

POLA ORBIS HOLDINGS INC.**Summary of Key Questions and Answers Concerning the Financial Results for FY2024****Q1. [POLA] What is your sales outlook by channel for FY2025?**

- ➔ POLA's overall sales are expected to be flat YoY with sales by channel: consignment sales down about 2% to 3%, department store up about 10%, e-commerce up about 5%, and hotel amenities up less than about 20%.

Q2. [POLA] What are the reasons for the lower income in FY2025?

- ➔ Income in the domestic business is expected to be on par with the previous year. To increase profitability, it is important that new customers acquired through investments become repeat customers. For new customers, POLA aims to acquire those who are likely to make repeat purchases and will accelerate investment in advertising while monitoring cost effectiveness. Overseas, POLA expects income to decrease because of investments in ASEAN. POLA will accelerate the opening of new stores in the ASEAN region while rebuilding the Chinese business.

Q3. [POLA] What is the outlook for the consignment sales channel in FY2025?

- ➔ Consignment sales channel revenue is expected to decline about 2% to 3% for the full year with a breakdown of about a 5% decline in the first half of the year and the same level as the second half of FY2024. Since the number of consignment sales stores is expected to continue to decline, POLA will increase the quality and productivity of each store. On the other hand, the growing stores are deepening their relationships with customers and increasing sales using social media, etc. Revenue at these growing stores is expected to increase by about 6 to 7% YoY.

Q4. [POLA] Please tell us about the new salon model for the consignment sales channel.

- ➔ POLA plans to start opening salons in the second half of FY2025, and to have 180 salons by FY2027. Until now, POLA's aesthetic treatment services have offered a uniform nationwide menu centered on facial services; however, it is now expanding the scope of its services to beautify not only the skin but also the entire body to develop a new service menu unique to the new salons and to differentiate itself from its competitors.

Q5. [POLA] What is the background behind the e-commerce channel's revenue decline of around 8% in the October to December period of FY2024?

- ➔ Although e-commerce channel sales decreased compared to the same period last year, the amount of sales for the October to December period basis was comparable to that of other quarters. The decrease in revenue for the full year was due to the control of advertising expenses, and the company curbed investments that were unlikely to lead to profits.

Q6. [POLA] What is your strategy for the Chinese business?

- ➔ Although the economic situation in mainland China is not good, consumption by the wealthy, who are steady buyers of high-end products, is stable. We will deepen our relationship with such customers. Since the shopping malls where we have opened stores in the past are difficult to expect to attract customers and we are unlikely to generate profits, we will open new stores in areas where wealthy people live to increase the frequency and quality of communication.

Q7. [POLA] What about opening cosmetics specialty stores?

- ➔ We plan to open about 10 to 20 stores per year as new customer contact points.

Q8. [ORBIS] It seems that revenue growth slowed down in the fourth quarter in FY2024. What is the outlook for FY2025?

- ➔ ORBIS plans to increase revenue by about 3% in FY2025 when revenue is expected to grow by about 4% in the domestic business. FY2023 and FY2024 have been years of double-digit growth, and it is reaching a state of stable growth. The rebranding of ORBIS has been successful in attracting a stable number of new customers, and from now on, we will focus on profitability rather than chasing high sales growth rates.

Q9. [Jurlique] What are your future plans for improving profitability?

- ➔ Jurlique is in a difficult situation due to its high component ratio in Chinese business. However, it will promote structural reforms, including fixed cost reductions, to create a structure that can generate profits even if sales remain at a certain level.

Q10. [THREE] What are your future plans for improving profitability?

- ➔ By shifting its focus from makeup to the holistic care categories of skincare, body care, and fragrance products, we aim to build a customer base with the potential for profitable growth by increasing the ratio of existing customers and lifetime value. We plan to turn profitable by FY2026.

Q11. [Market] What is your view of the domestic cosmetics market? In what price range do you see opportunities?

- ➔ The market impact from COVID-19 has ended, and the market as a whole is perceived to be in a moderate recovery trend. On the other hand, it seems that consumption is becoming more polarized, with some customers seeking higher quality products in the high value-added area and others seeking more cost-efficient and reasonable products. We believe for POLA, it is important to have contact with customers who seek high value-added and high quality products. There are still some urban areas where customer contact points are insufficient. We will create opportunities for deeper communication with customers seeking high-end products and services, particularly in the metropolitan areas such as Tokyo, Osaka, and Nagoya, as well as in the regional cities. On the other hand, ORBIS is performing well, and receiving high praise for its quality and cost performance. From now on, we would like to maintain ORBIS's strong relationships with the customers.

Q12. [Consolidated results] Please tell us about your new strategy under the new management team.

- ➔ We will consider it by the end of the first quarter and will have an update as soon as it is finalized.

[Attention]

This document contains our summary (in random order, edited for disclosure format) of the questions and answers regarding the Financial Results in view of fair disclosure while taking responsibility for the summarization. It does not guarantee the accuracy and completeness of the information provided, and such information is subject to change without notice. Statements about the future included in this material, including financial projections, are based on information currently available to us and certain assumptions that are considered reasonable, which do not guarantee the achievement of the projected results. The actual financial results may vary from such forecasts depending on the economic situation and various other uncertain factors.