

First 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

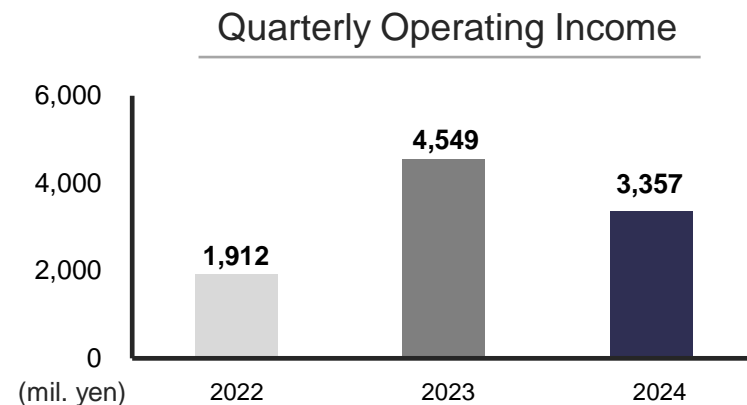
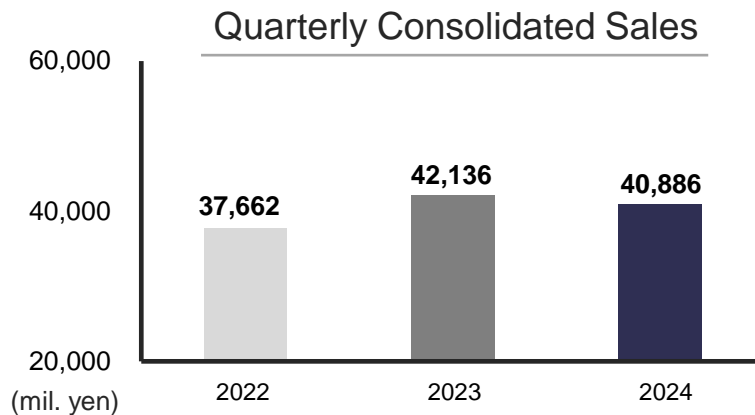
Cosmetics Market

- The scale of the Japanese cosmetics market as a whole showed steady growth.
- The cosmetics market in mainland China showed weak cosmetics consumption trends due to uncertainty concerning 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

- Due to the impact of POLA's performance, consolidated net sales decreased (down 0% YoY in Japan, down 17% YoY in overseas), as did consolidated operating income.
- Despite growth in department stores and e-commerce, POLA's revenue from consignment sales channel declined in Japan. Revenue in mainland China fell due to a deterioration in business sentiment and hurdles from the previous year.
- ORBIS recorded double-digit growth in revenue and income with results outperforming plans. The direct selling channel grew in terms of the number of both new and existing customers.
- Jurlique saw increased revenues, with growth centered on mainland China and Australia.
- Losses from brands under development were ameliorated.



(mil. yen)	FY2023	FY2024	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Consolidated net sales	42,136	40,886	(1,249)	(3.0%)
Cost of sales	7,748	7,360	(387)	(5.0%)
Gross profit	34,387	33,525	(862)	(2.5%)
SG&A expenses	29,838	30,168	329	1.1%
Operating income	4,549	3,357	(1,191)	(26.2%)

Key Factors

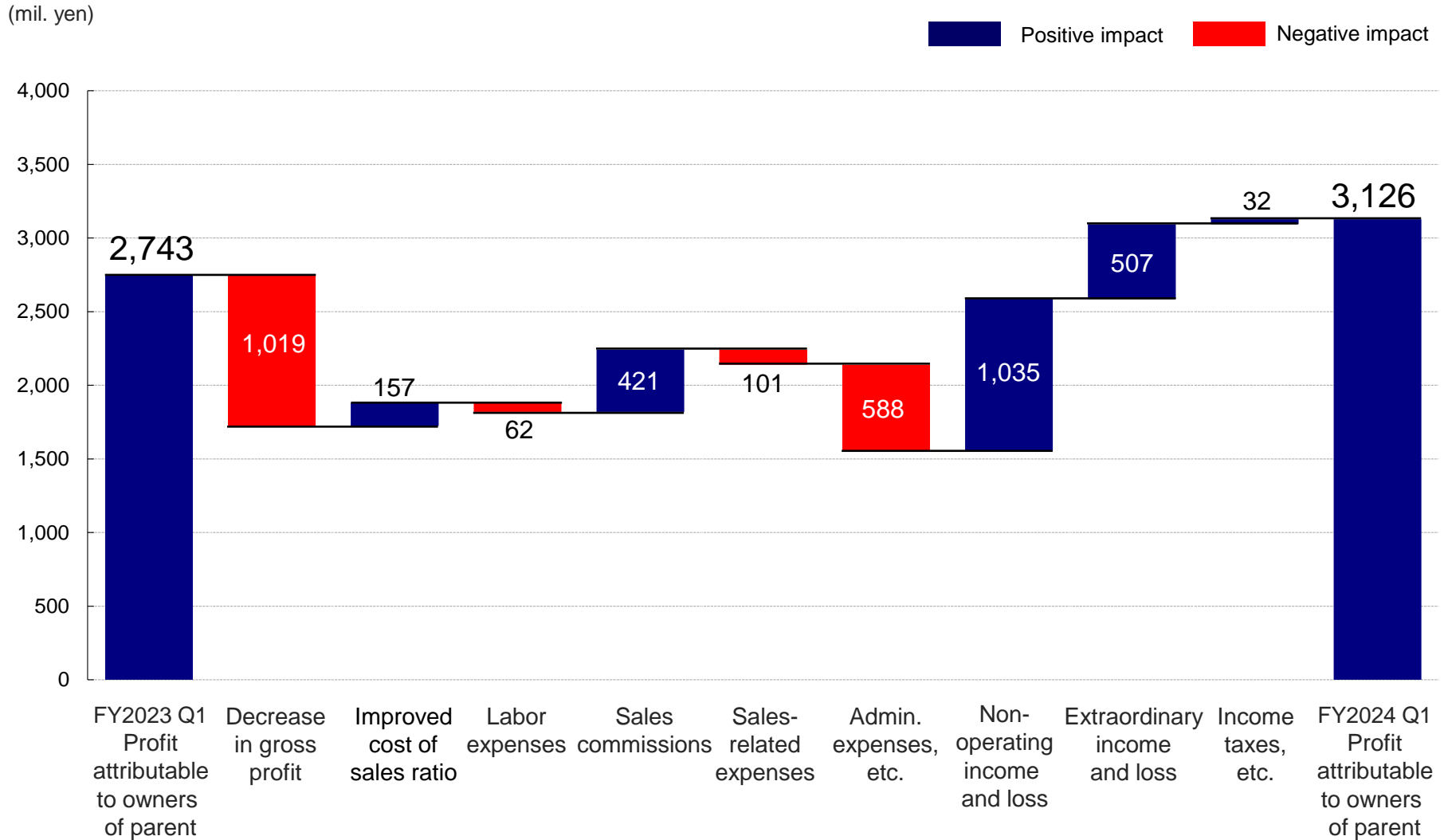
- Consol. net sales** Revenue decreased, mainly due to lower revenue at POLA.
 Excluding the impact of the liquidation of the H2O PLUS, Amplitude, and ITRIM brand businesses in FY2023, net sales were in line with the previous year.
- Cost of sales** Cost of sales ratio 2023Q1: 18.4% ⇒ 2024Q1: 18.0%
- SG&A expenses** Labor expenses: up ¥62 mil. YoY
 Sales commissions: down ¥421 mil. YoY
 Sales related expenses: up ¥101 mil. YoY
 Administrative expenses, etc.: up ¥588 mil. YoY
- Operating income** Operating margin 2023Q1: 10.8% ⇒ 2024Q1: 8.2%

(mil. yen)	FY2023	FY2024	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Operating income	4,549	3,357	(1,191)	(26.2%)
Non-operating income	385	1,423	1,037	269.2%
Non-operating expenses	103	105	2	2.5%
Ordinary income	4,832	4,675	(156)	(3.2%)
Extraordinary income	-	-	-	-
Extraordinary losses	620	112	(507)	(81.8%)
Profit before income taxes	4,211	4,562	350	8.3%
Income taxes etc.	1,454	1,426	(28)	(1.9%)
Profit attributable to non-controlling interests	13	9	(4)	(32.0%)
Profit attributable to owners of parent	2,743	3,126	383	14.0%

Key Factors

- Non-operating income: Foreign exchange gain of ¥1,220 mil.
- Extraordinary losses: Recorded ¥399 mil. in extraordinary losses in the same period of FY2023 due to the liquidation of Amplitude and ITRIM.

Despite a decrease in gross profit due to lower revenue, profit attributable to owners of parent increased by ¥383 mil. YoY due to the impact of foreign exchange rates.



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(mil. yen)	FY2023	FY2024	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Consolidated net sales	42,136	40,886	(1,249)	(3.0%)
Beauty care	40,950	39,552	(1,398)	(3.4%)
Real estate	518	499	(18)	(3.7%)
Others	666	834	168	25.2%
Operating income	4,549	3,357	(1,191)	(26.2%)
Beauty care	4,359	3,575	(784)	(18.0%)
Real estate	161	52	(109)	(67.4%)
Others	2	51	49	-
Reconciliations	26	(322)	(348)	-

Segment Results Summary

- Beauty care: Net sales decreased YoY, primarily due to a decrease in revenue from POLA, and operating income decreased, mainly due to a decrease in gross profit.

Beauty Care Business Results by Brands

(mil. yen)	FY2023	FY2024	YoY Change	
	Q1 Results	Q1 Results	Amount	%
Beauty care net sales	40,950	39,552	(1,398)	(3.4%)
POLA	24,183	22,161	(2,022)	(8.4%)
ORBIS	9,977	11,446	1,468	14.7%
Jurlique	1,908	2,270	361	19.0%
Brands under development	4,217	3,673	(544)	(12.9%)
Beauty care operating income	4,359	3,575	(784)	(18.0%)
POLA	3,501	2,305	(1,196)	(34.2%)
ORBIS	1,449	1,962	513	35.4%
Jurlique	(579)	(645)	(65)	-
Brands under development	(152)	(46)	105	-

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).

Q1 Result

- Department stores and e-commerce continued to perform strongly.
- Revenue declined in Japan overall due to lower revenue in the consignment sales channel, but Online Merges with Offline (OMO) progressed as e-commerce customers also purchase through other channels.
- Mainland China struggled with reduced store traffic.

Q1	Results (mil. yen)	YoY Change
Net sales	22,161	(8.4%)
Operating income	2,305	(34.2%)
Key indicators		
Sales ratio	Domestic	83.7%
	Consignment sales	60.1%
	E-commerce	7.8%
	Dept. store, B2B ⁽¹⁾ etc.	15.8%
	Overseas	16.3%
Sales growth ⁽²⁾	Domestic	down 7.1%
	Consignment sales	down 12.2%
	E-commerce	up 5.8%
	Dept. store, B2B etc.	up 10.8%
	Overseas	down 14.5%
Domestic business	Purchase per customer ⁽²⁾ / # of customers ⁽²⁾	down 5.2% / down 3.6%
# of stores domestic ⁽³⁾		2,647 (down 19)
# of stores overseas ⁽³⁾		159 (down 3)

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

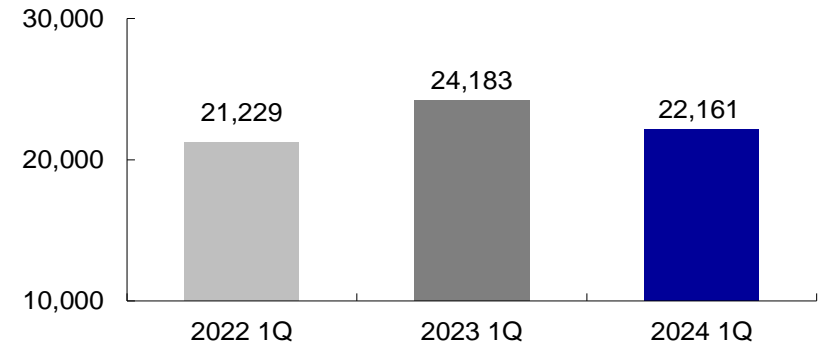
Topics

- Launch of renewed skin-brightening serum (February), strong initial sales performance

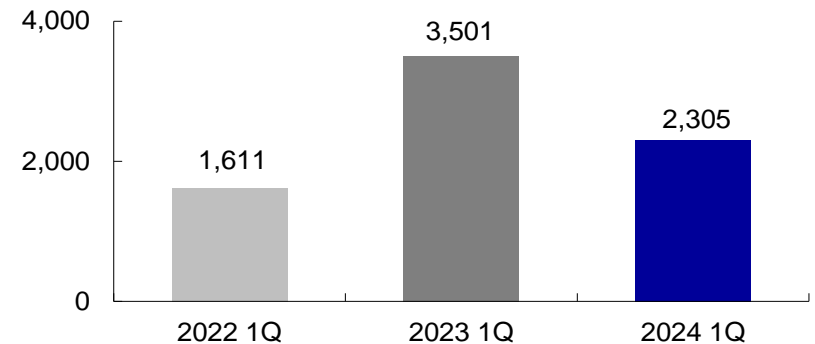


POLA WHITE SHOT FACIAL SERUM

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Q1 Result

- Revenue growth and significantly increased income in excess of planned values.
- The direct selling channel saw double digit growth in the number of new customers, and per-store net sales in the store channel exceeded pre-pandemic figures.
- External channels continued to perform strongly, with revenue increasing over 80%.

Q1	Results (mil. yen)	YoY Change
Net sales	11,446	14.7%
Operating income	1,962	35.4%
Key indicators		
Sales ratio	Domestic	96.9%
	Direct selling ⁽¹⁾	81.8%
	External channels	15.1%
	Overseas	3.1%
Sales growth ⁽²⁾	Domestic	up 17.5%
	Direct selling	up 10.4%
	External channels	up 80.1%
	Overseas	down 33.6%
Direct selling purchase per customer ⁽²⁾		up 0.6%
Number of direct selling customers ⁽²⁾		up 9.9%

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

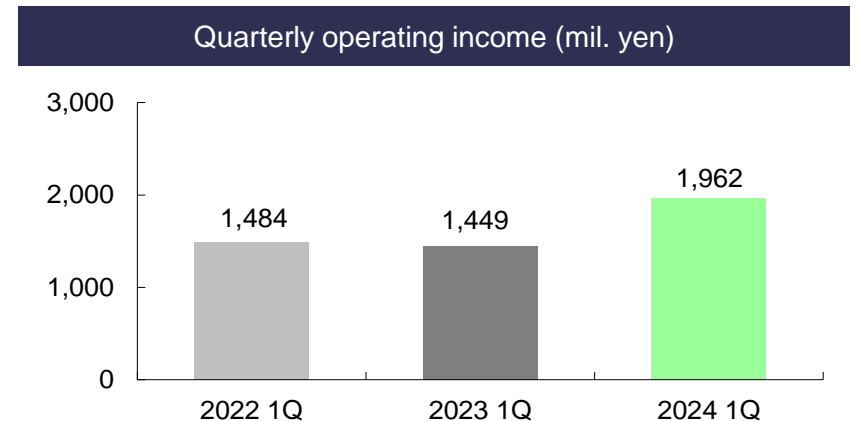
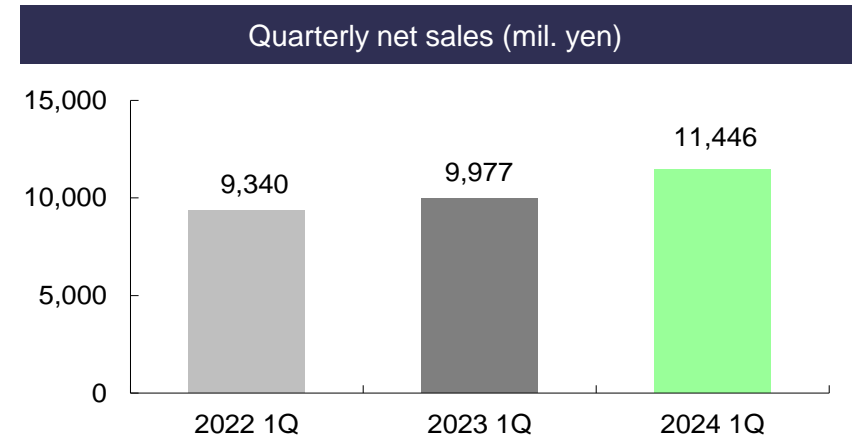
(2) YoY basis

Topics

- Launch of renewed skin-brightening serum (February). Customer acquisition made progress with high value-added skincare and special care.



ORBIS ADVANCED BRIGHTENING SERUM



Q1 Result

- Strong performance in the key markets of mainland China and Australia.
- Excluding the impact of foreign exchange rates, income was in line with the previous year.

Q1	Results (mil. yen)	YoY Change
Net sales	2,270	19.0%
Operating income ⁽¹⁾	(645)	(65)
Key indicators		
Sales ratio	Australia	20.0%
	Mainland China	39.6%
	Hong Kong	10.2%
	Duty free	16.5%
Sales growth ⁽²⁾	Australia	up 19.8%
	Mainland China	up 8.5%
	Hong Kong	down 27.5%
	Duty free	up 44.2%

(1) The YoY difference is shown as an amount (mil. yen)

(2) AUD basis, YoY

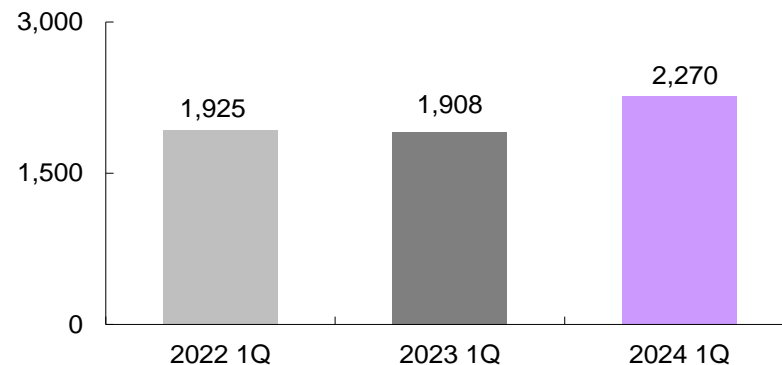
Topics

- Launch of renewed *HERBAL RECOVERY* series. (Global launch in March)

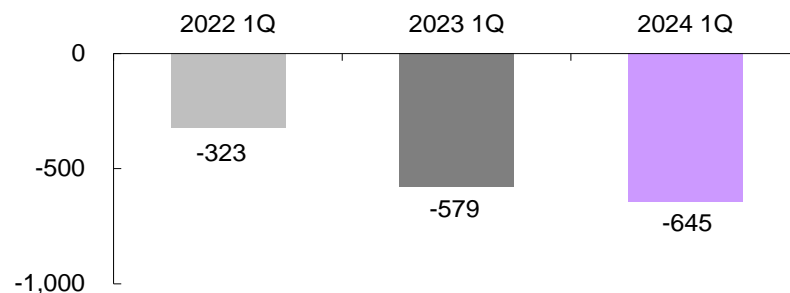


HERBAL RECOVERY series

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Q1 Result

- THREE made a strategic shift to a holistic approach centered on the *BALANCING* series and *ESSENTIAL SCENTS*.
- DECENCIA continued its strong performance with double-digit growth in revenue and income.
- Excluding the impact of the liquidation of the Amplitude and ITRIM brands, overall net sales of brands under development were in line with the same period in the previous year.

Q1	Results (mil. yen)	YoY Change
Net sales	3,673	(12.9%)
Operating income ⁽¹⁾	(46)	105
THREE Net sales	1,260	(8.2%)
THREE OP income ⁽¹⁾	(204)	59
DECENCIA Net sales	1,251	10.6%
DECENCIA OP income	135	20.8%

Key indicators

THREE		
Sales ratio	Domestic	85.0%
	Overseas	15.0%
Sales growth ⁽²⁾	Domestic	down 5.1%
	Overseas	down 22.8%

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

(2) YoY basis

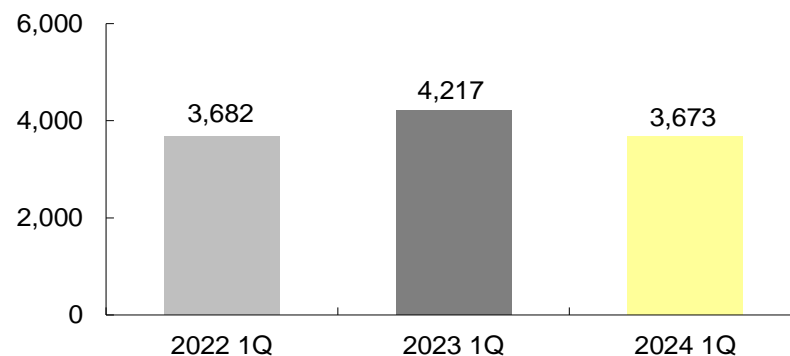
Topics

- Promotion of the first anniversary of THREE's new *BALANCING* series.

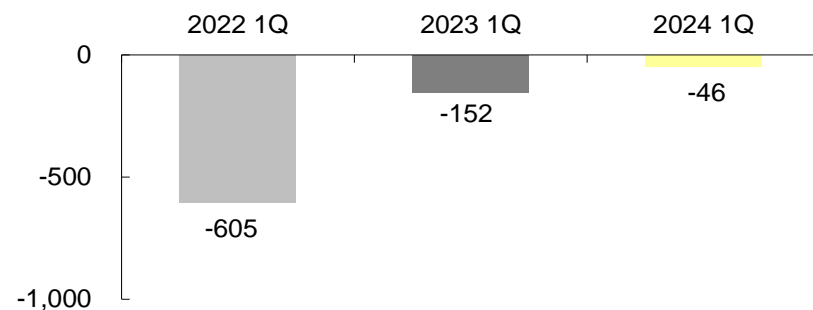


THREE *BALANCING* series

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)

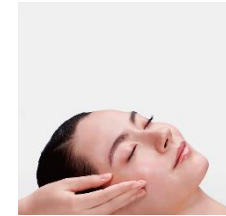


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POLA

Domestic Business

- Aesthetic treatment to capture the overall No. 1 spot in the 2024 Oricon Customer Satisfaction® Ranking Survey*; focus on attracting new customers and encouraging existing customers to visit stores by using aesthetic treatment services with high customer satisfaction ratings as a hook.
- Strengthen communication of product information and experiential events only possible at physical stores for the peak demand period, centered on renewed skin-brightening serum and UV protectors.
- Renew skin analysis and evolve personalized skin support (July) to enhance customer experience value, leading to more purchases of skincare products and a higher purchase-per-customer value.



Facial aesthetic treatment

Overseas Business

- In mainland China, enhance communication with existing customers with high annual total purchase amount and develop new contacts with high prestige customers.



(Left) New skin analysis system
(Right) APEX

*Oricon Customer Satisfaction® Ranking Survey "Facial Treatment" Rankings

ORBIS

Domestic Business

- Focus efforts on domains associated with skin beautification, continue introducing new products and increase lifetime value (LTV).
 - With new customer acquisition through *ORBIS U*. going well, enhance cross-selling proposals to the expanded customer base.
 - Develop skincare-inspired base makeup (since March), revitalizing base makeup with a focus on *ORBIS U* makeup.
- Launch a special website for the 10th anniversary of *ORBIS U*, and aim to strengthen branding and expand recognition.



ORBIS U base makeup



ORBIS U 10th anniversary

Jurlique

- Acquire customers in skincare, focusing on the renewed *HERBAL RECOVERY* series and the star product, face oil.
- Aim to improve customer composition by enhancing CRM and raising the customer retention rate.



HERBAL RECOVERY series

Brands Under Development

THREE

- Launch a new cleansing balm from the *BALANCING* series (May) and acquire skincare customers through the continued strengthening of holistic products line.
- Increase brand loyalty and LTV through the introduction of a new membership program designed to allow members to experience the *THREE* philosophy.



THREE Balancing Cleansing Balm

DECENCIA

- Expand the range of items in the main *DECENCIA* series and enhance cross-selling proposals to increase LTV.



DECENCIA flawless UV protector

FUJIMI

- Pivot on protein to acquire new customers and focus efforts on communication to raise utilization rates.

Topics: Progress of initiatives in new domains

- Began taking orders on *Kaokara*, the AI camera that evaluates the risk of heatstroke by utilizing facial analysis technology (March). Received many inquiries mainly from the construction industry, aiming for solving social issues.



(illustration)

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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%)

FY2024	YoY Change	
	Amount	%
Full-year Plan		
179,000	5,695	3.3%
174,000	5,522	3.3%
2,250	171	8.3%
2,750	1	0.1%
17,900	1,819	11.3%
19,650	3,295	20.2%
(50)	(490)	-
100	(49)	(33.2%)
(1,800)	(936)	-
17,900	(569)	(3.1%)
11,600	1,934	20.0%

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	¥ 13,000mil. - ¥14,000 mil.
Depreciation	¥ 8,000mil. - ¥9,000 mil.

Appendices

■ 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%)	-	-	-	-	-	-
Beauty care	39,552	(3.4%)	-	-	-	-	-	-
Real estate	499	(3.7%)	-	-	-	-	-	-
Others	834	25.2%	-	-	-	-	-	-

■ 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%)	-	-	-	-	-	-
Beauty care	3,575	(18.0%)	-	-	-	-	-	-
Real estate	52	(67.4%)	-	-	-	-	-	-
Others	51	49	-	-	-	-	-	-
Reconciliations	(322)	(348)	-	-	-	-	-	-

Note: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).

(Appendix) Quarterly Results by Brands

■ 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%)	-	-	-	-	-	-
POLA	22,161	(8.4%)	-	-	-	-	-	-
ORBIS	11,446	14.7%	-	-	-	-	-	-
Jurlique	2,270	19.0%	-	-	-	-	-	-
Brands under development	3,673	(12.9%)	-	-	-	-	-	-

■ 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
Beauty care operating income	3,575	(18.0%)	-	-	-	-	-	-
POLA	2,305	(34.2%)	-	-	-	-	-	-
ORBIS	1,962	35.4%	-	-	-	-	-	-
Jurlique	(645)	(65)	-	-	-	-	-	-
Brands under development	(46)	105	-	-	-	-	-	-

Note: Where operating income (current or previous year) is negative, YoY change represents YoY difference (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).

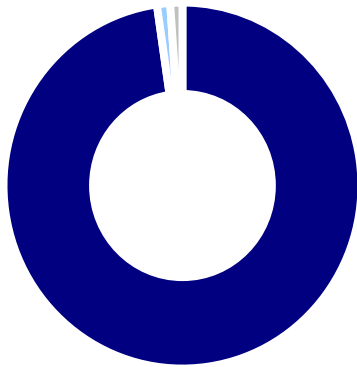
Full-year financial results for 2021 (recalculated under the 2022 standard) have been provided for reference only (unaudited).

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

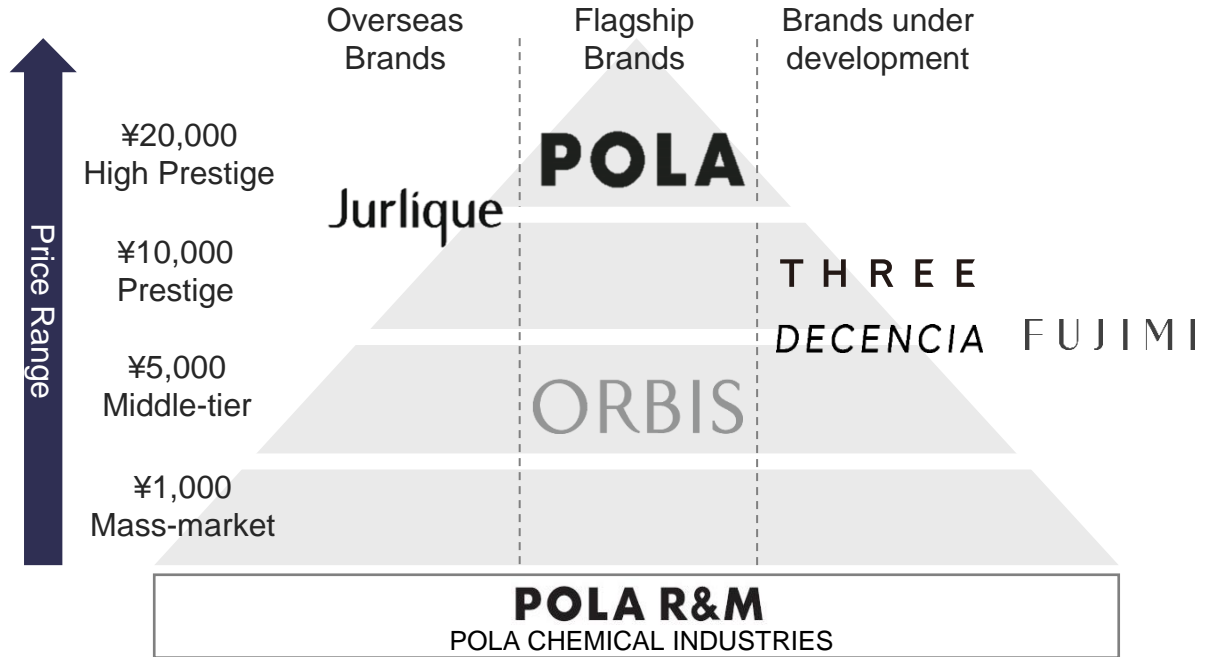
Beauty care is the core business of the Group, and six different cosmetics brands are operated under the Group umbrella.

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

	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	10%	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
		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】

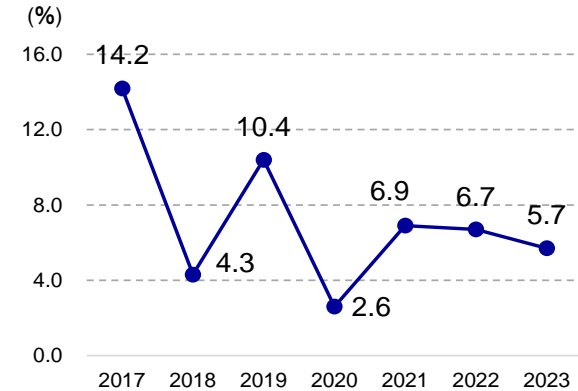
Return on equity (ROE) has been declining due to the decrease in profit. Under the new Medium-term Management Plan, we aim to achieve ROE of at least 10% by 2026 through capital profitability enhancement founded on stable and sustainable business growth.

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

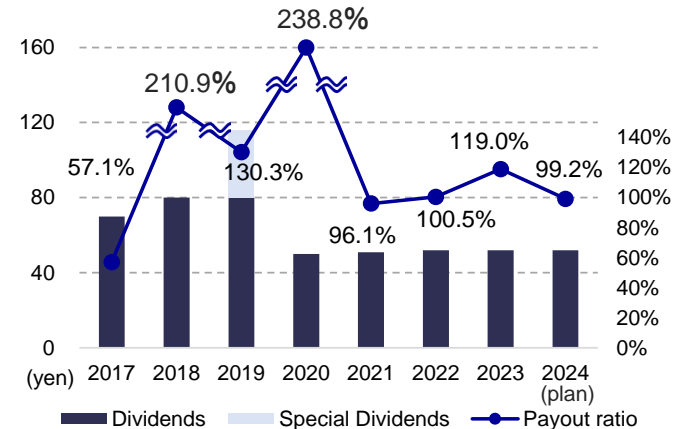


Improvement of Shareholder Return

- 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:

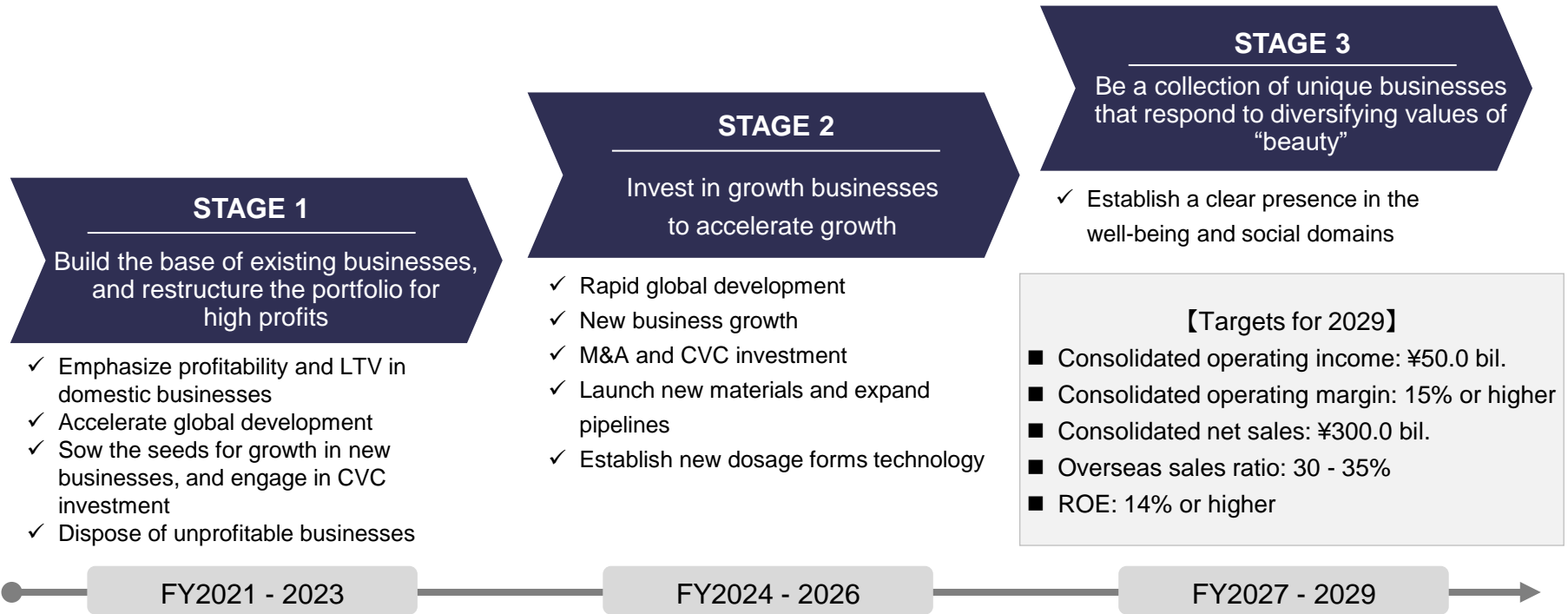
- Dividend per share : **¥52** (interim ¥21, year-end ¥31)
- Consol. payout ratio : 99.2%



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 |
|-------------------|--|-------------------|---|