORBIS Group

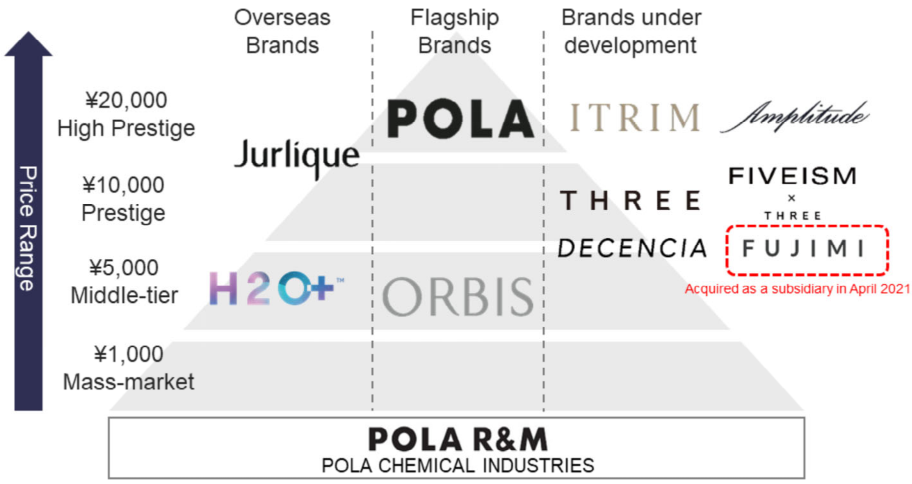
POLA ORBIS HOLDINGS

Beauty care is the core business of the Group, and 10 different cosmetics brands are operated under the Group umbrella

FY2021
Consol. Net Sales
¥178.6 bil.



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



Our strengths

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

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

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	
	25%	ORBIS Since 1984	■ Aging-care brand to draw out people's intrinsic beauty	Approx. ¥1,000~ ¥3,000	■ JP: Mail-order (e-commerce and catalog) and directly-operated stores ■ Overseas: E-commerce, cross-border e-commerce, and DFS(1)	
Overseas Brands	4%	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	
	1%	H2O+ Acquired in 2011	■ Skincare with concept of innovation and power of pure water	Approx. ¥4,000 not sold in Japan	■ US: E-commerce, hotel amenities	
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	■ Industry's first men's cosmetics focusing on makeup	Approx. ¥2,000~ ¥12,000	■ JP: Department stores, directly-operated stores and e-commerce ■ Overseas: 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	

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

(1) Duty free stores