

November 20, 2023

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

Establishment of Overseas Subsidiary and Transfer of Sub-subsidiaries through Distribution of Dividends in Kind of Subsidiaries

POLA ORBIS HOLDINGS INC. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on November 20, 2023, to establish a subsidiary that will supervise its regional operations in the Chinese market.

In addition, POLA INC. (“POLA”) and ORBIS Inc. (“ORBIS”), which are wholly-owned subsidiaries of the Company, each resolved at their respective Board of Directors meetings, held on November 20, 2023, to distribute to the Company as dividends in kind all equity interests of Shanghai POLA Trading Co., Ltd. (“POLA Shanghai”), which are held by POLA, and all equity interests of Orbis Beijing Inc. (ORBIS Beijing), which are held by ORBIS. As a result, the Company will directly hold all equity interests of POLA Shanghai and ORBIS Beijing, and there will be a transfer of the Company’s sub-subsidiaries.

1. Reasons for establishment of subsidiary and distribution of dividends in kind (transfer of sub-subsidiaries)

From 2024 onward, we aim to further accelerate the Group’s continuing global expansion by using local leadership to directly grasp market changes in each business region. This will enable us to fully apply the strengths of the Group’s multi-brand portfolio, quickly implementing optimal regional strategies while aligning with market and customer changes. We will transition to a locally-led Groupwide structure, an organizational system that will maximize business performance in each region.

As part of this effort, we will establish a regional headquarter in China and reorganize our operating structure to make POLA Shanghai and ORBIS Beijing, which currently carry out business as local subsidiaries in China, into wholly-owned subsidiaries of the Company. While building a locally-led strategy across our brands and enhancing our regional marketing, we will consolidate common operations at our existing local subsidiaries in China with the aim of upgrading and optimizing our operations. We will accelerate our efforts to maximize our growth potential and establish a revenue base in the Chinese market, which is our most important market drives the Group’s overseas expansion.

2. Details regarding establishment of subsidiary

1) Overview of subsidiary to be established

(1) Company Name	POLA ORBIS (Shanghai) Enterprise Management CO., LTD.
(2) Address	Shanghai, People's Republic of China
(3) Name and Title of Representative	Seiichi Takaya, Representative Director and President
(4) Description of Business	Business management, supervision and support for business strategy formulation, etc. of local subsidiaries in China
(5) Amount of Capital	USD 7,000 thousand
(6) Date of Establishment	January 2024
(7) Major Shareholder and Shareholding Ratio	POLA ORBIS HOLDINGS INC. 100%

2) Schedule

(1) Date of Resolution by the Board of Directors	November 20, 2023
(2) Date of Company Establishment	January 2024 (planned)
(3) Date of Commencement of Business	January 2024 (planned)

3. Details regarding distribution of dividends in kind (transfer of sub-subsidiaries)

1) Disposal of surplus of POLA and ORBIS

POLA and ORBIS will distribute surplus dividends (dividends in kind) using retained earnings as capital.

(1) Dividend asset type and total book value

The type of dividend asset distributed to the Company is a non-monetary asset (investments in capital as listed below). The latest total book value is as follows.

Company Name	Number of Shares etc.	Shareholding or Equity Ratio	Book Value
Shanghai POLA Trading Co., Ltd.	Investments in capital	100%	JPY 8,807,830
Orbis Beijing Inc.	Investments in capital	100%	JPY 1

(2) Matters relating to distribution of dividend asset to shareholders

All of the dividend asset will be distributed to the Company, which holds all issued shares of POLA and ORBIS, as of the effective date of the dividends in kind.

(3) Effective date of surplus dividends

January 1, 2024 (planned)

2) Overview of companies distributing dividends in kind

POLA INC.

(1) Company Name	POLA INC.
(2) Address	2-2-3 Nishigotanda, Shinagawa-ku, Tokyo
(3) Name and Title of Representative	Miki Oikawa, Representative Director and President
(4) Description of Business	Sales of cosmetics, etc.
(5) Amount of Capital	JPY 110 million
(6) Date of Establishment	July 1946
(7) Net Assets	JPY 39,603 million (as of December 31, 2022)
(8) Total Assets	JPY 58,876 million (as of December 31, 2022)
(9) Major Shareholder and Shareholding Ratio	POLA ORBIS HOLDINGS INC. 100%

ORBIS Inc.

(1) Company Name	ORBIS Inc.
(2) Address	2-1-14 Hiratsuka, Shinagawa-ku, Tokyo
(3) Name and Title of Representative	Takuma Kobayashi, Representative Director and President
(4) Description of Business	Sales of cosmetics, etc.
(5) Amount of Capital	JPY 110 million
(6) Date of Establishment	June 1984
(7) Net Assets	JPY 38,824 million (as of December 31, 2022)
(8) Total Assets	JPY 46,174 million (as of December 31, 2022)
(9) Major Shareholder and Shareholding Ratio	POLA ORBIS HOLDINGS INC. 100%

3) Overview of transferred sub-subsidiaries

Shanghai POLA Trading Co., Ltd.

(1) Company Name	Shanghai POLA Trading Co., Ltd.		
(2) Address	Shanghai, People's Republic of China		
(3) Name and Title of Representative	Seiichi Takaya, Representative Director and President		
(4) Description of Business	Sales of cosmetics, etc.		
(5) Amount of Capital	USD 32,634 thousand		
(6) Date of Establishment	October 2004		
(7) Net Assets	JPY 2,245 million (as of December 31, 2022)		
(8) Total Assets	JPY 3,239 million (as of December 31, 2022)		
(9) Investor and Investment Ratio	POLA INC. 100%		
(10) Operating results and financial position of the company in question for the preceding three financial years			
	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net Assets	JPY 1,328 million	JPY 2,126 million	JPY 2,245 million
Total Assets	JPY 2,574 million	JPY 3,308 million	JPY 3,239 million
Net Sales	JPY 3,504 million	JPY 4,410 million	JPY 4,521 million
Operating Income	JPY 815 million	JPY 562 million	JPY 136 million

Ordinary Income	JPY 830 million	JPY 621 million	JPY 117 million
Profit Attributable to Owners of Parent	JPY 756 million	JPY 581 million	JPY 55 million

Orbis Beijing Inc.

(1) Company Name	Orbis Beijing Inc.		
(2) Address	Beijing, People's Republic of China		
(3) Name and Title of Representative	Seiji Kurehara, Representative Director and President		
(4) Description of Business	Sales of cosmetics, etc.		
(5) Amount of Capital	USD 29,880 thousand		
(6) Date of Establishment	September 2008		
(7) Net Assets	JPY (1,956) million (as of December 31, 2022)		
(8) Total Assets	JPY 958 million (as of December 31, 2022)		
(9) Investor and Investment Ratio	ORBIS Inc. 100%		
(10) Operating results and financial position of the company in question for the preceding three financial years			
Financial year	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net Assets	JPY (748) million	JPY (1,329) million	JPY (1,956) million
Total Assets	JPY 697 million	JPY 716 million	JPY 958 million
Net Sales	JPY 797 million	JPY 795 million	JPY 914 million
Operating Income	JPY (380) million	JPY (407) million	JPY (494) million
Ordinary Income	JPY (436) million	JPY (451) million	JPY (570) million
Profit Attributable to Owners of Parent	JPY (436) million	JPY (451) million	JPY (570) million

4) Schedule

November 20, 2023	Resolution by POLA Board of Directors, Resolution by ORBIS Board of Directors
November 20, 2023	Resolution by the Board of Directors of the Company
November 20, 2023	POLA General Meeting of Shareholders, ORBIS General Meeting of Shareholders
January 1, 2024	Effective date (distribution of dividends in kind) (planned)

4. Impact on performance

The establishment of this subsidiary will have a negligible effect on the consolidated results for fiscal 2023. However, should there arise a need to revise business forecasts or any other matter requiring disclosure, we will promptly disclose such information.

Furthermore, this distribution of dividends in kind is a transaction within the Group. As such, it does not cause changes to the Company's or its consolidated net assets, and does not affect business results.

Note: The impact on consolidated performance was prepared based on information that was available as of the date of this material was published. Actual performance may differ from forecast figures due to changes in various factors in the future.