POLA ORBIS HOLDINGS

First Quarter of Fiscal 2022 Supplementary Material

POLA ORBIS HOLDINGS INC.

Corporate Officer

PR, IR, CSR and Sustainability

Naotaka Hashi

Today, we will be discussing the first quarter financial results for the fiscal year ending December 31, 2022.

■ POLA ORBIS HOLDINGS INC. has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from fiscal 2022.

■ Regarding the results for fiscal 2021:
The results for fiscal 2021 presented in this presentation have been calculated using the same accounting standards as those in fiscal 2022, and are shown as reference information (unaudited) for the purpose of comparison.

As announced in February this year, the accounting standard for revenue recognition has applied from FY2022.

Accordingly, the results for FY2021 in this document have been replaced by the results using the same accounting standards as those for FY2022.

Please note that the results, increase and decrease amounts, and percentage increases and decreases for the previous period shown in the summary of financial results will differ from these figures.

Please understand that this document is a comparison of actual results, converted to match the accounting standards from the current fiscal year.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2022
4. Initiatives Going Forward & Appendices

POLA ORBIS HOLDINGS

Q1 Key Topics

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) as a whole recovered during the first half of the first quarter, but a slowdown emerged from February onward.
- The Japanese market was at a similar level to the previous year, due to the rapid spread of COVID-19 and the application of quasi-emergency measures.
- In the overseas market, Mainland China and Hong Kong suffered lockdowns and restrictions on storefront operations.

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

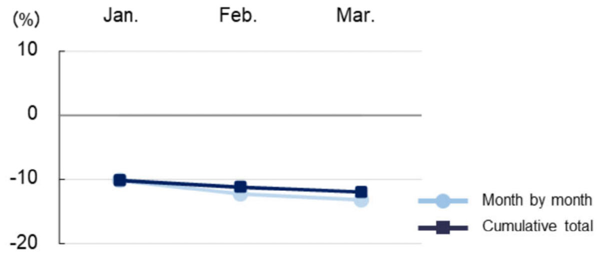
Our Group

- Consolidated revenue and income decreased, impacted by the performance of POLA.
- In Japan, customer traffic continued to decline in POLA's consignment sales, but domestic e-commerce revenue grew for both POLA and ORBIS.
- Revenue declined for POLA overseas, due to lockdowns, restrictions on storefront operations, and suppression on shipment to duty free stores in South Korea. (down ¥2.2 bil.)
- In overseas brands, revenue rose and losses were ameliorated for Jurlique. The dissolution and liquidation of H2O PLUS were decided effective April 28.

Medium-term Management Plan Indicators (FY2022 Q1)	
Overseas sales ratio	15.2% (-3.5 ppt*)
Domestic e-commerce sales ratio	28.3% (+2.5 ppt*)

*vs Dec. 2021

YoY Change in Consolidated Monthly Net Sales
(same-standard basis)



- In Japan, quasi-emergency measures were applied, and the recovery in domestic storefront operations came to a standstill.
- Overseas operations suffered restrictions on the flow of people, an impact on logistics, store shutdowns, etc. due to lockdowns.
- Net sales for the first quarter presented a grimmer result than anticipated.

In the cosmetics market as a whole, the domestic market was on a recovery trend at the beginning of the year, but due to the spread of the Omicron variant, the market has been slowing down, and the results for the first quarter were generally the same as the previous year.
In overseas markets, China and Hong Kong continue to face uncertainties due to the lockdowns. For the Chinese market, we will continue to monitor the business environment and economic trends closely, even though our medium- to long-term prospects for it stay as a growth market.

Under these circumstances, the Group experienced declines in both revenue and income, impacted by the struggling POLA brand due to the stagnant recovery of the domestic storefront business as well as the planned suppression on shipments to the overseas duty-free stores.
ORBIS maintained the same level of growth as the previous year, and its e-commerce channel returned to a growth trajectory and secured double-digit growth in profit.
In addition, losses were ameliorated for Jurlique with increased revenue. Revenue and income increased for all brands except POLA, slightly exceeding the plan.

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Consolidated P&L Changes Analysis
Net Sales to Operating Income

(mil. yen)	FY2021 Q1 Results (recalculated under the 2022 standard)	FY2022 Q1 Results	YoY Change Amount	YoY Change %
Consolidated net sales	42,773	37,662	(5,111)	(11.9%)
Cost of sales	7,065	6,816	(248)	(3.5%)
Gross profit	35,708	30,845	(4,862)	(13.6%)
SG&A expenses	31,613	28,933	(2,680)	(8.5%)
Operating income	4,094	1,912	(2,182)	(53.3%)

Key Factors

- Consol. net sales: Decreased on a consolidated basis, mainly due to a decrease in revenue from POLA.
- Cost of sales: Cost of sales ratio deteriorated due lower sales ratio from POLA.
  Cost of sales ratio 2021Q1 : 16.5% ⇒ 2022Q1 : 18.1%
- SG&A expenses: Labor expenses: up ¥162 mil. YoY
  Sales commissions: down ¥1,293 mil. YoY
  ⇒ Decreased due to lower POLA consignment sales.
  Sales related expenses: down ¥834 mil. YoY
  Administrative expenses, etc.: down ¥714 mil. YoY
  ⇒ Decreased due to lower POLA overseas sales.
- Operating income: Operating margin 2021Q1: 9.6% ⇒ 2022Q1: 5.1%

Note: FY2021 Q1 results are presented for reference only (unaudited).

Next, the Consolidated P&L.

Consolidated net sales were down about 12%, or JPY5.1 billion, due to the decrease in POLA's revenue.

Although gross profit decreased by JPY4.8 billion due to the decrease in income, we were able to ensure that our operating income decreased by JPY2.1 billion to JPY1.9 billion due to a reduction in variable costs such as sales commissions and outsourcing fees, as well as a reduction in fixed costs, mainly sales-related expenses.

Regarding the operating income, the situation is generally in line with the plan we made at the beginning of the fiscal year.

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

(mil. yen)	FY2021 Q1 Results (recalculated under the 2022 standard)	FY2022 Q1 Results	YoY Change Amount	YoY Change %
Operating income	4,094	1,912	(2,182)	(53.3%)
Non-operating income	1,518	2,314	796	52.5%
Non-operating expenses	62	86	24	38.5%
Ordinary income	5,549	4,140	(1,409)	(25.4%)
Extraordinary income	0	-	0	(100.0%)
Extraordinary losses	210	231	20	9.7%
Profit before income taxes	5,339	3,908	(1,430)	(26.8%)
Income taxes etc.	1,537	(3,291)	(4,829)	-
Profit attributable to non-controlling interests	11	20	8	74.2%
Profit attributable to owners of parent	3,790	7,180	3,390	89.5%

Key Factors

- Non-operating income: Foreign exchange gain ¥2,183 mil
- Extraordinary losses: Extraordinary loss due to liquidation of H2O PLUS ¥165 mil.
- Income taxes etc.: Reduction in income taxes – deferred due to liquidation of H2O PLUS ¥4,443 mil.

Note: FY2021 Q1 results are presented for reference only (unaudited).

Ordinary income was JPY4.1 billion, with JPY2.3 billion recorded due to foreign exchange gains from yen depreciation.

The income tax expense will decrease by approximately JPY4.5 billion. This is in accordance with the tax effects associated with the loss determined as a result of the dissolution and liquidation of H2O PLUS, as announced in today's timely disclosure. As a result, net profit for the quarter was approximately JPY7.2 billion, an increase of 90% over the same period last year.

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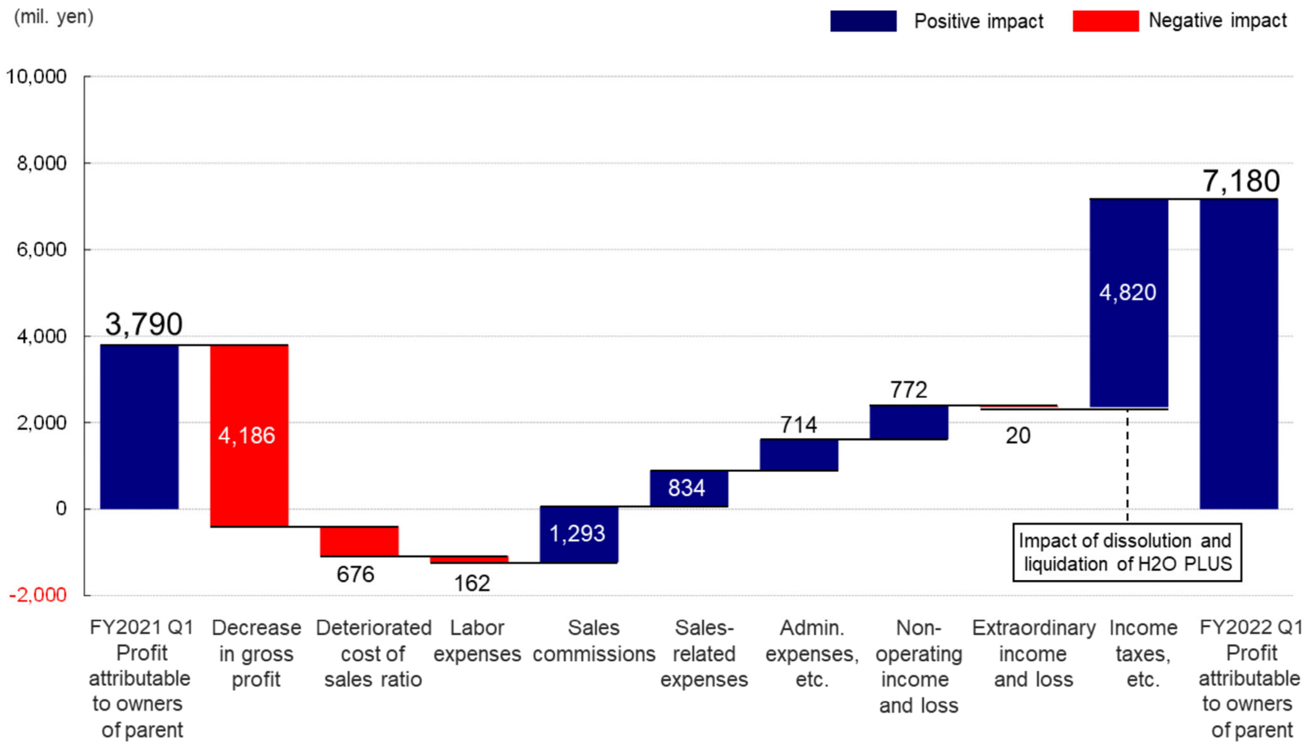
Factors Impacting Profit Attributable to Owners of Parent

While gross profit decreased due to lower revenue, profit attributable to owners of parent increased by ¥3,390 mil. YoY due to a reduction in income taxes etc. resulting from the liquidation of H2O PLUS.



This page shows the factors impacting profit increase or decrease attributable to owners of parent.

As you can see, due to the decrease in income taxes resulting from the liquidation of H2O PLUS, net profit for the quarter increased by JPY3.4 billion YoY.

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Segment Results

(mil yen)	FY2021 Q1 Results (recalculated under the 2022 standard)	FY2022 Q1 Results	YoY Change Amount	YoY Change %
Consolidated net sales	42,773	37,662	(5,111)	(11.9%)
Beauty care	41,658	36,516	(5,141)	(12.3%)
Real estate	530	523	(7)	(1.4%)
Others	585	622	37	6.3%
Operating income	4,094	1,912	(2,182)	(53.3%)
Beauty care	3,977	2,026	(1,950)	(49.0%)
Real estate	206	189	(16)	(8.1%)
Others	13	0	(12)	(92.7%)
Reconciliations	(102)	(305)	(202)	-

Segment Results Summary

- Beauty care: Revenue decreased year on year, primarily due to a decrease in revenue from POLA. Operating income declined, mainly due to a decrease in gross profit.
- Real estate: Revenue and income decreased due to the departure of some tenants.

Note: FY2021 Q1 results are presented for reference only (unaudited).

Here are the segment results.

Next, please see page nine.

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Beauty Care Business Results by Brands

(mil. yen)	FY2021 Q1 Results (recalculated under the 2022 standard)	FY2022 Q1 Results	YoY Change Amount	YoY Change %
Beauty care net sales	41,658	36,516	(5,141)	(12.3%)
POLA	26,545	21,229	(5,315)	(20.0%)
ORBIS	9,406	9,340	(65)	(0.7%)
Jurlique	1,696	1,925	228	13.5%
H2O PLUS	167	338	171	102.0%
Brands under development	3,842	3,682	(159)	(4.2%)
Beauty care operating income	3,977	2,026	(1,950)	(49.0%)
POLA	3,909	1,611	(2,298)	(58.8%)
ORBIS	1,164	1,484	320	27.5%
Jurlique	(448)	(323)	124	-
H2O PLUS	(184)	(139)	44	-
Brands under development	(463)	(605)	(142)	-

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

Here are the results by brands. POLA's revenue and income declined.
ORBIS had a slight decline in revenue, but considering the domestic market environment in the first quarter, we believe that this was the result of a healthy performance.

The following pages will provide detailed explanations of the situation for each brand.

POLA

Brand Analysis (1)

Q1 Result

- Consignment sales struggled, partly due to a decline in customer traffic and restrictions on storefront business activities.
- Domestic e-commerce focused on high-function skincare, and revenue increased.
- Overseas revenue decreased, mainly due to lockdowns and restrictions on storefront operations in Mainland China and Hong Kong, and suppression on shipment to duty free stores in South Korea. (Excluding the impact of South Korea duty free, overseas net sales were down 13.4% YoY.)

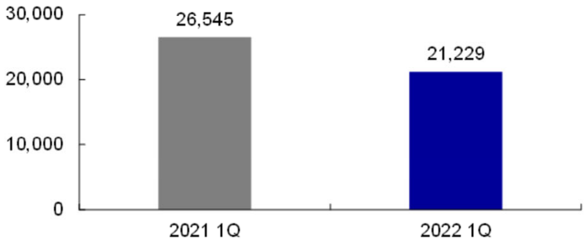
Q1		Results (mil. yen)	YoY Change
Net sales		21,229	(20.0%)
Operating income		1,611	(58.8%)
Key indicators			
Sales ratio	Consignment sales		69.0%
	Overseas		13.0%
	Domestic e-commerce		6.5%
	Dept. store, B2B		11.5%
Sales growth*	Consignment sales		down 16.2%
	Overseas		down 48.2%
	Domestic e-commerce		up 6.5%
	Dept. store, B2B		up 0.1%
Consignment sales channel	# of sales offices**		3,182 (down 45)
	# of PB**		576 (down 12)
	Purchase per customer*		up 8.3%
	# of customers*		down 22.6%
Number of stores overseas**			132 (unchanged)

Topics

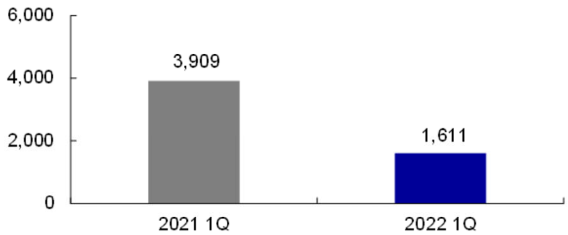
- Launched a new brightening serum and beauty health foods from the *White Shot* series (January).

(Left) *POLA WHITE SHOT INNER LOCK TABLET IXS*
(Right) *POLA WHITE SHOT SXS*

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



*YoY basis
** vs Dec. 2021

Note: YoY change has been calculated using the same accounting standards for both years.

For POLA, the results were worse than expected due to the restrictions on sales activities of consignment sellers and the sluggish acquisition of new customers, which has continued since last year and has affected the number of customers for the current fiscal year.

In the overseas business, we struggled in China, a growth driver, especially in the storefront business segment, impacted by the Zero-COVID policy to curb human flow and restrictions on entry to department stores.
As announced in the guidance, sales in the overseas stores decreased by 48% due to the planned suppression on shipments to the overseas duty-free stores for the purpose of addressing the C2C market.
However, in terms of overseas sales, excluding this shipment suppression, it was a negative 13% compared to the same period last year.

ORBIS

Brand Analysis (2)

Q1 Result

- Domestic e-commerce revenue increased, with growth in *ORBIS U.* and special care, and income increased due to efficient marketing investment.
- Suffered the suspension of shipments in Mainland China from mid-March onward due to lockdowns, despite achieving higher-than-planned Douyin live commerce sales.

Topics

- Launched a new series of brightening skincare, met with a positive initial reception (February).

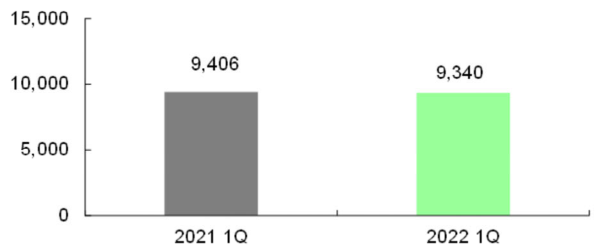
ORBIS BRIGHTSERIES

Q1		Results (mil. yen)	YoY Change
Net sales		9,340	(0.7%)
Operating income		1,484	27.5%
Key indicators			
Sales ratio	Domestic e-commerce		60.6%
	(Proportion of domestic sales attributable to e-commerce)		63.5%
	Other mail-order		13.5%
	Stores and overseas, etc.		25.9%
Sales growth*	Domestic e-commerce		up 1.5%
	Other mail-order		down 9.8%
	Stores and overseas, etc.		down 1.6%
Mail-order** purchase per customer*			up 6.3%
Number of mail-order** customers*			down 9.2%
ORBIS U series ratio of sales(1)			27%

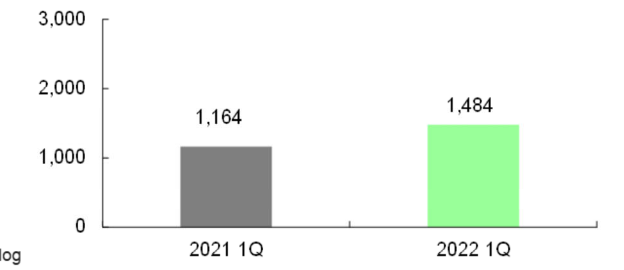
(1) Total of *ORBIS U*, *U white*, *U encore*, and *U.*

* YoY basis
** include e-commerce and catalog

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: YoY change has been calculated using the same accounting standards for both years.

ORBIS focused its web marketing efforts on ORBIS U. and so-called special care products, such as skin brightening products.

As a result, revenue in the skincare category in particular increased and, the unit price per customer improved significantly. We can say that the customer structure is shifting to customers with whom we can expect to have a high lifetime value.

For the current fiscal year, we intend to bottom out the decline in the number of customers and achieve a strong turnaround in revenue growth.

Operating income increased by 27%. The operating margin recovered to 16%.

Brand Analysis (3) Overseas Brands

Q1 Result

- Jurlique continued to perform strongly in Mainland China; revenue increased and losses were ameliorated as planned.
- The dissolution and liquidation of H2O PLUS were decided effective April 28.

Q1			Results (mil. yen)	YoY Change[1]
Jurlique	Net sales		1,925	13.5%
	OP income		(323)	124
H2O PLUS	Net sales		338	102.0%
	OP income		(139)	44
Key indicators				
Jurlique				
Sales ratio		Australia		13.5%
		Hong Kong		8.0%
		Duty free		16.9%
		Mainland China		41.8%
Sales growth[2]		Australia		down 13.9%
		Hong Kong		down 32.9%
		Duty free		up 32.1%
		Mainland China		up 40.7%

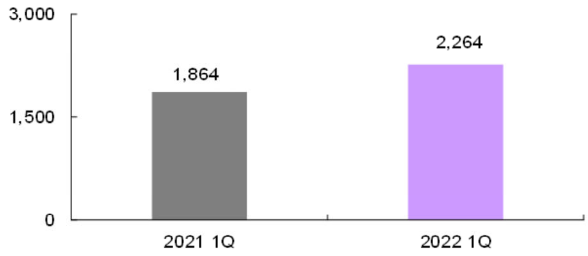
(1) For operating income, the YoY difference is shown as an amount (mil. yen)
(2) AUD basis, YoY

Topics

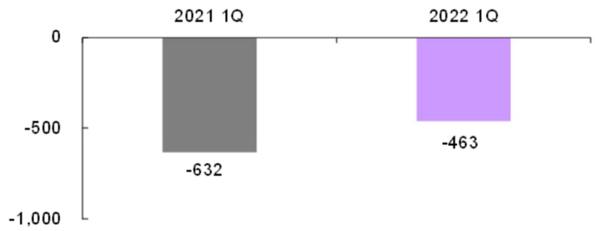
- Jurlique launched a limited-edition mist (March).

Rose Balancing Mist
Exclusive Edition<Five Roses>

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: YoY change has been calculated using the same accounting standards for both years.

Jurlique experienced high growth both offline and online, despite temporary closures and shortened hours at some stores in China.
Losses are also improving as planned.

Dissolution and Liquidation of the H2O PLUS Brand

The dissolution and liquidation of H2O PLUS were decided effective April 28.

Reason for the dissolution

- The Company acquired H2O PLUS in 2011 to manufacture and sell cosmetics, primarily in the United States.
- H2O PLUS's performance has fallen short of the plan, and despite various measures undertaken to date toward recovery, it has been determined that there is no longer any benefit in continuing this business.
- The Company will carry out the dissolution as part of our efforts to reform the brand portfolio and continue to aim to further enhance the Group's profitability in the future.

Dissolution schedule

- The liquidation will be completed some time from the second half of 2023 onward, after fulfilling contractual product supply obligations, etc. with business partners.

Financial impact arising from this decision

- Impact on the (full-year) profit of consolidated performance for fiscal 2022: + approx. ¥4,300 mil.

Breakdown:

(-) Recording of extraordinary losses: approx. ¥200 mil.

(+) Decrease in income taxes, etc.: approx. ¥4,500 mil.

Regarding H2O PLUS, the dissolution and liquidation of H2O PLUS was resolved at today's Board of Directors meeting as announced.

Since joining the Group in 2011, H2O PLUS has been expanding mainly in the United States.
However, the Company's performance in recent years has continued to fall short of the plan. In light of the business portfolio reforms in the newly initiated long-term management plan, we have determined that it is difficult to identify any advantages in continuing this business in the future.
The contract with the supplier in the US is expected to be completed in FY2023, which is the timing of the fulfillment of the liquidation, but in reality, the business will be terminated in this current fiscal term.

As for the financial impact caused by this decision, the extraordinary loss will be approximately JPY200 million, the decrease in income taxes will be approximately JPY4.5 billion, and the impact on net income will be a positive JPY4.3 billion.

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Brand Analysis (4) Brands Under Development

Q1 Result

- THREE revenue decreased due to the impact of the continued suspension of in-house e-commence, despite making progress in the shift to e-commerce with new expansion into external e-commerce platforms (In-house e-commerce resumed operation from late April).
- Revenue decreased but income increased for DECENCIA, with efficiency-focused investment in new customer acquisition.

Topics

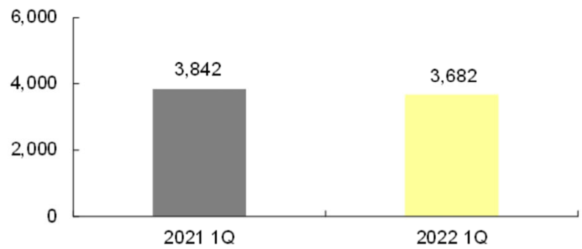
- Renewal of THREE skincare series (February)

THREE *AIMING*

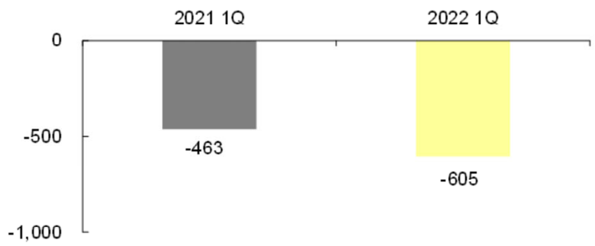
Q1		Results (mil. yen)	YoY Change
Net sales		3,682	(4.2%)
Operating income[1]		(605)	(142)
ACRO Net sales		1,627	(23.8%)
ACRO OP income[1]		(555)	104
THREE[3] Net sales		1,404	(20.1%)
THREE[3] OP income[1]		(280)	30
DECENCIA Net sales		1,239	(11.4%)
DECENCIA OP income		213	20.6%
Key indicators			
THREE[3]			
Sales ratio	Domestic storefronts, etc.		64.2%
	Domestic e-commerce		7.4%
	Overseas		28.4%
Sales growth[2]	Domestic storefronts, etc.		down 15.4%
	Domestic e-commerce		down 65.6%
	Overseas		up 2.6%

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

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: YoY change has been calculated using the same accounting standards for both years.

For brands under development, revenue from THREE declined due to the suspension of its e-commerce site, but ACRO as a whole posted an increase in income due to the rationalization of new brands.

DECENCIA will continue to strive for quality customer structure, control costs by balancing the unit price per new customer and the number of new customers, resulting in an increase in income.

Although the overall income of brands under development decreased, this is because tricot, Inc. had not yet entered the consolidation phase for the previous year's first quarter; therefore, if we excluded tricot, the actual income increase would be JPY150 million.

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Forecasts for Fiscal 2022 (Revised)

Only profit has been revised upwards to reflect the impact of the dissolution and liquidation of H2O PLUS.

(mil. yen)	FY2022 Initial Plan	FY2022 Revised Plan	Variance from Initial Plan	YoY Change (same-standard basis) Amount	%
Consol. net sales	186,000	186,000	-	11,103	6.3%
Beauty care	181,800	181,800	-	11,396	6.7%
Real estate	1,900	1,900	-	(212)	(10.1%)
Others	2,300	2,300	-	(79)	(3.3%)
OP income	17,700	17,700	-	2,117	13.6%
Beauty care	19,130	19,130	-	3,375	21.4%
Real estate	400	400	-	(88)	(18.2%)
Others	70	70	-	0	(0.6%)
Reconciliations	(1,900)	(1,900)	-	(1,168)	-
Ordinary income	17,700	17,700	-	37	0.2%
Profit attributable to owners of parent	11,900	16,200	4,300	5,376	49.7%

Planned 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)

	FY2021	FY2022 (plan) *Dividend forecasts are unchanged
Shareholder returns	Annual ¥51 (Consol. Payout ratio 96.1%)	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 71.0%)
Capital investment	¥8,945 mil.	¥12,000 mil. - ¥14,000 mil.
Depreciation	¥7,110 mil.	¥8,000 mil. - ¥9,000 mil.

Regarding the full-year earnings forecast for the current fiscal year, we reflected the impact of the dissolution of H2O PLUS, profit has been revised upward by JPY4.3 billion from the previous forecast. The separate timely disclosure on this upward revision released today.

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From here, I will explain our future initiatives.

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Initiatives for FY2022 Q2 Onward

POLA

- Launch skin lotion from the *B.A* series (April), with a sensory promotion online.
  - Expand the main skincare series to acquire new customers and encourage existing customers to visit stores.
  - Promote repeat purchases through the transition to existing basic items.
- Launch a limited-edition kit in the *White Shot* series (May), and strengthen sales promotion in anticipation of seasonal demand for brightening products.
- Expand new digital contact points, and introduce reservation functions on POLA's website, including for aesthetic treatments and online counseling.
- Accelerate overseas business growth
  - Strengthen online customer services such as counseling utilizing social media and live commerce amid lockdowns in Mainland China, and continue with new store openings.
  - Plan store openings in new countries and expand customer contact points to enhance global brand recognition.

POLA B.A LOTION IMMERSE

POLA WHITE SHOT SXS BRIGHT EXPERIENCE KIT

ORBIS

- Update the *CLEAR* acne care series (March).
  Expand the target to the sensitive skin market, a growth area.
- Launch a large size of the *WRINKLE WHITE UV PROTECTOR* sunscreen, which has won numerous best cosmetics awards (March) and strengthen high-function special care items to maximize LTV.
- Leverage Douyin in Mainland China to enhance brand recognition.
  Offline, the B2B delivery area is expanding smoothly, and the Company will promote sell-through.

CLEARFUL

ORBIS WRINKLE WHITE UV PROTECTOR LARGE SIZE

The POLA brand will introduce a new product, B.A Lotion Immerse, for the B.A series.

This is a product that will be developed into a hero product of the top brand and will be the centerpiece of the first half of this fiscal year. Specifically, as part of the campaign to experience B.A lotion Immerse, customer contact points centered on communication through social media will be intensively implemented from March to May. This will promote actively acquiring new customers as well as existing customers.

In addition, we will launch a kit in the White Shot series for brightening, which is experiencing a strong seasonal demand.

For our overseas business, we provide social media-based counseling, and plan to start expanding into new platforms for live commerce, as the lockdowns in China continue.

We would like to strengthen our online contact points even more than before and aim for a digital development with a sense of richness that is unique to differentiate it from an e-commerce site whose purpose is for purchases only.

As for the ORBIS brand, we launched a new product called CLEARFUL in order to expand our target in the sensitive skin markets, which is valuable growth areas.

We will promote skincare products on the e-commerce channel and continue to improve the unit price per customer.

In China, we will expand our business using Douyin. We are planning to expand the area of offline distribution for the time being, but in the future, we would like to consider offline events and other hands-on promotions in these areas.

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Initiatives for FY2022 Q2 Onward

Overseas Brands

Jurlique

- Implement the new brand strategy across all customer contact points: products, storefronts, and digital, to firmly establish Jurlique's position as a Holistic & Conscious beauty brand.
- Pivot on hero products in face care to acquire customers in Mainland China, the key market of Jurlique, and convert these to recurring customers to enhance LTV.

Brands Under Development

THREE
Amplitude
ITRIM
FIVEISM × THREE

- Leverage external e-commerce for THREE online sales to expand customer contact points, increase the efficiency of offline stores, and promote the transformation of sales channels.
- Focus on enhancing brand recognition for Amplitude and ITRIM by creating brand experience opportunities.

ITRIM Ruriwhite Face Care Kit

DECENCIA

- Review the allocation of advertising expenses, strengthen investment in branding, and link this to the acquisition of new customers expected to make repeat purchases.

FUJIMI

- Use the favorable performance of protein to strengthen cross-selling and increase per-customer spending.

FUJIMI PERSONALIZED PROTEIN

As for Jurlique brand, a new brand strategy was launched in 2021, and consistent brand communication has been successful. The Company will strengthen its face care products to establish recognition as a holistic skincare brand and improve its lifetime value, and aim for a decrease in losses.

We would like to apologize once again to our customers and stakeholders for the concern and inconvenience caused by the long suspension of our e-commerce site for THREE, the brand under development.
We reopened the e-commerce site on April 21. Going forward, we aim to maximize sales, especially at per store, while improving the efficiency of offline stores. In addition, we intend to expand our online business through both our own e-commerce site and external e-commerce sites.

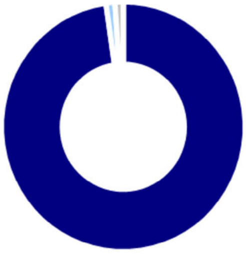
And tricot, which is developing FUJIMI, is growing at a steady pace, with monthly sales exceeding JPY200 million in March.
It is making progress in new customers sales by introducing protein products, and exceeding our plan. We will aim at cross-selling by existing supplements and new products in the future.

This is the end of the explanation.

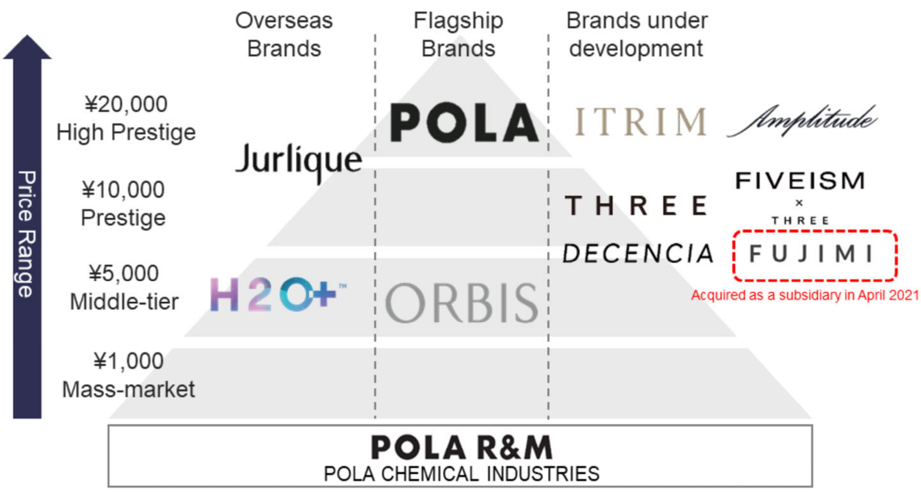
(Appendix) About POLA ORBIS Group

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)



H2O PLUS has been decided to be dissolved and liquidated in April 2022.

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
		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
		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
		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: Department stores, DFS(1) and cross-border e-commerce
		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 and directly-operated store

Operated by ACRO INC. (THREE, Amplitude, ITRIM, FIVEISM × THREE)

*Sales ratio in the beauty care business as of FY2021. Brands under development includes OEM business.
** H2O PLUS has been decided to be dissolved and liquidated in April 2022.

(1) Duty free stores

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(Appendix) Improvement in Capital Efficiency and Shareholder Returns

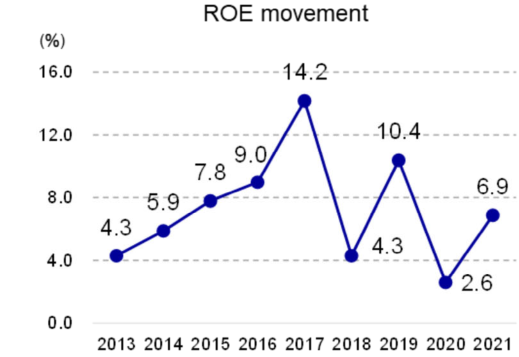
Initiatives to Improve Capital Efficiency

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

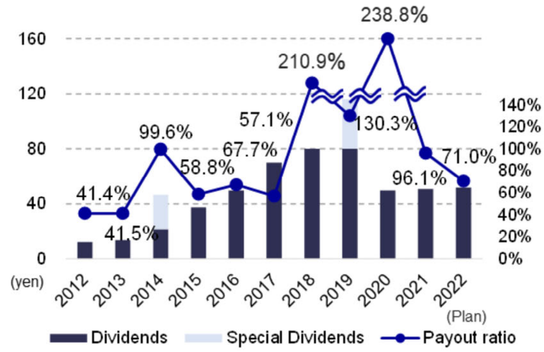


Improvement of Shareholder Return

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 : 71.0%



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(Appendix) 2021 – 2023 Medium-term Management Plan

Management Indicators for 2023

Net Sales	■ Consolidated net sales	⇒ **¥205.0 to 215.0 bil.** in FY2023 CAGR 6% or higher
	■ Overseas sales ratio	⇒ **20 to 25%** in FY2023 (15% in FY2020) CAGR 20 to 25%
	■ Domestic e-commerce sales ratio	⇒ **30%** in FY2023 (24% in FY2020)
Operating Income	■ Operating margin	⇒ **12% or higher** in FY2023
	■ Operating income	⇒ CAGR **25% or higher**
Capital Efficiency	■ ROE	⇒ **9% or higher** in FY2023
Shareholder Returns	■ Consolidated payout ratio	⇒ **60% or higher**

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”

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