

Fiscal 2017

Supplementary Material

POLA ORBIS HOLDINGS INC.
Representative Director and President
Satoshi Suzuki

1. **Highlights of Consolidated Performance**
2. Segment Analysis
3. Progress of Mid-term Management Plan
4. Forecasts and Initiatives for Fiscal 2018
5. Appendices

Cosmetics Market

- Japanese cosmetics market overall showed steady growth. However, pure domestic market, excluding inbound demand seemed to be flat yoy.*
- By price range, high prestige remained steady.
- As for inbound market, high prestige skincare products have been enjoying the expansion of demands, backed by the increase in the number of foreign tourists visiting Japan mainly from Asian countries.

*Source: Ministry of Economy, Trade and Industry, Japan Department Stores Association, Ministry of Internal Affairs and Communications, Intage SLI.

Our Group

- Wrinkle Shot Serum from POLA brand obtained many awards and drew social attention as a hit product.
- The Group achieved increases both in sales and operating income for eight consecutive years and hit a record-high operating income.
- Both sales and operating income significantly increased at POLA thanks to Wrinkle Shot Serum.
- At ORBIS, attrition of existing customers continued and sales and OP income decreased.
- As for overseas brands, operating losses improved as planned.
- THREE and DECENCIA from brands under development sustained strong performance.



Reference: Updates on Inbound Sales (Consolidated)

- FY2015 (full-year) : Approximately 5% of consolidated net sales
- ↓
- FY2016 (full-year) : Approximately 6% of consolidated net sales
- ↓
- FY2017 (full-year) : Approximately 7% of consolidated net sales

Analysis of Consolidated P&L Changes Net Sales to Operating Income

(mil. yen)	FY2016	FY2017	YoY	
	Results	Results	Amount	%
Consolidated net sales	218,482	244,335	25,853	11.8%
Cost of sales	40,940	41,632	692	1.7%
Gross profit	177,542	202,703	25,161	14.2%
SG&A* expenses	150,702	163,822	13,119	8.7%
Operating income	26,839	38,881	12,041	44.9%

*Selling, General and Administrative Expenses

Note: Due to change in accounting policy in Australia, figures for FY2016 have been retrospectively recalculated

Key Factors

- **Consol. net sales** For domestic brands, sales were very strong at POLA; Wrinkle Shot Serum highly contributed to acquisition and activation of customers.
Sales dropped at ORBIS due to decrease in the number of existing customers, but were in line with the forecast.
- **Cost of sales** Cost of sales ratio was significantly improved owing to increase in sales compound ratio of high-prestige products under POLA brand.
Cost of sale ratio FY2016 : 18.74% ⇒ FY2017: 17.04%
- **SG&A expenses**

 - Labor expenses : up ¥909 mil. YoY
 - Sales commissions : up ¥7,233 mil. YoY
-> resulted from increase in sales at POLA. Commission ratio within POLA has improved.
 - Sales related expenses : up ¥4,303 mil. YoY
-> resulted from increase in advertising expenses.
 - Administrative expenses : up ¥672 mil. YoY
- **Operating income** Beauty care : up ¥12,216 mil. YoY

Analysis of Consolidated P&L Changes

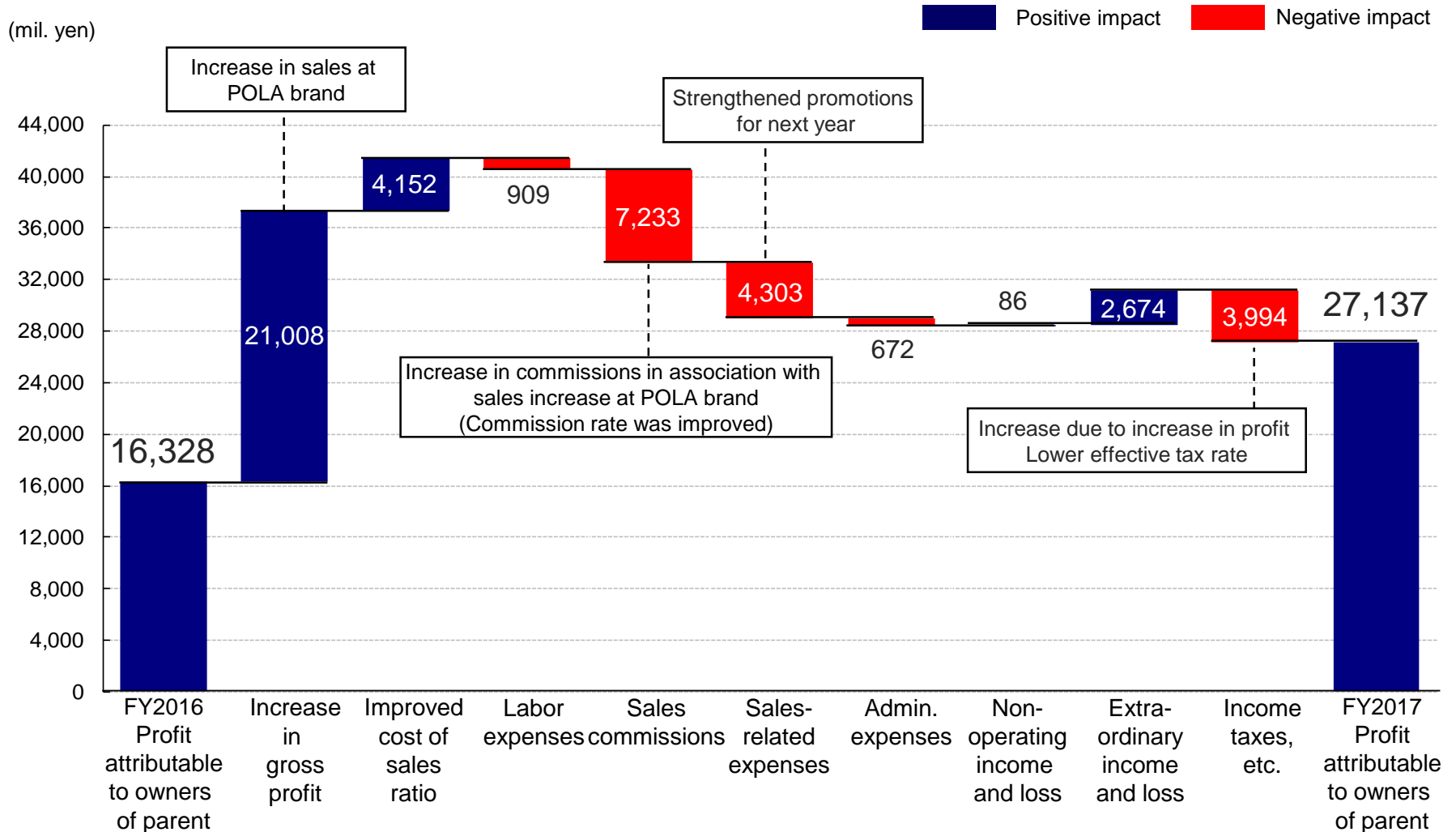
Operating Income to Profit Attributable to Owners of Parent

(mil. yen)	FY2016	FY2017	YoY	
	Results	Results	Amount	%
Operating income	26,839	38,881	12,041	44.9%
Non-operating income	462	465	2	0.6%
Non-operating expenses	180	96	(84)	(46.8%)
Ordinary income	27,121	39,250	12,128	44.7%
Extraordinary income	11,809	630	(11,179)	(94.7%)
Extraordinary loss	15,304	1,450	(13,854)	(90.5%)
Profit before income taxes	23,626	38,430	14,803	62.7%
Income taxes	7,279	11,281	4,002	55.0%
Profit attributable to non-controlling interests	19	11	(8)	(42.6%)
Profit attributable to owners of parent	16,328	27,137	10,809	66.2%

Key Factors

- Extraordinary income : Gain on sales of land ¥622 mil.
- Extraordinary loss : Loss associated with liquidation of subsidiary ¥413 mil.
Loss related to the pharmaceuticals business ¥518 mil.
- Income taxes : Increase in income taxes due to increase in taxable income.
Positive impact of statutory tax rate reform. (Effective tax rate = 29.4%)

Profit attributable to owners of parent was up 66.2% yoy due to increase in gross margin and improvement in profit structure



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(mil yen)	FY2016	FY2017	YoY	
	Results	Results	Amount	%
Consolidated net sales	218,482	244,335	25,853	11.8%
Beauty care	202,446	227,133	24,686	12.2%
Real estate	3,043	2,694	(349)	(11.5%)
Others	12,992	14,507	1,515	11.7%
Operating income	26,839	38,881	12,041	44.9%
Beauty care	25,904	38,121	12,216	47.2%
Real estate	1,395	1,082	(313)	(22.4%)
Others	(133)	(314)	(180)	-
Reconciliations	(326)	(8)	318	-

Segment Results Summary Note: Due to change in accounting policy in Australia, figures for FY2016 have been retrospectively recalculated

- Beauty care** Sales significantly increased by 12% yoy, driven by POLA.
 Operating income surged by 47% thanks to sales increase at POLA and COGS improvement.
- Real estate** Both sales and operating income decreased due to the sale of rental property in December 2016; however, occupancy rate has been maintained at a high level.
- Others** At pharmaceutical business, sales increased yoy thanks to new drugs introduced previous year; however, operating income decreased due to costs associated with Duac® Gel.

Beauty Care Business Results by Brands

(mil. yen)	FY2016 Results	FY2017 Results	YoY	
			Amount	%
Beauty care net sales	202,446	227,133	24,686	12.2%
POLA	116,126	144,012	27,886	24.0%
ORBIS	55,857	53,066	(2,790)	(5.0%)
Jurlique	13,118	12,772	(346)	(2.6%)
H2O PLUS	2,547	2,303	(243)	(9.6%)
Brands under development	14,796	14,978	181	1.2%* ¹
Beauty care operating income	25,904	38,121	12,216	47.2%
POLA	16,993	28,584	11,591	68.2%
ORBIS	11,279	9,080	(2,199)	(19.5%)
Jurlique	(1,183)	(505)	677	-
H2O PLUS	(2,027)	(317)	1,709	-
Brands under development	841	1,278	437	51.9%* ²

*1: +28.2% if calculated excluding FL and pdc brands which were sold in FY2016

*2: +56.6% if calculated excluding FL and pdc brands which were sold in FY2016 and costs for launching new brands

Note: Consolidated operating income and loss for each brand are shown for reference purpose only (figures are unaudited) 8

FY2017 Result

- Both the number of customers and purchase price per customer highly grew.
- Efficiency of sales offices improved along with initiatives for professionalization of Beauty Directors.
- Overseas business turned profit-making for the first time ever.
- Inbound ratio was approximately 12%.

Q4	Results (mil. yen)	YoY Change
Net sales	144,012	24.0%
Operating income	28,584	68.2%

Key indicators		
Number of sales offices (vs. Dec. 2016)		4,150 (down 475)
Number of PB ⁽¹⁾ (vs. Dec. 2016)		656 (up 9)
Cosmetics sales ratio	PB ⁽¹⁾	41.5%
	Esthe-inn	45.8%
	D2D ⁽²⁾ and other	12.7%
Sales growth*	PB	up 25.5%
	PB (like-for-like)	up 25.4%
	Esthe-inn	up 24.1%
	D2D	up 3.1%
Purchase per customer*		up 13.4%
Number of new customers*		up 8.7%

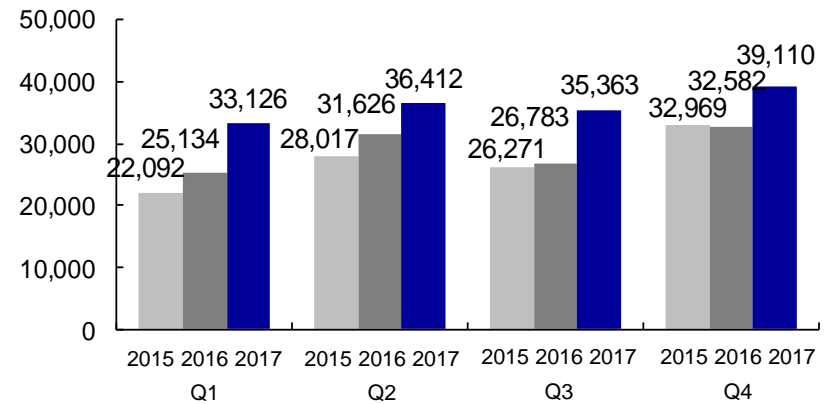
(1) PB: POLA THE BEAUTY stores (2) D2D: Conventional door-to-door *YoY

Topics

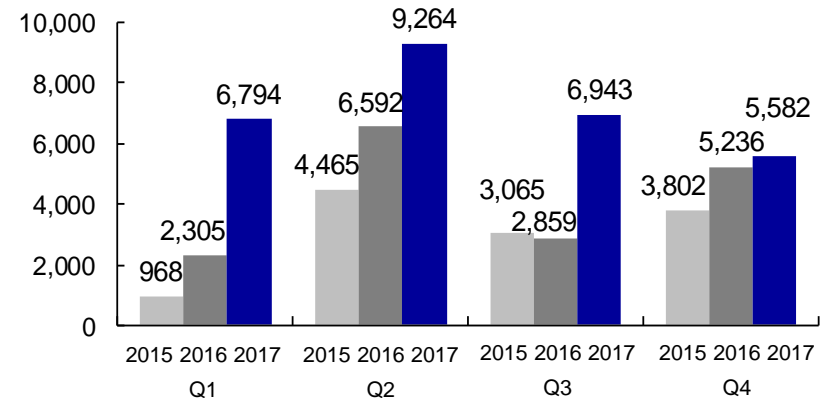
- Launched “V Resonating Cream”, which features new value in cosmetics. (October)



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



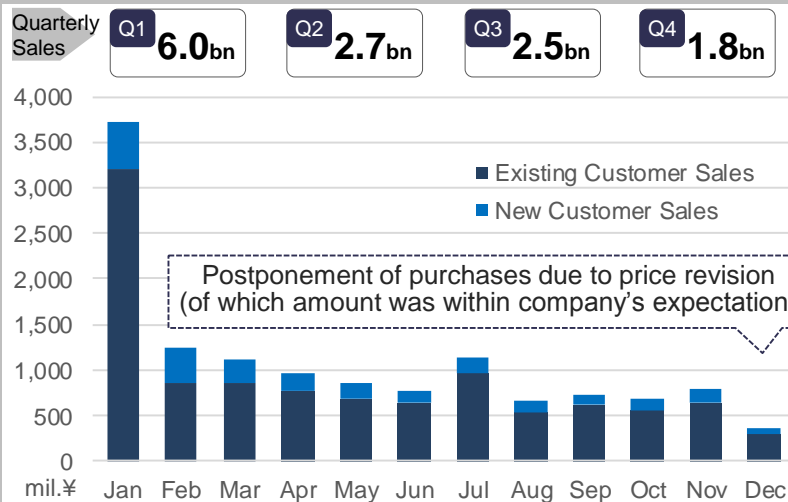


Wrinkle shot

Sales achieved and exceeded the revised target of ¥12.5bn, realized customer base expansion

FY 2017 (Jan-Dec) Sales : Approximately 940,000 units, ¥13.0 billion
 (+4% compared to the revised target / +30% compared to the initial target)

■ Sales progress



Channel Breakdown (of total sales)	¥13.0 bn	Total Beauty (inc. PB)	83%
			Department Stores
		Inbound Ratio	17%

Repeats: Second-time purchase rate of POLA brand among new customers acquired through Wrinkle Shot Serum was **30%**.

Cross Sell: No cannibalization was observed. Cross-selling highly contributed to increase in sales with **68%** of repeat ratio at Total Beauty channel. Cross selling among new customers amounted to around **¥5.0 bil.**

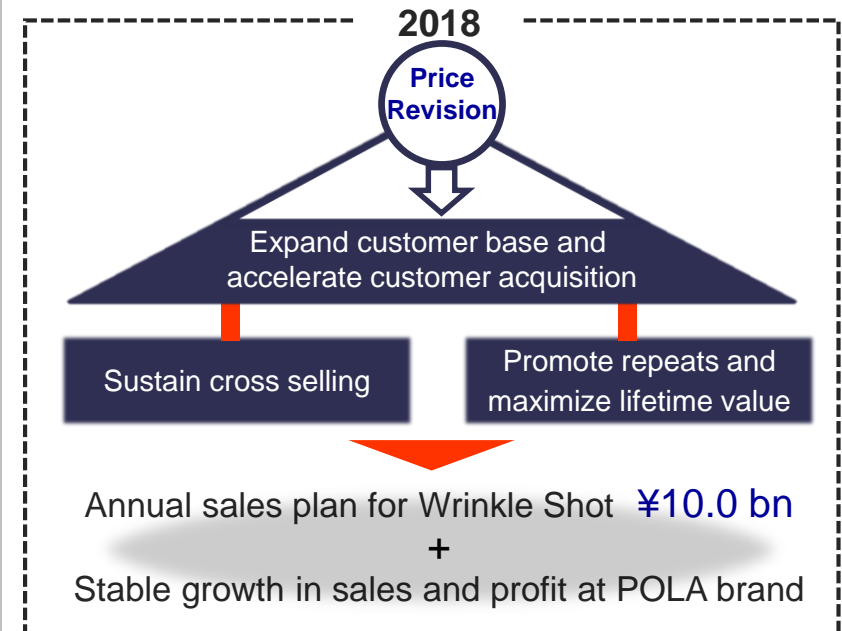
■ Strategy for the second year of launch

In January 2017, launched as the first wrinkle-improving medicated cosmetics product in Japan

Enhanced brand recognition
 Provided brand experience not limited to Wrinkle Shot

Created wrinkle improving market and activated cosmetics market overall

Drew social attention (such as hit product ranking)



FY2017 Result

- Sales decreased due to decrease in skincare sales as a result of weakening repeat ratio among existing customers, particularly among those who were acquired in 2016.
- The number of customers was maintained flat yoy.

Q4	Results (mil. yen)	YoY change
Net sales	53,066	(5.0%)
Operating income	9,080	(19.5%)
Key indicators		
Sales ratio	Online	46.9%
	Other mail-order	25.7%
	Stores and overseas	27.4%
Sales increase*	Online	down 2.0%
	Other mail-order	down 13.4%
	Stores and overseas	down 1.2%
Mail-order ⁽¹⁾ purchase per customer*		down 6.1%
Number of mail-order ⁽¹⁾ customers*		down 0.2%
Mail-order ⁽¹⁾ skincare purchase ratio*		up 2.3%

(1) Mail-order includes online and other mail-order

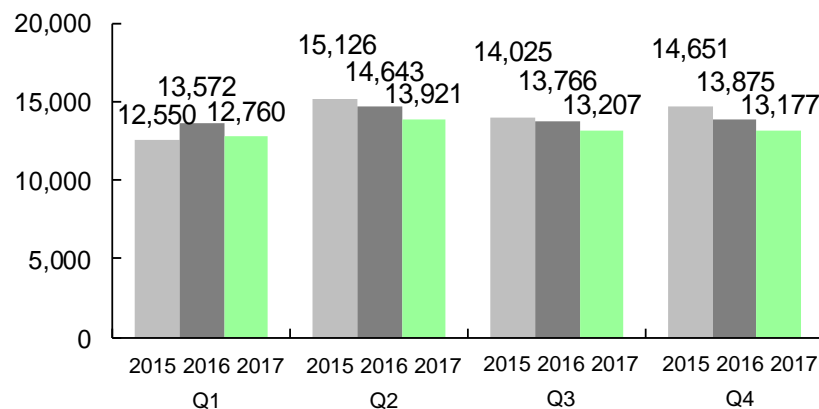
* YoY basis

Topics

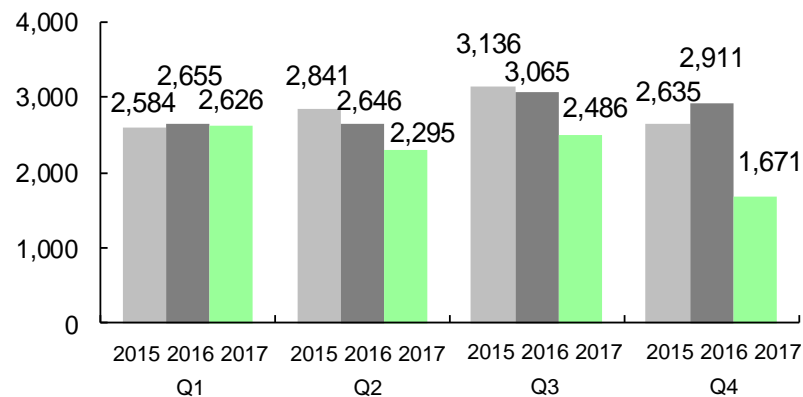
- Promoted omnichannel (integration of points earned at mail-orders and physical stores) in order to enhance customer engagement.

さらに便利に!
ポイント相互利用
いよいよスタート!

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



FY2017 Result

- Sales dropped by 9% yoy (on AUD basis).
- Australia and duty-free businesses struggled during year-end shopping season.
On the contrary, sales for 4Q in China and Hong Kong recovered on a quarterly basis.
- Operating income was maintained flat by offsetting the decrease in gross margin with restraints on costs.

Q4	Results (mil. yen)	YoY change ⁽¹⁾
Net sales	12,772	(2.6%)
Operating income (before goodwill amortization)	(444)	(11)
Operating income	(505)	677

Key indicators

Number of doors in China (vs. Dec. 2016)		110 (down 7)
Sales ratio	China	19%
	Hong Kong	15%
	Duty free	14%
	Australia	32%
Sales growth ⁽²⁾	China	down 6%
	Hong Kong	down 2%
	Duty free	down 31%
	Australia	down 2%

(1) For operating income YoY difference is shown in amount (mil. yen).

(2) AUD basis, YoY

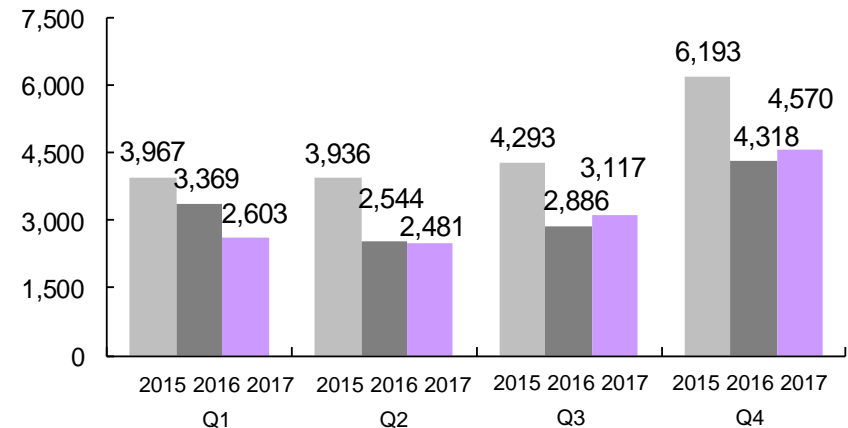
Topics

- Introduced products that has made use of the Group synergies

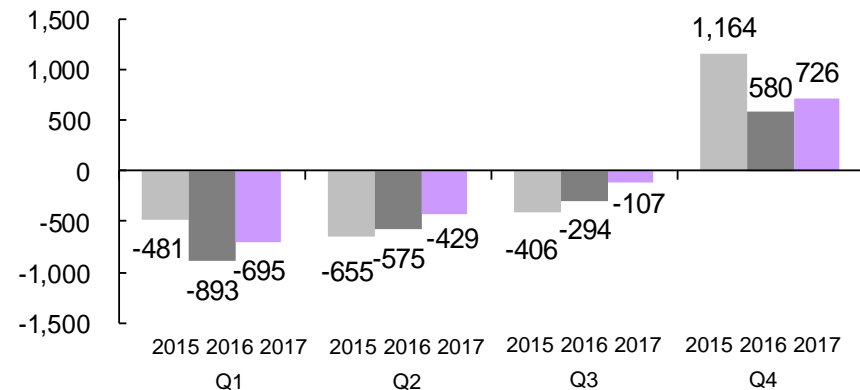
Image : Sweet Violet & Grapefruit Hydrating Mist



Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



FY2017 Result

- Sales decreased in Russia and existing channels in North America.
- Operating income improved as planned, owing to the withdrawal from China in terms of reduction in one-time costs of the withdrawal fee and operational losses recorded last year.

Q4	Results (mil. yen)	YoY change ⁽¹⁾
Net sales	2,303	(9.6%)
Operating income	(317)	1,709
Key indicators		
Sales ratio	North America	90%
	Others	10%
Sales growth ⁽²⁾	North America	down 3%
	Others	down 53%

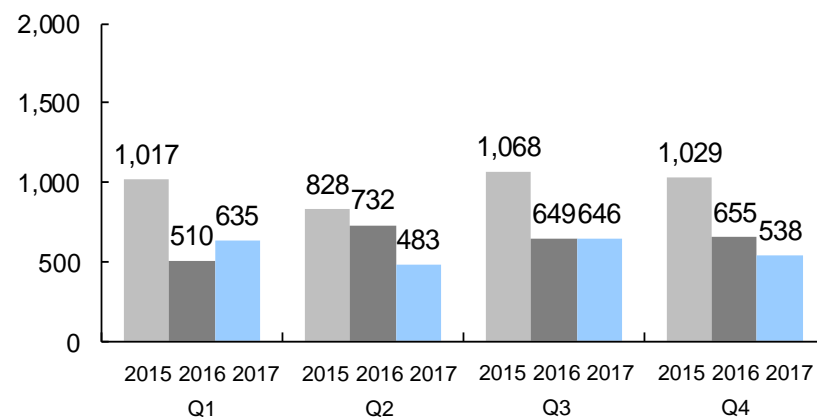
(1) For operating income YoY difference is shown in amount (mil. yen)

(2) USD basis, YoY

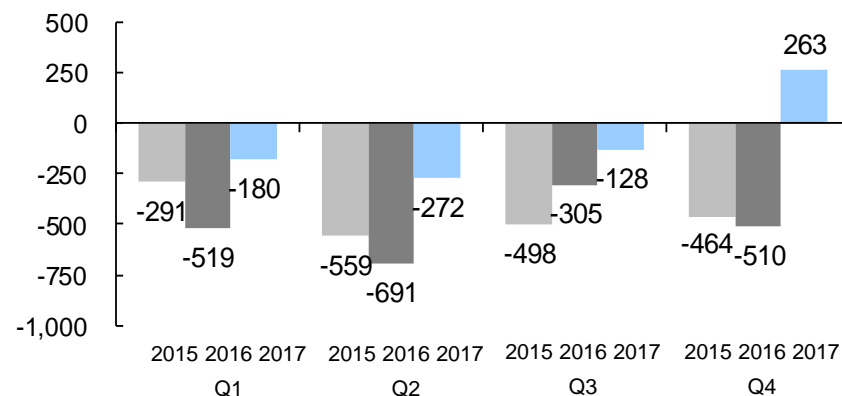
Topics

- Decided to withdraw from Kohl's where the brand cannot expect many customers. Seek new retailers which are suitable for the brand, and strengthen e-commerce.

Quarterly net sales (mil. yen)



Quarterly operating income (mil. yen)



FY2017 Result

- Like-for-like sales grew by 28.2% excluding FL and pdc brands which were sold in 2016.
- At THREE brand, operating income increased by around 35% if costs for launching new brands were excluded. (The costs were approximately ¥250 mil.)
- At DECENCIA, sales hiked by around 40% owing to the strong mainstay product series.

Q4	Results (mil. yen)	YoY change*
Net sales	14,978	1.2%
Operating income	1,278	51.9%
(THREE Net sales)	8,027	31.2%
(THREE OP income)	522	(8.2%)

Key indicators

THREE	Dept. store counters in Japan	38
	Other stores in Japan	68
	Overseas stores (Thailand, Taiwan, Indonesia, Malaysia, Hong Kong, Korea and Singapore)	36
	Overseas sales ratio	15%

* Future Labo ("FL") and pdc brands were sold to third parties in November 1st and December 1st 2016 respectively.

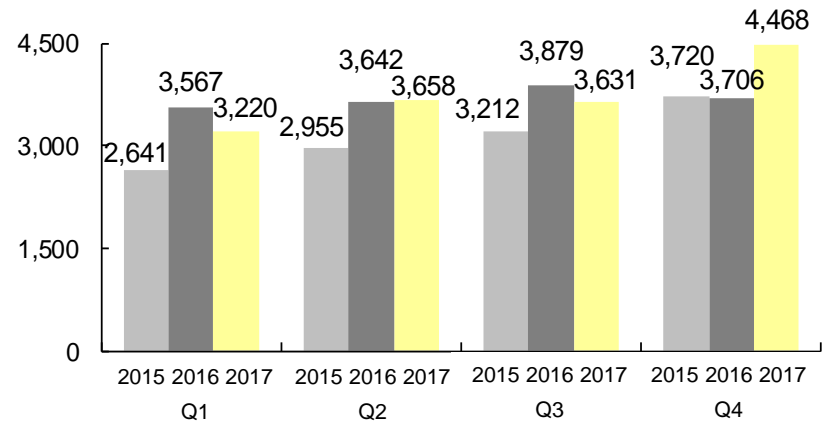
Topics

- Products from THREE and DECENCIA won several best cosmetics awards

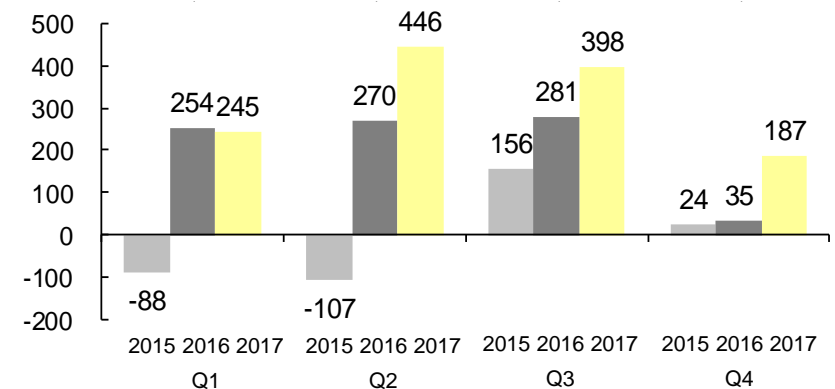


From left: THREE (2) and DECENCIA (1)

Quarterly net sales (mil. yen)



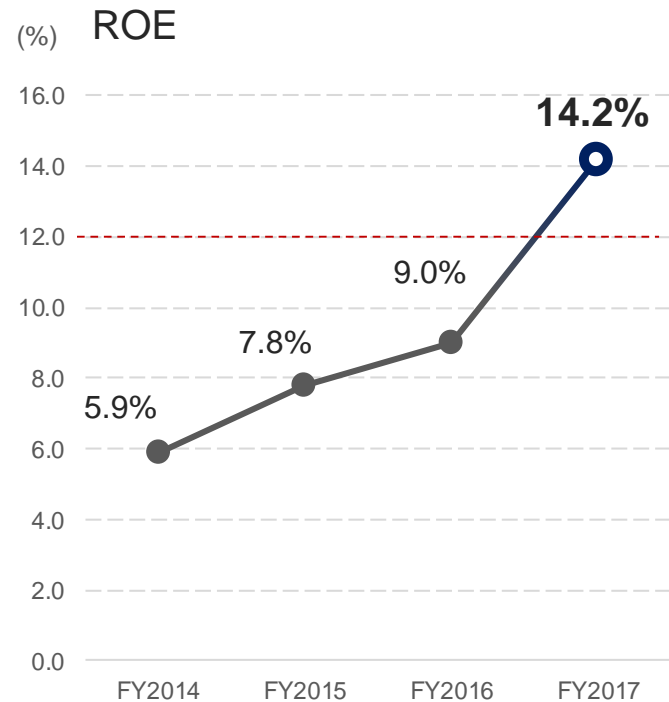
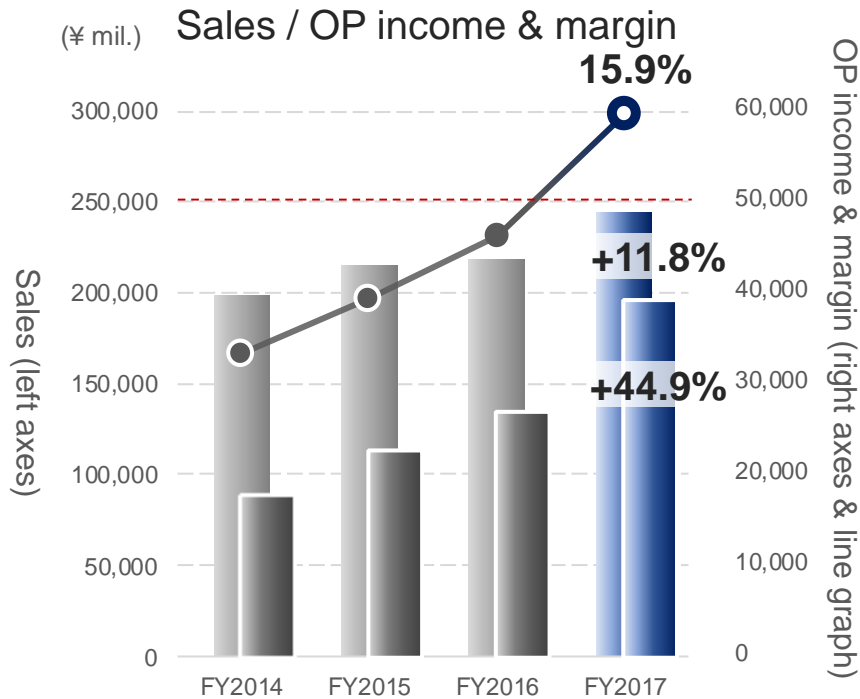
Quarterly operating income (mil. yen)



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【Management Indicators for 2020】

Net Sales	¥250 bil. or higher CAGR 3-4%	OP income	OP margin 15% or higher CAGR 10%	ROE	12% or higher
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The Group has progressed better than expected, and already achieved all indicators except for net sales at the first year of the 2017 – 2020 period. The Group will aim to exceed the initial mid-term indicators and announce a single year plan for each year with a rolling plan until the year 2020.

【Growth Strategies】

Strategies		Evaluation	
1	Sustain stable growth of flagship brands to lead Group earnings	Fell short	- POLA successfully strengthened customer base. - ORBIS identified its underlying problems.
2	Bring overseas operations solidly into the black overall	Fell short	- Both Jurlique and H2O PLUS improved operating losses as planned. Overseas business of POLA realized profit for the first time.
3	Expand brands under development, create new brands, pursue M&A activity	Achieved	- THREE and DECENCIA kept strong performance. - The Group started to create new brands.
4	Strengthen operations (reinforce R&D, human resources and governance)	Achieved	- Established Group's new R&D System. (p.27) - Implemented career challenge program & third-party evaluation on effectiveness of the Board of Directors.
5	Enhance capital efficiency and enrich shareholder returns	Achieved	- Highly improved ROE by increasing EPS. - Realized stable increase in dividends.

Priority matters for sustainable growth are:

- (1) sustainable growth of POLA, (2) Building a regrowth scenario of ORBIS, and
- (3) Turning Jurlique and H2O PLUS into the black.

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Forecasts for FY2018

(mil. yen)	FY2017	YoY Change	
	Full-year Results	Amount	%
Consol. net sales	244,335	25,853	11.8%
Beauty care	227,133	24,686	12.2%
Real estate	2,694	(349)	(11.5%)
Others	14,507	1,515	11.7%
OP income	38,881	12,041	44.9%
Beauty care	38,121	12,216	47.2%
Real estate	1,082	(313)	(22.4%)
Others	(314)	(180)	—
Reconciliations	(8)	318	—
Ordinary income	39,250	12,128	44.7%
Net income attributable to owners of parent	27,137	10,809	66.2%

Full-year Plan	FY2018	YoY Change	
	Amount	%	
253,000	8,664	3.5%	
235,800	8,666	3.8%	
2,600	(94)	(3.5%)	
14,600	92	0.6%	
41,500	2,618	6.7%	
40,700	2,578	6.8%	
900	(182)	(16.9%)	
300	614	—	
(400)	(391)	—	
41,500	2,249	5.7%	
28,000	862	3.2%	

【Assumptions behind the plan】

- Inbound sales : approximately ¥17,500 mil. (almost same level as last year)
- Sales of Wrinkle Shot Serum : ¥10,000 mil.

【Assumed exchange rates】

- 1.00 AUD = 88 JPY (PY 86.00)
- 1.00 USD = 110 JPY (PY 112.18)
- 1.00 CNY = 17 JPY (PY 16.62)

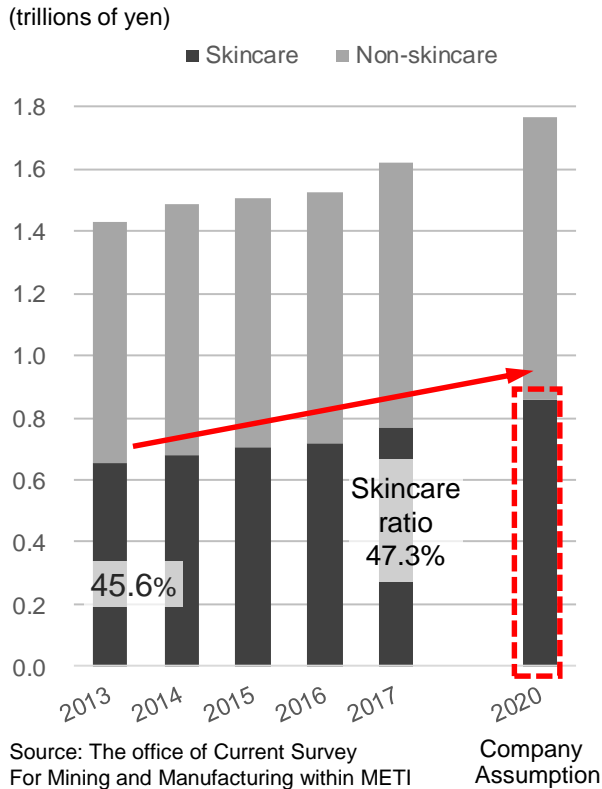
	FY2017
Shareholder returns	Annual ¥70 Consol. payout ratio 57.1%
Capital investment	¥8,885 million
Depreciation	¥6,551 million

	FY2018 (plan)
Shareholder returns	Annual ¥80 (Interim ¥35, Year-end ¥45) Consol. payout ratio 63.2%
Capital investment	¥8,000 ~ 9,000 million
Depreciation	¥7,000 ~ 8,000 million

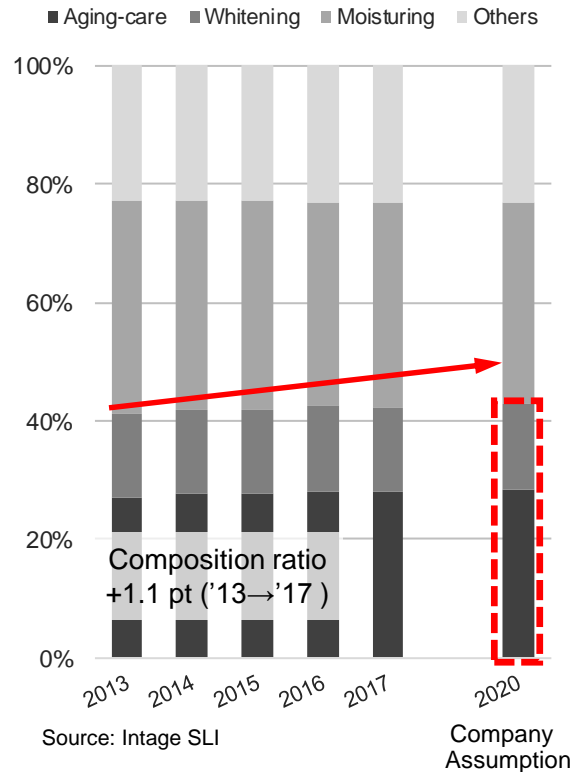
【Domestic Market】

- In 2017, domestic cosmetic market showed 6% growth however, pure domestic seemed flat excluding inbound.
- By product function, market composition ratio increased in categories where the Group puts efforts in.
- The Group estimates this trend to continue until 2020 unless the trend of foreign tourists suddenly changes.

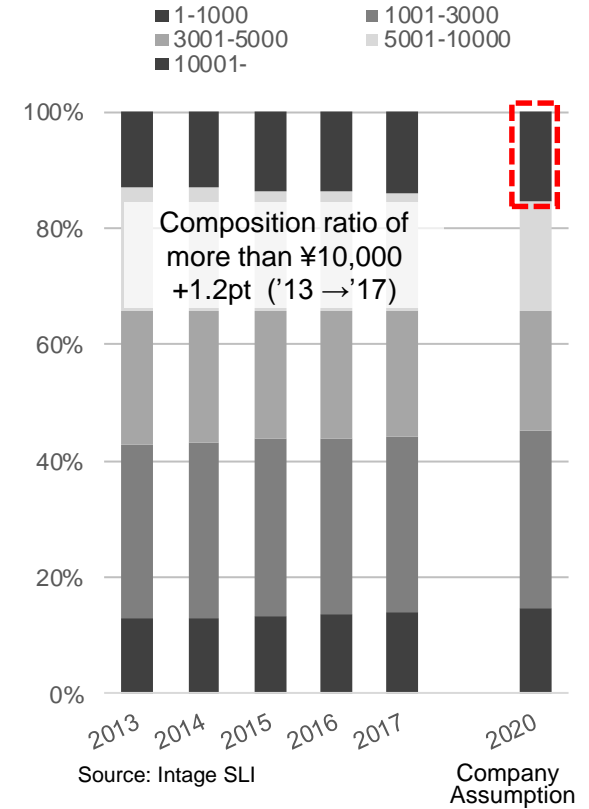
Domestic Cosmetics Shipments



Skincare Market by Product Function



Cosmetics Market by Price Range



【Overseas Market】

- China and ASEAN, key regions for the Group, continue to have increasing market trend.
- It is important how the Group can grasp the demand globally, which were triggered by inbound shopping in Japan.

POLA

Sustain stable growth of flagship brands to lead Group earnings

Expanding brand presence as a foothold; bring the business foundation to further level

- Introduce and develop aging-care and whitening products with high functionality that will follow Wrinkle Shot Serum
- Develop new store format that focuses on attracting customers and selling products



“White Shot”
(February)

New

“Touch & Talk”

(in good locations such as station malls, etc.)

Department Stores



P B



Product Sales

Product Sales / Consultation
/ Esthetic Treatments

← Appeal and exposure of POLA brand →

- POLA already carried out restructuring of the headquarters and integration of marketing function with a view to realize initiatives above

POLA

Global Strategy

Expansion of the store network < Tripling the number of stores to 90 by 2020 >



Above : iapm Shanghai store
Right : Mix City Shenyang store



Offer buying locations across countries to win loyal customers

Sustain stable growth of flagship brands to lead Group earnings

Create brand & product differentiation and return to highly profitable business

■ Implementing measures for regrowth

Product

Reform and abolish products
Improve basic quality and texture

Price

Review price range
(Superiority in mid-price range)

Structure reform

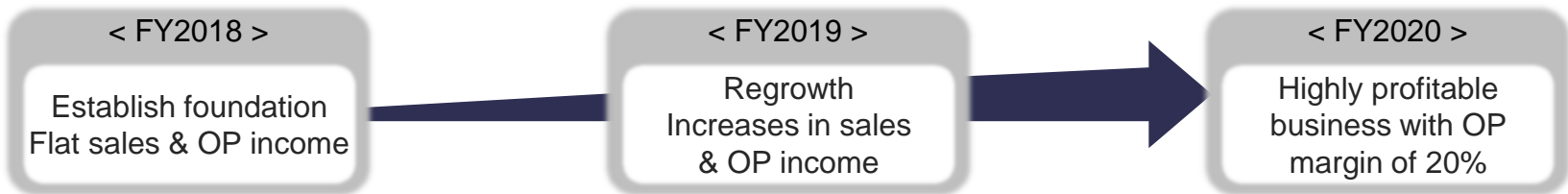
Carry out communication for
the iconic ORBIS=U series

Implement unified and consistent
brand appearance at website,
stores, and promotions

Promotion

Place

■ 2018 is the period of establishing the foundation with a view to continuing growth in the medium and long term in the future





Bring overseas operations solidly into the black overall

Get back on growth trajectory by completing brand restaging

Jurlique

- Priority channels are Australia, China and travel retail
- Establish a solid presence as a premium natural skincare brand



“Rose Hand Cream Limited Edition 2018”



New brand visual



- Aim for profit contribution by promoting trials and enhancing brand recognition in North America
- Selectively seek new retailers



“Rapids Collection”

T H R E E *DECENCIA*

Expand brands under development, create new brands, pursue M&A activity

Aim for CAGR 10%+ of sales and 20% increase in operating income

- T H R E E**
- Back to skincare-focused and develop holistic care products
 - Accelerate overseas expansion
 - Open a store with new format that offers a restaurant attached to the store (at Hibiya in March)



THREE
"THREE"
(February)

- DECENCIA*
- Realize highly profitable brand business dedicated to sensitive skins
 - Approach customers who have light skin irritation
 - Plan to open flagship stores that will work as billboards for the brand

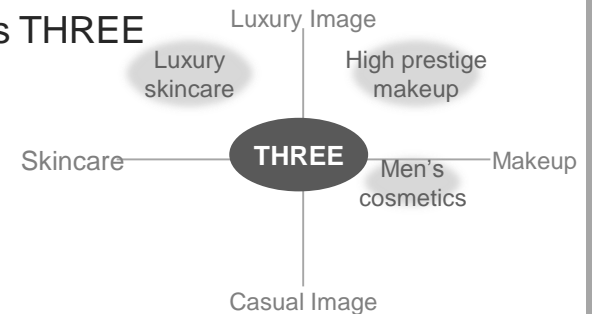


DECENCIA
"saeru"
(March)

New Brands
(Investment for growth)

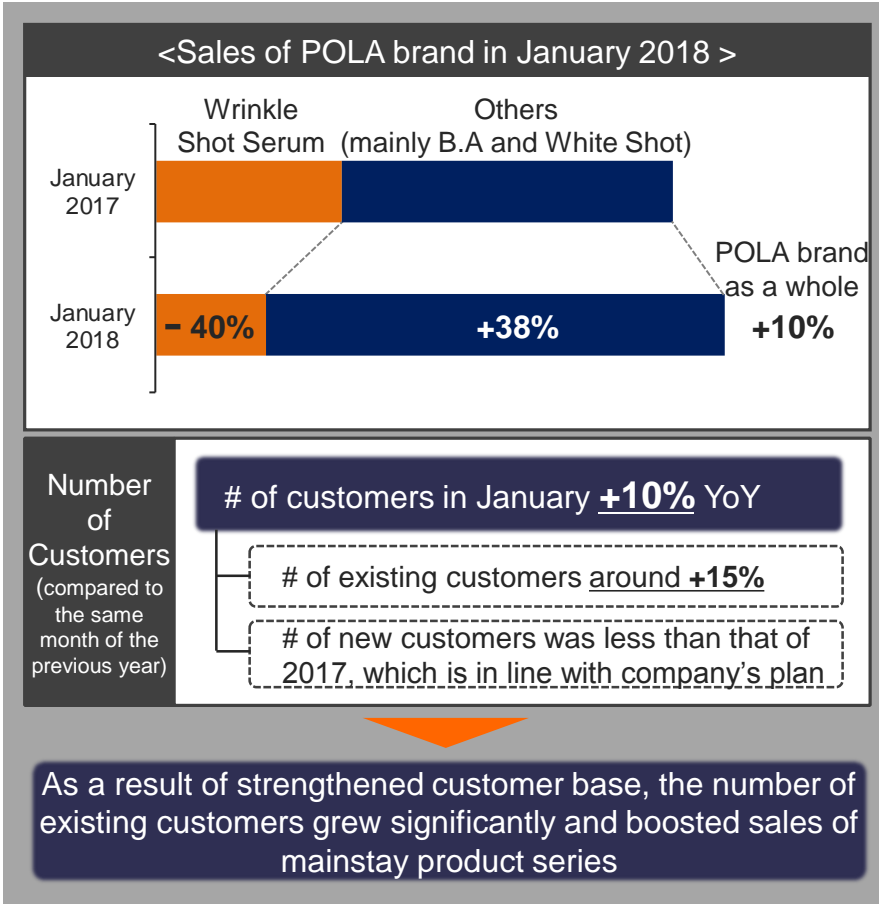
■ Launch three brands from ACRO INC. that operates THREE

- ✓ A high prestige makeup brand with high quality
- ✓ A luxury and natural skincare brand
- ✓ A comprehensive men's cosmetics brand



In spite of the high performance in January 2017 when Wrinkle Shot was launched, January sales of 2018 marked higher than that of 2017 and has made a good start at POLA.

■ POLA brand total



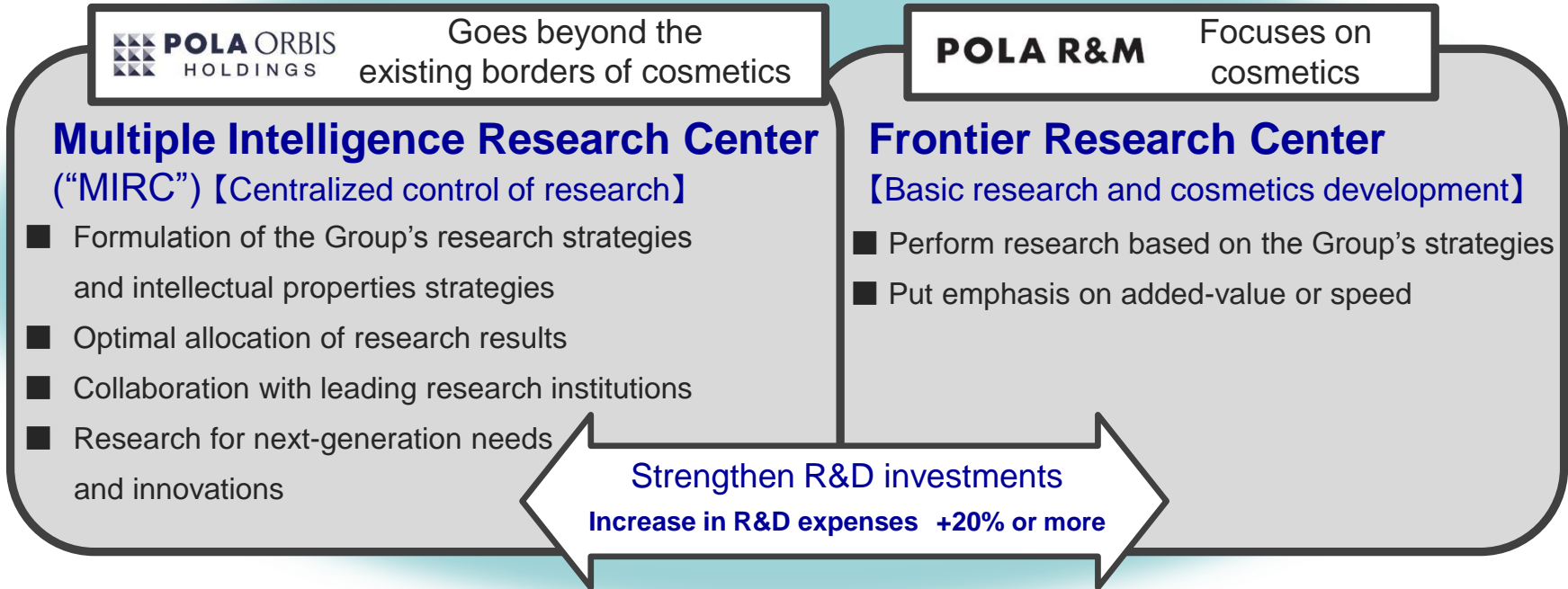
■ Sales progress of Wrinkle Shot Serum



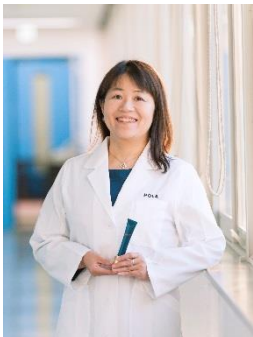
Note: On this page, information regarding POLA's January 2018 sales is presented in consideration of the market concerns about POLA's performance gap between January 2018 and January 2017, due to the strong performance in January 2017 when Wrinkle Shot Serum was launched.

The Group has reformed R&D system for the creation of new value that will be a growth engine for the Group, following Wrinkle Shot Serum

POLA ORBIS GROUP



“Woman of the Year Award 2018” Grand Prix from the NIKKEI WOMAN Magazine



Noriko Suenobu
 Corporate Officer in charge of
 Group Research and Regulatory Affairs
 Chief of Multiple Intelligence Research
 Center and Frontier Research Center

- As the project leader for the development of Wrinkle Shot Serum, Suenobu was awarded the prize for her contribution to the creation and development of the wrinkle care market, which was an untapped area in the cosmetics industry.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Progress of Mid-term Management Plan
4. Forecasts and Initiatives for Fiscal 2018
5. Appendices

IR “Prime Business Award 2017” (from Japan Investor Relations Association)

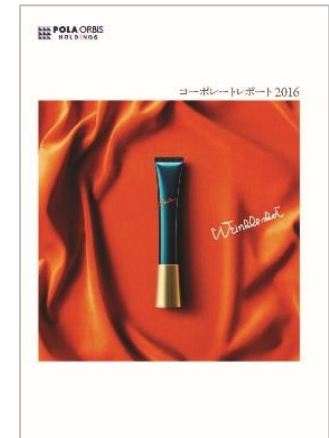
POLA ORBIS HOLDINGS INC. received “Prime Business Award 2017”.

This is the second time for the Company to receive the award, following 2015.



Award for Excellence in the “NIKKEI Annual Report Awards” (from Nikkei Inc.)

POLA ORBIS HOLDINGS INC. received an award for excellence in “The 20th NIKKEI Annual Report Awards” for the third consecutive year.



ESG Index “MSCI Japan Empowering Women Index (WIN)”

POLA ORBIS HOLDINGS INC. is included in the “MSCI Japan Empowering Women Index (WIN)”, one of the ESG indices selected by GPIF.



➡ Going forward, POLA ORBIS strives to enhance ESG disclosure through dialogues with investors, corporate reports, and IR website.

Initiatives to Improve Capital Efficiency

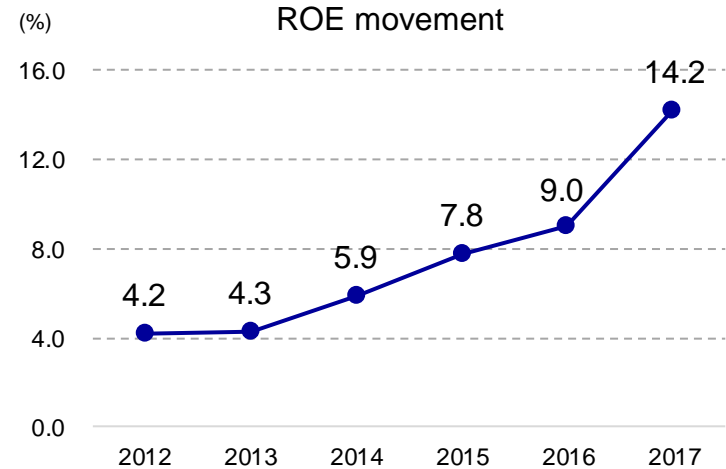
Target for 2020
ROE 12%
(Return on equity)

EPS
(Earnings per share)

BPS
(Book value per share)

- Operating income CAGR10%
- 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

Achieved the target for 2020 at the year of 2017
Setting 12% as a way point and aim for global level in the long term



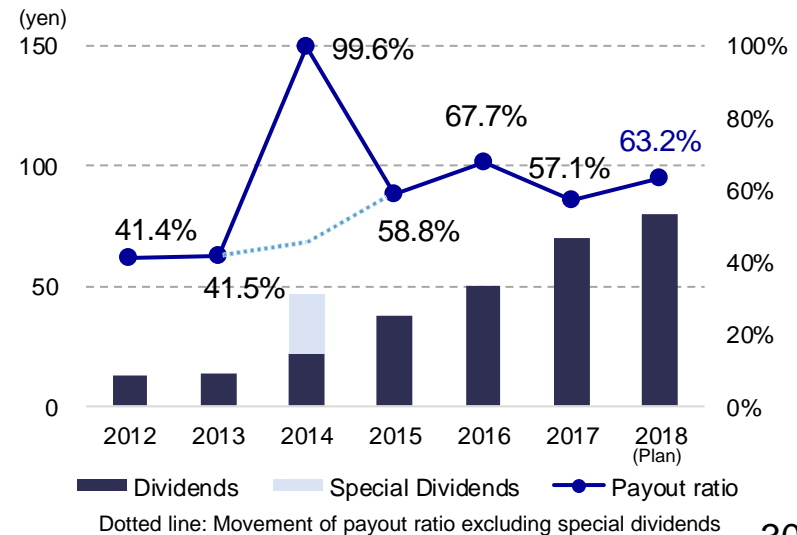
Improvement of Shareholder Return

【2017 – 2020 Basic Policy】

- With a policy of consolidated payout ratio of **60% or higher**, enhance shareholder return by realizing stable profit growth.
- Purchase of treasury stock is not planned in the near future to secure liquidity and seek to enrich shareholder return through stable cash dividends.

【 Dividends in FY2018】

- Dividend per share : ¥80 (Interim ¥35, Year-end ¥45)
- Consol. payout ratio : 63.2%



The final stage of the long-term vision for 2020.

Aim to improve profitability in Japan, promote a solid shift toward overall profitability from overseas operations and build a brand structure for next-generation growth.

Consolidated net sales

- Consol. net sales: CAGR **3 to 4%**
(¥250.0 bil. in FY2020)

Operating income

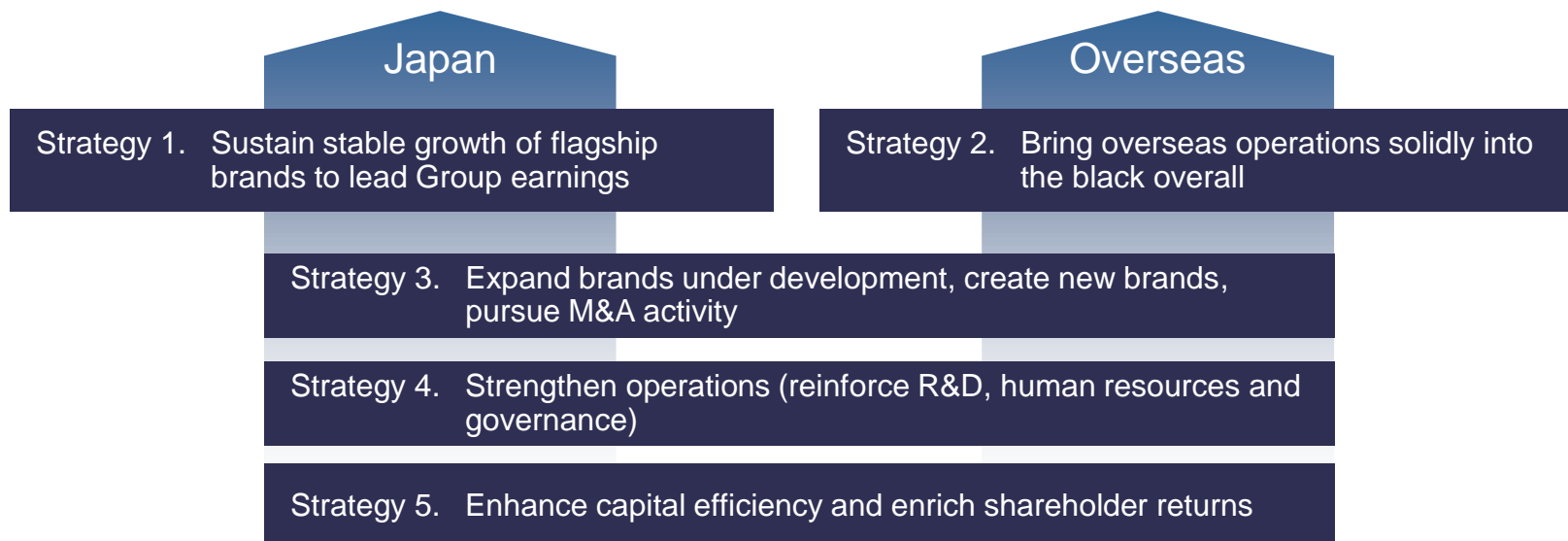
- Operating income: CAGR **10%** or higher
- Operating margin: **15%** or higher in FY2020

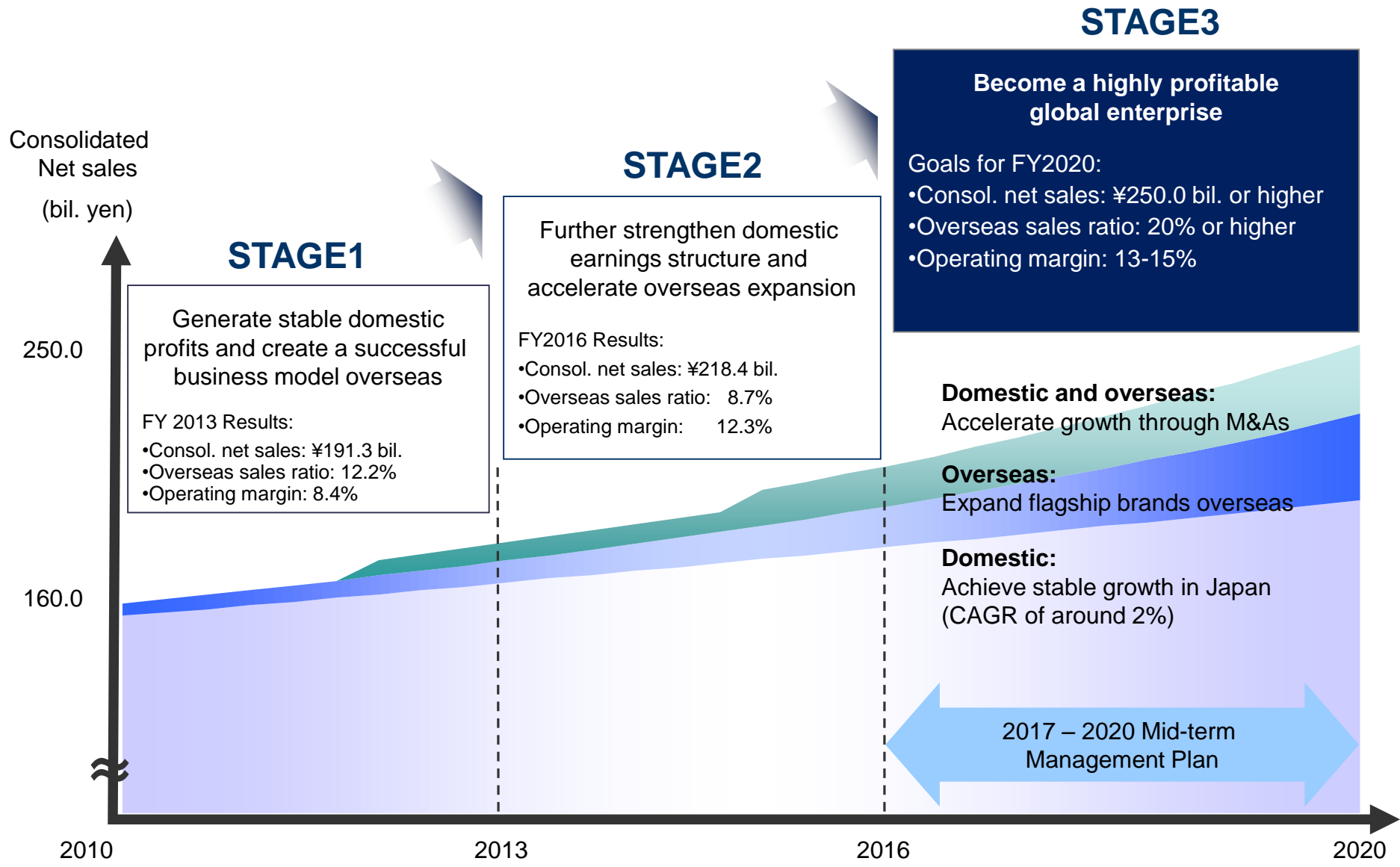
Capital efficiency

- Target for ROE: **12%** in FY2020

Shareholder returns

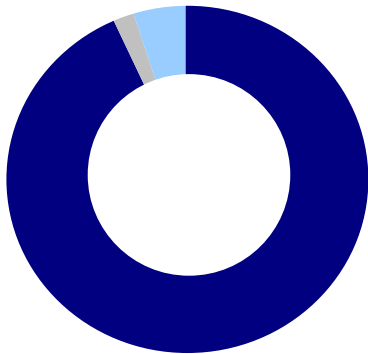
- Consolidated payout ratio: **60%** or higher
from FY2017



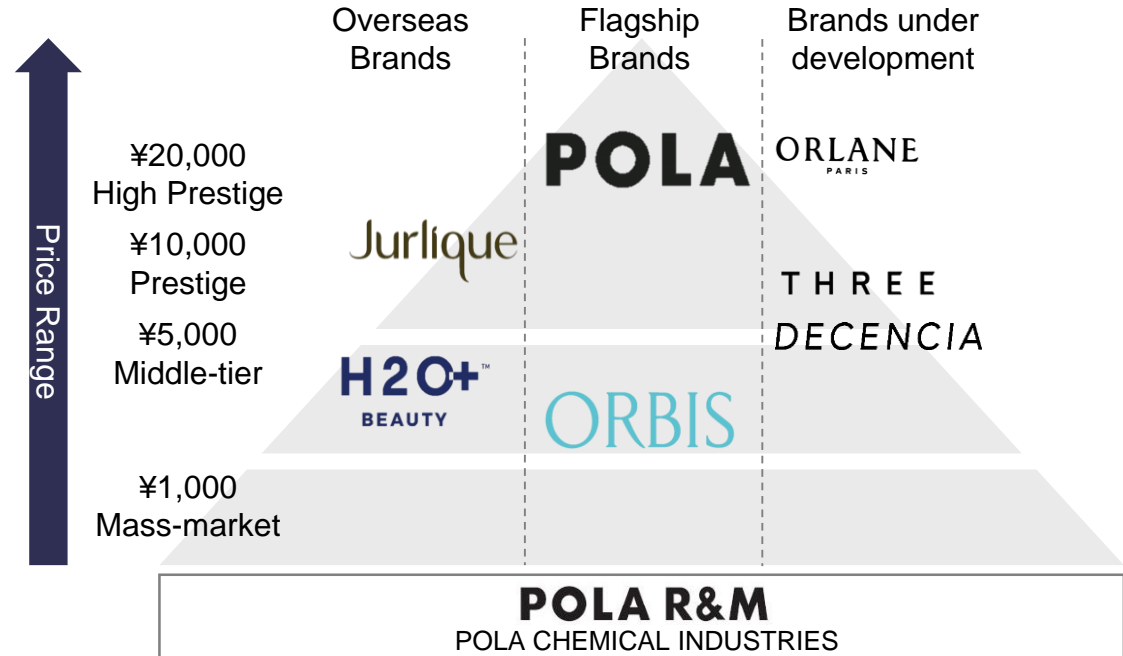


Beauty care is the core business of the Group, and 7 different cosmetics brands are operated under the Group umbrella

FY2017
Consol. Net Sales
¥244.3 bil.



- Beauty care business 93%
- Real estate business 1%
- Other businesses 6%
(dermatological drugs and building maintenance business)



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

	Sales ratio*	Brand	Concept and products	Price	Sales channel
Flagship brands	63%	POLA Since 1929	<ul style="list-style-type: none"> ■ High-prestige skincare ■ Leading-edge technology in anti-aging and skin-whitening fields 	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> ■ Consignment sales through Beauty Directors: POLA THE BEAUTY (PB), Esthe-inn and conventional door-to-door ■ Department store counters ■ Overseas
	23%	ORBIS Since 1984	<ul style="list-style-type: none"> ■ Provides original-concept 100% OIL-FREE skincare products ■ Offers aging-care lineup for wide range of age groups 	¥1,000~ ¥3,000	<ul style="list-style-type: none"> ■ Mail-order (online and catalog) ■ Retail stores ■ Overseas
Overseas Brands	6%	Jurlique Acquired in 2012	<ul style="list-style-type: none"> ■ Prestige organic skincare brand from Australia 	Approx. ¥5,000 or higher	<ul style="list-style-type: none"> ■ Specialty stores, department store counters and directly-operated stores, ■ Duty free stores
	1%	H2O+[™] BEAUTY Acquired in 2011	<ul style="list-style-type: none"> ■ Skincare with concept of innovation and power of pure water 	Approx. ¥4,000 not sold in Japan	<ul style="list-style-type: none"> ■ US: Specialty stores and online
Brands under development		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"> ■ Department store counters and specialty stores ■ Directly-operated stores and online ■ Overseas
	7%	DECENCIA Since 2007	<ul style="list-style-type: none"> ■ Skincare for sensitive skin 	¥2,000~ ¥5,000	<ul style="list-style-type: none"> ■ Online
		ORLANE^{**} <small>PARIS</small> JV established in 2007	<ul style="list-style-type: none"> ■ High prestige skincare cosmetics from France ■ Strength in aging-care 	Approx. ¥10,000 or higher	<ul style="list-style-type: none"> ■ Department store counters ■ Specialty stores

*Sales ratio in the beauty care business as of FY2017

** The Group has decided to liquidate ORLANE JAPON INC. within FY2018

(Appendix) Beauty Care Business Results for FY2015 – FY2017 by Brands

(mil. yen)	FY2015	FY2016	FY2017	2016 vs 2017 YoY Change	
	Results	Results	Results	Amount	%
Consolidated net sales	214,788	218,482	244,335	25,853	11.8%
Beauty care net sales	200,570	202,446	227,133	24,686	12.2%
POLA	109,352	116,126	144,012	27,886	24.0%
ORBIS	56,354	55,857	53,066	(2,790)	(5.0%)
Jurlique	18,390	13,118	12,772	(346)	(2.6%)
H2O PLUS	3,944	2,547	2,303	(243)	(9.6%)
Brands under development	12,529	14,796	14,978	181	1.2%
Consol. operating income	22,511	26,839	38,881	12,041	44.9%
Beauty care operating income	21,290	25,904	38,121	12,216	47.2%
POLA	12,302	16,993	28,584	11,591	68.2%
ORBIS	11,197	11,279	9,080	(2,199)	(19.5%)
Jurlique	(379)	(1,183)	(505)	677	-
H2O PLUS	(1,814)	(2,027)	(317)	1,709	-
Brands under development	(15)	841	1,278	437	51.9%

Note1 : Due to change in accounting policy in Australia, figures for FY2016 have been retrospectively recalculated

Note2 : Consolidated operating income and loss for each brand are shown for reference purpose only (figures are unaudited)