

POLA



ORBIS



Jurlique



T H R E E

DECENCIA



FUJIMI



VISION

To maximize the unique character
of each brand, and
become a global corporate group
that enriches the lives of people
around the world.

Editorial Policy	This report, incorporating non-financial information such as management's policies, strategies and the underlying basis for these decisions in addition to financial information, is intended to give stakeholders greater insight into our activities. In addition, it has been compiled with reference to the <i>International Integrated Reporting Framework</i> , issued by the International Integrated Reporting Council (IIRC), as well as <i>Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation</i> , prepared by Japan's Ministry of Economy, Trade and Industry. Our sustainability report and a database related to ESG are available for viewing on our website. https://www.po-holdings.co.jp/en/csr/index.html
Time Frame	This report focuses on activities and results achieved in fiscal 2024—the 12 months from January 1, 2024 to December 31, 2024—but some fiscal 2025 content is also included.
Scope	POLA ORBIS HOLDINGS INC. and consolidated subsidiaries
Disclaimer	Forecasts and other forward-looking statements in this report are predictions related to future results or events, except where the information is historical fact, and are based on assumptions made by the Company using information available at the time. The risks and uncertainties inherent in such assumptions may cause actual results to differ from stated expectations. Information related to the financial results for fiscal 2024 has been prepared on the basis of data available as of February 14, 2025.
Editorial Structure	The Corporate Division functions as the production office and coordinates with corporate planning departments, finance departments, human resources departments and Group companies to compile this report. The director in charge of IR carries responsibility for production of this report.



PART 1

POLA ORBIS Group direction

Our perception of value/what we hold dear

- 02 To Our Stakeholders
- 04 A Message from the President

Value creation story

- 10 Strengths of the POLA ORBIS Group
- 12 POLA ORBIS Group History
- 14 Value Creation Process of the POLA ORBIS Group
- 16 Recognizing and Responding to Opportunities and Risks

Strategy

- 18 Financial Strategies
- 20 Business Structure
- 22 Growth Strategies by Brand
 - 22 POLA
 - 24 ORBIS
 - 26 Overseas Brand
 - 27 Brands under Development

PART 2

Activities that underpin value creation

- 28 Initiatives on Sustainability

Five non-financial materiality categories

- 30 1. Quality of Life Improvement through Innovative Technology Services
- 32 2. Regional Revitalization
- 34 3. Culture, the Arts, Design
- 36 4. All-Inclusive Human Resources
- 43 5. Environment

- 50 Human Rights
- 52 Stakeholder Engagement
- 54 Basic Stance on Corporate Governance
- 56 Matters Related to the Board of Directors
- 58 Management Structure
- 63 Fundamental Activities That Fulfill Our Corporate Responsibilities

PART 3

Financial data

- 64 Financial and Non-Financial Highlights
- 66 Ten-Year Summary of Selected Financial Data
- 68 Management's Discussion and Analysis
- 73 Corporate Information

Our perception of value/what we hold dear

To Our Stakeholders



鈴木郷史

Satoshi Suzuki
Representative Director and Chairman

横手喜一

Yoshikazu Yokote
Representative Director and President

The POLA ORBIS Group formulated the long-term management plan VISION 2029 to guide the Group toward 2029—the year marking its 100th anniversary. We seek to be a collection of unique businesses that respond to diversifying values of “beauty.” To achieve this goal, in addition to our existing value provision centered on cosmetics, we are expanding our business portfolio beyond well-being and individuals into the social domain, aiming for sustainable business growth in Japan and overseas.

Fiscal 2024 was the first year of the medium-term management plan (2024–2026), which is the second stage toward achieving VISION 2029. In line with this plan, we focused efforts on priority strategies to 1) strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability; 2) further grow the overseas business and establish business bases in new markets; 3) achieve profitability through growth in brands under development, contributing to sustainable earnings; 4) enhance the brand portfolio and expand business domains; 5) strengthen R&D capabilities for new value creation; and 6) strengthen sustainability combining the resolution of social issues with uniqueness. ORBIS marked favorable progress, maintaining double-digit increases in sales and income, but POLA struggled, ultimately impacting consolidated results, which fell short of targets.

We see fiscal 2025 as the year to build on the steady growth and enhanced profitability of ORBIS and to focus efforts on revitalizing POLA's domestic operations, which hinge on the consignment sales channel. We recognize that this is the year to focus on the structural reform of our overseas business, especially in mainland China, where the external environment is severe. In January 2025, the POLA ORBIS Group revamped the management structure of Group operating companies. Under this new structure, we will work as a cohesive corporate body toward achieving VISION 2029, expediting a recovery in business results and further refining the unique qualities of portfolio brands.

We ask for the continued support of stakeholders as we travel new roads together.

A Message from the President

Under a new Group management structure,
we will maximize the individuality and sensitivity of
every employee to create new value.

横手 喜一

Yoshikazu Yokote
Representative Director and President

Looking back on fiscal 2024 results

Against a backdrop of a gradual recovery in the domestic economy, demand in the cosmetics market shifted favorably, substantiated by growth in the low single digits. But overseas, especially in mainland China, sluggish economic conditions persisted, and spending on cosmetics mirrored the economic situation. Under this business environment, ORBIS posted double-digit increases in sales and income in fiscal 2024, but POLA struggled domestically and overseas, experiencing eroded consolidated sales and income that left significant room for improvement. We know that falling short of targets despite revising our consolidated performance forecast downward, at the announcement of second-quarter financial results, requires serious reflection. The reasons for the results are very clear: the recovery of POLA's domestic consignment sales channel*¹ is taking longer than expected and measures to address challenges in the economic environment, particularly in mainland China, have been inadequate.

In the wake of the COVID-19 pandemic, POLA found that relationships with existing customers, especially those who had been loyal to the brand for ages, had weakened. Thus, the most important issue for POLA has been to strengthen the connection between brand and customers and rebuild the

customer base. Meanwhile, ORBIS has successfully won the loyalty of a wide range of customers by offering high-quality products at affordable prices, steadily expanding its base of loyal customers.

*1 Consignment-style salon business run by Beauty Directors

Aim of new Group management structure through replacement of operating company presidents

In 2022, POLA ORBIS HOLDINGS announced a long-term management plan for the Group—VISION 2029—with end year 2029 coinciding with the Group's 100th anniversary. The year 2025 marks the halfway point to our 2029 finish line, but progress toward goals has been derailed in both the domestic and overseas businesses. To resolve issues specific to each brand and bridge the current gap between anticipated results and actual results through the second half of VISION 2029, we implemented a new management structure in January 2025 by appointing new presidents and a different lineup of officers at Group operating companies.

Our biggest challenge is to strengthen brand power so that we can reach VISION 2029 targets. Toward that end, we have to

take a medium- to long-term perspective in defining strategies that will deliver the desired results. POLA urgently needs to rebuild close relationships with its domestic customers. Takuma Kobayashi, who executed highly precise customer-oriented marketing methods and enhanced customer-company communication at DECENCIA and ORBIS, is the new president of POLA. We expect him to take the initiative on swiftly implementing insightful strategies. Meanwhile, Hiroe Yamaguchi has assumed the role of president at ORBIS, where she will certainly draw on a proven track record of creating high-value-added series at POLA and building a stable customer base at DECENCIA. We expect her to lead to an enhanced connection between customers and brand and improve lifetime value for customers while reinforcing branding—an area of her expertise—to make ORBIS even more appealing. Taking the

corporate reins at DECENCIA is Emi Nishino, who served as a director at ORBIS. We expect her to promote stronger messaging to better engage the steadily increasing number of repeat customers while implementing growth strategies such as launching highly functional products to attract new customers and raise brand presence.

The true value of the new management structure lies in its potential to boost brand power and solidify customer composition more quickly than before, driven by the unique perspective that each new president brings in recognizing brand-specific issues and hypothesis-testing fine-tuned to that brand. This structure will facilitate evolution of the Group's business portfolio combining 1) different value perceptions and experiences gained in directing the strategic trajectory of brands and 2) other brands distinguished by unique characteristics.

New Management Structure (as of January 1, 2025)



Takuma Kobayashi
Representative Director
and President
POLA INC.



Hiroe Yamaguchi
Representative Director
and President
ORBIS Inc.



Emi Nishino
Representative Director
and President
DECENCIA INC.

Initiatives under 2024–2026 medium-term management plan

The 2024–2026 medium-term management plan that currently guides Group activities is the second stage of VISION 2029. Let me provide a progress report on the first year of the second stage and describe initiatives going forward under each of the stated strategies.

Strategy 1 Strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability

POLA has been struggling since the COVID-19 pandemic, largely due to a decrease in customers over its consignment sales channel. However, stores on a growth track have bucked the trend because the operators flexibly adapted to changes in the market environment and, on their own initiative, utilized social media, etc., to attract customers and deepen communication with their customer base overall. Stores on a growth track make up a solid 20% of POLA's salon network, and the company introduced a new salon strategy to capitalize on the momentum generated by profitable salons and accelerate development of a store-on-a-growth-track network. Under this strategy, newly established salons will offer higher-end services in a more upmarket space, enticingly adapted to location, concept and current trends. Salons will be opened primarily in Japan's three major metropolitan areas, core cities and large commercial districts. Existing salons will be relocated and renovated, with the aim of opening a total of 180 new-style salons by 2027.



Increasing brand value of POLA salons



To date, POLA has accumulated a vast amount of customer data through direct selling, including notes about customer thought processes or interests gleaned from conversations during customer contact. I believe that POLA possesses a unique underlying strength because the individuals who interact with customers are sensitive to their needs and use in-person contact opportunities to build stronger relationships based on knowledge that goes beyond simple purchasing history to deep insight into what customers are truly looking for. POLA will maximize this underlying strength and, under the new management structure, strive to achieve a quick recovery in business results.

On the products front, POLA plans to launch a new aesthetic service in August 2025, followed by its new and improved high-prestige series, *B.A.*, in September. The company will leverage strengths by building good customer relationships through aesthetic services and improved lifetime value with high-performance skincare products.

Concerted efforts will be directed toward reversing the current trend of declining revenue and returning POLA's domestic business overall to its original state, where the number of loyal customers steadily increased.

ORBIS is successfully attracting customers to its skincare, especially the *ORBIS U* series, and steadily improving lifetime value by cross-selling to existing customers its high-performance products such as skincare that targets skin-brightening, dark spots and wrinkles. In addition, the company is making favorable progress in expanding customer touch points through external channels, highlighted by the launch of *ORBIS SHOT PLUS* exclusively for external channels, which will serve as a gateway for wider access to the brand. In May 2025, ORBIS debuted a cleansing oil as a strategic product designed to attract not only existing customers but also new customers. With the widespread availability of makeup products that claim to be long-lasting, customers can be extremely critical in their reviews about how well a cleanser works and how it leaves their skin after use. With this in mind, ORBIS knew the market needed a cleanser that would surpass the usual standards in removing makeup and pore-clogging impurities, and embarked on developing its first cleansing oil. Capitalizing on the R&D capabilities that the Group has cultivated over the years and its abundant track record in product development, we will earn even greater customer trust and loyalty.



POLA's new and improved high-prestige series, *B.A.*



ORBIS THE CLEANSING OIL

Strategy 2 Further grow the overseas business and establish business bases in new markets

Many issues remain to be addressed in our overseas operations. In POLA's mainland China operations, the number of store openings was on the rise and the business achieved profitability. But from the second half of 2023, the economic environment changed dramatically, and the number of potential shoppers at malls and department stores plummeted, as if the previously substantial middle class had simply vanished. Such factors make a market recovery in the near future unlikely. In response,

PART 1

POLA ORBIS Group direction

PART 2

Activities that underpin value creation

PART 3

Financial data

POLA reshaped its strategy to adapt to the changing conditions, shuttered unprofitable stores and embarked on community-store development as a new approach to improving customer contact. Targeting affluent customers, POLA will open stores in areas near districts where the wealthy reside and then unveil experience-based initiatives, such as community-building events, beauty services and workshops, to deepen relationships with existing customers and create new touch points to connect with new customers. In the ASEAN region, demand for cosmetics is expected to increase, supported by higher disposable incomes against a backdrop of continued economic growth. The positive atmosphere has benefited POLA as well, with business results improving in this market over the last few years and investment accelerated to quickly expand customer touch points and, by extension, the POLA ORBIS Group. The goal of these initiatives is to position the ASEAN region as a key market of overseas strategy. As of 2024 year-end, POLA was operating 23 stores in the ASEAN region. With a commitment to open new stores, the local network could even double by 2027.



Community store in mainland China

Jurlique had been moving toward reduced losses from the success of face oil and other skincare products, but a sudden deterioration in business conditions, especially in mainland China, caused losses to expand beyond management's estimate. In certain markets, namely, mainland China and Hong Kong, the company is pursuing structural reforms more thoroughly than before, assuming that a recovery in those markets is not likely anytime soon. Jurlique is, of course, closing unprofitable stores, but rather than continuing along the same strategic path, management will make critical changes to the very structure and functions of the organization, implementing measures to simplify operations and drastically boost efficiency, while establishing a framework that will ensure profit even if sales do not grow significantly. The goal is to turn a profit by 2026.



Rare Rose Face Oil

Strategy 3 Achieve profitability through growth in brands under development, contributing to sustainable earnings

We are working to rebuild THREE's brand value with an emphasis on essential oils. As a holistic care brand, THREE presents an approach built around essential oils extracted from domestic sources with careful attention paid to harvest time and

extraction method. We aim to strengthen THREE's customer base, a priority issue, by enhancing the appeal of products and developing experience-oriented customer touch points dedicated to the scents of essential oils. The facility in the city of Karatsu, Saga Prefecture, where THREE's essential oils are refined, grows the herbs and other source plants from which raw materials for cosmetics are produced. This location serves as a combined laboratory and experience space, playing a role in communicating the brand value to customers and focusing on developing domestic high-quality herbal ingredients.



THREE HIBIYA, where customers can enjoy the scents of plant-derived essential oils

DECENCIA is a line of anti-aging care and skin-brightening products that can be used with peace of mind by people with sensitive skin. This is the message that the company wants customers to understand as its brand value. The brand is steadily attracting new customers, prompting efforts to build a more stable customer structure through sophisticated, data-utilizing customer relationship management (CRM).

FUJIMI turned a profit in fiscal 2024. tricot initially launched FUJIMI as a personalized supplement brand, and personalized protein has been well received by many customers as it fits the lifestyle and values of FUJIMI's target wellness-conscious customer segment. tricot aims to achieve further growth by reinforcing the FUJIMI lineup with seasonal cross-selling centered on protein products.

Strategy 4 Enhance the brand portfolio and expand business domains

POLA ORBIS HOLDINGS is keen to utilize accumulated knowledge cultivated through skin research to extend the Group's reach into uncharted domains. In 2024, the Company started the aesthetic medicine business, which draws on the Group's proprietary dermatology research results. Entry into this new beauty domain was guided by the thinking that, ideally, aesthetics and medicine should not be segmented and that people are free to choose a beauty method matched to personal preference. Meanwhile, the *Kaokara* business, which uses an AI camera for heat countermeasures, is steadily attracting more clients. *Kaokara* was developed from results gathered by POLA CHEMICAL INDUSTRIES over many years in the field of facial analysis technology. Heat countermeasures are urgently needed not only at construction sites and



Dive® medical cosmetics series offered exclusively to clinics

factories but also in many other places such as schools. The *Kaokara* business will surely help ameliorate social issues associated with health risks in hot conditions.

In addition to these two businesses, POLA ORBIS HOLDINGS continues to encourage ideas for projects and external collaboration that could lead to new businesses, including means such as an internal venture program that shapes employee-presented ideas and awareness of issues into start-ups as well as a Corporate Venture Capital (CVC) business and Brand Studio, initiatives to cocreate new businesses with partners. All these businesses are still in the investment phase and small in scale, but they represent a commitment to explore a number of approaches to nurture new businesses and new brands. We hope that some of these businesses will grow into brands on a par with THREE and DECENCIA.

Strategy 5Strengthen R&D capabilities for new value creation

The Technical Development Center (TDC), a new research and production facility, began operations in 2024. Through the introduction and practical application of manufacturing technologies that differ from conventional cosmetics-making processes, TDC will create original formulations and develop unprecedentedly high-performance, highly effective cosmetics. TDC will also pursue innovation in cosmetics, including the evolution of multiple new materials pipelines, which is a Group strength.

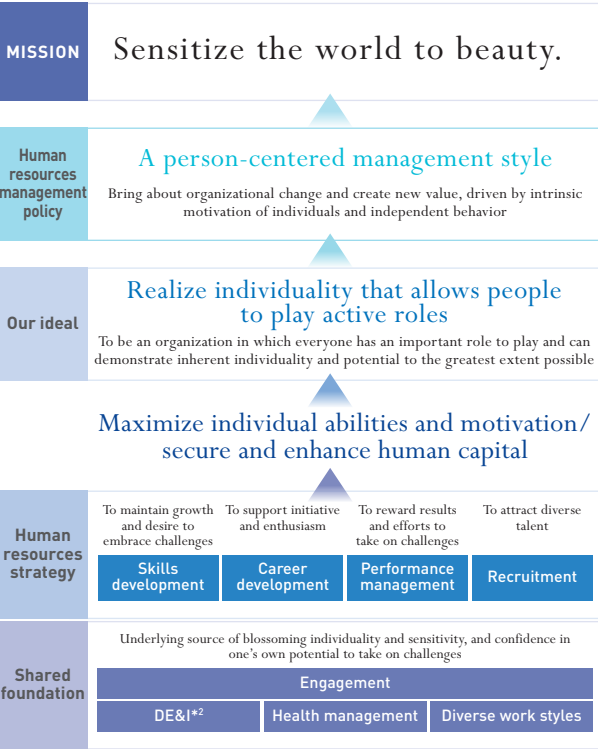
R&D capabilities are an extremely vital source of competitiveness that gives brand-driven companies in the Group an edge in creating new value and enhancing the uniqueness of their brands. Investment in new product and technology development is ongoing, always looking five to 10 years ahead. POLA ORBIS HOLDINGS will continue to authorize investment of at least 2% of consolidated net sales to R&D to accelerate the creation of new value.

Strategy 6Strengthen sustainability combining the resolution of social issues with uniqueness

To underpin sustainability, we established and continue to refine Group-original KPIs that reflect inherent strengths and social responsibilities. These KPIs target five areas of activity: 1) quality of life improvement through innovative technology services; 2) regional revitalization; 3) culture, the arts, design; 4) all-inclusive human resources and 5) environment. Of these areas, all-inclusive human resources are viewed as the most significant. Human resources are the true cornerstone of management and support the Group’s growth. Our human

resources management policy is defined as a person-centered management style because we believe that the thoughts, awareness and intrinsic motivation unique to each employee are the building blocks of organizational management.

Consider a corporate organization from the perspective of people. An environment in which people communicate across organizational boundaries and job titles is likely to provide more inspiration and generate more insights and ideas than an environment where daily interaction is limited to dealings with others within the same department or a structure where only people connected to a particular brand or lineup work together. I talk to employees daily, an activity that supports good personal rapport and allows me to learn about issues in the workplace. For this reason, I am fully in favor of Group-wide training to build connections that transcend the boundaries of departments and companies, not only for myself but also for the leadership team and employees. This corporate culture is clearly reflected in the new management structure. Our goal is to create an organization characterized by mutual respect for and a deeper appreciation of the values and judgment criteria that people in other departments attach importance to—an organization that generates new challenges and thus fuels inspiration and enthusiasm. Toward this end, we actively facilitate transfers across the Group, regardless of brand, be it POLA, ORBIS, DECENCIA or any other brand in our portfolio, so that all members can gain experience, and encourage them to



*2 DE&I: Diversity, equity & inclusion

collaborate with different departments and engage in friendly competition to build new skills.

Furthermore, to foster an environment and corporate culture that motivate each and every individual and inspire active involvement throughout the Group, POLA ORBIS HOLDINGS set its engagement score as a KPI in progress toward achieving the desired environment and culture. We are taking a strategic approach to reach our target score. In 2025, we established A Person-Centered Management (AP-CM) Committee to shape the future of the organization through the achievements of individuals. Led by POLA ORBIS HOLDINGS, the committee showcases success stories for the Group.

Toward enhanced corporate value and stronger management capabilities

POLA ORBIS HOLDINGS’ price-to-book ratio hovered around 1.7 times in March 2025 and has been decreasing for the past few years. Since stock prices fluctuate with changes in business performance, we know, in terms of capital cost as well as stock price, that our priority must be to put consolidated results back on a growth trajectory, with an emphasis on the performance of domestic businesses, especially POLA.

We will continue to consider cash allocation and balance sheet management. We had been applying a medium- to long-term perspective to investment allocation, such as increased funds for investment in R&D, but, going forward, we must consider the state of management over the medium to long term and make investments based on a more strategic narrative. Regarding shareholder returns, we will maintain our two basic policies—a consolidated dividend payout ratio of 60% or more and enhanced shareholder returns through increased operating income and net income per share. In addition, we must disclose our management philosophy in a way that is easy for investors at home and abroad, including our shareholders, to understand, and we must strive to raise expectations for the POLA ORBIS Group’s growth and future potential.

To our stakeholders

As I mentioned at the start of this message, 2025 marks the halfway point to our VISION 2029 destination. During the second half, an emphasis will be placed on discussions with a view of the future and concrete strategies to implement. The decision to establish a new management structure in March 2025 mirrors a renewed commitment to improve the effectiveness of strategies

with Group-wide impact and reinforce governance. Throughout 2024, the Board of Directors repeatedly discussed what expertise and areas are insufficient for improving corporate value in the future. The board concluded that there was an urgent need to evaluate and analyze each business and make better use of customer data, an unmatched Group asset. In line with these findings, the Company appointed two outside directors with expertise in data technology and business evaluation and analysis, and added one corporate auditor to enhance governance. However, changes will not end here. A healthy corporate metabolism requires constant management renewal to forge a structure that is the most appropriate and absolutely necessary for any given time.

We are living in the VUCA*3 era, a time of unpredictability and unknowns about what might happen when. Consequently, it is becoming increasingly unclear if the lifestyles and healthcare people enjoy now will continue in the future. In times such as this, past precedents and even common sense are no longer applicable. On a personal note, I always wish I could be free from old assumptions and successes, but it is actually very difficult to live completely untouched by the past. This is exactly why the concept of a person-centered management carries such weight. My goal is to shape an organization where every individual, including myself, is always asking, “Why haven’t we done this yet?” or “Why are we still doing this?” and communicates these questions to others to prompt a course correction.

Turning to social issues of global consequence such as conflicts, climate change and inequality, we clearly see that the days of making management decisions based solely on economic rationality and in the best interests of a company or organization are over. As described in the Group’s mission statement, we seek to “sensitize the world to beauty.” We must detect changes or anything slightly out of the ordinary to do more for consumers beyond the realm of cosmetics and discover things that enrich people’s lives. I believe this is the Group’s purpose.

POLA ORBIS HOLDINGS launched a 100th-anniversary project to highlight the Group’s 100th anniversary in 2029, beginning a process of re-examining the Group’s purpose and its values. Through dialogue opportunities with employees throughout the Group, we will revisit topics that underscore perceptions of value. For the upcoming 100th anniversary and many years beyond, we seek to continue the longevity of the Group. Shareholders can look forward to a future of great promise.

*3 VUCA: Volatility, uncertainty, complexity and ambiguity

Strengths of the POLA ORBIS Group

Direct ties with customers are the pivotal resource of the POLA ORBIS Group. Efforts are made to pinpoint even the slightest change in customer lifestyles and beauty care needs, including preferences for cosmetics, and then anticipate market conditions and social trends, operations that evolve to meet changing times and consumer preferences. The spirit of this evolution infuses the Group like DNA—a quality that runs through its generations—all the way back to the Group's establishment.



Direct Marketing

Firmly believing that direct ties to customers are the most valuable resource a business can have, POLA and ORBIS—flagship brands in the Group's brand portfolio—have endeavored to deepen mutual appreciation between respective brands and customers through communication facilitated by direct selling and to improve lifetime value through long-term relationships. POLA and ORBIS exemplify the value of communication. This perspective on communication will ultimately permeate the entire POLA ORBIS Group.

POLA's strength is to provide face-to-face consulting and aesthetic services through its network of about 19,000 Beauty Directors across Japan. The primary mode of communication with customers had been offline but now methods of contact include the digital realm, through social media platforms, as well as online consulting and workshop opportunities.

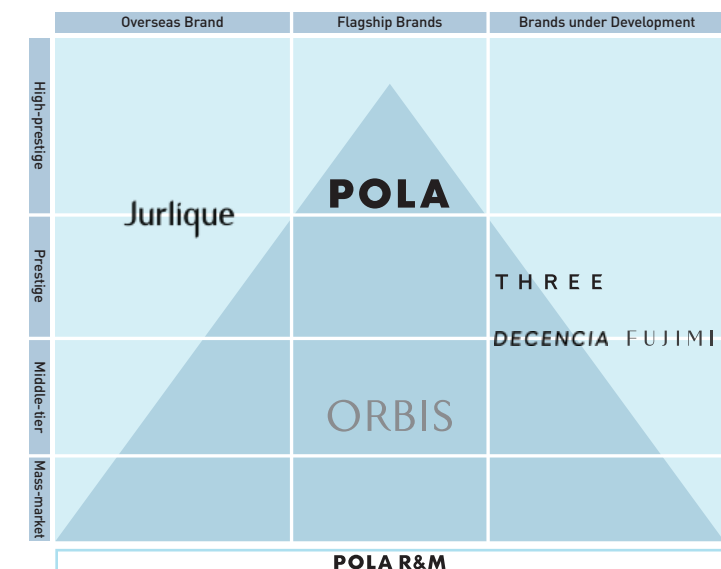
For ORBIS, an app is the primary means of staying in touch with customers and was the key in maintaining one-to-one

communication, which keeps a strong connection between the brand and customers.

Through direct-selling channels, each company manages information on nearly all its customers in-house, together accumulating a data base of about 21.4 million entries on the condition of customers' skin as well as customers' attributes and purchasing trends. This diverse information is analyzed, and pertinent results are used in R&D, product planning and marketing, allowing the companies to build strong, trusting relationships with customers and secure high repeat-purchase rates and brand loyalty. Going forward, the goal remains to enhance capabilities for customer analysis by using POLA's Online Merges with Offline (OMO) model as well as ORBIS's customer data platform that combines data on customer interests and tastes with purchase and attribute data, underpinning efforts to provide each customer with ideal products and services.

Multiple Brands

Today, with customer perceptions and lifestyles becoming increasingly diversified, a single-brand approach targeting as many customers as possible dilutes the brand concept and weakens image cohesiveness. To address lifestyles and values, which are always changing with the times, the POLA ORBIS Group has built a portfolio of brands distinguished by concept, price range and sales channel. This portfolio comprises six brands—shown on the right—and hinges on core brands POLA and ORBIS. Each brand has its own distinctive characteristics and polishes brand identity through independent management. A stated goal of VISION 2029, the long-term vision taking the POLA ORBIS Group toward a milestone 100th anniversary in 2029, is to expand the scope of business domains. The Group is working to reinforce the brand portfolio by promoting research in such themes as well-being and solutions to social issues by utilizing knowledge gained through skin research.



Research and Development Capabilities

VISION 2029 sees the POLA ORBIS Group as a collection of unique businesses that respond to diversifying values of "beauty" and guides efforts to achieve sustainable business growth. To realize underlying objectives, we are extending the horizons of research, moving beyond beautiful skin to whole-body health and vitality.

Efforts hinge on three categories: 1) Science, targeting enhanced dermatology research and exploration using the latest technology to study the skin and its deep layers; 2) Life, emphasizing research into emotion, touch and sensation through big data analysis and open innovation using vast amounts of data collected from knowledge about skin science and skin analysis; and 3) Communication, focusing on the interrelationships between humans and the physical world (formulations, other people and the environment) using high-performance new dosage forms and digital technology.

POLA CHEMICAL INDUSTRIES, INC. presented three papers at the 34th International Federation of Societies of Cosmetic Chemists (IFSCC) Congress in 2024, all of which received recognition, including the top award in the poster category. IFSCC is the most prestigious academic society for engineers and researchers in the field of cosmetics. POLA CHEMICAL INDUSTRIES has been recognized nine times, making it the third-most IFSCC-honored company in the world.

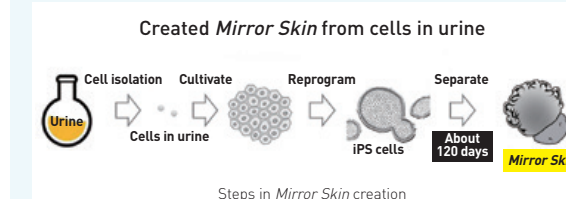
For the launch of *WRINKLE SHOT SERUM DUO*, a facial serum formulated with the quasi-drug active wrinkle-improvement

ingredient NEI-L1[®]*, high-precision equipment used in semiconductor manufacturing was installed to ensure accurate and precise filling of the bottle. The release of *WRINKLE SHOT SERUM DUO* reflects efforts at the Technical Development Center (TDC)—the new research and production facility, which opened in 2024—and the adaptation of other-industry technology. POLA CHEMICAL INDUSTRIES will continue to build on accumulated research and technology that will underpin efforts to explore new fields and create new value, thereby enhancing the corporate value of the POLA ORBIS Group.

*Sodium formylthiopyrurate trifluoroacetylisobutyl dipeptide-42 amide

IFSCC Award Theme

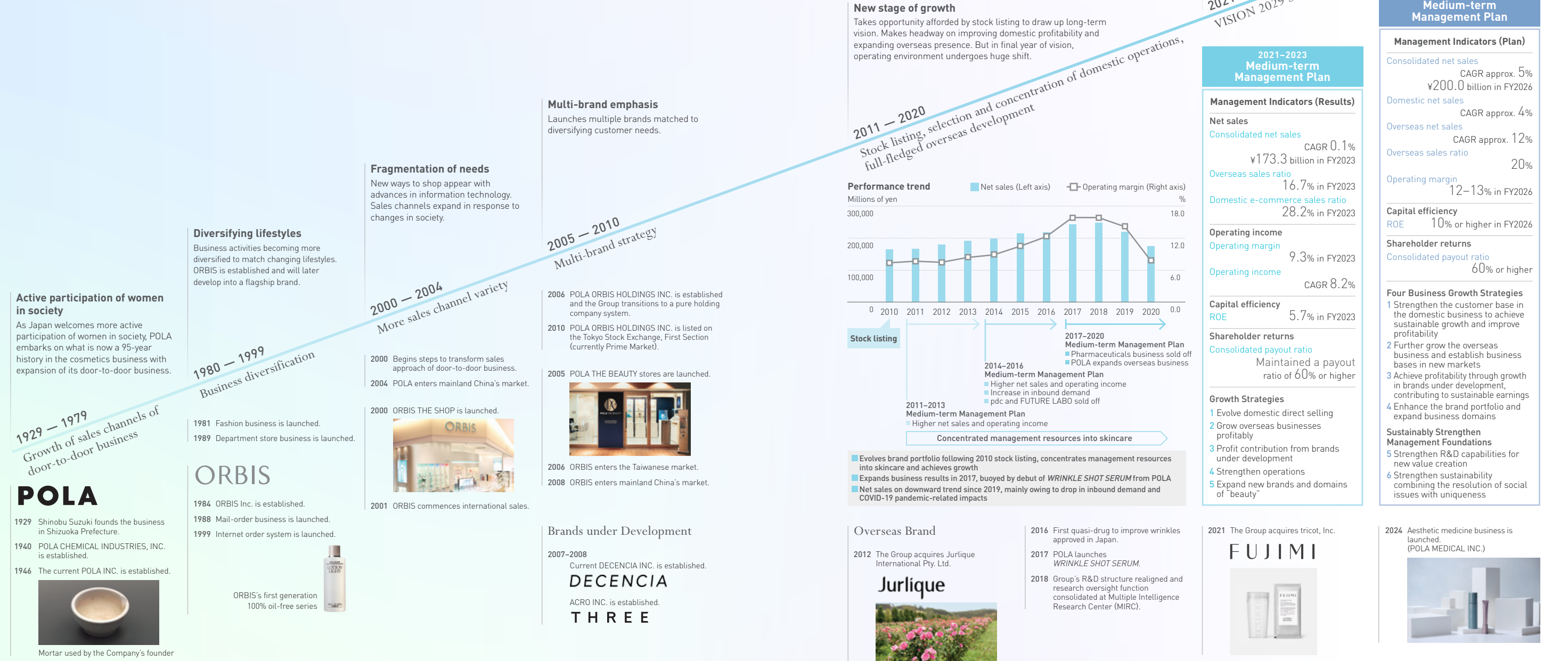
"Mirror Skin" made from cells derived from urine
Perfect copy of skin for ultimate in personalized cosmetics



POLA ORBIS Group History

With refined sensitivity, we transform ahead of changing times.

The POLA ORBIS Group has been quick to identify changing market and customer needs and constantly transform to meet new requirements. The ability of each and every employee to understand evolving perceptions of beauty is a vital strength that we will draw on while maximizing R&D and direct marketing capabilities to achieve further growth.



Environmental/Social/Governance Efforts

1937 POLA hires its first saleswoman.	1985 POLA introduces product refills.	2000 The Fukuroi Factory obtains ISO 14001 certification (environment-related).	2005 In-house training across the Group. Introduction of Future Study Program and Top Management Development Program (currently, Business Innovation Academy).	2013 Introduces corporate officer system.	2017 Becomes signatory to UN Global Compact.	2021 Adds reduction of CO ₂ emissions to medium- to long-term incentive evaluation criteria for corporate officers.	2024 Set reduction of CO ₂ emissions, reduction of water consumption, sustainable palm oil procurement, number of new businesses created and percentage of female managers as medium- to long-term incentive evaluation criteria for directors.
1979 The current POLA Foundation of Japanese Culture is established.	1990 ORBIS introduces simplified packaging.	2002 POLA dubs 2002 "Year of Re-Establishment." Formulates corporate philosophy "POLA VALUE."	2008 Appoints outside corporate auditor.	2015 Appoints outside directors.	2017 Formulates Group Code of Conduct.	2021-2024 Included in CDP* Climate Change A List for fourth consecutive year.	
1996 The current Pola Art Foundation is established.	1998 The Fukuroi Factory obtains ISO 9001 certification (quality-related).		2009 Creates Group-wide risk management structure.	2015 Measures and redefines executive competencies.	2017 Captures Best IR Award for second time.	Selected as a constituent stock of MSCI Japan Empowering Women Index (WIN).	
			2010 POLA obtains "Kurumin" certification mark from Japan's Ministry of Health, Labour and Welfare for efforts supporting development of the next generation.	2015 Elevates level of communication with shareholders (captures first Best IR Award).	2018 Introduces senior corporate officer system.	Selected as a constituent stock of the FTSE4Good Index Series and the FTSE Blossom Japan Index.	2024 Selected for CDP* Water Security A List for first time.
				2016 Puts together Corporate Governance Report and forms Basic Policy on Corporate Governance.	2018 Establishes Group human rights policy. Initiates human rights due diligence.		
				2016 Initiates Board of Directors' effectiveness evaluation.	2018 Begins CSR procurement activities.		
				2017 Formulates new Group philosophy.	2019 Establishes voluntary advisory committees to focus on nomination and appointment of executives and associated compensation.		

*CDP: International non-governmental organization that researches, evaluates and discloses corporate strategies on climate change and efforts to curb greenhouse gas emissions

Value Creation Process of the POLA ORBIS Group

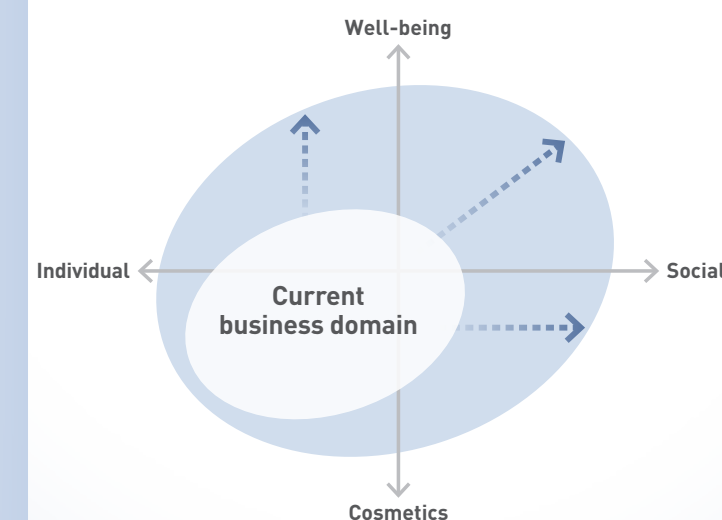
Realization of our vision

Vision

We will maximize the unique character of each brand, and become a global corporate group that enriches the lives of people around the world.

VISION 2029

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



Mission

Sensitize the world to beauty.

Opportunities

Pages 16–17

External environment

Diversifying consumer awareness/behavior



Expanding customer contact points through progress in digital technology



Acceleration of borderless society and domestic market transformation



Rules/activities to prevent loss of ecosystem services



Risks

Pages 16–17

1 Human capital A person-centered management style

Person-centered, respect-for-individuals concept

2 Manufacturing capital

■ Start of TDC operations

3 Intellectual capital

■ Basic research
■ Customer data

4 Social capital

■ Connections with local communities/customers

5 Natural capital

■ Reduced environmental impact
■ Resource recycling

6 Financial capital

■ Solid financial structure

Multiple brands

Direct marketing

Strengths

R&D capabilities

Corporate governance

Basic strategies

1

Develop the cosmetics business globally; reform and enhance the brand portfolio

2

Create new value and expand business domains

3

Strengthen research and technical strategy

Sustainability strategies

1

Quality of life improvement through innovative technology services

2

Regional revitalization

3

Culture, the arts, design

4

All-inclusive human resources

5

Environment

Target management indicators for 2029

Consolidated operating income

¥50.0 billion

Consolidated operating margin

15% or higher

Consolidated net sales

¥300.0 billion

Overseas sales ratio

30–35%

ROE

14% or higher

Results of 18 non-financial items

Page 29

Recognizing and Responding to Opportunities and Risks

At POLA ORBIS HOLDINGS, we ask outside directors with outstanding knowledge to participate in Board of Directors’ meetings from an objective standpoint. At those meetings, they use diverse values and perspectives to discuss long-term management issues.

Opportunity and risk structure

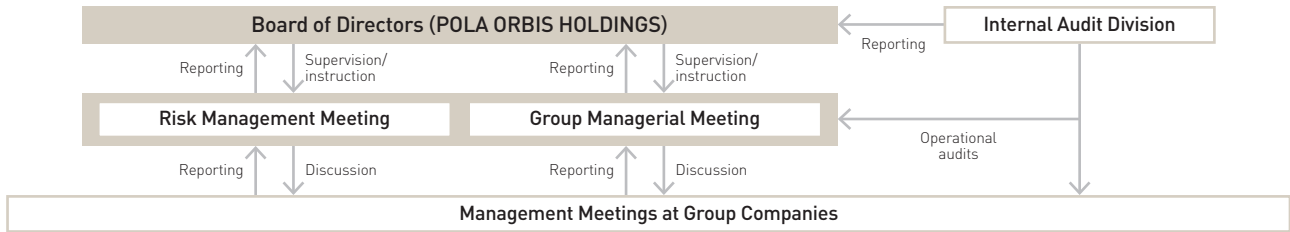
One of the functions of the Board of Directors is to oversee opportunities and risks related to the Group’s business continuity. To handle this function, we established the Group Managerial Meeting and the Risk Management Meeting directly under the Board of Directors. Each Group company lists up the opportunities and risks associated with its business and addresses them in management meetings at Group companies. Information from those meetings is discussed and monitored monthly at the Group Managerial Meeting and quarterly at the Risk Management Meeting, then reported to the Board of Directors.

The Group Managerial Meeting consists of the Company’s directors and full-time corporate auditors, as well as presidents and directors of subsidiaries who are appointed as members by

the Board of Directors. Focusing on business management aimed at maximizing opportunities for each Group company, Group Managerial Meeting members discuss solutions to various risks that may materialize and work out details for supervision and instruction that are deployed across all Group companies as shared information.

The Risk Management Meeting consists of members of the CSR Committee (management level) from the Company and other Group companies, and members from outside the Company. The meeting aims to prevent problems from arising by identifying risks that may materialize during corporate activities, including strategic and operational risks, and by practicing risk management across the Group.

Organization



Opportunities

For business-related opportunities, the POLA ORBIS HOLDINGS Management Planning Division analyzes possible business pursuits from various angles, including those of the social environment, market trends and the target customer’s sense of values, at home and abroad, and drafts the investment plans and growth strategies necessary to achieve goals stated in the medium-term management plan. The division monitors market

trends and the social environment to facilitate the best decisions on additional investment during any given fiscal year to successfully capitalize on emerging opportunities and risks.

The Multiple Intelligence Research Center (MIRC) delves into innovative projects with the potential to contribute to Group development over the medium to long term and explores trends and demands related to technology, society and culture in Japan and overseas.

Key business-related opportunities

Item	Details	Measures
Research and development	Steady announcement of products realized through results of highly original research	<ul style="list-style-type: none">Develop original research strategies to create new value (dispatch researchers to research base in Singapore)Shorten development time and improve accuracy of product commercialization by establishing TDC
Digital marketing	Growing impact of Internet and social media on consumption	<ul style="list-style-type: none">Utilize customer data to strengthen the customer baseAchieve a seamless cross-channel customer experience (OMO promotion) (POLA)Use smartphone app to facilitate digital consulting (ORBIS)
Global economy	Expanding demand in cosmetics market in mainland China and ASEAN region	<ul style="list-style-type: none">Reorganize overseas organizational structureIncrease customer contact points in response to changes in the market environment
Changing consumer awareness	Diversifying consumer needs due to lifestyle changes	<ul style="list-style-type: none">Promote online consultingCreate new value through MIRC and Frontier Research Center (FRC)Develop new businessesCultivate new business domains
	Increase of products tailored to personal preferences	<ul style="list-style-type: none">Enhance personalized response irrespective of gender through APEX, using AI (POLA)
Changing labor environment	<ul style="list-style-type: none">Decrease in job openings in rural areas and for non-regular employeesMore elderlyEmpowerment of women	<ul style="list-style-type: none">Provide work that business owners can do in rural communities (POLA)Promote new partnerships (incorporation) (POLA)Increase the Beauty Directors’ presence in their regions (POLA)
Sustainability	Raising awareness of sustainability by society and consumers	<ul style="list-style-type: none">Strengthen sustainability combining the resolution of social issues with uniquenessLaunch sustainable products

Risk management

In risk management, we comprehensively, inclusively and strategically identify and list up our risks from a Group-wide perspective. These include business risk, information security risk, compliance-related risk and climate change risk. We then evaluate the listed items once a year and define items deemed highly important as “corporate risks,” for which we take

countermeasures to ensure optimal outcomes. In line with recent trends, we have expanded the scope of risk management beyond the operations of the Group to include the entire supply chain, and we have decided on risk owner divisions and committees to implement action plans for improvement.

2024 corporate risks

Risk formulation process

We comprehensively identify Group-wide risks and perform risk assessments based on the impact, frequency of occurrence and status of responses to risks, then select risks that should be addressed Groupwide.

Theme	Item	Action
Environment (climate change) risk	<ul style="list-style-type: none">Reduce risk of being excluded from ESG-related indexesPrevent decline of brand value from being perceived as an environmentally non-compliant company	Achieve CO₂ emission reduction targets (Scope 1, 2 and 3) and enhance the level of information disclosure
Information security risk	<ul style="list-style-type: none">Prevent the use of unreliable cloud servicesPrevent risk of brand damage due to leakage of customer informationPrevent security incidents by improving security literacy and minimize impact if an incident occurs	Heighten the reliability of cloud service evaluations and prevent unauthorized use of cloud services Provide education and training to improve awareness and security literacy of Group employees
Personnel and work-related risk	<ul style="list-style-type: none">Create a work environment that makes the Company a rewarding place to workPrevent decline of brand value due to deteriorating reputation	Establish a framework to properly control working hours
Human rights risk	<ul style="list-style-type: none">Reduce the impact on human rights caused by corporate activities, including in the supply chain	Continue switch to sustainable palm oil procurement for raw materials derived from palm oil used in cosmetics

Key business-related risks

Item	Details	Measures
Brand value damage	Possibility that a negative reputation or evaluation of the Group’s business activities will reach the public, undermining the brand image	<ul style="list-style-type: none">Uphold integrity of corporate managementProvide products and services worthy of customers’ trust
Competition within the Group	Possibility that competition within the Group occurs in the process of maximizing the value of existing brands and accelerating the deployment of multi-brand emphasis	<ul style="list-style-type: none">Set several key indicators for each brand and business at the Board of Directors and monitor the status of maintaining and managing the uniqueness of each brand
Securing sales partners (business owners and corporations)	Risk of difficulties implementing measures to secure human resources and of a decrease in sales partner applicants	<ul style="list-style-type: none">Run online recruitment forumsBegin partnerships beyond consignment sales contracts
Strategic investment activities	Possibility that companies brought into the Group through M&A, overseas businesses or new businesses are not as successful as initially expected due to unforeseen changes in the business environment, etc.	<ul style="list-style-type: none">Perform accurate due diligence, calculate appropriate stock value and decide investments from Investment Approval Committee thinking
Cosmetics market environment	Domestic cosmetics market reaching maturity, heralding possible impact on businesses that cannot respond to changes in competitive environment	<ul style="list-style-type: none">Focus on developing overseas markets and new business domains
Research and development	Possibility that results of research will not be as successful as expected	<ul style="list-style-type: none">Shorten development time and improve accuracy of product commercialization by establishing TDC
Production and quality assurance	Possibility of disruption in the procurement of raw materials or inability to provide products that meet the quality standards required by customers	<ul style="list-style-type: none">Create Group quality control system monitored by QCD* Committee*QCD: Initialism for quality, cost and delivery
Overseas business activities	Possibility that business activities are disrupted due to economic/political instability, labor unrest or terrorism/conflict	<ul style="list-style-type: none">Collect information through overseas subsidiaries and affiliatesAvoid risks early and cultivate new business domains by gaining insight into global trends through MIRC
Foreign exchange	Possibility that the Group’s business results and financial position will be impacted by exchange rate fluctuations	<ul style="list-style-type: none">Hedge risks as necessary, through measures such as forward exchange contracts
Limit on protection of intellectual property rights	Possibility that intellectual property is used illegally by an outside party to produce counterfeit items or that member of the Group infringes upon intellectual property of an outside party	<ul style="list-style-type: none">Secure patent/trademark rights in activity hubs at home and abroadMonitor activities to prevent the Group’s rights from being infringed upon and to prevent infringement of outside parties’ rights
Information security	Possibility that personal information or confidential information will be leaked, or that information will be leaked or system outages will occur due to cyberattacks, etc.	<ul style="list-style-type: none">Establish the Information Security Committee to protect and manage information assetsBuild up-to-date defenses based on cybersecurity frameworks
Major lawsuits	Although no lawsuits have been filed or other actions that could significantly impact the Group have taken place, major lawsuits or other actions may arise in the future	<ul style="list-style-type: none">Develop and operate an internal reporting system
Disasters	Possibility that supply of finished products will be disrupted due to large earthquake or flood severe enough to affect operations at production facilities	<ul style="list-style-type: none">For items deemed key from a business continuity perspective, maintain inventory of products and materialsStay in constant contact with contracted factories
Spread of infectious diseases	Possibility that business results will be impacted by measures to prevent spread of infection such as avoidance of face-to-face contact with customers or temporary store closures	<ul style="list-style-type: none">Strengthen capability to provide digital marketingEnhance e-commerce and promote OMO
Climate change and human rights issues	Possibility that natural disasters occur more frequently due to the effects of global warming, changing ecosystems and other climate issues, and that needs will change due to global warming Possibility that human rights violations such as forced labor and child labor occur in the supply chain	<ul style="list-style-type: none">Pursue initiatives to reduce greenhouse gas (CO₂) emissionsProcure certified palm oil
Decrease in domestic population	Situation that leads to business slump or hampers recruitment efforts	<ul style="list-style-type: none">Expand overseas business activitiesPromote work-style reform and efforts to energize workforce

POLA ORBIS HOLDINGS performs scenario analysis in line with TCFD* recommendations and discloses the results (see page 44 for details). Risks related to human rights are listed on page 50.

*TCFD: Initialism for Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board

Financial Strategies

We remain committed to achieving return on equity (ROE) of 14% or more by 2029 and enhancing shareholder returns, which will lead to higher corporate value.

Naoki Kume

Director and Vice President, POLA ORBIS HOLDINGS INC.



Message from director in charge of finance

Consolidated net sales for fiscal 2024 reached ¥170.3 billion, down 1.7% year on year. Operating income fell 14.1%, to ¥13.8 billion, and ordinary income declined 12.9%, to ¥9.2 billion. Profit attributable to owners of parent dropped 3.9%, to ¥9.2 billion, leading to ROE of 5.6%. We have set ROE as an important management indicator. In line with a policy of creating a level of capital efficiency that exceeds capital cost—which we understand to be about 6%—and improving corporate value, we will work toward a long-term ROE target of 14% or more by 2029, as stated in VISION 2029. Nevertheless, with net income in a current decline, ROE is trending downward, movement that management acknowledges as an important issue requiring attention. Going forward, we will implement several strategies to push ROE up toward the target level while emphasizing two measures: 1) increase profit attributable to owners of parent and 2) boost the efficiency of net assets.

Investment aimed at sustainable growth, and improved profitability

Higher profit hinges on two factors. One is growth investment, the groundwork for sustainable growth. The other is improved profitability.

A look at our business portfolio shows that the cosmetics business has traditionally been the focus of resource allocation because this segment is where we can best leverage accumulated R&D capabilities and ultimately achieve stable growth. However, while we intend to keep the cosmetics business at the core of Group operations, we also believe that sustainable business growth in today's world—characterized by diversifying perceptions of "beauty"—requires investment to expand our business portfolio to activities that contribute more widely to the well-being of people everywhere and provide greater value to society. We will also plant seeds that grow into new businesses.

In domestic cosmetics operations, an urgent issue is to return flagship brand POLA to a growth trajectory. Efforts will be directed toward accelerating application of the Online Merges with Offline (OMO) strategy and rebuilding the customer structure by attracting active interest across sales channels. ORBIS, our other flagship brand, has maintained double-digit increases in sales and income since fiscal 2023. Going forward, the brand will emphasize measures to retain the customers it has attracted and improve lifetime value to achieve even higher profitability. Meanwhile, in overseas operations, particularly for POLA, we stand behind the swift closure of unprofitable stores in mainland China to improve profitability, while supporting the opening of new-format stores to expand touch points with target affluent customers. The current market environment in mainland China is challenging, but with a long-term perspective, we will pursue investments that underpin strong relationships with customers highly likely to remain loyal to

their chosen brands. In addition, we will reinforce strategic investments to deepen our presence in the ASEAN region, developing this market into a future pillar of profit for overseas operations.

In R&D activities, the Technical Development Center (TDC), a research and production facility that opened in 2024, will fuel progress in original, new-formulation research and high-value-added product development. In addition, efforts are being directed toward augmenting world-first and industry-first new material pipelines as well as pursuing research into new domains beyond cosmetics borders, including artificial skin (*Mirror Skin*) and measures to combat frailty. We will actively invest at least 2% of consolidated net sales in R&D.

In pursuit of improved profitability, an issue is to remedy the losses that plague unprofitable brands. Even as we expand the brand portfolio across new domains, we have to consider divestment and business continuity, applying a shorter cycle to evaluate KPI status and determine whether a brand should be maintained. Jurlique was impacted by deteriorating economic conditions in mainland China and Hong Kong that led to major deviations from fiscal 2024 expectations. A dramatic improvement in the business environment that characterizes these markets is unlikely. Given this situation, if Jurlique is to achieve profitability in the near term, the brand will have to implement more extensive structural reforms than ever before and lower its break-even point. Meanwhile, THREE is seeking to boost profitability mainly by strategically concentrating its store network and streamlining SKUs (stock-keeping units), while working to attract customers to holistic care products, which should support a high retention rate and lifetime value, thereby stabilizing the customer base.

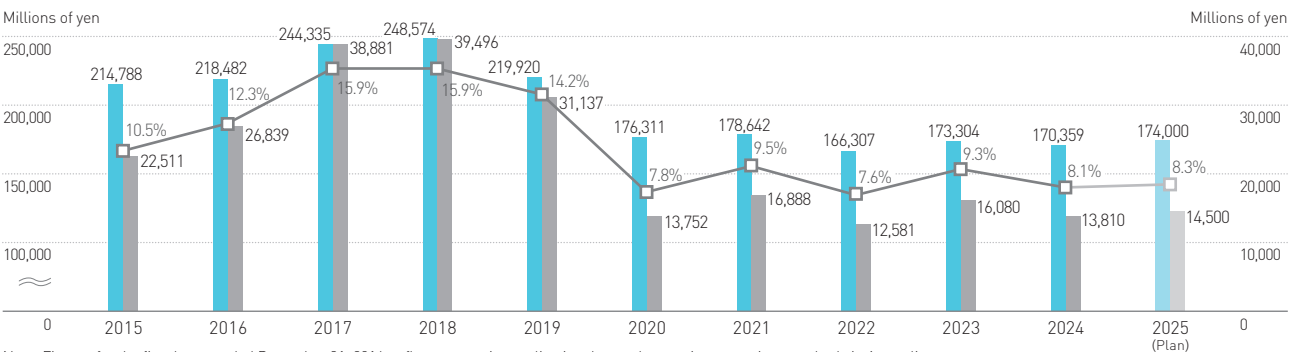
Through these initiatives, we aim to push the consolidated operating margin above 15% by 2029 and, complemented by such factors as a drop in the effective tax rate through better results from overseas operations, achieve net income growth higher than operating income growth.

Enhanced return to shareholders

To increase the efficiency of net assets, we will prioritize return to shareholders in line with our dividend policy, which hinges on a consolidated payout ratio of 60% or higher, and pursue efforts to stably increase dividend distribution through profit growth. The annual dividend for fiscal 2024 was set at ¥52 per share, which translated into a payout ratio of 123.9%.

With regard to treasury stock, our policy is to consider buybacks based on such factors as investment strategies, market prices and the liquidity of Company shares. Going forward, we will strive to maximize management resources and raise corporate value over the long term.

Changes in consolidated net sales and operating income



Note: Figures for the fiscal year ended December 31, 2016, reflect retroactive application due to changes in accounting standards in Australia.

Improve capital efficiency

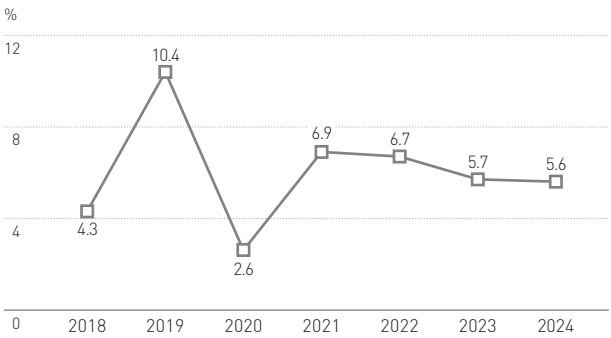
[Enhancing capital profitability]

ROE is on a downward trend paralleling the decrease in net income, but we are targeting ROE of **14% or more** by 2029 through turning stable and sustainable business growth into a pillar supporting enhanced capital profitability.

Initiatives to achieve the ROE targets



Return on equity



Enrich shareholder returns

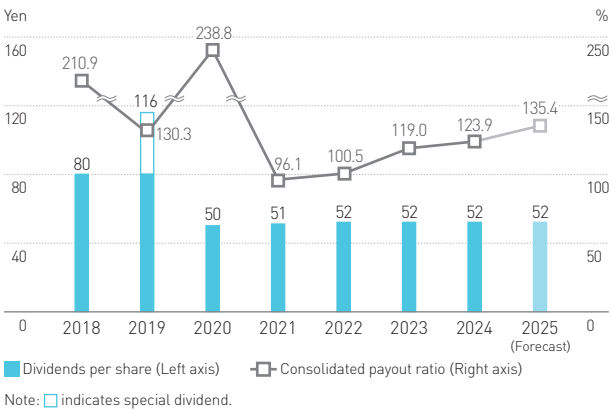
Basic policies

- With a policy of a consolidated payout ratio of **60% or higher**, aim for stable increase in shareholder returns in line with profit growth
- Purchases of treasury stock shall be considered based on our investment strategies, market prices and the liquidity of the Company's shares.

Shareholder return policy for fiscal 2025

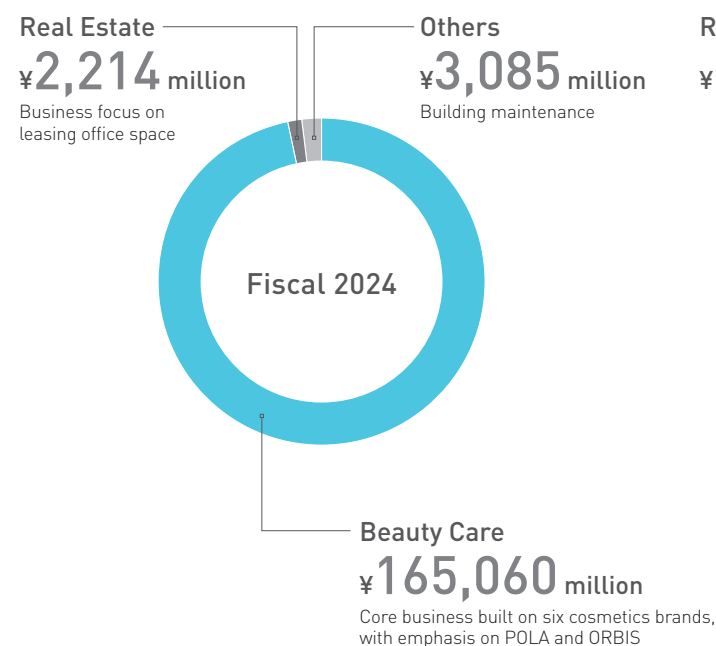


Annual dividend and consolidated payout ratio

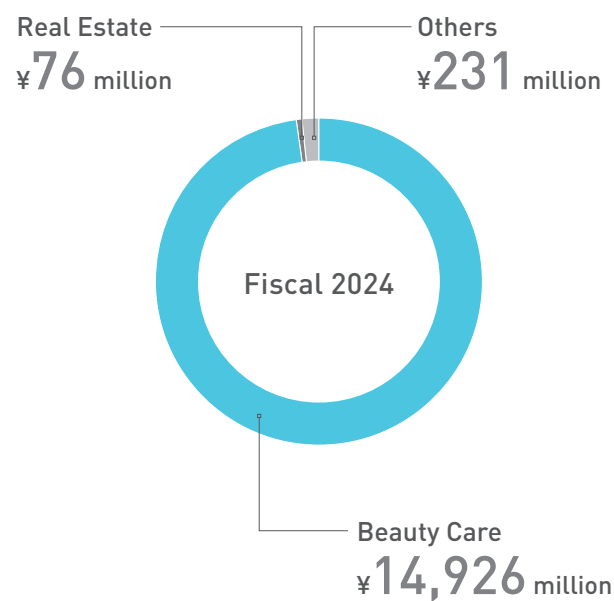


Business Structure

Net sales by business segment



Operating income by business segment



Flagship Brands

POLA

Concept High-prestige skincare brand with proven expertise in anti-aging and skin-brightening fields

Sales channels Consignment sales (POLA THE BEAUTY, etc.), department stores, directly operated retail stores, travel retail, e-commerce and cosmetics specialty stores

Market presence Japan, mainland China, South Korea, Hong Kong, Australia, Macao, Taiwan, Thailand, Singapore, Vietnam, Malaysia and Indonesia

ORBIS

Concept Anti-aging care brand that brings out the beauty inherent in each person

Sales channels Mail-order business (Internet and catalog), directly operated retail stores, travel retail and external channels (cosmetics specialty stores, drugstores, etc.)

Market presence Japan, Taiwan and Malaysia

Overseas Brand

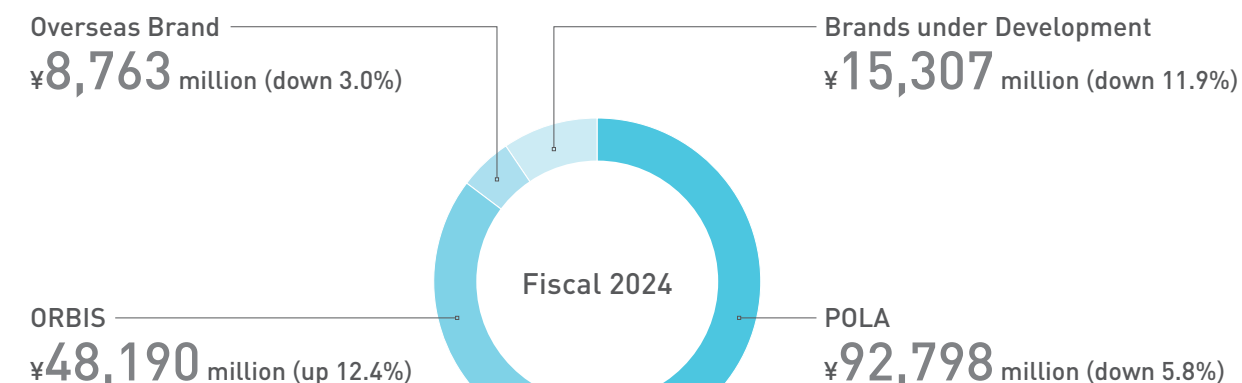
Jurlique

Concept Australia's premium natural skincare brand

Sales channels Department stores, directly operated retail stores, travel retail and e-commerce

Market presence Sold in 25 countries and regions, mainly Australia, mainland China and Hong Kong

Beauty Care business sales by brand



The percentage in parentheses indicates year-on-year change.

Changes in Beauty Care business sales by brand over the past five years (2020-2024)

	2020	2021	2022	2023	Millions of yen 2024
POLA	102,888	105,168	96,371	98,499	92,798
ORBIS	45,415	43,389	38,417	42,874	48,190
Overseas Brands*	7,166	8,954	9,972	9,032	8,763
Brands under Development	16,186	16,637	16,892	17,368	15,307

*Years 2020 through 2022 include H2O PLUS

Brands under Development

THREE

Concept Holistic care brand featuring essential oils and other natural, plant-based ingredients

Sales channels Directly operated retail stores, department stores, travel retail, semi-self service shops and e-commerce

Market presence Japan, South Korea, Thailand, Hong Kong, Singapore and mainland China

DECENCIA

Concept Skincare brand for sensitive skin

Sales channel E-commerce

Market presence Japan and mainland China

FUJIMI

Concept Personalized beauty care brand

Sales channel E-commerce

Market presence Japan

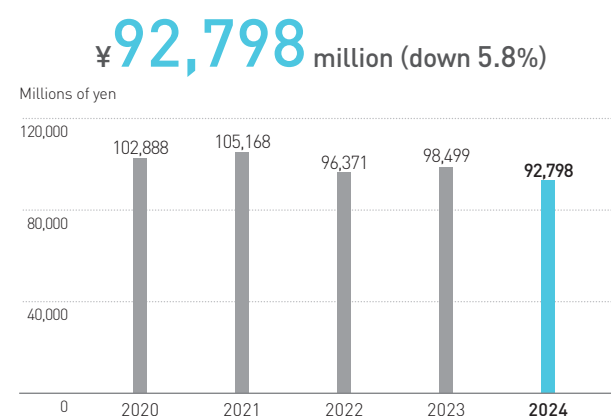
Growth Strategies by Brand (Flagship Brands)

POLA

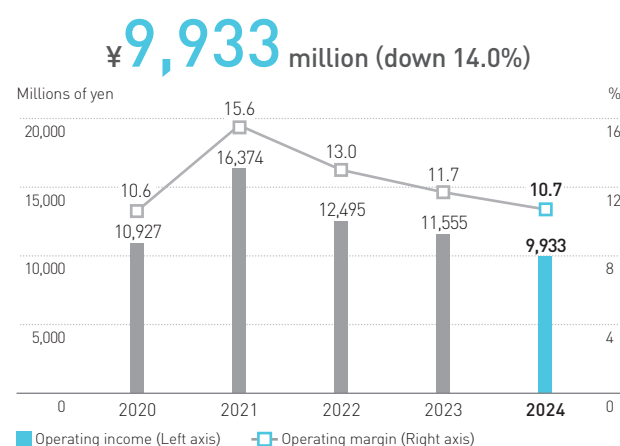
High-prestige skincare brand with proven expertise in anti-aging and skin-brightening fields



Net sales



Operating income and operating margin



President's message

POLA defined its vision for 2029, when the company will celebrate its 100th anniversary, as "Towards a society with abundant connections that trusts in the potential of individuals and society itself," under the "Science. Art. Love." corporate philosophy. To realize this vision, we interact with customers personally, using cosmetics as the gateway to bring out the personality and inherent beauty unique to the individual and provide value that enriches life.

Fiscal 2024 saw a decrease in customer touch points along the domestic consignment sales channel and significant impact from changes in the external environment that adversely affected demand in mainland China, culminating in lower sales and income for POLA. I realize it is imperative that we put POLA—one of the Group's flagship brands—back on a growth trajectory.

Online customer touch points increased during the COVID-19 pandemic and have become notably more pervasive since. But our Online Merges with Offline (OMO) strategy calls for integrating offline customer touch points into this model. POLA Premium Pass, a membership program that debuted in 2023, removes barriers between sales channels, namely, consignment sales, department store sales and e-commerce sales, and connects customers to all POLA products. To date, more than a million customers have signed up. Utilizing a unified customer ID format, POLA Premium Pass creates a more appealing touch-point experience as a portal to all sales channels while showcasing the best of both the online and offline worlds.

We continue to face challenges in domestic operations. From our earliest days, we have pursued direct selling, an original business model that hinges on people—that is, knowledgeable people who deliver the best products to interested people. Our greatest strength is the high lifetime value created by Beauty Directors—sales representatives with deep roots in their respective communities—through close relationships with their customers. We will leverage this strength to ensure customer continuity and cement brand loyalty. Also of note, we boast strong R&D and product planning capabilities as well as high brand value, exemplified by the *B.A* range of products. We will enhance these various facets of value and also strive to create customer value through thorough quantitative customer analysis and measurement of the effectiveness of initiatives we implemented. ORBIS, where I worked previously, has also successfully applied the direct-selling approach. I will draw on the results achieved by ORBIS to help put POLA back on a positive performance track.



Takuma Kobayashi
Representative Director
and President
POLA INC.

Appointed in January 2025

Fiscal 2024 results

At POLA, we seek to attract customers who will remain loyal to the brand long-term by introducing high-value-added products, particularly in the areas of anti-aging care and skin-brightening, along with consulting and aesthetic treatments. Kicking off new product releases in 2024 was *WHITE SHOT FACIAL SERUM*, a beauty serum targeting brighter, more beautiful skin, in February. This was followed by the March renewal of *B.A LIGHT SELECTOR* and the October debut of *B.A GRANDLUXE O*, the first cream in this offshoot lineup under POLA's high-prestige series, *B.A*. All three products proved popular, picking up many best cosmetics awards.

In Japan, sales remained favorable at department stores, but challenges on the consignment sales channel pulled down overall

results in the domestic market. In consignment sales, POLA encouraged customers likely interested in consulting and aesthetic treatments to visit a store, and welcomed an increase in sales at stores on a growth track. The rate of revenue decline on the consignment sales channel improved throughout the fiscal year. Meanwhile, overseas, worsening economic conditions in mainland China had a big impact on demand, eroding sales. Steps were taken to close unprofitable stores in this market to realize a profitability upswing.

Given the above, net sales fell 5.8%, and operating income dropped 14.0% year on year.

Future measures

In 2024, the speed of recovery in consignment sales and the growth of the Chinese market fell far short of initial expectations. We will strive to build the business base to get back on a growth trajectory.

Fiscal 2025 plan

	Net sales	In line with FY2024
Operating income	Down approx. 10 to 12%	

Enhance brand presence in Japan

We will clarify the role of every offline customer touch point and its value and will launch a new salon model on the consignment sales channel. We will locate stores in prime locations in major metropolitan areas and regional cities easily accessible to customers, building a store network that will serve as a destination for customers we initially connected with online, while leveraging store branding and boosting the brand value of POLA's aesthetic salons. At department stores, we will strive to attract customers and enhance engagement from a brand experience perspective through consulting and trial use of products, thereby keeping growth potential high. On other sales channels, we will expand the number of facilities that stock our popular hotel amenities and open stores in cosmetics specialty stores to increase points of contact with customers.

On the products front, POLA will expand the *WRINKLE SHOT* and *WHITE SHOT* lineups, both mainstay series, in the first half of fiscal 2025, followed in the second half by an updated aesthetic treatment menu and relaunch of the flagship *B.A* skincare series. By introducing persuasively appealing products and a fuller selection of services, we will attract new customers and increase lifetime value for existing customers while strengthening brand presence.



Facial treatments utilizing all techniques accumulated through years of skincare research

Strategic business restructuring in mainland China and business expansion in ASEAN

The business environment in mainland China is likely to remain challenging for POLA's local operations. Against this backdrop, we will promote community-store development as a new approach to improved profitability and stable business growth. Specifically, we will open stores in affluent residential districts and choose locations easily accessible to target customers. We aim to attract well-heeled individuals and maximize lifetime value by enhancing engagement through consulting, exclusive workshops and other relationship-building opportunities.

In the ASEAN region, which presents growth potential, we hope to expand customer touch points and attract new customers through communication tailored to the culture and customs of each country within the greater market sphere. This approach could transform the ASEAN region into a driver of overseas business growth for POLA.



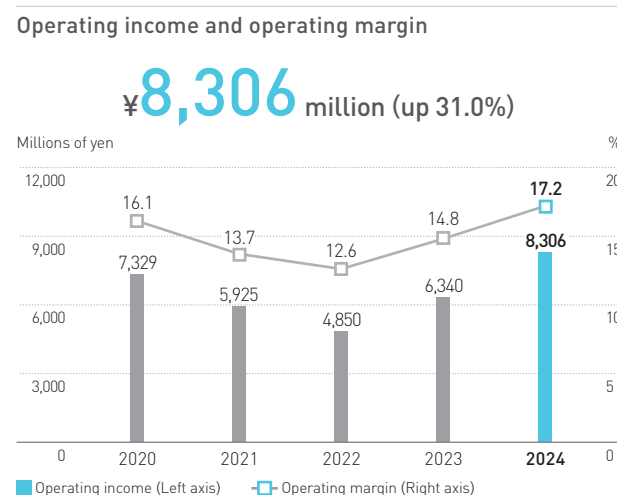
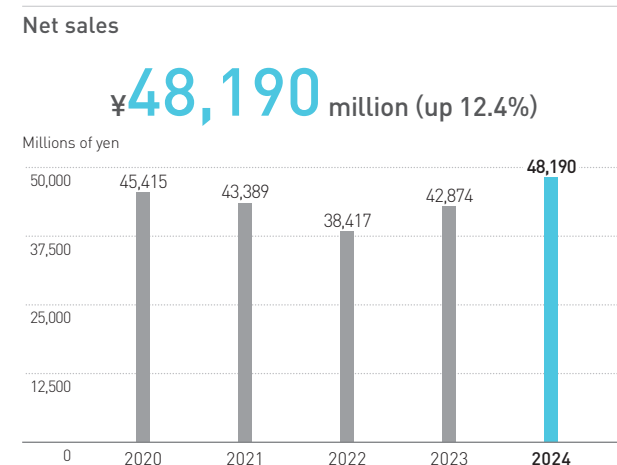
Community store in mainland China



ASEAN store

ORBIS

Anti-aging care brand that brings out the beauty inherent in each person



President's message

At ORBIS, from our foundation to the present day, we believe skin has an inherent power that we strive to bring out. The value we provide customers is epitomized by SMART AGING®, whereby each person ages naturally in his or her own way by demonstrating inherent strengths. We began a process of rebranding in fiscal 2018 and implemented bold reforms targeting business activities as well as our organizational structure, evolving into a brand that delivers high added value. This evolution has resulted in two consecutive years of double-digit increases in sales and income.

A comparison of ORBIS today and ORBIS before rebranding shows that the median price of main products has risen, up from the ¥1,000 range, to the ¥3,000 range, and the brand has captured the attention of more customers who present high lifetime value as they continuously purchase anti-aging skincare series, such as mainstay *ORBIS U.*, in the high-price tier. In addition, we have launched numerous hit products, including a medicated sunscreen that also reduces the appearance of wrinkles and promotes skin-brightening as well as a skin-brightening serum featuring original ingredients that promote beautifully clear, radiant skin. We will build a stable customer base by inspiring brand loyalty among customers initially enticed by ORBIS's high-performance skincare and then maximize cross-selling opportunities for other appealing product lineups. The ability to execute this process with a high degree of accuracy is an ORBIS strength facilitated through one-to-one marketing using customer data.

In addition, in fiscal 2024, we debuted *ORBIS SHOT PLUS*, an affordable skincare line, exclusively for sale through drugstores and other external sales channels. To date, ORBIS has maintained a direct-to-consumer approach to sales. The recent addition of sales channels is intended to reach a deep consumer segment unfamiliar with the brand but possibly very interested in what ORBIS has to offer. ORBIS is unique because of the added value it provides, namely, quality and reliability, and also because repeat customers feel an affinity for the brand. Going forward, we will focus on creating customer value from a more essential perspective, increasing brand recognition and achieving further business growth.



Hiroe Yamaguchi
Representative Director
and President
ORBIS Inc.

Appointed in January 2025

PART 1

POLA ORBIS Group direction

PART 2

Activities that underpin value creation

PART 3

Financial data

Fiscal 2024 results

On the direct-selling channel, our goal was to retain customers and maximize lifetime value through greater efficiency and more precise communication helpful to individual customers. Sales of our pinnacle anti-aging series *ORBIS U.*, which embodies the brand's provided value SMART AGING®, have charted a steady upward path since the August 2023 revamp. We marked a favorable increase in demand for high-performance skincare products in the high-price tier, complemented by a good market response to the February 2024 launch of *ADVANCED BRIGHTENING SERUM*, which contains a proprietary active ingredient developed within the POLA ORBIS Group for skin-brightening. We also leveraged cross-selling opportunities with

an enriched assortment of base makeup, contributing to higher lifetime value for customers.

As for external channels, we expanded customer touch points and maintained high growth in sales with a more pervasive product presence at physical stores, such as cosmetics specialty stores, cosmetics and lifestyle goods stores and drugstores, and through e-commerce platforms, such as Amazon and Rakuten Ichiba in Japan.

Given the factors outlined above, ORBIS achieved a second straight year of double-digit increases in sales and income, with net sales climbing 12.4% and operating income jumping 31.0% year on year.

Future measures

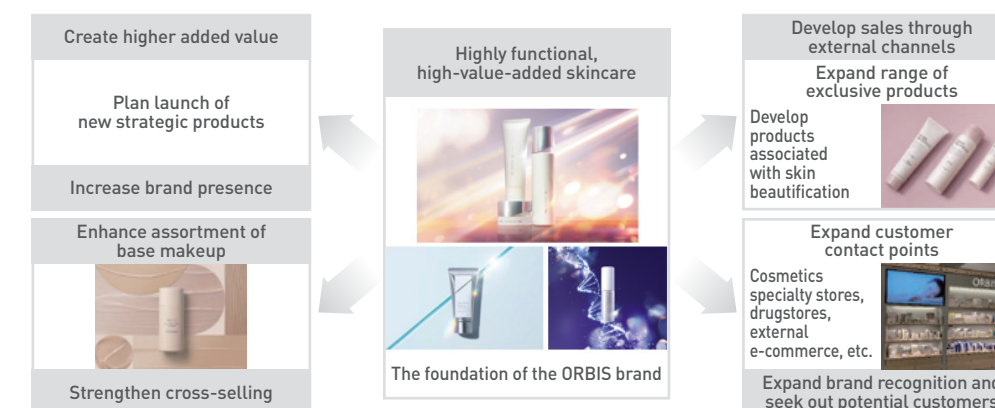
In 2024, we achieved high growth through the stabilization of the customer base and the expansion of sales channels. Going forward, we will aim for an even higher-profit business structure by focusing on customer retention and lifetime value improvement.

Fiscal 2025 plan	Net sales	Up approx. 2 to 3%
	Operating income	Up approx. 5 to 6%

Increase customer touch points

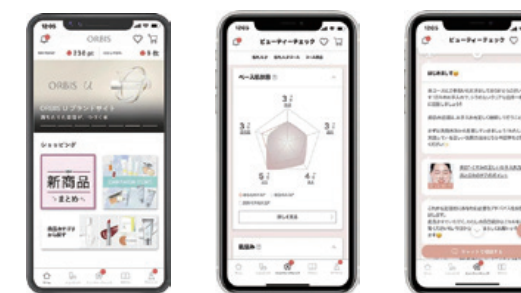
To date, ORBIS has developed its business with high-performance, high-value-added skincare as the foundation of the brand. The stable customer base that we have built has allowed us to expand direct-selling channels and cultivate external channels, resulting in high growth. While the brand's provided value will remain central to further business development, we will strive to improve lifetime value by increasing brand presence by introducing new strategic products and by strengthening cross-selling across product categories. Also, in addition to the two channels—mail-order (e-commerce and catalog) and stores—that support direct selling, it is increasingly important to

pursue comprehensive marketing with a third channel, the external channels business, to build a massive distribution network and drive brand growth. Toward this end, in designing strategies for products, pricing, channels, promotions and other facets of business, we will assume growth in direct selling while providing more customer touch points to deliver the value inherent in the ORBIS brand to as many people as possible.



Strengthen customer base

We will utilize our own customer data platform that brims with content obtained primarily through the ORBIS app—a robust business platform with some six million downloads, as of December 31, 2024—to move customer communication methods to the next level. Transitioning from communication based on traditional purchase history to communication based on behavior and value perceptions will strengthen engagement and boost lifetime value for customers.



ORBIS app

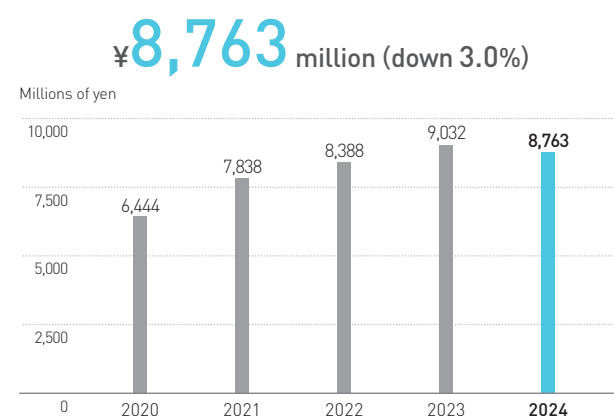
Growth Strategies by Brand (Overseas Brand)

Jurlique

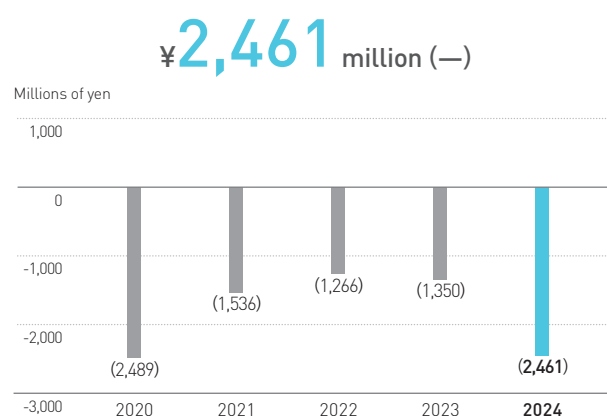
Australia's premium natural
skincare brand



Net sales



Operating loss



Fiscal 2024 results and future measures

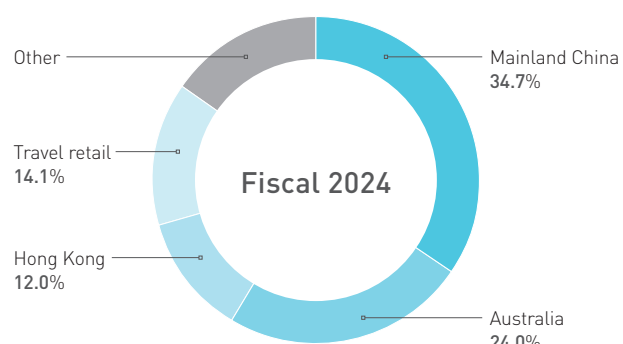
Jurlique was established in Adelaide, a city in southern Australia, in 1985. At company-owned farms certified organic by the National Association for Sustainable Agriculture Australia (NASAA), Jurlique handles everything from soil preparation to plant cultivation, manufacturing and quality control, and has also been recognized under the global B Corporation system. The company seeks to grow its face-oil category, centering on *Rare Rose Face Oil*, which features original proprietary rose ingredients, into a product group that showcases the brand, while pursuing further efforts to strengthen branding Jurlique as a holistic and conscious beauty brand.

In 2024, Jurlique posted an increase in home-market sales in Australia, but further deterioration of business conditions in mainland China and Hong Kong eroded results, leading to a 3% decrease in net sales. Cost control efforts failed to compensate for a drop in gross profit due to faltering sales, culminating in wider losses. Going forward, Jurlique aims to turn to profitability by 2026 and will implement structural reforms to achieve this goal. An emphasis will be placed on lowering the break-even point and working to improve profitability through a cost review process more thorough than ever before, including simplifying and downsizing the organizational structure and closing unprofitable stores.

Results have fallen far short of the plan in 2024 due to the impact of deteriorating business conditions in mainland China and Hong Kong.

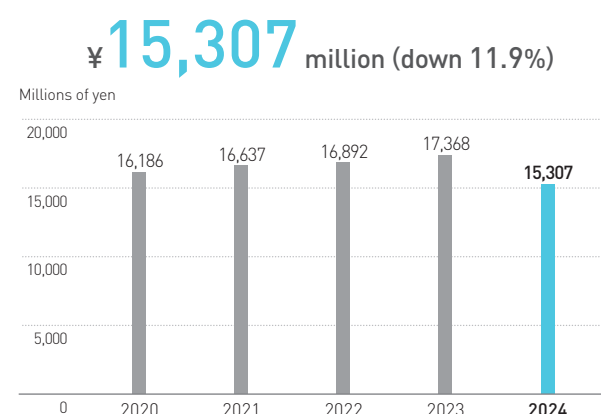
We will engage in structural reforms to swiftly achieve profitability.

Net sales breakdown by region

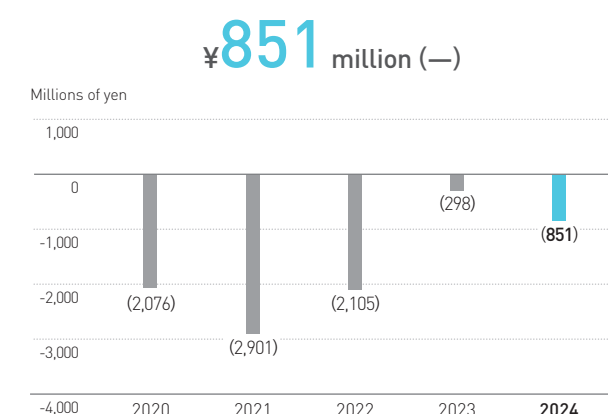


Growth Strategies by Brand (Brands under Development)

Net sales



Operating loss



Fiscal 2024 results and future measures

THREE

Since THREE's earliest days, we have made naturally derived essential oils integral to R&D activities, highlighting a holistic approach to skincare designed to reveal the inherent vitality and beauty unique to the individual by harmonizing society and nature with oneself. Efforts were directed toward reimagining the brand by emphasizing essential oils as provided value, but the brand failed to attract the anticipated level of new and repeat customers, leading to a 4.8% decrease in net sales and derailing progress to exit the persistent operating loss situation of 2024. Going forward, we will strive to rebuild THREE's customer base and establish a stable earnings base by capturing the attention of customers with repeat purchase potential and high lifetime value through such strategies as reinforcing the range of distinctive holistic products using essential oils and expanding experience-oriented stores specializing in the scents of essential oils. These strategies differ from those of conventional stores, which concentrate on product sales.



FUJIMI

FUJIMI is a brand that offers supplements, face masks and protein products personalized to each customer using its proprietary analysis. Buoyed by solid demand for personalized protein products from FUJIMI's target wellness-conscious customer segment, the brand showed profit in 2024. Going forward, FUJIMI will leverage efforts to constantly launch new products, especially protein products, raise the repeat ratio and strive to expand its business scale.



Personalized proteins

DECENCIA

DECENCIA has been addressing sensitive skin concerns since before the concept of sensitive skin became widely known, offering anti-aging care products and skin-brightening products that can be used with peace of mind even by those with sensitive skin.

In 2024, net sales grew 7.2% year on year, fueled by favorable demand from new customers as well as existing customers. Going forward, DECENCIA will seek further growth by engaging in strategic marketing, expanding marketing channels and improving customer loyalty and lifetime value.



DECENCY series

President's message

DECENCIA is a brand that connects directly to people with sensitive skin with the underlying purpose of eliminating unfairness caused by skin conditions. DECENCIA will leverage reliable product appeal based on POLA CHEMICAL INDUSTRIES's expertise and communication attuned to the concerns of people with sensitive skin to build a stable customer base and steadily expand its business scale. These efforts should lead to enhanced profitability.



Emi Nishino

Representative Director
and President
DECENCIA INC.

Appointed in January 2025

Initiatives on Sustainability

Demonstrate strength and uniqueness, and pursue sustainable business activities while approaching solutions to social issues

Seizing on approaches that contribute to realizing a sustainable society as opportunities that grow into sustainable business activities, POLA ORBIS HOLDINGS identified materiality issues for sustainability applicable Groupwide to balance solutions to social issues with sustainable business growth.

Sustainability Statement

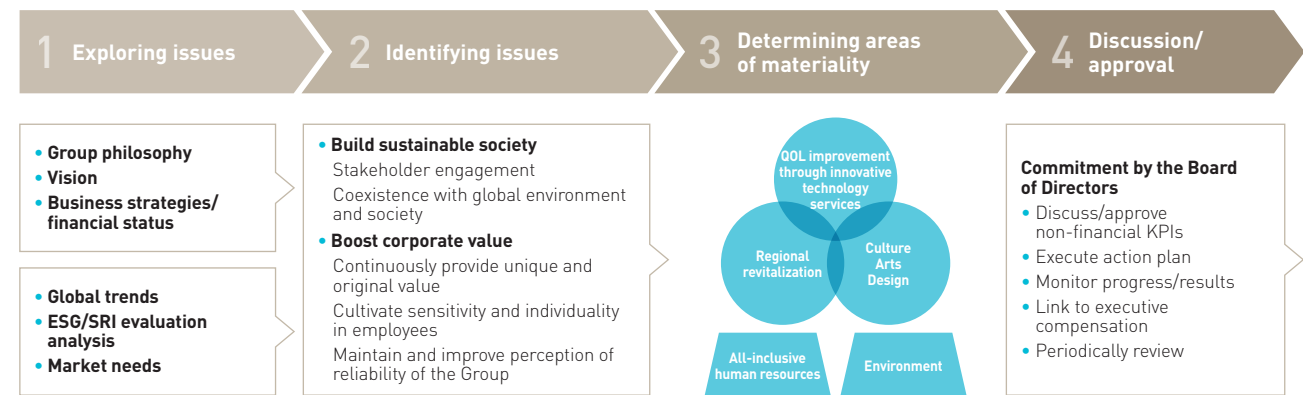
We, the POLA ORBIS Group, offer enriched lives to people all over the world, with our supple minds in which rich sensitivity and individuality is woven.

In order to do so, we hereby declare that we will deal with all our stakeholders and global/social environments in good faith and continue to grow as a company which helps create a sustainable society.

Sustainability policy formulation process

Utilizing the strengths of the POLA ORBIS Group and thinking that tracks back to the earliest days of our founding, POLA ORBIS HOLDINGS considered how best to convey value to society and identified priority issues—materiality. All points in areas of materiality are assigned a KPI, and the progress of efforts to achieve these targets is tracked. The Board of Directors has

decided to link the degree of success in five performance indicators—number of new businesses created, percentage of female managers, reduction of CO₂ emissions, reduction of water consumption and procurement of sustainable palm oil—to management targets and medium- to long-term incentive evaluation criteria for executive compensation, starting in 2024.





Five non-financial materiality categories

Quality of Life Improvement through Innovative Technology Services



Innovative technology services enrich customers' lives

The POLA ORBIS Group's research and development contribute to enhanced quality of life because the targets of research and development are not only the skin but the entire body and because results are quickly turned into technology for use in products and services.

Working toward non-financial KPIs

Background to materiality measures

- The POLA ORBIS Group has collected resources to tackle wrinkles and dark spots—two of the biggest skincare concerns—and filled its R&D reservoir with original ingredients, patents and materials found nowhere else in the world. Research goes beyond the skin to the whole person.
- A varied, multi-brand approach is applied to research activities to help improve quality of life for targeted customer groups, each characterized by different lifestyles and different needs.

Non-financial KPIs and results of major activities in 2024

	Explanation	2024 results	Major activities in 2024
1 Number of new businesses created	Develop new services and new fields to meet diversifying needs	19 (since 2021)	Apply approaches such as internal venture program and collaboration with external parties to create businesses targeting different customer groups and using business models different from existing ones
2 Brand recognition and loyalty	Leverage each brand's characteristics to improve customer QOL	Researched by brand	Customer events and information dissemination by influencers to coincide with new product launches
3 Number of research awards won at home and abroad (POLA CHEMICAL INDUSTRIES)	Develop seeds that grow into high-value-added products	17 (since 2018)	POLA CHEMICAL INDUSTRIES Johann Wichers Poster Award, given to the best poster presentation at 34th International Federation of Societies of Cosmetic Chemists Congress; Audience Award at 29th Japanese Academy of Facial Studies Annual Conference; Research Encouragement Award at 17th Annual Academic Conference, Japan Society of IT Healthcare
4 Number of researchers in cutting-edge dermatology research (POLA CHEMICAL INDUSTRIES)	People to expand research beyond skin to whole body	80 (as of December 31, 2024)	POLA CHEMICAL INDUSTRIES Hired new graduates and midcareer specialists in such areas as dermatology, formulation and data analysis

POLA/Research

TOPICS

Launch of *WRINKLE SHOT SERUM DUO*, driven by new technology of Technical Development Center (TDC)

POLA launched *WRINKLE SHOT SERUM DUO*, a quasi-drug to improve wrinkles, on January 1, 2025. This product, from the pioneering *WRINKLE SHOT* wrinkle-improving series, is innovative in that it targets scattered wrinkles—the often less-noticeable wrinkles that exist across the face—and is sure to energize the wrinkle-improving cosmetics market. TDC-driven technology development contributed significantly to bringing *WRINKLE SHOT SERUM DUO* to market.

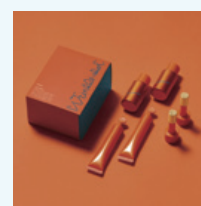
New production technology made possible by TDC

Conventional formulations did not have the right consistency for full-face application. By adopting a system whereby the user adds one component liquid to the other and shakes the bottle to blend the two liquids just before emulsification, TDC made it possible to deliver NEI-L1®, the wrinkle-improving active ingredient in the *WRINKLE SHOT SERUM DUO*, to the entire face. Also of note, the blend-just-before-use method requires high-precision filling at the production stage to ensure the bottle contains the right amount of the active ingredient. TDC achieved this by applying manufacturing technology from a different industry.

*Sodium formylthiopyruvate trifluoroacetylisobutyl dipeptide-42 amide

- 1 Ultra-precise filling: Utilizing high-precision filling equipment found in semiconductor and electronic device manufacturing**
- 2 Zero risk of discrepancies after filling: Eliminates risk of liquid dripping**
- 3 Meticulous confirmation of filling volume: Guaranteed by using precision weighing equipment that ensures bottle is filled with right amount of active pharmaceutical ingredient**

TDC's greatest strength is a technology verification cycle that integrates research, development and production. State-of-the-art facilities on-site ensure a smooth process from prototyping to production for efficient operations that meet high-quality standards.



WRINKLE SHOT SERUM DUO



TDC: Technical Development Center

PART 1

POLA ORBIS Group direction

PART 2

Activities that underpin value creation

PART 3

Financial data

Medical

Non-financial KPI item 1

Aesthetic medicine from POLA Medical creating new value

In line with the long-term management plan VISION 2029, the POLA ORBIS Group is promoting development of business pursuits in aesthetic medicine. In January 2024, POLA MEDICAL launched *Dive*®, a medical cosmetics series offered exclusively to dermatology clinics for aesthetic medicine, where the company is continuing to cultivate sales. The number of clinics handling *Dive*, along with sales, is moving in a favorable direction.

In October 2024, POLA MEDICAL put a spotlight on POLA Medical Experiences (P-MedX®), which fuses aesthetic medicine and skincare, by starting a new service called Club P-MedX to achieve this integration. The company aims to increase the value of P-MedX® by collaborating with partner clinics in five areas: knowledge provision/joint research, skin diagnosis methods, allied healthcare professionals, treatment techniques and medical cosmetics.

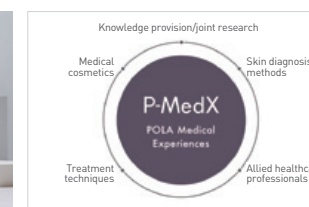
For Club P-MedX, POLA MEDICAL created a clinical community, using the online community platform Commune to provide a forum where key opinion

leaders can share the latest information and exchange opinions on a wide range of topics, including dermatology, clinic management and mental health.

To date, POLA MEDICAL has released two products targeting dark spots and wrinkles. In 2025, a product targeting pores was added to the lineup. Medicine (treatment) and beauty (skincare) have a complementary relationship. By offering solutions that bring about a synergistic effect to address people's concerns, POLA MEDICAL will contribute to new value in aesthetic medicine.



Dive® medical cosmetics series offered exclusively to clinics



P-MedX®

POLA CHEMICAL INDUSTRIES

Non-financial KPI item 3

Seeking to create ultimate personalized cosmetics

POLA CHEMICAL INDUSTRIES pursues research in three categories: science, communication and life. In the science category, the emphasis is on unraveling the biological phenomena occurring within the skin and developing materials for cosmetics and quasi-drug products, as well as to create results in domains that go beyond the borders of conventional cosmetics.

One successful result of research won the Johann Wichers Poster Award, given to the best poster presentation at the 34th IFSCC Congress in October 2024. The theme of the winning paper was "Mirror Skin," generated from cells in one's own urine: A perfect skin replica for the ultimate personalized cosmetics. Researchers isolated induced pluripotent stem (iPS) cells from urine and then successfully created artificial skin, dubbed *Mirror Skin*, which replicates the individual's unique skin characteristics.

The technique enables POLA CHEMICAL INDUSTRIES to identify potential skin problems and find suitable active ingredients to address concerns unique to each customer, heralding greater personalization of cosmetics.

This research drew on expertise at the Yokohama R&D Center and Shonan Health Innovation Park, both in Kanagawa Prefecture, and NSG Bio Labs, in Singapore, under a three-site research structure that delivers faster practical use of results.



Tomoyuki Iwanaga, Dr., a researcher at POLA CHEMICAL INDUSTRIES, received the 2024 IFSCC Johann Wichers Poster Award.

Investment in intellectual property

POLA ORBIS HOLDINGS sees intellectual property and intangible assets—including patents, trademarks and other intellectual rights, technologies, brands, designs and know-how—as vital management resources. To maintain and reinforce these intangible assets, the Company will actively invest at least 2% of consolidated net sales into R&D, promote global development of the cosmetics business through enhanced research and technology strategies, reshape and enrich the brand portfolio, create new value and expand business domains. The Company links management strategies and business strategies to research strategies and protects R&D results, the names used for each brand and other intangible aspects according

to intellectual property rights, such as patent rights, design rights and trademark rights. POLA ORBIS HOLDINGS encourages the use of acquired intellectual property rights within the POLA ORBIS Group but also takes a robust approach to additional applications, such as in joint activities with other companies. Intellectual property rights of the Group are centrally managed by the POLA ORBIS HOLDINGS Group Research and Pharmaceutical Center to maximize the value of intellectual property. In addition, we conduct anti-infringement checks on the products and services of each Group company to minimize the risk of disputes, thereby preventing damage to brand value.

Enriching the lives of local people

The POLA ORBIS Group is always grateful to the communities in which it does business and aims to grow together with them.

Working toward non-financial KPIs

Background to materiality measures

- The POLA ORBIS Group has provided job opportunities to women since 1937, when working women were a rarity, and has supported female entrepreneurs in rural areas. POLA has a network of about 19,000 Beauty Directors, who deepen communication with customers through consulting but go beyond making skin beautiful to truly get to know customers and help them live comfortable lives. In addition, we are participating in “BLOOM OUR TOWN,” a community-based initiative aimed at creating a society where people can live with smiles on their faces all the time.
- Via THREE, we are contributing to regional revitalization through collaboration with Kumamoto Prefecture, local companies and other brands as well.

Non-financial KPIs and results of major activities in 2024

	Explanation	2024 results	Major activities in 2024
5 Number of stores engaged in regional revitalization activities (POLA)	Strengthen cooperation between shops and community (collaboration among industry, government and academia)	To start in 2025 —	
6 Number of initiatives contributing to the local economy	Expand synergy through joint efforts in our key businesses that energize local economic activity	48 (as of December 31, 2024)	POLA <ul style="list-style-type: none"> Signed eight more comprehensive partnership agreements Launched “BLOOM OUR TOWN,” community-based initiative POLA CHEMICAL INDUSTRIES <ul style="list-style-type: none"> Implemented clean-up activities and work-experience opportunities at the factory for junior high school students in the neighborhood ACRO <ul style="list-style-type: none"> Development of raw materials in cooperation with Kumamoto Prefecture, Saga Prefecture and other companies

THREE

Non-financial KPI item **6**

Job creation through project to manufacture domestic essential oils in Kumamoto Prefecture

Essential oils are a core feature of THREE, a brand that focuses on customers’ well-being. The brand’s efforts are directed toward joint pursuits with local governments and local companies in each region to develop original, domestically produced essential oils. The goals are not only to produce high-quality essential oils in Japan but also to revitalize local industries through job creation and a more welcoming approach toward immigrants in the community.

In 2024, ACRO, the company behind THREE, launched THREE Births—a test agricultural field project that serves as a starting point for raw material development—in Minamiaso, Kumamoto Prefecture. THREE Births, previously a vast tract of unused land, was changed into ground for cultivating new plant varieties and exploring new avenues of plant-related R&D. The field is maintained by the



Harvesting herbs in Kumamoto Prefecture

employees themselves. An annual planting schedule to grow trees over the long term—50 or even 100 years—will yield crops that spotlight domestic production of essential oils and enhance the added value of products featuring these oils.

Beginning in 2025, ACRO aims to deliver the value of THREE as a holistic lifestyle brand from Japan to customers all over the world. ACRO will continue to leverage sustainable initiatives hinging on domestically produced essential oils and emphasize steps to improve THREE’s brand value while contributing to the local community.



Essential oil extraction at Holistic Research Center, THREE’s research facility

POLA

TOPICS

Cocreation with region starts with thinking about customers nearby and wider local community

More than 2,500 POLA shops, mainly run by self-employed individuals, and about 19,000 Beauty Directors nationwide ensure that POLA is firmly rooted in each community and that business pursuits match local characteristics. Regional revitalization is an important issue for POLA, and the community-based “BLOOM OUR TOWN” initiative is one of the Company’s responses to challenges that parallel regional revitalization. Through Beauty Directors, POLA works hand in hand with people in the community, including members of industry, government and academia, engaging in activities to create a future that benefits the company as well as customers, the region and society at large.

Specific activities center on five themes that align closely with POLA’s business: community-building, encouraging women, supporting the next generation, diversity and the environment. In 2024, more than 400 shops across the country took part in various activities.

Sagamihara, a local women’s professional soccer team, is guided by the vision to “provide brilliant team play and entertainment that make people proud to be citizens of Kanagawa Prefecture.”

The Namiki shop subscribes to this sentiment as well and promotes various activities to support the team and its pursuits. The staff offers facial massages and help with makeup when the players are preparing for promotional poster photo shoots or video appearances. To help the team build a bigger fan base, the shop sets up a hand treatment booth for fans during games. Through the Namiki shop’s efforts to support the women’s soccer team, POLA shows it is committed to encouraging women to be active and to energizing local communities, beginning with Sagamihara.



Scene of support activities

Community-building case study: **Saitama Prefecture** Fun-inspiring, community-building projects unique to Shin-Shiraoka

(primO Shin-Shiraoka Shop)

This project seeks to bring joy to local residents and smiles to the faces of many people who happen to be in the area. The shop is implementing a community-building plan to revitalize the space in front of the Shin-Shiraoka train station in Saitama Prefecture and promote fun and enjoyment unique to this area. Activities include the Kirei Project, a community-driven effort to keep the area in front of the station neat and clean; the Choi Nomi Project, which addresses the lack of restaurants in front of the station and aims to turn the area into a place for relaxation; Local Marché, a place where children can experiment with makeup and mothers can enjoy a hand treatment; Beauty Marché, a weekday event that provides adults with time to relax and rejuvenate while creating a place where self-employed individuals can do business; and the Halloween Project, a holiday-themed opportunity to energize the area and encourage community interaction. primO Shin-Shiraoka contributes to area revitalization by collaborating with members of the community to create places for communication and connection from a local perspective.



Community-building activities in Saitama Prefecture

Encouraging women case study: **Kanagawa Prefecture** Supporting vitality of local women’s professional soccer — (POLA THE BEAUTY Namiki Shop)

Determined to see a society where everyone can shine, regardless of gender or age, Nojima Stella Kanagawa

Supporting the next-generation case study: **Gifu Prefecture, Kagoshima Prefecture**

Future Project: Local Job Discovery Team (AQUALIE Co., Ltd./POLA THE BEAUTY Across Plaza Yojiro Shop)

When the representative of AQUALIE heard local high school girls lamenting that they would never realize their dreams in their hometown of Hida-Takayama, she decided to do something. Her idea was to create a bright future for the community and its young residents. In cooperation with local companies, AQUALIE runs events, including work experience for children and the distribution of promotional videos about career opportunities in the area. In 2024, a similar “job discovery team” program of events rolled out in Kagoshima Prefecture as well.

Diversity case study: **Ibaraki Prefecture** Supporting concept “Always live your life your way” — (POLA THE BEAUTY BiVi Tsukuba Shop)

POLA certifies as a Friendly Shop (Coexistence with Cancer) shops where cancer patients and those who assist them can acquire basic support knowledge to “live more true to themselves and beautifully.” BiVi Tsukuba is one such certified shop, working to raise awareness with a Friendly Shop certification plaque in the reception area and a self-check sheet in the treatment room.

POLA will expand community-based activities and raise brand value by addressing local issues while contributing to the realization of a sustainable society. With this approach, the company and the brand will build a win-win relationship with local communities while working steadily toward VISION 2029 and the achievement of growth strategies for the POLA ORBIS Group.



Adding color to people's lives through culture and the arts

The POLA ORBIS Group has long supported cultural and artistic activities that foster people's inner beauty. We identify culture, the arts and design as important elements of our business development.

Working toward non-financial KPIs

Background to materiality measures

- To generate innovation in the VUCA (volatility, uncertainty, complexity, ambiguity) era, employees must acquire a heightened sensitivity and sharpen their ability to pinpoint issues and communicate. These qualities are indispensable.
- By collaborating with highly perceptive artists, we endeavor to provide content that stimulates the sensitivity of our customers.

Non-financial KPIs and results of major activities in 2024

	Explanation	2024 results	Major activities in 2024
7 Number of new brand experiences created that utilized art	Develop brand-based products and services with innovative, modern appeal	22 (2024 only)	POLA Cocreate with artists on <i>B.A</i> brand ORBIS Art collaboration at directly operated retail stores
8 Number of participants in workshops on liberal arts topics	Cultivate aesthetic sense and personal tastes through such events as exhibitions and workshops and give back to society	304,330 (since 2018)	Group companies Ran art workshops for employees at Group-wide training sessions POLA ORBIS HOLDINGS Art gallery operation P.O. REAL ESTATE Held events at POLA aoyama building and workshops for residents of rental condominiums

POLA

Non-financial KPI item 7

Providing opportunity to take on challenges of the future through artwork for *B.A*

POLA's *B.A* series embodies the idea that everyone has "AGEBILITY"—a coined term to describe the ability to transform the experiences that come with age into future possibilities. We chose dahlias, defined as "prosperity" in the language of flowers, as the symbolic flower to convey the message that people inherently possess the inner strength to blossom at any age. The artwork by world-renowned flower artist Makoto Azuma uses the same X-ray technique as the *B.A* series to capture and reveal the essence and strength of the beauty in life that the naked eye cannot see.

In addition, as part of a project to promote the AGEBILITY message, POLA temporarily showcased participative flower installations in various locations in Japan. In 2023, the company collaborated with railway operators in Fukui and Shimane prefectures to install flower art in local trains and set up flower

installations at POLA shops in Hyogo and Aichi prefectures. In 2024, POLA launched the "Monday Flower Shop" project in the city of Hirosaki, Aomori Prefecture, where the company already had a comprehensive partnership agreement. The project provided an opportunity for passers-by to reflect on the present and acknowledge the importance of each and every day, conveying the idea that daily efforts lead to new possibilities in life.

AGEBILITY activities were expanded to mainland China, where three-day events in Shanghai in two consecutive years since 2023 have allowed visitors to experience the splendor of flower installations. In 2024, complementing the event, POLA deployed in-store tools touching on AGEBILITY across mainland China and presented AGEBILITY artwork and ideas on the Tmall and Douyin e-commerce platforms.



AGEBILITY artwork



Participative event in front of Chuo-Hirosaki Station, Aomori Prefecture



e-commerce-linked activities in mainland China

Real Estate

TOPICS

POLA aoyama building connecting art, culture, people and community

Construction of the POLA aoyama building, managed by P.O. REAL ESTATE, was completed in March 2024. In addition to a state-of-the-art office environment, this mixed-use venue includes an incubation space for start-up companies, a multipurpose hall, a childcare area and a cultural research center. It also functions as a place that connects "art, culture, people and the community," offering cutting-edge advances to meet diverse needs.

Overlap—incubation facility

The incubation space to support start-up entrepreneurs is run by POLA ORBIS CAPITAL, POLA's corporate venture capital business, and extends support on management and other aspects related to starting a business.



POLA Research Institute of Beauty & Culture: Cosmetic Culture Gallery

Since its establishment in 1976, the POLA Research Institute of Beauty & Culture has been continuously engaged in collecting, preserving, researching and disseminating to the public aspects of cosmetics culture. The Cosmetic Culture Gallery offers a diverse range of programs, including access to exhibitions and published materials.



Tsuchiura Kameki House

Completed in 1935, the Tsuchiura Kameki House is a rare example of prewar modernist residential architecture. Designated a Tangible Cultural Property (building) by the

Tokyo Metropolitan Government in 1995, it was also among the first 20 buildings selected in 1999 by DOCOMOMO Japan, a worldwide organization dedicated to preserving modern architecture. In 2024, the house was restored and then relocated to the grounds of the POLA aoyama building, where it is maintained and open for public viewing.



Photo: Tsuchiura Kameki archives

In addition, the building and the successful restoration and relocation of the Tsuchiura Kameki House were recognized by the Japan Association of Artists Craftsmen and Architects in December 2024 with the grand prize, the AACA Award. Artists were involved from the early stages of the design process, creating a spatial environment in which architecture, art and landscape resonate with one another and thus give shape to the concept "Sensuous Kaleidoscope—Encounter new discoveries and brilliance with every visit. Your world will expand, and your life will change." The POLA aoyama building is designed as a new type of office building that fuses art, culture and design.



POLA aoyama building art
Artwork © Enrico Isamu Oyama EI0S,
Photo © Tatsuya Noaki



Exterior of POLA aoyama
building
Photo © Tatsuya Noaki

Culture

Non-financial KPI item 8

Stimulating sensibilities through art at POLA MUSEUM ANNEX

In October 2024, the POLA MUSEUM ANNEX celebrated the 15th anniversary of the Pola Ginza Building by holding the exhibition "Henri Matisse: Playing Music of Color," featuring works by Henri Matisse, one of the most representative painters of the 20th century, from the Pola Museum of Art's collection. This exhibition drew the highest number of visitors of any event in 2024. Within the Group, a priority is placed on creating opportunities for people to experience art, heighten their sensitivity and add color to their lives.

To appeal to a wider range of viewers, this exhibition offered various programs that enabled anyone and everyone to enjoy the masterpieces, such as viewing sessions geared toward families

with babies to make the visit more comfortable and interactive viewing sessions for seniors, including those with dementia. Audio guides for young people were introduced, and a workshop for children from a nearby nursery school fostered good community interaction. All the programs brought out the visible enthusiasm of visitors, reminding us of the power of art and the vital role that the POLA MUSEUM ANNEX plays.



Workshop for children from nearby nursery
school



Five non-financial materiality categories

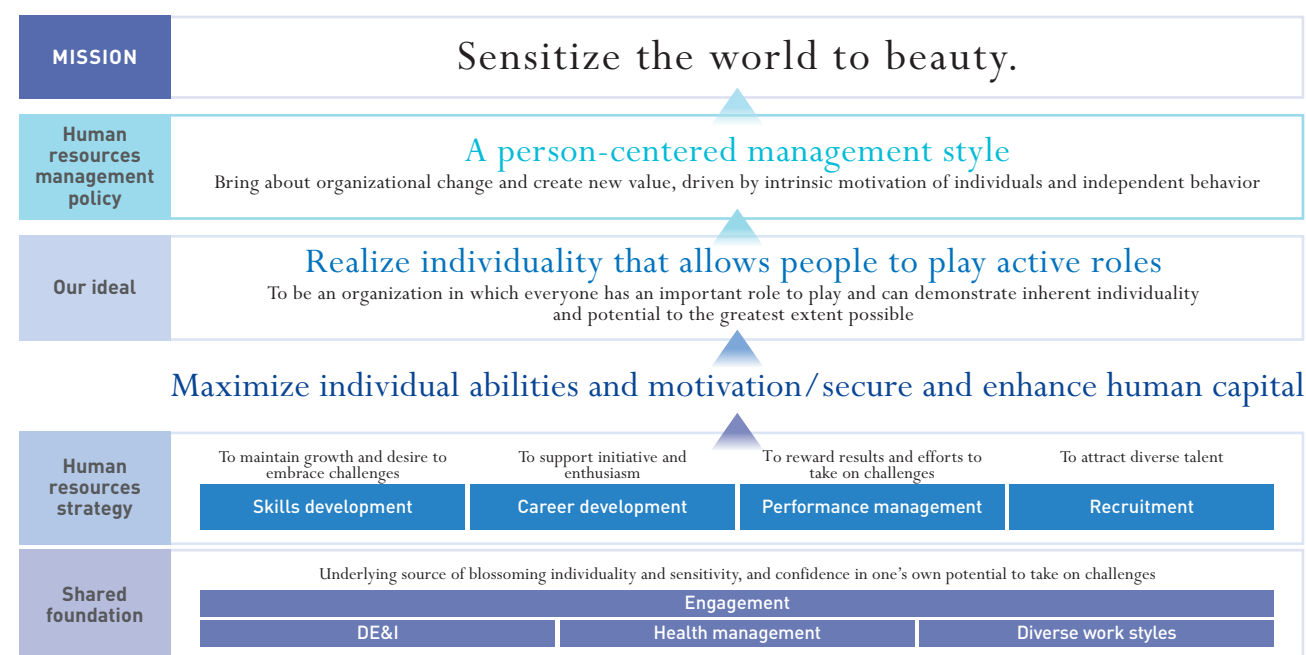
All-Inclusive Human Resources



Developing human resources who set the course for the Group's diverse brands

The POLA ORBIS Group oversees a portfolio of brands, each with its own concept, sales channels and market appeal. Going forward, business pursuits and brands will likely become increasingly diversified in tandem with the changing environment. Against this backdrop, it is people—with insight into the future and the ability to establish new businesses and raise the profile of diverse brands—who will be indispensable to further growth of the Group. Toward realization of VISION 2029, which sees the Group as “a collection of unique businesses that respond to diversifying values of ‘beauty,’ ” we are striving to cultivate human resources with leadership qualities and abundant personality.

POLA ORBIS Group's approach to human resources



Emphasis on developing human resources with long-term, change-driven perspectives

To advance, the Group must have people who can drive the growth of its diverse brands, see into the future and create new businesses. To foster human resources who can see the entire Group from a big-picture perspective, we provide opportunities for skills development and career development that transcend organizational barriers and allow individuals to take on challenges of their own choosing.

Subscribing to the Group's human resources management policy hinging on a person-centered management style, POLA ORBIS HOLDINGS promotes programs open to the entire Group aimed at developing next-generation leaders and also maintains a system that

allows employees to transfer to the company or department of their choice within the Group if they are seeking new challenges in their work life. We are also committed to creating environments that resonate with the will and motivation of each individual. In addition, we engage in AI human resources development and educate our staff on programming and data analysis methods to resolve business issues. We also believe diversity, inclusion and health management are important components of a shared foundation to actively engage human resources because a rewarding and comfortable workplace inevitably leads to higher job satisfaction.

Priority human resources strategies linked to basic policies of 2024–2026 medium-term management plan

Four Business Growth Strategies		Priority human resources strategies	
Strategy 1	Strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability	1	Systematically develop global and managerial human resources and strengthen on-the-spot employment
Strategy 2	Further grow the overseas business and establish business bases in new markets	2	Establish mechanisms to incorporate human resources, ideas and businesses into the Group
Strategy 3	Achieve profitability through growth in brands under development, contributing to sustainable earnings	3	Further expand and evolve the Group's management talent pipeline
Strategy 4	Enhance the brand portfolio and expand business domains		

Director's message

From a management perspective, our goal is to build an organization that is resilient and adaptable to change, based on a worldview that puts the individual at the center, with concentric circles extending outward to include family, friends, place of work, society and the earth.

Koji Ogawa
Director



POLA ORBIS Group's human resources management policy

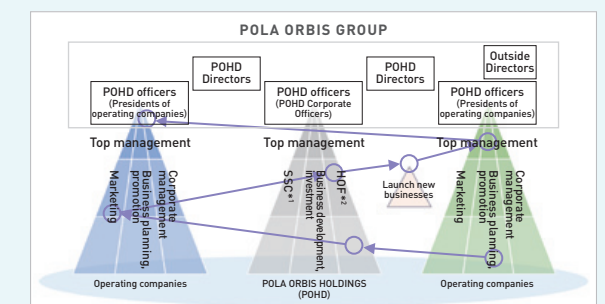
A human resources management policy hinging on a person-centered management style is integral to the ideal we, as a company—and by extension, as a corporate group—wish to portray, and represents the idea of an individual-oriented organization where employees are able to express their individuality and thrive. For many people who become employees, the basis for their own way of thinking and the way they use their time evolve into those of the organization. While this was once considered normal in Japan, perceptions about work and organizations have changed over the years. In 2017, the POLA ORBIS Group indicated both inside and outside the Company that a person-centered management style would underpin its human resources management policy. The person-centered management concept puts the individual at the center, with concentric circles extending outward to include family, friends, place of work, society and the earth. Companies and organizations have to change in response to economic and market trends, but changing an organizational structure once it has been established is difficult, and there is no guarantee that rebuilding it from scratch will be successful. However, at the Group, we believe a flexible organization—one that develops through an extension of relationships built among individuals—can adapt with relative ease to changing times and values. We engage with employees about a person-centered management style as applied to our human resources management policy. Specifically, we tell them to think about the kind of person they aspired to be not as a member of a company but rather as an individual, to take a multi-layered view of what they feel good about, what they are unsure about, what they think should be changed in their daily lives and then actually implement those changes, accumulating experience in the process without fear of failure. Of course, a company has targets and rules, but we believe that pursuing actions based on intrinsic motivation, rather than simply following a set framework of targets and rules, promotes flexibility and growth for an organization.

some are exploring AI. We also have a system in place that allows employees to attend classes while continuing to work, and every year our employees take on challenges in a variety of fields. Other programs, including the Group free-agent system, open-offer system and internal venture program, allow employees to experience a change in assignment while remaining within the Group. This flexibility enhances career development prospects. An example would be continuing with cosmetics-related work but focusing on cosmetics under a different brand in the Group's portfolio. We are also revamping human resources systems. Keen to eliminate seniority as an evaluation criterion, we are shifting our emphasis to evaluation and compensation based on expected roles, the difficulty of the job and the level of the contribution to business performance. As a result, the age range for management positions has expanded. By increasing opportunities for young employees to gain management experience early on, improve the quality of their work and enhance performance, we are seeing a higher number of young corporate officers in the ranks of senior management.

Developing the next generation of management by allowing employees to take on challenges and gain diverse experiences across the Group

One of the most important aspects of human resources management is ensuring that there is a sufficient number of candidates to fill management positions. We select candidates from across the Group who meet the requirements for key positions in managing Group operations and, after deciding issues related to aptitude, performance and training, we formulate plans to help candidates gain the necessary experience and monitor their progress. For example, we

Rotation (for illustrative purpose)



*1 Shared Service Center: Operational integration
*2 Head Office Functions: Planning and management of the Group's overall strategy and oversight of each company's strategy

Person-centered talent and career development

Gaining experience in certain areas such as research, marketing and human resources will improve an individual's abilities, but this alone is not sufficient from the perspective of skills development. Therefore, for a shared foundation for skills development, we have expanded systems across the Group to support employees eager to pursue independent learning. The Sabbatical Program allows employees to take time off work for learning a theme not directly related to their work. Some employees have gone to Finland to study happiness, others have done research on the cosmetics market in South Korea and



Non-financial KPI item 13

Next-generation leader skills development programs

In 2024, POLA ORBIS HOLDINGS expanded its programs for next-generation leader skills development, adding Wonder Camp for employees who have been with the Company for three years or less to the existing Future Study Program and the Business Innovation Academy. The Future Study Program kicked off in 2005, since which time POLA ORBIS HOLDINGS has constantly enriched the curriculum. More than 300 people have completed these programs, many of whom have been promoted to executive positions.

1. Wonder Camp (Launched in 2024)

Welcoming about 30 people, this program is aimed at employees in their first-to-third years at POLA ORBIS HOLDINGS. It is intended to give participants an opportunity to understand the ideas and values important to the Group, acquire diverse points of view and recognize the need to elevate their sense of humanity and make it an ongoing effort. Wonder Camp condenses the distinctive curriculums and underlying themes of the Future Study Program and Business Innovation Academy into the essentials of skills development. The goal is to turn human resources with an inherent ability to act independently, based on intrinsic motivation, into potential next-generation leaders, broaden their horizons by building connections within the Group and enable participants to grasp the significance of their own job within the Group as a whole and apply this awareness to their work.



Participants at Wonder Camp

2. Future Study Program

Designed for young employees in their 20s and 30s, the program is, in principle, open to anyone who wants to participate. Employees with a can-do attitude work in teams to envision the Group's future, identify issues that require attention and devise potential solutions to present to management. The program focuses on the mindset needed to identify issues requiring attention and on behavior development. Proposals offered by participants over the years have been linked to activities driving the growth of the POLA ORBIS Group, including the development of a brand of men's cosmetics, as well as being catalysts for timely human resources strategies, such as the Group free-agent system and the open-offer system.

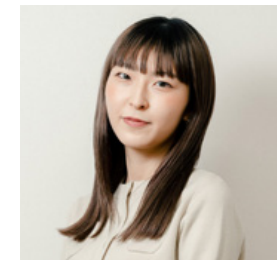


Scene from Future Study Program

VOICE

Thought-provoking training that allows participants to grasp the underlying aspects of multifaceted perspectives

Through Wonder Camp, I gained a true sense of the importance of having a multifaceted perspective. Being exposed to each participant's diverse opinions about a single event or presentation was a valuable and intellectually stimulating experience. Animated exchanges of opinions allowed me to see issues I would not have noticed if the other person had not offered a different perspective. Wonder Camp reminded me that a multifaceted perspective is not just about expanding personal perspectives and ways of thinking but is also essential for digging deeper and refining one's own opinions. I will use what I learned in this program to become sharper, in an awareness sense.

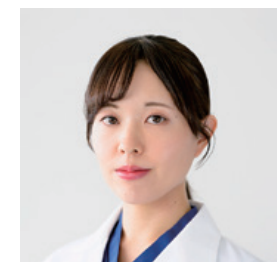


Reina Honda
CRM/CS Team, FUJIMI Business Division
tricot, Inc.

VOICE

First step toward independent value creation

Joining the Future Study Program was the first time I had any sense of creative confidence. Until then, I had no experience formulating plans on my own, and I felt a creative role was just not for me. But by participating in the Future Study Program, I learned that creativity is cultivated not with talent but through training. Going through the process of refining a rough idea gave me the confidence to say, "I can create something too." People can probably acquire business knowledge and develop a mind for business on their own, but the experience of actually coming up with a business idea and proposing it to management was my first step toward creativity in a business context.



Rio Naganuma
Frontier Research Center
POLA CHEMICAL INDUSTRIES, INC.

maintain a system that allows employees to venture beyond their respective areas of expertise, enabling them to engage in work and management duties in different workplace cultures within the Group, acquire knowledge about multiple functions and gain experience in demanding roles where they might carry responsibility for achieving profitability or for formulating strategy. The percentage of our candidates to become management executives—a non-financial KPI—is 200% by 2029 and, as of 2024, we had reached 144.1%. We are making good progress but will press on to reach our target.

Encourage individuality and active participation by establishing the A Person-Centered Management Committee

In March 2025, we established the A Person-Centered Management Committee (AP-CM Committee) to maximize the Group's human resources capabilities and organizational vitality, and boost corporate value over the medium to long term. There was a predecessor structure—the Group Diversity Promotion Committee—but since the topics covered by that committee were limited, POLA ORBIS HOLDINGS established the AP-CM Committee with a much broader mandate that includes topics related to the foundation of human resources. The aims of the AP-CM Committee are to link the Board of Directors of POLA ORBIS HOLDINGS and the Board of Directors at each Group company, that is, management meetings, and to increase the effectiveness of overall Group pursuits that will lead to achieving key human resources-related themes and indicators from a Group-wide perspective.

Keeping employees healthy and highly motivated translates into corporate growth. The concept of "a person" includes all individuals regardless of their attributes. For example, in recruiting people with disabilities, we began exploring employment models that bring out the uniqueness of each person. As a corporate group espousing a person-centered approach, we want to create job satisfaction for all people.

Fostering a corporate culture that encourages individuals to embrace challenges and strive for success

People who can see into the future and apply their own unique perspective to create new value and drive brand growth are essential to the growth of the POLA ORBIS Group. That is why we are promoting a human resources strategy based on the concept of a person-centered management style. We have pursued every avenue to eliminate predictable systems and policies, and have introduced original methods to encourage employees to take the initiative and develop their skills. As a result, I feel employees at all companies under the Group umbrella are beginning to embrace challenges on their own terms.

Employees spend precious hours of their life at work. They are unlikely to stay motivated unless they feel that their work is worthwhile or they receive adequate compensation or gain a sense of personal growth for their efforts. A company where employees do not find the work interesting cannot expect to achieve sustainable growth. The POLA ORBIS Group seeks to maximize the value of human resources by enabling employees to thrive as individuals, an approach that leads to improved corporate value.

Working toward non-financial KPIs

Background to materiality measures

- Recognized risk of insufficient human resources to manage Group operations over medium to long term due to business portfolio expansion and now working to develop management personnel.
- Must create environment where employees can thrive in their assigned duties, in good health, maximize sensitivity and capitalize on potential for career advancement. In particular, as a corporate group with significant number of female customers and female employees, priority must be given to issue of women's empowerment.

Non-financial KPIs and results of major activities in 2024

	Explanation	2024 results	Major activities in 2024
9 Job satisfaction and engagement score*1	Create an exciting, comfortable work environment in which employees, fueled by a desire to contribute to corporate success, are able to take the initiative	62.9%	Considered, implemented and then monitored action plans designed to spur enthusiasm for work and create comfortable environment
Women's empowerment	10 Percentage of female executives*2	17.9%	<ul style="list-style-type: none">• Selected and developed diverse candidates, including women, through the Talent Development Committee• Formulated action plans by the Diversity Promotion Committee
	11 Percentage of female division managers (POLA ORBIS HOLDINGS, POLA and ORBIS)	31.1%	
	12 Percentage of female managers*2	44.5%	
13 Percentage of candidates to become management executives	Establish/reinforce pipeline for people with management potential	144.1% (as of December 31, 2024)	Continued to promote next-generation leader skills development program
14 Number of applicants for Sabbatical Program	Increase the desire for self-development and learning	15 (since 2022)	Active Learning Program (School Learning and Free Choice)

*1 Set survey results of Great Place To Work® as indicator
*2 In principle, applies to POLA ORBIS HOLDINGS and its subsidiaries



3. Business Innovation Academy

This program for administrative management in their 30s and 40s is limited to a few elite individuals, typically five people annually. A broad invitation is extended to employees aware of issues facing the Group. The curriculum is designed to create leaders with the talent to drive change forward at their respective companies while bringing others and the organization into the process. Specifically, participants identify fundamental issues of concern within their own company or pertinent to the Group, then formulate a strategy to address these issues through repeated discussions within the participant group as well as with management of the company where issues exist. They uncover issues within the organization that should have been addressed long ago and issues needing drastic action due to the changing business landscape, then present suggestions to management on reforms to address such issues. In addition, the program reveals personal value perceptions and leadership issues through such approaches as dialogue with guest speakers, art workshops at the Pola Museum of Art in Hakone and discussions with management. Launched in 2007, the program has been held 18 times, and 79 people—excluding participants who have retired—have completed the curriculum. Of these participants, 24 have been appointed to executive positions at companies under the Group umbrella.



Scene from Business Innovation Academy

VOICE

I looked at myself. I had deep discussions with colleagues. This is what I learned.

The starting point for solving business issues is personal perspective. Toward this end, the Business Innovation Academy began with deep reflection on the theme “What kind of person am I?” and putting that image into words. The other participants, academy administration and members of management in attendance provided honest feedback that helped me consolidate my own values. In recommending solutions to management issues at my own company, I learned to take a step back to view situations from a broader perspective, see value in disharmony and erect walls but constantly strive to clear them. This helped me reset my own perspective and rigid way of thinking. I felt a strong sense of the endless possibilities for self-development as a transformational leader.



Yui Kato
Corporate Officer, ORBIS Inc.

Non-financial KPI item 14

Learning opportunities that spur intrinsic motivation

In May 2022, the Group launched its Active Learning Program with four categories. Our aim is to create new value for the Group by encouraging employees to learn independently and gain experience in different fields, thereby developing all employees’ sensibilities and enabling them to acquire diverse perspectives. The program is noteworthy in that employees will not lose vacation days for learning in an environment outside the company, and salaries will continue to be paid because the time spent on education is for self-development that will ultimately benefit the company. By supporting employees with a strong desire to learn and upgrade their skills, we will achieve sustainable improvement in Group-wide corporate value.

The POLA ORBIS Group has particularly high hopes for the Sabbatical Program (Free Choice), which enables employees to self-report experiences they have had away from work, in different fields or cultures, or incidents simply different from their everyday routines, with the expectation that the report will stimulate intrinsic motivation among employees. The number of applicants for this program is incorporated into the Group’s non-financial KPIs, effective from the 2024–2026 medium-term management plan. To date, employees applying for the program have utilized its freedom to pursue themes such as “investigating the secrets of the happiest and most gender-equal country in the world,” “learning about in-bound demand for experience-based beauty services in Thailand,” “exploring BPM and

organizing chaotic work flows” and “experiencing European culture through local living” to gain better exposure to values and cultures never experienced before, inspired by the thought “What do I want to be?”

VOICE

New value in beauty services experienced in Chiang Mai, Thailand

Taking advantage of the Sabbatical Program, I spent a month in Chiang Mai, Thailand, learning about inbound tourism for beauty services. I tried out local beauty services and used the online booking system to make appointments. This first-hand experience, from a tourist’s perspective, reinforced my view about the importance of a customer-oriented approach to providing services and gave me an opportunity to contemplate ways to offer added



value to inbound travelers to Japan. Through this month of learning, I gained valuable inspiration that will be useful in my future work, as well as deeper insight into the impact the integration of local culture and services has on business.

Fuyumi Nishida
Total Beauty Marketing Division, POLA INC.

Initiatives for a shared foundation for human resources development

Enhanced engagement

Knowing the importance of creating an environment in which all employees are able to express diverse ideas and fully demonstrate their abilities, POLA ORBIS HOLDINGS set increased job satisfaction and engagement as a key issue Groupwide.

In 2021, the POLA ORBIS Group introduced an engagement survey* to visualize job satisfaction and engagement internally, accurately identify issues and implement more effective measures to resolve these issues. The survey is distributed to all operating companies at home and abroad. The Group set job satisfaction and engagement as a non-financial KPI and is working toward a Group-wide score of 75% by 2029.

In addition, the Group sees job satisfaction and engagement hinging on two criteria—a comfortable place to work and work that motivates—and each Group company considers actions applicable to these criteria to create an environment and promote activities conducive to a high level of job satisfaction and engagement. To improve the feasibility of measures, manage targets and implement measures to achieve those targets, we regularly hold meetings for human resources personnel from each Group company and encourage Group companies to embrace best practices.

*Measured and calculated for the “Great Place to Work Survey” by the Great Place To Work® Institute Japan

DE&I

POLA ORBIS HOLDINGS formulated a DE&I policy for the Group that commits to becoming a corporate group that values sensitivity and individuality and believes in the potential of every employee to take on challenges. DE&I is embraced Groupwide, and initiatives are geared toward enabling employees to thrive as individuals.

For DE&I, gender diversity is in the spotlight, a topic for which the POLA ORBIS Group has laid out a roadmap and set KPIs to solidify its stance. In 2023, the Group discovered a difference in levels of job satisfaction and engagement according to gender. As a result, in 2024, the Group focused on gender bias management. Going forward, the Group will ascertain the actual state of bias internally and among individual managers, then create rules and mechanisms to eliminate it.

The Group also aims to enable employees with disabilities to fully demonstrate their individuality and capabilities and contribute to the Group’s value creation process. In September 2024, the Group established a dedicated team to promote employment of people with disabilities internally and began organizing study sessions to encourage recruitment of people with disabilities Groupwide. This team also pinpoints issues that require attention, formulates solutions and supports Group companies in realizing those solutions to provide incentive to people with disabilities to actively participate in the workplace.



Training against unconscious bias

Human resources development system

	Junior	Middle	Management
	Talent Development		Succession Plan for Officer and Director
Career Development	Assignment Change “Different Job Role, Task” “Different Organization, Business” At least 2 different assignments before 30 years old		Talent Development Committee Selection from high potential members, and provide Individual talent development towards Officers. Provide a wide range of job experience within group companies, deepen expertise and leadership experience for each candidates.
	Open Opportunities [Group FA System] A system that allows employees who meet certain conditions (evaluation, etc.) to take on the challenge of transferring to a desired company or department within the Group [Open Offer] Recruit within the group position by application requirement [Business Start up] New business proposal opportunity by employees (individual or team)		
Talent Development	Wonder Camp Content: Action learning in which participants identify issues within the Group and work as a team to present solutions Output: Ideas for internal innovation to realize desired future Members: About 30 per year Duration: 3 months	Future Study Program Content: Action learning that allows next-generation leaders to gain broad insight into what future holds, think about what future should be, set themes based on intrinsic motivation, consider and explore them, and propose solutions Output: Innovative proposal to Group Management by teams Members: About 12 per year Duration: 7 months	External Exchange Content: Practice learning from Future Study Program through activities outside the company. Example: Support for studying in Business school, exchange training at other companies, etc.
	Business Innovation Academy Content: Reflect on personal traits and strengthen leadership skills, Find solutions to management issues that will change the company or group to which the participants belong Output: Proposal and execution of business innovation to management by individuals Members: About 5-6 per year Duration: 9 months		
VISION 2029 Education (Design Thinking Training/AI Human Resources Development Program)			

Health management

In 2017, the Group drafted the POLA ORBIS Group Health Management Declaration and made the physical and mental health of employees a management priority. Driven by coordinated efforts by companies, occupational health professionals and health insurance associations, POLA ORBIS HOLDINGS strives to ensure the well-being of Group employees and their families. For eight straight years since 2018, the Company has earned certification as an outstanding organization in the large enterprise category under the Certified Health and Productivity Management Outstanding Organization Recognition Program. In 2024 and again in 2025, the Company was recognized as a White 500 company, a designation given to the top 500 corporations practicing excellent health management.



Our emphasis on health management is underpinned by the Health Management Promotion Team, under the supervision of the Board of Directors. The team was set up as a connection between Occupational Health (Group Health Management Center) and Health Insurance Union and the human resources departments of Group companies while it promoted health management activities across the Group. In addition, the Group Health Management Business Promotion Committee, with participation mainly from managers and directors responsible for human resources within the Group, occupational health staff and employee representatives, is tasked with planning, considering, evaluating and improving initiatives related to health

POLA ORBIS Group Health Management Declaration

Health within the POLA ORBIS Group is intricately connected to a history dating back to POLA's earliest days, reflecting enduring efforts to form a close connection to our customers and to think about products and services from the customer's perspective, and health is essentially a starting point for sensitizing the world to beauty and constantly creating new value for the future. It is possible for each and every employee to lead a full and colorful life, showing thoughtful consideration of others while still keeping a be-true-to-yourself attitude, because of good health. The Group's philosophy and the health of employees are so tightly intertwined that POLA ORBIS HOLDINGS has made the physical and emotional health of employees throughout the POLA ORBIS Group a management priority. Going forward, the Company will strive to create an environment that supports good health for employees as well as their families.

Diverse work styles

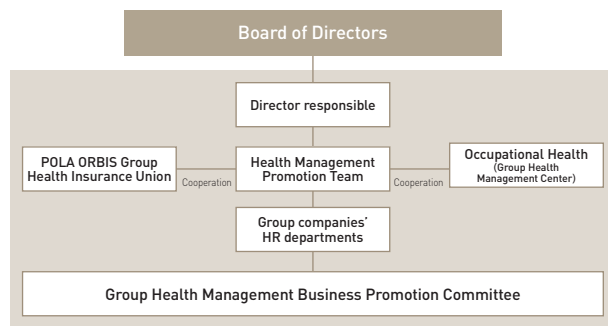
Amid increasingly fierce competition in Japan and overseas, the attributes and values of workers and the needs of customers are becoming more diverse. In response, the Group is leveraging a wider range of work-style options attuned to work-life balance, an initiative that enables employees to demonstrate their individuality and ultimately contribute to new value creation Groupwide.

Programs: Flexible working hours, paid leave in half-day or hourly units, remote work, refreshment (long-term) leave, satellite offices, shorter working hours to accommodate childcare responsibilities, childcare allowance, nursing care leave and shorter working hours to accommodate nursing care responsibilities

*While POLA ORBIS HOLDINGS complies with laws and regulations, some companies under the POLA ORBIS Group umbrella have yet to conform, and some programs have not been fully implemented due to employment conditions.

and productivity management. The Group Health Management Center, which is the Group's occupational health organization, centrally manages the health information of Group employees and provides post-medical checkups, health guidance, support for returning to work and balancing work and medical treatment, as well as counseling for those with mental and physical problems and support for overworked employees.

POLA ORBIS HOLDINGS set "maximizing the capabilities and motivation of individuals and improving organizational productivity" and "securing and enriching human resources capital" as long-term themes for health management. The Company is promoting activities with an emphasis on initiatives under six priority themes (cultivating a positive corporate culture, health checks and measures to prevent worsening of existing health issues, preventing lifestyle-related diseases and improving productivity, mental health, approaches to gender-specific health issues and help to quit smoking and measures to address issue of secondhand smoke).



In each country where POLA ORBIS HOLDINGS and Group companies maintain offices, efforts are made to comply with local laws and regulations for working hours and to reduce long working hours. Toward a decrease in long working hours, the emphasis is on improving operational efficiency and enhancing the management skills of managers. In addition, to properly manage attendance even while remote work becomes more commonplace, human resources departments at Group companies monitor attendance clock-in times and PC operating hours.

PART 1

POLA ORBIS Group direction

PART 2

Activities that underpin value creation

PART 3

Financial data



Five non-financial materiality categories

Environment



Care for the global environment around us and pursue sustainable business activities

The Group remains committed to prioritizing the global environment surrounding business activities, which nurture a sense of beauty and hone sensitivity. From a Group perspective, solid research, technological expertise and connections forged with customers through direct marketing will enable the Group to reduce the environmental impact across the entire value chain. Keeping both the planet and customers looking beautiful will help support sustainable business management and business models. The Group has positioned risks and opportunities associated with climate change, natural capital and biodiversity, which are particularly important environmental issues, as principal management themes in business strategy and promotes information disclosure and measures in line with TCFD and TNFD* recommendations. In addition, we are setting goals and pursuing initiatives that emphasize environmental protection in the entire supply chain, particularly with regard to palm oil-derived ingredients, which are used extensively in cosmetics, as well as plastic materials used as containers and packaging parts.

*TNFD (Taskforce on Nature-related Financial Disclosures): International organization that establishes frameworks for assessing and disclosing risks and opportunities related to natural capital and biodiversity

Working toward non-financial KPIs

Background to materiality measures

■ Natural resources and energy are indispensable to our business activities. They are also in limited supply, and we must be conscious of the environment in pursuing business activities, promote measures for recycling and save resources.

Non-financial KPIs and results of major activities in 2024

	Explanation	2024 results	Major activities in 2024
15 CO ₂ emissions	Scope 1 and 2	Down 58.6% (from 2019)	• Completed construction of POLA aoyama building (powered by 100% renewable energy and granted CASBEE evaluation certification S rank (highest level of performance and sustainability) in two categories: Buildings (new construction) and Smart Wellness Office) • Started engagement with business partners to reduce CO ₂ emissions
	Scope 3	Down 52.0% (from 2019)	
16 Water consumption	Aiming to conserve water resources and reduce water risks and water stress	Down 17.4% (from 2019)	At factories, conserved water, switched to environmentally friendly equipment, utilized rainwater and continued reforestation and thinning activities
17 Sustainable palm oil procurement	Aiming to gradually switch to sustainable cosmetics ingredients	37.5%	Established milestones for switchover to sustainable palm oil and addressed switchover for company-specific products
18 Plastic cosmetics containers and packaging consumption	Aiming for resource recycling to conserve limited resources	52.9%	Surveyed actual plastics consumption and addressed switchover for company-specific products to comply with 4R's

VOICE

Disclosure in line with TNFD recommendations

An environment-related highlight of 2024 is the analysis and disclosure based on TNFD recommendations. By conducting a more extensive analysis of previously identified environmental issues, we were able to gain a rough idea of our dependence on the raw materials required to produce cosmetics and their impact. We were also able to organize perspectives on aspects other than climate change, such as water and forests, into an integrated framework. Going forward, we will work with production, procurement and other departments to determine with greater accuracy the traceability of raw materials, etc., and also clarify the impact on the environment and society as well as the impact on management practices so that appropriate measures can be taken.



Hiroshi Taniguchi

QCD Management Division, POLA ORBIS HOLDINGS





Climate change and nature-related risks and opportunities

The Group uses ingredients extracted from plants and water as raw materials for its cosmetics, operating its business by greatly benefitting from natural capital. At the same time, the business includes aspects that affect the environment in terms of CO₂, waste and wastewater associated with manufacturing and using cosmetics. Moreover, consumers, investors and the international community are becoming increasingly concerned about the environment, an issue that cannot be ignored in terms of product design, development and sales strategies. In response, the Group participates in the TCFD Consortium and the TNFD Forum, and as an adopter of TNFD, identifies climate change

and nature-related risks and opportunities as a key management theme in its business strategy, while disclosing information comprehensively to accord with TCFD and TNFD recommendations. Risks and opportunities associated with climate change were analyzed on the basis of the TCFD framework, and nature-related risks and opportunities were analyzed in line with the LEAP approach after the scope of the analysis (“Scoping”) based on the TNFD framework was considered. As that report focuses on the analysis process and results thereof, please visit our website for additional information.

WEB <https://www.po-holdings.co.jp/en/csr/environmental/risk/>

Analysis based on the TNFD framework

Scoping Setting the scope of the analysis

The scope of the analysis included the following components of the Group’s main Beauty Care business: the flagship brands POLA and ORBIS as well as POLA CHEMICAL INDUSTRIES and Jurlique International, which have manufacturing bases. Moreover, since the Group uses many types of raw materials derived from petroleum, minerals, plants, etc., it also covered the scope of raw materials to analyze upstream processes in the value chain. Ultimately, from among plant-derived raw materials that are highly dependent on ecosystem services and are apt to have a high risk of price hikes, several items likely to significantly affect biodiversity were selected and included in the analysis.



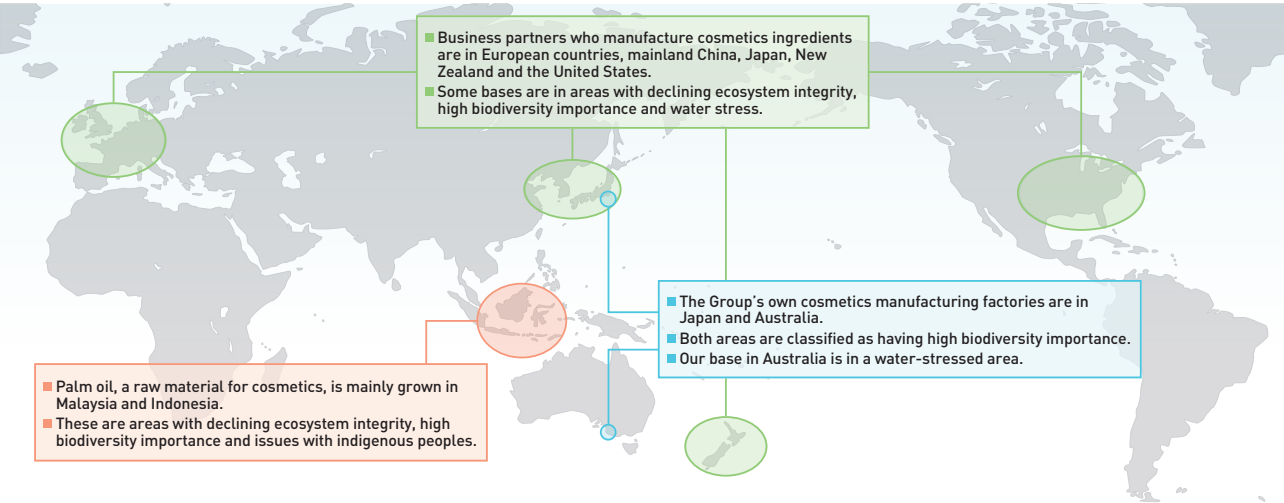
LEAP analysis

Locate Locate contact points with nature

POLA ORBIS Holdings has investigated every process of the Group’s value chain and relevant locations, evaluating items indicated by the TNFD, such as “decline in ecosystem integrity,” “high importance of biodiversity,” “water stress,” “high level of ecosystem integrity” and “importance of providing ecosystem services to indigenous peoples and local communities,” as well as considering locations with dependencies, impacts, risks and opportunities important to the Group’s business, thereby identifying priority areas for the Group. Moreover, if a specific location could not be identified, provisional settings were made as much as possible using public information, etc., thus allowing for more precise analysis of subsequent risks and opportunities. Logistics and downstream value chain are not subject to this location study as identifying locations there is difficult.

Summary of evaluation results for locations related to the business

*This is an excerpt and summary of some of the analysis results.

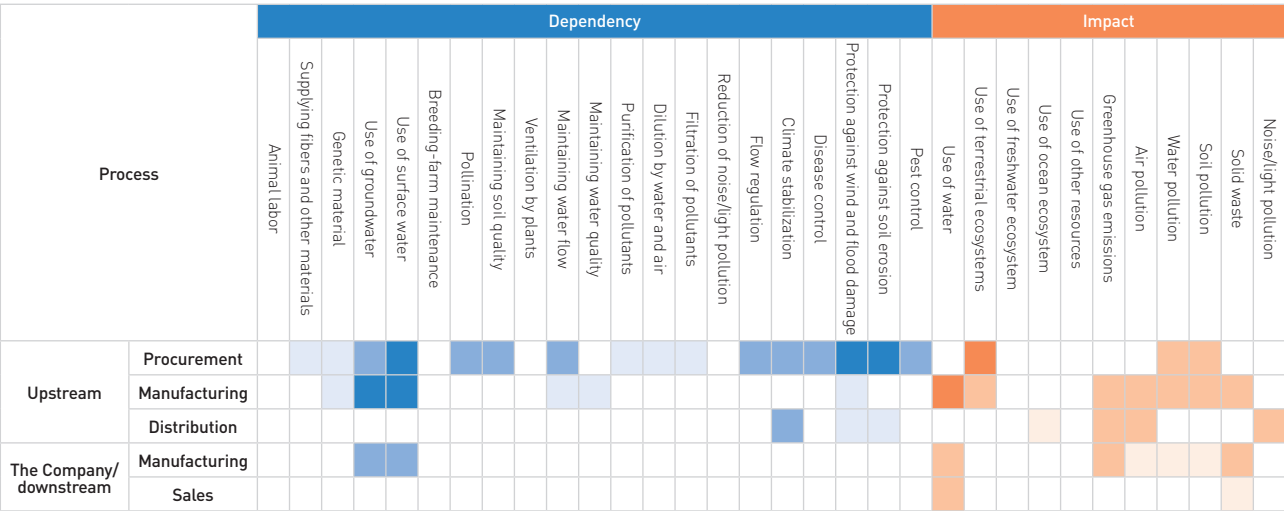


Evaluate Evaluate dependencies and impacts

POLA ORBIS Holdings identified and assessed dependencies on ecosystem services for every process of the value chain and their impacts on natural capital, compiling this into a heat map. Regarding the dependencies on ecosystem services, we found that many items involve the procurement of plant-derived raw materials. We also found that we depend on the use of water in various processes both upstream and downstream in the value chain. In terms of the impacts on natural capital, the Company found that impacts such as land alteration and pollution may exist throughout the Group’s value chain. (Tools used: ENCORE, etc.)

Dependency and impact heat map

*Darkness of color indicates size of dependency and impact.



Assess Assess risks and opportunities

Using details of the dependencies and impacts found in “Evaluate,” we identified risks and opportunities and assessed their impacts on the business (see next page). In the assessment, POLA ORBIS Holdings referred to the results of the analysis in “Locate” and considered the characteristics of the locations relevant to the risks and opportunities. The Company also set the scenarios on which the analysis is based. (Tools used: WWF Risk Filter Suite, Aqueduct Water Risk Atlas, etc.)

Prepare Prepare to respond and report

Using the results, we organized nature-related indicators and targets. Please refer to the list of non-financial KPIs on page 43 of this report for details of these indicators and targets. Moreover, for nature-related analysis and information disclosure, POLA ORBIS Holdings engaged in dialogue with external experts to confirm key points of the Group’s initiatives.

Initiatives based on TCFD and TNFD analyses

The following 12 items have been set as initiatives on the basis of our analyses.

- (1) Reduction of CO₂ emissions
(2) Water resource conservation
(3) Waste reduction and recycling
(4) Reducing and recycling plastics
- (5) Management of chemical substances
(6) Sustainable procurement
(7) Biodiversity conservation
(8) Establishing policies and systems
- (9) Initiatives through R&D
(10) Initiatives to raise environmental awareness in society
(11) Disaster responses
(12) Status of external ESG ratings

Going forward, POLA ORBIS Holdings will continue to monitor the Group’s dependencies and impacts on natural capital in the value chain, and implement initiatives for both risk reduction and opportunity creation. Please refer to the website for initiatives not provided in this report, analysis assumptions and core disclosure indicators, etc.

WEB <https://www.po-holdings.co.jp/en/csr/environmental/risk/>

- 1 Reduction of CO₂ emissions: Please refer to page 47 of this report.
- 2 Water resource conservation: Please refer to page 48 of this report.
- 3 Reducing and recycling plastics: Please refer to page 49 of this report.
- 4 Sustainable procurement: Please refer to page 51 of this report.

Evaluation based on the TCFD and TNFD recommendations

Evaluation of business impact

POLA ORBIS Holdings assessed the business impact of climate change and natural phenomena on the Group’s operating income, including the impact of risks and opportunities. For both a “society focused on sustainability” and a “society that needs to adapt to environmental changes” scenarios, we anticipate that risks will negatively affect operating income but also that countermeasures can be taken through initiatives to reduce risks and seize opportunities.

Major risks and opportunities related to climate change and nature

*The impact periods are defined as short-term: 2024–2026, medium-term: 2029 and long-term: 2050.

Scenario and risk category	Details of risks	Degree of financial impact	Duration of impact
A society focused on sustainability Transition risks	Risk of increased procurement costs due to soaring raw material prices from tighter regulations on agriculture	Small	Medium and long
	Risk of increased procurement costs due to soaring paper prices from tighter regulations on forestry and timber harvesting	Small	Medium and long
	Risk of increased procurement costs due to soaring raw material prices from the tightening of environmental regulations at supplier factories and increased associated costs	Small	Medium and long
	Risk of increased procurement costs due to soaring raw material prices from the tightening of environmental regulations in the logistics industry and increased associated costs	Small	Medium and long
	Risk of increased costs due to tighter environmental regulations on our own factories (regarding greenhouse gases, plastics, water intake and wastewater, etc.)	Medium	Medium and long
	Risk of decreased sales due to an inability to develop products adapted to the shift in customer demand toward ecofriendly products	Medium	Medium and long
	Risk of increased procurement costs due to soaring prices of certain raw materials from increased demand for biomass fuels, etc.	Small	Medium and long
	Risk of damage to reputation and litigation as a result of a slow response to climate change and natural capital change or inadequate communication with society	Small	Short, medium and long
A society that needs to adapt to environmental changes Physical risks	Risk of damage to reputation and litigation as a result of a spillover of suppliers’ adverse effects on natural capital	Small	Short, medium and long
	Risk of increased costs due to soaring prices of plant-derived raw materials as a result of a chronic decline in their yields owing to deteriorating pollination services, soil quality, climate change, etc.	Small	Medium and long
	Risk of increased costs due to soaring prices of plant-derived raw materials as a result of a sudden decline in their yields caused by intensification of wind and flood damage owing to climate change, droughts, rapid increase in pests, etc.	Medium	Short, medium and long
	Risk of increased procurement costs due to soaring paper prices from droughts and wildfires in wood-chip production areas	Small	Medium and long
	Risk of decreased sales due to disruption in product supply from droughts at supplier factories	Small	Medium and long
	Risk of decreased sales due to disruption in product supply from droughts at Group factories	Small	Medium and long
	Results from damage to supply chains (own factories, suppliers, logistics infrastructure, etc.) from worsening extreme weather events	Medium	Medium and long
	• Risk of decreased sales due to disruption in product supply		
	• Risk of higher procurement costs and recovery costs		

Scenario	Details of opportunities	Degree of financial impact	Duration of impact
A society focused on sustainability	Opportunities to improve resource efficiency at our own facilities and reduce manufacturing costs through low-carbon society and infrastructure development	Medium	Medium and long
	Opportunity for cost reductions by establishing a recycling-based model using direct marketing	Medium	Short, medium and long
	Opportunity for increased sales with a shift in customer demand toward ecofriendly products	Medium	Medium and long
	Opportunity for improving the Group’s reputation through a shift to a society that places greater emphasis on ESG ratings	Small	Medium and long
A society that needs to adapt to environmental changes	Opportunity for increased sales from the development and sale of products to address growing skin concerns under the impact of climate change (growing demand for UV skincare and wrinkle-improving products associated with increased ultraviolet radiation and growing demand for products to combat aging caused by dryness and skin roughness)	Medium	Medium and long
	Opportunity for increased sales due to rising global demand (emerging markets and regions where relevance of our products grows due to climate change)	Medium	Medium and long



Non-financial KPI item 15

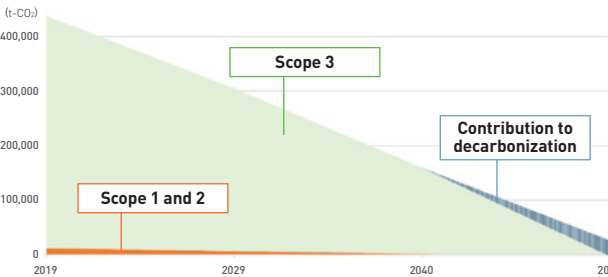
Addressing climate change challenges

The Group has formulated a Low Carbon Transition Plan to achieve net-zero CO₂ emissions by 2050. Specifically, the Group aims to reach net-zero CO₂ emissions (Scope 1 and 2) for those it owns or controls by 2040, and net-zero CO₂ emissions (Scope 3) from business activities throughout the product life cycle by 2050. To accomplish these goals, the POLA ORBIS Group has set a reduction target for 2029, which has been certified by SBTi* as a 1.5°C target. To achieve net-zero CO₂ emissions, the POLA ORBIS Group is considering and implementing the following initiatives.

*SBTi: An international initiative to promote the establishment of science-based greenhouse gas emission reduction targets for companies with the aim of achieving the goals of the Paris Agreement. Jointly operated by the CDP, an international NGO for the disclosure of environmental information; the WWF (World Wide Fund for Nature); WRI (World Resources Institute) and UNGC (United Nations Global Compact)

	Target year for achieving net-zero CO ₂ emissions	Initiatives for achieving net-zero CO ₂ emissions	*including those under consideration
Scope 1 and 2	2040	<ul style="list-style-type: none">• Install the latest equipment with low CO₂ emissions and convert from fuel to LNG with low CO₂ emission coefficients• In addition to existing private power generation facilities, further expand the use of renewable energy to support scalability (such as by expanding solar power generation systems and considering the introduction of corporate PPA*)• Switch to a menu of electricity derived from renewable energy sources (with switch already completed at major production and research bases and offices)• Establish Technical Development Center (TDC, a research and production facility)• Consider introducing internal carbon pricing	*PPA: Power purchase agreement
Scope 3	2050	<ul style="list-style-type: none">• Reduce CO₂ emissions throughout the supply chain by implementing a carbon footprint (classifying this into procurement, manufacturing, transportation, use and disposal/recycling, and working with various stakeholders in each area to promote reduction)• Link to the POLA ORBIS Group Plastic Policy, reducing use of resources and replacing them with eco-friendly raw materials• Contribution to low carbon	

Carbon Reduction Scenario



Action to reduce CO₂ emissions

Scope 1 and 2 In-house direct emissions

The POLA ORBIS Group is moving forward with the switch to electricity derived from renewable energy sources Groupwide. The Group has completed this switchover at 31 business sites across Japan, including POLA CHEMICAL INDUSTRIES’s Fukuroi Factory, the major production base. We are also working to expand consumption of self-generated electricity by increasing the number of solar power generation systems at POLA CHEMICAL INDUSTRIES and Jurlique factories.

Scope 3 Emissions over the life cycle

For Scope 3 emissions, we have positioned emissions from business partners as the most important area for reduction. To this end, we are continuing efforts at procurement policy information meetings and other forums to explain the Group’s policies to major business partners and ask them to cooperate with us in reducing emissions. We also analyze information disclosed by major business partners about their emission reduction policies, targets and performance, and have started engaging with them.

For products, ORBIS calculated the CO₂ emissions of 50 refill products over their entire life cycle in terms of their carbon

footprint and visualized the reduced amount. The data was published in a catalog for customers. ORBIS is also rolling out the refill initiative to other Group companies and will expand it in line with the brand strategies of each company. Furthermore, Group companies are working to reduce CO₂ emissions across the value chain through measures such as increasing the lineup of refillable products.

In logistics, the ORBIS East Japan Distribution Center is continuously improving energy efficiency through technology that uniquely automates everything from pickup to sorting by destination, by introducing automated conveyance robots and other equipment to its mail-order shipping lines. ORBIS also constantly seeks the optimal location for logistics centers and strive to enhance sorting functions to enable reassessment of optimal delivery routes, thus improving energy usage efficiency. Furthermore, to reduce CO₂ emissions during transportation, we are working to minimize packaging materials, reduce weight and utilize common Group shipping boxes. At POLA, the POLA Distribution Center, the Group’s largest logistics base, conducts 100% of its business on electricity derived from renewable energy sources to reduce CO₂ emissions at its own base.



Non-financial KPI item 16

Addressing water resource challenges

Cosmetics, the Group’s mainstay products, use water as a raw material. In the production process, therefore, water is an indispensable resource in our business activities (and even for customers using water with some of our products after production). To conserve water resources and prevent pollution, the Group strives to reduce the environmental impact of its water use and discharge, primarily at its production bases. The Fukuroi Factory of POLA CHEMICAL INDUSTRIES and Jurlique’s factory in Adelaide take measures to comply with water-related laws and regulations, and utilize the environmental management system required by ISO 14001 and B Corporation certifications, thereby continuously working to reduce risks and the environmental impact.

POLA ORBIS Holdings uses the WWF Water Risk Filter in the analyses to identify the water risks faced by the Group. POLA CHEMICAL INDUSTRIES’s Fukuroi Factory in the city of Fukuroi, Shizuoka Prefecture, Japan, is at risk of flooding, while Jurlique’s factory in Adelaide, Australia, is at risk of water shortages. In such ways, risks vary depending on the region. Even so, the Group believes that reducing its water consumption is important and uses water resources efficiently and sustainably while growing the business. The POLA ORBIS Group has set reduction

of water consumption as a non-financial KPI target linked to executive compensation (medium- to long-term incentive) to increase its ability to achieve the target by 2029. Additionally, the Fukuroi Factory is implementing BCP measures such as taking inventories of its products and raw materials. Meanwhile, Jurlique has installed flame-retardant water storage tanks to prepare for forest fires, which are a regional feature, in addition to utilizing rainwater and storing it in factories and on farms in preparation for water shortages.



Water storage tanks

Management of chemical substances

Following its Basic Policy on Quality Assurance, the Group is working to ensure quality and safety throughout the life cycle of its products, from design and development to procurement, manufacturing, customer use and disposal, enabling customers to use them safely and without worry. In addition to complying with the cosmetics regulations of the countries in which they are to be sold, the POLA ORBIS Group continues to comply with the Stockholm Convention on Persistent Organic Pollutants (POPs), which is an international law (including the PFAS classifications PFOS, PFOA and PFHxS), the EU’s REACH regulations, various laws and regulations in Japan, including the Act on the Evaluation of Chemical Substances and Regulation of their Manufacture, etc., and the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, along with voluntary industry standards.

The Group also thoroughly manages chemical substances in production activities. POLA CHEMICAL INDUSTRIES’s Fukuroi Factory has obtained ISO 14001 certification, designates a person responsible for handling hazardous chemical substances and lays out procedures for storing, using and disposing of chemical substances, action to be taken in an emergency and employee training (provided every year, in principle) to ensure people’s safety and protect the environment. In addition to complying with wastewater standards, we are working to continuously reduce the use of substances subject to the PRTR Act (Chemical Substances Management Promotion Act) and compost the sludge generated in wastewater treatment.

WEB <https://www.po-holdings.co.jp/en/csr/environmental/safety/>

TOPICS

Selected for A List, highest rating from CDP (for climate change, water security)

CDP, an international NGO, named POLA ORBIS HOLDINGS to its highest rating, the Climate Change A List, for the fourth consecutive year. In 2024, we were also newly selected as an A List company in the water-security category. Of the approximately 24,000 organizations around the world responding to the CDP questionnaire, few were selected for the A List for both the climate-change and water-security categories, a sign that the Group’s leadership in the transparency and performance of our environmental initiatives has been recognized.



Non-financial KPI item 18

Addressing cosmetics plastic container challenges

Following the POLA ORBIS Group Plastic Policy, the Group has set a non-financial KPI of switching 100% of its cosmetics plastic containers and packaging materials to sustainable designs based on the “4R’s” by 2029.

The POLA ORBIS Group is taking various steps to achieve these targets. Specific examples include reducing plastic usage by making containers lighter, decreasing the number of plastic

containers manufactured by encouraging repeated use of refills, adopting biomass plastic and other environmentally friendly materials and designing containers that are easier to recycle. Through these efforts, we have already switched 52.9% of the Group’s products to sustainable designs. The Group will continue advancing these initiatives to achieve the 2029 target and reduce the environmental impact.

Reduce Reuse Examples of Reduce and Reuse initiatives

POLA has been rolling out refillable containers for cosmetics in the high-price range since 1985, and ORBIS has been selling refillable cosmetics since 1991. Because the Group primarily engages in direct selling, it has a high sales rate for refills, and the Group will continue to promote this approach.

By offering refills, we have made THREE’s *Essential Scents Purifying Shampoo* a refillable product and also use bottles made of biomass PET. DECENCIA has rolled out refills for the *TSUTSUMU* series, which it has sold since its founding, with the aim of reducing the amount of petroleum-based plastics used.



Replace Examples of Replace initiatives

To replace certain materials, we have switched the plastic used for some of our products to biomass plastic or recycled plastic. For the first time, POLA is using PIR* ABS for the containers of *B.A 3D OASIS EYE COLOR* and *B.A 3D OASIS BLUSH*. ORBIS’s *ESSENCE IN HAIR MASK* tube container is made from biomass PE and biomass EVOH. Biomass PET is also used for the container of POLA’s *B.A GRANDLUXE O* and for the bottle of ORBIS’s *AQUANIST*.

*Post-industrial recycled: Plastic that has been recycled from waste plastic collected from molding factories.



Recycle Examples of Recycle initiatives

POLA ORBIS HOLDINGS is collaborating with Shiseido Company, Limited on the “BeauRing” project to recycle plastic cosmetics containers. “BeauRing” is a project that collects used plastic containers, converts them into recyclable resources, then remakes them into new plastic containers, with the aim of eventually creating a complete platform for recycling processes, from collection to recycling.

Human Rights

Human Rights Policy

In support of the Guiding Principles on Business and Human Rights, the POLA ORBIS Group formulated the POLA ORBIS Group Human Rights Policy in 2018. The Group promotes initiatives to respect human rights with emphasis not only on measures to prevent violation of human rights in the Group’s own business activities but also on efforts to remedy situations should any negative impact on human rights arise in Group business activities or in the activities of business partners. Further emphasis is placed on women’s empowerment, which is intricately connected to the Group’s business pursuits and to the creation of value with communities.

Regarding priority human rights issues, POLA ORBIS HOLDINGS relies on a structure hinging on CSR promotion officers (CSR Committee members) at each Group company who, under the direction of the Group CSR Committee, connect with appropriate departments, pinpoint issues and implement responses.

Identifying human rights issues

As a first step, POLA ORBIS HOLDINGS sorted through issues related to human rights, following the Human Rights Due Diligence Regulations, established for application Groupwide.

The Company zeroed in on employment and the work environment, safeguarding personal information and privacy, protecting human rights connected to products and services, protecting the human rights of suppliers and business partners, protecting human rights connected to the process of selling products (including advertising/promotion) and protecting human rights connected to the process of product disposal.

In addition to these issues, POLA ORBIS HOLDINGS utilized the Human Rights Guidance Tool, designed by the United Nations Environment Programme Finance Initiative (UNEP FI), to consider the potential for human rights violations across all stakeholder groups. Human rights risks to region and society identified as issues requiring close watch are the possible impact of products on the health and safety of consumers, the exploitation of natural resources (leading to water stress and negative impacts on

POLA ORBIS HOLDINGS provides human rights-related education and training, through e-learning, once a year for all employees (in Japan and overseas) under the Group umbrella and keeps everyone informed of the Group’s policy on human rights and on any issues of note. When transactions with business partners commence or when business partners are involved in purchasing meetings or asked to fill out certain documents, such as the Company’s CSR procurement questionnaire, the Company makes the Group’s CSR Procurement Guidelines known and works to get business partners agreeable to the concepts on human rights that the Company has embraced.

POLA ORBIS Group Human Rights Policy
WEB <https://www.po-holdings.co.jp/en/csr/social/right/>

maintenance of land resources), the ability to contribute to a sustainable society (the need for a circular model), efforts to ensure sound business dealings (preventing bribery) and providing suitable information to children. In all categories, POLA ORBIS HOLDINGS considers impacts from a value-chain perspective covering procurement*, R&D, manufacturing, logistics, advertising/promotion, sales, use and disposal.

The Company conducted assessments to identify material human rights issues for the Group based on the degree of impact caused by such issues, the frequency of occurrence and the status of countermeasures. As a result, even though all categories carry some risk of human rights violation, three are priority issues: for risk associated with business partners, the emphasis is on pinpointing issues in the supply chain; for risk associated with customers, the focus is on managing personal information; and for risk associated with employees, the key theme is cultivating a suitable work environment.

*Procurement covers human rights issues at business partners.

Human rights issues specific to business activities of POLA ORBIS Group and deemed priorities

Priority issues	Rights holders	Efforts to identify issues	Efforts to reduce impacts
Pinpoint human rights issues in the supply chain	Business partner employees and citizens of the community	• CSR questionnaire/audit of business partners • Sedex* membership and collaboration with other companies in the industry • Traceability survey initiated and issues identified • Identifying issues by visiting small-scale palm oil plantations	• Update CSR Procurement Guidelines and make them known • Purchase RSPO-certified palm oil • Obtain RSPO supply chain certification • Maintain Business Partner Hotline
Manage personal information	Customers	• Understand vulnerabilities in internal computer systems and cloud services • Identifying security level of e-commerce sites and training employees for targeted email attacks	• Information Security Committee • Reinforce security of internal computer systems and cloud services • Analyze and improve results of personal information checks and implement server vulnerability management
Cultivate suitable work environment	Employees	• Conduct compliance survey and fact-finding based on surveys	• Control working hours and optimize operations • Hold training on issue of harassment • Internal reporting system

*Sedex: A membership NPO that seeks to actively promote responsible business practices in global supply chains. It provides a world-encompassing self-assessment questionnaire and auditing scheme, and enables the sharing of survey and audit results among members over an online platform.



Key human rights initiatives

Non-financial KPI item 17
Sustainable palm oil procurement

Raw materials derived from palm oil are used in cosmetics, and POLA ORBIS HOLDINGS recognizes that the associated supply chains carry potential environmental and social risks. Therefore, supported by the Group, POLA ORBIS HOLDINGS signed on to the Roundtable on Sustainable Palm Oil (RSPO), backed a policy of purchasing RSPO-certified palm oil and set the achievement of sustainable palm oil procurement of 60% by 2026 and 100% by 2029 as non-financial KPIs (linked to executive compensation) from a Group-wide perspective. POLA CHEMICAL INDUSTRIES’s Fukuroi Factory, a key Group production base, maintains RSPO supply chain certification.

Guided by Group policy, the POLA ORBIS Group also promotes collaboration with stakeholders connected to sustainable palm oil procurement and places importance on investigating palm-growing areas for raw materials and on directly supporting small-scale farmers. To date, POLA ORBIS HOLDINGS has participated in stakeholder engagement programs sponsored by Caux Round Table Japan and RSPO, and promoted ongoing opportunities for dialogue with experts and small-scale farmers.

In 2024, POLA ORBIS HOLDINGS was involved in engagement forums sponsored by RSPO and non-government organizations (NGOs), visited palm plantations in Thailand to pinpoint issues requiring attention and participated in small-scale farm support projects undertaken by YAYASAN FORTASBI Indonesia, a local NGO.

With supply chain

The POLA ORBIS Group adheres to CSR Procurement Guidelines (revised in 2024), which set down practices to ensure lasting and sustainable development while maintaining fair and free transactions with business partners based on Basic Group Purchasing Policies. These guidelines underpin efforts to reduce risk in the supply chain.

Primary suppliers, at the starting point of the supply chain, are asked for their understanding and cooperation regarding the POLA ORBIS Group CSR Procurement Guidelines and given a CSR self-assessment questionnaire to complete. In addition, on-site factory audits are conducted at particularly important suppliers. These audits check for risks related to the environment, including CO₂, water, waste and biodiversity, and human rights, such as forced labor, child labor and work safety

- Other activities**
- Participate in JaSPON (Japan Sustainable Palm Oil Network) and support activities to accelerate procurement and consumption of sustainable palm oil in the Japanese market.
 - Educate employees in divisions (including directors in charge) that handle certified palm oil about social issues related to palm oil and how to deal with such issues.



Visit to small-scale palm plantation in Thailand (November 2024)

issues. Where issues are found, suppliers are requested to make improvements to reduce risk.

Also, the POLA ORBIS Group is a member of Sedex—the world’s largest information platform—for enhancing supply chain risk assessment and management and boosting efficiency, and has joined the Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team, which was launched in Japan in October 2023. This working team seeks to promote initiatives to address human rights issues in the supply chain through common use and standardization of Sedex within the industry, organize information meetings and other opportunities to acquaint suppliers with Sedex and encourage them to become members of the platform.

Stakeholder Engagement

POLA ORBIS HOLDINGS takes a robust approach to dialogue with all stakeholders. Opinions obtained this way are studied within the Group and reflected in corporate management practices.

Stakeholder	Key dialogue opportunities	Outcome from dialogue
Customers	<ul style="list-style-type: none">■ Comments from customers by phone and website■ Customer satisfaction surveys■ Sales data analysis	Establish a framework for quickly sharing customer comments all the way up management to realize improvements. POLA and ORBIS received the highest rating of three stars in the “Customer Service” and “Support Portal” categories in 2024 HDI Benchmark, an evaluation survey conducted by HDI-Japan, the Japanese branch of HDI, the world’s largest membership organization in the support services industry.
Business partners (Suppliers)	<ul style="list-style-type: none">■ Procurement policy information meetings■ Quality evaluation■ CSR procurement questionnaire/audit■ Establishment of whistle-blowing hotline for business partners	Work with suppliers to build strong supply chain. Promote communication, including procurement policy information meetings, to ensure stable procurement and build good relationships with suppliers. Also established a whistle-blowing hotline for business partners to receive complaints and for us to have consultations with them. After an investigation of the facts, corrective action, if necessary, will be promptly taken.
Business partners (POLA Beauty Directors)	<ul style="list-style-type: none">■ Training tailored to knowledge, techniques and career path■ Award ceremonies	POLA closely exchanges opinions with Beauty Directors to help them realize their vision and ideal lifestyle. Also carries out initiatives to revitalize local communities in cooperation with Beauty Directors, who have strong roots in various regions of Japan and close ties to society.
Employees	<ul style="list-style-type: none">■ Employee satisfaction survey■ Group-wide training programs■ Employee forums and training at each company■ Intranet	Considering people our most important assets, promote the realization of an environment in which every individual can demonstrate his or her own abilities to the maximum. Promote diversity through a Group-wide structure and develop human resources through various training programs, the Group FA system and the internal venture program, where new business proposals are solicited from employees.
Shareholders/investors	<ul style="list-style-type: none">■ General meetings of shareholders■ Conference presentations■ Institutional investors’ meetings■ Small meetings attended by the president■ Integrated Reports■ Facility tours for shareholders	For sustainable growth and medium- to long-term increases in corporate value, engage in proactive dialogue with shareholders and investors and appropriately reflect their opinions obtained from such dialogue in management. Also make timely and appropriate disclosure based on the principles of transparency, fairness and continuity, and actively give shareholders or investors information deemed useful.
Local communities/NGO/NPO	<ul style="list-style-type: none">■ Joint activities/cooperation with local governments■ NGO/NPO dialogues■ Participation in and collaboration with local communities■ Social contribution activities	Collaborating with local governments, NGOs and NPOs to solve social issues.

TOPICS

Stakeholder engagement example

Stakeholder Dialogue

(held on January 27, 2025)

To confirm that the corporate activities of the POLA ORBIS Group meet the expectations and demands of society, POLA ORBIS HOLDINGS (“POHD”) has created opportunities since 2011 for management to engage stakeholders in constructive dialogue. The dialogue theme for 2025 was “how companies that provide products to customers should promote sustainability.”

Participants

Hiroko Kuno

Executive Managing Officer, General Manager of Sustainability Division, Morinaga Milk Industry Co., Ltd. (position at the time of dialogue)

Shinya Chiba

Corporate Officer in charge of Group QCD Management, Intellectual Property, Regulatory Affairs and Sustainability, POLA ORBIS HOLDINGS INC.



Content of conversation (excerpts)

Sustainability promotion structure and recent changes

- Morinaga Milk Industry has established a Sustainability Committee, chaired by the president. We are implementing sustainability management throughout the Group, including companywide advancement of the Sustainability Medium- to Long-Term Plan 2030, formulated in fiscal 2022, and the promotion of activities that utilize the strengths of each business site. We are also continuously reviewing and implementing our KPIs to achieve our vision, in response to changes in the environment and opinions from our stakeholders. (Morinaga Milk Industry)
- POHD transferred part of its sustainability promotion function to the QCD Management Division, the Group’s oversight structure for manufacturing, to accelerate concrete progress on sustainability issues, especially in the areas of the environment and the supply chain, thereby ramping up Group-wide initiatives. (POHD)

Adhering to the Sustainability Standards Board of Japan (SSBJ) and other sustainability disclosure standards

- The timing of applications in the draft of the SSBJ Standards varies depending on market capitalization. Morinaga Milk Industry (and POHD) expects to be subject to mandatory application from 2030 onward. Measures, including DX, to quickly compile an extremely wide range of information are being considered. (Morinaga Milk Industry)
- POHD has identified compliance with the SSBJ Standards as a Group-wide corporate risk and is considering formulating a roadmap in 2025. Preparations such as refining materiality and KPIs to date are also underway across the Group. (POHD)

Key points of sustainability in addressing social issues

- Amid calls for solving social sustainability issues while achieving sustainable growth, examples of department-led initiatives such as “MO-Lagoon for Dairy,” a manure-processing system for dairy farm sites (GHG reduction and response to labor shortages), are being devised. Regarding containers and packages, society as a whole once started switching to paper, but there have also been cases where the functions of plastics are being reconsidered. As such, we need to provide comprehensive optimal solutions that account for various perspectives, such as the value we provide to society and customers at any given time. I am curious to know how much POHD, as a cosmetics company, knows about customers’ concerns about sustainability. (Morinaga Milk Industry)
- Independent management that utilizes the unique characteristics of each brand serves as the basis of POHD’s operations. Regarding sustainability, in addition to common issues that must be addressed Groupwide, such as reducing CO₂ emissions, each brand gains insight into various areas of interest including sustainability, through dialogue with customers, specifically at sales locations and through customer surveys and research activities. These efforts led to the creation of *Kaokara*, an AI camera for heat countermeasures that utilizes research technology and knowledge accumulated thus far, as well as new POLA and THREE brand products using unique domestic raw materials that have led to revitalizing local industries. Going forward, we will continue to leverage our strengths and collaborate with various external stakeholders to provide products and services that help solve social issues. (POHD)

Examples of comments applied to business

- Implemented in 2021—“Cycle through loop of experience and behavior data, utilizing a digital platform”**
- ➔ In November 2022, ORBIS began “hada ka.r.te,” an app-based service using AI to analyze the condition of a customer’s skin and tailor a skincare routine to that individual’s needs.
- Implemented in 2022—“The sustainability status of a product before it reaches customers is a black box, that is, unknown. Could design provide an opportunity for ordinary customers to recognize a carbon footprint?”**
- ➔ An icon indicating the reduction in CO₂ emissions achieved when customers purchase refills appeared in the 2023 issue of *ORBIS Magazine*.
- Implemented in 2023—“Addressing natural capital-related risks and discovering unique opportunities”**
- ➔ Analyzed dependencies and impacts on natural capital, and identified initiatives related to natural raw materials of each brand as risks and opportunities. Also linked the percentage of reductions in water consumption and sustainable palm oil procurement to executive compensation as part of risk response measures.

Basic Stance on Corporate Governance

Board of Directors

Number of meetings held in 2024

19

The Board of Directors bears responsibility for the achievement of Group business and is authorized to supervise subsidiaries and make decisions about important matters for the Group. The board makes resolutions and reports on significant issues related to management, such as the results of an analysis of differences between budgeted figures and actual figures for the month, in addition to topics prescribed in laws, regulations and the Articles of Association. As of 2025, to further strengthen corporate governance and ensure transparency, two outside directors have been added, meaning the board is composed of 10 directors (five of whom are independent outside directors). The board meets at least once a month. In 2024, it met 19 times, with an average attendance rate of 99.3% for directors.

The Board of Directors comprises directors who think flexibly, apply diverse perspectives and have extensive experience and expertise regarding the Company's corporate management activities. In addition, the Company believes evaluations by the Director Competency Model show that maintaining a proper balance of knowledge, experience, capabilities and diversity among the directors is a priority. The Company appoints as outside directors those who have independence, those who have the ability to take an overview of the management of the Group as a whole, ascertain essential issues and risks, and proactively express opinions and appropriately explain matters to directors and core management, and those with high levels of knowledge and abundant experience in corporate management, business reforms, customer service, logistics, legal and regulatory compliance, risk management and internal control. In fiscal 2024, topics discussed included evaluation of the effectiveness of the Board of Directors and action plans, as well as corporate risks and investor relations activity reports (sharing feedback from investors).

Nomination Advisory Committee (voluntary)

Number of meetings held in 2024

4

The role of the Nomination Advisory Committee is to ensure objectivity, transparency and effectiveness in decision-making processes, including the nomination of Company director candidates, appointment of corporate officers and nomination of director candidates at subsidiaries, by discussing and recommending individuals based on requests from the Board of Directors regarding personnel essential from a management perspective. Outside directors make up the majority of the committee members. The committee chair is an outside director appointed by the Board of Directors.

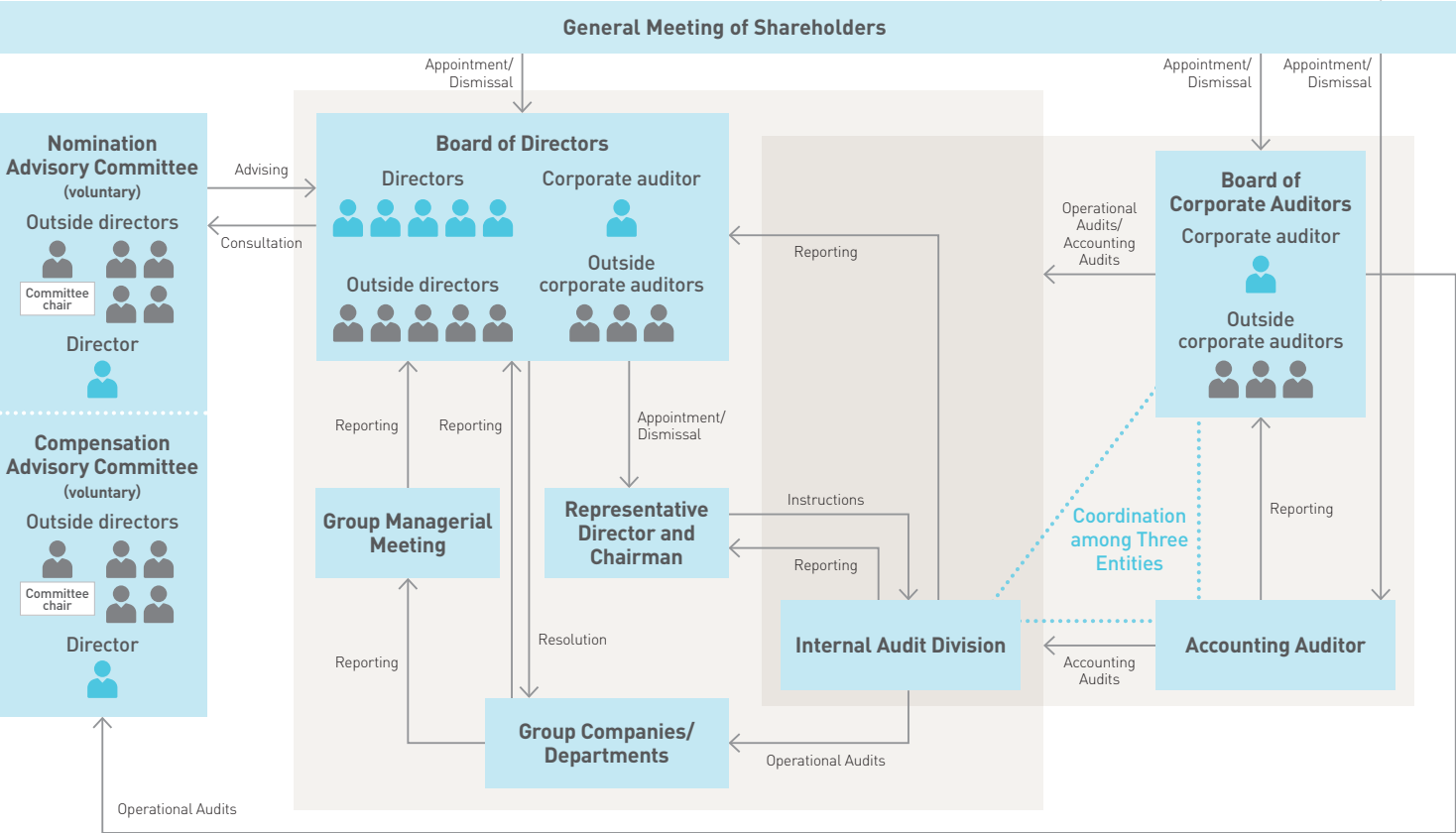
Nomination, appointment and dismissal of directors

Director candidates are nominated from persons who have the ability to contribute to the Group's sustained growth and medium- to long-term increases in its corporate value, who fully understand the Group's management policies and strategies and who possess such properties as multifaceted points of view, flexible thinking on reforms and specialization, with consideration for balance among such factors as knowledge, experience, abilities and diversity of the Board of Directors as a whole, based on an evaluation by the Director Competency Model. To ensure objectivity and transparency in the appointment and dismissal process, decisions are made by the Board of Directors and submitted to the General Meeting of Shareholders, based on deliberations and reports by the Nomination Advisory Committee.

Appointment and dismissal of representative director and president

The appointment and dismissal of the representative director and president are considered the most important decisions of the Nomination Advisory Committee. Decisions on the appointment and dismissal of the representative director and president are made by the Board of Directors, based on sufficient deliberations and reporting by the Nomination Advisory Committee regarding whether the appointee possesses a suitable temperament, abilities, deportment and other properties as the Group's chief executive officer.

Corporate governance structure (as of March 27, 2025)



Compensation Advisory Committee (voluntary)

Number of meetings held in 2024

8

The role of the Compensation Advisory Committee is to ensure objectivity, transparency and effectiveness in decision-making processes regarding the system design of the compensation program for Company executives, compensation for Company directors and compensation for directors and corporate officers at subsidiaries of the Company, by discussing and recommending compensation based on requests from the Board of Directors. Outside directors make up the majority of the committee members. The committee chair is an outside director appointed by the Board of Directors.

Board of Corporate Auditors

Number of meetings held in 2024

17

The Company is a company with a Board of Corporate Auditors. The corporate auditors attend general meetings of shareholders, Board of Directors' meetings, management meetings and other important events. They gather reports from directors, employees and accounting auditors, and supervise the execution of duties by directors. The board, composed of one full-time corporate auditor and three outside corporate auditors, is held at least once a month. The Company appoints outside corporate auditors with a high level of insight and extensive experience in various areas, including accounting, law and internal control.

Group Managerial Meeting

The Group Managerial Meeting is composed of directors and full-time corporate auditors, as well as senior corporate officers and corporate officers of the Company, and directors and corporate officers of subsidiaries appointed by the Company's Board of Directors. It receives reports from all companies about important matters of the Company and its subsidiaries and discusses the content.

Structural overview (as of March 27, 2025)

Functional Structure	Company with a Board of Corporate Auditors
Number of directors/Term of office	10 directors/2 years
Number of outside directors	5 directors
Number of corporate auditors/Term of office	4 corporate auditors/4 years
Number of outside corporate auditors	3 outside corporate auditors
Number of outside directors and outside corporate auditors designated as independent outside officers	8 directors and corporate auditors

Steps in governance

2006	Shifted to holding company structure
2008	Added outside corporate auditors to structure
2010	Listed on First Section of the Tokyo Stock Exchange
2013	Introduced corporate officer system
2015	Added outside directors to structure
2016	Established Basic Policy on Corporate Governance Initiated Board of Directors' effectiveness evaluation
2019	Established Nomination Advisory Committee (voluntary) and Compensation Advisory Committee (voluntary)
2022	Transitioned to the Prime Market of the Tokyo Stock Exchange

Policy on strategic shareholding

POLA ORBIS HOLDINGS holds listed shares under the following conditions:

- (1) The Company will not seek strategic shareholding as a mere stable shareholder.
- (2) The Company will selectively hold listed shares only if the Board of Directors sees the shareholding as reasonable and suitable from a business perspective, such as maintaining or strengthening business alliances and business transactions.
- (3) The Board of Directors will receive status reports regularly for each strategic shareholding, verify that each shareholding is still reasonable and appropriate and disclose its conclusions.

Executive training

Through continuous improvement of skills, the directors and core management are subject to self-evaluations and external evaluations of Director Competency for the purpose of fulfilling their responsibilities. When necessary, executive coaching programs and discussions with members of the Nomination Advisory Committee are used to provide them with opportunities to improve their understanding and acceptance of their roles, responsibilities and commitments.

Efforts are made to help newly appointed executives understand their roles and responsibilities by giving them explanations of their expected roles and legal responsibilities upon appointment.

For newly appointed outside directors and outside corporate auditors, in addition to their expected roles, matters explained to them upon appointment include the Group's management strategies and management plans, the state of management and business environments of individual Group companies and other management issues. These are made clear by the executives responsible and the Management Planning Division, in order to promote understanding of the topics.

Matters Related to the Board of Directors

Evaluation results of Board of Directors’ effectiveness

Through an evaluation of the Board of Directors’ effectiveness implemented in 2023, these issues were brought to management’s attention and recognized as requiring action. Steps taken in 2024 to address these issues are described below.

Item	Steps taken
1 Review medium-term management plan from perspective more conscious of cash allocation	Reviewing the plan, the Board of Directors discussed unprofitable businesses and Group-wide investment plans. However, the board was often compelled to focus on changes in the business environment at home and abroad, precluding in-depth discussion from a medium- to long-term perspective, which is an issue requiring attention. The board will create an action plan to address this issue and continuously implement applicable measures to mitigate a recurrence.
2 Enhance diversity of management board over medium to long term and utilize knowledge of outside executives	The Board of Directors organized meetings for independent outside executives and off-site discussion opportunities to promote dialogue from multiple perspectives, aiming at improving corporate value. In addition, regarding decision-making for the new Group structure, committees with an outside executive majority contributed to the appropriateness of decisions made by the Board of Directors.
3 Encourage management board to demonstrate greater leadership	The Board of Directors set priority issues for the Group, and structural reforms and strategies were discussed at off-site meetings. These discussions helped board meetings run more efficiently. The board will create an action plan to maintain this discussion process.

1. Basic policy on evaluation

The significance behind evaluating the effectiveness of the Board of Directors is, we believe, to raise management quality and corporate value even higher by identifying issues at the Board of Directors and appropriately dealing with such issues to solve them.

With this in mind, we have pursued an approach that takes the evaluation process beyond self-evaluation by members of the Board of Directors to include an overall view based on evaluation and analysis of the directors’ effectiveness from objective perspectives. The basic policy is for the board itself to apply the results gained through evaluation.

2. Evaluation method and process

Facilitated by outside expert

Following this policy, POLA ORBIS HOLDINGS has since fiscal 2017 welcomed evaluation and analysis by an external organization that specializes in assessing a board of directors’ effectiveness. In fiscal 2024, directors were interviewed, a questionnaire was distributed to all directors and corporate auditors, responses were compiled and a report based on results gleaned from the questionnaire was prepared. Introducing into the evaluation process third-party organizations, which have nothing to gain from the Board of Directors, ensures anonymity, elicits frank comments and preserves objectivity in evaluation results.

POLA ORBIS HOLDINGS’ original approach

To complement third-party evaluation, we took the original approach of utilizing evaluations by employees who have completed in-house programs, such as top management development training. Some of these employees are selected to attend management meetings and Board of Directors’ meetings as observers and interview board members.

This approach not only lends an employee perspective to evaluations but also provides a valuable opportunity to develop people with management potential.

All evaluation results were compiled into a report for the Board of Directors. The Board of Directors then analyzed and verified the content, worked toward a shared understanding of inherent strengths and issues requiring attention and implemented concrete action plans aimed at addressing such issues.

3. Summary of analysis and evaluation results

The following are evaluation results and the outcome of discussions at the Board of Directors’ meeting.

Points rated highly

- The following points were recognized as demonstrating the high effectiveness of the Board of Directors. The board will strive to maintain and improve these points.
- 1 A medium- to long-term perspective guided discussion of management issues common throughout the Group, with steps taken to implement measures to address these issues.
 - 2 The effectiveness of Nomination Advisory Committee and Compensation Advisory Committee improved with core participation by outside directors.

Points recognized as requiring action

- The following points are seen as issues that require attention. POLA ORBIS HOLDINGS will set up action plans and repeatedly implement and verify these plans to raise the Board of Directors’ effectiveness.
- 1 Address priority issues for the Group through ongoing leadership team activities spearheaded by the management board
 - 2 Constantly draw on outside executives’ knowledge
 - 3 Pursue discussions from multiple perspectives to improve corporate value

Key activity status of outside directors

Mr. Komiya, Ms. Ushio and Ms. Yamamoto are independent directors required to be designated by the Tokyo Stock Exchange, Inc.

Name	Key activity status
Kazuyoshi Komiya Attendance at meetings of the Board of Directors 95% 18 of 19 meetings	Mr. Komiya takes an all-inclusive view of Group management from a position independent of that of the Board of Directors and the management team. He offers comments that enhance the Group’s corporate value, including advice and suggestions based on a firm grasp of substantive issues and risks that the Group faces. In addition, he actively provides sound recommendations that conform to overall corporate management and supervises the execution of business, drawing on extensive knowledge and experience in corporate management. Furthermore, in the decision-making process for director and top management nominations, he serves as the chairperson of the voluntary Nomination Advisory Committee and, through appropriate personnel evaluations and allocations, demonstrates his extensive and outstanding knowledge about our human resources strategy and development plans.
Naomi Ushio Attendance at meetings of the Board of Directors 100% 19 of 19 meetings	Ms. Ushio takes an all-inclusive view of Group management from a position independent of that of the Board of Directors and the management team. She offers comments that enhance the Group’s corporate value, including advice and suggestions based on a firm grasp of substantive issues and risks that the Group faces. In addition, as an expert on human resources management and corporate management, she actively provides sound advice and recommendations that conform to the development of human resources and the promotion of diversity at POLA ORBIS HOLDINGS and supervises the execution of business. In addition, in the decision-making process for compensation for directors and top management, she serves as the chairperson of the voluntary Compensation Advisory Committee and supervises directors and top management through appropriate evaluations of business execution. She played an important role in enhancing the supervision of subsidiaries by being responsible for improving the Company’s subsidiary-monitoring functions and participating in the management meetings and Board of Directors’ meetings of major subsidiaries.
Hikaru Yamamoto Attendance at meetings of the Board of Directors 100% 19 of 19 meetings	Ms. Yamamoto takes an all-inclusive view of Group management from a position independent of that of the Board of Directors and the management team. She offers comments that enhance the Group’s corporate value, including advice and suggestions based on a firm grasp of substantive issues and risks that the Group faces. In addition, she actively provides sound advice and recommendations based on extensive and excellent know-how as an expert on marketing strategy and consumer behavior, and supervises the execution of business. In addition, in the decision-making processes for nominations and compensation for directors and top management, she serves as a member of the voluntary Nomination Advisory Committee and Compensation Advisory Committee and supervises directors and top management with appropriate evaluations of personnel and business execution. Furthermore, Ms. Yamamoto is responsible for strengthening the monitoring function of POLA ORBIS HOLDINGS’ subsidiaries and plays a vital role in enhancing supervision of subsidiaries by attending the management meetings and Board of Directors’ meetings of principal subsidiaries.

Independent outside executives’ meeting (held on February 25, 2025)

POLA ORBIS HOLDINGS regularly holds meetings exclusively for independent outside executives. At the meeting on February 25, 2025, participants exchanged opinions on the POLA ORBIS Group’s ability to realize growth into the future, given the situation in fiscal 2024 and personnel changes at operating companies effective January 1, 2025.


- A change at the top is an opportunity for a company to really transform. We believe that many changes are necessary for the Group to return to a growth track. We look forward to seeing reforms undertaken with the future in mind.
- The first thing that needs to happen is management must identify all the issues that require changing. Then, instead of just improving moves already in play, management must boldly stop and start some measures to achieve drastic reforms.
- Even if the organizational structure changes, there should be no delay in rolling out DE&I measures. By promoting the creation of an environment where diverse talented people can thrive, POLA ORBIS HOLDINGS and, collectively, all the companies under the Group umbrella will form a structure capable of generating still greater value.
- Management must take a moment to reflect and check to see if businesses are chasing numbers rather than results, for such things as the desired outcome of our products and services being used. It is such results that are of value to customers. If each brand creates and provides products and services appreciated by customers, the numbers—indicators of fiscal performance—will follow naturally.
- Even when profit margins are tight, management must move very carefully when thinking about cutting costs related to brand recognition. A lack of brand recognition will definitely restrict future growth potential.



Management Structure (As of March 27, 2025)


Satoshi Suzuki

Representative Director and Chairman




Yoshikazu Yokote

Representative Director and President




Naoki Kume

Director and Vice President




Koji Ogawa

Director



Takuma Kobayashi


Director (Part-time)



Kazuyoshi Komiya

Outside Director


OutsideIndependent



Naomi Ushio

Outside Director


OutsideIndependent



Hikaru Yamamoto

Outside Director


OutsideIndependent



Kayoko Tanaka

Outside Director


OutsideIndependent



Hiroki Taniguchi


Outside Director

OutsideIndependent



Akira Toyoda


Corporate Auditor



Akio Sato

Outside Corporate Auditor


OutsideIndependent



Motohiko Nakamura

Outside Corporate Auditor


OutsideIndependent



Emiko Suzuki


Outside Corporate Auditor

OutsideIndependent




Hiroe Yamaguchi

Senior Corporate Officer (Part-time)




Takayuki Katagiri

Senior Corporate Officer (Part-time)




Takahiro Tabata

Corporate Officer



Shinya Chiba

Corporate Officer




Skills Matrix of Directors and Corporate Auditors of POLA ORBIS HOLDINGS

Position at the Company	Areas of responsibility	Name	Competency strength/Behavior and performance particularly expected			Strength related to experience and expertise/Area of contribution particularly expected									
			Person-centered management	SHINKA (Evolution)	Value creation	Corporate management (top management)	Overseas business	Business planning (business creation)	Brand business/marketing	R&D	IT/digital	ESG	Finance/accounting	Legal affairs	HR
Representative Director and Chairman	—	Satoshi Suzuki	◎	◎	◎	●		●	●	●		●			
Representative Director and President	—	Yoshikazu Yokote	●	●	◎	●	●		●						
Director and Vice President	Finance, legal affairs, administration, IR	Naoki Kume	●	●	●		●	●				●	●	●	●
Director	Management planning, IT, HR, business development	Koji Ogawa	●		●			●			●	●			●
Director	(Representative Director and President, POLA INC.)	Takuma Kobayashi	●	●	◎	●	●		●		●				
Outside Director	—	Kazuyoshi Komiya	—	—	—	●							●		
Outside Director	—	Naomi Ushio	—	—	—							●			●
Outside Director	—	Hikaru Yamamoto	—	—	—				●		●				
Outside Director	—	Kayoko Tanaka	—	—	—	●		●							●
Outside Director	—	Hiroki Taniguchi	—	—	—			●			●				
Corporate Auditor	—	Akira Toyoda	—	—	—			●		●					
Outside Corporate Auditor	—	Akio Sato	—	—	—							●		●	
Outside Corporate Auditor	—	Motohiko Nakamura	—	—	—						●	●	●		
Outside Corporate Auditor	—	Emiko Suzuki	—	—	—						●		●		


Notes: 1. The above is not an exhaustive description of all the knowledge and experience each executive has.
2. Characteristics related to competency strengths expected to be demonstrated in executives' actions are indicated by ●, and strengths expected to be especially demonstrated in their actions are indicated by ◎.

Directors and Corporate Auditors of Major Group Companies (as of March 27, 2025)


POLA INC.




Takuma Kobayashi
Representative Director and President




Kazuhiro Nishikata
Director and Corporate Officer




Akira Gogo
Director and Corporate Officer




Koji Ogawa
Director (Part-time)




Kazuhiko Segaki
Corporate Auditor




Tamotsu Sato
Corporate Officer



Shimpei Yasuno
Corporate Officer




Akiko Tamura
Corporate Officer



Naotaka Hashi
Corporate Officer

ORBIS Inc.



Hiroe Yamaguchi
Representative Director and President




Hiroyuki Nakamata
Director (Part-time)




Naoki Kume
Director (Part-time)




Seiichi Takaya
Corporate Auditor



Masaki Motoki
Corporate Officer



Ryosuke Imai
Corporate Officer




Naoshi Higuchi
Corporate Officer




Yui Kato
Corporate Officer


POLA CHEMICAL INDUSTRIES, INC.




Takayuki Katagiri
Representative Director and President




Hiroki Tsuruoka
Director



Tadahito Seto
Director and Corporate Officer




Naoki Kume
Director (Part-time)




Naoki Mikami
Corporate Auditor




Tomomasa Shimanuki
Corporate Officer




Noboru Sugimura
Corporate Officer




Koji Yokoyama
Corporate Officer



Naoko Ota
Corporate Officer



Fumie Habu
Corporate Officer



Koji Arai
Corporate Officer

Jurlique International Pty. Ltd.




Loic Rethore
CEO

ACRO INC.




Toshiaki Miyazaki
Representative Director and President

DECENCIA INC.



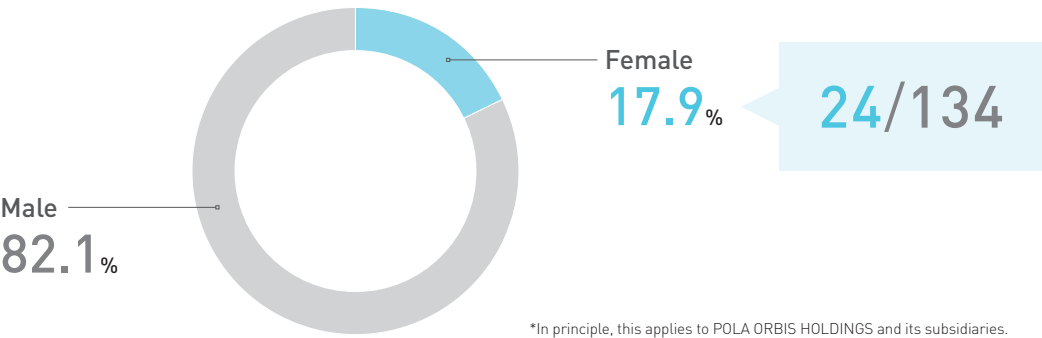
Emi Nishino
Representative Director and President

tricot, Inc.



Kana Hanafusa
Representative Director and President

Percentage of female POLA ORBIS Group executives* (as of December 31, 2024)




POLA MEDICAL INC.



Tsuyoshi Matsumoto
Representative Director and President

POLA ORBIS Travel Retail Limited



Takahiro Tabata
Director and CEO (Part-time)

P.O. REAL ESTATE INC.



Yasuhiro Fukuda
Representative Director and President

Fundamental Activities That Fulfill Our Corporate Responsibilities

Executive compensation

The POLA ORBIS Group’s executive compensation is set by the Board of Directors, based on discussions and recommendations by the Compensation Advisory Committee, in accordance with the following basic concept.

Performance indicators for medium- to long-term incentives (performance-linked, share-based compensation) include financial and non-financial benchmarks. Under the medium-term management plan (2024–2026), POLA ORBIS HOLDINGS has expanded its non-financial benchmarks to include the percentage of female managers, sustainable palm oil procurement and reductions in water consumption, reflecting measures to realize the Group’s philosophy and address prevailing demands of society.

1. Basic policy

The POLA ORBIS Group has made executive compensation an important way to realize sustainable growth at the Group and improve corporate value over the medium to long term. As a holding company, POLA ORBIS HOLDINGS clearly defines the roles and responsibilities of Company directors and other executives, whose primary duties are to make decisions on the overall management of the Group and to supervise the execution of business as well as the roles and responsibilities of directors at subsidiaries, who are delegated authority by the Company to execute operations.

Executive compensation is therefore based on the level of responsibility that each executive assumes for the business results achieved in the area of responsibility. This provides a strong incentive for executives to reach performance targets not only in the short term but over the medium to long term as well.

In addition, the Company seeks to foster a greater sense of common interest between directors, corporate officers and shareholders by making the connection between executive compensation and stock value more obvious.

2. Compensation standard

The compensation standard is set at a level comparable with those of industry peers or companies of a similar size at home and abroad and is commensurate with the role and level of responsibility held by each individual, with the business environment of the Group and the need to stay competitive in the external market taken into consideration.

3. Compensation structure

Directors/Corporate officers

The POLA ORBIS Group’s executive compensation is composed of basic compensation, which is fixed, and a performance-linked annual bonus and a medium- to long-term incentive (performance-linked, share-based compensation), which are variable. Annual bonuses are paid according to the Company’s success in achieving performance targets and according to each individual’s attainment of performance targets. In addition, POLA ORBIS HOLDINGS has introduced a “mission compensation” system for executives responsible for special missions.

Fixed compensation	Basic compensation	• Basic compensation reflects rank set according to duties of position and role in management for each individual.
Performance-linked compensation	Annual bonus*	• Compensation paid as an incentive to achieve performance targets each fiscal year, according to level of success in reaching Group’s performance targets within a single year. • Performance indicators determined from financial benchmarks (sales, income, cash flows, etc.) and non-financial benchmarks for each fiscal year and each individual’s performance targets.
	Medium- to long-term incentive (performance-linked, share-based compensation)	• Compensation paid as incentive to achieve performance targets and boost corporate value over medium to long term, according to level of success in reaching performance targets stated in Group’s medium-term management plan. Company shares granted with aim of fostering greater sense of common interest between directors, corporate officers and shareholders. • Performance indicators determined from the Group’s consolidated financial benchmarks (sales, income and ROE) and non-financial benchmarks in each medium-term management plan.

* Mission compensation
The recipients, themes and amounts of compensation associated with special missions in Group management are discussed by the Compensation Advisory Committee and approved by the Board of Directors, using the committee’s recommendations. KPIs are set for each fiscal year in line with each mission theme. The degree of success in reaching these KPIs is assessed by the Compensation Advisory Committee, and additional compensation within a range of 0%–100% of base amount is paid. The percentage of variable compensation of 40%–50% in the upper right corner above does not include mission compensation. A percentage of variable compensation that includes mission compensation would be 40%–65%.

Percentage of variable compensation*
40–50%

Percentage of fixed compensation
50–60%

Outside directors

Components of compensation are basic compensation, which is fixed, and a medium- to long-term incentive (non-performance-linked, share-based compensation), which is fixed, to ensure effective execution of supervisory functions.

	Basic compensation	• Basic compensation based on position.
Fixed compensation	Medium- to long-term incentive (non-performance-linked, share-based compensation)	• Share-based compensation granted as incentive to improve corporate value over medium to long term, seeking to foster greater sense of common interest with shareholders. • Does not vary with business results.

Percentage of fixed compensation
100%

4. Process for determining executive compensation

To ensure objectivity and transparency in the process for determining executive compensation, POLA ORBIS HOLDINGS established the Compensation Advisory Committee as a voluntary structure to advise the Board of Directors. Over half of the committee’s members including the chairperson are outside directors.

Executive compensation in the Group is set by the Board of Directors within a range of the compensation allotment decided at the general meeting of shareholders, following discussions and recommendations by the Compensation Advisory Committee.

Total, including compensation by executive classification; total, by type of compensation; and number of applicable executives (Fiscal 2024)

Executive classification	Total, including compensation (Millions of yen)	Total, by type of compensation (Millions of yen)			Number of applicable executives (persons)
		Fixed compensation	Short-term performance-linked compensation (bonus)	Medium- to long-term performance-linked compensation (share-based compensation)	
Directors (excluding outside directors)	225	121	61	42	5
Outside directors	31	31	—	—	3
Corporate auditors (excluding outside corporate auditors)	22	22	—	—	1
Outside corporate auditors	16	16	—	—	2

Notes: 1. Fixed compensation for outside directors includes ¥5 million in non-performance-linked, share-based compensation.
2. A portion of the medium- to long-term performance-linked compensation (share-based compensation) is paid as non-monetary compensation.

Internal control system initiatives

Instilling thorough awareness of Code of Conduct

The POLA ORBIS Group Code of Conduct (“the Code of Conduct”) sets forth standards for actions to put the Group philosophy into practice and for behavior that not only complies with general laws and regulations and internal rules for business activities but also shows a high level of social ethics. The POLA ORBIS Group asks all executives and employees to submit a written pledge confirming that they will abide by the stated Code of Conduct, and carries out thorough refresher training each year. The Code of Conduct is updated every three to four years to ensure its effectiveness.

Training for employees

To instill the Group philosophy and preclude possible violations of compliance, the POLA ORBIS Group regularly conducts training programs. Every year, the Company provides correspondence courses on “compliance” for people newly assigned to management positions and a CSR e-learning program for all executives and employees. In addition, since 2022, the Group has been providing annual training on harassment to all people in management positions.

Compliance surveys

The Group conducts annual compliance surveys of all Group executives and employees. The results of the evaluation are reported to the Board of Directors of POLA ORBIS HOLDINGS. The management and corporate auditors of each Group company take the lead in addressing any matters identified as issues in the survey. While ensuring anonymity, we conduct fact-checking investigations and provide corrective measures and refresher training, reporting to the committee chair of the Group CSR Committee.

Eliminating anti-social forces

The Group has established a policy in its Code of Conduct to completely avoid any contact with anti-social forces. The Group also cooperates with local police and has joined the national federation on countering organized crime syndicates and local associations counteracting organized crime syndicates, as well as collecting information from external sources as part of efforts to completely avoid any contact with anti-social forces. The Group also has prepared a manual on responding to anti-social forces that it is publicizing among employees and others, and promoting its thorough implementation.

Internal reporting system (POLA ORBIS Group Helpline)

The Group developed a system that enables all executives and employees of domestic and overseas Group companies to report and discuss internal company issues. This approach allows the Company to directly obtain internal risk information and underpins efforts to reduce risks and prevent compliance violations. Reports and consultations are received by external contractors and anonymized. Only the content of the report is given to a contact person in charge of the Group’s helpline. For cases involving directors of the Company or a contact person in charge of the Group’s helpline, we have put in place the Corporate Auditor Line, which allows the external contractor to directly contact the corporate auditors of the Company. Reports and consultations are accepted by e-mail or letter 24 hours a day, 365 days a year. Depending on the case, an investigator is assigned to fact-check the situation. Investigations are conducted in coordination with external agencies, as necessary. If any items that need to be improved are found, instructions for corrective measures are given.

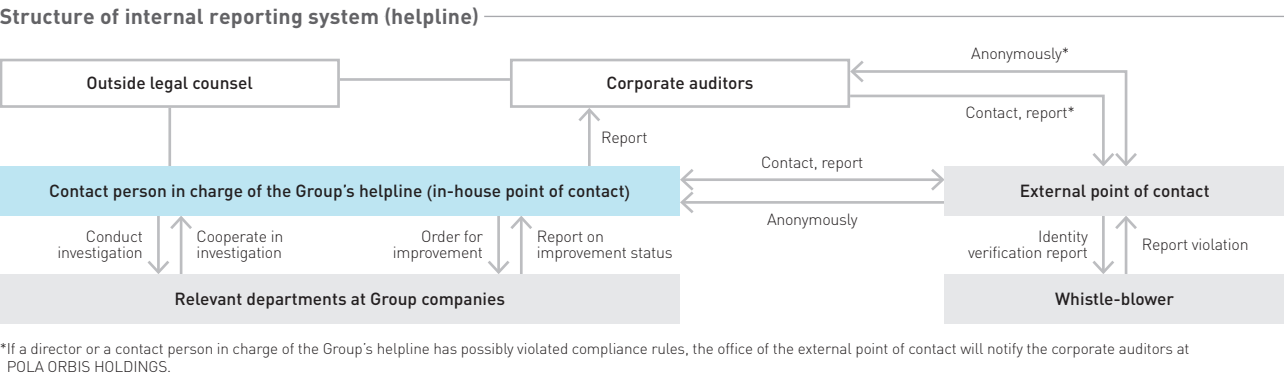
Under the helpline structure, the anonymity of whistle-blowers is protected and preserved through internal rules and general laws and regulations to ensure that informants are not subject to any unfavorable treatment. If a report falls under the category of internal whistle-blowing as defined in the Whistleblower Protection Act, the contact person and the person in charge of the investigation and correction submit a written pledge confirming that they are obliged to keep confidential the information identifying the whistle-blower in accordance with Article 12 of the Whistleblower Protection Act.

In addition, the status of the use of the helplines is reported monthly to the corporate auditors and regularly to the Board of Directors.

All Group employees are notified of the contact information for reporting on the Group’s portal site and through a CSR e-learning program that is conducted annually.

Nine reports were made to the helplines in 2024. All cases to be addressed for correction have been completed.

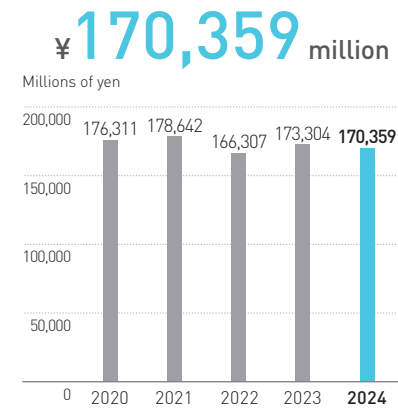
In addition, we established the “Business Partner Hotline,” which allows our business partners (including freelancers) to report compliance and other possible violations by our Group officers and employees, creating a system for reporting and discussing problems with our business partners.



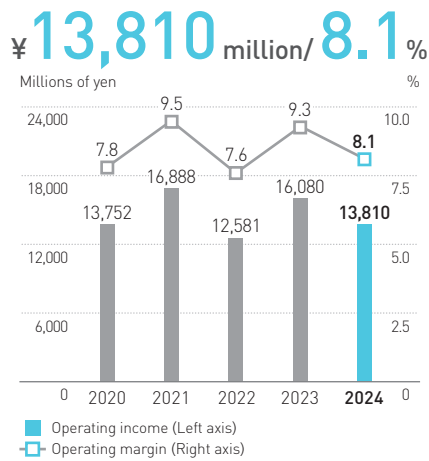
Financial and Non-Financial Highlights

Financial Capital

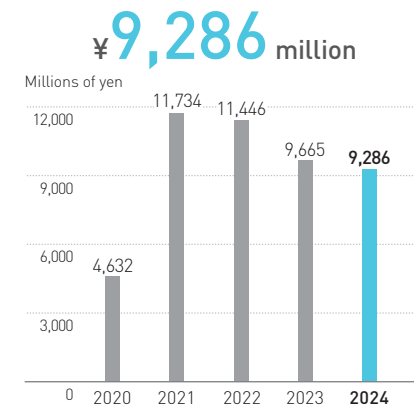
Net sales



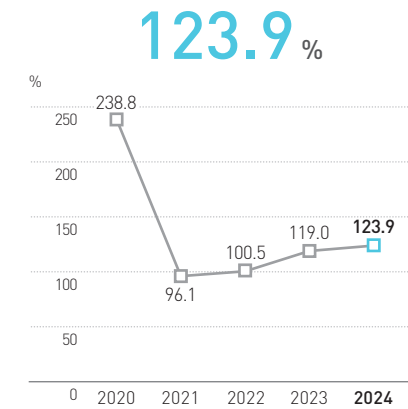
Operating income/Operating margin



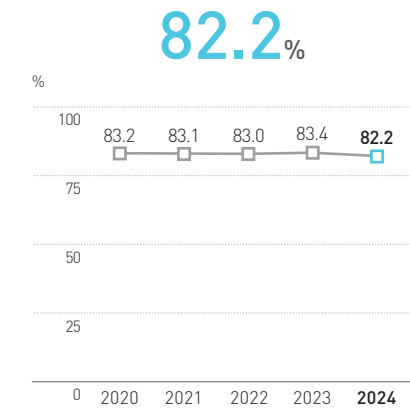
Profit attributable to owners of parent



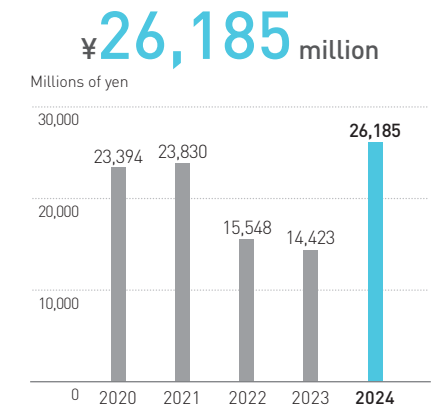
Payout ratio



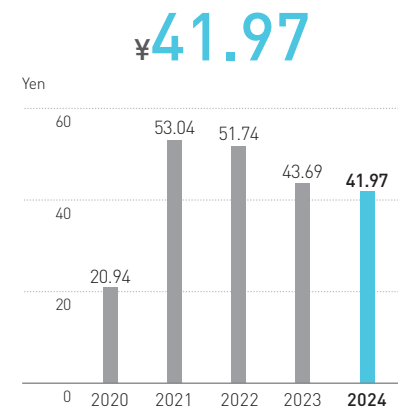
Equity ratio



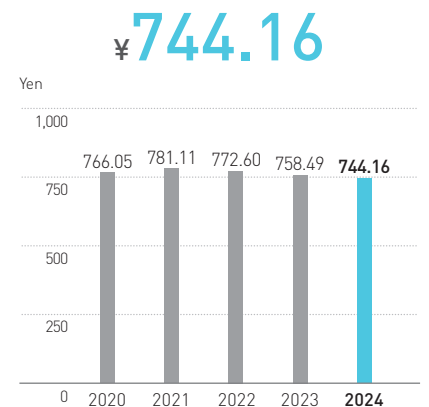
Cash flows from operating activities



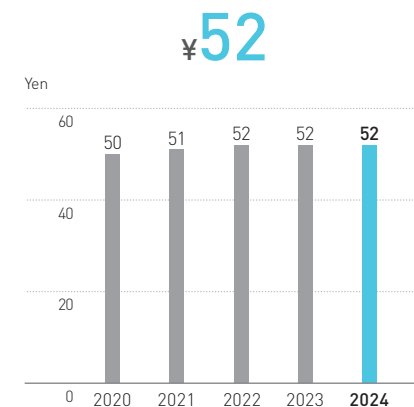
Net income per share



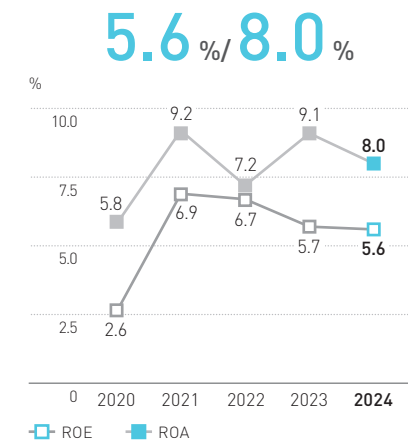
Net assets per share



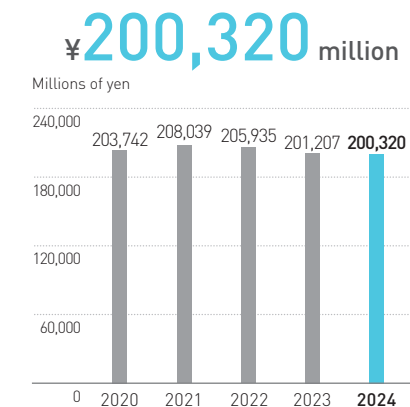
Cash dividends per share



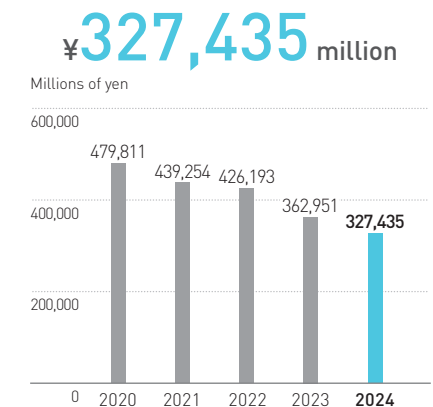
Return on equity/Return on assets



Total assets

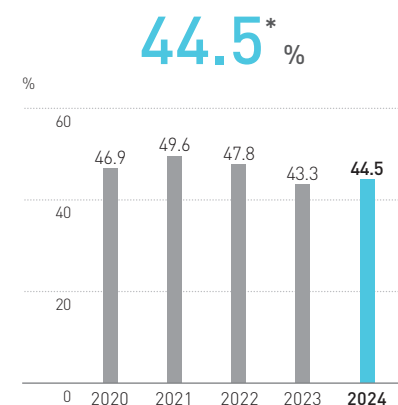


Total market value



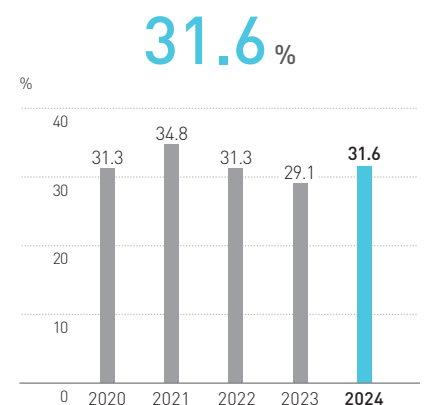
Non-Financial Capital

Percentage of female managers



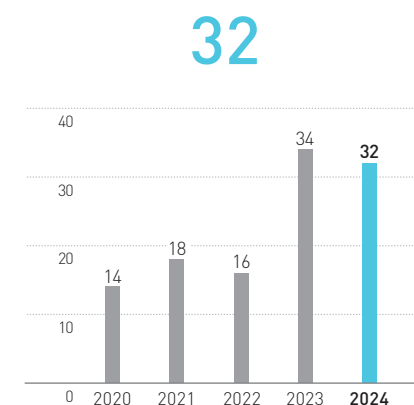
*In principle, this applies to POLA ORBIS HOLDINGS and its subsidiaries for 2024

Percentage of executives completing Business Innovation Academy compared to total number of Group executives



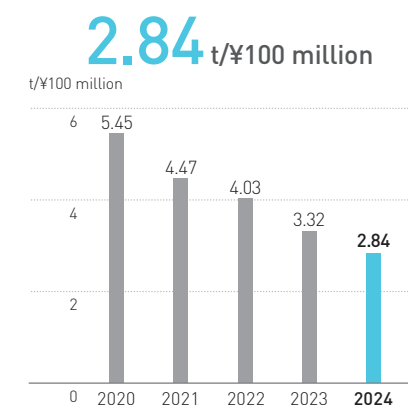
Note: Excludes part-time directors and outside executives

Number of papers presented at scientific conferences by POLA CHEMICAL INDUSTRIES



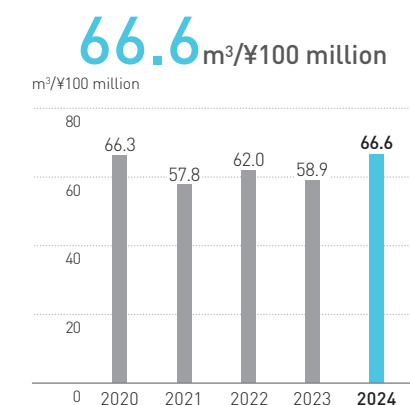
Note: Number in 2020 impacted by COVID-19 pandemic as conferences were postponed or canceled

CO₂ emissions (Scope 1 and 2)



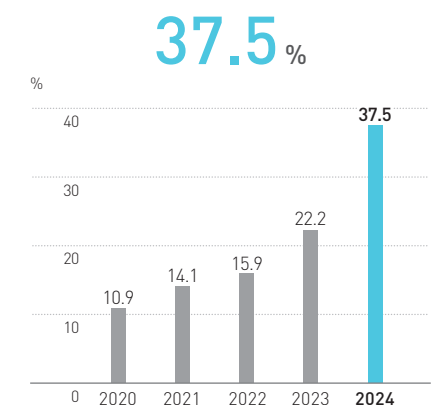
Note: On a per unit of sales basis

Water consumption



Notes: 1. On a per unit of sales basis
2. Actual values from 2020 onward have been changed due to expansion of calculation boundary, effective from 2023

Sustainable palm oil procurement



Note: Counted on basis of certified palm oil use, including in-house procurement and subcontracted cosmetics production

Ten-Year Summary of Selected Financial Data

Years ended December 31	Millions of yen (Except per share data)										Thousands of U.S. dollars ^{*1} (Except per share data)
	2015	2016 ^{*4}	2017	2018	2019	2020	2021	2022	2023	2024	2024
Operating Results											
Net sales ^{*2}	¥214,788	¥218,482	¥244,335	¥248,574	¥219,920	¥176,311	¥178,642	¥166,307	¥173,304	¥170,359	\$1,077,000
Beauty Care	200,570	202,446	227,133	231,207	214,886	171,658	174,150	161,654	168,477	165,060	1,043,497
POLA	109,352	116,126	144,012	150,183	135,502	102,888	105,168	96,371	98,499	92,798	586,664
ORBIS	56,354	55,857	53,066	51,051	50,726	45,415	43,389	38,417	42,874	48,190	304,657
Overseas Brands	22,334	15,665	15,075	12,428	9,235	7,166	8,954	9,972	9,735	8,763	55,402
Brands under Development	12,529	14,796	14,978	17,544	19,421	16,186	16,637	16,892	17,368	15,307	96,772
Real Estate	2,951	3,043	2,694	2,707	2,619	2,291	2,112	2,083	2,078	2,214	13,997
Others	11,266	12,992	14,507	14,659	2,415	2,361	2,379	2,569	2,748	3,085	19,506
Operating income	22,511	26,839	38,881	39,496	31,137	13,752	16,888	12,581	16,080	13,810	87,311
Beauty Care	21,290	25,904	38,121	38,294	30,193	12,965	17,060	13,793	16,354	14,926	94,366
POLA	12,302	16,993	28,584	32,574	25,529	10,927	16,374	12,495	11,555	9,933	62,796
ORBIS	11,197	11,279	9,080	9,340	9,252	7,329	5,925	4,850	6,340	8,306	52,515
Overseas Brands	(2,194)	(3,210)	(823)	(4,316)	(3,794)	(3,214)	(2,338)	(1,446)	(1,243)	(2,461)	(15,563)
Brands under Development	(15)	841	1,278	695	(794)	(2,076)	(2,901)	(2,105)	(298)	(851)	(5,381)
Real Estate	1,265	1,395	1,082	1,001	1,021	710	488	491	440	76	486
Others	293	(133)	(314)	796	130	128	70	96	149	231	1,463
Operating margin (%)	10.5	12.3	15.9	15.9	14.2	7.8	9.5	7.6	9.3	8.1	
Profit attributable to owners of parent	14,095	16,328	27,137	8,388	19,694	4,632	11,734	11,446	9,665	9,286	58,706
Financial Position											
Net assets	180,635	183,282	198,845	188,797	191,069	169,854	173,267	171,459	168,398	164,916	1,042,584
Total assets	235,734	228,845	252,567	244,596	227,256	203,742	208,039	205,935	201,207	200,320	1,266,409
Cash Flows											
Cash flows from operating activities	28,379	23,561	35,333	30,283	21,127	23,394	23,830	15,548	14,423	26,185	165,542
Cash flows from investing activities	(7,331)	16,379	(22,065)	(9,125)	(12,514)	(3,342)	(2,174)	(12,370)	(18,734)	(12,104)	(76,523)
Cash flows from financing activities	(13,896)	(10,030)	(12,945)	(20,127)	(19,336)	(27,133)	(9,100)	(12,668)	(12,375)	(13,376)	(84,564)
Cash and cash equivalents at end of year	45,843	75,458	75,944	76,462	65,789	58,844	71,693	62,562	46,376	47,305	299,061
Depreciation and amortization	6,528	6,787	6,551	7,075	7,377	7,255	7,110	8,482	7,712	8,352	52,806
Capital expenditure	12,074	8,127	8,885	10,514	10,091	8,464	8,945	12,532	17,478	14,518	91,787
Financial Indicators											
Equity ratio (%)	76.5	79.9	78.6	77.0	83.9	83.2	83.1	83.0	83.4	82.2	
Return on equity (%)	7.8	9.0	14.2	4.3	10.4	2.6	6.9	6.7	5.7	5.6	
Return on assets (%)	9.7	11.7	16.3	15.7	13.0	5.8	9.2	7.2	9.1	8.0	
Price-earnings ratio (times)	31.5	32.7	32.2	78.3	29.4	100.0	36.1	35.9	36.3	34.0	
Per Share Data ^{*3}											
Net income per share (¥/\$)	63.74	73.83	122.70	37.93	89.04	20.94	53.04	51.74	43.69	41.97	0.27
Net assets per share (¥/\$)	815.00	826.65	897.26	851.78	862.00	766.05	781.11	772.60	758.49	744.16	4.70
Cash dividends per share (¥/\$)	37.5	50	70	80	116	50	51	52	52	52	0.33

^{*1} Dollar amounts are shown for convenience only and are calculated based on the prevailing exchange rate of U.S.\$1 = ¥158.18 as of December 31, 2024.
^{*2} Net sales do not include consumption taxes.
^{*3} On April 1, 2017, the Company executed a four-for-one stock split.
Net income per share and net assets per share have been calculated as if this stock split had occurred at the beginning of fiscal 2015.
^{*4} The Group's consolidated subsidiary has changed its accounting policy, recognizing deferred tax liabilities on intangible assets with an indefinite useful life that have been acquired as part of a business combination. Figures for fiscal 2016, ended December 31, 2016, reflect retroactive adjustment.

Management’s Discussion and Analysis

Summary of business results

During fiscal 2024, personal consumption in the domestic cosmetics market has improved thanks to the moderate economic recovery. Moreover, inbound demand has continued to grow due to the continued trend of a weaker yen. In the Chinese market, although supply has increased as policy measures take hold, the economy has remained stagnant. Within this market environment, as part of its medium-term management plan (from 2024 through 2026) that started in 2024, the POLA ORBIS Group (the “Group”) implemented four business growth strategies, namely, “strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability,” “further grow the overseas business and establish

business bases in new markets,” “achieve profitability through growth in brands under development, contributing to sustainable earnings,” and “enhance the brand portfolio and expand business domains.” At the same time, in an effort to sustainably strengthen the management foundations that will support these strategies, the Group has worked to “strengthen R&D capabilities for new value creation” and “strengthen sustainability combining the resolution of social issues with uniqueness.”

Overall, POLA ORBIS HOLDINGS posted a drop in sales, mainly due to a decrease in sales of the POLA brand, and a fall in income due to a decrease in gross profit from lower net sales.

Analysis of operating results: Comparison of fiscal 2024 and fiscal 2023

Net sales

Net sales for fiscal 2024 were ¥170,359 million (down 1.7% year on year). This was mainly due to a decrease in sales of the flagship brand POLA. However, when the impact of brands terminated in the previous fiscal year is excluded, net sales were on par with those of the previous fiscal year.

Cost of sales

Selling, general and administrative expenses

Cost of sales increased 2.0% year on year, to ¥31,846 million. The cost of sales ratio—the cost of sales as a percentage of net sales—increased 0.7 percentage point, to 18.7%.

Selling, general and administrative expenses decreased ¥1,293 million, or 1.0%, from those of the previous fiscal year, to ¥124,702 million. Due to the decrease in net sales, variable expenses such as sales-related expenses fell, but the ratio to net sales was higher than that in the previous fiscal year due to an increase in selling and administrative expenses for the overseas brand.

Operating income

Operating income decreased ¥2,269 million from that of the previous fiscal year, to ¥13,810 million (down 14.1% year on year). This was due to lower gross profit that paralleled the aforementioned decrease in net sales. The operating margin decreased 1.2 percentage points, to 8.1%.

Income before income taxes

Income before income taxes decreased ¥711 million, or 4.6%, from that of the previous fiscal year, to ¥14,649 million. Despite the impact of lower ordinary income, income before income taxes was generally on par with that of the previous fiscal year due to the impact of reduced extraordinary losses.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased ¥379 million, or 3.9%, from that of the previous fiscal year, to ¥9,286 million. Net income per share decreased to ¥41.97, from ¥43.69 in fiscal 2023. ROE decreased to 5.6%, from 5.7% a year earlier.

Operating status by segment

■ Beauty Care

The Beauty Care segment consists of the flagship brands POLA and ORBIS, the overseas brand Jurlique, and the brands under development DECENCIA, THREE and FUJIMI.

POLA is working to further improve the value of its brand and build a medium- to long-term customer base by launching highly functional products mainly in the field of anti-aging and skin-brightening. In the domestic business, we are working to establish brand experience (the One POLA model) to promote the transition from new customer acquisition to high lifetime value. Elsewhere, expansion of the POLA Premium Pass, a membership program launched in 2023 covering all sales channels, has seen customers start to move between sales channels. Through activities to enhance customer experience value, such as boosting our consulting services and aesthetic treatment centered on new products, and launching a new skin analysis service, sales increased at stores on a growth track in the consignment sales channel, while the department store channel continued to witness sales growth. However, overall performance in the domestic business fell below that of the previous year, impacted by the reduction in customer contact points caused by a decrease in the number of stores in the consignment sales channel, and other factors. In the overseas business, we are working to drive business recovery in the post-pandemic world and to establish a brand presence in mainland China, our top priority market, by expanding contact points with wealthy customer groups and strengthening CRM. However, due to the continued impact of the economic slowdown in some areas of Asia, particularly in mainland China, the overall performance of the overseas business fell below that of the previous year. As a result, POLA net sales and operating income decreased year on year.

ORBIS is striving to regrow into a highly profitable business by enhancing its presence through creation of brand differentiation, improving customer loyalty, and increasing users of skincare products, with a focus on the *ORBIS U* series, the anti-aging skincare for improving wrinkles and brightening skin. In the domestic business, we are working to achieve steady growth in our skincare-centered direct selling channel, build a robust profit base, and increase net sales in new fields by entering untapped

markets. In the direct selling channel, where we are building an increasingly stable customer base, the number of customers continued to grow, and the continued strong sales of highly functional, higher-priced products also contributed to raising the customer unit price. As a result, sales increased significantly. In the external channels, which we have positioned as a new growth driver and are proactively developing, we expanded our product lineup and sales channels, enabling sales growth to remain brisk. In the overseas business, the overall performance of overseas business fell below that of the previous year due to the continued economic slowdown in mainland China. As a result of the above, ORBIS net sales and operating income exceeded those of the previous year.

Jurlique continues to work toward business growth in Australia and the markets of Asia, chiefly in mainland China. In Australia, the home country of the brand, sales continued to increase thanks to strong sales of new products launched in March and solid sales in the department store, directly operated retail store, and e-commerce channels. On the other hand, in mainland China, the effects of the economic slowdown continued, hampering sales in both the department store and e-commerce channels, especially from April onward, leading to weaker performance than that of the previous year. As a result of the above, Jurlique net sales fell below those of the previous year, and operating losses expanded mainly due to the impact of higher selling and administrative expenses.

For brands under development, DECENCIA increased sales year on year thanks to the building of a stable customer base through strengthening sales strategies tailored to customer attributes. Efforts are underway to regenerate THREE. While we have been working to revitalize in-store engagement with products highlighting essential oils that are the brand’s differentiation, new customer acquisition did not reach the previous year’s level and results fell below those of the previous year. FUJIMI achieved profitability with higher results than those of the previous year by improving customer experience value. In addition to the above, the withdrawal of two brands in the previous year meant that overall net sales for brands under development decreased year on year. Moreover, operating loss expanded mainly due to the impact of investments in new businesses.

As a result of the factors noted above, net sales—sales to external customers—were ¥165,060 million, down 2.0% year on year, and operating income was ¥14,926 million, down 8.7% year on year.

Key financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cost of sales ratio	19.5%	18.7%	17.0%	16.7%	16.3%	17.0%	16.1%	18.7%	18.0%	18.7%
Gross margin ratio	80.5%	81.3%	83.0%	83.3%	83.7%	83.0%	83.9%	81.3%	82.0%	81.3%
SG&A ratio	70.1%	68.9%	67.0%	67.4%	69.5%	75.2%	74.5%	73.8%	72.7%	73.2%
Personnel expenses	14.3%	13.2%	12.2%	12.4%	13.0%	15.6%	16.1%	17.5%	17.0%	17.7%
Sales commissions	22.7%	21.3%	22.0%	22.4%	22.0%	20.4%	19.0%	21.0%	20.2%	19.3%
Sales-related expenses	20.1%	21.1%	20.7%	19.3%	19.8%	21.9%	21.0%	17.1%	17.3%	17.2%
Administrative and other expenses	13.0%	13.3%	12.2%	13.3%	14.7%	17.3%	18.3%	18.2%	18.2%	18.9%
Operating margin	10.5%	12.3%	15.9%	15.9%	14.2%	7.8%	9.5%	7.6%	9.3%	8.1%

■ Real Estate

The Real Estate segment concentrates on the leasing of office buildings in urban areas. Efforts are currently directed at sustaining and improving rental income and reducing vacancy rates by creating attractive office environments. Another area of emphasis is the residential properties rental business. This business highlights condominiums perfect for families with young children. During fiscal 2024, although net sales increased year on year, operating income fell below that of the previous year mainly due to expenses incurred in conjunction with the completion of the “POLA aoyama building” and the withdrawal of some tenants.

As a result of the above, net sales—sales to external customers—totaled ¥2,214 million, up 6.5% year on year, and operating income was ¥76 million, down 82.5% year on year.

Analysis of financial position

Assets, liabilities and net assets

Assets

As of December 31, 2024, total assets stood at ¥200,320 million, down 0.4%, or ¥887 million, from December 31, 2023. Factors related to this change included increases of ¥3,833 million in property, plant and equipment and ¥963 million in short-term investments in securities, as well as decreases of ¥2,024 million in cash and deposits, ¥1,954 million in investments in securities, ¥1,043 million in deferred tax assets, ¥355 million in notes and accounts receivable – trade, and ¥340 million in “Other” under current assets.

■ Others

The Others segment is the building maintenance business.

The building maintenance business is mainly engaged in the operation and management of buildings. During fiscal 2024, both net sales and operating income increased year on year thanks to an increase in the number of contracts.

As a result of the above, net sales—sales to external customers—totaled ¥3,085 million, up 12.3% year on year, and operating income was ¥231 million, up 54.7% year on year.

Net assets

Net assets amounted to ¥164,916 million, down 2.1%, or ¥3,482 million, from December 31, 2023. Factors related to this change included a recording of ¥9,286 million in profit attributable to owners of parent, as well as ¥11,519 million in dividends from retained earnings and decreases of ¥574 million in capital surplus and ¥334 million in foreign currency translation adjustments.

Cash flows

The balance of cash and cash equivalents as of December 31, 2024 was ¥47,305 million, up ¥928 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities increased 81.5% from a year ago, to ¥26,185 million. The primary components contributing to an increase in net cash were ¥14,649 million in profit before income taxes, ¥8,352 million in depreciation and amortization, ¥696 million in impairment loss, and ¥3,836 million in income taxes refund. Major components leading to a decrease in net cash were ¥1,378 million of foreign exchange gain, and ¥708 million of decrease in notes and accounts payable – trade.

Cash flows from investing activities

Net cash used in investing activities decreased 35.4% from a year ago, to ¥12,104 million. The main factors were an increase in net cash resulting from ¥12,000 million in proceeds from sales and redemption of short-term investments in securities, and a

decrease in net cash resulting from outflows of ¥2,000 million in purchase of short-term investments in securities, ¥8,172 million in purchase of property, plant and equipment, ¥3,983 million in purchase of intangible assets, ¥9,310 million in purchase of investments in securities.

Cash flows from financing activities

Net cash used in financing activities increased 8.1% from a year ago, to ¥13,376 million. This was primarily attributable to the application of ¥800 million in repayments of lease obligations, ¥1,008 million in payments for acquisition of shares of subsidiaries not resulting in change in scope of consolidation and ¥11,554 million in cash dividends paid.

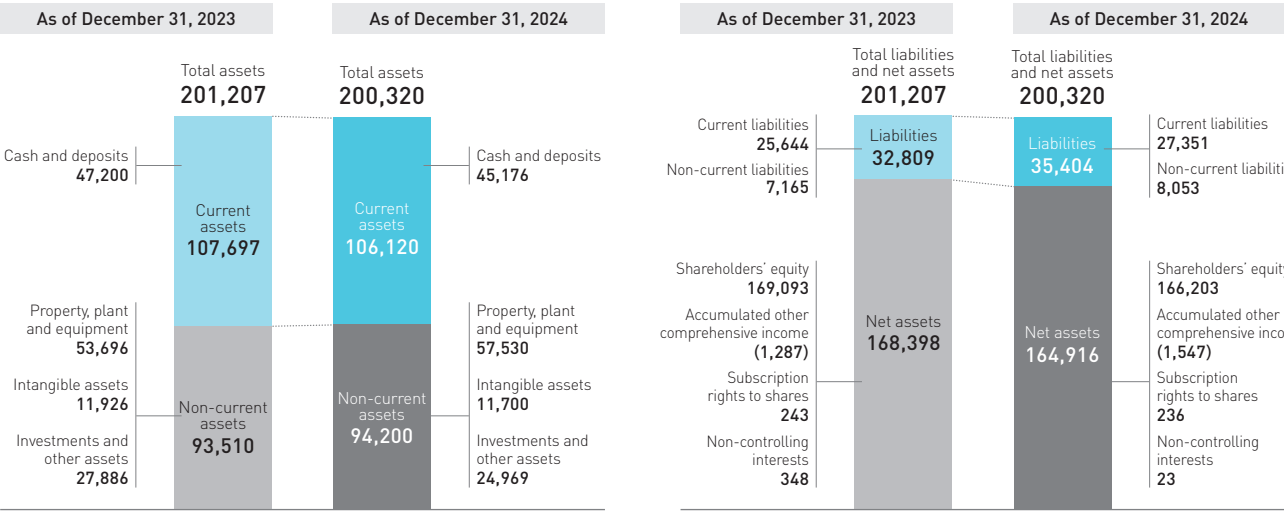
Sources of funds and policy on fund liquidity

The Group ensures the availability of the funds deemed necessary to maintain business activities. As for future applications of funds, POLA ORBIS HOLDINGS will emphasize investment in R&D to create new value, capital investment to open or renovate stores and boost productivity, and efforts to create and develop new brands, including M&A opportunities. The goal is to generate future cash flow from these activities. Note that the Company strives to enhance capital efficiency Groupwide through a cash management system that centralizes subsidiaries’ cash operations under Company oversight.

The Company adheres to fund management regulations and standards to ensure appropriate application of operating funds and surplus funds, respectively. The balance of cash and deposits stood at ¥45,176 million as of December 31, 2024, down ¥2,024 million from that of a year earlier.

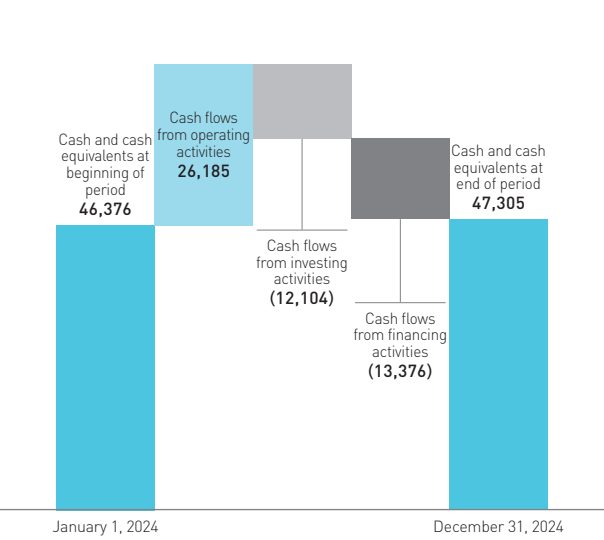
Overview of consolidated balance sheets

Millions of yen



Overview of consolidated statement of cash flows

Millions of yen



Note: The effect of exchange rate change on cash and cash equivalents is omitted.
Any discrepancies due to this omission have been adjusted accordingly.

Corporate Information (As of December 31, 2024)

Fiscal 2025 forecast

As the second stage toward achieving our long-term management plan, VISION 2029, the Group started its new medium-term management plan in 2024. As key strategies, the Group continues to implement four business growth strategies, namely, “strengthen the customer base in the domestic business to achieve sustainable growth and improve profitability,” “further grow the overseas business and establish business bases in new markets,” “achieve profitability through growth in brands under development, contributing to sustainable earnings,” and “enhance the brand portfolio and expand business domains,” with the aim of accelerating business growth. At the same time, in an effort to sustainably strengthen the management

foundations that will support these strategies, the Group also continues to “strengthen R&D capabilities for new value creation” and “strengthen sustainability combining the resolution of social issues with uniqueness.”

For the fiscal year ending December 31, 2025, the Group forecasts net sales of ¥174,000 million, up 2.1% year on year, operating income of ¥14,500 million, up 5.0%, ordinary income of ¥14,700 million, down 8.6%, and profit attributable to owners of parent of ¥8,500 million, down 8.5%, considering the steady execution of key strategies and downward pressure on the economy due to factors such as the downturn in overseas economies.

Significant accounting policies and assumptions

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (Japanese GAAP). The preparation of consolidated financial statements requires management to select and apply certain accounting policies and make assumptions that affect reported amounts and disclosure of

assets and liabilities as well as earnings and expenses. These assumptions are based on reasonable conclusions that take into account historical performance and other factors. However, actual results could differ from stated expectations as they are subject to inherent uncertainties.

Company name	POLA ORBIS HOLDINGS INC.
Foundation	September 29, 2006
Capital	¥10 billion
Number of employees	4,021 (for the Group) 314 (for the Company) <small>Full-time employees (Excluding those on loan to other companies, including those on loan from other companies)</small>
Fiscal year-end	December 31
General meeting of shareholders	March
Business description	Business management of the entire Group
Head office	2-2-3 Nishigotanda, Shinagawa-ku, Tokyo, Japan
Stock listing	Tokyo Stock Exchange, Prime Market
TSE code	4927
Share register	1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation

Major Group Companies

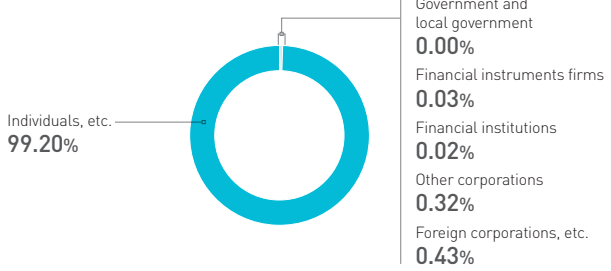
- Beauty Care business
- POLA INC.
ORBIS Inc.
POLA CHEMICAL INDUSTRIES, INC.
Jurlique International Pty. Ltd.
ACRO INC.
DECENCIA INC.
tricot, Inc.
POLA MEDICAL INC.
POLA ORBIS Travel Retail Limited
- Real Estate business
- P.O. REAL ESTATE INC.
- Other businesses
- P.O. TECHNO SERVICE INC.

Stock Information (As of December 31, 2024)

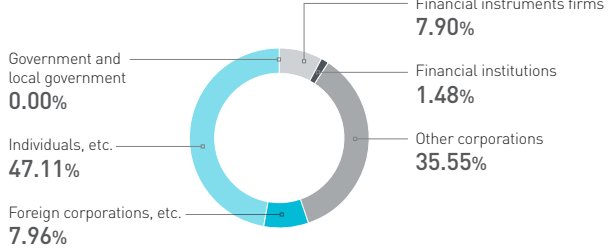
Total number of authorized shares	800,000,000
Total number of issued shares	229,136,156
Number of shareholders	126,355

Composition of Shareholders

By number of shares



By number of shareholders



Principal Shareholders

Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Pola Art Foundation	78,616	35.5
Satoshi Suzuki	48,824	22.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,277	5.1
Naoko Nakamura	4,770	2.2
THE BANK OF NEW YORK MELLON 140051	4,244	1.9
Custody Bank of Japan, Ltd. (Trust Account)	2,948	1.3
Hiromi Suzuki	2,732	1.2
THE BANK OF NEW YORK 133612	1,902	0.9
JPMorgan Securities Japan Co., Ltd.	1,862	0.8
The POLA Foundation of Japanese Culture	1,800	0.8

Notes: 1. In addition to the above, the Company holds 7,525 thousand shares of treasury stock. Note that the Company introduced a Board Incentive Plan Trust for directors, though the Company’s shares held in this trust are not included in treasury stock.
2. For number of shares held, figures are rounded down to the nearest thousand, and for shareholding ratios, figures are rounded to the first decimal place.
3. The percentage of shareholding is calculated by deducting shares of treasury stock.

POLA ORBIS HOLDINGS INC.

POLA GINZA BUILDING 1-7-7 Ginza,
Chuo-ku, TOKYO 104-0061, JAPAN
Tel.: +81-3-3563-5517
www.po-holdings.co.jp/en/