

October 30, 2020

Company Name: POLA ORBIS HOLDINGS INC.
 Representative: Satoshi Suzuki,
 Representative Director and President
 TSE Code: 4927 (TSE 1st Section)
 Contact: Naotaka Hashi, General Manager,
 Corporate Communications Div.
 TEL: +81-3-3563-5517

Announcement Regarding Revisions to Consolidated Performance Results Forecast and Dividends Forecast for Fiscal 2020

POLA ORBIS HOLDINGS INC. (the “Company”) hereby announces that, in consideration of recent performance trends, it has revised its consolidated performance results forecast and year-end dividends forecast for fiscal 2020 announced on April 28, 2020, as outlined below at an October 30, 2020 meeting of its Board of Directors.

Details

1. Revisions to the Consolidated Performance Results Forecast for Fiscal 2020 (January 1–December 31, 2020)

Millions of yen (except per share data and percent)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	190,000	19,000	16,500	8,400	37.97
Revised forecast (B)	175,000	10,000	8,500	1,200	5.42
Amount changes (B–A)	(15,000)	(9,000)	(8,000)	(7,200)	
Percent changes (%)	(7.9)	(47.4)	(48.5)	(85.7)	
(Reference) Fiscal 2019 results	219,920	31,137	30,630	19,694	89.04

2. Revisions to the Dividends Forecast for Fiscal 2020 (January 1–December 31, 2020)

	Annual cash dividends per share (yen)		
	Q2-end	Year-end	Total
Previous forecast	-	45.00	80.00
Revised forecast	-	15.00	50.00
Fiscal 2020 result	35.00	-	-
Fiscal 2019 results	35.00	81.00 (Ordinary dividend: 45.00) (Commemorative dividend: 36.00)	116.00 (Ordinary dividend: 80.00) (Commemorative dividend: 36.00)

3. Main Reasons for Revisions

The revision to net sales reflects the fact that sales of the POLA and other Group brands at retail stores have been below plans mainly due to the continued significant decline in inbound demand and the continued negative impact of new ways of life on store channels as a result of the spread of COVID-19. The previous forecast had assumed a continuation of a recovery trend in the third quarter and beyond. However, the pace of recovery has been slower than that anticipated by the Company, and the outlook remains uncertain. Furthermore, as a rapid recovery is unlikely to occur going forward, the significant impact of COVID-19 is expected to remain in the fourth quarter and beyond.

The revision to operating income reflects a decline in gross profit in line with the lower forecast for net sales.

The revision to ordinary income reflects the lower forecast for operating income, as well as the current situation regarding the outlook for foreign exchange losses and others.

The revision to profit attributable to owners of parent incorporates the lower forecast for ordinary income, as well as impairment losses of approximately 1,500 million yen on non-current assets (property, plant and equipment and intangible assets in the head office and stores) related to the Jurlique brand as a result of lower net sales.

The Company's basic policy on profit distribution is to "enhance shareholder returns by realizing stable profit growth with a policy of a consolidated payout ratio of 60% or higher," considering that "improving capital efficiency and enriching shareholder returns" is one of the most important management issues. With respect to the dividends forecast for fiscal 2020, the year-end dividends forecast has been revised downward by 30 yen from that of the previous forecast, to 15 yen per share, due to the above revised performance results forecast and to achieve stable shareholder returns according to basic policy. As a result, the annual dividend per share on an ordinary dividend basis is forecast to be reduced by 30 yen from that of the previous year to 50 yen per share.

Note: These forecasts were made based on the information available at the time this news release was prepared, and actual results may differ from these forecasts as a result of changes in various factors going forward.