

## First Quarter of Fiscal 2021 Supplementary Material

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POLA ORBIS HOLDINGS INC.

Director

Finance, Legal & Administration,  
PR, IR and CSR

Akira Fujii

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.

We will now begin the financial results briefing for the first quarter of fiscal year ending December 31, 2021.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2021
4. Initiatives Going Forward & Appendices

### Cosmetics Market

- The overall size of the Japanese cosmetics market (including exports) continued to shrink due to the impact of COVID-19
- Inbound demand was sluggish due to Japanese border entry restrictions
- The outlook for the net domestic market remains unclear, with the declaration of another state of emergency in some regions by the Japanese government on January 8, which was lifted only to be reimposed on April 25

Source: Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Japan Tourism Agency, Japan Department Stores Association, and Intage SLI

### Our Group

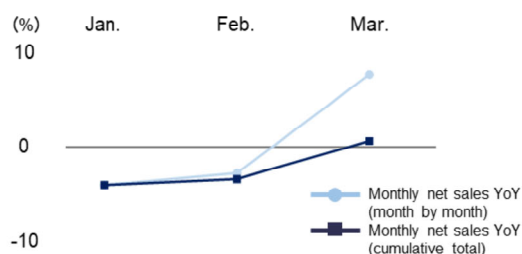
- Consolidated revenue and income increased, thanks to a strong performance from POLA overseas, and growth in e-commerce across each brand
- POLA overseas revenue increased (+63% YoY), with high growth continuing in China
- ORBIS revenue and income decreased, with little activity from existing customers
- Jurlique China revenue increased, and losses were improved
- Achieved a profit in overseas business across the Group
- Acquired tricot, Inc. as a subsidiary on April 1 (not reflected in the consolidated results forecast)

#### Medium-term Management Plan Indicators (2021Q1)

Overseas sales ratio	18.3% (+3.3ppt*)
Domestic e-commerce sales ratio	26.5% (+2.6ppt*)

\*vs Dec. 2020

YoY Change in Consolidated Monthly Net Sales



- Impacted by the declaration of a state of emergency, revenue decreased in January-February 2021 compared to the high level achieved in the same period in the previous year, which was before the impact of the COVID-19 pandemic
- Results for the first quarter slightly exceeded the plan, as strong performance from POLA overseas and e-commerce across each brand compensated for a decline in revenue in domestic storefront operations

The domestic market as a whole, including exports, has been shrinking due to the impact of COVID-19.

In addition, a state of emergency has been declared again, and the future remains uncertain.

In this environment, the Group achieved consolidated sales and profit growth thanks to strong POLA overseas business, especially in China, and growth in ecommerce for each brand.

Sales and profits of ORBIS decreased due to low utilization by existing customers.

Sales of Jurlique increased due to strong performance in China. And, we were able to improve our losses considerably.

With POLA's strong performance overseas and the improvement of Jurlique's loss, the entire Group's overseas business was able to return to profitability for the quarter.

As a topic, we acquired tricot, Inc. on April 1. This has not been reflected in the consolidated earnings forecast.

At the bottom of that page is a line graph showing the YoY change in consolidated net sales for a single month and YTD.

The first quarter progressed slightly ahead of the plan as the strong POLA overseas and ecommerce for each brand offset the decline in sales in the domestic store business.

(mil. yen)	FY2020	FY2021	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Consolidated net sales	43,316	43,561	245	0.6%
Cost of sales	7,106	6,399	(706)	(9.9%)
Gross profit	36,210	37,162	951	2.6%
SG&A expenses	34,204	32,854	(1,349)	(3.9%)
Operating income	2,006	4,307	2,301	114.7%

#### Key Factors

- Consol. net sales      Increased, as e-commerce and overseas operations compensated for the decrease in revenue from storefront operations
- Cost of sales          Cost of sales ratio improved due to an increase in the contribution from POLA's high price range products  
Cost of sales ratio    2020Q1 : 16.4% ⇒ 2021Q1 : 14.7%
- SG&A expenses       Labor expenses: down ¥129 mil. YoY  
Sales commissions: down ¥ 1,031 mil. YoY  
⇒ Resulted from a sales decline at POLA consignment sales channel.  
Sales related expenses: down ¥365 mil. YoY  
⇒ Reduced due to expense rationalization  
Administrative expenses, etc.: up ¥177 mil. YoY
- Operating income      Operating margin 2020Q1: 4.6% ⇒ 2021Q1: 9.9%

Next, I will explain the consolidated P&L for the first quarter.

Consolidated net sales increased by 0.6% to JPY43.561 billion as ecommerce and overseas sales offset the decrease in sales in the store business.

The cost of sales ratio improved by 1.7 percentage points due to an increase in the sales mix of POLA's high-priced products.

SG&A expenses decreased by about JPY1.3 billion.

In addition to a decrease in sales commissions due to a decline in sales through the POLA consignment sales channel, streamlining of expenses contributed to a reduction in sales-related expenses.

As a result, operating income was JPY4.307 billion.

The operating profit margin improved to 9.9%, a significant increase of 114.7% over the previous year.

(mil. yen)	FY2020	FY2021	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Operating income	2,006	4,307	2,301	114.7%
Non-operating income	88	1,518	1,429	-
Non-operating expenses	2,248	62	(2,186)	(97.2%)
Ordinary income	(154)	5,763	5,917	-
Extraordinary income	0	0	0	(74.9%)
Extraordinary losses	744	210	(533)	(71.7%)
Profit before income taxes	(898)	5,552	6,450	-
Income taxes etc.	352	1,600	1,247	353.8%
Profit attributable to non-controlling interests	(4)	11	15	-
Profit attributable to owners of parent	(1,246)	3,939	5,186	-

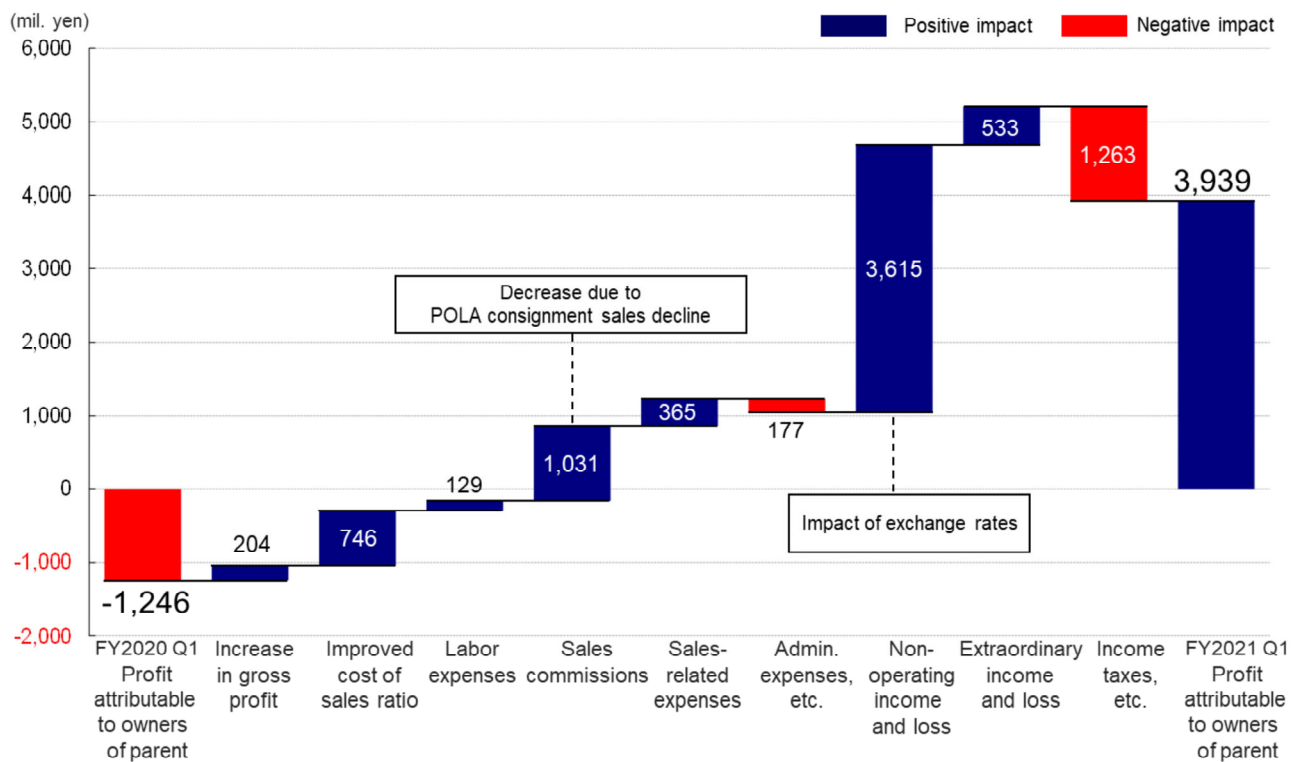
### Key Factors

- Non-operating income: Foreign exchange gain ¥1,396 mil.
- Extraordinary losses: Impairment loss related to storefront operations ¥185 mil.

Non-operating income was recorded mainly due to foreign exchange gains from the depreciation of the Japanese yen and appreciation of the Australian dollar.

Extraordinary losses include in impairment losses mainly related to THREE and other store businesses.

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 ¥5,186 million YoY



This page shows the factors that led to the increase and decrease in net income.

Next, please skip to page nine.

1. Highlights of Consolidated Performance
2. **Segment Analysis**
3. Forecasts for Fiscal 2021
4. Initiatives Going Forward & Appendices

(mil yen)	FY2020 Q1 Results	FY2021 Q1 Results	YoY Change	
			Amount	%
Consolidated net sales	43,316	43,561	245	0.6%
Beauty care	42,082	42,445	363	0.9%
Real estate	636	530	(106)	(16.7%)
Others	597	585	(11)	(2.0%)
Operating income	2,006	4,307	2,301	114.7%
Beauty care	1,700	4,190	2,490	146.5%
Real estate	289	206	(83)	(28.8%)
Others	4	13	8	161.3%
Reconciliations	11	(102)	(113)	-

### Segment Results Summary

- Beauty care Revenue increased year on year, due to an increase primarily in POLA overseas  
Operating income increased significantly due to an increase in gross profit and changes in POLA's channel structure
- Real estate Occupancy rate has been maintained at a high level
- Others Revenue declined in the building maintenance business

(mil. yen)	FY2020	FY2021	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Beauty care net sales	42,082	42,445	363	0.9%
POLA	25,057	26,330	1,273	5.1%
ORBIS	11,304	10,450	(854)	(7.6%)
Jurlique	1,297	1,672	374	28.9%
H2O PLUS	284	167	(116)	(41.1%)
Brands under development	4,137	3,825	(312)	(7.6%)
Beauty care operating income	1,700	4,190	2,490	146.5%
POLA	1,592	4,123	2,531	158.9%
ORBIS	1,707	1,152	(554)	(32.5%)
Jurlique	(1,117)	(441)	675	-
H2O PLUS	(170)	(184)	(14)	-
Brands under development	(311)	(459)	(147)	-

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

### Q1 Result

- Purchase per customer for consignment sales recovered to the same level as in the same period of the previous year, as a result of new product offerings, but revenue declined due to a decrease in customer numbers
- Revenue from domestic e-commerce increased substantially
- Mainland China (+120% YoY) and duty-free sales in Korea performed strongly
- Inbound traffic (tourists only) accounted for approximately 2% of revenue (down 3ppt YoY)

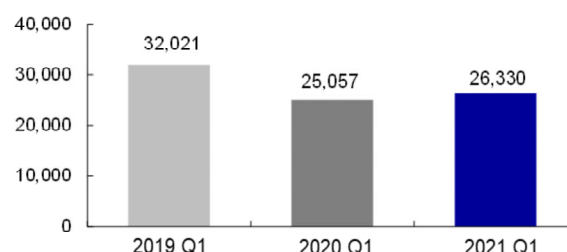
Q1	Results (mil. yen)	YoY Change
Net sales	26,330	5.1%
Operating income	4,123	158.9%
<b>Key indicators</b>		
Sales ratio	Consignment sales	68.0%
	Overseas	20.0%
	E-commerce	4.9%
	Dept. store, B2B	7.1%
Sales growth*	Consignment sales	down 3.9%
	Overseas	up 62.5%
	E-commerce	up 114.9%
	Dept. store, B2B	down 27.9%
Consignment sales channel	# of sales offices**	3,503 (down 277)
	# of PB**	625 (down 11)
	Purchase per customer*	up 1.5%
	# of customers*	down 5.8%
Number of stores overseas**		112 (up 2)

### Topics

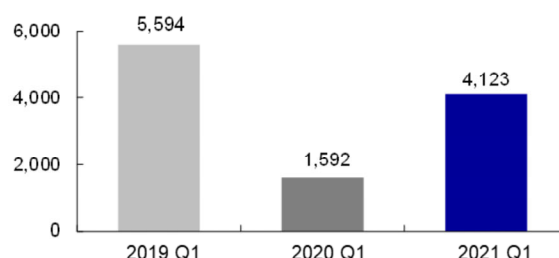
- Renewal of *POLA WRINKLE SHOT SERUM* (January)



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



\*YoY basis, \*\* vs Dec. 2020

In the consignment sales channel of POLA, sales decreased due to a decline in the number of customers, although unit purchase prices recovered to the same level as in the same period of the previous fiscal year due to the effects of new products such as the new Wrinkle Shot launched in January.

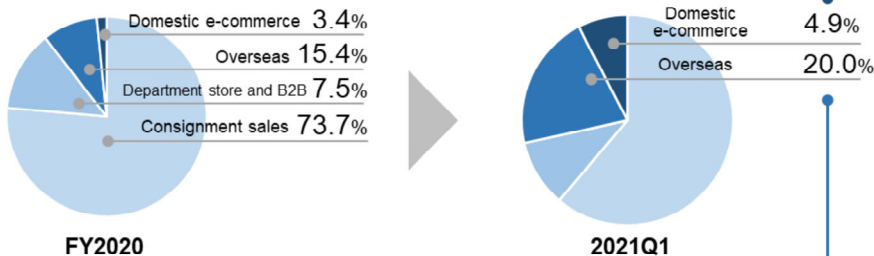
On the other hand, domestic ecommerce saw a significant increase in sales, up 115%.

Overseas business saw significant growth in mainland China, up 120% YoY. duty-free sales in South Korea continued to be strong, and our overseas business as a whole grew 62% YoY.

Overall sales of the POLA brand increased by 5.1% to JPY26.33 billion, operating income increased significantly to JPY4.123 billion, up 158.9% from the same period last year.

Structural reform of sales channels is progressing,  
with overseas operations and domestic e-commerce driving POLA's revenue growth

【Sales Ratio by Sales Channel】



### Domestic e-commerce

Strengthened sales promotion capitalizing on new products, achieving a YoY increase in revenue of **+115%**



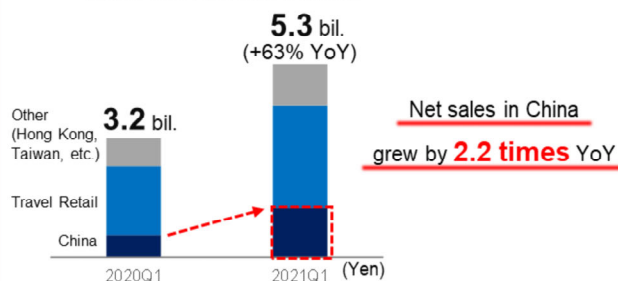
Consignment sales

Department stores

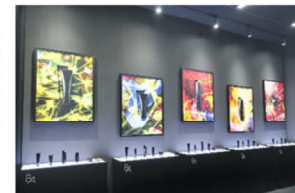
Also leading to enhanced sales in other channels

### Overseas

Overseas Net Sales Trend



In China, launched the new *B.A* in March, with progress exceeding the plan



Launch event for the new *B.A*

This page shows that overseas and domestic ecommerce are driving POLA's revenue growth, and that the channel structure reform is making steady progress.

Please look at the overseas portion, the bar graph. Net sales in China grew 2.2 times YoY.

In March, we started selling the new B.A. in China, which has also been very well received and is progressing better than planned.

Ecommerce in Japan, which is the other major strategy, has been enhanced in sales promotion triggered by the new Wrinkle Shot launched in January, resulting in a 115% increase in sales, more than double that of the same period last year.

It also started having an additional role as a conduit between consignment sales and department stores across channels.

### Q1 Result

- New mail-order (e-commerce and catalog) customer acquisition continued strongly at +38% YoY, but revenue declined due to the impact of a decrease in existing customers
- Focused on thorough communication in skincare, primarily for *ORBIS U*. and new brightening products

Q1	Results (mil. yen)	YoY Change
Net sales	10,450	(7.6%)
Operating income	1,152	(32.5%)
<b>Key indicators</b>		
Sales ratio	E-commerce <sup>(1)</sup>	60.5%
	(Proportion of domestic sales attributable to e-commerce)	63.1%
	Other mail-order	15.3%
	Stores and overseas	24.2%
Sales growth*	E-commerce	up 2.3%
	Other mail-order	down 23.6%
	Stores and overseas	down 16.6%
	Mail-order** purchase per customer*	down 6.8%
	Number of mail-order** customers*	up 1.1%
	ORBIS U series ratio of sales <sup>(2)</sup>	28%

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

\* YoY basis  
\*\* include e-commerce and catalog

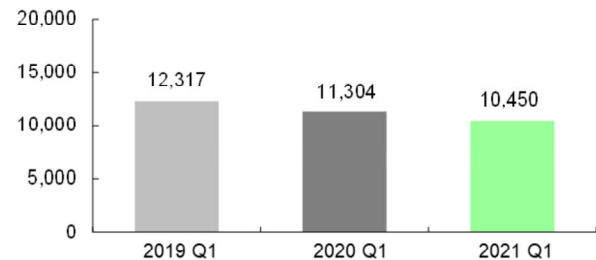
(2) Total of *ORBIS U*, *U white*, *U encore*, and *U*.

### Topics

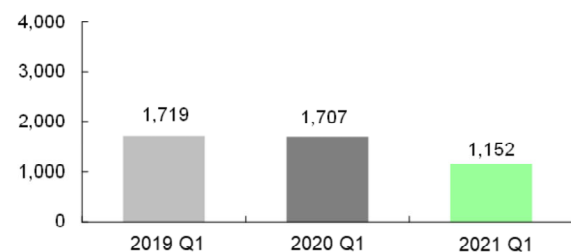
- Launched new brightening serum, *WHITE CLEAR ESSENCE* (February)



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



For ORBIS, we continued to enjoy strong new customer acquisition, with the number of new mail-order customers increasing by 38% YoY, but the impact of a decline in the number of existing customers resulted in a decline in sales.

We will continue to work on thorough communication in skincare, with a focus on *ORBIS U*. and the new brightening products.

Sales of ORBIS fell 7.6% YoY to JPY10.45 billion. Operating income fell 32.5% to JPY1.152 billion.

### Q1 Result

- Jurlique revenue increased and losses were improved, with growth in China, particularly in online sales, despite some store shutdowns due to lockdowns in Australia
- H2O PLUS revenue fell significantly in the amenities business with reduced deliveries due to shutdowns by business partners and restrictions on operations

Q1		Results (mil. yen)	YoY Change <sup>(1)</sup>
Jurlique	Net sales	1,672	28.9%
	OP income	(441)	675
H2O PLUS	Net sales	167	(41.1%)
	OP income	(184)	(14)

#### Key indicators

Jurlique		
Sales ratio	Australia	17.6%
	Hong Kong	13.4%
	Duty free	14.3%
	China	33.3%
Sales growth <sup>(2)</sup>	Australia	down 18.5%
	Hong Kong	down 10.2%
	Duty free	up 168.2%
	China	up 75.9%

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

(2) AUD basis, YoY

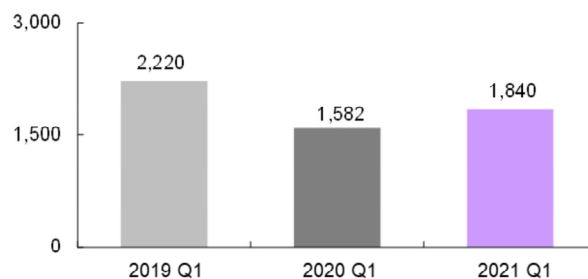
### Topics

- Jurlique  
Renewal of major skincare products (March)

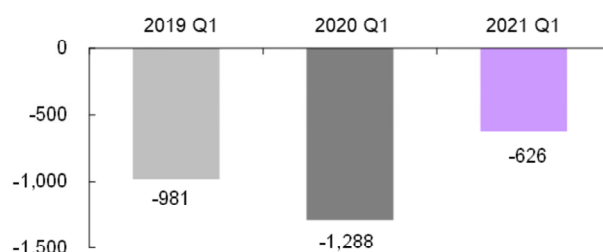


Activating Water Essence +

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Next, I will explain about overseas brands.

Although Jurlique stores were temporarily closed due to the lockdown in Australia, sales in China increased by 28.9% due to strong growth mainly online.  
And, we were able to improve the loss by JPY670 million.

Sales of H2O PLUS decreased as the amenity business remained in a difficult situation due to a decrease in shipments caused by the holidays and business restrictions of our suppliers.

### Q1 Result

- THREE domestic e-commerce grew (+56% YoY)  
Revenue from department stores and other offline channels decreased, compared to the high level achieved in the previous year
- DECENCIA revenue increased due to progressive new customer acquisition since the previous year, but income declined due to the continuation of proactive investment

Q1	Results (mil. yen)	YoY Change
Net sales	3,825	(7.6%)
Operating income <sup>(1)</sup>	(459)	(147)
ACRO Net sales	2,101	(16.3%)
ACRO OP income <sup>(1)</sup>	(659)	(111)
THREE Net sales	1,686	(20.9%)
THREE OP income <sup>(1)</sup>	(228)	(167)
DECENCIA Net sales	1,414	8.8%
DECENCIA OP income	182	(2.6%)

### Key indicators

#### THREE

Sales ratio	Domestic storefronts, etc.	59.5%
	Domestic e-commerce	16.8%
	Overseas	23.7%
Sales growth <sup>(2)</sup>	Domestic storefronts, etc.	down 19.5%
	Domestic e-commerce	up 55.7%
	Overseas	down 43.1%

(1) The operating income YoY change is shown as the amount (mil. yen)

(2) YoY basis Note: Also includes OEM business.

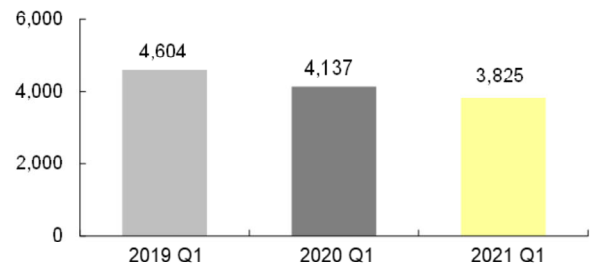
### Topics

- DECENCIA  
Launched wrinkle-improving face mask (March)

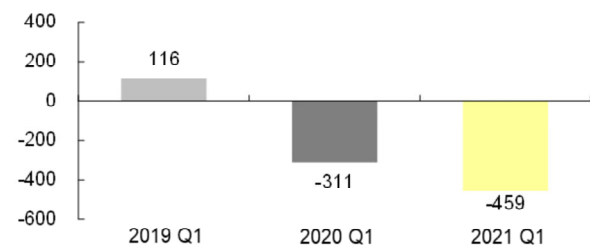
ayanasu wrinkle O/L face mask concentrate



### Quarterly net sales (mil. yen)



### Quarterly operating income (mil. yen)



Next, the brands under development.

For THREE, domestic ecommerce sales grew significantly, but offline sales at department stores and such continued to be difficult due to the impact of the COVID-19 pandemic and other factors, resulting in a decline in sales.

For DECENCIA, sales increased by 8.8% due to the accumulation of new customer acquisitions from the previous year and the steady progress in this area.

Next, I would like to introduce our initiative for the second quarter and beyond on page 17.

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(mil. yen)	FY2020	YoY Change	
	Full-year Results	Amount	%
Consol. net sales	176,311	(43,609)	(19.8%)
Beauty care	171,658	(43,228)	(20.1%)
Real estate	2,291	(327)	(12.5%)
Others	2,361	(53)	(2.2%)
OP income	13,752	(17,384)	(55.8%)
Beauty care	12,965	(17,228)	(57.1%)
Real estate	710	(310)	(30.4%)
Others	128	(2)	(1.8%)
Reconciliations	(51)	156	-
Ordinary income	12,579	(18,051)	(58.9%)
Net income attributable to owners of parent	4,632	(15,062)	(76.5%)

FY2021	YoY Change	
	Full-year Plan	Amount %
	190,000	13,688 7.8%
	185,900	14,241 8.3%
	2,000	(291) (12.7%)
	2,100	(261) (11.1%)
	19,000	5,247 38.2%
	18,850	5,884 45.4%
	600	(110) (15.6%)
	50	(78) (61.0%)
	(500)	(448) -
	19,000	6,420 51.0%
	11,300	6,667 144.0%

Assumed exchange rates : 1.00 AUD = 76 JPY (PY 73.66) 1.00 USD = 107 JPY (PY 106.81) 1.00 CNY = 15.4 JPY (PY 15.48)

	FY2020	FY2021 (plan)
Shareholder returns	Annual ¥50 Consol. Payout ratio 238.8%	Annual ¥51 (Interim ¥20, Year-end ¥31) Consol. payout ratio 99.8%
Capital investment	¥8,464 mil.	¥11,000 mil. - ¥13,000 mil.
Depreciation	¥7,255 mil.	¥7,000 mil. - ¥8,000 mil.

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## POLA

- Accelerate growth in overseas business
  - Focus on promoting the new *B.A.*, which is performing strongly, and strive to further accelerate growth in both storefront and e-commerce operations through strategic additional investment
  - Expand customer touchpoints, planning the opening of several new duty-free stores in Hainan during the second half
- Make investment to build a customer base in domestic e-commerce over the medium to long term, and refine segment communication to enhance LTV
- Launch a *Wrinkle Shot* limited-edition kit to reinvigorate customer activity (June)
- Launch the first multifunctional UV product that also provides brightening care in the *White Shot* series (April), and strengthen sales promotion in anticipation of seasonal demand for brightening products, through the coordination of advertising and online events



(Left) POLA WRINKLE SHOT SEASON SPECIAL KIT L  
(Right) POLA WHITE SHOT SKIN PROTECTOR DX

## ORBIS

- Launch cocktail graphy, the first ORBIS personalized skincare product (April)
  - A flat-rate service (once a month) that provides skin measurement through an IoT device, and delivers serum to customers
- Launch *WRINKLE WHITE UV PROTECTOR* (April), a sunscreen that brightens the skin and improves wrinkles, and expand skincare share within ORBIS
- Commence periodic sales, and increase the repeat purchasing rate through the promotion of inducement to periodic sales
- Promote shopping-around to increase the purchase per customer of existing customers



cocktail graphy



WRINKLE WHITE  
UV PROTECTOR

17

For POLA, the acceleration of growth of overseas business is the most important pillar. We will focus on promoting the new *B.A.*, which launched in March and is doing very well in China, and aim to further accelerate growth in China for both stores and ecommerce while making additional strategic investments.

In addition, the Company plans to open several duty-free stores on Hainan Island in the second half of the fiscal year.

For domestic ecommerce, we will make investments to build a medium- to long-term customer base and further refine segment communication to achieve higher lifetime value.

In April, ORBIS launched cocktail graphy, a subscription-based service that uses IoT devices to measure your skin and deliver serums to you.

We also launched in April *Wrinkle White UV Protector*, a sunscreen that improves wrinkles and brightens skin, in an effort to regain our footing with powerful new products.

The outlook for the current fiscal year remain unchanged from the initial plan.

It is expected that the severe conditions will continue, especially for the channel of brick-and-mortar stores, given that the declaration of a state of emergency has been issued again. However, we will aim to achieve the full-year plan announced at the beginning of this year by accelerating POLA's overseas growth, which is our priority strategy, and the shift to ecommerce for all brands.

That's all for the presentation. Thank you very much.

## Overseas Brands

**Jurlique**

- Renew the major skincare products, and develop them as hero products
- Focus on digital-based marketing, including livestreaming by KOL



Activating Water Essence +

**H2O+**

- In e-commerce, focus on acquiring new, high-LTV customers through Clean Beauty skincare



## Brands Under Development

**T H R E E**

- For THREE, expand Holistic Care products, and launch new oil gel-type cleansing products from the *BALANCING* line (May)

*Amplitude*

<Four Brands Under ACRO>

**ITRIM**

- E-commerce-only gift promotions, launch kit products, and strengthen e-commerce sales promotions

**FIVEISM**  
x  
THREE

- Shift online to improve the business structure, reduce fixed costs and improve profitability



THREE BALANCING CLEANSING OIL GEL



(E-commerce limited)  
ITRIM Elementary Facial Trial Kit

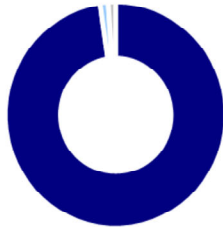


**DECENCIA**

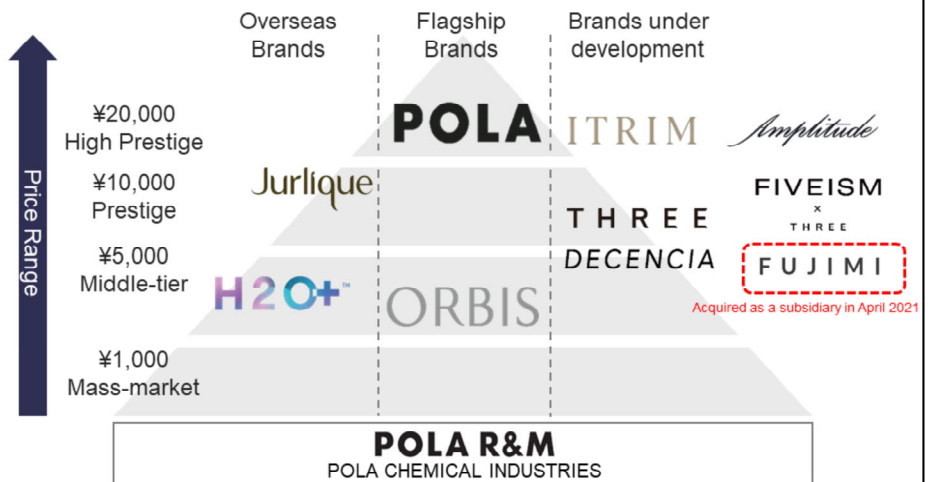
- Improve the efficiency of customer acquisition, optimize the allocation of advertising expenses, and enhance profitability

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

FY2020  
Consol. Net Sales  
¥176.3 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



## (Appendix) Beauty Care Business Brand Portfolio

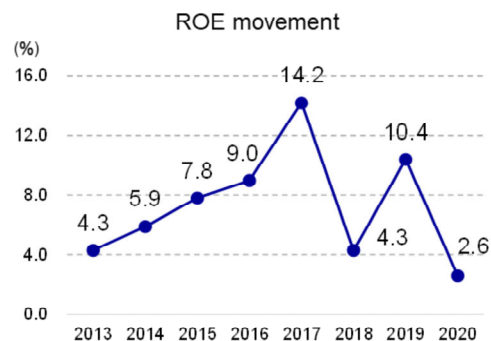
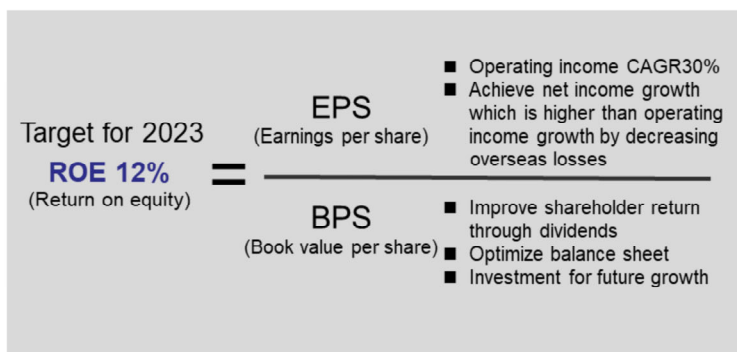
	Sales ratio*	Brand	Concept and products	Price	Main sales channel
Flagship brands	60%	<b>POLA</b> Since 1929	<ul style="list-style-type: none"> <li>High-prestige skincare</li> <li>Leading-edge technology in aging-care and skin-brightening fields</li> </ul>	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> <li>JP: Consignment sales, department stores and e-commerce</li> <li>Overseas: Department stores, directly-operated stores, DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
	26%	<b>ORBIS</b> Since 1984	<ul style="list-style-type: none"> <li>Aging-care brand to draw out people's intrinsic beauty</li> </ul>	Approx. ¥1,000~¥3,000	<ul style="list-style-type: none"> <li>JP: Mail-order (e-commerce and catalog) and directly-operated stores</li> <li>Overseas: E-commerce, cross-border e-commerce, and DFS<sup>(1)</sup></li> </ul>
Overseas Brands	4%	<b>Jurlique</b> Acquired in 2012	<ul style="list-style-type: none"> <li>Premium natural skincare brand from Australia</li> </ul>	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> <li>AU: Department stores, directly-operated stores and e-commerce</li> <li>Overseas: Department stores, directly-operated stores, DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
	1%	<b>H2O+</b> Acquired in 2011	<ul style="list-style-type: none"> <li>Skincare with concept of innovation and power of pure water</li> </ul>	Approx. ¥4,000 not sold in Japan	<ul style="list-style-type: none"> <li>US: E-commerce, hotel amenities</li> </ul>
Brands under development	9%	<b>T H R E E</b> Since 2009	<ul style="list-style-type: none"> <li>Skincare made with natural ingredients from Japan and fashion-forward make-up</li> </ul>	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> <li>JP: Department stores, directly-operated stores and e-commerce</li> <li>Overseas: Department stores, DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
		<i>Amplitude</i> Since 2018	<ul style="list-style-type: none"> <li>High prestige quality makeup from Japan</li> </ul>	Approx. ¥5,000~¥10,000	<ul style="list-style-type: none"> <li>JP: Department stores and e-commerce</li> <li>Overseas: DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
		<b>ITRIM</b> Since 2018	<ul style="list-style-type: none"> <li>Premium skincare made from finely selected organic ingredients</li> </ul>	Approx. ¥20,000	<ul style="list-style-type: none"> <li>JP: Department stores and e-commerce</li> <li>Overseas: DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
		<b>FIVEISM</b> x T H R E E Since 2018	<ul style="list-style-type: none"> <li>Industry's first men's cosmetics focusing on makeup</li> </ul>	Approx. ¥2,000~¥12,000	<ul style="list-style-type: none"> <li>JP: Department stores, directly-operated stores and e-commerce</li> <li>Overseas: DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
		<b>DECENCIA</b> Since 2007	<ul style="list-style-type: none"> <li>Skincare for sensitive skin</li> </ul>	Approx. ¥5,000~¥10,000	<ul style="list-style-type: none"> <li>JP: E-commerce, department store</li> <li>Overseas: Cross-border e-commerce</li> </ul>
		<b>F U J I M I</b> Acquired in 2021	<ul style="list-style-type: none"> <li>Personalized beauty care brand operated by tricot, Inc.</li> </ul>	Approx. ¥6,000~¥10,000	<ul style="list-style-type: none"> <li>JP: E-commerce</li> </ul>

Operated by ACRO INC.

\*Sales ratio in the beauty care business as of FY2020. FUJIMI is excluded, as it was included in the scope of consolidation from April 2021

(1) Duty free stores

## Initiatives to Improve Capital Efficiency



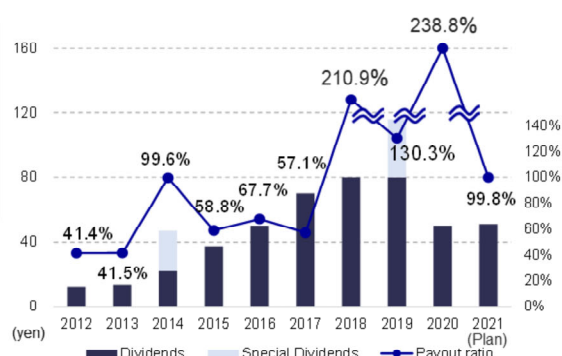
## Improvement of Shareholder Return

### Basic Policy :

- With a policy of consolidated payout ratio of **60% or higher**, enhance shareholder return by realizing stable profit 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 FY2021:

- Dividend per share : **¥51** (Interim ¥20, Year-end ¥31)
- Consol. payout ratio : 99.8%



**Management Indicators for 2023**

Net Sales	■ Consolidated net sales	⇒ <b>¥215.0 to 225.0 bil.</b> in FY2023 CAGR 7 to 9%
	■ Overseas sales ratio	⇒ <b>20 to 25%</b> in FY2023 (15% in FY2020) CAGR 20 to 25%
	■ Domestic e-commerce sales ratio	⇒ <b>30%</b> in FY2023 (24% in FY2020)
Operating Income	■ Operating margin	⇒ <b>15% or higher</b> in FY2023
	■ Operating income	⇒ CAGR <b>30% or higher</b>
Capital Efficiency	■ ROE	⇒ <b>12%</b> in FY2023
Shareholder Returns	■ Consolidated payout ratio	⇒ <b>60% or higher</b>

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) Beauty Care Business Results for FY2018 – FY2020 by Brands

(mil. yen)	FY2018 Results	FY2019 Results	FY2020 Results	2019 vs 2020 YoY Change	
				Amount	%
Consolidated net sales	248,574	219,920	176,311	(43,609)	(19.8%)
Beauty care net sales	231,207	214,886	171,658	(43,228)	(20.1%)
POLA	150,183	135,502	102,888	(32,613)	(24.1%)
ORBIS	51,051	50,726	45,415	(5,310)	(10.5%)
Jurlique	10,386	7,765	6,444	(1,320)	(17.0%)
H2O PLUS	2,041	1,470	722	(747)	(50.9%)
Brands under development	17,544	19,421	16,186	(3,235)	(16.7%)
Consol. operating income	39,496	31,137	13,752	(17,384)	(55.8%)
Beauty care operating income	38,294	30,193	12,965	(17,228)	(57.1%)
POLA	32,574	25,529	10,927	(14,602)	(57.2%)
ORBIS	9,340	9,252	7,329	(1,923)	(20.8%)
Jurlique	(3,763)	(2,968)	(2,489)	479	-
H2O PLUS	(552)	(825)	(724)	100	-
Brands under development	695	(794)	(2,076)	(1,282)	-

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