

Third Quarter of Fiscal 2023 Supplementary Material

POLA ORBIS HOLDINGS INC.

Corporate Officer

PR, IR, CSR and Sustainability

Naotaka Hashi

- This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties.
- POLA ORBIS HOLDINGS INC. has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from fiscal 2022. The results for fiscal 2021 in this presentation have been calculated using the same accounting standards as those in fiscal 2022, and are shown as reference information (unaudited) for the purpose of comparison.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2023
4. Initiatives Going Forward & Appendices

Cosmetics Market

- The scale of the Japanese cosmetics market (including exports) was strong.
- In terms of domestic demand, economic activity progressed toward normalization and the recovery from the COVID-19 pandemic continued also in the cosmetics market.
- The recovery in inbound demand progressed due to an increase in the number of foreign tourists (consolidated inbound net sales for the first three quarters: up approx. 70% YoY, a revenue increase of approx. ¥0.9 billion).
- The cosmetics market in mainland China requires monitoring, with a sense of uncertainty concerning economic conditions and consumption trends.

Source: Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications, Japan Tourism Agency, Japan Department Stores Association, Intage SLI, and National Bureau of Statistics of China

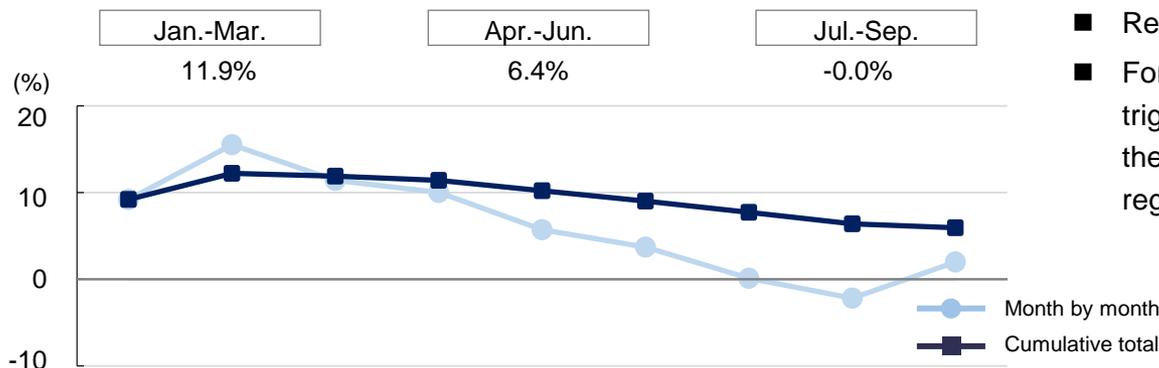
Our Group

- Consolidated net sales increased both in Japan and overseas (up 6% YoY in Japan, up 6% YoY in overseas). Substantial increase in consolidated operating income (up 55% YoY).
- POLA's revenue and income increased in Japan, supported by growth in aesthetic treatment and *B.A.* Overseas revenue fell short of our expectations, despite a 10% increase, due to a slowdown in mainland China against partly caused by unanticipated changes in the market environment.
- ORBIS's progress exceeded expectations, with growth in number of customers and average purchase per customer resulting in a double-digit growth in revenue and substantial increase in income.
- Jurlique's revenue increased and losses were ameliorated in the third quarter (July to September).
- Losses from brands under development were ameliorated.

Medium-term Management Plan Indicators (FY2023 Q3 YTD)	
Overseas sales ratio	16.8% (-0.6ppt*)
Domestic e-commerce sales ratio	27.7% (+0.8ppt*)

*vs Dec. 2022

YoY Change in Consolidated Monthly Net Sales



- Revenue in Japan is steady due to reopening.
- For overseas, sales activities in mainland China were triggered by the release of ALPS* treated water into the ocean, in addition to a sense of uncertainty regarding the economic outlook.

*Advanced Liquid Processing System

(mil. yen)	FY2022	FY2023	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	119,654	126,739	7,084	5.9%
Cost of sales	21,795	22,799	1,004	4.6%
Gross profit	97,859	103,939	6,080	6.2%
SG&A expenses	90,190	92,026	1,835	2.0%
Operating income	7,668	11,913	4,244	55.4%

Key Factors

- Consol. net sales** Revenue increased both in Japan and overseas.
- Cost of sales** The cost of sales ratio declined due to lower loss on valuation and abandonment of inventories.
 Cost of sales ratio FY2022 Q3 : 18.2% ⇒ FY2023 Q3 : 18.0%
- SG&A expenses** Labor expenses: up ¥132 mil. YoY
 Sales commissions: up ¥566 mil. YoY
 Sales related expenses: up ¥343 mil. YoY
 Administrative expenses, etc.: up ¥794 mil. YoY
- Operating income** Operating margin FY2022 Q3: 6.4% ⇒ FY2023 Q3: 9.4%

(mil. yen)	FY2022	FY2023	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Operating income	7,668	11,913	4,244	55.4%
Non-operating income	4,903	3,159	(1,744)	(35.6%)
Non-operating expenses	403	242	(160)	(39.8%)
Ordinary income	12,169	14,830	2,660	21.9%
Extraordinary income	-	376	376	-
Extraordinary losses	827	1,389	561	67.9%
Profit before income taxes	11,341	13,817	2,476	21.8%
Income taxes etc.	(1,740)	4,476	6,217	-
Profit attributable to non-controlling interests	47	56	8	18.9%
Profit attributable to owners of parent	13,035	9,284	(3,750)	(28.8%)

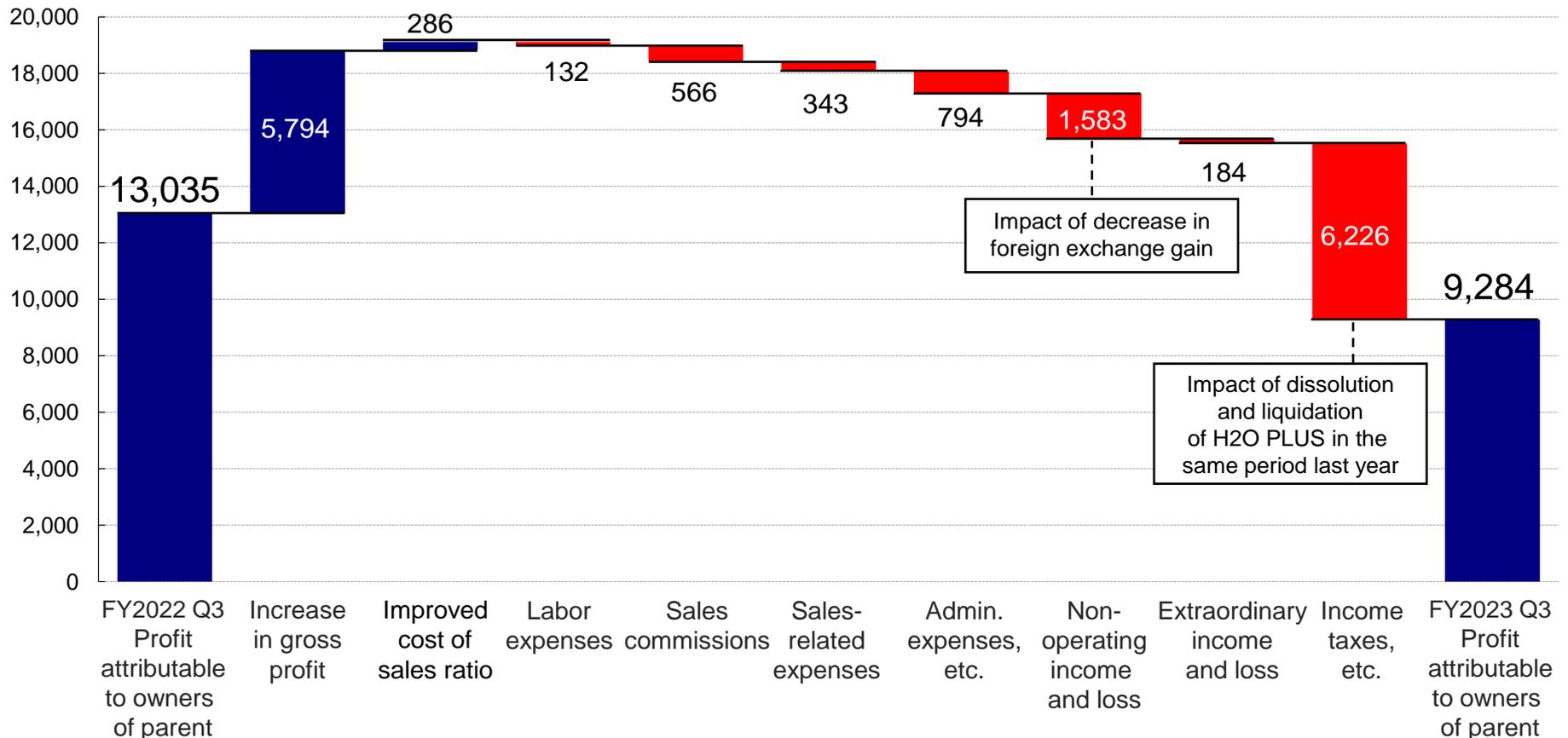
Key Factors

- Non-operating income: Decrease in foreign exchange gain (foreign exchange gain FY2022 Q3: ¥4,591 mil., FY2023 Q3: ¥2,777 mil.)
- Extraordinary losses: Extraordinary losses due to discontinuation of Amplitude and ITRIM ¥785 mil.
- Income taxes etc.: Reduction in income taxes etc. – recorded in the same period last year due to liquidation of H2O PLUS ¥4,466 mil.

Despite an increase in gross profit due to higher revenue, profit attributable to owners of parent declined by ¥3,750 mil. YoY due to a decrease in foreign exchange gain and the rebound of the reduction in income taxes, etc. in the same period last year.

(mil. yen)

■ Positive impact ■ Negative impact



1. Highlights of Consolidated Performance
2. **Segment Analysis**
3. Forecasts for Fiscal 2023
4. Initiatives Going Forward & Appendices

(mil. yen)	FY2022	FY2023	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Consolidated net sales	119,654	126,739	7,084	5.9%
Beauty care	116,231	123,260	7,029	6.0%
Real estate	1,561	1,557	(3)	(0.2%)
Others	1,861	1,920	59	3.2%
Operating income	7,668	11,913	4,244	55.4%
Beauty care	8,319	11,707	3,387	40.7%
Real estate	430	420	(10)	(2.4%)
Others	68	64	(4)	(5.8%)
Reconciliations	(1,150)	(279)	871	-

Segment Results Summary

- Beauty care** Net sales increased YoY, primarily due to an increase in revenue from POLA and ORBIS, and operating income rose, mainly due to an increase in gross profit.

Beauty Care Business Results by Brands

(mil. yen)	FY2022	FY2023	YoY Change	
	Q3 Results (YTD)	Q3 Results (YTD)	Amount	%
Beauty care net sales	116,231	123,260	7,029	6.0%
POLA	69,462	72,860	3,397	4.9%
ORBIS	28,109	31,227	3,117	11.1%
Jurlique	5,387	5,880	493	9.2%
Brands under development	12,040	12,601	561	4.7%
Beauty care operating income	8,319	11,707	3,387	40.7%
POLA	8,568	9,286	717	8.4%
ORBIS	3,116	4,450	1,333	42.8%
Jurlique	(1,433)	(1,536)	(102)	-
Brands under development	(1,758)	(578)	1,180	-

Note: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).
 Totals for the beauty care business include results for the H2O PLUS brand (completion of liquidation planned during 2023).

Q3 Result (YTD)

- Revenue continued to grow substantially in the department store, e-commerce, and amenities business. New customer acquisition progressed and the number of new customers in Japan increased YoY.
- Revenue from consignment sales decreased, taking time to rebuild the customer base, despite an improving trend in the number of customers.
- Revenue in mainland China increased, but was affected by the release of treated water.

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	72,860	4.9%
Operating income	9,286	8.4%
Key indicators		
Sales ratio	Domestic	83.1%
	Consignment sales	62.5%
	E-commerce	6.5%
	Dept. store, B2B ⁽¹⁾ etc.	14.1%
	Overseas	16.9%
Sales growth ⁽²⁾	Domestic	up 3.8%
	Consignment sales	down 2.1%
	E-commerce	up 20.3%
	Dept. store, B2B etc.	up 30.3%
	Overseas	up 10.4%
Consignment sales channel		up 8.1% /
Purchase per customer ⁽²⁾ / # of customers ⁽²⁾		down 8.0%
# of stores domestic ⁽³⁾		2,727 (down 107)
# of stores overseas ⁽³⁾ /		158 (up 6) /
# of stores mainland China ⁽³⁾		89 (up 2)

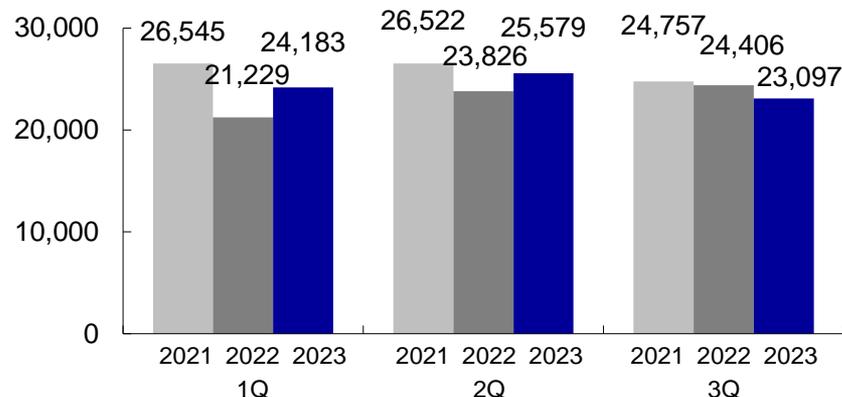
Topics

- Opened the second domestic store in a department store in South Korea, aiming to boost POLA's presence in Asia (August)

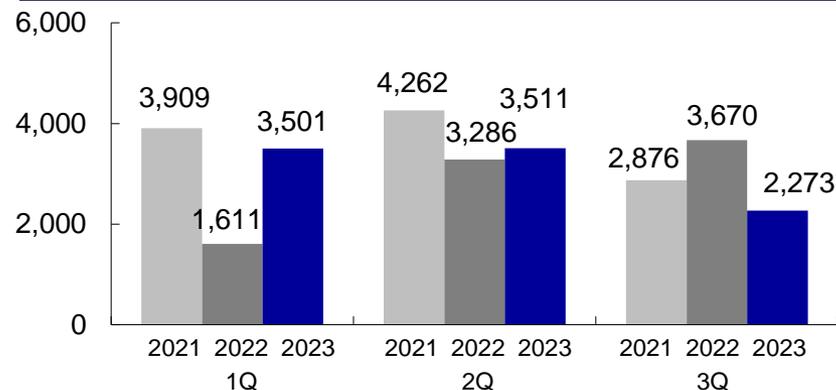


Image for illustration purposes

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)

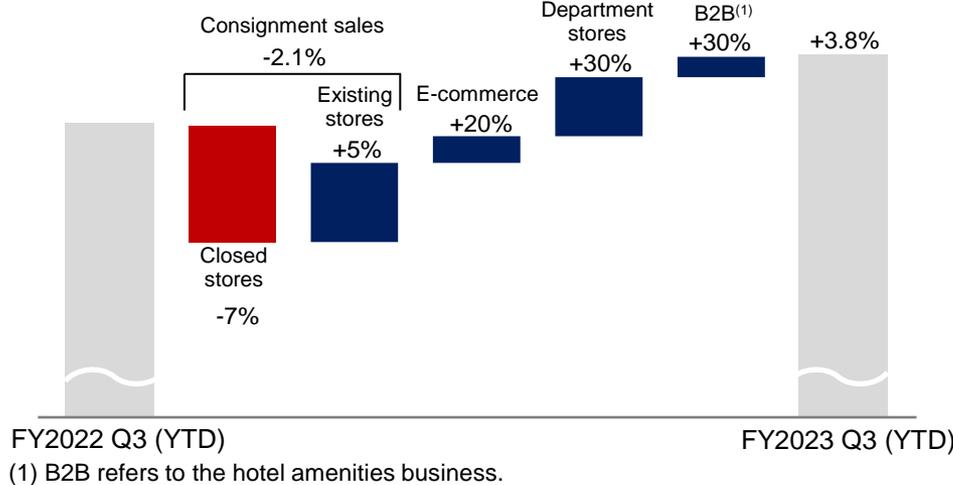


(1) Hotel amenities business
(2) YoY basis (3) vs Dec. 2022

Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

Breakdown of Changes in Net Sales in the Domestic Business

YoY Change in Domestic Net Sales by Channels

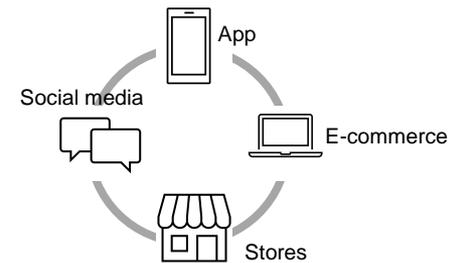


- ✓ Revenue in the domestic business increased by 3.8% as the decline in consignment sales was covered by growth in the other channels.
- ✓ Consignment sales increased at growth stores that have established new customer acquisition methods by promoting the shift to online customer contact points and sales activities, but this was not enough to offset the impact of the contraction in customer contact points due to store closures, resulting in a decline in overall revenue for this channel.
- ✓ E-commerce, department stores, and B2B performed strongly, with double-digit revenue growth.

Initiatives to Achieve Further Growth in the Domestic Business

Expanding growth areas

- Expand online customer contact points and boost communication started online.
- Leverage the POLA Premium Pass⁽²⁾ (PPP) and communication tailored to customer data to encourage repeat purchases.
- To acquire and retain customers across all domestic business, POLA promotes Online Merges with Offline (OMO), strengthens headquarters-led efforts to encourage customers to purchase through offline channels, such as experience campaigns for products and skin analysis, and measures to direct e-commerce customers to physical stores.
- Support the development of Beauty Directors and provide training and support for store owners.



(2) POLA Premium Pass: membership program

Shrinking negative factors

- The negative impact is shrinking due to the decline in the number of closed stores.
- Continue relationships by connecting directly with customers across all sales channels through PPP promotion.



Q3 Result (YTD)

- New customer acquisition further accelerated thanks to the contribution of *ORBIS U.*, with double-digit growth in the number of new customers for direct selling channel.
- External channels continued to perform strongly, increasing over +70% YoY.
- Revenue and income increased significantly, exceeding expectations.

Q3 (YTD)		Results (mil. yen)	YoY Change
Net sales		31,227	11.1%
Operating income		4,450	42.8%
Key indicators			
Sales ratio	Domestic		95.6%
	Direct Selling ⁽¹⁾		85.6%
	External channels etc.		10.0%
	Overseas		4.4%
Sales growth ⁽²⁾	Domestic		up 11.2%
	Direct Selling		up 6.8%
	External channels etc.		up 72.3%
	Overseas		up 7.8%
Direct Selling purchase per customer ⁽²⁾			up 2.0%
Number of Direct Selling customers ⁽²⁾			up 3.3%
Core target customer ratio			64.2%

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

(2) YoY basis

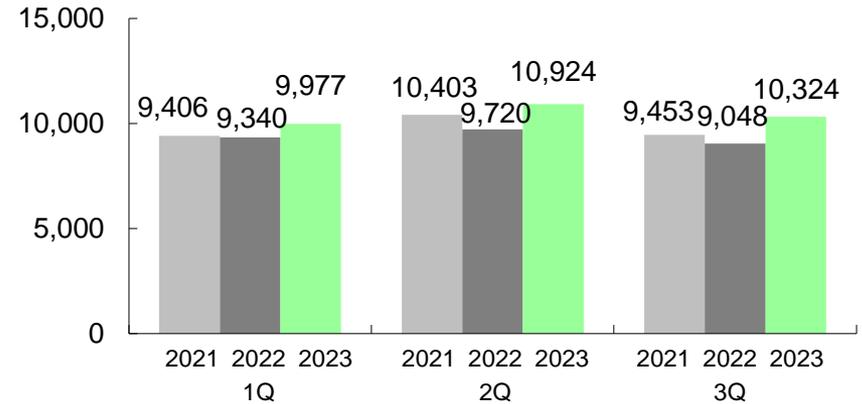
Topics

- Renewed ORBIS's premium aging-care series (August)

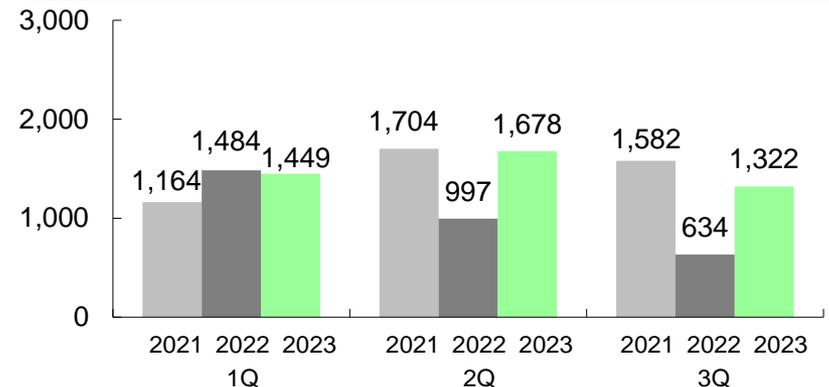


ORBIS U.

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



Note: Results for FY2021 have been calculated using the same revenue recognition standards as FY2022.

Q3 Result (YTD)

- Revenue grew by 9% with the success of the storefront approach to customers in Australia, as well as growth in mainland China and Hong Kong.
- Conducted promotions focusing on face oil. Concentrated on customer acquisition in skincare.

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	5,880	9.2%
Operating income ⁽¹⁾	(1,536)	(102)
Key indicators		
Sales ratio	Australia	20.8%
	Mainland China	37.6%
	Hong Kong	13.6%
	Duty free	12.3%
Sales growth ⁽²⁾	Australia	up 22.9%
	Mainland China	up 2.5%
	Hong Kong	up 19.0%
	Duty free	down 11.7%

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

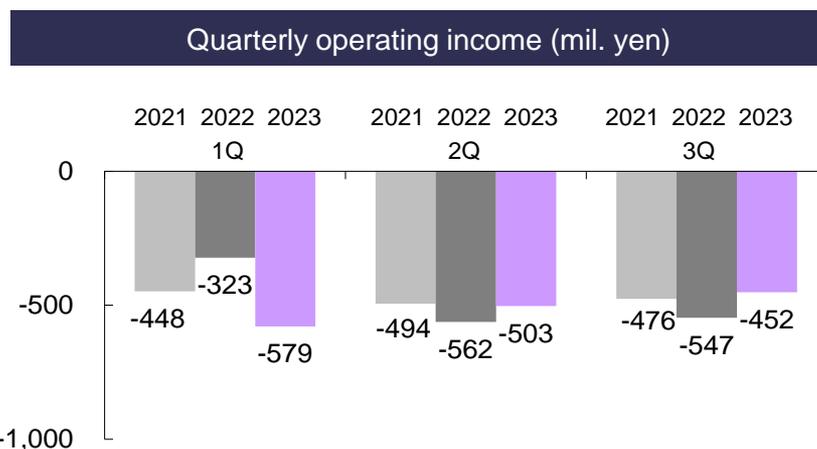
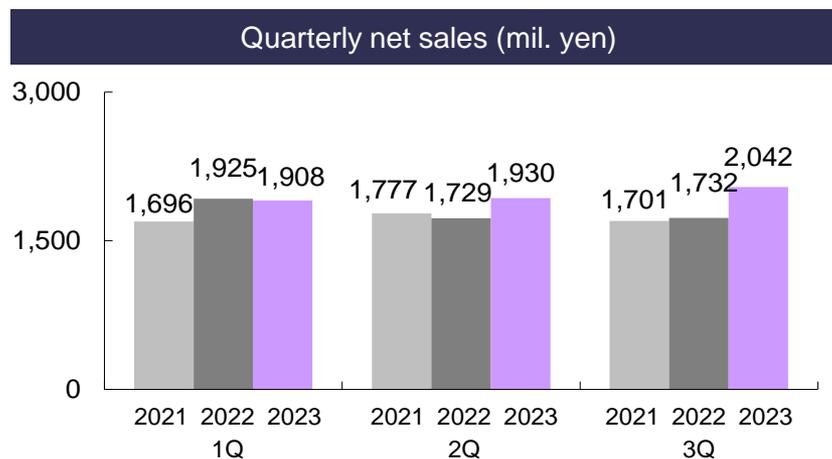
(2) AUD basis, YoY

Topics

- Launched a limited-edition large size of the popular face oil (August)



Rare Rose Face Oil <Limited Edition>



Q3 Result (YTD)

- Losses from brands under development were ameliorated.
- THREE aimed to revitalize storefronts with its main series *BALANCING* and new makeup collection. Domestic revenue increased.
- DECENCIA saw a recovery in sales to the previous year's levels thanks to the success of efforts to acquire new customers and improve customer retention rates.

Q3 (YTD)	Results (mil. yen)	YoY Change
Net sales	12,601	4.7%
Operating income ⁽¹⁾	(578)	1,180
THREE Net sales	4,177	(2.4%)
THREE OP income ⁽¹⁾	(624)	287
DECENCIA Net sales	3,544	0.1%
DECENCIA OP income	198	(65.1%)

Key indicators

THREE

Sales ratio	Domestic	78.0%
	Overseas	22.0%
Sales growth ⁽²⁾	Domestic	up 3.0%
	Overseas	down 17.7%

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

(2) YoY basis

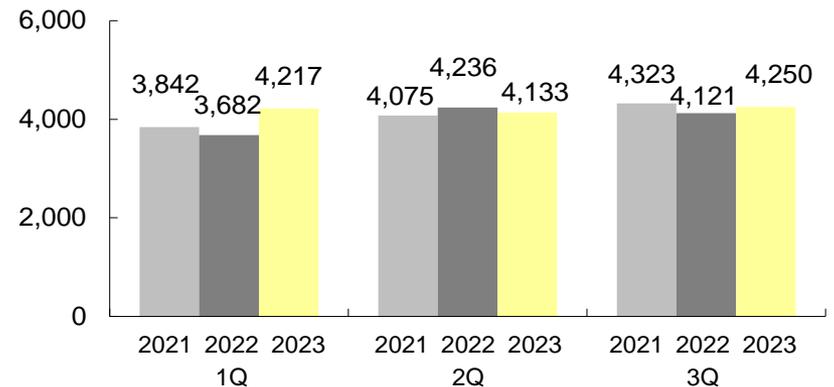
Topics

- Launched THREE autumn collection (August)

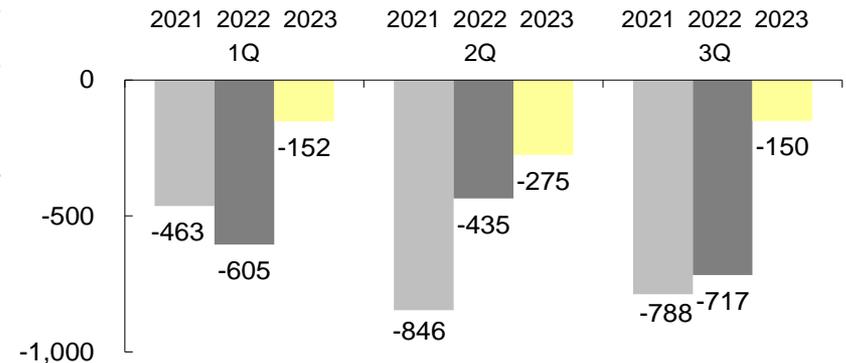
THREE AUTUMN MAKEUP COLLECTION



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



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Forecasts for Fiscal 2023 (Unchanged)

(mil. yen)	FY2023 Q3 Results (YTD)	YoY Change	
		Amount	%
Consol. net sales	126,739	7,084	5.9%
Beauty care	123,260	7,029	6.0%
Real estate	1,557	(3)	(0.2%)
Others	1,920	59	3.2%
OP income	11,913	4,244	55.4%
Beauty care	11,707	3,387	40.7%
Real estate	420	(10)	(2.4%)
Others	64	(4)	(5.8%)
Reconciliations	(279)	871	-
Ordinary income	14,830	2,660	21.9%
Profit attributable to owners of parent	9,284	(3,750)	(28.8%)

	FY2023 Full-year plan	YoY Change	
		Amount	%
	180,000	13,692	8.2%
	175,500	13,845	8.6%
	2,000	(83)	(4.0%)
	2,500	(69)	(2.7%)
	16,000	3,418	27.2%
	16,350	2,556	18.5%
	300	(191)	(39.0%)
	80	(16)	(17.3%)
	(730)	1,070	-
	17,500	2,571	17.2%
	11,600	153	1.3%

Assumed exchange rates: 1.00 AUD = 91.0 JPY (PY 91.00) 1.00 CNY = 18.6 JPY (PY 19.48)

	FY2022
Shareholder returns	Annual ¥52 (Consol. Payout ratio 100.5%)
Capital investment	¥12,532 mil.
Depreciation	¥8,482 mil.

	FY2023 (plan)
Shareholder returns	Annual ¥52 (Interim ¥21, Year-end ¥31) (Consol. Payout ratio 99.2%)
Capital investment	¥18,000 mil. - ¥19,000 mil.
Depreciation	¥8,000 mil. - ¥9,000 mil.

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POLA

Domestic Business

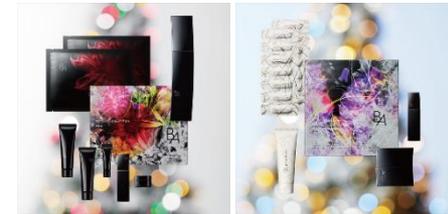
- Strengthen online advertising for aesthetic treatment to acquire new customers and expand campaigns enabling customers to experience products capturing seasonal demand to direct customers to stores.
- Use lists of existing customers to promote purchases, launch POLA's premium serum *B.A GRANDLUXE* (October), and provide high-grade aesthetic treatment service linked to this product, to improve customer experience and increase lifetime value (LTV).
- Launch limited-edition kits for popular products, primarily the *B.A* series (progressively from October).



POLA B.A GRANDLUXE IV

Overseas Business

- In mainland China, hold a brand experience art event as a new trial to communicate the philosophy of the *B.A* series, aiming to expand brand awareness and acquire customers. For existing customers, pivot on the *B.A* series and aesthetic treatment to deepen relationships and increase LTV.
- Focus on store efficiency and revise store openings plan in mainland China based on the external environment (annual new store openings: 25 stores planned → revised to forecast around 10 stores).



B.A PRECIOUS COLLECTION

ORBIS

Domestic Business

- Stabilize the customer base to ensure top-line growth this fiscal year and sustainable growth next fiscal year and beyond.
 - Concentrate on communication focused on the strongly performing *ORBIS U.* and expand media exposure, aiming to boost brand recognition and acquire skincare customers.
 - Strengthen cross-selling with new products and limited-edition products, enhance proposals to sell additional items, and increase LTV.



(Left) *ORBIS U.*
(Right) *ORBIS U MOUSSE VEIL MASK*

Jurlique

- Launch holiday kits for the year-end sales, aiming to achieve a profit in the fourth quarter (October to December).
- Continue the cost structure reforms to eliminate losses and ensure more efficient expense execution.



ADVENT CALENDAR 2023

Brands Under Development

THREE

Domestic Business

- THREE launches the first fragrance product (November) and strengthen the holistic approach through the essential oil that symbolize the brand.

Overseas Business

- Expand customer contact points in the market of mainland China and introduce the renewed *BALANCING* series to boost recognition as a skincare brand.



THREE ESSENTIAL SCENTS
00 WRITTEN IN STONE

DECENCIA

- Utilize the popular serum that improves wrinkles, renewed and launched in September, to maximize promotions and encourage purchases through initiatives tailored to customer attributes.



DECENCIA wrinkle
O/L concentrate

FUJIMI

- Pivot on protein to acquire new customers. Build a customer base to achieve growth from next fiscal year onward, while prioritizing the amelioration of losses.

(Appendix) Quarterly Segment Results

■ Net sales

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change						
Consolidated net sales	42,136	11.9%	43,700	6.4%	40,902	(0.0%)	-	-
Beauty care	40,950	12.1%	42,578	6.7%	39,731	(0.2%)	-	-
Real estate	518	(0.9%)	518	0.3%	521	(0.1%)	-	-
Others	666	7.1%	603	(9.3%)	650	13.3%	-	-

■ Operating income

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change						
Consolidated operating income	4,549	137.9%	4,416	47.0%	2,946	7.1%	-	-
Beauty care	4,359	115.1%	4,354	35.2%	2,993	(2.6%)	-	-
Real estate	161	(14.7%)	115	(9.0%)	142	25.2%	-	-
Others	2	113.5%	28	(59.1%)	34	36	-	-
Reconciliations	26	331	(81)	329	(224)	210	-	-

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

(Appendix) Quarterly Results by Brands

■ Net sales

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change						
Beauty care net sales	40,950	12.1%	42,578	6.7%	39,731	(0.2%)	-	-
POLA	24,183	13.9%	25,579	7.4%	23,097	(5.4%)	-	-
ORBIS	9,977	6.8%	10,924	12.4%	10,324	14.1%	-	-
Jurlique	1,908	(0.9%)	1,930	11.6%	2,042	17.9%	-	-
Brands under development	4,217	14.5%	4,133	(2.5%)	4,250	3.1%	-	-

■ Operating income

(mil. yen)	FY2023 Jan.-Mar.		FY2023 Apr.-Jun.		FY2023 Jul.-Sep.		FY2023 Oct.-Dec.	
	Results	YoY Change						
Beauty care operating income	4,359	115.1%	4,354	35.2%	2,993	(2.6%)	-	-
POLA	3,501	117.3%	3,511	6.8%	2,273	(38.1%)	-	-
ORBIS	1,449	(2.4%)	1,678	68.2%	1,322	108.5%	-	-
Jurlique	(579)	(256)	(503)	59	(452)	94	-	-
Brands under development	(152)	453	(275)	159	(150)	567	-	-

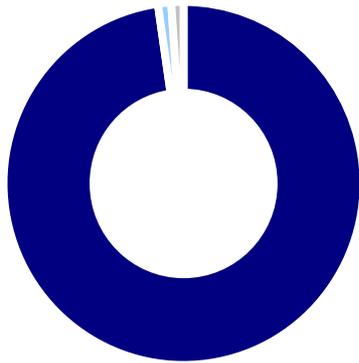
Note: Where operating income (current or previous year) is negative, YoY change represents YoY difference (mil. yen).

: Consolidated operating income and loss for each brand are shown for reference purposes only (figures are unaudited).

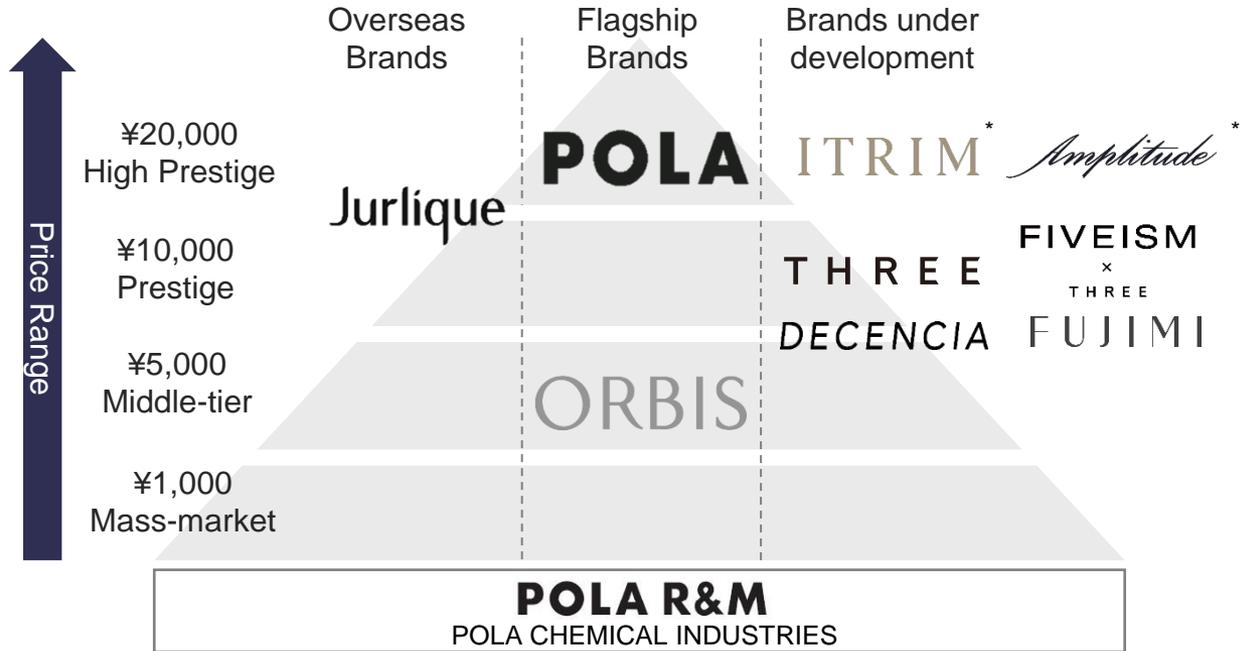
: Totals for the beauty care business include results for the H2O PLUS brand (completion of liquidation planned during 2023).

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

FY2022
Consol. Net Sales
¥166.3 bil.



- Beauty care business 97%
- Real estate business 1%
- Other businesses 2%
(building maintenance business)



*Amplitude and ITRIM are planned to be discontinued during 2023

Our strengths

- Multi-brand strategy
 - Focus on skincare products
 - Flagship brands, POLA and ORBIS own and operate through their own unique sales channels
- ▶
- Meeting diversified needs of customers
 - High customer repeat ratio
 - Strong relationships with customers

(Appendix) Beauty Care Business Brand Portfolio

	Sales ratio*	Brand	Concept and products	Price	Main sales channel
Flagship brands	60%	POLA Since 1929	<ul style="list-style-type: none"> High-prestige skincare Leading-edge technology in aging-care and skin-brightening fields 	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> JP: Consignment sales, department stores and e-commerce Overseas: Department stores, directly-operated stores, DFS⁽¹⁾, e-commerce and cross-border e-commerce
	24%	ORBIS Since 1984	<ul style="list-style-type: none"> Aging-care brand to draw out people's intrinsic beauty 	Approx. ¥1,000~¥3,000	<ul style="list-style-type: none"> JP: Mail-order (e-commerce and catalog) and directly-operated stores Overseas: E-commerce, cross-border e-commerce, DFS⁽¹⁾, and retail stores
Overseas Brands	6%	Jurlique Acquired in 2012	<ul style="list-style-type: none"> Premium natural skincare brand from Australia 	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> AU: Department stores, directly-operated stores and e-commerce Overseas: Department stores, directly-operated stores, DFS⁽¹⁾, e-commerce and cross-border e-commerce
Brands under development	10%	T H R E E Since 2009	<ul style="list-style-type: none"> Skincare made with natural ingredients from Japan and fashion-forward make-up 	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> JP: Department stores, directly-operated stores and e-commerce Overseas: Department stores, DFS⁽¹⁾, e-commerce and cross-border e-commerce
		<i>Amplitude</i> ^{**} Since 2018	<ul style="list-style-type: none"> High prestige quality makeup from Japan 	Approx. ¥5,000~¥10,000	<ul style="list-style-type: none"> JP: E-commerce Overseas: DFS⁽¹⁾
		ITRIM ^{**} Since 2018	<ul style="list-style-type: none"> Premium skincare made from finely selected organic ingredients 	Approx. ¥20,000	<ul style="list-style-type: none"> JP: E-commerce Overseas: DFS⁽¹⁾ and cross-border e-commerce
		FIVEISM x T H R E E Since 2018	<ul style="list-style-type: none"> Cosmetics brand with a gender-fluid concept 	Approx. ¥2,000~¥12,000	<ul style="list-style-type: none"> JP: Department stores, directly-operated stores and e-commerce Overseas: Department stores, DFS⁽¹⁾ and cross-border e-commerce
		DECENCIA Since 2007	<ul style="list-style-type: none"> Skincare for sensitive skin 	Approx. ¥5,000~¥10,000	<ul style="list-style-type: none"> JP: E-commerce Overseas: Cross-border e-commerce
		FUJIMI Acquired in 2021	<ul style="list-style-type: none"> Personalized beauty care brand operated by tricot, Inc. 	Approx. ¥6,000~¥10,000	<ul style="list-style-type: none"> JP: E-commerce and directly-operated store

Operated by ACRO INC.

*Sales ratio in the beauty care business as of FY2022. Brands under development includes OEM business.

**Amplitude and ITRIM are planned to be discontinued during 2023.

(1) Duty free stores

Initiatives to Improve Capital Efficiency

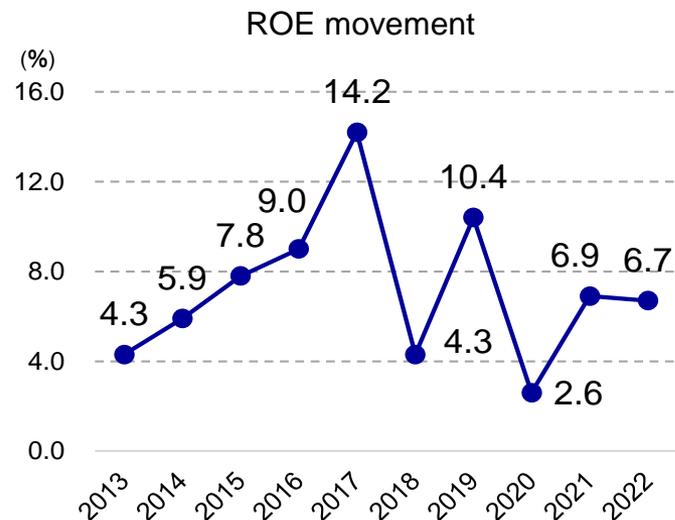
Mid-term Management Plan Indicator for 2023

ROE 9% or higher
(Return on equity)

EPS
(Earnings per share)

BPS
(Book value per share)

- Operating income CAGR 25% or higher
- Achieve net income growth which is higher than operating income growth by decreasing overseas losses
- Improve shareholder return through dividends
- Optimize balance sheet
- Investment for future growth



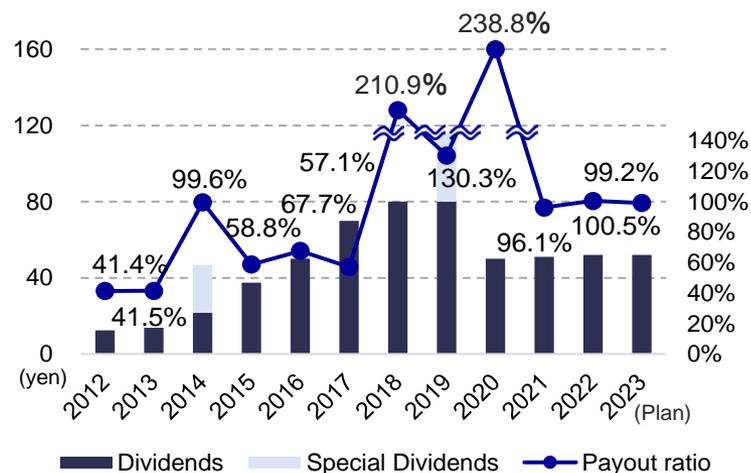
Improvement of Shareholder Return

Basic Policy :

- With a policy of consolidated payout ratio of **60% or higher**, aim for steady increases in dividends, in line with profitable growth.
- Purchases of treasury stock shall be considered based on our investment strategies, as well as market prices and liquidity of the Company's shares.

Dividends forecast for FY2023:

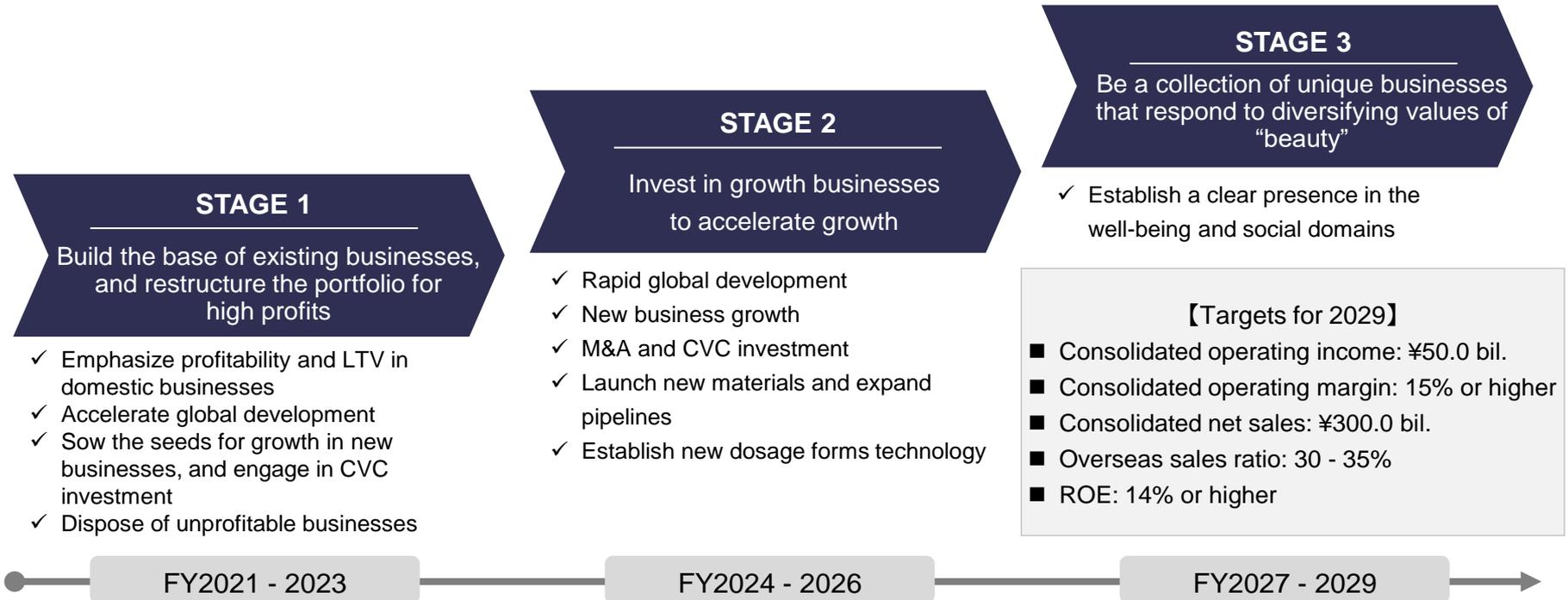
- Dividend per share : **¥52** (Interim ¥21, Year-end ¥31)
- Consol. payout ratio : 99.2%



VISION 2029

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

Basic strategy 1	Develop the cosmetics business globally; reform and enhance the brand portfolio
Basic strategy 2	Create new value and expand business domains
Basic strategy 3	Strengthen research and technical strategy



(Appendix) Beauty Care Business Results for FY2021 – FY2022 by Brands

(mil. yen)	FY2021	FY2021	FY2022	FY2021 - FY2022 YoY Change	
	Results	Results (recalculated under the 2022 standard)	Results	Amount	%
Consolidated net sales	178,642	174,896	166,307	(8,588)	(4.9%)
Beauty care net sales	174,150	170,403	161,654	(8,749)	(5.1%)
POLA	105,168	105,769	96,371	(9,397)	(8.9%)
ORBIS	43,389	39,071	38,417	(654)	(1.7%)
Jurlique	7,838	7,940	8,388	447	5.6%
H2O PLUS	1,116	1,116	1,584	467	41.9%
Brands under development	16,637	16,505	16,892	387	2.3%
Consol. operating income	16,888	15,582	12,581	(3,000)	(19.3%)
Beauty care operating income	17,060	15,754	13,793	(1,961)	(12.5%)
POLA	16,374	15,144	12,495	(2,648)	(17.5%)
ORBIS	5,925	5,965	4,850	(1,115)	(18.7%)
Jurlique	(1,536)	(1,542)	(1,266)	275	-
H2O PLUS	(802)	(802)	(180)	621	-
Brands under development	(2,901)	(3,011)	(2,105)	905	-

Note : Consolidated operating income and loss for each brand are shown for reference purpose only (unaudited).

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

YoY change has been calculated using the same accounting standards for both years.