

April 28, 2022

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

## Announcement Regarding the Dissolution and Liquidation of a Consolidated Subsidiary, etc.

POLA ORBIS HOLDINGS INC. (the “Company”) announces that, at a meeting of the Board of Directors on April 28, 2022, the Company resolved to dissolve and liquidate one of the Company’s consolidated subsidiaries, H2O PLUS HOLDINGS, INC., and its wholly owned subsidiary (sub-subsidiary), H2O PLUS, LLC (hereinafter collectively referred to as “H2O PLUS”).

### 1. Reasons for the dissolution

The POLA ORBIS Group (the “Group”), looking toward 2029 as the 100th anniversary of its founding, has established VISION 2029 as “A collection of unique businesses that respond to diversifying values of ‘beauty,’ ” and its three basic strategies as “Develop the cosmetics business globally; reform and enhance the brand portfolio,” “Create new value and expanding business domains,” and “Strengthen research and technical strategy.” The Group has positioned the expansion of its business portfolio as the new pillar of its strategies, while aiming to further enhance profitability by pursuing reforms of its brand portfolio in the existing cosmetics business. As such, the Group has decided to dissolve and liquidate H2O PLUS as part of these initiatives.

Since joining the Group, H2O PLUS has been engaged in the manufacture and sale of cosmetics primarily in the United States. However, the business environment surrounding H2O PLUS has become extremely difficult, causing performance results to fall short of plans. Despite various measures undertaken to date toward recovery, it has been determined that there is no longer any benefit in continuing this business.

### 2. Overview of the subsidiary, etc., to be dissolved

#### 1) H2O PLUS HOLDINGS, INC.

(1) Company name	H2O PLUS HOLDINGS, INC.	
(2) Location	Delaware, USA	
(3) Name and title of the representative	Junko Gomi, Director & Chief Executive Officer and President	
(4) Description of business	Business management of H2O PLUS, LLC	
(5) Capital	US \$135,969 thousand	
(6) Date of foundation	March 2008	
(7) Major shareholder and shareholding ratio	POLA ORBIS HOLDINGS INC.: 100%	
(8) Relationship between the listed company and the company in question	Capital relationship	The Company holds 100% of the shares of the company in question.
	Personnel relationship	The Company has dispatched its employees as executives to the company in question.
	Transaction relationship	Receipt of business management fees based on the business management agreement, lending of funds, and debt guarantees.
	Applicability to related parties	A consolidated subsidiary of the Company.

## 2) H2O PLUS, LLC

(1) Corporate name	H2O PLUS, LLC		
(2) Location	Delaware, USA		
(3) Name and title of the representative	Junko Gomi, Chief Executive Officer and President		
(4) Description of business	Manufacture and sale of cosmetics		
(5) Capital	US\$135,969 thousand		
(6) Date of foundation	April 1993		
(7) Major shareholder and shareholding ratio	H2O PLUS HOLDINGS, INC.: 100%		
(8) Operating results and financial position of the company in question for the preceding three financial years			
	(Millions of yen)		
Financial year	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net assets	(1,843)	(2,509)	(3,562)
Total assets	665	566	658
Net sales	1,470	722	1,116
Operating income	(767)	(727)	(661)
Ordinary income	(814)	(787)	(737)
Profit attributable to owners of parent	(869)	(799)	(738)

## 3. Schedule of the dissolution

Going forward, H2O PLUS will fulfill its obligation to supply products, etc., in accordance with agreements with its business partners, and proceed with dissolution procedures during the second half of 2023. Subsequently, the liquidation will be concluded upon the completion of the necessary procedures.

## 4. Impact on business performance

The impact of the liquidation of this consolidated subsidiary, etc., on the consolidated performance results is forecasted, as follows:

1) Loss due to liquidation: Approximately 200 million yen (extraordinary losses)

2) Decrease in income taxes: Approximately 4,500 million yen (income taxes – deferred)

For the full-year consolidated performance forecast, please refer to the “Announcement Regarding Revision to Consolidated Performance Results Forecast for Fiscal 2022,” released on April 28, 2022.

Note: The forecast impact on the consolidated performance results is based on information available on the date this news release was prepared. The actual impact may differ from this forecast as a result of future changes in various factors.