

Third Quarter of Fiscal 2024 Supplementary Material

POLA ORBIS HOLDINGS INC.

Corporate Officer

PR, IR, CSR and Sustainability

Naotaka Hashi

- 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.
- POLA ORBIS HOLDINGS INC. has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from fiscal 2022. The results for fiscal 2021 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.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Initiatives Going Forward
4. Forecasts for Fiscal 2024
5. Appendices

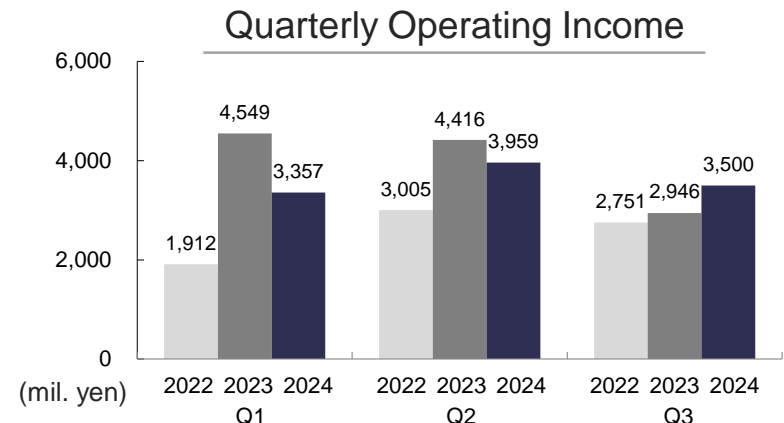
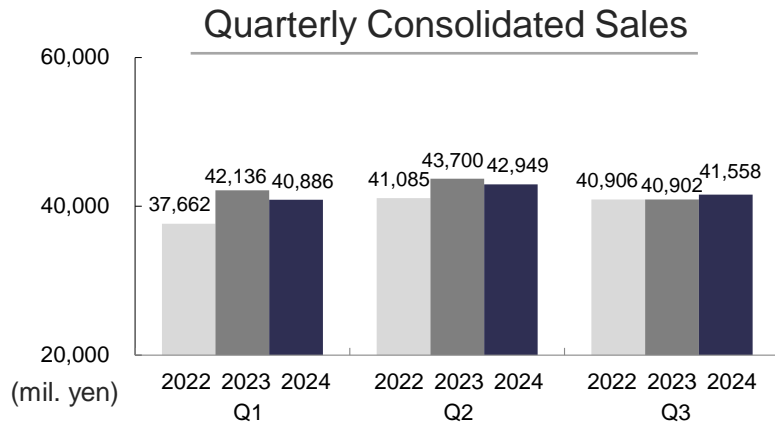
Cosmetics Market

- The scale of the Japanese cosmetics market as a whole showed steady growth.
- In mainland China, cosmetics consumption was weak amid persistently uncertain economic conditions.

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 net sales turned to increase in the third quarter (July to September) (up 4% YoY in Japan, down 10% YoY in overseas), and double-digit growth in operating income. Progress was in line with the revised consolidated results forecast.
- The decline in POLA's revenue from the consignment sales channel was alleviated. And there was an improvement in the rate of revenue decline in the overseas business compared to the first half, despite the impact of business conditions in mainland China.
- ORBIS's progress greatly exceeded the plan, with double-digit growth in revenue and income due to the continuation of growth in the direct selling channel and strong performances in the external channels.



Shift to revenue and income growth for the third quarter (July to September)

(mil. yen)	FY2023	FY2024	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	126,739	125,395	(1,344)	(1.1%)
Cost of sales	22,799	22,803	3	0.0%
Gross profit	103,939	102,592	(1,347)	(1.3%)
SG&A expenses	92,026	91,774	(252)	(0.3%)
Operating income	11,913	10,817	(1,095)	(9.2%)

Key Factors

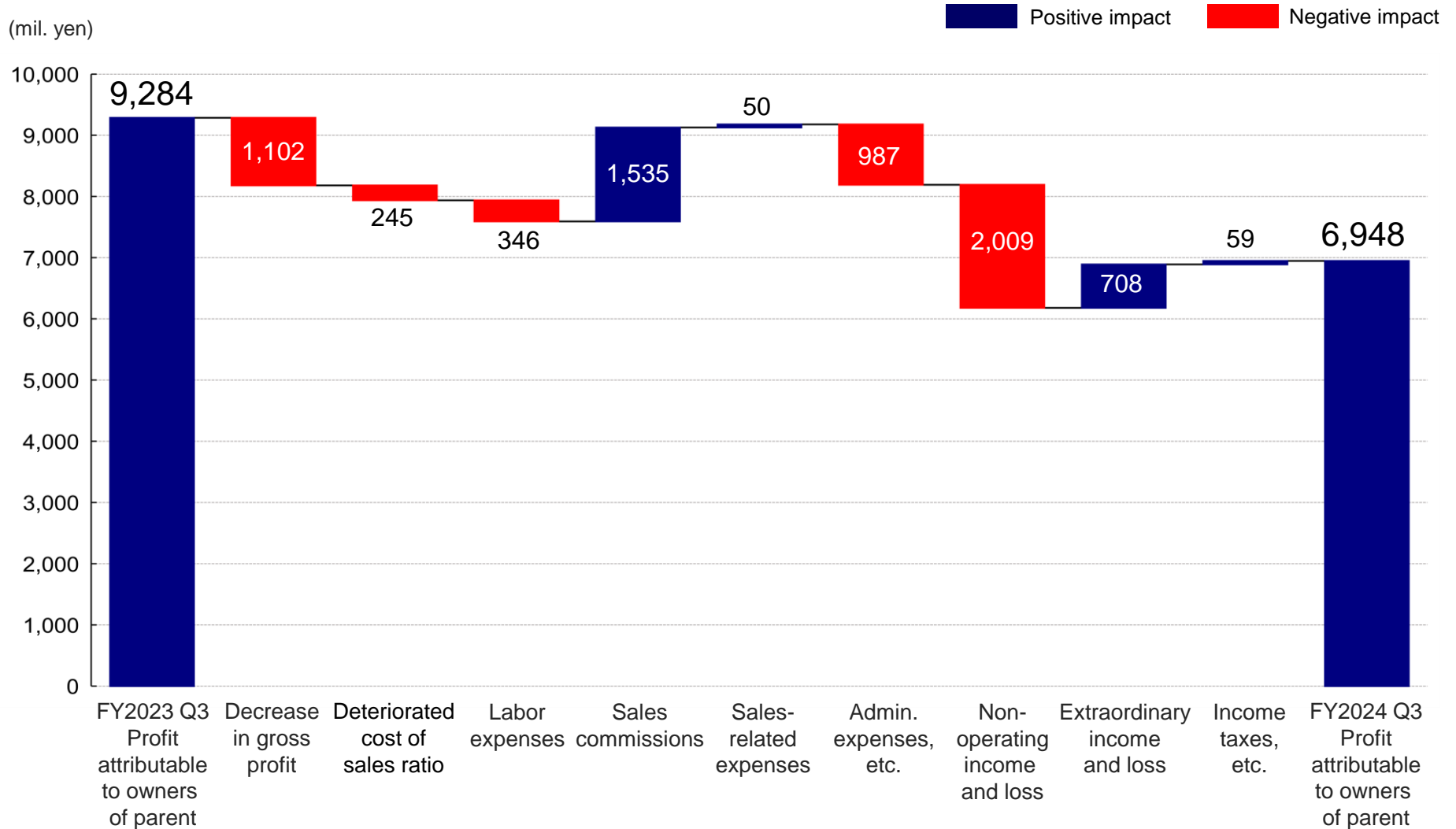
- Consol. net sales** Revenue increased, excluding the impact of the liquidation of the H2O PLUS, Amplitude, and ITRIM brand businesses in FY2023 (net sales of the liquidated brands FY2023 Q3: ¥2,069 mil.)
 Strong results from ORBIS made up for the decline in revenue in POLA.
- Cost of sales** Cost of sales ratio FY2023 Q3: 18.0% ⇒ FY2024 Q3: 18.2%
- SG&A expenses** Labor expenses: up ¥346 mil. YoY
 Sales commissions: down ¥1,535 mil. YoY
 Sales related expenses: down ¥50 mil. YoY
 Administrative expenses, etc.: up ¥987 mil. YoY
- Operating income** Operating margin FY2023 Q3: 9.4% ⇒ FY2024 Q3: 8.6%

(mil. yen)	FY2023	FY2024	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Operating income	11,913	10,817	(1,095)	(9.2%)
Non-operating income	3,159	1,142	(2,017)	(63.8%)
Non-operating expenses	242	234	(7)	(3.3%)
Ordinary income	14,830	11,725	(3,104)	(20.9%)
Extraordinary income	376	-	(376)	-
Extraordinary losses	1,389	303	(1,085)	(78.2%)
Profit before income taxes	13,817	11,422	(2,395)	(17.3%)
Income taxes etc.	4,476	4,451	(25)	(0.6%)
Profit attributable to non-controlling interests	56	21	(34)	(61.3%)
Profit attributable to owners of parent	9,284	6,948	(2,335)	(25.2%)

Key Factors

- Non-operating income Decrease in foreign exchange gains (FY2023 Q3 ¥2,777 mil., FY2024 Q3 ¥556 mil.)
- Extraordinary losses Recorded ¥785 mil. in extraordinary losses in the same period of FY2023 due to the liquidation of Amplitude and ITRIM.

Profit attributable to owners of parent decreased by ¥2,335 mil. YoY due to a decrease in gross profit caused by lower revenue and a decrease in foreign exchange gains.



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2. **Segment Analysis**
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(mil. yen)	FY2023	FY2024	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	126,739	125,395	(1,344)	(1.1%)
Beauty care	123,260	121,487	(1,773)	(1.4%)
Real estate	1,557	1,577	19	1.2%
Others	1,920	2,330	409	21.3%
Operating income	11,913	10,817	(1,095)	(9.2%)
Beauty care	11,707	11,731	24	0.2%
Real estate	420	55	(364)	(86.7%)
Others	64	189	125	193.2%
Reconciliations	(279)	(1,159)	(880)	-

Segment Results Summary

- Beauty care Net sales decreased YoY, primarily due to a decrease in revenue from POLA, but cost controls resulted in operating income in line with the same period of the FY2023.

Beauty Care Business Results by Brands

(mil. yen)	FY2023	FY2024	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Beauty care net sales	123,260	121,487	(1,773)	(1.4%)
POLA	72,860	68,333	(4,527)	(6.2%)
ORBIS	31,227	35,838	4,611	14.8%
Jurlique	5,880	6,014	134	2.3%
Brands under development	12,601	11,300	(1,301)	(10.3%)
Beauty care operating income	11,707	11,731	24	0.2%
POLA	9,286	7,764	(1,521)	(16.4%)
ORBIS	4,450	6,591	2,141	48.1%
Jurlique	(1,536)	(2,193)	(657)	-
Brands under development	(578)	(430)	148	-

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

Totals for the beauty care business in FY2023 include results for the H2O PLUS brand (liquidation completed in December 2023).

Q3 Result (YTD)

- The decline in revenue from the consignment sales was alleviated due to an increase in revenue at growing stores that secured online contact points and enhanced the customer experience value of services such as aesthetic treatment and skin analysis.
- Maintained double-digit revenue growth in department stores.
- The overseas business saw an improvement in the rate of revenue decline compared to the first half.

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	68,333	(6.2%)
Operating income	7,764	(16.4%)
Key indicators		
Sales ratio	Domestic	84.3%
	Consignment sales	60.5%
	E-commerce	7.0%
	Dept. store, B2B ⁽¹⁾ etc.	16.8%
	Overseas	15.7%
Sales growth ⁽²⁾	Domestic	down 4.9%
	Consignment sales	down 9.1%
	E-commerce	up 0.6%
	Dept. store, B2B ⁽¹⁾ etc.	up 11.3%
	Overseas	down 12.7%
Domestic business Purchase per customer ^{(2)/ # of customers⁽²⁾}		down 2.8% / down 6.6%
# of stores domestic ⁽³⁾		2,561 (down 105)
# of stores overseas ⁽³⁾		157 (down 5)

(1) Hotel amenities business (2) YoY basis (3) vs Dec. 2023

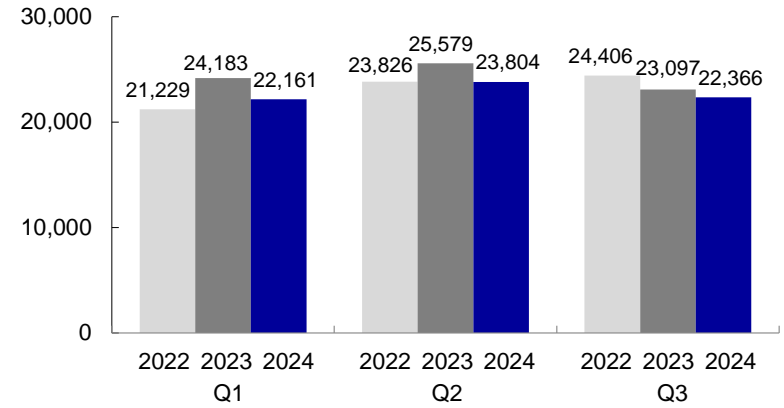
Topics

- Launch of new skin analysis services and the renewed APEX (July)

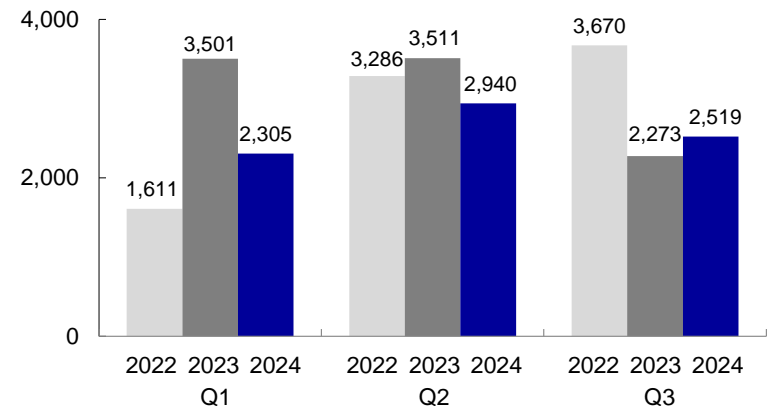


Skin analysis using AI

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Q3 Result (YTD)

- Double-digit revenue growth and a substantial increase in income, exceeding the plan.
- In the direct selling channel, both customer numbers and purchase per customer increased.
- In external channels, we expanded the product lineup and maintained a high sales growth rate.
- *ORBIS U.* continued to perform strongly a year after its renewal, with high customer retention rates contributing to an improvement in lifetime value (LTV).

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	35,838	14.8%
Operating income	6,591	48.1%
Key indicators		
Sales ratio	Domestic	97.1%
	Direct selling ⁽¹⁾	81.1%
	External channels etc.	16.0%
	Overseas	2.9%
Sales growth ⁽²⁾	Domestic	up 16.6%
	Direct selling ⁽¹⁾	up 8.8%
	External channels etc.	up 83.4%
	Overseas	down 24.4%
Direct selling purchase per customer ⁽²⁾		up 5.3%
Number of direct selling customers ⁽²⁾		up 3.3%

(1) Total of in-house mail-order (e-commerce and catalog) and directly-operated stores sales

(2) YoY basis

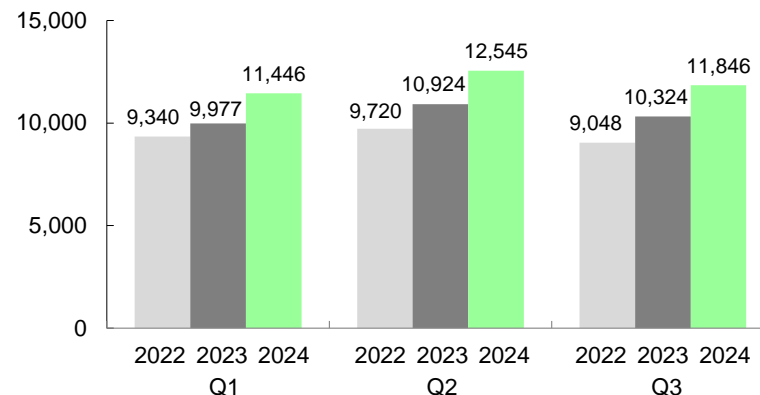
Topics

- Launch of the first liquid foundation from the *ORBIS U* series (September)

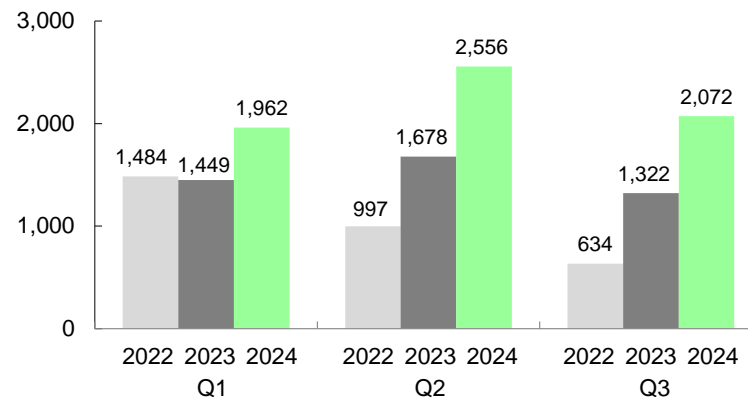


ORBIS U COLOR SKINCARE MASK FOUNDATION

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Q3 Result (YTD)

- Although revenue continued to increase in Australia, the business struggled in mainland China and Hong Kong due to the impact of a deterioration in business conditions, and revenue as a whole declined on an Australian dollar basis.
- The decrease in gross profit prevented the amelioration of losses, despite a focus on cost controls.

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	6,014	2.3%
Operating income ⁽¹⁾	(2,193)	(657)
Key indicators		
Sales ratio	Australia	23.6%
	Mainland China	34.2%
	Hong Kong	11.1%
	Duty free	14.6%
Sales growth ⁽²⁾	Australia	up 6.8%
	Mainland China	down 14.3%
	Hong Kong	down 22.7%
	Duty free	up 12.1%

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

(2) AUD basis, YoY

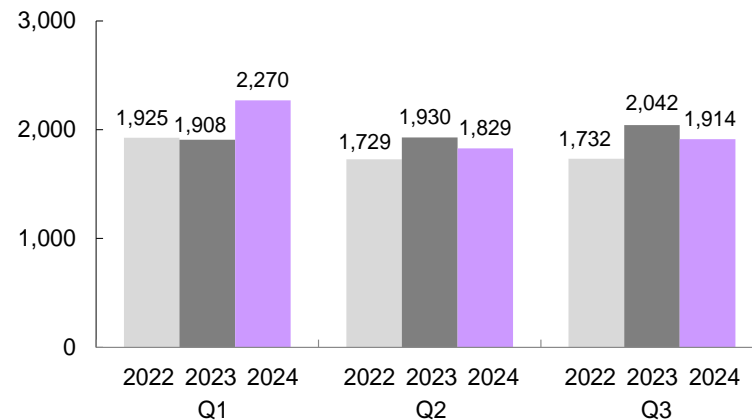
Topics

- A limited-edition kit of the popular face oil launched (September)

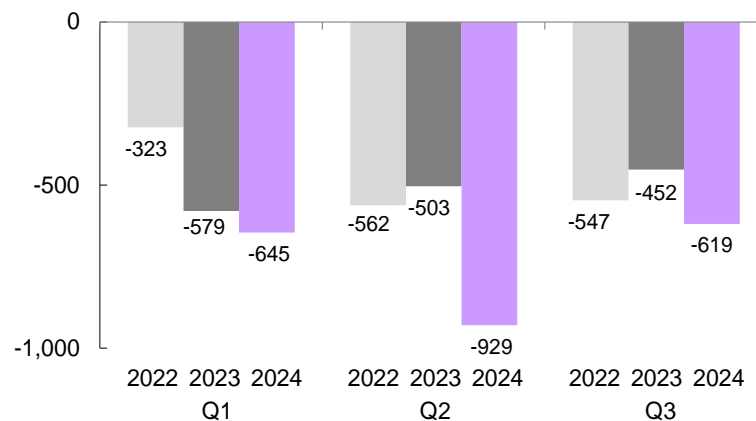


RO Face Oil Basic Care Moist Kit

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Q3 Result (YTD)

- Losses in brands under development were steadily ameliorated overall.
- THREE continued to focus on holistic care proposals, and domestic sales of holistic products were in line with the same period of FY2023.
- DECENCIA achieved double-digit revenue growth and a substantial increase in income, with progress in revitalizing existing customers in addition to strong new customer acquisition.

Topics

- Restaging of the highly sensitive skin care series that was the origin of the DECENCIA brand (September)



DECENCIA TSUTSUMU series

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	11,300	(10.3%)
Operating income ⁽¹⁾	(430)	148
THREE Net sales	3,870	(7.3%)
THREE OP income ⁽¹⁾	(721)	(96)
DECENCIA Net sales	4,172	17.7%
DECENCIA OP income	403	103.1%

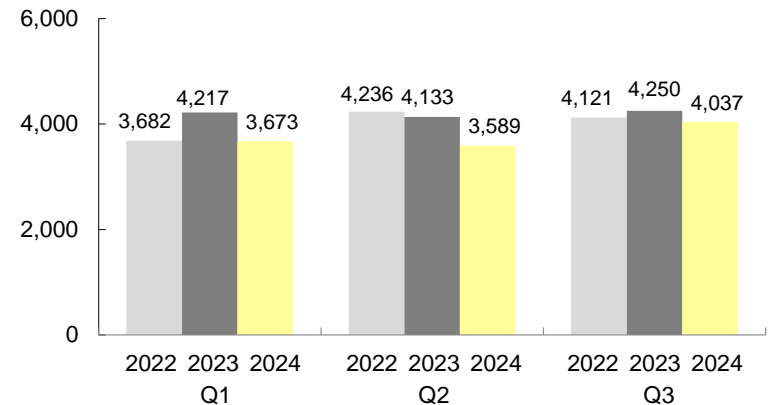
Key indicators

THREE		
Sales ratio	Domestic	80.1%
	Overseas	19.9%
Sales growth ⁽²⁾	Domestic	down 4.8%
	Overseas	down 16.3%

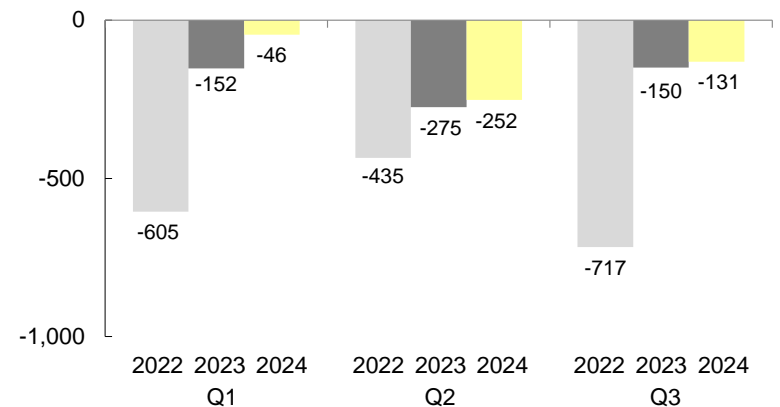
(1) The YoY change is shown as the amount (mil. yen)

(2) YoY basis

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



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POLA

Domestic Business

- Use skin analysis as a hook to expand new customer contact points. Increase experience value through personalized proposals to accelerate the growth of growing stores that are achieving increases in revenue.
- Use newly-launched *B.A GRANDLUXE O* (October), the first cream in the *B.A GRANDLUXE* series, and limited-edition kits from *B.A* and other popular series as hooks as we seek to increase LTV of existing customers.
- Launch *POLA WRINKLE SHOT SERUM DUO*, the first serum for the entire face which containing *NEI-L1* from the *WRINKLE SHOT* series (January 2025), and strengthen the series' media exposure to cultivate expectancy towards new product and expand sales of existing products.

Overseas Business

- Continue marketing focused on high prestige cosmetics markets in mainland China and promote the creation of contact points with new customers by making inroads into wealthy communities.
- Narrow down our stores based on the new store opening strategy in mainland China, aiming to improve profitability from next fiscal year onward.
- Open stores inside department stores in Thailand and Indonesia to expand brand recognition in the ASEAN region, and continue to engage in expanding customer contact points.



POLA B.A GRANDLUXE O



POLA WRINKLE SHOT SERUM DUO



POLA B.A PRECIOUS GIFT COLLECTION C

ORBIS

Domestic Business

- Aim to expand the customer base and promote purchases to achieve upside in this fiscal year and growth in the next.
 - Strengthen relationships with existing customers through initiatives such as events at flagship store to reinforce the customer base.
 - Provide product purchasing opportunities and increase purchase frequency through a direct approach to customers who have not recently made purchases in the direct selling channel.
- *ORBIS SHOT PLUS*, our high cost-performance aging care series launched (in September) as a strategic product in external channels, has shown a strong initial sales performance, creating new touchpoints with potential customers.



SKINCARE LOUNGE BY ORBIS



ORBIS SHOT PLUS series

Jurlique

- Focus on selling holiday kits centered on skincare for the year-end sales, aiming to achieve a profit in the fourth quarter (October to December).
- Improve efficiency of fixed costs and further strengthen cost controls to offset the decline in gross profit resulting from the impact of deteriorating business conditions in mainland China and Hong Kong.



T H R E E

- Launch a moisturizing cream containing essential oils from the *BALANCING* series (October) and strengthen customer acquisition by holistic products.
- Promote wider recognition of *ESSENTIAL SCENTS*, for which new customer acquisition is progressing favorably, and strengthen cross-selling proposals.



*THREE Balancing
Concentrate Soft Cream*

DECENCIA

- Continue to engage in customer acquisition with maintaining the trend towards higher revenue.
- Strengthen product proposals tailored to customers' purchasing patterns to increase LTV.
- Launch an anniversary kit (October) to celebrate the first anniversary of the birth of our best cosmetics award-winning serum.



*DECENCIA WRINKLE O/L
1st ANNIVERSARY KIT*

FUJIMI

- Launch the first protein soup in the personalized protein series (September) and use it to promote repeat purchases, regardless of the season, and expand the target.



*FUJIMI PERSONALIZED PROTEIN
CORN CREAM*

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Forecasts for Fiscal 2024 (Unchanged)

(mil. yen)	FY2023	YoY Change	
	Results	Amount	%
Consol. net sales	173,304	6,996	4.2%
Beauty care	168,477	6,822	4.2%
Real estate	2,078	(5)	(0.2%)
Others	2,748	178	7.0%
OP income	16,080	3,499	27.8%
Beauty care	16,354	2,561	18.6%
Real estate	440	(51)	(10.5%)
Others	149	52	54.7%
Reconciliations	(863)	936	-
Ordinary income	18,469	3,541	23.7%
Profit attributable to owners of parent	9,665	(1,781)	(15.6%)

Full-year plan	FY2024	YoY Change	
	Amount	%	
	173,500	195	0.1%
	168,500	22	0.0%
	2,250	171	8.3%
	2,750	1	0.1%
	14,500	(1,580)	(9.8%)
	16,250	(104)	(0.6%)
	(50)	(490)	-
	100	(49)	(33.2%)
	(1,800)	(936)	-
	17,900	(569)	(3.1%)
	11,600	1,934	20.0%

Initial assumed exchange rates: 1.00 AUD = 93.0 JPY (PY 93.33) 1.00 CNY = 19.7 JPY (PY 19.82)

	FY2023
Shareholder returns	Annual ¥52 (consol. payout ratio 119.0%)
Capital investment	¥17,478 mil.
Depreciation	¥7,712 mil.

	FY2024 (plan)
Shareholder returns	Annual ¥52 (interim ¥21, year-end ¥31) (consol. payout ratio 99.2%)
Capital investment	¥13,000 mil. - ¥14,000 mil.
Depreciation	¥8,000 mil. - ¥9,000 mil.

POLA CHEMICAL INDUSTRIES, INC. wins the Johann Weichers Poster Award (top award) at the IFSCC Congress

- The award was won from over 600 poster presentations at the 34th Congress of the International Federation of Societies of Cosmetic Chemists (IFSCC) held from October 14 to 17, 2024, in Iguazu Falls, Brazil.
- This marked the ninth time POLA CHEMICAL INDUSTRIES, INC. has won an award at an IFSCC Congress, the third highest number of any company worldwide.



Tomoyuki Iwanaga, the researcher (Ph.D.) who won the top award

*“Mirror skin” generated from cells in one’s own urine:
A perfect skin replica for the ultimate personalized cosmetics*

- POLA CHEMICAL INDUSTRIES, INC. has established a technique for creating induced pluripotent stem (iPS) cells from urine cells and cultivating the iPS cells into a skin organoid (“Mirror Skin”) with the same structure as the skin tissue.
- It has been confirmed that *Mirror Skin* more faithfully reproduces the structure of actual skin and the characteristics of each individual’s skin than existing cultured skin models.
- This technique will be central to the future development of personalized cosmetics, including the identification of causes of skin trouble to which each individual is susceptible and the discovery of active ingredients suited to each individual.

Other Selected Papers by POLA CHEMICAL INDUSTRIES, INC.

<Selected among the Applied Research Award Top 5>

Does the cosmetic stimulation of brain regions involved in multiple senses amplify multisensory perception? ~ Beyond their traditional benefits, cosmetics as potential sensory transformation tools. ~

<Selected among the Poster Award Top 10>

A unique gaseous solution for cleansing leaves no trace of irritating chemicals on the skin “Can Ultra-Fine-Bubble serve as a new means of cosmetic emulsification?”

IFSCC Congress

- Most authoritative academic forum for cosmetic chemists and researchers around the world
- A total of 688 research reports were presented at this year’s Congress (83 oral presentations and 605 poster presentations)

History of awards to POLA CHEMICAL INDUSTRIES, INC. at IFSCC Congresses

2015	Johann Wiechers Conference Award (top award), Zurich Conference
2014	Basic Research Award (top award), Paris Congress
2012	Poster Award (top award), Johannesburg Congress
2008	Basic Research Award (top award), Barcelona Congress
1998	Best Podium Paper (top award), Cannes Congress
1996	Honorary Mention (award), Sydney Congress
1994	Best Podium Paper (top award), Venice Congress
1986	Hon Mentions (award), Barcelona Congress
*2016	Selected among the Top 10 posters at the Orlando Congress
*2020	Received the Henry Maso Award Honorary Mention, equivalent to an award in the academic journal “IFSCC Magazine”

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(Appendix) Quarterly Segment Results

■ Net sales

(mil. yen)	FY2024 Jan.–Mar.		FY2024 Apr.–Jun.		FY2024 Jul.–Sep.		FY2024 Oct.–Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated net sales	40,886	(3.0%)	42,949	(1.7%)	41,558	1.6%	-	-
Beauty care	39,552	(3.4%)	41,770	(1.9%)	40,165	1.1%	-	-
Real estate	499	(3.7%)	496	(4.2%)	581	11.5%	-	-
Others	834	25.2%	683	13.2%	812	24.9%	-	-

■ Operating income

(mil. yen)	FY2024 Jan.–Mar.		FY2024 Apr.–Jun.		FY2024 Jul.–Sep.		FY2024 Oct.–Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Consolidated operating income	3,357	(26.2%)	3,959	(10.4%)	3,500	18.8%	-	-
Beauty care	3,575	(18.0%)	4,314	(0.9%)	3,841	28.3%	-	-
Real estate	52	(67.4%)	(52)	(168)	55	(61.0%)	-	-
Others	51	49	89	212.6%	48	43.0%	-	-
Reconciliations	(322)	(348)	(392)	(311)	(445)	(220)	-	-

Note: Where operating income (current or previous year) is negative or the YoY change exceeds 1,000%, YoY change is shown as the amount (mil. yen).

■ Net sales

(mil. yen)	FY2024 Jan.–Mar.		FY2024 Apr.–Jun.		FY2024 Jul.–Sep.		FY2024 Oct.–Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care net sales	39,552	(3.4%)	41,770	(1.9%)	40,165	1.1%	-	-
POLA	22,161	(8.4%)	23,804	(6.9%)	22,366	(3.2%)	-	-
ORBIS	11,446	14.7%	12,545	14.8%	11,846	14.7%	-	-
Jurlique	2,270	19.0%	1,829	(5.2%)	1,914	(6.2%)	-	-
Brands under development	3,673	(12.9%)	3,589	(13.2%)	4,037	(5.0%)	-	-

■ Operating income

(mil. yen)	FY2024 Jan.–Mar.		FY2024 Apr.–Jun.		FY2024 Jul.–Sep.		FY2024 Oct.–Dec.	
	Results	YoY Change	Results	YoY Change	Results	YoY Change	Results	YoY Change
Beauty care operating income	3,575	(18.0%)	4,314	(0.9%)	3,841	28.3%	-	-
POLA	2,305	(34.2%)	2,940	(16.3%)	2,519	10.8%	-	-
ORBIS	1,962	35.4%	2,556	52.3%	2,072	56.7%	-	-
Jurlique	(645)	(65)	(929)	(425)	(619)	(166)	-	-
Brands under development	(46)	105	(252)	23	(131)	19	-	-

Note: Where operating income (current or previous year) is negative or the YoY change exceeds 1,000%, YoY change is shown as the amount (mil. yen). Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

(Appendix) Beauty Care Business Results for FY2021–FY2023 by Brands

(mil. yen)	FY2021	FY2022	FY2023	FY2022–FY2023 YoY Change	
	Results (recalculated under the 2022 standard)	Results	Results	Amount	%
Consolidated net sales	174,896	166,307	173,304	6,996	4.2%
Beauty care net sales	170,403	161,654	168,477	6,822	4.2%
POLA	105,769	96,371	98,499	2,127	2.2%
ORBIS	39,071	38,417	42,874	4,457	11.6%
Jurlique	7,940	8,388	9,032	644	7.7%
Brands under development	16,505	16,892	17,368	475	2.8%
Consol. operating income	15,582	12,581	16,080	3,499	27.8%
Beauty care operating income	15,754	13,793	16,354	2,561	18.6%
POLA	15,144	12,495	11,555	(940)	(7.5%)
ORBIS	5,965	4,850	6,340	1,490	30.7%
Jurlique	(1,542)	(1,266)	(1,350)	(84)	-
Brands under development	(3,011)	(2,105)	(298)	1,807	-

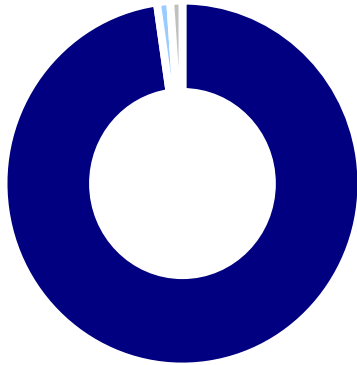
Note : Consolidated operating income and loss for each brand are shown for reference purpose only (unaudited).

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

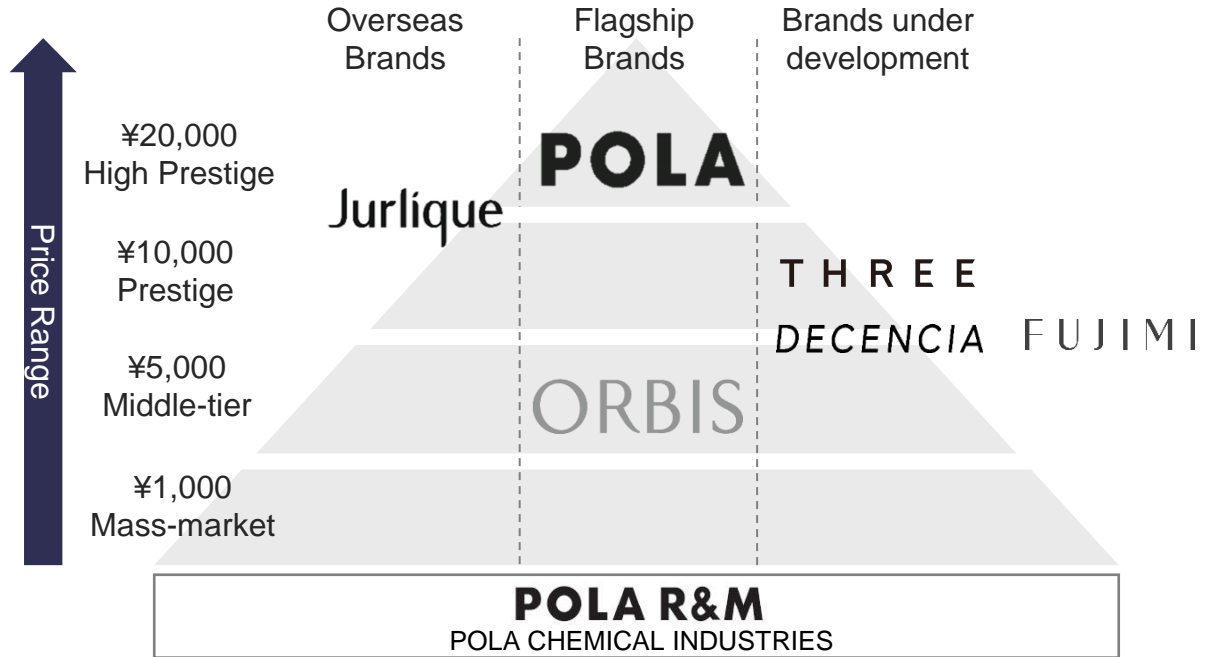
Totals for the beauty care business include results for the H2O PLUS brand (liquidation completed in December 2023).

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

FY2023
Consol. Net Sales
¥173.3 bil.



- Beauty care business 97%
- Real estate business 1%
- Other businesses 2%
(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	59%	POLA Since 1929	<ul style="list-style-type: none"> High-prestige skincare Leading-edge technology in aging-care and skin-brightening fields 	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> Japan: Consignment sales, department stores, e-commerce and retail stores Overseas: Department stores, directly-operated stores, duty free stores, e-commerce and cross-border e-commerce
	25%	ORBIS Since 1984	<ul style="list-style-type: none"> Aging-care brand to draw out people's intrinsic beauty 	Approx. ¥2,000-¥5,000	<ul style="list-style-type: none"> Japan: Mail-order (e-commerce and catalog), directly-operated stores and retail stores Overseas: E-commerce, cross-border e-commerce, duty free stores, and retail stores
Overseas Brands	6%	Jurlique Acquired in 2012	<ul style="list-style-type: none"> Premium natural skincare brand from Australia 	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> Australia: Department stores, directly-operated stores and e-commerce Overseas: Department stores, directly-operated stores, duty free stores, e-commerce and cross-border e-commerce
Brands under development		T H R E E Since 2009	<ul style="list-style-type: none"> Skincare made with natural ingredients from Japan and fashion-forward make-up 	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> Japan: Department stores, directly-operated stores and e-commerce Overseas: Department stores, duty free stores, e-commerce and cross-border e-commerce
	10%	DECENCIA Since 2007	<ul style="list-style-type: none"> Skincare for sensitive skin 	Approx. ¥5,000-¥10,000	<ul style="list-style-type: none"> Japan: E-commerce Overseas: Cross-border e-commerce
		FUJIMI Acquired in 2021	<ul style="list-style-type: none"> Personalized beauty care brand operated by tricot, Inc. 	Approx. ¥6,000-¥10,000	<ul style="list-style-type: none"> Japan: E-commerce

*Sales ratio in the beauty care business as of FY2023. Brands under development includes OEM business.

【Enhancing Capital Profitability】

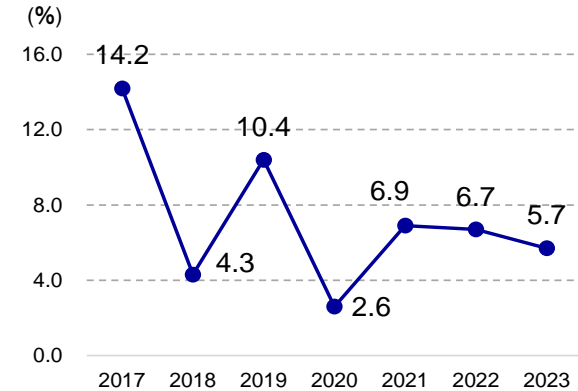
Return on equity (ROE) has been declining due to the decrease in profit. Under the new Medium-term Management Plan, we aim to achieve ROE of at least 10% by 2026 through capital profitability enhancement founded on stable and sustainable business growth.

Initiatives to achieve the ROE targets

	FY2023 Result	2026 Target	2029 Target
ROE	5.7%	10% or higher	14% or higher

- Swifter decisions to discontinue unprofitable businesses and brands
- Shareholder returns through stable dividends
- Greater balance sheet efficiency
- Strategic investment to achieve sustainable growth

ROE movement

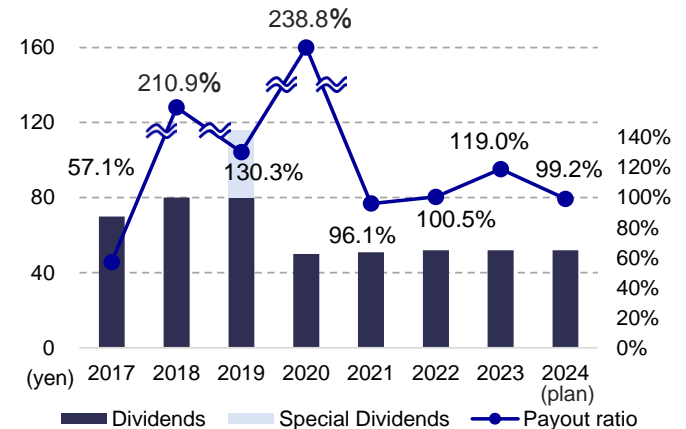


Improvement of Shareholder Return

- 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 FY2024:

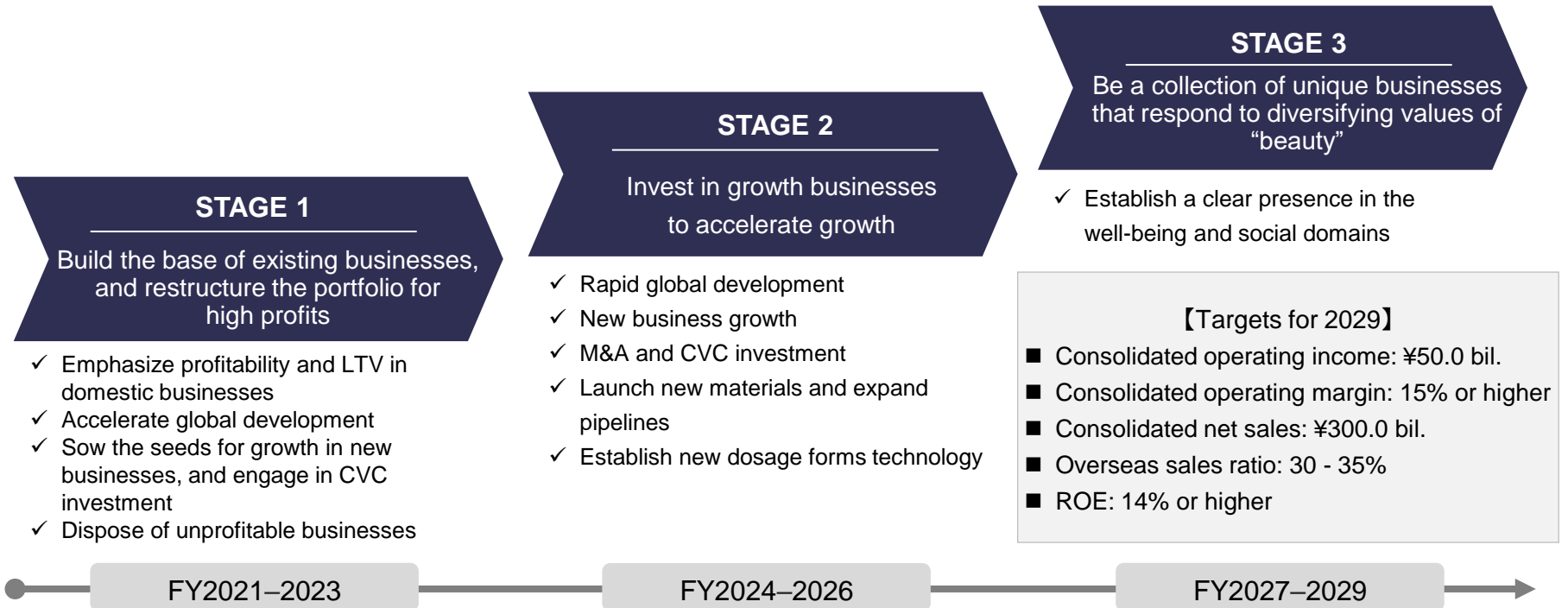
- Dividend per share : **¥52** (interim ¥21, year-end ¥31)
- Consol. payout ratio : 99.2%



VISION 2029

A collection of unique businesses that respond to diversifying values of “beauty”

Basic strategy 1	Develop the cosmetics business globally; reform and enhance the brand portfolio
Basic strategy 2	Create new value and expand business domains
Basic strategy 3	Strengthen research and technical strategy



Management Indicators for 2026

Consolidated Net Sales	¥200.0 bil. CAGR approx. 5%	Domestic Net Sales	CAGR approx. 4%
		Overseas Net Sales	CAGR approx. 12%
		Overseas Sales Ratio	20%
Consolidated Operating Income	Operating margin 12-13%		
Capital Efficiency	ROE 10% or higher	Shareholder Returns	Consolidated payout ratio 60% or higher

4 Business Growth Strategies

- | | |
|-------------------|---|
| Strategy 1 | Strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability |
| Strategy 2 | Further grow the overseas business and establish business bases in new markets |
| Strategy 3 | Achieve profitability through growth in brands under development, contributing to sustainable earnings |
| Strategy 4 | Enhance the brand portfolio and expand business domains |

Sustainably Strengthen Management Foundations

- | | | | |
|-------------------|--|-------------------|---|
| Strategy 5 | Strengthen R&D capabilities for new value creation | Strategy 6 | Strengthen sustainability combining the resolution of social issues with uniqueness |
|-------------------|--|-------------------|---|