

# Third Quarter of Fiscal 2020 Supplementary Material

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POLA ORBIS HOLDINGS INC.

Director

Finance, Legal & Administration,

PR, IR and CSR

Akira Fujii

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2020
4. Initiatives Going Forward & Appendices

## Cosmetics Market

- The overall size of the Japanese cosmetics market, including exports, fell dramatically due to the impact of COVID-19
- Inbound demand, which had accounted for approximately 6% of the Company's net sales, continued to drop significantly due to a decrease in foreign visitors to Japan
- Specifically, sales of makeup struggled in the market, partially due to the normalization of mask-wearing and the impact of widespread telecommuting
- The effects of deteriorating consumer sentiment were seen in the net domestic market, and the future outlook remains unclear

## Our Group

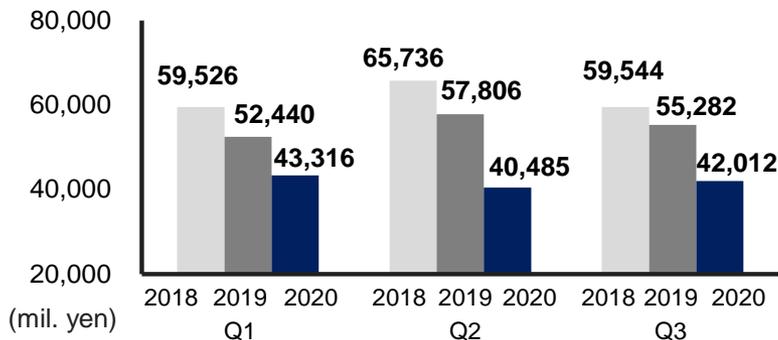
\*Source: Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Japan Tourism Agency, Japan Department Stores Association, and Intage SLI

- Consolidated revenue and income decreased, due to the impact of the previous year's last-minute demand driven by the consumption tax hike, in addition to the impact of COVID-19
- Storefront operations struggled, particularly in the POLA consignment sales channel, with consumers continuing to refrain from outdoor activities
- POLA overseas revenue increased with the China business performed strongly, also Japan domestic e-commerce business achieved double-digit revenue
- ORBIS revenue decreased, but new mail-order (online and catalog) customer acquisition continued to progress well
- In overseas brands, online sales were strong in the Jurlique China business

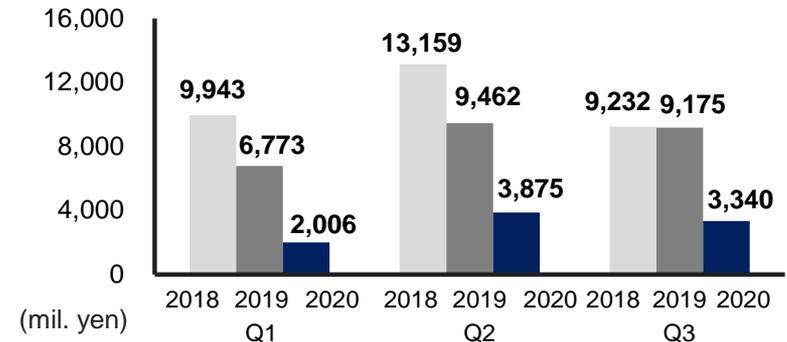
Ratio of Inbound Sales  
to Consolidated Net Sales

FY2018 (Full year)	Approx. 7%
FY2019 (Full year)	Approx. 6%
FY2020 Q3	Approx. 2%

### Quarterly Consolidated Sales



### Quarterly Operating Income



## Business Situation in Q3

### Consignment sales

- Conditions remained difficult for new customer acquisition
- Utilized online counseling, maintained and strengthened relationships with customers

### Department stores

- **POLA and Brands under development:** Storefront sales struggled due to decreased store traffic and continuing to refrain from providing trial use of cosmetics

### Domestic e-commerce

- **ORBIS and DECENCIA:** New customer acquisition progressed well
- **POLA and Brands under development:** Response to COVID-19, e-commerce was strengthened, and performed strongly (POLA up 60%, THREE up 111% during the first nine month period)

### China

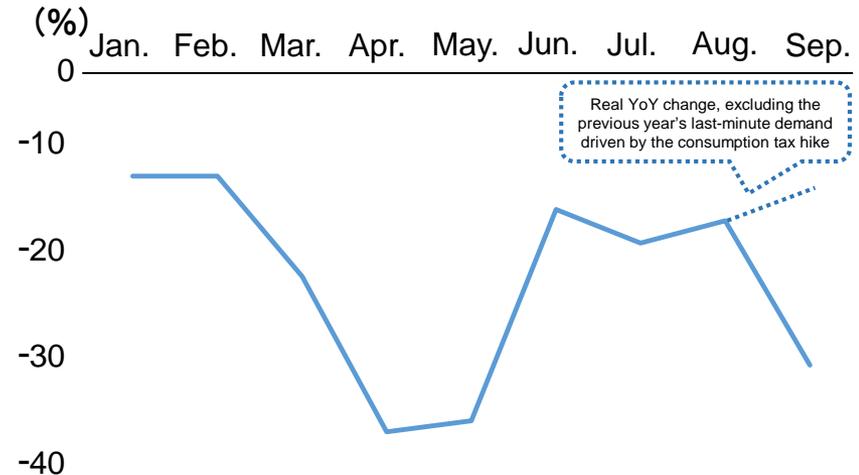
- **POLA and Jurlique:** Strengthened e-commerce business
- **POLA:** New store openings continued, building a base to accelerate growth after the COVID-19 crisis has passed

### Duty-free

- **POLA, Jurlique, and Brands under development:** Business conditions remained difficult, due to a significant decrease in international flights
- **POLA:** sales grew in South Korea
- **Jurlique:** sales grew in Hainan, China

## Monthly Progress

### YoY Change in Consolidated Monthly Net Sales



- Conditions bottomed-out in April - May
- Sales recovered significantly in June, with the lifting of Japan's State of Emergency, but the recovery in storefront operations has been hampered by the emergence of a second wave of infections since July

▶ The speed of recovery in performance has been slower than we originally anticipated

(mil. yen)	FY2019	FY2020	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	165,530	125,814	(39,715)	(24.0%)
Cost of sales	25,686	20,504	(5,182)	(20.2%)
Gross profit	139,843	105,310	(34,533)	(24.7%)
SG&A expenses	114,431	96,087	(18,343)	(16.0%)
Operating income	25,411	9,222	(16,189)	(63.7%)

### Key Factors

- Consol. net sales**      Decreased mainly as a result of lower revenue from brands, especially storefront operations, due to the impact of COVID-19
- Cost of sales**      Cost of sales ratio deteriorated due to lower sales ratio from POLA  
 Cost of sales ratio FY2019 Q3: 15.5% ⇒ FY2020 Q3: 16.3%
- SG&A expenses**      ¥1,271 mil. for transfer of labor expenses, etc. to loss related to COVID-19  
 Labor expenses: down ¥939 mil. YoY  
 Sales commissions: down ¥ 9,846 mil. YoY  
 ⇒ Resulted from a sales decline at POLA.  
 Sales related expenses: down ¥6,137 mil. YoY  
 Administrative expenses, etc.: down ¥1,419 mil. YoY
- Operating income**      Operating margin FY2019 Q3: 15.4% ⇒ FY2020 Q3: 7.3%

# Consolidated P&L Changes Analysis

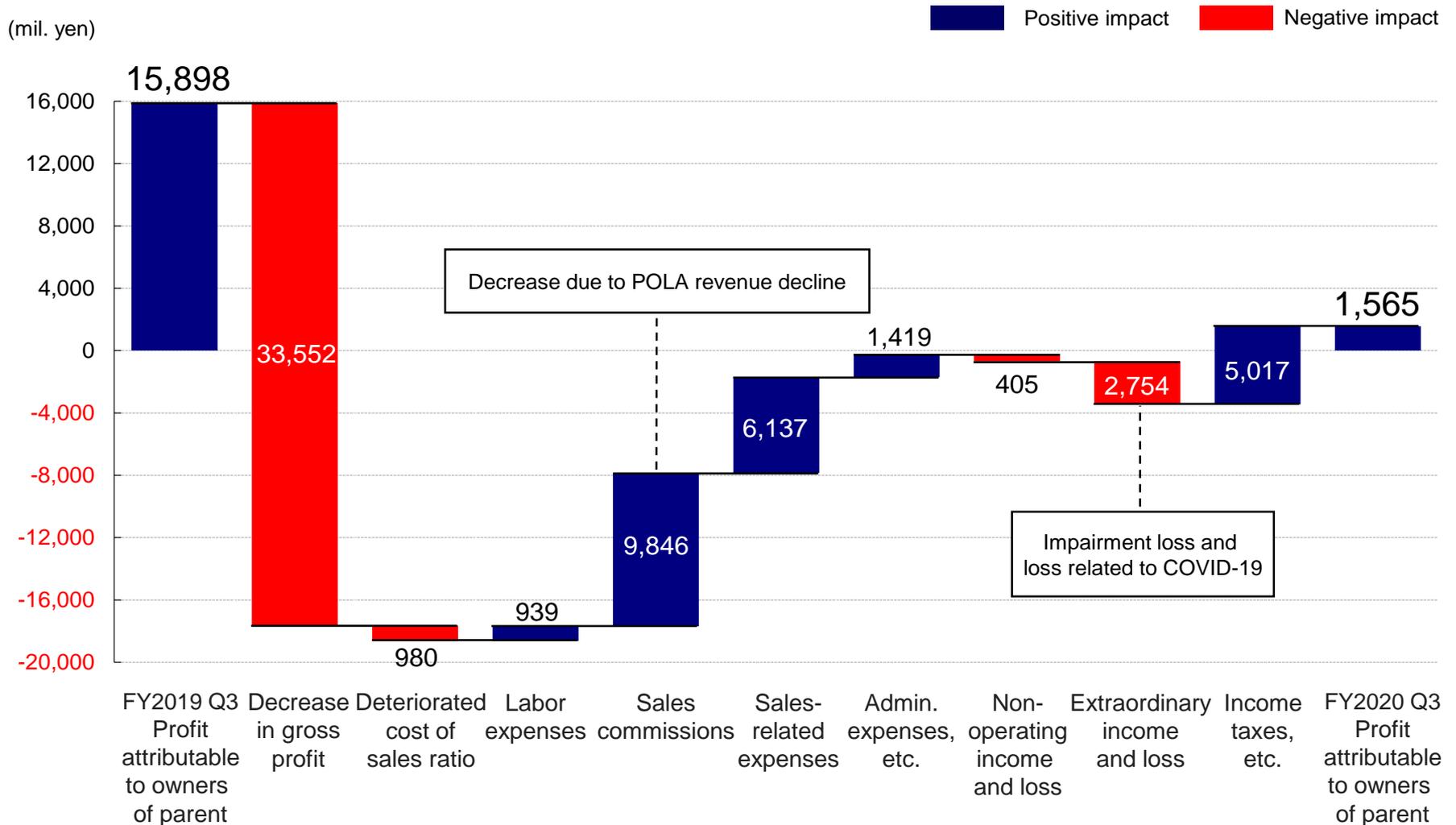
## Operating Income to Profit Attributable to Owners of Parent

(mil. yen)	FY2019	FY2020	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Operating income	25,411	9,222	(16,189)	(63.7%)
Non-operating income	304	269	(34)	(11.2%)
Non-operating expenses	1,345	1,716	371	27.6%
Ordinary income	24,370	7,775	(16,595)	(68.1%)
Extraordinary income	0	763	763	-
Extraordinary losses	186	3,704	3,517	-
Profit before income taxes	24,184	4,834	(19,350)	(80.0%)
Income taxes etc.	8,287	3,258	(5,029)	(60.7%)
Profit attributable to non-controlling interests	(2)	10	12	-
Profit attributable to owners of parent	15,898	1,565	(14,332)	(90.2%)

### Key Factors

- Extraordinary income: Subsidies including the employment adjustment subsidy, a special measure for COVID-19: ¥723 mil.
- Extraordinary losses: Jurlique impairment loss (on property, plant and equipment and intangible assets at the head office, stores, etc.): ¥1,524 mil.  
Loss related to COVID-19: ¥1,271 mil.

A decline in gross profit, resulting from decreased revenue, pushed down profit attributable to owners of parent by -90.2% YoY



1. Highlights of Consolidated Performance
2. **Segment Analysis**
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(mil yen)	FY2019	FY2020	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	165,530	125,814	(39,715)	(24.0%)
Beauty care	161,794	122,295	(39,498)	(24.4%)
Real estate	1,979	1,763	(216)	(10.9%)
Others	1,756	1,755	(0)	(0.0%)
Operating income	25,411	9,222	(16,189)	(63.7%)
Beauty care	24,625	8,423	(16,201)	(65.8%)
Real estate	878	669	(209)	(23.9%)
Others	113	37	(76)	(66.8%)
Reconciliations	(205)	92	297	-

## Segment Results Summary

- Beauty care**      Revenue decreased year on year due to a significant revenue decline in POLA, ORBIS and THREE  
 Operating income decreased mainly due to a decline in gross profit, despite agile and flexible control of fixed costs
- Real estate**      Occupancy rate has been maintained at a high level
- Others**            Income declined in the building maintenance business

## Beauty Care Business Results by Brands

(mil. yen)	FY2019	FY2020	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Beauty care net sales	161,794	122,295	(39,498)	(24.4%)
POLA	102,305	72,926	(29,378)	(28.7%)
ORBIS	39,125	33,298	(5,826)	(14.9%)
Jurlique	5,157	4,158	(999)	(19.4%)
H2O PLUS	1,047	500	(547)	(52.2%)
Brands under development	14,157	11,410	(2,746)	(19.4%)
Beauty care operating income	24,625	8,423	(16,201)	(65.8%)
POLA	20,676	7,177	(13,499)	(65.3%)
ORBIS	7,350	5,364	(1,986)	(27.0%)
Jurlique	(2,709)	(2,238)	470	-
H2O PLUS	(661)	(607)	54	-
Brands under development	(31)	(1,272)	(1,241)	-

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

### Q3 Result

- Revenue continued to fall in domestic storefront operations
- Domestic e-commerce grew; new customers with a high anticipated skincare purchasing rate and LTV were acquired
- Sales in China were strong (+52% YoY); newly expanded onto the JD platform
- Inbound traffic (tourists only) accounted for 3% of revenue (down 6ppt YoY)

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	72,926	(28.7%)
Operating income	7,177	(65.3%)

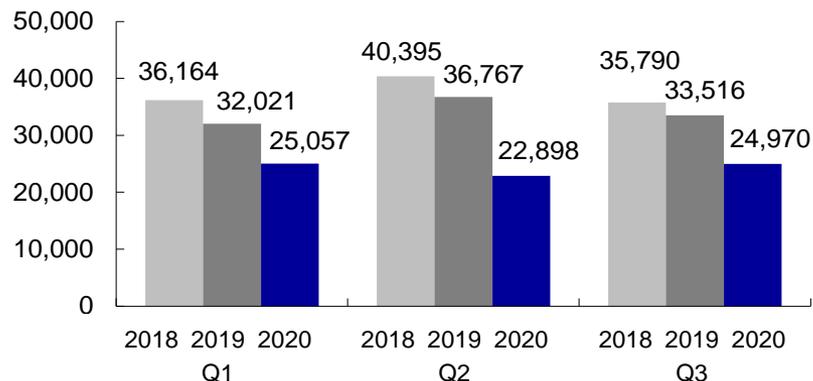
Key indicators		
Sales ratio	Consignment sales	74.9%
	Overseas	14.3%
	EC	3.3%
	Dept. store, B2B	7.5%
Sales growth*	Consignment sales	down 30.8%
	Overseas	up 27.9%
	EC	up 59.8%
	Dept. store, B2B	down 60.6%
Consignment sales channel	# of sales offices**	3,852 (down 104)
	# of PB**	639 (down 36)
	Purchase per customer*	Down 4.6%
	# of customers*	Down 27.0%
Number of stores overseas**		97 (up 13)

### Topics

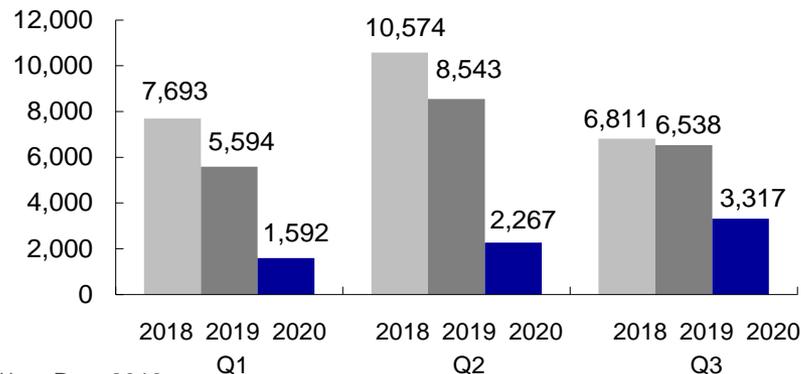
- Full renewal of the POLA top series *B.A*  
Commenced advance sales of lotion (September)



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



\*YoY, \*\* vs Dec. 2019

### Q3 Result

- New mail-order (online and catalog) customer acquisition continued to progress well
- Structural improvement, with a YoY increase in the average unit price of mail-order (online and catalog) products (+6.9% YoY)
- Revenue from storefront operations decreased significantly, with subdued store traffic

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	33,298	(14.9%)
Operating income	5,364	(27.0%)
Key indicators		
Sales ratio	Online	56.4%
	Other mail-order	19.5%
	Stores and overseas	24.1%
Sales growth*	Online	down 5.7%
	Other mail-order	down 18.3%
	Stores and overseas	down 28.8%
Mail-order** purchase per customer*		down 12.4%
Number of mail-order** customers*		up 3.6%
<i>ORBIS U</i> series ratio of sales <sup>(1)</sup>		26%

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

\* YoY basis

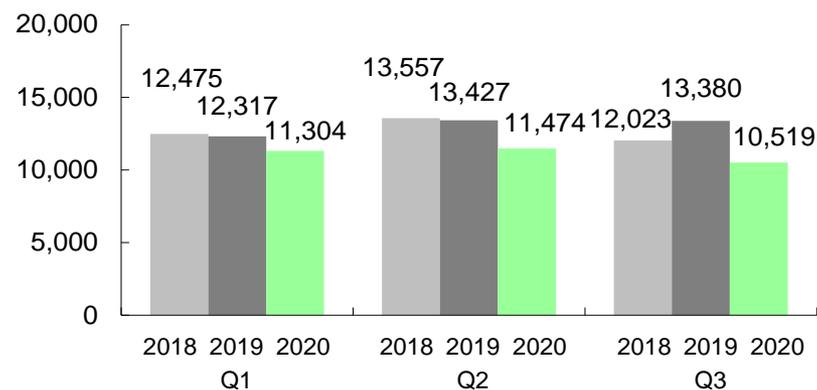
\*\* include online and catalog

### Topics

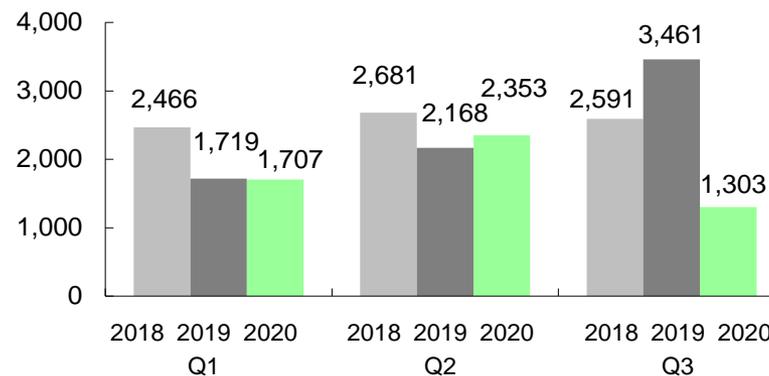
- Launch of the aging care series *ORBIS U*. (September)



#### Quarterly net sales (mil. yen)



#### Quarterly operating income (mil. yen)



## Q3 Result

- Shutdowns continued for some Jurlique stores in Australia  
Online sales in China were strong, with the utilization of live commerce
- Losses in Jurlique were ameliorated through structural reform
- H2O PLUS suffered from shutdowns by business partners, and revenue fell significantly in the amenities business

Q3 (YTD)		Results (mil. yen)	YoY Change <sup>(1)</sup>
Jurlique	Net sales	4,158	(19.4%)
	OP income	(2,238)	470
H2O PLUS	Net sales	500	(52.2%)
	OP income	(607)	54

### Key indicators

#### Jurlique

Sales ratio	Australia	20.1%
	Hong Kong	17.0%
	Duty free	6.7%
	China	32.3%
Sales growth <sup>(2)</sup>	Australia	down 46.6%
	Hong Kong	down 21.9%
	Duty free	down 56.3%
	China <sup>(3)</sup>	up 143.4%

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

(2) AUD basis, YoY

(3) Including the impact of the shift from dealer licensing to directly-owned shops from 2020

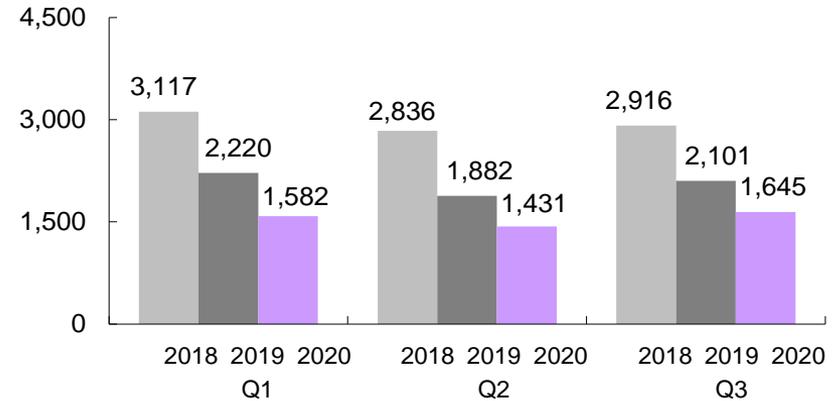
## Topics

- Jurlique  
Limited launch of hand gel that maintains clean hands and skin (August)

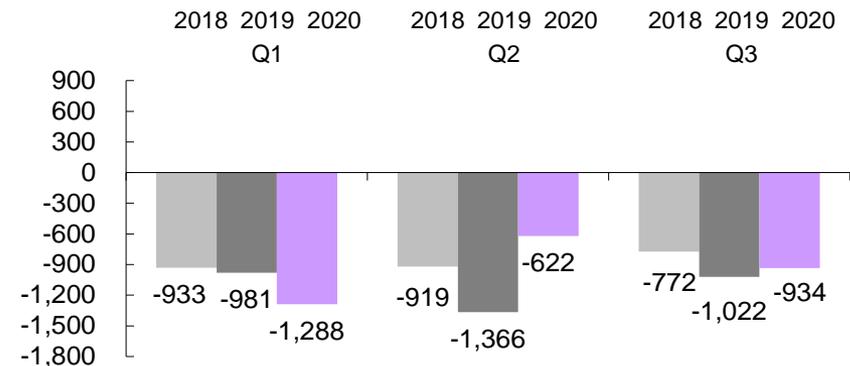


Moisturising Hand Sanitiser

### Quarterly net sales (mil. yen)



### Quarterly operating income (mil. yen)



## Q3 Result

- Sales struggled, with a slow recovery in department store traffic and the impact of continuing to refrain from providing trial use of cosmetics
- THREE domestic e-commerce grew (+111% YoY)
- DECENCIA revenue increased (+15% YoY), with continued strong new customer acquisition for e-commerce due to effective advertising

Q3 (YTD)	Results (mil. yen)	YoY Change <sup>(1)</sup>
Net sales	11,410	(19.4%)
Operating income	(1,272)	(1,241)
ACRO Net sales	6,177	(31.0%)
ACRO OP income	(2,135)	(1,160)
(THREE Net sales)	4,941	(40.2%)
(THREE OP income)	(774)	(1,467)

### Key indicators

THREE	# of stores in Japan (vs. Dec. 2019)	125 (up 4)
	# of stores overseas (vs. Dec. 2019) (in 7 countries & regions)	63 (up 2)
	Overseas sales ratio	21%

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

### Brand Portfolio of Brands Under Development

Company	ACRO INC.	DECENCIA INC.
Brand	THREE <i>Amplitude</i> FIVEISM X THREE	DECENCIA

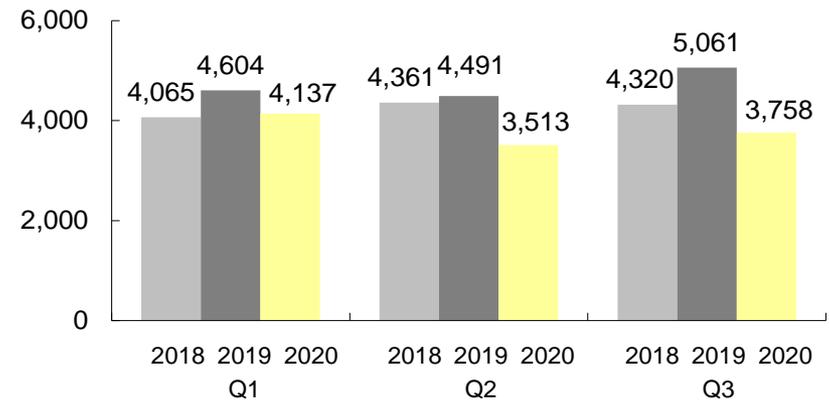
Note: Apart from the portfolio above, Brands Under Development includes the OEM business.

## Topics

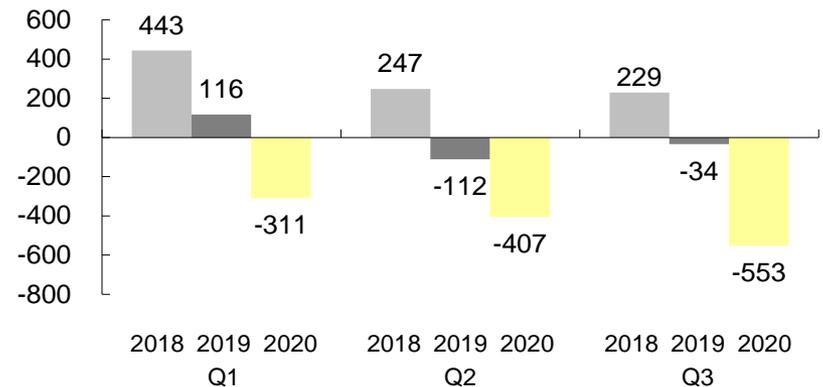
- ITRIM  
Launch of new skincare series *Crescent* (September)



### Quarterly net sales (mil. yen)



### Quarterly operating income (mil. yen)



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The impact of COVID-19 on performance has been more extensive than previously anticipated, and the full year performance forecast has been revised

(mil. yen)	FY2020	YoY Change		FY2020	vs April 28	YoY Change	
	Q3 Results (YTD)	Amount	%	Full-year Plan	Plan	Amount	%
Consol. net sales	125,814	(39,715)	(24.0%)	175,000	(15,000)	(44,920)	(20.4%)
Beauty care	122,295	(39,498)	(24.4%)	170,400	(15,000)	(44,486)	(20.7%)
Real estate	1,763	(216)	(10.9%)	2,300	0	(319)	(12.2%)
Others	1,755	(0)	(0.0%)	2,300	0	(115)	(4.8%)
OP income	9,222	(16,189)	(63.7%)	10,000	(9,000)	(21,137)	(67.9%)
Beauty care	8,423	(16,201)	(65.8%)	9,550	(9,000)	(20,643)	(68.4%)
Real estate	669	(209)	(23.9%)	800	0	(221)	(21.7%)
Others	37	(76)	(66.8%)	150	0	19	14.9%
Reconciliations	92	297	-	(500)	0	(292)	-
Ordinary income	7,775	(16,595)	(68.1%)	8,500	(8,000)	(22,130)	(72.3%)
Net income attributable to owners of parent	1,565	(14,332)	(90.2%)	1,200	(7,200)	(18,494)	(93.9%)

Assumed exchange rates : 1.00 AUD = 78 JPY (PY 75.82) 1.00 USD = 107 JPY (PY 109.05) 1.00 CNY = 15.5 JPY (PY 15.78)

	FY2019	FY2020 (Plan) *revised per-share dividend forecast
Shareholder returns	Annual ¥116 (include Commemorative ¥36) Consol. payout ratio 130.3%	Annual ¥50 (Interim ¥35, Year-end ¥15) Consol. payout ratio 92.4%
Capital investment	¥10,091 mil.	¥12,000 - ¥13,000 mil.
Depreciation	¥7,377 mil.	¥7,000 - 8,000 mil.

# Revisions to Forecasts for Fiscal 2020

(mil. yen)	FY2020	YoY Change		FY2020	vs April 28	YoY Change	
	Q3 Results (YTD)	Amount	%	Full-year Plan	Plan	Amount	%
Consol. net sales	125,814	(39,715)	(24.0%)	175,000	(15,000)	(44,920)	(20.4%)
OP income	9,222	(16,189)	(63.7%)	10,000	(9,000)	(21,137)	(67.9%)
Ordinary income	7,775	(16,595)	(68.1%)	8,500	(8,000)	(22,130)	(72.3%)
Net income attributable to owners of parent	1,565	(14,332)	(90.2%)	1,200	(7,200)	(18,494)	(93.9%)

## Net sales

- A divergence has arisen between the plan and actual Q3 results, primarily due to the persisting impact of COVID-19
- As the speed of recovery is more gradual than we anticipated, the revisions incorporate the continuation of the current adverse business environment

## Operating income

- Decline in gross profit resulting from decreased net sales
- Reflect up-front investment in the e-commerce business and customer acquisition for growth from next fiscal year and beyond

## Net income

- Decline due to a decrease in operating income
- Reflect the impact of extraordinary losses

## Revisions by brand

Brand	Net sales (mil.)	OP income (mil.)
POLA	(10,000)	(5,900)
ORBIS	(2,500)	(1,900)
Jurlique	(500)	(200)
H2O PLUS	(300)	200
Brands under development	(1,700)	(1,200)

The dividends forecast has been revised downwards, in line with the revisions to the performance forecast

Dividends

Annual ¥80  
(Interim ¥35, Year-end ¥45)  
(Dividends forecast as of July 30)

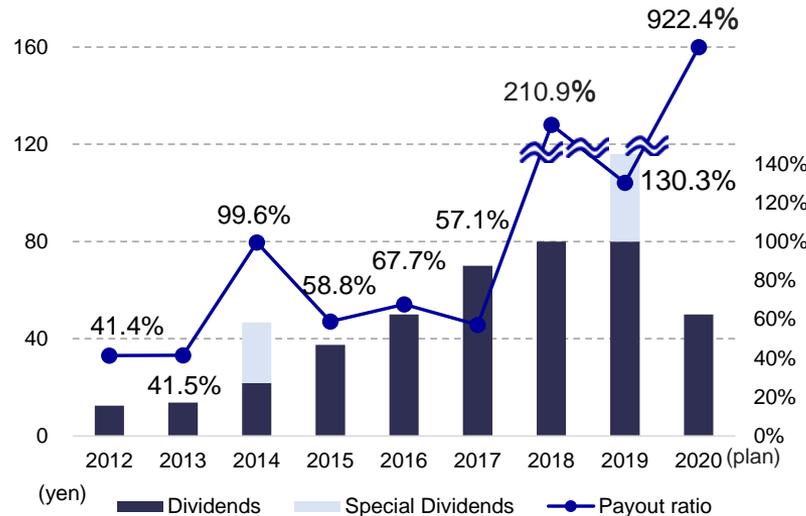


Annual **¥50**  
(Interim ¥35, Year-end **¥15**)  
(Dividends forecast as of October 30)

Basic Policy

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

Dividends trend



Although a decrease in dividends is planned for FY2020, we aim to increase dividends in line with profit growth next fiscal year and beyond

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## ■ Sustain stable growth of flagship brands to lead Group earnings

**POLA**

- Strengthen the foundation of domestic businesses
  - Commenced advance sales of lotion in the renewed *B.A* series, with sales performing strongly in excess of plans; expand the line with the launch of four basic items in October, utilizing customer lists to strengthen sales promotion
  - Domestic e-commerce continues to perform strongly, with revenue for the first nine month period up around 60% YoY; strategically strengthen investment, aiming to double revenue YoY
  - Target year-end sales and new customer acquisition with limited product launches in the *B.A* and *Red B.A* series
- Accelerate growth in the China business
  - Expand investment in online advertising, and enhance brand recognition in e-commerce sales
  - Enhance points of contact with customers, with new store openings forecast as planned; aim for 50 stores by the end of 2020 (+21 stores YoY)



*B.A*



*B.A*  
*PRECIOUS COLLECTION L*



*Red B.A*  
*PREMIUM LOTION KIT*

**ORBIS**

- Strengthen e-commerce, aiming for 70% of sales through e-commerce in the medium term (56.4% as of FY2020 Q3)
  - Enhance app content, and provide personalized service
  - Automate logistics, expand delivery capacity and reduce costs, achieve a reduction in environmental burden
- Launch the new *ORBIS A* series (October)
- Reinvigorate and prevent the loss of existing customers
  - Adopt an approach pivoting on *ORBIS U.* and *ORBIS A*
  - Utilize a points system for communication tailored to each segment



*ORBIS A*

## ■ Bring overseas operations solidly into the black overall

Jurlique

- Continue to reform the cost structure, aiming for a return to profit
- Accelerate growth in China placed under direct ownership
  - Strengthen online presence, expand live-streaming and maximize sales in e-commerce sales
  - Offline, strengthen counseling and acquire customers through our major skincare products
  - Utilize CRM, and enhance communication suited to customer attributes
- Launch holiday kits, and reinvigorate customer activity



(Left) *Precious Moment for Skin*  
(Right) *Rose with Love*

## ■ Expand brands under development, create new brands, pursue M&A activity

THREE

*Amplitude*

ITRIM

FIVEISM  
x  
THREE

DECENCIA

- Enhance online service for THREE, Amplitude, ITRIM, and FIVEISM x THREE; strengthen promotion to respond to changes in customer perceptions due to COVID-19
  - Instagram live-streaming by makeup artists
  - Online counseling
  - Foundation color exchange service
  - Strengthen eye makeup offerings, launch color transfer-resistant lip coat



*Amplitude Autumn & Winter Collection 2020*

- Expand THREE holistic care products; launch new body care products (October)

(Left) *THREE BALANCING FULL BODY EMULSION*  
(Right) *THREE BALANCING HAND & ARM CREAM*



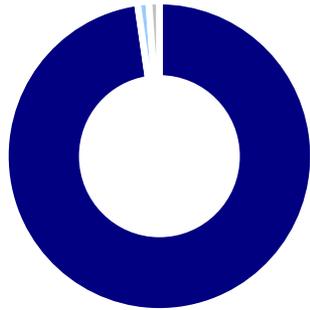
- Implement additional investment in customer acquisition to further accelerate growth
- Strengthen Chinese cross-border e-commerce; expand recognition as a specialized brand for sensitive skin



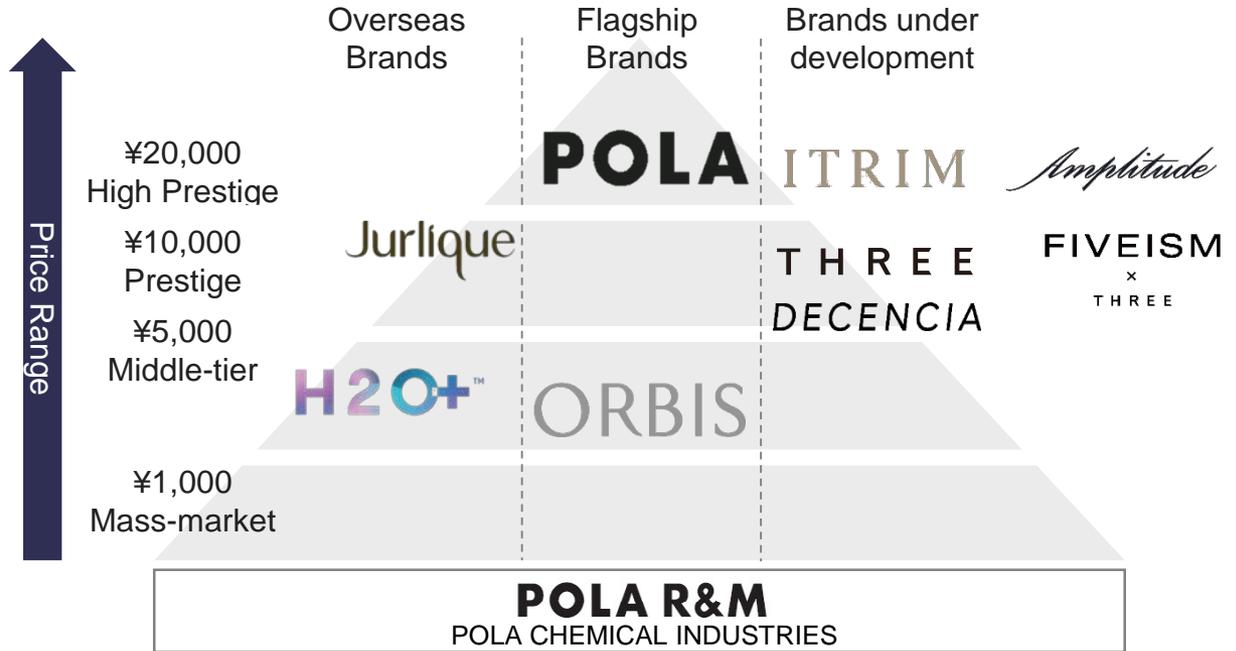
(Left) *THREE BALANCING BELOVED BATH ESSENCE*  
(Right) *THREE AIMING BELOVED BATH ESSENCE*

Beauty care is the core business of the Group, and 9 different cosmetics brands are operated under the Group umbrella

FY2019  
Consol. Net Sales  
¥219.9 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

	Sales ratio*	Brand	Concept and products	Price	Main sales channel
Flagship brands	63%	<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-whitening fields</li> </ul>	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> <li>JP: Consignment sales through Beauty Directors, department store counters and e-commerce</li> <li>Overseas: Department store counters, directly-operated stores, DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
	23%	<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 (online 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 store counters, directly-operated stores and e-commerce</li> <li>Overseas: Department store counters, directly-operated stores, DFS<sup>(1)</sup> and cross-border e-commerce</li> </ul>
	1%	<b>H2O+</b> <sup>TM</sup> 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		<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 store counters, directly-operated stores and e-commerce</li> <li>Overseas: Department store counters, 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>
	9%	<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 <b>T H R E E</b> 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>

\*Sales ratio in the beauty care business as of FY2019

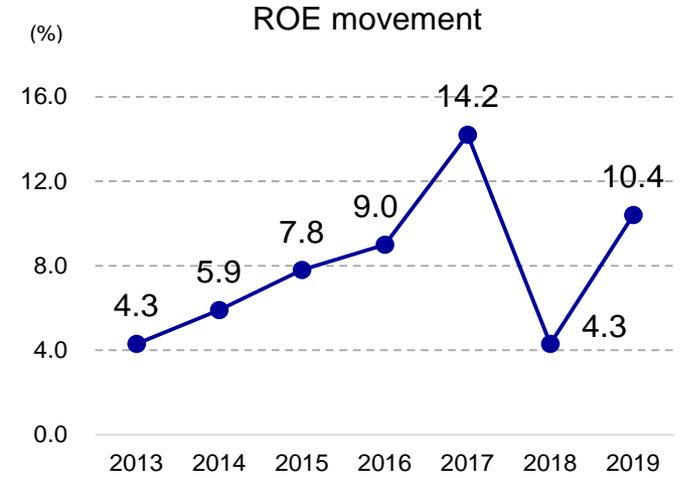
## Initiatives to Improve Capital Efficiency

Target for 2020  
**ROE 12%**  
(Return on equity)

**EPS**  
(Earnings per share)

**BPS**  
(Book value per share)

- Operating income CAGR10%
- Achieve net income growth which is higher than operating income growth by decreasing overseas losses
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth



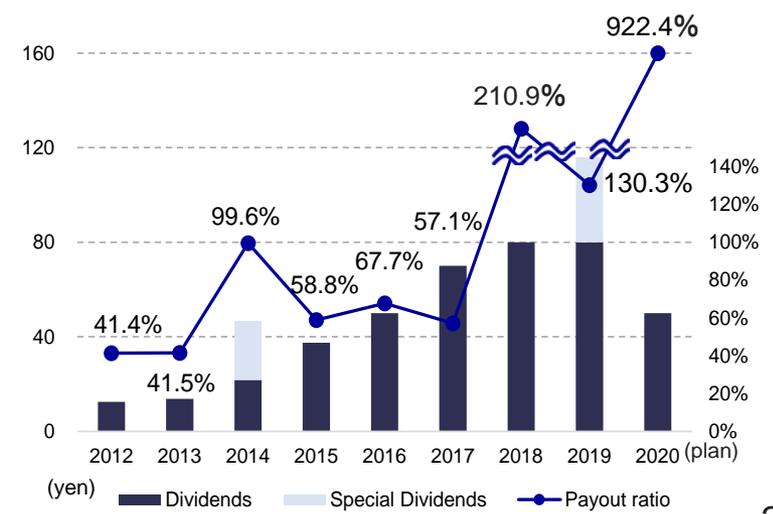
## Improvement of Shareholder Return

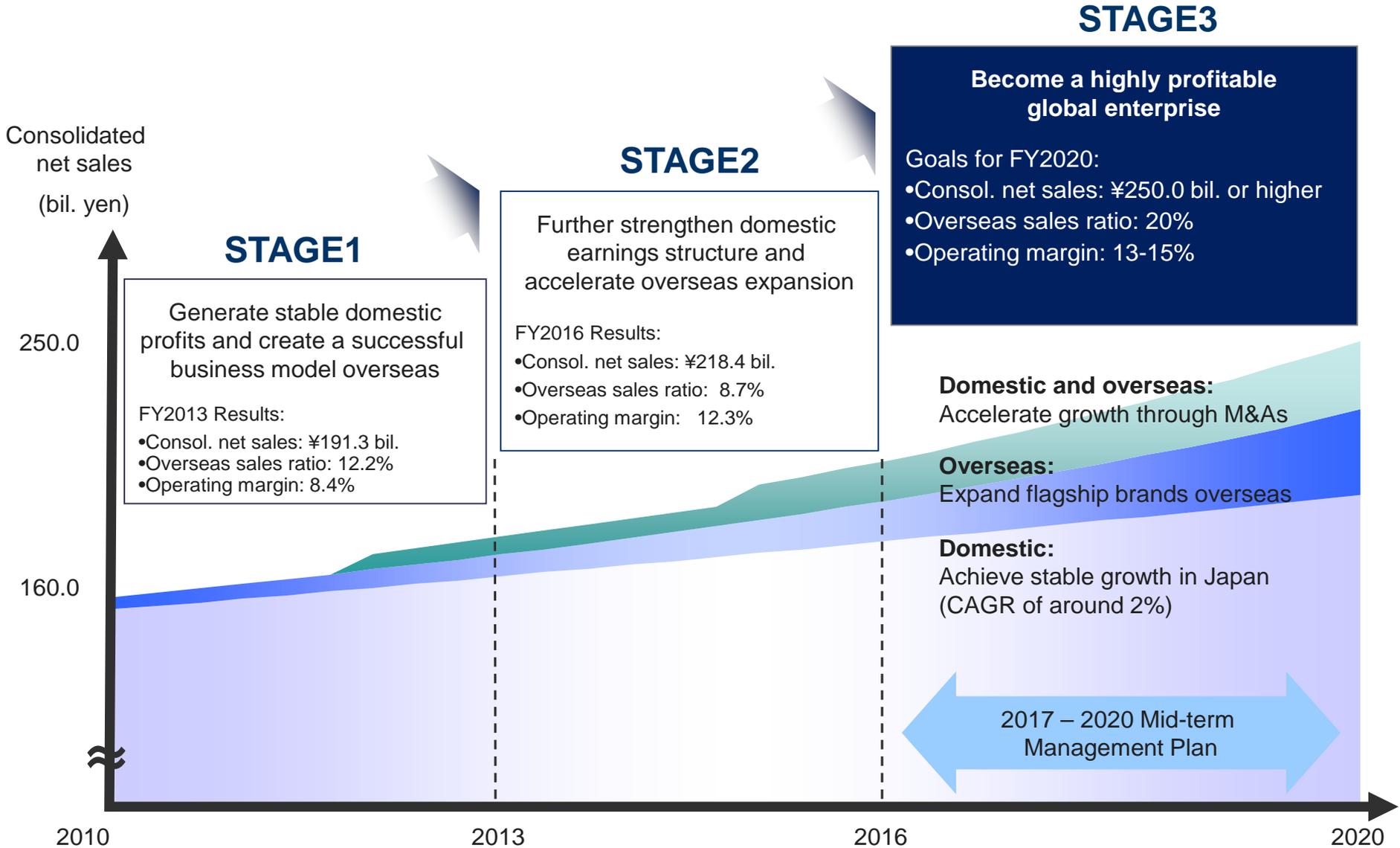
Basic Policy :

- With a policy of consolidated payout ratio of **60% or higher**, 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 FY2020:

- Dividend per share : **¥50**  
(Interim ¥35, Year-end ¥15)
- Consol. payout ratio : **922.4%**





The final stage of the long-term vision for 2020.  
 Aim to improve profitability in Japan, promote a solid shift toward overall profitability from overseas operations and build a brand structure for next-generation growth.

### Consolidated net sales

- Consol. net sales: CAGR **3 to 4%**  
 (¥250.0 bil. in FY2020)

### Operating income

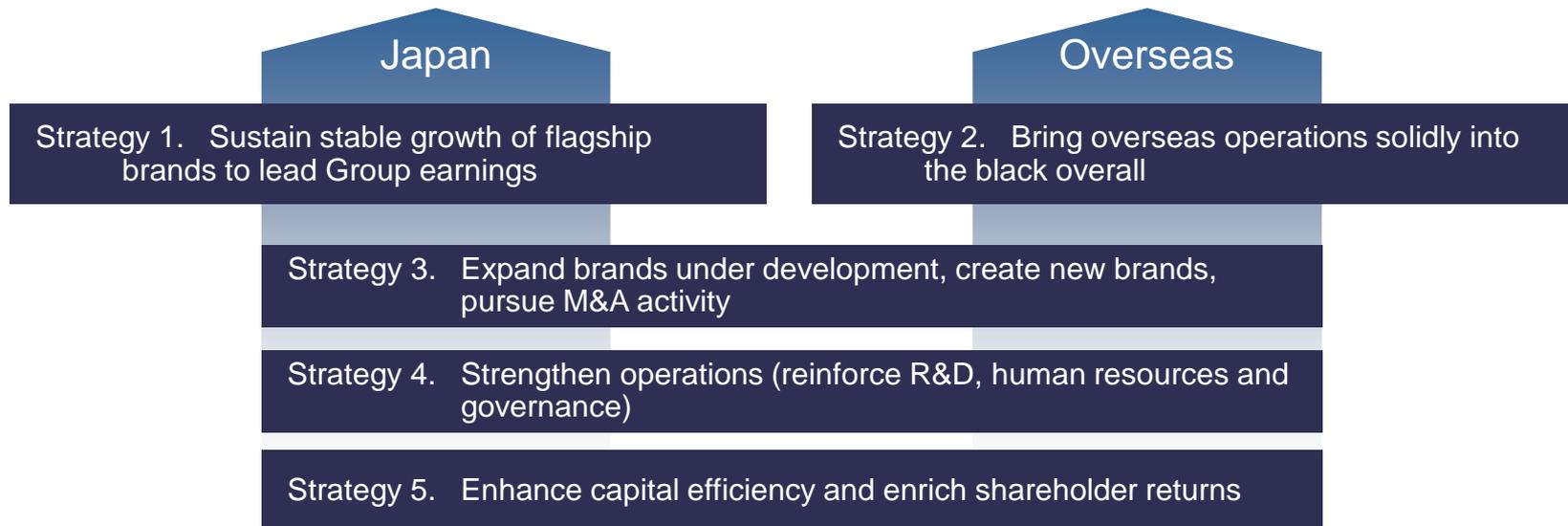
- Operating income: CAGR **10%** or higher
- Operating margin: **15%** or higher in FY2020

### Capital efficiency

- Target for ROE: **12%** in FY2020

### Shareholder returns

- Consolidated payout ratio: **60%** or higher  
 from FY2017



# (Appendix) Beauty Care Business Results for FY2017 – FY2019 by Brands

(mil. yen)	FY2017	FY2018	FY2019	2018 vs 2019 YoY Change	
	Results	Results	Results	Amount	%
Consolidated net sales	244,335	248,574	219,920	(28,654)	(11.5%)
Beauty care net sales	227,133	231,207	214,886	(16,321)	(7.1%)
POLA	144,012	150,183	135,502	(14,681)	(9.8%)
ORBIS	53,066	51,051	50,726	(324)	(0.6%)
Jurlique	12,772	10,386	7,765	(2,620)	(25.2%)
H2O PLUS	2,303	2,041	1,470	(571)	(28.0%)
Brands under development	14,978	17,544	19,421	1,877	10.7%
Consol. operating income	38,881	39,496	31,137	(8,358)	(21.2%)
Beauty care operating income	38,121	38,294	30,193	(8,100)	(21.2%)
POLA	28,584	32,574	25,529	(7,045)	(21.6%)
ORBIS	9,080	9,340	9,252	(87)	(0.9%)
Jurlique	(505)	(3,763)	(2,968)	794	-
H2O PLUS	(317)	(552)	(825)	(272)	-
Brands under development	1,278	695	(794)	(1,489)	-

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