POLA ORBIS HOLDINGS

POLA ORBIS HOLDINGS Integrated Report 2025

POLA

ORBIS

Jurlique

DECENCIA

THREE

FUJIMI

Index

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 International Integrated Reporting Framework, issued by the International Integrated Reporting Council (IIRC), as well as Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, 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.

WEB https://www.po-holdings.co.jp/en/csr/index.html

Time Frame

This report focuses on activities and results achieved in fiscal 2025—the 12 months from January 1, 2025 to December 31, 2025—but some fiscal 2026 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 2025 has been prepared on the basis of data available as of February 13, 2026.

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.

WE SUPPORT UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

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To Our Stakeholders

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 into the realms of well-being and social value creation, aiming for sustainable business growth in Japan and overseas.

Under the current medium-term management plan (2024–2026), the second stage of our VISION 2029 journey, six priority strategies are in the spotlight: 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.

Taking into account market trends and the business environment, we will continue to prioritize improving profitability in fiscal 2026, ending December 31, 2026, while working to establish a business foundation for future profitable growth. In our domestic business, POLA is moving to restructure its salon channel, previously referred to as the consignment sales channel, and deepen its base of loyal customers to support the brand's future growth. In our overseas business, an emphasis will be placed on putting operations in mainland China back on a growth trajectory while establishing a stronger presence in the ASEAN market, which will be a driver of future growth. In addition, we remain committed to building a cost structure capable of generating sustainable profits.

For the POLA ORBIS Group, 2026 will be a year of crucial preparation for the next medium-term management plan. The first item on the list will be to steadily respond to immediate challenges and, once issues are addressed, finalize the details of the new plan and ensure the successful implementation of stated strategies.

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

A Message from the President

We will leverage a value chain that directly connects science to individuals, add in value contributed by individuals and make the POLA ORBIS Group a corporate group whose creativity and sensitivity to issues ensure first-choice status.

横手喜一

Yoshikazu Yokote
Representative Director and President

How does our mission/vision contribute to value creation?

The underlying mission statement of the POLA ORBIS Group is "Sensitize the world to beauty." To me, this statement means stimulating the sensitivity, essentially, inspiring the imagination of not only each and every employee but also beyond—to our customers, the people who choose our products and services, and everyone else associated with the POLA ORBIS Group—and fostering new insights, discoveries and creativity. This is the starting point of value creation and our mission. To achieve that, we set the vision that "we will maximize the unique character of each brand, and become a global corporate group that enriches the lives of people around the world." Each of the brands in our multi-brand portfolio operates as an independent business entity, with its own set of values, philosophy and corporate culture. Each brand becomes firmly established when unique products and services created against a backdrop infused with originality and brimming with distinctive appeal are chosen by customers reflecting their own feelings and emotional connection to the brand. This is our picture-perfect image of the POLA ORBIS Group.

A value chain that allows qualities unique to each of these brands to emerge forms a crucial building block in the foundation that supports the Group's operations. Most noteworthy is cutting-edge scientific knowledge regarding the skin, the body and life accumulated through many years of basic research. New materials and proprietary technologies derived from insights gained and discoveries made inevitably lead to the development of highly differentiated products and services tailored to each brand's value proposition. In addition, each brand has promptly delivered these products and services to customers through personalized experiences and interactive messaging via direct marketing. This integrated value chain, connecting science, multi-brands and direct marketing links, enables each brand to extend unparalleled value directly to its customers, leading to enhanced customer loyalty. The resulting value is something that only the POLA ORBIS Group can provide. As a top executive at POLA ORBIS HOLDINGS, my role is to ensure that this comprehensive approach to value creation permeates every corner of the Group and to reinforce these strengths so that they continue to function effectively into the future.

MISSION

Sensitize the world to beauty.

Approach life with boundless curiosity and fill it with heartwarming encounters and new discoveries.
Make the world different tomorrow.
Inspire a sensitivity to beauty that changes people's lives, making them feel happier and more emotionally fulfilled.

VISION

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

WAY

- Be gracious to others, and express your individuality with flair.
- Cultivate your esthetic sense and personal tastes.
- Respond to challenges and changing circumstances with flexibility.
- Show care for the environment in all that you do.
- Think independently and work cooperatively to grow as individuals and as a group.

Focus on "individuals" rather than "cosmetics users"

The science that forms the basis of our value chain seeks to understand the biological mechanisms that enable us, as human beings, to maintain beautiful, healthy skin, mind and body. That said, no matter how exceptional a cosmetics product may be, it is but one avenue for achieving beauty. Every aspect of life,

Global flagship store POLA GINZA

including health, lifestyle, social interactions and relationships with others, has an impact on beauty and well-being. For exactly this reason, we view customers not just as "cosmetics users" but as "individuals" who pursue beauty and well-being on their own terms within the contexts of society and the environment. As technology advances and lifestyles diversify, it is only natural that individuals are keen to embrace alternatives beyond cosmetics to pursue beauty and well-being, seeking to enrich their lives in their own unique way. In VISION 2029, formulated ahead of the Group's 100th anniversary, we describe our image of the POLA ORBIS Group as "a collection of unique businesses that respond to diversifying values of 'beauty.' " In other words, our definition of the Group goes beyond that of a mere "cosmetics company." Beauty and well-being will become inextricably intertwined. It is difficult for people to feel happy if they are not comfortable in their social interactions and their living environments. Without happiness, true beauty remains an elusive objective. Our mission is not simply to develop and sell excellent cosmetics but to realize the beauty and well-being of individuals into the future. Our mission and vision serve as symbolic expressions of this commitment.

POLA GINZA, POLA's global flagship store, was renovated and reopened in December 2025 as a space that embodies our philosophy. The store was designed as not just a place to showcase and recommend cosmetics but as a unique environment providing a pleasant sensory experience from the moment a customer steps inside. Lighting, sound and scent are all designed to excite the senses—sight, hearing and smell—in a way that is unique to that specific place and time. Engaging the five senses, the spatial design transforms the process of selecting and trying out cosmetics into a special and memorable experience. POLA GINZA is a place where experiential value holistically nurtures both mind and body, embodying the Group's philosophy.

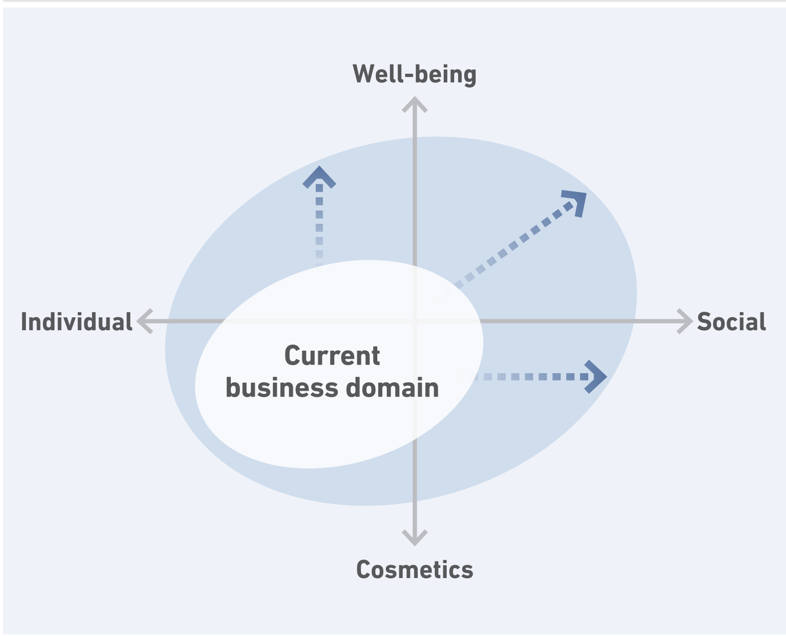
VISION 2029

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

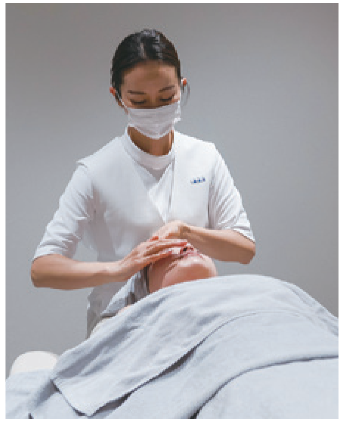
Basic strategy 3
Strengthen research and technical strategy



Looking back on fiscal 2025

The fiscal year ended December 31, 2025, marked the midway point of VISION 2029, which was launched in 2021. As for performance, in core domestic operations, ORBIS recorded steady growth, but POLA continued to struggle, albeit with a smaller decline in sales and issues in need of solutions. In overseas operations, POLA's mainland China operations and the overseas brand Jurlique are still in a process of business restructuring aimed at reducing their losses. Progress is on track, and a return to growth is expected in 2027. As a result, on a consolidated basis, net sales settled at ¥170.2 billion, virtually unchanged from that of the previous fiscal year, but operating income rose by double digits, to ¥15.6 billion, mainly thanks to the success of measures to streamline selling, general and administrative expenses and implement structural reforms. Consequently, the operating margin improved, to 9.2%. Despite favorable movement, operating income did not reach the target set in our medium-term management plan. We acknowledge that further efforts are needed to improve profitability figures, including ROE.

In 2027, we will embark on the 2027–2029 medium-term management plan—the final stage of our VISION 2029 journey. Therefore, we recognize 2026 as a crucial year to halt our declining performance by successfully turning around POLA's domestic business. At the same time, we must fully execute the structural reforms for POLA's mainland China business and Jurlique, thereby building a solid foundation for the Group's renewed growth and improved profitability from 2027 onward. Of note, while the POLA salon channel continues to struggle and customer numbers are still charting downward, we can see the structure of the salon network divided into two clearly distinct store groups. The strength of POLA's salon channel lies in building customer loyalty through high-quality esthetic treatments, but not all locations are equally successful in this effort. New customers, that is, people curious about esthetic treatments, will turn to digital platforms, such as social media, in their search for reputable, trustworthy salons. Salons that effectively utilize digital platforms in their marketing strategy are successfully attracting new customers. Furthermore, by providing personalized services and attentive support by the entire staff, they build trust early on and deepen customer loyalty. Salons that have successfully incorporated these activities into daily operations have seen their customer base grow, expanding their revenue 104% year on year as salons on a growth track. In fiscal 2025, revenue from salons on a growth track rose, accounting for about half of total salon revenue. POLA aims to achieve a turnaround in business results from its domestic operations by fully supporting activities at these salons and further accelerating growth.

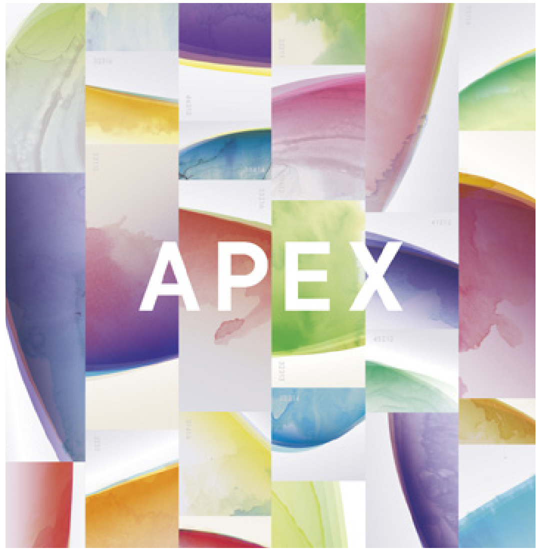

Treatment at a POLA salon

Intrinsic motivation of every employee driving the Group's value chain

The driving force behind the Group's value chain is the intrinsic motivation of each and every employee—that is, proactive initiative born from personal sensitivity, awareness and recognition of issues. New research themes often emerge from a little seed of curiosity or an observation by a single researcher, and innovation in customer communication often begins with the question "Is this the best way?" I believe we must base management on a daily routine that elicits those little seeds of curiosity, observations and inquiries from perceptive individuals, and channels this content into value creation. There are about 4,000 employees across the POLA ORBIS Group. With 4,000 people, there will be 4,000 different questions and insights. If we can mine this source of input from across the Group daily and manage it to affect our colleagues positively, we can maintain the Group's evolution. We call this management style "A Person-Centered Management." Employees are, by nature, unique individuals. We seek to build a corporate group where every employee—each with a unique presence—can fully demonstrate personal perspectives and sensitivity.

Group history sustained by intrinsic motivation of individuals

The reason we place such importance on the intrinsic motivation of individuals is because it has sustained the history of the Group. Shinobu Suzuki, the founder of POLA, crafted a homemade hand cream with meticulous attention to detail out of a keen desire to help his wife, who suffered from dry, rough hands. Then came direct selling, a marketing route paved by a woman who came into a POLA office and asked, “Will you hire a woman?” at a time—the early Showa Era (1926–1989)—when sales was considered a man’s job. Direct selling became POLA’s distinctive style, with female sales representatives going door-to-door in cities and towns all over Japan. Personalized skincare, epitomized by APEX, resulted from a discovery by a researcher who realized that everyone’s skin is different and unique. The transition from door-to-door sales to the salon business was sparked by a suggestion from an employee who said to the president at that time, “President, we are going to go out of business if we keep this up.” DECENCIA, a line of skincare for sensitive skin, is a brand under development. The impetus for creating this brand was a researcher’s wish to address the needs of his sister, who suffered from atopic dermatitis. He applied to our own internal venture program, seeking to utilize extensive research accumulated in his search for skincare that would be kind to his sister’s skin. Today’s POLA ORBIS Group maintains the spirit that infused POLA in its early days to constantly evolve by listening to and sincerely engaging with individuals who possess intrinsic motivation and by harnessing the full potential of such power.



This approach is not limited to employees but extends to business models that are an extension of a brand commitment to engage sincerely with all customers, notably, direct selling. The founding brand POLA, as well as ORBIS, our other core brand, and DECENCIA and THREE, our brands under development, pursue business with direct selling at the core of operations to deliver products and services directly to each and every customer. Even if customers are using the same cosmetics, their reasons and the circumstances behind their choices vary from person to person. For direct selling, it is essential to build continuous, attentive communication by closely engaging with and addressing the unique expectations, hopes and feelings of each customer. Long-time customers loyal to the POLA brand mention that women in their family have been using POLA products since their mother’s generation. We also hear customers who have been visiting POLA salons for years say things like “My daughter turned 20, and I’ve brought her here for her first salon treatment.” ORBIS was established in 1987, and many customers have been purchasing its products since then. Quite likely, they are more knowledgeable about the brand than even employees are. The enduring support of customers who feel attached to our brands and remain loyal to these brands across generations will be met with a continued commitment to be there for them. Such commitment generates trust and builds relationships that transcend generations, becoming a major asset for the Group.

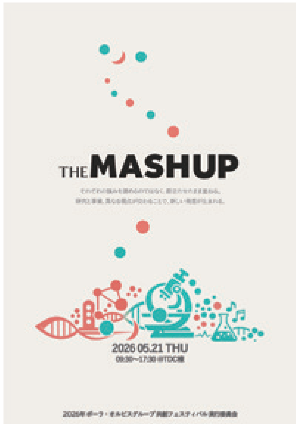
How do we leverage Group strengths to drive growth in a rapidly changing business environment?

Today's society is often described as a VUCA* era. Even in an environment of such unpredictability, I believe we must consider two key points for the value we deliver to our customers to truly meet their needs and bring them joy.

First point. We should not view our customers simply as "cosmetics users." Adopting a perspective and attitude that treat customers as individuals is becoming increasingly important. For example, when we asked to see a selection of electronic customer care records used at POLA salons, we expected to see entries heavily weighted toward skin concerns and future beauty treatment plans. Instead of beauty-related notes, the records were filled with comments about customers' personal lives, including work-related issues, such as a lot of overtime worked lately or anxious feelings about the next job transfer, and personal updates, such as thoughts on the bride's change of dress at the wedding reception or disappointment over not getting tickets to a certain artist's concert. I believe it is really important to engage sincerely with our customers as individuals and consider how best to serve them within that context.

Second point. We must revitalize cross-functional collaboration, exchange and networking within the Group even more. The Group comprises a variety of companies that differ in terms of size and history, including the holding company, our core brands—POLA and ORBIS—as well as POLA CHEMICAL INDUSTRIES, which handles research and production, along with operating companies responsible for brands under development and the overseas brand Jurlique. Against this backdrop, if these companies were to become isolated and self-contained, they would inevitably become inward looking. To ensure that each brand can constantly adapt to changes in society and evolving trends in individuals' behavior, operating companies must open lines of communication and exchange talent, rather than closing themselves off from interaction. The most symbolic example of this corporate embrace is the current leadership appointments at our core operating companies. The current president of POLA came from ORBIS, the current ORBIS president came from DECENCIA and the current DECENCIA president came from ORBIS. By bringing in leaders with other-brand experience, we are leveraging fresh perspectives to drive brand evolution in unprecedented ways. We intend to actively expand these cross-brand personnel transfers beyond top management to include younger employees as well. In addition, we are actively increasing opportunities to revitalize talent exchange and information sharing across the Group. Efforts include a research festival that brings planning and development staff from Group companies together at the research institute, which forms the foundation of the Group's value chain, and the start of the "D-1 Grand Prix," a cross-Group event that showcases improvement in corporate activity by using data analysis from daily operations. In these ways, we are cultivating human resources whose talent grows as they gain diverse experience across Group operations rather than being confined to a single company. To support this process, we are reinforcing training programs across the Group. In 2026, we added the APCM Lab (A Person-Centered Management Lab) for employees in their 30s and 40s to the already existing Wonder Camp for employees who have been with the Company for three years or less, the Future Study Program for employees in their 20s and 30s, the Cocreation Workshop for young leaders and the Business Innovation Academy for administrative management. We actively invite candidates from Group companies to participate in these training programs, share values that the Group holds dear, explore each person's intrinsic motivation and implement a curriculum designed to identify future challenges and drive operational transformation.

*VUCA stands for volatility, uncertainty, complexity and ambiguity.



Held cross-Group research festival

Awards presentation for cross-Group event "D-1 Grand Prix"

Three initiatives to expand brand portfolio and business domains

As described in VISION 2029, our goal is for the POLA ORBIS Group to be "a collection of unique businesses that respond to diversifying values of 'beauty.' " To realize this goal, it is essential that the Group not only grow its existing core cosmetics business but also vigorously capitalize on new opportunities in other areas. Toward this end, we are actively implementing three initiatives.

The first initiative is to create new businesses using our core strength—research and technology capabilities—as the starting point. We are already seeing a favorable impact on business results from a blossoming presence in the field of esthetic medicine, underpinned by extensive expertise accumulated in dermatology, and also seeing progress, exemplified by the launch of an AI camera business for heat countermeasures that draws on facial analysis technology. Our research institute still holds a wealth of technological resources with untapped potential and thus the promise of new business opportunities. Seeking to accelerate efforts, POLA ORBIS HOLDINGS and POLA CHEMICAL INDUSTRIES joined forces to create a new promotion structure and are currently working on proposals for and collaboration with external business partners.


Kaokara AI camera for heat countermeasures

The second initiative is the internal venture program. The idea of developing new businesses inspired by ideas and insights from individual employees has welcomed a growing number of participants year after year and is now well established within the Group. We will continue to launch new businesses driven by the intrinsic motivation of employees, following in the footsteps of DECENCIA, a business born out of the internal venture program and now contributing to consolidated results.

The third initiative is collaboration with external talent. Individuals with innovative ideas and those who are simply interested in doing something about social issues and eager to take on new challenges exist outside the Group, not just within it. We will listen carefully to the ideas and aspirations of motivated individuals, build new businesses from the ground up and develop them together as a team. Driven by the intrinsic motivation of individuals, we are perfectly positioned to develop new startups as only the POLA ORBIS Group can.

Corporate vision defined by the Group

In fiscal 2026, ending December 31, 2026, we will formulate the next medium-term management plan for 2027 through 2029. To prepare this three-year plan, we must start by envisioning the kind of corporate group we want to be in the future, not just in the next three years. Shinobu Suzuki, the founder of POLA, left these words: "Deliver beauty, serve our customers." Returning to this spirit, each brand in our portfolio must think carefully about the path along which perceptions of beauty will evolve in parallel with changes in society, the environment and lifestyles of the future. By working together as a cohesive corporate group toward our shared image of the future, we will realize our vision that "we will maximize the unique character of each brand, and become a global corporate group that enriches the lives of people around the world."


POLA SALON + AOYAMA offering Resense esthe, a POLA-original total care service

POLA ORBIS Group History

With refined sensitivity, we transform ahead of changing times.

1929 — 1979
Growth of sales channels of door-to-door business

Active participation of women in society
As Japan welcomes more active participation of women in society, POLA embarks on what is now a 96-year history in the cosmetics business with expansion of its door-to-door business.

POLA

1929 Shinobu Suzuki founds the business in Shizuoka Prefecture.
1940 POLA CHEMICAL INDUSTRIES, INC. is established.
1946 The current POLA INC. is established.

Mortar used by the Company's founder

1980 — 1999
Business diversification

Diversifying lifestyles
Business activities becoming more diversified to match changing lifestyles.
ORBIS is established and will later develop into a flagship brand.

1981 Fashion business is launched.
1989 Department store business is launched.

ORBIS

1984 ORBIS Inc. is established.
1988 Mail-order business is launched.
1999 Internet order system is launched.

ORBIS's first generation 100% oil-free series

2000 — 2004
More sales channel variety

Fragmentation of needs
New ways to shop appear with advances in information technology. Sales channels expand in response to changes in society.

2000 Begins steps to transform sales approach of door-to-door business.
2004 POLA enters mainland China's market.

2000 ORBIS THE SHOP is launched.

2001 ORBIS commences international sales.

2005 — 2010
Multi-brand strategy

Multi-brand emphasis
Launches multiple brands matched to diversifying customer needs.

2006 POLA ORBIS HOLDINGS INC. is established and the Group transitions to a pure holding company system.
2010 POLA ORBIS HOLDINGS INC. is listed on the Tokyo Stock Exchange, First Section (currently Prime Market).

2005 POLA THE BEAUTY stores are launched.
2006 ORBIS enters the Taiwanese market.
2008 ORBIS enters mainland China's market.

Brands under Development

2007–2008
Current DECENCIA INC. is established.

DECENCIA

ACRO INC. is established.

THREE

2011 — 2020
Stock listing, selection and concentration of domestic operations, full-fledged overseas development

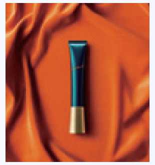
New stage of growth
Takes opportunity afforded by stock listing to draw up long-term vision. Makes headway on improving domestic profitability and expanding overseas presence. But in final year of vision, operating environment undergoes huge shift.

Overseas Brand

2012 The Group acquires Jurlique International Pty. Ltd.

Jurlique

2016 First quasi-drug to improve wrinkles approved in Japan.
2017 POLA launches WRINKLE SHOT SERUM.



2018 Group's R&D structure realigned and research oversight function consolidated at Multiple Intelligence Research Center (MIRC).

2021 — 2023
VISION 2029 STAGE 1

Launch of VISION 2029 toward the Group's 100th anniversary

2021 The Group acquires tricot, Inc.

FUJIMI

2023 Establishes the Technical Development Center (TDC), commencing operations in 2024.

2024 — 2026
VISION 2029 STAGE 2

"Three years of re-challenging and establishing a foundation for growth" to achieve VISION 2029

2024 Esthetic medicine business is launched. (POLA MEDICAL INC.)

2024 Launches Kaokara, an AI camera using facial analysis technology for heat countermeasures.
2024 Captures award for ninth time at International Federation of Societies of Cosmetic Chemists (IFSCC) Congress.

Environmental/Social/Governance Efforts

1937 POLA hires its first saleswoman.
1979 The current POLA Foundation of Japanese Culture is established.

1985 POLA introduces product refills.
1990 ORBIS introduces simplified packaging.
1996 The current Pola Art Foundation is established.
1998 The Fukuroi Factory obtains ISO 9001 certification (quality-related).

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).
2008 Appoints outside corporate auditor.
2009 Creates Groupwide risk management structure.

2013 Introduces corporate officer system.
2015 Appoints outside directors.
2016 Puts together Corporate Governance Report and forms Basic Policy on Corporate Governance.
2016 Initiates Board of Directors' effectiveness evaluation.
2017 Formulates new Group philosophy.

2017 Becomes signatory to UN Global Compact.
2017 Formulates Group Code of Conduct.
2018 Introduces senior corporate officer system.
2018 Establishes Group human rights policy. Initiates human rights due diligence.
2018 Begins CSR procurement activities.
2019 Establishes voluntary advisory committees to focus on nomination and appointment of executives and associated compensation.

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.
2024, 2025 Selected for CDP* Water Security A List.
2025 The Fukuroi Factory and TDC obtain ISO 22716 certification (GMP for cosmetics products).
2025 TDC obtains ISO 14001 certification (environment-related).

2021-2025
Included in CDP* Climate Change A List for fifth consecutive year.
Selected as a constituent stock of MSCI Japan Empowering Women Index (WIN).
Selected as a constituent stock of the FTSE4Good Index Series and the FTSE Blossom Japan Index.

*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

Mission

Sensitize the world to beauty.

Human capital
- A person-centered management style
  Person-centered, respect-for-individuals concept
- Groupwide human resources development program

Manufacturing capital
- A technical development system that integrates research, development and production, centered on the Technical Development Center (TDC)

Intellectual capital
- Expansion into new domains that go beyond cosmetics research
- Ratio of R&D investment to net sales of 2% or higher

Social capital
- Building relationships of trust with customers through direct marketing
- Business partner that engages in cocreation with communities

Natural capital
- Reduced environmental impact
- Resource recycling

Financial capital
- Solid financial structure

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

Materiality

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

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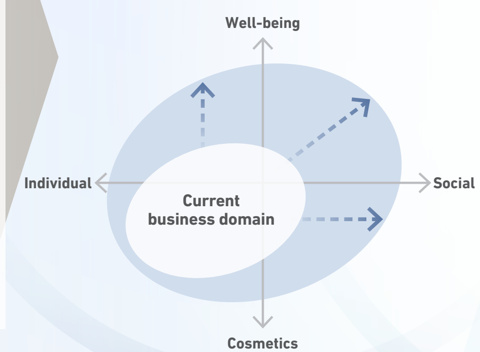
VISION 2029

A collection of unique businesses that respond to diversifying values of "beauty"



Realization of our vision

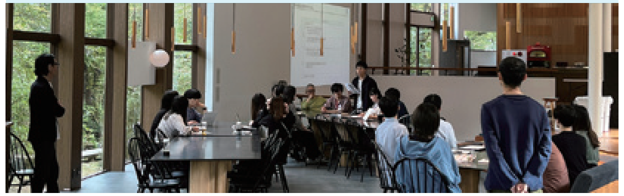
Vision

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

Capitals of the POLA ORBIS Group

The POLA ORBIS Group has conducted business activities for many years, keeping direct ties with customers as its pivotal resource. We will aim for sustainable growth by fully using the six capitals we have cultivated since our founding.

Human capital



In line with our human resources management policy, "A Person-Centered Management," we enhance corporate value through maximization of the value of human resources by enabling them to express individuality and thrive.

Job satisfaction and engagement score[*1]	Number of participants in Groupwide training programs[*2]
66.0%	534 (cumulative)

Manufacturing capital

Led by the Technical Development Center (TDC), we integrate research, development and production functions, and revolutionize manufacturing through the combined forces of new formulations and new production technologies, creating results in new domains that go beyond the boundaries of cosmetics.

Production facilities	International standard
3 facilities	ISO 22716 Certification obtained (GMP for cosmetics products)

Intellectual capital

Leveraging customer data accumulated through many years of direct selling, we have established a strong customer base. In addition, we are utilizing our knowledge gained through skin research to expand business into the well-being domain.

Ratio of R&D investment to net sales	Number of IFSCC awards received[*3]
2% or higher	9 (cumulative)

Social capital

We build relationships of trust through communication facilitated by direct selling and contribute to the local economy through collaborations with stakeholders, primarily local governments.

Number of POLA Beauty Directors	Number of initiatives contributing to the local economy
Approx. 17,000	62 (cumulative)

Natural capital

We promote the reduction of the environmental impact across the entire value chain through solid research, technological expertise and connections forged with customers through direct marketing.

CO_2 emissions[*4] (compared to 2019) Scope 1 and 2	CO_2 emissions[*4] (compared to 2019) Scope 3	Water consumption[*4] (compared to 2019)
Down 60.2%	Down 56.9%	Down 20.8%

Financial capital

We sustainably expand corporate value through continuous growth investments that leverage a stable financial foundation.

ROE	Equity ratio
5.8%	82.3%

*1 Measured and calculated for the "Great Place to Work Survey" by the Great Place To Work® Institute Japan *2 Includes retired employees *3 Awards received at the International Federation of Societies of Cosmetic Chemists (IFSCC) Congress *4 On a per unit of sales basis

Recognizing and Responding to Opportunities and Risks

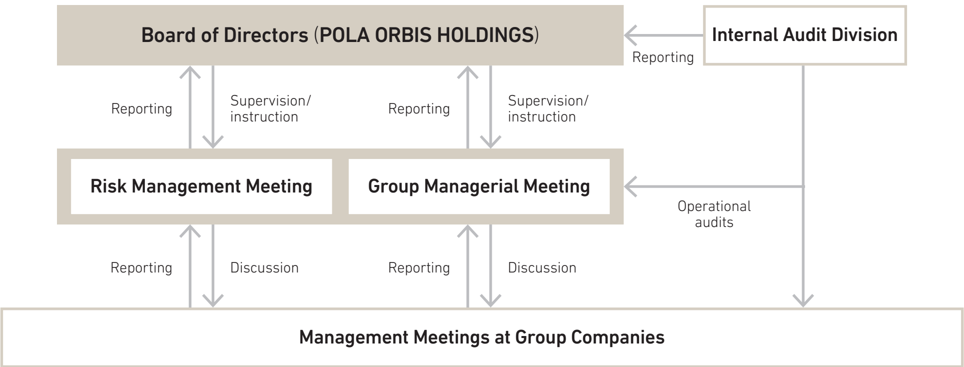
Opportunity and risk structure

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 Group companies 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. 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, we analyze 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 draft the investment plans and growth strategies necessary to achieve the goals stated in the medium-term management plan.

In addition, the Multiple Intelligence Research Center (MIRC) is responsible for seeking out innovative projects that will contribute to Group development over the medium to long term and studies domestic and international trends and needs related to technology, society and culture.

Through activities in 2025, new opportunities based on global trends and consumer insights were identified.

Opportunities for the Group revealed through global beauty trends redefined by MIRC

Relationship between technology and the body	Wellness/well-being based on *yojo* (concept of nourishing vitality)
Ecological/regenerative perspective facilitating reevaluation of nature as large ecosystem	Redefining holistic approach beyond mind, body and skin
Updating traditional values	Luxury created by fusing tradition, regional characteristics and technology

Risk management

In risk management, POLA ORBIS HOLDINGS comprehensively, inclusively and strategically identifies risks that could affect the Group's business as well as risks related to information security, compliance and climate change, from an organizational perspective, and then properly evaluates those items. We then assess 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.

2025 corporate risks

IT security risk	Environment risk
Personnel and work-related risk	Business risk

Please see our Securities Report for further details (available only in Japanese)

WEB https://ir.po-holdings.co.jp/news/news/news-4193836080906576381/main/0/link/FY2025Q4_yukasyoukenhoukokusyo_s.pdf

Financial Strategies

We will maintain efforts directed at improving return on equity (ROE) and enriching shareholder returns, which will translate into higher corporate value.

Naoki Kume

Director and Vice President, POLA ORBIS HOLDINGS INC.

Message from director in charge of finance

Fiscal 2025 consolidated net sales reached ¥170.2 billion, essentially on par with the level recorded in fiscal 2024. But operating income climbed 13.6% year on year, to ¥15.6 billion, ordinary income rose 5.8%, to ¥17.0 billion, and profit attributable to owners of parent edged up 2.0%, to ¥9.4 billion. Although ROE improved to 5.8%, that figure is still far from our long-term target of at least 14%, and we recognize that the disparity between the current status and the future target is a significant issue for management to address. We consider ROE a key indicator of capital efficiency and higher corporate value. Guided by our long-term policy of generating returns that exceed the cost of capital, we will initially address our ROE issue from two perspectives—increasing profit attributable to owners of parent and strengthening the efficiency of net assets.

Investment aimed at sustainable growth, and improved profitability

Indispensable to the success of measures to grow profit attributable to owners of parent is a concerted effort to reinforce the business foundation and thereby underpin sustainable sales and income while leveraging R&D investment in activities that support competitiveness. An urgent issue in domestic cosmetics operations is to put flagship brand POLA back on a growth trajectory. Toward this end, the company is engaged in large-scale restructuring across the salon channel aimed at providing an enhanced customer experience. Following the renovation of POLA GINZA in 2025, the company opened POLA SALON+ AOYAMA, under a new salon format, in the Aoyama area of Tokyo, and has been rolling out new services, such as Resense esthe, to provide comprehensive care for the face and body. POLA will also encourage higher productivity at stores on a growth track by strengthening recruitment and training for Beauty Directors and enhancing the consulting system at brand headquarters. To build a more robust customer base, the company will utilize our customer data platform to promote customer relationship management (CRM) that integrates stores, brands and digital channels. This arrangement will initially require upfront investment critical for achieving a return to growth, but management expects growth commensurate with profitability, supported by a solid foundation underpinned by customers who are particularly loyal to the brand and thus present high retention potential and lifetime value. In overseas operations, especially business in mainland China, POLA aims to get back on track to growth by emphasizing measures to maximize customer lifetime value. Specifically, the company will strive to build a base of highly brand-loyal customers through wider sales of the successful B.A series and upgraded customer touch points. At the same time, POLA is keen to capitalize on anticipated market growth in the ASEAN region by enhancing brand presence along both department store and cosmetics specialty store sales channels. This approach should accelerate business growth.

The Technical Development Center (TDC), a research and development facility that opened in 2024, is the hub of R&D activities and will fuel highly original, new-formulation research and high-value-added product development. Efforts are being directed toward augmenting world-first and industry-first new material pipelines as well as pursuing research into new domains, including artificial skin (Mirror Skin) and measures to combat frailty. R&D investment will be maintained at more than 2% of consolidated net sales, creating a medium- to long-term advantage vis-à-vis the competition.

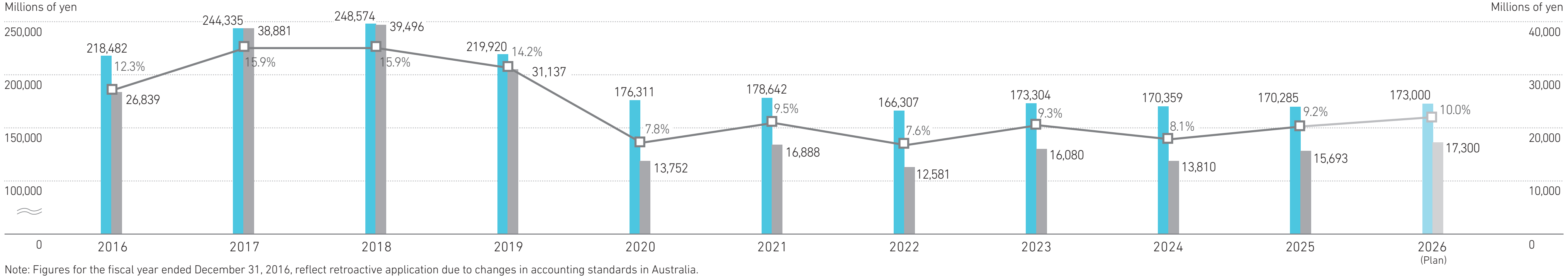
A crucial key to improved profitability is a remedy for the losses that plague unprofitable brands. Jurlique is implementing fundamental structural reforms and cost control measures. Approaches include withdrawing from unprofitable markets, streamlining SKUs (stock-keeping units), reducing personnel costs and reviewing marketing expenses, with the aim of turning a profit in 2026. At THREE, a brand under development, the goal is to attract high lifetime-value customers through empathy-based marketing. The company is emphasizing efforts to strengthen its lineup of holistic care products centered on essential oils and deepening the brand experience through experience-oriented stores. With these initiatives, we aim to boost profitability across our entire business portfolio and achieve both growth and efficiency.

Enhanced return to shareholders

To enhance 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 seek stable dividend increases commensurate with profit growth. The annual dividend for fiscal 2025 was ¥52 per share. Regarding decisions on the purchase of treasury stock, our policy calls for flexibility based on comprehensive consideration of investment strategies, stock prices and the liquidity of Company shares.

These measures will support efforts to achieve a consolidated operating margin of 15% or more in the medium to long term, while ensuring growth at the net profit level through a better revenue structure and reduced effective tax rate based on sound overseas operations. This approach will ultimately lead to an improvement in ROE and sustainable expansion in corporate value.

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]

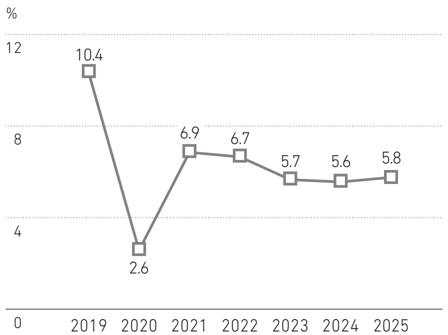
ROE is on a downward trend paralleling the decrease in net income, but we are targeting ROE of 14% or higher by 2029 through turning stable and sustainable business growth into a pillar supporting enhanced capital profitability.

Initiatives to achieve the ROE targets

	FY2025 result	2029 target
ROE	5.8%	14% or higher

- Swifter decisions to discontinue unprofitable businesses and brands
- Shareholder returns through stable dividends
- Greater balance sheet efficiency
- Strategic investment to achieve sustainable growth

Return on equity



Enrich shareholder returns

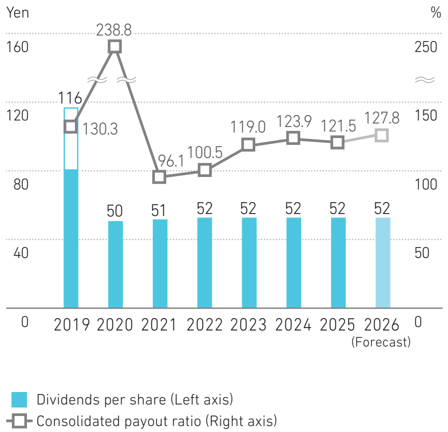
Basic policies

- **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 2026

Dividends per share (Forecast)	Annual dividend: ¥52 Comprising ¥21 interim and ¥31 year-end dividends Consolidated payout ratio: 127.8%

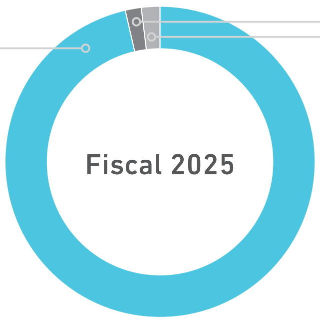
Annual dividend and consolidated payout ratio



Note: ☐ indicates special dividend.

At a Glance (Business Structure)

Net sales by business segment

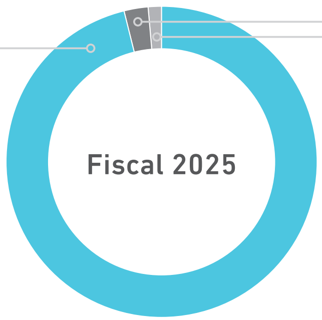


Beauty Care
¥164,148 million
Core business built on six cosmetics brands, with emphasis on POLA and ORBIS

Real Estate
¥3,023 million
Business focus on leasing office space

Others
¥3,112 million
Building maintenance

Operating income by business segment

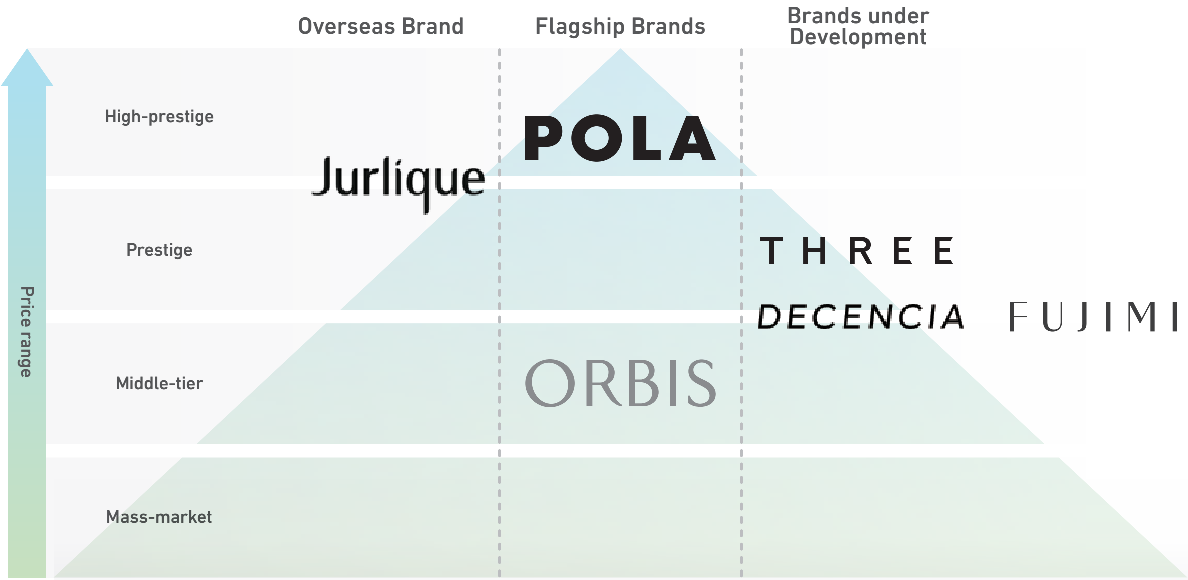


Beauty Care
¥15,856 million

Real Estate
¥421 million

Others
¥218 million

Multiple Brands (Beauty Care Brand Portfolio)



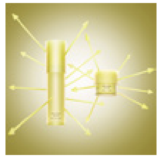
POLA R&M R&D and manufacturing arm of POLA ORBIS Group, providing high-value-added, high-performance skincare products based on material and formulation technologies cultivated through years of research

POLA
A brand offering unique experiences through high-end products and services

ORBIS
An anti-aging care brand that draws out people's intrinsic beauty

Jurlique
A premium natural skincare brand from Australia

DECENCIA
A skincare brand specializing in products for sensitive skin



THREE
A holistic care brand that draws on the gifts of plants, centered on essential oils, to balance the skin, mind and body

FUJIMI
A personalized beauty care brand

Growth Strategies by Brand (Flagship Brands)

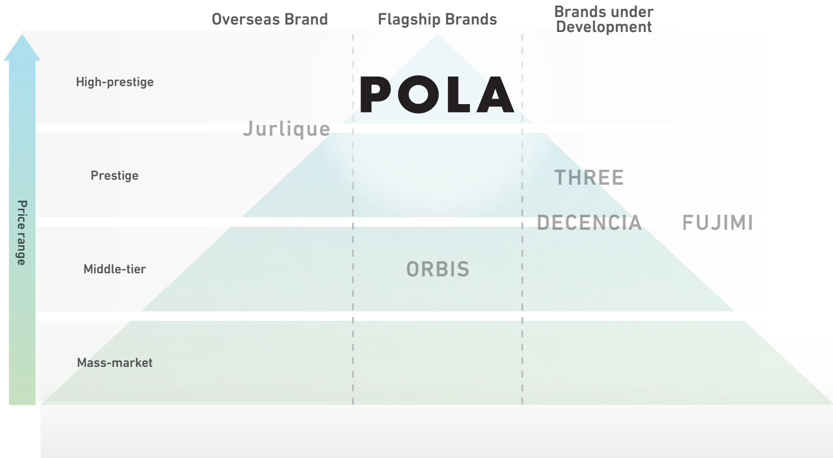
POLA

A brand offering unique experiences through high-end products and services


B.A series


WHITE SHOT series


WRINKLE SHOT series



President's message


Takuma Kobayashi
Representative Director and President
POLA INC.

POLA is working to realize its vision for 2029—"Towards a society with abundant connections that trusts in the potential of individuals and society itself"—under the "Science. Art. Love." corporate philosophy. After I assumed the role of Representative Director and President of POLA INC. in 2025, my first priority was to directly engage with about 17,000 Beauty Directors, visit their locations nationwide and rebuild trust relationships with them. The COVID-19 pandemic led to a decline in real-world communication in terms of in-person training and information-sharing, which, in my view, weakened the relationship between the sales front and headquarters. The situation may adversely affect POLA's ability to fully leverage human power—that is, the customer service capabilities and experience cultivated by Beauty Directors and the sales front, which are POLA strengths. For this reason, we must first rebuild trust relationships with Beauty Directors and then strive to raise human power to an even higher level. Once that is accomplished, in order to link inherent strengths to future growth, we have to improve our customer data infrastructure and reinforce data-driven operations, which will enhance our ability to improve reproducibility and boost productivity.

In addition, POLA will strive to develop diverse marketing channels (not only salons but also department stores, cosmetics specialty shops and e-commerce) and expand customer touch points, thereby achieving high customer lifetime value. Companies tend to get stuck in a channel-based mindset of real-world versus digital, but focusing on understanding the customer is far more important. At POLA, we believe that maximizing lifetime value through analysis based on the customer structure is the key to brand growth.

In December 2025, POLA GINZA was renewed as a global flagship store. The renovation drew on the expertise of architect Kazuyo Sejima, composer Keiichiro Shibuya, lighting designer Shozo Toyohisa and olfactory artist Kan Izumi to create new experience value. Resense esthe, a new total care service offered on the ESTHETIC floor, has garnered high praise. In the high-prestige brand sector, it is essential that POLA resonate with customers who value not only science but also artistry and liberal arts.

POLA boasts excellent R&D capabilities. Through cosmetics, we have consistently provided value by engaging with customers individually and bringing out their unique personality and beauty. Going forward, we will draw on our greatest strength—high lifetime value based on strong relationships between customers and Beauty Directors firmly rooted in the community—while integrating science, art and human power, and further enhance the experience value our customers receive.

Market environment

In 2025, polarization of the cosmetics market became more pronounced both at home and abroad. In Japan, the skincare market as a whole shifted further toward value-driven consumption, with customer purchases leaning heavily toward products that offer "convincing value"—value derived from the allure of ingredients, noticeable results and captivating brand stories. On the one hand, salon and other traditional channels continue to see a decline in customer numbers, prompting the need to redefine the value of real-world touch points. On the other hand, high-end cosmetics in department stores are in a recovery phase, supported by purchases by discerning customers. Although e-commerce continues to expand because of its convenience over in-store purchasing methods, intensifying competition is making it harder for POLA to distinguish itself. Overseas, mainland China is experiencing a slowdown in general consumption, but demand from high-prestige customers remains strong. POLA will face the tasks of optimizing store operations and making efficient investment decisions. The ASEAN region remains on an economic growth trajectory and presents an expanding market with considerable potential to increase customer touch points.

In this market environment, POLA has positioned reinvigorating demand from existing customers and improving lifetime value as important themes. The situation requires that the company leverage premium brand assets, experience value including esthetic services and real-world touch points to build the foundation for a return to growth.

Business strengths

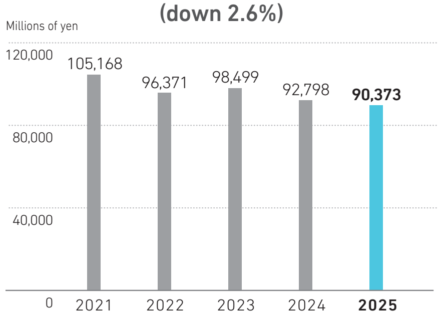
POLA's greatest strength lies in people-oriented customer service capabilities and an understanding of customers centered on about 17,000 Beauty Directors. Deep, community-based relationships are translating into high customer lifetime value and stable increases in sales at stores on a growth track. Strong brand assets in the premium sector, epitomized by the high-prestige series, B.A, as well as an aptitude for original R&D and the strong experience value inherent in esthetic treatments, are also advantages that POLA enjoys over its rivals. Of note, in 2025, the company revamped its treatment method by reinforcing techniques and establishing a link with skincare, attracting considerable attention, with particular interest paid to treatments featuring B.A. Overseas, POLA is seeing positive results from efforts to build a customer base of individuals in mainland China loyal to the brand. In the ASEAN region, POLA is developing business designed to accelerate growth and has confirmed a strong market fit. By combining the data infrastructure and these strengths to improve reproducibility, POLA will enhance its ability to successfully deepen brand value.

Growth strategies

Although facing declining revenues in 2025, POLA prioritized measures to build a solid foundation to return to growth. In Japan, the company utilized the launch of a new generation of B.A to deepen communication with existing customers and boost brand loyalty and lifetime value. Going forward, POLA's approach will continue to evolve, in line with customer attributes and purchase history, focusing on measures to encourage cross-selling and improve customer engagement. Meanwhile, for esthetic treatments, POLA aims to enhance experience value by introducing high-value-added services and drive sales growth through enhanced performance by stores on a growth track. Overseas, POLA will proceed to close unprofitable stores in mainland China and build a customer base of individuals loyal to the brand, while in the ASEAN region, the brand looks to add new customer touch points and accelerate growth. Through these initiatives, POLA aims to refine its unique value proposition that combines the skills of Beauty Directors with research capabilities and brand power, putting the company firmly back on track to growth. This approach will lead to medium- to long-term improvement in corporate value.

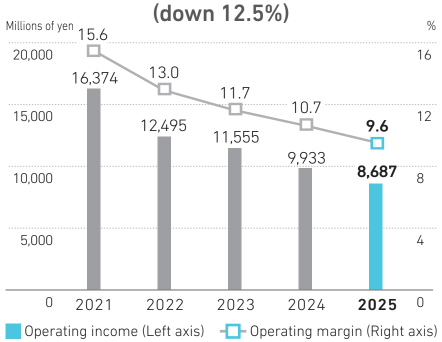
Net sales

¥90,373 million
(down 2.6%)



Operating income and operating margin

¥8,687 million
(down 12.5%)



Global flagship store POLA GINZA

B.A series

HOME
Index/Editorial Policy

PART 1
POLA ORBIS Group direction

PART 2
Activities that underpin value creation

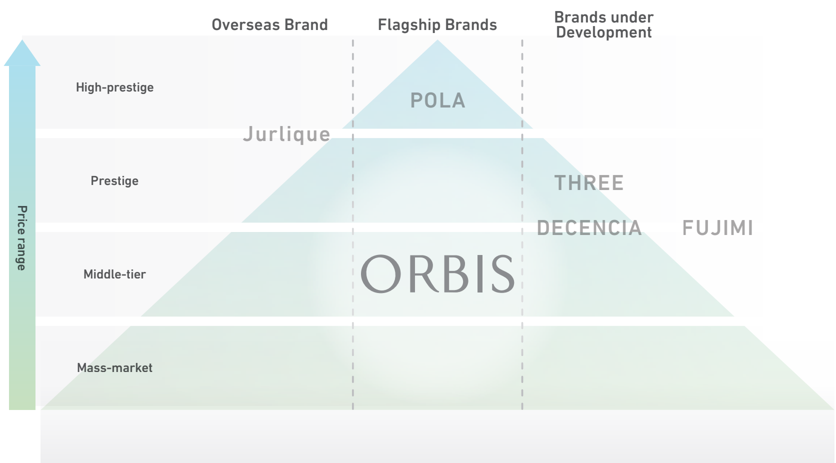
PART 3
Financial data

ORBIS

An anti-aging care brand that draws out people's intrinsic beauty

ORBIS U. series

ORBIS WRINKLE BRIGHT series



President's message

Hiroe Yamaguchi
Representative Director and President
ORBIS Inc.

Extending back to the company's earliest days is the belief that skin has an inherent power that we, at ORBIS, strive to bring out. An enduring philosophy here at ORBIS is SMART AGING®, whereby each person ages naturally in an individual way. Since we started rebranding in 2018, ORBIS has evolved into a brand that delivers high-value-added skincare and established a solid presence in the anti-aging skincare segment with such series as ORBIS U and ORBIS U. Underpinned by these successes, the company has posted higher sales and income for three consecutive years.

Our goal is to make ORBIS a lifelong brand. We believe that supporting customers through the anxieties and uncertainties that emerge at milestones in life, such as going on to higher education, starting a new job, giving birth and transitioning into menopause, and helping customers rediscover their true selves and a sense of comfort beyond changes in their skin and body will ultimately enhance the value inherent in the ORBIS brand.

ORBIS was initially engaged in the mail-order business, which enabled the company to accumulate many years of data, a vital asset. But when employees talk about customers, they do so with a deep sense of respect, seeing customers not as a data set but as individuals. They focus not on age or attributes but on addressing the realities of daily life with sincerity and empathy. This perspective is a strength unique to ORBIS and epitomizes the corporate culture that I, as president, want to be more widely recognized.

To further refine our approach, we will gather feedback from existing customers and also consider broader factors, such as the daily routines and feelings of people who are not yet ORBIS customers, and try to pinpoint latent needs. To us, science is more than technology or techniques used to achieve effectiveness. Science is also a means of providing emotional support. This idea is exemplified by ORBIS THE CLEANSING OIL, launched in 2025. The development process started with a two-fold goal: being gentle on the skin and providing a pleasant feeling after use.

A priority at ORBIS is to create conditions where daily care is pleasant and part of a sustainable routine, prompting the product user to think, "I can be my best again tomorrow." To make this a reality for our customers, data-driven analysis is as essential as sensitivity to customers' feelings and the nuances that define their lives. We believe that by integrating trends revealed through data with an innate understanding of people, we can create products and experiences that address the essential needs of customers.

Utilizing the trust built over nearly 40 years, ORBIS will continue to evolve as a lifelong brand close to the hearts of an ever-increasing number of customers.

Market environment

The cosmetics market is orienting itself more toward value, with an emphasis on tangible results and functionality, especially for skincare products. This is leading to increasingly intense competition for customer attention. A structure that prioritizes the quality of the customer experience across all sales channels is in place. And we see that the flexibility afforded through direct-selling channels to promote high-value-added products can advantageously influence average order value and customer retention rates, even as sales through external channels, such as e-commerce and drugstores, continue to grow. In addition, balancing the acquisition of new customers and the retention of existing customers is key to brand growth, and efforts to improve lifetime value are taking on greater importance.

Against this backdrop, ORBIS is expanding touch points to reach new customers through external channels but also applying a direct-selling strategy that includes cross-selling opportunities—with the cleansing oil serving as the starting point—and the sale of high-value-added skincare products to help boost average order value. A market structure centered on skincare is highly compatible with ORBIS's brand strategies, making it easier to leverage brand strengths. While skincare is an intensely competitive segment of the cosmetics market, efforts to enhance brand recognition and reinforce customer retention and lifetime value are vital to future success.

Business strengths

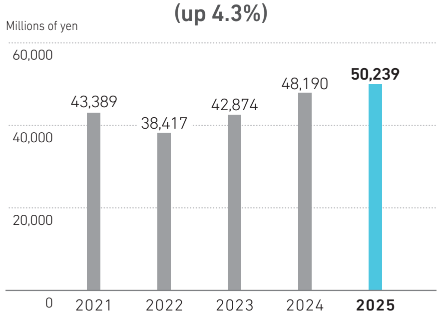
ORBIS's strengths lie in strong product development capabilities in the skincare segment, a direct-selling base cultivated from the company's roots as a mail-order business and highly accurate marketing methods using abundant customer data. In 2025, ORBIS THE CLEANSING OIL performed favorably right from its debut as a strategic product, raising overall brand awareness and fueling interest in ORBIS from first-time customers. On the direct-selling channel, ORBIS is using skincare as a starting point for cross-selling to boost average order value and strengthen the brand's base of existing customers. On external channels, ORBIS achieved high growth of channel-specific products, notably, ORBIS SHOT PLUS, and is expanding touch points targeting new customers. In addition, efforts are being directed toward building a stronger brand portfolio that emphasizes high-value-added products, including a reformulated serum that brightens the skin and reduces the appearance of wrinkles. ORBIS aims to realize further growth by leveraging strong product appeal, accumulated customer data, a direct sales base and multi-channel expansion opportunities.

Growth strategies

ORBIS has built a solid customer base centered on skincare users. In 2025, the company maximized cross-selling opportunities to promote skincare products to customers recently added to the customer base through their purchase of cleansing oil. The company also encouraged customers to add a product to their order from a high-value-added line, such as the reformulated ORBIS THE WRINKLE SERUM, which brightens the skin and improves wrinkles. These approaches underpinned increases in retention rates and customer lifetime value. Efforts were also directed toward deepening engagement with loyal customers through customer-oriented events and other activities. By sales channel, ORBIS is keen to expand brand presence along external channels by increasing touch points and constantly working to raise brand recognition. On direct-selling channels, the company will build a stronger, more stable customer base by further encouraging customer purchasing habits specific to skincare choices. ORBIS seeks to make its namesake brand a lifelong brand that provides value to customers throughout their lives. By promoting diversification of touch points, the company will create new customer segments and purchasing opportunities, fueling further business growth.

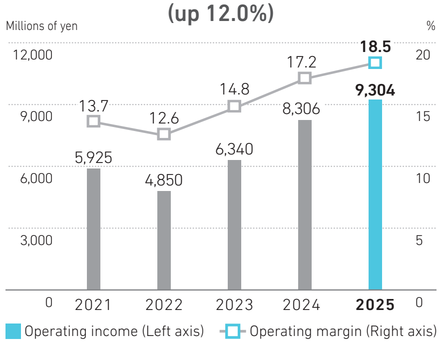
Net sales

¥**50,239** million
(up 4.3%)



Operating income and operating margin

¥**9,304** million
(up 12.0%)



ORBIS THE CLEANSING OIL

ORBIS THE WRINKLE SERUM

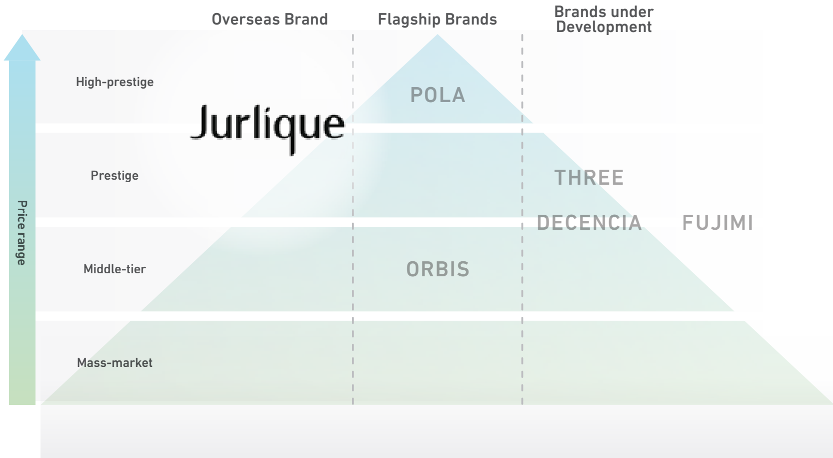
Growth Strategies by Brand (Overseas Brand)

Jurlique

A premium natural skincare brand from Australia

Rare Rose Face Oil

Moisture Replenishing Day Cream



Market environment

Jurlique faces a mixed operating environment, with further deterioration of business conditions in mainland China and Hong Kong overshadowing favorable demand in Australia. Overall, net sales remain under unrelenting pressure. As elsewhere, competition is intensifying in the natural and organic brand segment, worsening the impact of sluggish consumer spending on high-end products due to deteriorating economic conditions. Jurlique's revenues continue to decline, and the challenging market environment is pressing down on profits.

Business strengths

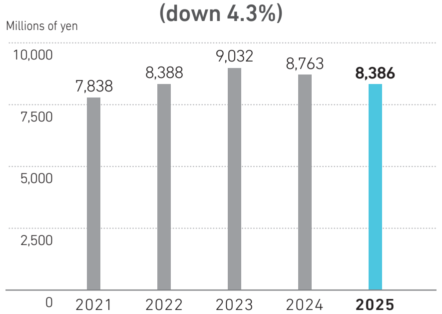
Jurlique's strength lies in its sustainable brand platform, epitomized by integrated production at company-owned organic farms and its B Corporation certification. Rare Rose Face Oil, which features company-original rose ingredients, has gained popularity as one of the brand's iconic products. Jurlique enjoys a solid reputation for all-natural yet highly functional formulations. Its unique status as a holistic and conscious beauty brand gives it an edge in a competitive market.

Growth strategies

Seeking to achieve profitability in 2026, Jurlique will lower its break-even point through structural reforms and thorough cost control. The company will strive to capture the attention of new customers by focusing on face oils—products that showcase the brand—and revamped series for sensitive skin while simplifying the business structure by withdrawing from unprofitable markets and streamlining SKUs. To improve profitability, Jurlique will implement measures to optimize personnel and advertising expenses, downsize the organization and close unprofitable stores.

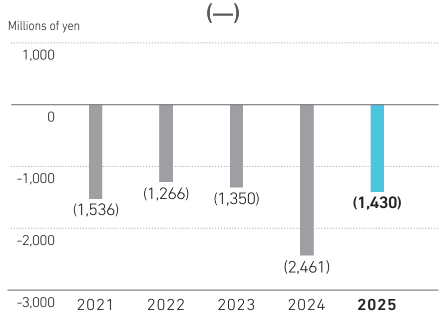
Net sales

¥8,386 million (down 4.3%)



Operating loss

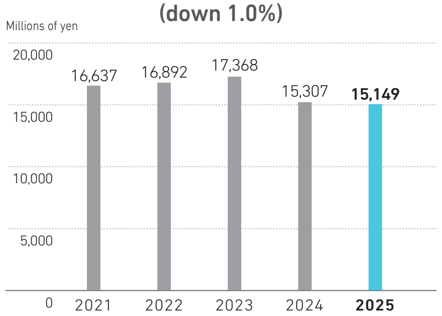
¥1,430 million (—)



Growth Strategies by Brand (Brands under Development)

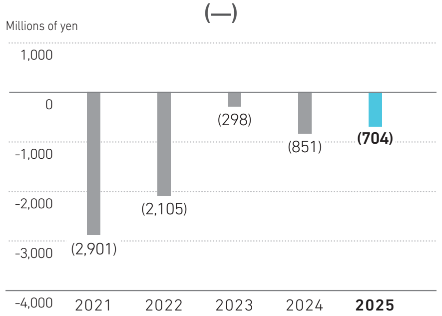
Net sales

¥**15,149** million
(down 1.0%)



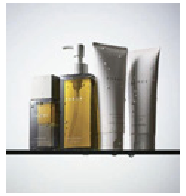
Operating loss

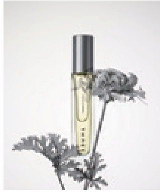
¥**704** million
(—)



THREE

A holistic care brand that draws on the gifts of plants, centered on essential oils, to balance the skin, mind and body


BALANCING CLEAR LINE


ESSENTIAL SCENTS

Business strengths

THREE offers a unique worldview through holistic care products centered on essential oils extracted from natural herbs grown on its own farm in Kyushu. The THREE Holistic Research Center is working to enhance R&D capabilities in natural essential oils through initiatives that include joint research with Tokyo University of Agriculture and Technology.

Growth strategies

THREE will secure a solid brand position and high customer retention rates by expanding the range of holistic products offered, including UV care, haircare and fragrances featuring original essential oils. The brand will deepen its connection to customers by emphasizing the value of essential oils and then build a base of customers drawn to the holistic care focus. This process will help revitalize the brand.

DECENCIA

A skincare brand specializing in products for sensitive skin


DECENCIA WHITE SPIKE–VC

Business strengths

In 2026, DECENCIA opened the DECENCIA Sensitive Skin Science Center ("3S Center") at POLA CHEMICAL INDUSTRIES, under a dedicated structure to strengthen research into sensitive skin topics. Through well-crafted communication utilizing customer data, the company has achieved high retention rates, creating a customer base with high lifetime value.

Growth strategies

DECENCIA seeks to optimize expenses incurred to attract new customers by strengthening research into sensitive skin and enhancing brand presence, while improving retention rates through personalized communication. The company will prioritize investment efficiency while attracting and retaining customers, an approach that will underpin expansion of a robust customer base.

FUJIMI

A personalized beauty care brand


Personalized proteins

Business strengths

FUJIMI's strength lies in personalized products, such as supplements and proteins, based on proprietary analysis. In particular, proteins have a high rate of continued use and have attracted a loyal following among target wellness-conscious consumers.

Growth strategies

Showcasing its mainstay proteins, FUJIMI seeks to expand business scale by capturing the attention of new customers and increasing its reach through channel expansion beyond the company's own e-commerce site. Another goal is to achieve higher customer retention rates and lifetime value by improving the brand's loyalty program and expanding freedom of product selection, which will lead to stable growth.

Initiatives on Sustainability

Leveraging strengths and originality to fuel solutions to social issues and sustainable business growth simultaneously

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 promotion structure

The POLA ORBIS Group pursues sustainability activities led by the Group CSR Committee under the supervision of the Board of Directors. Specific targets are discussed, and measures are considered with each Group company's ability to achieve assigned targets in mind. These targets and measures are periodically discussed and monitored by the Group CSR Committee, the status is reported to the Board of Directors and revisions are made as required.

Board of Directors

Group CSR Committee
(Board members of Group companies)
Role: Formulation and progress management of sustainability policies and strategies
Chairperson: Director in charge of CSR

Meeting of Group CSR Office Heads of Group Companies
(Corporate planning departments of Group companies)
Role: Promotion of sustainability activities and progress management of important themes

CSR Office of Group Companies
(CSR promotion officers)
Role: Formulation and implementation of sustainability action plans of Group companies

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 decided to link the degree of success in five performance indicators—number of new businesses created, percentage of female managers, reduction of CO_2 emissions, reduction of water consumption and procurement of sustainable palm oil—to medium- to long-term incentive evaluation criteria for executive compensation, starting in 2024.

1 Compiling a list of issues

- **Group philosophy**
- **Vision**
- **Business strategies/ financial conditions**

- **Global trends**
- **ESG/SRI evaluation**
- **Market needs**

2 Identifying issues

- **Build sustainable society**
  Stakeholder engagement
  Coexistence with global environment and society
- **Boost corporate value**
  Continuously provide unique and original value
  Cultivate sensitivity and individuality in employees
  Maintain and improve perception of reliability of the Group

3 Determining areas of materiality

4 Discussion/ approval

Commitment by the Board of Directors
- Discuss/approve sustainability KPIs
- Execute action plan
- Monitor progress/results
- Link to executive compensation
- Periodically review

Targets and results in five sustainability categories

Item			Explanation	Target for 2029	2025 actual numbers	Key actions for 2025
1. QOL improvement through innovative technology services	1	Number of new businesses created	Develop new services and new fields to meet diversifying needs	31 (from 2021 through 2026)	19 (since 2021)	• New businesses grown from in-house seeds • Business capture through M&A • Creation of services and products through external collaboration
	2	Brand recognition and loyalty	Leverage each brand's characteristics to improve customer QOL	Set targets for each brand	Researched by brand	Implemented customer services that provide tangible awareness of brand concept
	3	Number of research awards won at home and abroad (POLA CHEMICAL INDUSTRIES)	Develop seeds that grow into high-value-added products	20 (from 2018 through 2029)	19 (since 2018)	Took a positive approach to making presentations at academic conferences and submitted papers in Japan and overseas
	4	Number of researchers in cutting-edge dermatology research (POLA CHEMICAL INDUSTRIES)	People to expand research beyond skin to whole body	120	85 (as of December 2025)	Hired specialists in such areas as dermatology, formulation and data analysis
2. Regional revitalization	5	Number of stores engaged in regional revitalization activities (POLA)	Strengthen cooperation between shops and community (collaboration among industry, government and academia)	700	487	Created mechanism to deepen ties with community
	6	Number of initiatives contributing to the local economy	Expand synergy through joint efforts in our key businesses that energize local economic activity	78	62 (as of December 31, 2025)	Joint events with local governments, NGOs, companies and schools, and community-oriented workshops
3. Culture, the Arts, Design	7	Number of new brand experiences created that utilized art	Develop brand-based products and services with innovative, modern appeal	20	25 (2025 only)	Packaging and stores that foster worldview through art
	8	Number of participants in workshops on liberal arts topics	Cultivate esthetic sense and personal tastes through such events as exhibitions and workshops and give back to society	550,000	337,131 (since 2018)	Provided stakeholders with opportunities to experience art
4. All-inclusive human resources	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	75%	66.0%	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	• Promote diversity through management-level leadership • Promote diversity with focus on key executive positions • Create system/atmosphere to underpin career planning	30–50%	13.9%	• Participation in 30% Club • Promoted activities through the A Person-Centered Management Committee • Encouraged male employees to take child-care leave
	Women's empowerment: 11	Percentage of female division managers (POLA ORBIS HOLDINGS, POLA and ORBIS)		35% (through 2026)	39.5%	
	Women's empowerment: 12	Percentage of female managers*2		50% or higher	42.2%	
	13	Percentage of candidates to become management executives	Establish/reinforce pipeline for people with management potential	200%	131.3% (as of December 31, 2025)	Examined strategic personnel measures (Talent Development Committee)
	14	Number of applicants for sabbatical program	Increase the desire for self-development and learning	21 (from 2022 through 2026)	19 (since 2022)	Information to employees at briefing sessions from participants in previous year's program
5. Environment	15	CO_2 emissions: Scope 1 and 2	Aiming for net-zero emissions by 2050	Down 42% (from 2019)	Down 60.2% (from 2019)	Switched electricity contracts to CO_2 reduction menu and renewable energy menu
	15	CO_2 emissions: Scope 3		Down 30% (from 2019)	Down 56.9% (from 2019)	• Made containers and packaging materials thinner and lighter • Considered development of products and services that reduce environmental impacts
	16	Water consumption	Aiming to conserve water resources and reduce water risks and water stress	Down 26% (from 2019)	Down 20.8% (from 2019)	Improved monitoring of water usage at factories and invested in water-saving equipment
	17	Sustainable palm oil procurement	Aiming to gradually switch to sustainable cosmetics ingredients	100%	46.0%	Procured sustainable palm oil, acquired supply chain certification for the Fukuroi Factory
	18	Plastic cosmetics containers and packaging consumption	Aiming for resource recycling to conserve limited resources	100% sustainable design	62.5%	• Considered refills and other materials to address environmental concerns at product planning stage • Conducted research into recycling technology

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

Quality of Life Improvement through Innovative Technology Services

Overview

Enriching individuals' lives is a concept that permeates the business activities undertaken by the POLA ORBIS Group. We have made improving quality of life through cutting-edge technologies and services a priority materiality issue. Improving quality of life is not limited to the evolution of value delivered to consumers directly through products and services but encompasses an advancement in R&D activities that support such value. While an emphasis is placed on dermatology and pharmaceutical science, our efforts also include sensitivity research and exploration in areas other than skin as well as technology development utilizing AI and data to continuously establish new research and business pipelines. Behind these pursuits is the desire to generate unprecedented added value and sharpen the Group's competitive edge, while raising the intrinsic value of the brand. Moreover, we will leverage expansion of business domains by mutually reinforcing technology and the brand, realizing value creation that balances efforts to address social issues with business growth.

For details on "QOL improvement through innovative technology services," please visit our website.

WEB https://www.po-holdings.co.jp/en/csr/qol/

ORBIS/R&D

TOPICS

R&D paves the way to new consumer value

Development of ORBIS THE CLEANSING OIL

ORBIS THE CLEANSING OIL, launched by ORBIS in May 2025, has earned high praise addressing consumer concerns about hard-to-remove makeup and clogged pores. Behind this success is original technology developed by POLA CHEMICAL INDUSTRIES, which is responsible for R&D within the Group. Featuring Japan's first ultra-fine particle technology*, ORBIS THE CLEANSING OIL penetrates deep into pores to wash away impurities while forming a moisturizing veil on the skin's surface to prevent reattachment of impurities. It effectively addresses a challenge that has plagued conventional cleansers—balancing cleansing power and comfort after use—and elevates the daily skincare routine. As a result, the product contributes to improved quality of life. Since its launch, ORBIS THE CLEANSING OIL has delivered better-than-anticipated sales and a high repeat purchase rate, greatly fueled by customer comments and reviews in beauty magazines.

* First-of-its-kind technology in Japan (as of December 2024, according to POLA CHEMICAL INDUSTRIES's search of science and technology information database on J-GLOBAL website) that forms micelles from Mal$_2$Far ((C12-20) alkyl glucoside), a POLA CHEMICAL INDUSTRIES's proprietary ingredient, to create impurity-repelling water film

ORBIS THE CLEANSING OIL (available only in Japanese)

WEB https://www.orbis.co.jp/small/1201053/

Technical information (available only in Japanese)

WEB https://www.pola-rm.co.jp/pdf/release_20250220.pdf

ORBIS THE CLEANSING OIL

(Right) Yuichiro Takeyama, a researcher at POLA CHEMICAL INDUSTRIES who introduces technological developments, and (left) Masashi Shibata, a professor at Tokyo University of Technology and specialist in cosmetics ingredient development, at a product launch event

R&D

TOPICS

New technology to evaluate safety of cosmetics

Research findings on alternatives to animal testing

The POLA ORBIS Group takes a stance against animal testing. POLA CHEMICAL INDUSTRIES is pursuing research into alternative methods for evaluating the safety of cosmetics while prioritizing methods for evaluating the safety of ingredients based on scientific evidence to ensure that products are safe. This research was instrumental in verifying the practicality of a next-generation risk assessment method using blood concentration simulations to determine systemic toxicity—effects on all organs in the body—for which alternative methods have not yet been established. In 2025, researcher Satoshi Kawamura and others involved in this research won an Excellent Presentation Award at the 38th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments. The research contributes to greater sophistication in safety evaluation platforms that balance ethics and technological innovation while encouraging widespread adoption of alternative methods throughout the industry. Another distinctive feature of this research is that it grew out of an employee-driven innovation initiative, dubbed "Inoberu Katsudo," which epitomizes value creation kindled by the intrinsic motivation of individuals.

Technical information on alternatives to animal testing (available only in Japanese)

WEB https://www.pola-rm.co.jp/pdf/release_20251201.pdf

Inoberu Katsudo (available only in Japanese)

WEB https://www.pola-rm.co.jp/pdf/release_20180419.pdf

POLA CHEMICAL INDUSTRIES's researcher Satoshi Kawamura (center) and co-presenters display Excellent Presentation Award received at the 38th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments.

Discussion setting under Inoberu Katsudo employee-driven innovation initiative

Regional Revitalization

Overview

The POLA ORBIS Group knows that bonds of trust with local communities are the building blocks of a business foundation. Having sales offices and customer touch points all across Japan is a Group strength. Efforts that contribute to revitalizing local communities are one of the Group's most important social responsibilities. Leveraging the business foundation, Group companies engage in community-rooted initiatives through collaboration with local governments, educational institutions and regional organizations. These activities address social issues, such as population decline and stagnated local economies, and underpin opportunities of job creation and sustainable community development that respect local characteristics and cultural diversity. By advancing a positive cycle that increases the charm and vitality of local communities, POLA ORBIS HOLDINGS will reinforce the sustainability of the Group's business foundation and enhance medium- to long-term corporate value.

For details on "regional revitalization," please visit our website.
WEB https://www.po-holdings.co.jp/en/csr/region/

POLA

TOPICS

Cocreating value with local communities, driven by the power of individuals

Community collaboration initiatives supported by Beauty Directors nationwide

POLA draws on a strong network of people and places across Japan, underpinned by about 17,000 Beauty Directors and more than 2,500 shops, to engage in community-rooted activities, including partnership agreements with local governments. A representative example of the company's local involvement is "BLOOM OUR TOWN," a community cocreation project that utilizes beauty as the starting point to work closely with people in the community to solve local issues. Case in point, in Wakayama Prefecture, a pop-up market—marché— is regularly held to liven up the area. In cooperation with local businesses and the local government, the market has developed into a well-attended event with some 1,000 visitors and 45 vendor booths. This initiative even led to recognition at the Wakayama Prefecture women's empowerment awards. The market itself benefits both the company and the area since POLA deepens trust in and affinity for its namesake brand while the neighborhood receives an economic boost. Such initiatives are being implemented as a sustainable model for regional cocreation that leverages on-site planning and execution capabilities.

BLOOM OUR TOWN (available only in Japanese)
WEB https://note.com/pola_inc/m/m79988e2df39b

Kana Nakao (left), POLA Fujito-dai Ekimae Shop Grand Owner, receives award in the individual category from Shuhei Kishimoto (right), then governor of Wakayama Prefecture, at awards ceremony for women's empowerment in Wakayama Prefecture in 2024.

Scene from "POLA marché" market event designed to energize the area

THREE

TOPICS

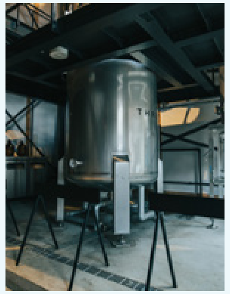
Deepening brand value through regional cocreation in manufacturing

Distilling essential oils from herbs delivered straight from own farm

Essential oils, the raw materials for THREE products, are a core feature of the brand that focuses on customers' well-being. ACRO, the company behind THREE, established the Holistic Research Center to explore the relationship between botanicals, scents, mind and body. While using an external supply chain, the company built a structure to handle everything else in-house, from cultivation to distillation, research and commercialization, aiming to respond to procurement risks such as expanded global demand and price fluctuations, thereby ensuring quality and traceability. Since 2022, ACRO has partnered with local governments in the village of Minamiaso, Kumamoto Prefecture, and the city of Karatsu and the town of Genkai, Saga Prefecture, to promote pesticide-free cultivation of plants on abandoned farmland, developing more than 22 acres of herb gardens. In 2025, ACRO opened the THREE Aroma Distillery in the town of Yobuko, Saga Prefecture, simultaneously enhancing brand value and stimulating the local economy through integrated local production and the utilization of by-products.

Holistic Research Center
WEB https://hrc.threecosmetics.com/en/

Harvesting herbs in Kumamoto Prefecture



Essential oils produced domestically at THREE Aroma Distillery in Yobuko, Saga Prefecture

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PART 1
POLA ORBIS Group direction

PART 2
Activities that underpin value creation

PART 3
Financial data

Culture, the Arts, Design

Overview

Expressing beauty and sensitivity is a source of competitive excellence in our brand-based business, which centers on cosmetics. From a Groupwide perspective, culture, arts and design are viewed as important elements of value creation. For a long time, we have supported cultural and artistic activities and operated galleries. Today we draw on the cultural capital and knowledge accumulated over these many years to enhance the value of our businesses. Specifically, we showcase the brand worldview through the design of products, spaces and experiences cocreated with artists. We also incorporate perspectives communicated through fine art and liberal arts into management and talent development to enhance innovative thinking and creativity by breaking free from stereotypes. Through these initiatives, we stimulate consumer sensitivity to beauty and contribute to realizing a rich and vibrant society. We believe that continued engagement in cultural and artistic activities underpins a strategic foundation that promotes brand differentiation and sharpens our competitive advantage over the medium to long term.

For details on "culture, the arts, design," please visit our website.
WEB https://www.po-holdings.co.jp/en/csr/culture_art/

POLA

TOPICS

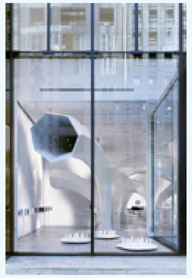
New beauty-space experience fusing architecture, light, sound and scent

Providing new value through cocreation with artists at global flagship store POLA GINZA

Looking ahead to its 100th anniversary in 2029 and growth into the future, POLA opened the renovated global flagship store POLA GINZA in December 2025 as a hub for communicating values that symbolize the next era under the corporate philosophy "Science. Art. Love." In the beauty market, customers increasingly seek value that goes beyond tangible results and creates an emotional experience that resonates deeply. POLA GINZA is POLA's response to this market trend, achieved through cocreation with leading artists in Japan to deliver a comprehensive experience space blending architecture, light, sound and scent into a revolutionary beauty experience where technique, service and sensitivity to customer needs coalesce. In addition, in January 2026, POLA opened POLA SALON + AOYAMA, extending the hub network for communicating the POLA brand experience. These locations exemplify a strategic approach for creating brand value for the next 100 years.

POLA GINZA (available only in Japanese)
WEB https://www.pola.co.jp/store/polaginza/index.html
POLA SALON + AOYAMA (available only in Japanese)
WEB https://www.pola.co.jp/store/pola-salon-plus/index.html

POLA GINZA was cocreated by (from third from left) architect Kazuyo Sejima, composer Keiichiro Shibuya, lighting designer Shozo Toyohisa and olfactory artist Kan Izumi.
Photo by Naoki Takehisa



POLA GINZA
Photo by Kenshu Shintsubo

Real estate

TOPICS

Utilize city space to provide cultural value to society

The POLA Aoyama Building is a starting point for cultural messaging and community cocreation.

P.O. REAL ESTATE INC. strategically utilizes real estate owned by companies under the Group umbrella as hubs supporting brand value and our cultural messaging. The POLA Aoyama Building, where rebuilding was completed in 2024, functions as a portal for conveying information about the POLA ORBIS Group's cultural capital and values to society through art-related activities. In 2025, the Minami-Aoyama 2-chome area became the backdrop for Kids Art Walk in Minami Aoyama, a community-driven walk-around art event held in collaboration with local companies and facilities as well as the Minato-ku government and neighborhood associations. The objective is to create opportunities for children to cultivate sensitivity by seeing, feeling and making art and also to expand community involvement and raise the profile of this event as a public initiative. Cocreation activities like this, which leverage the spatial value of real estate and human networks, deepen connections within the community, while encouraging greater understanding of the Group's brand worldview and its areas of activity.

POLA Aoyama Building
WEB https://www.po-realestate.co.jp/aoyama-art_en/

Key visual for Kids Art Walk in Minami Aoyama

Scenes on day of Art Walk

All-Inclusive Human Resources

For details on "all-inclusive human resources," please visit our website.
WEB https://www.po-holdings.co.jp/en/csr/employee/

POLA ORBIS Group's approach to human resources

The POLA ORBIS Group maintains a portfolio of brands, each with its own concept, sales channels and market appeal. In the future, business pursuits and brands will likely become increasingly diversified. Against this backdrop, people who can picture future changes, imagine new businesses and also continuously drive diverse brand growth will become a vital cornerstone of support for creating corporate value Groupwide over the medium to long term. Toward realizing VISION 2029, which sees the Group as "a collection of unique businesses that respond to diversifying values of 'beauty,' " POLA ORBIS HOLDINGS places human resources at the starting point of value creation. Under a human resources management policy hinging on a person-centered management style, the Company, fueled by the resolve and expertise of people, seeks to reinforce organizational capabilities and thereby flexibly adapt to changes in the business environment.

MISSION	Sensitize the world to beauty.
Human resources management policy	A person-centered management style Bring about organizational change and create new value, driven by intrinsic motivation of individuals and independent behavior
Our ideal	Realize individuality that allows people to play active roles To be an organization in which everyone has an important role to play and can demonstrate inherent individuality and potential to the greatest extent possible

Human resources strategy

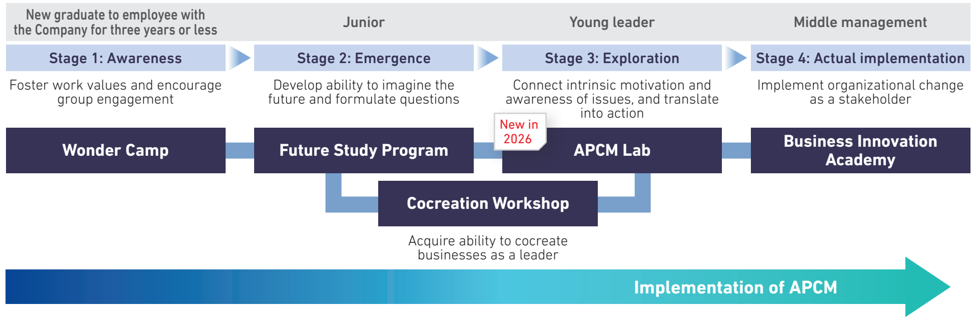
POLA ORBIS HOLDINGS adopted a person-centered management style as a human resources management policy appropriate for the entire POLA ORBIS Group. By creating a corporate group that puts people at its center, the Company aims to build a corporate structure that is highly responsive to change and ensures sustainable growth. Believing that personal relationships expand concentrically from individuals and that organizations are formed as an extension of these relationships, we maintain that empowering every employee to identify issues independently and act in line with intrinsic motivation makes for better decision-making and the ability to execute those decisions.

The Group's systems were designed to support self-directed learning as a planform shared Groupwide for skills and career development. In addition to a sabbatical program and a program that enables employees to take courses while continuing to work, the Company offers diverse opportunities for employees to gain experience across businesses and brands through the Group free-agent system, open-offer system and internal venture program. These help employees develop expertise and acquire a broader perspective. Regarding evaluation and compensation systems, the Company is shifting to a framework that emphasizes expected performance of roles and the level of contribution to business performance, which will encourage the early development of next-generation leaders.

Next-generation leader skills development programs

POLA ORBIS HOLDINGS maintains a system of programs tailored to different stages of career development to cultivate human resources to become candidates to fill management positions. In 2026, the Company added the APCM Lab for employees in their 30s and 40s to the already existing Wonder Camp for employees who have been with the Company for three years or less, the Future Study Program for employees in their 20s and 30s, the Cocreation Workshop for young leaders and the Business Innovation Academy for administrative management. The new program is built on the A Person-Centered Management (APCM) philosophy and strengthens efforts to consistently instill in up-and-coming leaders the values and decision-making criteria that make the POLA ORBIS Group unique. More than 300 people have completed these programs Groupwide, underpinning a mechanism that supports a sustainable management foundation.

Groupwide human resources development programs



VOICE

Comment from participant in Business Innovation Academy

Changing corporate perceptions one by one

Ryosuke Suzuki
Store Business Division, ORBIS Inc.

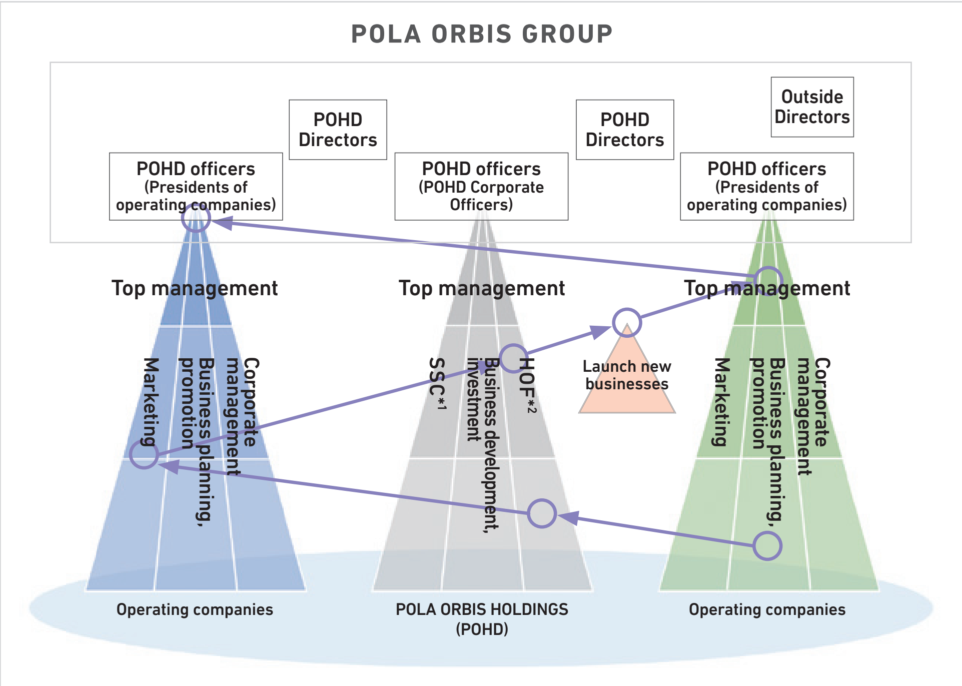
The Business Innovation Academy led me to raise issues with the way promotional offers are presented. Specifically, I challenged the conventional ORBIS thinking that "sales will decrease if discounts are stopped." What stood out most to me during the whole process was the support we all received from the academy instructors, academy administration including the chairman and the president of POLA ORBIS HOLDINGS, and the management team of ORBIS, who encouraged me to identify management issues that seemed out of harmony and made me, as an individual, think "there has got to be a better way." I felt this was a program that would not work unless top management genuinely believed that it is individuals—as transformational leaders, with a strong sense of purpose—who will ultimately effect change in their companies and in society. Now that I have completed the program, I am enjoying my work, content in knowing that I am the one who can achieve change in the company, one corporate perception at a time.

HOME

Groupwide skills and career development

The POLA ORBIS Group views the stable development of human resources who will oversee the Group's future management as an important issue. By systematically providing employees with opportunities to gain experience with multiple functions and in different workplace cultures, as well as acquire experience in challenging roles where they might carry responsibility for achieving profitability or for formulating strategy, we are promoting the development of human resources capable of Groupwide management.

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

A Person-Centered Management Committee

The Group established the A Person-Centered Management (AP-CM) Committee in March 2025 to promote important human resources-related themes and to carry out the achievement of human capital-related strategies and indicators across the Group.

The committee links the Board of Directors of POLA ORBIS HOLDINGS and the Board of Directors and management meetings at each Group company, thereby increasing the effectiveness of initiatives to achieve shared themes and KPIs. The concept of "a person" refers to all individuals regardless of their attributes. For health management, DE&I and the recruitment of people with disabilities, we emphasize work styles that leverage the uniqueness and strengths of each person. Through these initiatives, we aim to create an environment where all employees can demonstrate their abilities, as well as grow and take on challenges autonomously, thereby enhancing the value of human capital and creating medium- to long-term corporate value.

Earned the "Great Place to Work Certification™"

The Group has set increased job satisfaction and engagement as a key issue. We are working to create an environment in which all employees are able to express diverse ideas and fully demonstrate their abilities.

The Group defines job satisfaction both as a comfortable place to work and work that motivates. In 2025, we promoted improved self-governance at each company, in addition to strengthening information dissemination and mutual understanding through internal meetings led by management.

As a result of these initiatives, backed by the consolidated results of our domestic Group companies, we earned the "Great Place to Work Certification™" from the Great Place To Work® Institute Japan in 2025.

Health management: Recognized as a White 500 company for the third consecutive year

In 2017, the Group drafted the POLA ORBIS Group Health Management Declaration and made the physical and mental health of employees a management priority. Under the Board of Directors' supervision, companies, occupational health professionals and health insurance associations have worked together to promote the well-being of Group employees and their families. For nine straight years since 2018, the Company has earned certification as one of the Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category). Since 2024, the Company has been selected as a White 500 company for three consecutive years.

Five non-financial materiality categories

Environment

Overview

The Group recognizes the impact of its business activities on the environment as a significant management issue and encourages measures across the value chain to shrink the environmental footprint. In our business strategy, we apply insights gained through R&D and direct marketing to reflect risks and opportunities related to climate change, resource recycling and natural capital and biodiversity. These issues are disclosed, and appropriate steps are taken in line with TCFD[*1] and TNFD[*2] recommendations. We have set KPIs for reducing CO_2 emissions, curbing water consumption and ensuring sustainable raw material procurement, and we monitor progress on stated medium- to long-term targets. We are also strengthening environmental consciousness, with an emphasis on raw materials, containers and packaging across the supply chain to realize sustainable business activities and long-term improvement in corporate value.

*1 TCFD: Initialism for Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board
*2 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

For details on "environment," please visit our website.
WEB https://www.po-holdings.co.jp/en/csr/environmental/

Addressing climate change, with emphasis on reducing CO_2 emissions

To the Group, climate change is simultaneously a significant business risk that affects business operations and an opportunity for business transformation. Realizing this, the Group is addressing issues mainly on the reduction of CO_2 emissions. We recognize the potential impact on our business activities from risks inherent in raw materials procurement, fluctuations in energy prices and increasingly rigorous regulations, and have identified medium- to long-term risks and opportunities through scenario analysis based on TCFD recommendations. The results of this analysis prompted us to formulate the Low Carbon Transition Plan, targeting net-zero CO_2 emissions by 2050. Specifically, we aim to achieve net-zero CO_2 emissions from our own operations (Scope 1 and 2) by 2040 and net-zero CO_2 emissions associated with business activities across the life cycle (Scope 3) by 2050. Toward these goals, for 2029, we set the 1.5°C greenhouse gas emissions reduction target decided on by the Science Based Targets initiative (SBTi). We are working to curb emissions across the value chain through measures that include expanding the use of renewable energy, raising the efficiency of production and logistics operations, and reviewing the status of raw materials, containers and packaging materials. For reducing emissions, we identify areas that account for a significant percentage of output, evaluate the benefit achieved through the reduction and the impact on business, then prioritize initiatives based on return on investment. For reduction measures, we combine multiple approaches, such as equipment upgrades, energy conversion and design modifications, seeking to balance effectiveness and sustainability. Progress is monitored under the supervision of the Board of Directors, supporting efforts to enhance our responsiveness to climate change and maintain and improve corporate value over the medium to long term.

Information disclosure on climate change and nature
WEB https://www.po-holdings.co.jp/en/csr/environmental/risk/

R&D

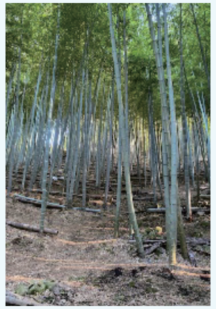
TOPICS

Technological innovation that balances environmental consciousness with high performance

Development of new sunscreen technology to meet demand for UV protection

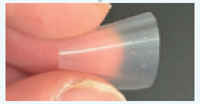
Responding to growing demand for UV protection and diversification in locations where UV protection is used, POLA CHEMICAL INDUSTRIES developed new technology that balances long-lasting effectiveness with a comfortable feel. Through collaborative research with Yokohama National University, the company applied optical coherence tomography (OCT) technology to visualize changes in the film of sunscreen on the skin. The research team also established fiber emulsification technology using bamboo-derived cellulose fibers that facilitated formation of a uniform, highly durable water-repellent film without using surfactants, which are a common cause of re-emulsification. Showcasing plant-derived materials, this technology will be featured in future product formulation designs and rolled out for highly functional product lines. We expect this technology to contribute to higher product value in the medium to long term as a differentiating technology that balances functionality with environmental consciousness.

Interview (available only in Japanese)
WEB https://www.po-holdings.co.jp/rd/story_0001/index.html

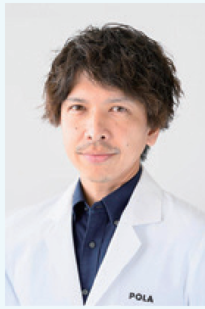


Bamboo—the raw material

Bamboo cellulose fiber aqueous solution



Turns into flexible film when dry



Akihiro Nakatani, researcher POLA CHEMICAL INDUSTRIES

Water resource management and identification of water risks

Cosmetics require water as a raw material, in production processes and, for some products, during use as well. Therefore, the Group recognizes water as both a resource essential to business continuity and a significant business risk. Realizing this, we operate an environmental management system based on standards such as ISO 14001, primarily at our production sites, including POLA CHEMICAL INDUSTRIES's Fukuroi Factory and Jurlique's Adelaide Factory, to reduce the environmental impact associated with water use and discharge and prevent pollution. In 2025, the Technical Development Center (TDC) newly obtained ISO 14001 certification, strengthening its management structure.

The WWF Water Risk Filter is used to determine our water risks. Water risk countermeasures—matched to the risk characteristics specific to each location—are continuously reviewed. We are addressing issues both on equipment and operational fronts to minimize the impact on business continuity. At the Fukuroi Factory, BCP measures anticipate flood risk, while at Jurlique, the emphasis is on preparing for water shortages by utilizing rainwater and installing storage facilities. In addition, reducing water consumption has been set as a sustainability goal and linked to executive compensation to encourage effective initiatives across the Group.

Water resources
WEB https://www.po-holdings.co.jp/en/csr/environmental/water/

Plastics recycling through sustainable container design

Viewing the impact of plastics use in the cosmetics business as a critical management issue, the Group is working to improve resource recycling efforts. In line with the POLA ORBIS Group Plastic Policy, a sustainability goal was set to transition 100% of plastic cosmetics containers to sustainable designs, based on the "4Rs," by 2029, and highly effective measures to achieve this goal are already in play.

Specifically, seeking to reduce the environmental impact throughout the life cycle of containers and packaging materials, we encourage efforts to combine Reduce and Reuse initiatives to make containers more lightweight, simplify packaging and expand refill options, with Replace initiatives, namely, wider use of biomass materials and recycled plastics, and Recycle initiatives, such as collecting and recycling used containers. We also promote research into plastics recycling that extends from collecting to recycling and make efforts to investigate and refine circular schemes in collaboration with consumers and partner companies. Cosmetics containers must meet stringent requirements for functionality, safety and esthetics, which make them more challenging in terms of circular design than general-purpose products. However, the Group is advancing construction of a feasible circular model for cosmetics containers, using a development structure that integrates three key components: formulation design, container design and user experience.

Plastics recycling
WEB https://www.po-holdings.co.jp/en/csr/environmental/plastic/

POLA ORBIS Group

TOPICS

Enhancing medium- to long-term corporate value through environmental management

Selected for A List of CDP in climate change and water security categories

The Group promotes environmental management that emphasizes transparency in setting targets, monitoring implementation and disclosing information about climate change and water resources. These efforts were evaluated by CDP, and the Company was named to its A List, the highest rating, for the second consecutive year. This marks the fifth consecutive year of selection in the Climate Change category and the second consecutive year in the Water Security category. Having our action capabilities and disclosure standards verified through third-party evidence confirms our ability to respond to environmental risks and demonstrates effective governance. We see such recognition as a key factor supporting stable corporate value over the medium to long term.

Climate Water
CDP
A List
2025

ORBIS

TOPICS

Streamlined, environment-conscious design

Manufacturing that balances esthetics (design) and environmental considerations

Cosmetics have to be esthetically appealing—exciting even—but balancing these essential qualities with the environmental response is a challenge in the cosmetics business. Since its earliest days, ORBIS has been committed to creating products that convey value without relying on excessive embellishments, guided by the philosophy "Strip away the unnecessary, and what is left is the truly necessary." In the 1990s, ORBIS introduced simplified packaging, and efforts are currently underway to reduce the use of plastics by, among other measures, expanding refill options. The company has also been investigating a circular model for social implementation through a demonstration on collecting and recycling used containers in collaboration with POLA CHEMICAL INDUSTRIES and with an exhibition at Expo 2025 Osaka, Kansai, Japan. ORBIS will strive to balance beauty and environmental consciousness, efforts that will lead to sustainable improvement in business value.

ORBIS: Simplified packaging that balances container design with eco-friendly appeal

HOME

Human Rights

Overview

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 aim of that policy, under the slogan "For appreciating each one to be one's self," is to ensure that people all over the world are able to demonstrate their individuality in an environment of safety, liberty and equality where their basic needs are fulfilled. Through this commitment, we are able to enhance our value as a corporate group. Furthermore, to prevent, mitigate and rectify negative impacts on human rights in business activities and in the supply chain, POLA ORBIS HOLDINGS identifies and evaluates issues in line with the Human Rights Due Diligence Regulations and sets priority themes. Under the CSR Committee, initiatives are implemented through a collaborative system involving representatives and relevant departments from Group companies. Particular importance is placed on identifying human rights risks in the supply chain, properly managing customers' personal information and ensuring a good work environment. In addition to regular training for all employees, POLA ORBIS HOLDINGS requires business partners to be made aware of the Group's CSR Procurement Guidelines and suppliers to be subject to evaluations and audits. In palm oil procurement, the Group has established numerical targets for procuring RSPO-certified palm oil, and the achievement of targets is linked to executive compensation.

Respect for Human Rights
WEB https://www.po-holdings.co.jp/en/csr/social/respect/
POLA ORBIS Group CSR Procurement Guidelines
WEB https://www.po-holdings.co.jp/en/csr/social/procurement/pdf/pogr_csr_guideline.pdf?2024

POLA ORBIS Group

TOPICS Sustainable palm oil procurement

Sustainable Palm Oil
WEB https://www.po-holdings.co.jp/en/csr/environmental/diversity/

Dialogue aimed at supporting small-scale farmers in Malaysia

As a participant in RSPO and given the social and environmental risks associated with raw materials derived from palm oil, the POLA ORBIS Group promotes sustainable palm oil procurement. The Fukuroi Factory, a key production base, maintains Roundtable on Sustainable Palm Oil (RSPO) supply chain certification and continuously strives to investigate palm-growing areas and support farmers. Also, since 2023, POLA ORBIS HOLDINGS has participated in a program promoted by an Indonesian NGO to assist small-scale farmers. In 2025, corporate representatives visited small-scale farms in Malaysia, identified issues requiring attention and deepened dialogue with stakeholders.

Visit to small-scale palm plantation in Malaysia

Fundamental Activities That Fulfill Our Corporate Responsibilities

Internal control

POLA ORBIS HOLDINGS has formulated a basic policy for establishing an internal control system to ensure the appropriateness of Group operations.

Compliance and ethics system

POLA ORBIS HOLDINGS has established a code of conduct applicable throughout the Group to ensure management based on legal compliance and high ethical standards. The Group requires all executives and employees to adhere to the code. The CSR Committee has compliance oversight authority and continuously conducts training and awareness campaigns. A policy has been established, and a manual has been prepared to deal with eliminating ties with anti-social forces as well.

Risk management and crisis management

Risk management is addressed from an entire Group perspective by the Risk Management Meeting, headed by the director responsible for risk management. Here, critical risks are identified and managed. In a serious emergency, a task force is established in accordance with regulations to ensure a response to the crisis.

Operational audits and monitoring

The internal auditing section performs business audits on the entire Group to verify the status of control measures and recommends steps to correct issues and prevent a recurrence. Audit results are shared with related divisions and corporate auditors.

Group governance

Matters important to Group companies are addressed in the Group Managerial Meeting and by the Board of Directors through discussions and reports, in accordance with standards such as the Affiliate Management Rules. Progress on business plans and measures to deal with important issues are monitored regularly.

Corporate auditor auditing structure

Corporate auditors attend important meetings, including those of the Board of Directors, and supervise the execution of duties. Corporate auditors work with the internal auditing section and accounting auditors to ensure the effectiveness of audits.

Reporting and correction mechanism

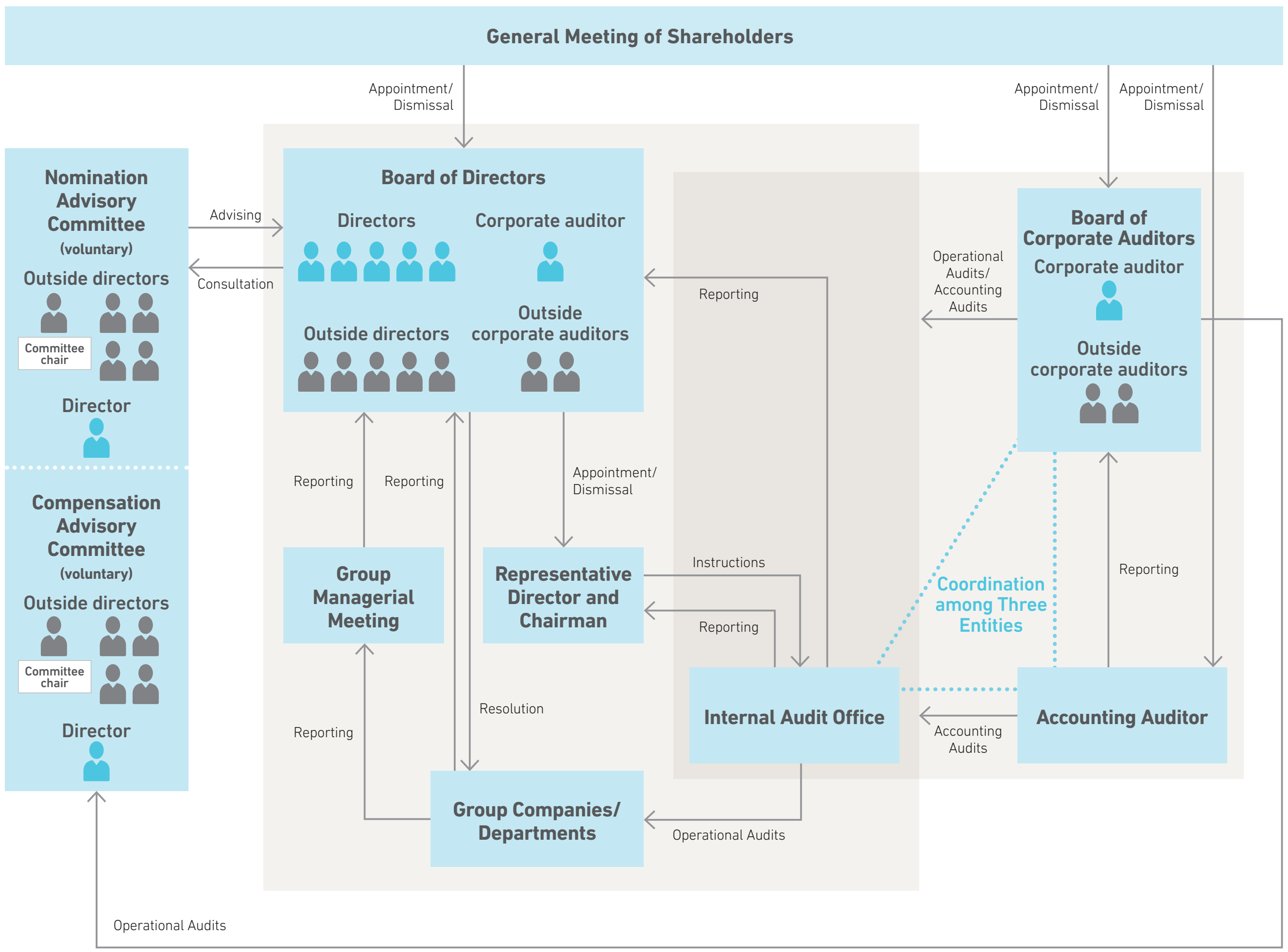
POLA ORBIS HOLDINGS maintains a Group helpline that accepts reports of legal violations, misconduct and other concerns. A system is in place to prohibit unfavorable treatment of whistleblowers and to ensure that corrective measures are implemented.

Internal control of financial reporting

To ensure reliability in financial reporting, POLA ORBIS HOLDINGS has prepared and implemented a structure based on the fundamental elements of internal control and promotes highly transparent financial disclosure by assigning and training personnel with specialized knowledge about financial reporting.

Basic Stance on Corporate Governance

Corporate governance structure (as of March 27, 2026)



Structural overview (as of March 27, 2026)

Functional structure	Company with a Board of Corporate Auditors
Number of directors/Term of office	10 directors/1 year
Number of outside directors	5 outside directors
Number of corporate auditors/Term of office	3 corporate auditors/ 4 years
Number of outside corporate auditors	2 outside corporate auditors
Number of outside directors and outside corporate auditors designated as independent outside officers	7 outside directors and outside 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
2026	Changed term of office for directors from 2 years to 1 year

Matters Related to the Board of Directors

Evaluation of the Board of Directors' effectiveness

Steps taken in 2025

Through an evaluation of the Board of Directors' effectiveness implemented in 2024, these issues were recognized as requiring action. Steps taken in 2025 to address these issues are described below.

Item	Steps taken
1 Address priority issues for the Group through ongoing leadership team activities spearheaded by the management board	After priority issues for the Group were set, the leadership team held off-site meetings, where discussions were focused on structural reforms and strategies. This arrangement has tangibly improved the efficiency and quality of discussions within the Board of Directors. The board will continue to hold these meetings and position them within the action plan.
2 Constantly draw on outside executives' knowledge	In addition to spirited discussions at regular board meetings, the Board of Directors provided opportunities for off-site discussions aimed at resolving management issues by obtaining expert advice and recommendations from outside executives. This approach has improved the quality of decision-making by the Board of Directors.
3 Pursue discussions from multiple perspectives to improve corporate value	While the Board of Directors needs to further expand discussions that contribute to improving corporate value from a medium- to long-term perspective, there is a tendency for discussions to focus on current performance. Recognizing that challenges about the depth of substantive discussions remain, the board will develop an action plan to address this issue and ensure continuous improvement.

Summary of analysis and evaluation results for fiscal 2025

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 further improve these strengths.

1 The diverse skill sets of the Board of Directors encourage frank exchanges of opinions, leading to spirited discussions

2 A high level of awareness of governance improvement is shared among internal directors

Points recognized as requiring action

The following points are seen as issues requiring attention by the Board of Directors. To address these issues, POLA ORBIS HOLDINGS will formulate action plans and continuously implement and verify these plans to raise the Board of Directors' effectiveness.

1 Ensure that the management board itself demonstrates greater leadership in formulating the new medium-term management plan

2 Review the handling of matters to be discussed by the Board of Directors, etc., and expand discussions that contribute to improving corporate value

Independent outside executives' meeting
(held on February 20, 2026)

POLA ORBIS HOLDINGS regularly holds meetings exclusively for independent outside executives. At the recent meeting, participants exchanged opinions on the medium- to long-term growth of the POLA ORBIS Group with the aim of sustainably improving corporate value.

- Management needs to redefine future growth scenarios based on the market environment and business conditions. It must set policies and strategies in accordance with the current landscape without being overly constrained by existing numerical targets.
- Management needs to clearly define its areas of focus from a medium- to long-term perspective and provide a forum for continuously discussing and following up on priority themes. Time tends to be spent reviewing the Company's performance, while meeting formats and materials should be reviewed to allow for sufficient discussion on market trends and key focus points for the future.
- Strengthening data utilization and further promoting research and development are essential for enhancing competitiveness. Making steady investments aimed at future growth, rather than focusing on short-term earnings, will also prove important.
- Regarding the organization's culture, the strong preference for stability is an issue that needs addressing. It would be preferable for management to appoint personnel who can drive transformation and foster an atmosphere that encourages people to proactively take on new challenges.
- Developing future leaders is also crucial. Management should strengthen efforts starting from the recruitment stage and regularly monitor the progress of employee development.

Dialogue with Outside Directors

We held a dialogue with two outside directors who discussed the business environment surrounding the POLA ORBIS Group and their expectations for future growth.

Kayoko Tanaka
Outside Director

Hikaru Yamamoto
Outside Director

In an era of diversifying values and easy replication, no better time than now to create unique, one-and-only value and demonstrate this value to customers

Yamamoto My specialty fields are marketing and consumer behavior, so I stay fully aware of changes in consumer behavior. With an incredible number of brands in the cosmetics market, it is unlikely that anyone would choose one single brand for toner, lotion and cream. In fact, the market has become so fragmented that if you asked people to name their favorite brand, you would instead get a long list of brands, both big and small. Another obvious change is the growing popularity of esthetic medicine. At one time, surgical procedures were the norm, and barriers to enter the surgical field were quite high. But today, more and more clinics are offering affordable esthetic medical services. Such services are gaining attention in terms of supply and demand, driven by people in their 40s and 50s who feel the need for esthetic medical procedures, but interest also extends to younger people who casually take a treatment. Until now, the POLA ORBIS Group's main competition came from cosmetics companies, but today, competition exists in the form of alternatives to cosmetics.

Tanaka I think advances in technology have been a major factor influencing these market changes. Generative AI has accelerated product development and changed how consulting services are provided. In addition, digital marketing has facilitated a very personalized approach regarding the needs of each customer. Digitization has also exposed customers to a wide range of information, enabling them to gain basic knowledge about cosmetics as well as scientific expertise, effectively making them pretty well informed. However, while digitization that makes direct communication unnecessary is becoming more widespread, the value of services that foster direct human connections is rising. I believe in-person experiences, such as the reassurance that comes from a personal recommendation or the opportunity to touch and smell a product, will be appreciated even more from now on.

Yamamoto Personalized service imbued with the warmth of human connections and built on strong relationships with customers is exactly what the POLA ORBIS Group delivers. This is what the Group does best. In addition, the trend of attaching importance to identity and culture based on personal origins is catching on worldwide. I think it is precisely because of the times we live in, when generative AI makes it easy to produce copies, that there is an underlying appreciation for something created with one-and-only value. In the future, it will be more important than ever before for the Group to draw on its origin and identity to create something characteristically unique to the Group and thereby demonstrate value to customers.

R&D capabilities, multi-brand portfolio and direct-marketing strategies—knowing how to leverage those strengths is key to success in domestic and overseas markets.

Tanaka I was already aware of the Group's R&D capabilities, but when I became an outside director, I was amazed all over again. I do not think there is any other corporate group with a structure as dedicated to providing products and services rooted in such robust R&D and technological expertise.

Yamamoto These days, anyone can advertise on social media and, with access to OEM services, anyone can operate a cosmetics company. But I believe the straightforward approach to manufacturing that characterizes the POLA ORBIS Group, underpinned by robust R&D capabilities, is a major strength that no other company can match. Moreover, POLA ORBIS HOLDINGS oversees a portfolio of several distinctive brands—the outlet for the Group's approach to manufacturing—and that approach aligns perfectly with today's era of diversifying values.

Tanaka The direct marketing platform is also unique to the POLA ORBIS Group. Other companies could not possibly build a system with this many customer touch points in so short a time. The key to future growth undoubtedly lies in how well the companies that oversee the brands integrate original, person-to-person services into direct marketing. The decision to fully implement structural reforms at POLA and Jurlique to enhance corporate value is highly commendable. For the process to be deemed successful, the reforms must be pushed through to completion, then discussions must address what steps to take next in both the domestic and overseas markets. Members of the Board of Directors bring different skills to the table, a structure that allows us to tackle issues from various perspectives.

Yamamoto I think we should have more discussions that deal with medium- to long-term issues. The executive team tends to emphasize immediate issues, while we outside directors take a more medium- to long-term perspective. As I mentioned when I joined the board as an outside director, I will step on the brakes when slowing down is appropriate and push down the accelerator when moving forward is appropriate. Hence, I will extend the necessary support to push the POLA ORBIS Group in a positive direction while maintaining a cautious stance.

Kayoko Tanaka
Outside Director

Ms. Tanaka has a wealth of knowledge and experience gained as a partner at a management consulting firm. She brings wide-ranging insights related to management strategies, corporate revitalization, new business creation and organizational and personnel affairs. She is an advisor of the IGPI Group, Inc. (current) and has served as an outside director of POLA ORBIS HOLDINGS since 2025.

Hikaru Yamamoto
Outside Director

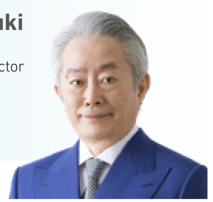
Ms. Yamamoto specializes in marketing and consumer behavior research in the digital domain and has a high level of knowledge in light of changes in the digital society. She is a professor at Keio University, Faculty of Business and Commerce (current), and has served as an outside director of POLA ORBIS HOLDINGS since 2020.

Believe in foundational origin and prevailing strengths to fine-tune internal resources and convey mission statement "sensitize the world to beauty" in markets around the globe

Tanaka When I saw the expression "a sense of beauty" listed for Director Competency, I wondered, "what company really expects its executives to have such a unique quality?" As the Group's "sensitize the world to beauty" mission statement suggests, the most important thing is to express unique values through business activities in the global market. I believe this is exactly what will lead to breakthrough results on the Group's growth journey.

Yamamoto From a medium- to long-term perspective, efforts to expand in global markets will be a major theme. But since the POLA ORBIS Group is unique, it is my opinion that establishing a wider presence through operations or activities that are not true to the Group's underlying values and objectives is pointless. Consumers are savvy. They will see right through disingenuous and performative moves. POLA ORBIS HOLDINGS and the Group it leads must believe in the foundational origin and prevailing strengths of the Group, focus not only on the external environment but also on the internal environment and constantly fine-tune internal resources. It is also important to ensure that uniqueness does not become self-indulgent but instead effectively turns opportunities to build direct connections with customers and foster good rapport into tangible results.

Management Structure (As of June 1, 2026)

Satoshi Suzuki
Representative Director and Chairman


Yoshikazu Yokote
Representative Director and President

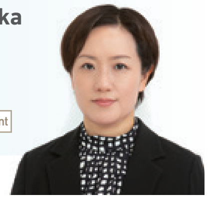

Naoki Kume
Director and Vice President


Koji Ogawa
Director


Takuma Kobayashi
Director (Part-time)


Naomi Ushio
Outside Director
Outside Independent


Hikaru Yamamoto
Outside Director
Outside Independent


Kayoko Tanaka
Outside Director
Outside Independent


Hiroki Taniguchi
Outside Director
Outside Independent


Yoshio Kometani
Outside Director
Outside Independent

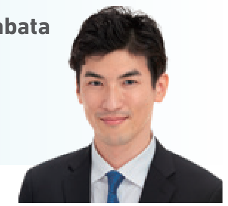

Akira Toyoda
Corporate Auditor


Emiko Suzuki
Outside Corporate Auditor
Outside Independent


Shohei Onishi
Outside Corporate Auditor
Outside Independent


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, sustainability promotion	Naoki Kume	●	●	●		●	●				●	●	●	●
Director	Management planning, IT, HR, business development	Koji Ogawa	●		●			●			●	●			●
Director	(Representative Director and President, POLA INC.)	Takuma Kobayashi	●	●	◎	●	●		●		●				
Outside Director	—	Naomi Ushio	—	—	—							●			●
Outside Director	—	Hikaru Yamamoto	—	—	—				●		●				
Outside Director	—	Kayoko Tanaka	—	—	—	●		●							●
Outside Director	—	Hiroki Taniguchi	—	—	—			●			●				
Outside Director	—	Yoshio Kometani	—	—	—	●	●	●			●				
Corporate Auditor	—	Akira Toyoda	—	—	—			●		●					
Outside Corporate Auditor	—	Emiko Suzuki	—	—	—						●		●		
Outside Corporate Auditor	—	Shohei Onishi	—	—	—			●			●			●	

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 ◎.

Presidents of Major Group Companies

POLA INC.

Takuma Kobayashi

Representative Director and President

ORBIS Inc.

Hiroe Yamaguchi

Representative Director and President

POLA CHEMICAL INDUSTRIES, INC.

Takayuki Katagiri

Representative Director and President

Jurlique International Pty. Ltd.

Takahiro Tabata

Director and CEO

DECENCIA INC.

Emi Nishino

Representative Director and President

ACRO INC.

Toshiaki Miyazaki

Representative Director and President

tricot, Inc.

Toshimi Kato

Representative Director and President

POLA MEDICAL INC.

Tsuyoshi Matsumoto

Representative Director and President

PO GLOBAL INC.

Takahiro Tabata

Director and CEO

POLA ORBIS Travel Retail Limited

Jotaro Wachi

Director and CEO (Part-time)

P.O. REAL ESTATE INC.

Yasuhiro Fukuda

Representative Director and President

Executive compensation

Basic approach to executive compensation

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 the 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.

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.

Compensation structure

The POLA ORBIS Group's executive compensation (excluding that for outside directors and corporate auditors) is composed of basic compensation, which is fixed, and annual bonuses and performance-linked, share-based compensation, which are variable. Regarding annual bonuses, in addition to compensation paid according to the achievement of performance targets, the Group has introduced a "mission compensation" system for executives responsible for special missions. For outside directors, compensation consists of basic compensation and non-performance-linked, share-based compensation. For corporate auditors, compensation consists solely of basic compensation. The amount of variable compensation in executive compensation is set between 40% and 65% depending on the rank and missions of the individual. Annual bonuses, which are variable, are paid within a range of 0% to 200%, mainly according to the level of success in reaching the Group's performance targets within a single year and each individual's attainment of mission KPIs. Performance-linked, share-based compensation is paid within a range of 0% to 200%, mainly according to the level of success in reaching the performance targets stated in the Group's medium-term management plan, etc.

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 2025)

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)	214	122	84	7	5
Outside directors	49	49	—	—	5
Corporate auditors (excluding outside corporate auditors)	22	22	—	—	2
Outside corporate auditors	23	23	—	—	3

Notes: 1. Fixed compensation for outside directors includes ¥12 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.
3. Fixed compensation for corporate auditors includes the compensation paid to a corporate auditor who resigned at the conclusion of the 19th Annual General Meeting of Shareholders, held on March 27, 2025, during his term of office.

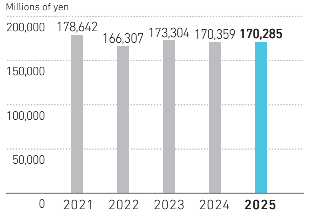
Please see our Securities Report for further details (available only in Japanese).
WEB https://ir.po-holdings.co.jp/ja/Library/Financial/main/0/teaserItems1/08/linkList/01/link/FY2025Q4_yukasyoukenhoukokusyo_s.pdf

Financial and Non-Financial Highlights

Financial Capital

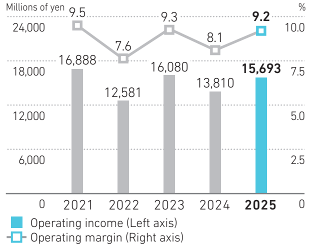
Net sales

¥170,285 million



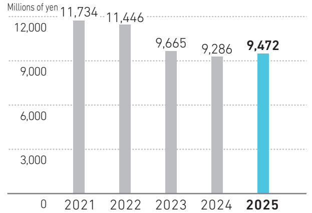
Operating income/ Operating margin

¥15,693 million/ 9.2%



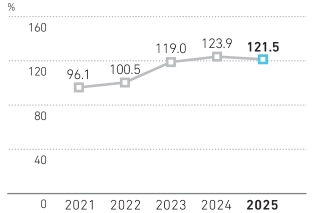
Profit attributable to owners of parent

¥9,472 million



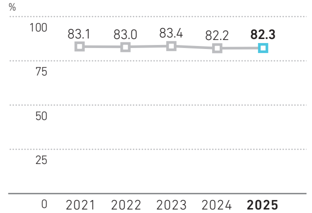
Payout ratio

121.5%



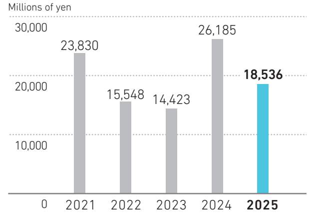
Equity ratio

82.3%



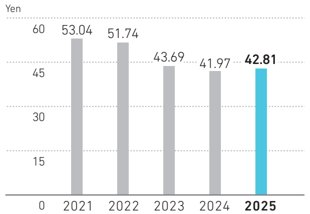
Cash flows from operating activities

¥18,536 million



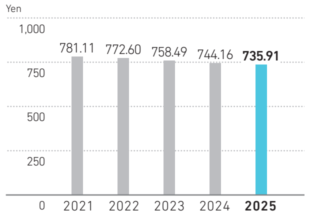
Net income per share

¥42.81



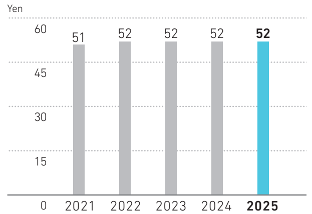
Net assets per share

¥735.91



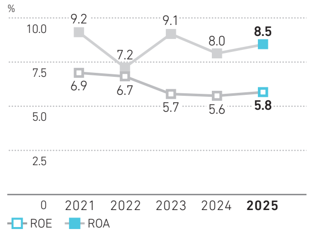
Cash dividends per share

¥52



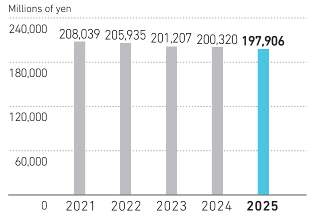
ROE/ROA

5.8%/ 8.5%



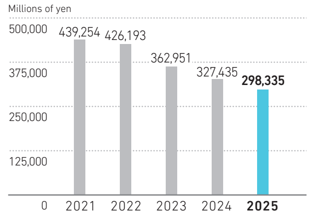
Total assets

¥197,906 million



Total market value

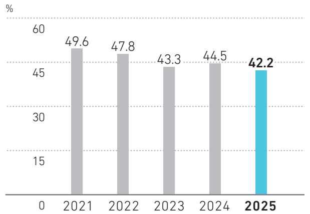
¥298,335 million



Non-Financial Capital

Percentage of female managers

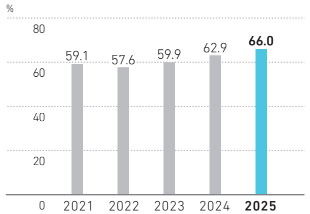
42.2*%



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

Job satisfaction and engagement score

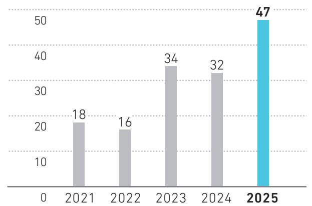
66.0%



Note: Measured and calculated for the "Great Place to Work Survey" by the Great Place To Work® Institute Japan

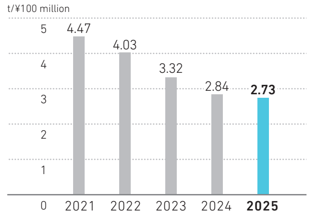
Number of papers presented at scientific conferences by POLA CHEMICAL INDUSTRIES

47



CO_2 emissions (Scope 1 and 2)

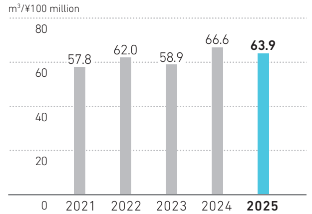
2.73 t/¥100 million



Note: On a per unit of sales basis

Water consumption

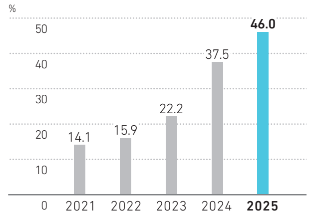
63.9 m³/¥100 million



Notes: 1. On a per unit of sales basis
2. Actual values from 2021 onward have been changed due to expansion of calculation boundary, effective from 2023

Sustainable palm oil procurement

46.0%



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) 2016*4	2017	2018	2019	2020	2021	2022	2023	2024	2025	Thousands of U.S. dollars*1 (Except per share data) 2025
Operating Results											
Net sales*2	¥218,482	¥244,335	¥248,574	¥219,920	¥176,311	¥178,642	¥166,307	¥173,304	¥170,359	¥170,285	$1,087,669
Beauty Care	202,446	227,133	231,207	214,886	171,658	174,150	161,654	168,477	165,060	164,148	1,048,471
POLA	116,126	144,012	150,183	135,502	102,888	105,168	96,371	98,499	92,798	90,373	577,243
ORBIS	55,857	53,066	51,051	50,726	45,415	43,389	38,417	42,874	48,190	50,239	320,897
Overseas Brand	15,665	15,075	12,428	9,235	7,166	8,954	9,972	9,735	8,763	8,386	53,565
Brands under Development	14,796	14,978	17,544	19,421	16,186	16,637	16,892	17,368	15,307	15,149	96,765
Real Estate	3,043	2,694	2,707	2,619	2,291	2,112	2,083	2,078	2,214	3,023	19,315
Others	12,992	14,507	14,659	2,415	2,361	2,379	2,569	2,748	3,085	3,112	19,881
Operating income	26,839	38,881	39,496	31,137	13,752	16,888	12,581	16,080	13,810	15,693	100,241
Beauty Care	25,904	38,121	38,294	30,193	12,965	17,060	13,793	16,354	14,926	15,856	101,279
POLA	16,993	28,584	32,574	25,529	10,927	16,374	12,495	11,555	9,933	8,687	55,488
ORBIS	11,279	9,080	9,340	9,252	7,329	5,925	4,850	6,340	8,306	9,304	59,427
Overseas Brand	(3,210)	(823)	(4,316)	(3,794)	(3,214)	(2,338)	(1,446)	(1,243)	(2,461)	(1,430)	(9,136)
Brands under Development	841	1,278	695	(794)	(2,076)	(2,901)	(2,105)	(298)	(851)	(704)	(4,500)
Real Estate	1,395	1,082	1,001	1,021	710	488	491	440	76	421	2,691
Others	(133)	(314)	796	130	128	70	96	149	231	218	1,392
Operating margin (%)	12.3	15.9	15.9	14.2	7.8	9.5	7.6	9.3	8.1	9.2	
Profit attributable to owners of parent	16,328	27,137	8,388	19,694	4,632	11,734	11,446	9,665	9,286	9,472	60,502
Financial Position											
Net assets	183,282	198,845	188,797	191,069	169,854	173,267	171,459	168,398	164,916	163,094	1,041,736
Total assets	228,845	252,567	244,596	227,256	203,742	208,039	205,935	201,207	200,320	197,906	1,264,095
Cash Flows											
Cash flows from operating activities	23,561	35,333	30,283	21,127	23,394	23,830	15,548	14,423	26,185	18,536	118,401
Cash flows from investing activities	16,379	(22,065)	(9,125)	(12,514)	(3,342)	(2,174)	(12,370)	(18,734)	(12,104)	7,878	50,323
Cash flows from financing activities	(10,030)	(12,945)	(20,127)	(19,336)	(27,133)	(9,100)	(12,668)	(12,375)	(13,376)	(12,361)	(78,954)
Cash and cash equivalents at end of year	75,458	75,944	76,462	65,789	58,844	71,693	62,562	46,376	47,305	61,948	395,683
Depreciation and amortization	6,787	6,551	7,075	7,377	7,255	7,110	8,482	7,712	8,352	8,170	52,187
Capital expenditure	8,127	8,885	10,514	10,091	8,464	8,945	12,532	17,478	14,518	8,385	53,558
Financial Indicators											
Equity ratio (%)	79.9	78.6	77.0	83.9	83.2	83.1	83.0	83.4	82.2	82.3	
Return on equity (%)	9.0	14.2	4.3	10.4	2.6	6.9	6.7	5.7	5.6	5.8	
Return on assets (%)	11.7	16.3	15.7	13.0	5.8	9.2	7.2	9.1	8.0	8.5	
Price-earnings ratio (times)	32.7	32.2	78.3	29.4	100.0	36.1	35.9	36.3	34.0	30.4	
Per Share Data*3											
Net income per share (¥/$)	73.83	122.70	37.93	89.04	20.94	53.04	51.74	43.69	41.97	42.81	0.27
Net assets per share (¥/$)	826.65	897.26	851.78	862.00	766.05	781.11	772.60	758.49	744.16	735.91	4.70
Cash dividends per share (¥/$)	50	70	80	116	50	51	52	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 = ¥156.56 as of December 31, 2025.
*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 2016.
*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.

Corporate Information (As of December 31, 2025)

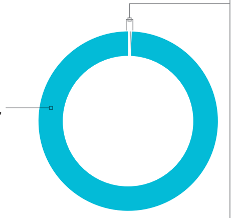
Company name	POLA ORBIS HOLDINGS INC.
Foundation	September 29, 2006
Capital	¥10 billion
Number of employees	3,898 (for the Group) 278 (for the Company) Full-time employees (Excluding those on loan to other companies, including those on loan from other companies)
Fiscal year-end	December 31
General meeting of shareholders	Every 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

Stock Information (As of December 31, 2025)

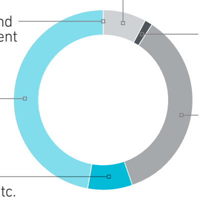
Total number of authorized shares	800,000,000
Total number of issued shares	229,136,156
Number of shareholders	148,181

Composition of Shareholders

By number of shareholders



By number of shares



Principal Shareholders

Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Pola Art Foundation	78,616	35.5
Satoshi Suzuki	41,223	18.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,395	4.7
Machi-No-Kodomo Foundation	6,500	2.9
Naoko Nakamura	4,770	2.2
Custody Bank of Japan, Ltd. (Trust Account)	3,253	1.5
THE BANK OF NEW YORK MELLON 140051	3,208	1.5
Hiromi Suzuki	2,452	1.1
THE BANK OF NEW YORK 133612	1,902	0.9
The POLA Foundation of Japanese Culture	1,800	0.8

Notes: 1. In addition to the above, the Company holds 7,524 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.

FINANCIAL INFORMATION REPORT 2025

For the Fiscal Year Ended December 31, 2025

Contents

Financial Information

1. Consolidated Financial Statements Preparation Methods

The Company's consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).

2. Audit Certification

The Company's consolidated financial statements for the consolidated fiscal year (January 1 through December 31, 2025) and financial statements for the fiscal year (January 1 through December 31, 2025) have been audited by Ernst & Young ShinNihon LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

The "Independent Auditor's Report and Internal Control Audit Report" is an English translation of the relevant portions of the Annual Securities Report.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company takes special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, to properly understand the content of accounting standards and conduct appropriate disclosure, the Company has joined the Financial Accounting Standards Foundation and participates in seminars and other events organized by the foundation, auditing firms and other organizations.

Consolidated Financial Statements, etc.
(1) Consolidated Financial Statements
1) Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Assets			
Current assets			
Cash and deposits	**¥ 59,711**	¥ 45,176	**$ 381,395**
Notes and accounts receivable – trade	**17,631**	17,465	**112,617**
Short-term investments in securities	**4,945**	18,907	**31,589**
Merchandise and finished goods	**12,183**	12,094	**77,817**
Work in process	**929**	904	**5,934**
Raw materials and supplies	**3,506**	3,621	**22,397**
Other	**6,405**	8,047	**40,917**
Allowance for doubtful accounts	**(160)**	(96)	**(1,028)**
Total current assets	**105,151**	106,120	**671,638**
Non-current assets			
Property, plant and equipment			
Buildings and structures	**69,533**	69,373	**444,136**
Accumulated depreciation	**(38,528)**	(37,952)	**(246,091)**
Buildings and structures, net	**31,005**	31,420	**198,045**
Machinery, equipment and vehicles	**11,652**	11,758	**74,431**
Accumulated depreciation	**(8,270)**	(8,125)	**(52,828)**
Machinery, equipment and vehicles, net	**3,382**	3,633	**21,603**
Land	**14,201**	14,252	**90,707**
Leased assets	**6,573**	6,754	**41,988**
Accumulated depreciation	**(5,895)**	(6,058)	**(37,657)**
Leased assets, net	**678**	695	**4,332**
Construction in progress	**522**	246	**3,335**
Other	**19,895**	20,089	**127,081**
Accumulated depreciation	**(12,967)**	(12,806)	**(82,825)**
Other, net	**6,928**	7,282	**44,256**
Total property, plant and equipment	**56,718**	57,530	**362,278**
Intangible assets			
Right of trademark	**20**	19	**134**
Software	**11,026**	11,590	**70,431**
Other	**88**	90	**568**
Total intangible assets	**11,136**	11,700	**71,133**
Investments and other assets			
Investments in securities	*1 **14,640**	*1 15,407	**93,516**
Long-term loans receivable	**392**	251	**2,505**
Retirement benefit asset	**1,382**	—	**8,828**
Deferred tax assets	**4,663**	5,220	**29,788**
Other	**4,340**	4,530	**27,724**
Allowance for doubtful accounts	**(519)**	(440)	**(3,315)**
Total investments and other assets	**24,900**	24,969	**159,046**
Total non-current assets	**92,755**	94,200	**592,457**
Total assets	**¥ 197,906**	¥ 200,320	**$ 1,264,095**

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Liabilities			
Current liabilities			
Notes and accounts payable – trade	**¥ 2,206**	¥ 2,264	**$ 14,094**
Current portion of long-term borrowings	**7**	6	**51**
Lease obligations	**601**	774	**3,845**
Accounts payable – other	**11,253**	10,171	**71,877**
Income taxes payable	**1,559**	4,206	**9,961**
Contract liabilities	**4,587**	4,795	**29,303**
Provision for bonuses	**1,423**	1,578	**9,095**
Provision for directors' bonuses	**183**	177	**1,170**
Other provisions	**69**	8	**447**
Other	**4,411**	3,368	**28,178**
Total current liabilities	**26,305**	27,351	**168,020**
Non-current liabilities			
Long-term borrowings	**30**	40	**192**
Lease obligations	**959**	1,295	**6,129**
Net defined benefit liability	**1,128**	229	**7,206**
Provision for share benefits for directors	**107**	99	**685**
Provision for environmental measures	**4**	7	**27**
Asset retirement obligations	**3,807**	3,885	**24,320**
Other	**2,470**	2,496	**15,779**
Total non-current liabilities	**8,507**	8,053	**54,339**
Total liabilities	**34,812**	35,404	**222,359**
Net assets			
Shareholders' equity			
Common stock	**10,000**	10,000	**63,873**
Capital surplus	**80,451**	80,451	**513,872**
Retained earnings	**76,622**	78,674	**489,415**
Treasury stock, at cost	**(2,915)**	(2,922)	**(18,620)**
Total shareholders' equity	**164,159**	166,203	**1,048,540**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	**196**	75	**1,255**
Foreign currency translation adjustments	**(2,315)**	(2,106)	**(14,788)**
Remeasurements of defined benefit plans	**792**	483	**5,062**
Total accumulated other comprehensive income	**(1,326)**	(1,547)	**(8,471)**
Subscription rights to shares	**235**	236	**1,504**
Non-controlling interests	**25**	23	**163**
Total net assets	**163,094**	164,916	**1,041,736**
Total liabilities and net assets	**¥197,906**	¥200,320	**$1,264,095**

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Net sales	**¥ *1 170,285**	¥ *1 170,359	**$ 1,087,669**
Cost of sales	***2 32,021**	*2 31,846	**204,531**
Gross profit	**138,264**	138,513	**883,138**
Selling, general and administrative expenses			
Sales commission	**31,382**	32,941	**200,453**
Promotion expenses	**12,775**	11,221	**81,601**
Packing and transportation expenses	**5,781**	5,823	**36,930**
Advertising expenses	**10,408**	11,469	**66,482**
Salaries, allowances and bonuses	**22,677**	22,167	**144,848**
Welfare expenses	**4,520**	4,551	**28,875**
Retirement benefit expenses	**746**	762	**4,766**
Provision for bonuses	**1,417**	1,521	**9,051**
Depreciation and amortization	**6,001**	6,274	**38,334**
Other	**26,858**	27,969	**171,556**
Total selling, general and administrative expenses	***2 122,570**	*2 124,702	**782,896**
Operating income	**15,693**	13,810	**100,242**
Non-operating income			
Interest income	**278**	261	**1,779**
Foreign exchange gains	**962**	1,749	**6,145**
Gain on sale of investment securities	**266**	—	**1,702**
Other	**191**	518	**1,223**
Total non-operating income	**1,698**	2,529	**10,849**
Non-operating expenses			
Interest expense	**115**	113	**740**
Commission expenses	**183**	74	**1,174**
Other	**70**	69	**451**
Total non-operating expenses	**370**	257	**2,365**
Ordinary income	**¥ 17,022**	¥ 16,083	**$ 108,726**

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Extraordinary losses			
Loss on disposal of non-current assets	*3 **464**	*3 330	**2,970**
Impairment loss	*4 **935**	*4 696	**5,973**
Loss on valuation of investment securities	**296**	300	**1,893**
Loss on liquidation of business	*5 **387**	20	**2,473**
Business restructuring expenses	*6 **802**	—	**5,127**
Loss on reversal of foreign currency translation adjustment	**718**	—	**4,592**
Other	**120**	87	**773**
Total extraordinary losses	**3,726**	1,434	**23,800**
Income before income taxes	**13,296**	14,649	**84,926**
Income taxes – current	**3,449**	4,306	**22,036**
Income taxes – deferred	**373**	1,034	**2,388**
Total income taxes	**3,823**	5,341	**24,424**
Net income	**9,472**	9,307	**60,502**
Profit attributable to non-controlling interests	**—**	21	**—**
Profit attributable to owners of parent	**¥ 9,472**	¥ 9,286	**$ 60,502**

[Consolidated Statements of Comprehensive Income]

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Net income	**¥ 9,472**	¥ 9,307	**$ 60,502**
Other comprehensive income			
Valuation difference on available-for-sale securities	**120**	(153)	**771**
Foreign currency translation adjustments	**(207)**	(371)	**(1,324)**
Remeasurements of defined benefit plans	**308**	228	**1,973**
Total other comprehensive income	*1 **222**	*1 (296)	**1,419**
Comprehensive income	**¥ 9,694**	¥ 9,011	**$ 61,921**
Comprehensive income attributable to:			
Owners of parent	**¥ 9,693**	¥ 9,026	**$ 61,914**
Non-controlling interests	**¥ 1**	¥ (14)	**$ 8**

3) Consolidated Statements of Changes in Net Assets

	Millions of yen															
	Common shares (Thousands)		Common stock		Capital surplus		Retained earnings		Treasury stock, at cost		Accumulated other comprehensive income		Subscription rights to shares		Non-controlling interests		**Total net assets**
Balance at January 1, 2024	229,136	¥	10,000	¥	81,025	¥	80,907	¥	(2,839)	¥	(1,287)	¥	243	¥	348	¥	168,398
Dividends from retained earnings							(11,519)										(11,519)
Net income attributable to owners of parent							9,286										9,286
Acquisition of treasury stock									(195)								(195)
Disposal of treasury stock					159				112								271
Changes in ownership interest due to acquisition of subsidiary stock					(733)												(733)
Change in valuation difference on available-for-sale securities											(153)						(153)
Foreign currency translation adjustments											(334)						(334)
Remeasurements of defined benefit plans											228						228
Subscription rights to shares													(7)				(7)
Non-controlling interests															(324)		(324)
Balance at January 1, 2025	**229,136**		**10,000**		**80,451**		**78,674**		**(2,922)**		**(1,547)**		**236**		**23**		**164,916**
Dividends from retained earnings							**(11,523)**										**(11,523)**
Net income attributable to owners of parent							**9,472**										**9,472**
Acquisition of treasury stock									**(8)**								**(8)**
Disposal of treasury stocks					**0**				**15**								**16**
Change in valuation difference on available-for-sale securities											**120**						**120**
Foreign currency translation adjustments											**(208)**						**(208)**
Remeasurements of defined benefit plans											**308**						**308**
Subscription rights to shares													**(0)**				**(0)**
Non-controlling interests															**1**		**1**
Balance at December 31, 2025	**229,136**	**¥**	**10,000**	**¥**	**80,451**	**¥**	**76,622**	**¥**	**(2,915)**	**¥**	**(1,326)**	**¥**	**235**	**¥**	**25**	**¥**	**163,094**

	Thousands of U.S. dollars															
		Common stock		Capital surplus		Retained earnings		Treasury stock, at cost		Accumulated other comprehensive income		Subscription rights to shares		Non-controlling interests		**Total net assets**
Balance at January 1, 2025	**$**	**63,873**	**$**	**513,871**	**$**	**502,519**	**$**	**(18,668)**	**$**	**(9,882)**	**$**	**1,509**	**$**	**152**	**$**	**1,053,373**
Dividends from retained earnings						**(73,606)**										**(73,606)**
Net income attributable to owners of parent						**60,502**										**60,502**
Acquisition of treasury stock								**(54)**								**(54)**
Disposal of treasury stock				**2**				**102**								**104**
Change in valuation difference on available-for-sale securities										**771**						**771**
Foreign currency translation adjustments										**(1,332)**						**(1332)**
Remeasurements of defined benefit plans										**1,973**						**1,973**
Subscription rights to shares												**(5)**				**(5)**
Non-controlling interests														**11**		**11**
Balance at December 31, 2025	**$**	**63,873**	**$**	**513,872**	**$**	**489,415**	**$**	**(18,620)**	**$**	**(8,471)**	**$**	**1,504**	**$**	**163**	**$**	**1,041,736**

4) Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Cash flows from operating activities			
Income before income taxes	**¥ 13,296**	¥ 14,649	**$ 84,926**
Depreciation and amortization	**8,170**	8,352	**52,188**
Impairment loss	**935**	696	**5,973**
Increase (decrease) in allowance for doubtful accounts	**132**	145	**847**
Increase (decrease) in provision for bonus	**(153)**	(248)	**(978)**
Increase (decrease) in other provisions	**8**	(64)	**57**
Decrease (increase) in retirement benefit asset	**(1,382)**	—	**(8,828)**
Increase (decrease) in net defined benefit liability	**1,336**	(258)	**8,535**
Interest income	**(278)**	(261)	**(1,779)**
Interest expenses	**115**	113	**740**
Loss (gain) on sale of investment securities	**(266)**	—	**(1,702)**
Foreign exchange loss (gain)	**(1,776)**	(1,378)	**(11,347)**
Loss (gain) on valuation of investment securities	**296**	300	**1,893**
Loss on disposal of non-current assets	**464**	330	**2,970**
Loss (gain) on reversal of foreign currency translation adjustment	**718**	—	**4,592**
Loss on liquidation of business	**387**	—	**2,473**
Business restructuring expenses	**802**	—	**5,127**
Decrease (increase) in notes and accounts receivable – trade	**(42)**	495	**(272)**
Decrease (increase) in inventories	**(82)**	(17)	**(528)**
Increase (decrease) in notes and accounts payable – trade	**(87)**	(708)	**(558)**
Increase (decrease) in contract liabilities	**(223)**	(460)	**(1,428)**
Increase (decrease) in accrued consumption taxes	**2,222**	(284)	**14,193**
Decrease (increase) in other assets	**898**	259	**5,742**
Increase (decrease) in other liabilities	**(550)**	514	**(3,519)**
Other	**153**	55	**981**
Subtotal	**25,096**	22,229	**160,298**
Interest received	**305**	273	**1,953**
Interest paid	**(114)**	(115)	**(733)**
Payment for liquidation of business	**(206)**	(38)	**(1,320)**
Payment for business structure improvement expenses	**(506)**	—	**(3,235)**
Income taxes refund (paid)	**(6,037)**	3,836	**(38,561)**
Net cash provided by operating activities	**¥ 18,536**	¥ 26,185	**$ 118,401**

	Millions of yen		Thousands of U.S. Dollars
	2025	2024	**2025**
Cash flows from investing activities			
Payments into time deposits	**¥ (235)**	¥ (278)	**$ (1,504)**
Proceeds from withdrawal of time deposits	**317**	281	**2,025**
Purchase of short-term investments in securities	**—**	(2,000)	**—**
Proceeds from sales and redemption of short-term investments in securities	**19,000**	12,000	**121,359**
Purchase of property, plant and equipment	**(3,175)**	(8,172)	**(20,281)**
Proceeds from sales of property, plant and equipment	**71**	4	**456**
Purchase of intangible assets	**(3,506)**	(3,983)	**(22,396)**
Payments for disposal of non-current assets	**(67)**	(29)	**(434)**
Purchase of investments in securities	**(4,705)**	(9,310)	**(30,054)**
Proceeds from sales and redemptions of investment securities	**531**	43	**3,396**
Payments for asset retirement obligations	**(278)**	(338)	**(1,781)**
Purchase of long-term prepaid expenses	**(169)**	(346)	**(1,084)**
Payments for lease and guarantee deposits	**(164)**	(192)	**(1,053)**
Proceeds from collection of lease and guarantee deposits	**491**	288	**3,137**
Other	**(228)**	(70)	**(1,462)**
Net cash provided by (used in) investing activities	**7,878**	(12,104)	**50,324**
Cash flows from financing activities			
Repayments of borrowings	**(8)**	(12)	**(57)**
Repayments of lease obligations	**(819)**	(800)	**(5,237)**
Cash dividends paid	**(11,523)**	(11,554)	**(73,606)**
Purchase of treasury shares	**(8)**	(195)	**(54)**
Payments for acquisition of shares of subsidiaries not resulting in change in scope of consolidation	**—**	(1,008)	**—**
Proceeds from sales of treasury shares	**—**	195	**—**
Net cash used in financing activities	**(12,361)**	(13,376)	**(78,954)**
Effect of exchange rate changes on cash and cash equivalents	**588**	224	**3,756**
Net increase (decrease) in cash and cash equivalents	**14,642**	928	**93,527**
Cash and cash equivalents at beginning of year	**47,305**	46,376	**302,156**
Cash and cash equivalents at end of year	**¥ *1 61,948**	¥ *1 47,305	**$ 395,683**

[Notes]

■ (Basis for Preparation of Consolidated Financial Statements)

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 30

Names of major consolidated subsidiaries

POLA INC.
ORBIS Inc.
POLA CHEMICAL INDUSTRIES INC.
P.O. REAL ESTATE INC.
and 26 other companies

(Four excluded companies)

In the current fiscal year, ENBAN.INC, POLA BEAUTY E-COMMERCE (Guangzhou) Co., Ltd., POLA ORBIS (Shanghai) Enterprise Management CO., LTD., and ORBIS Beijing Inc. are excluded from the scope of consolidation following the completion of their liquidation.

(2) Number of non-consolidated subsidiaries: 1

Name of major non-consolidated subsidiaries

encyclo.INC

Reason for exclusion from scope of consolidation

Total assets, net sales, net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) all have a negligible effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliated companies to which the equity method is applied

None

(2) Names of non-consolidated subsidiaries and affiliated companies to which the equity method is not applied and the reason

One non-consolidated subsidiary (encyclo.INC) and 18 affiliated companies (Kohaku Co., Ltd., AGG Co., Ltd., SOULA Inc., lealea Co., Ltd., Lance Co., Ltd., AQUALIE Co., Ltd., Some FaB Co., Ltd., Viva Trail Co., Ltd., PraCheer Co., Ltd., REVER Flor Co., Ltd., WELLHAPI, Inc., PO-ZE Co., Ltd., ei. Co., Ltd., Pribbon Co., Ltd., O2 Co., Ltd., An Co., Ltd., R style Beauty Co., Ltd. and P. Co., Ltd.) are excluded from the scope of application of the equity method because their net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity) have a negligible effect on the consolidated financial statements and are not significant as a whole.

3. Fiscal year, etc., at consolidated subsidiaries

The last day of the fiscal year at all consolidated subsidiaries is the same as the consolidated closing date.

4. Accounting policies

(1) Valuation standards and method for material assets

1) Securities

Available-for-sale securities

Items other than shares, etc., without a market price

Market value method (in which valuation differences are processed by all being included directly in net assets, and the cost of securities sold is calculated by the moving average method)

Shares, etc., without a market price

Cost method according to the moving-average method

The Company's contribution to investment limited partnerships, which is defined as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan, is recorded at net equity based on the most recently available financial statements according to the reporting dates specified in the partnership agreement.

2) Inventories

The cost of merchandise, finished goods, work in process and raw materials is determined using the cost method according to the monthly moving-average method (in which balance sheet values are calculated by writing down the carrying amount based on a decline in profitability), and the cost of supplies is principally determined using the last purchase cost method.

(2) Depreciation and amortization method for significant depreciable and amortizable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries:

Declining balance method

The primary useful lives are as follows:

Buildings and structures..................................... 8-50 years
Machinery, equipment and vehicles.................... 7-15 years

The straight-line method over three years is used for small depreciable assets with an acquisition cost greater than or equal to ¥100,000 and less than ¥200,000.

Overseas consolidated subsidiaries:

Straight-line method based on local accounting standards

2) Intangible assets (excluding leased assets)

Straight-line method

Right of trademark……………………………10 years
Software for internal use………………………5 years (estimated useful life at the Company)

3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership:

The straight-line method is used when the lease term is deemed the useful life of the asset and the residual value is zero.

Subsidiaries that had prepared their financial statements in accordance with IFRS adopted IFRS 16 Leases (“IFRS 16”). Under IFRS 16, a lessee of a lease is, in principle, required to book all leases as assets and liabilities on balance sheets, and the depreciation method of right-of-use assets booked in assets is the straight-line method.

(3) Basis for recording significant allowances and provisions

1) Allowance for doubtful accounts

To prepare for possible bad debt losses on notes and accounts receivable and loans receivable, etc., the Company and its domestic consolidated subsidiaries record estimated uncollectible amounts based on the historical bad debt ratio for general receivables and based on an individual assessment of the collectability of specific doubtful accounts receivable. Overseas consolidated subsidiaries mainly record estimated uncollectible amounts for specific receivables.

2) Provision for bonuses

To provide for the payment of bonuses to employees, a provision is recorded based on the estimated amount of the bonuses.

3) Provision for directors’ bonuses

To provide for the payment of bonuses to directors, a provision is recorded based on the estimated amount of the bonuses.

4) Provision for directors’ share benefits

To provide share benefits to the Company’s directors, etc., in accordance with the Company’s rules on the issuing of shares to directors, etc., a provision is recorded based on the estimated amount of the share benefit obligation at the end of the current fiscal year.

5) Provision for environmental measures

To provide for the disposal of polychlorinated biphenyl (PCB) waste, the estimated cost of disposal is recorded.

(4) Accounting method for retirement benefits

1) Periodic allocation method for estimated retirement benefits

The retirement benefit obligation is calculated by allocating the estimated retirement benefits to the period up to the end of the current fiscal year using the benefit formula basis.

2) Amortization of actuarial gains or losses and past service cost

Past service cost is amortized on a straight-line basis over a certain number of years (10 years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year. Actuarial gains or losses are amortized on a straight-line basis over a certain number of years (10‑14 years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, and the amount is amortized from the following consolidated fiscal year.

(5) Basis for recording significant revenues and expenses

The Group manufactures and markets cosmetics and related products, and for the marketing of such products, the Group’s performance obligation is primarily to deliver finished products based on sales contracts with customers. Upon delivery of a product, the customer acquires control of the product, and the performance obligation is deemed satisfied and revenue is recognized. However, for sales of products in Japan, revenue is recognized at the time of shipment because the period from the time of shipment to the time when control of the products is transferred to the customer is a normal period of time.

The Group has introduced a point program that awards points for purchases of products and other items, and when points awarded under a contract with a customer provide the customer with significant rights, the points expected to be exercised by the customer in the future are recorded as a performance obligation under contract liabilities in the consolidated balance sheets. Transaction prices are allocated based on the ratio of the stand-alone selling price to the performance obligation related to these points and the performance obligation related to the products for which the points are granted. Transaction prices allocated to performance obligations for points that are recorded under contract liabilities are recognized as revenue in accordance with the use of the points.

For transactions in which a sales incentive or other consideration is paid to the sales agent or others who are customers of a product sales transaction, if the consideration paid is not in exchange for goods or services separate from the sale of the product, the transaction is considered a revenue reduction.

Consideration in product sales contracts is collected primarily within one year from the time when control of the goods is transferred to the customer and does not include a significant financial component.

(6) Basis for translating significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated account closing date, and differences arising from the translations are recognized as gains or losses.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate on the account closing date, while revenue and expenses are translated into Japanese yen at the average exchange rate for the year, and differences are included in the foreign currency translation adjustments and non-controlling interests under net assets.

(7) Scope of cash and cash equivalents on consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased that can easily be converted to cash and are subject to little risk of value fluctuation.

(8) Other important matters related to the preparation of the consolidated financial statements

Application of group tax sharing system

The group tax sharing system is applied.

■ (Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes)

The company has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year.

In adopting the new accounting categories for current income taxes (taxes on other comprehensive income), we follow the transitional dispensation provided in a proviso for Article 20-3 of ASBJ Statement No.27 and the transitional dispensation provided in a proviso for Article 65-2 (2) of "Guidance on Accounting Standard of Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022). Applying the accounting standard will have no impact on the consolidated financial statements.

From the beginning of the current period under review, the company has also adopted ASBJ Guidance No.28 in applying new treatments to consolidated financial statements in the case of deferring the gains or losses on sale of subsidiaries' shares between consolidated companies for tax purpose. We have retroactively applied these changes of accounting policy to their effects on the comparative quarterly consolidated financial statements in the previous fiscal year and the consolidated financial statements for the previous fiscal year. Applying the Guidance will have no impact on the consolidated financial statements described as above.

■ (New Accounting Standards Not Yet Applied)

(Accounting Standard for Leases, etc.)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, issued on September 13, 2024 by Accounting Standards Board of Japan (ASBJ))
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, issued on September 13, 2024 by ASBJ), etc.

(1) Overview

As part of initiatives to align Japanese accounting standards with international accounting standards, the Accounting Standards Board of Japan (ASBJ) conducted deliberations based on the international accounting standards with the aim of developing a new accounting standard for leases, in which a lessee recognizes assets and liabilities for all leases. Employing the basic policy of adopting not all stipulations but only key stipulations of IFRS 16 while using the single lessee accounting model of IFRS 16 as its basis, the ASBJ released the accounting standard for leases, etc., that is simple and highly convenient, and that also aims to basically eliminate the need for restatements when the stipulations of IFRS 16 are applied to non-consolidated financial statements.

With regard to accounting treatment for a lessee, the single lessee accounting model is applied to the cost allocation for leases of a lessee, under which, as in IFRS 16, a lessee is required to record depreciation and amortization of right-of-use assets and the amount equivalent to interest for lease liabilities for all leases, whether they are a finance lease transaction or an operating lease transaction.

(2) Planned date of application

The accounting standard, etc., will be applied from the beginning of the fiscal year ending December 31, 2028.

(3) Impact of the application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Leases, etc., on the consolidated financial statements is currently being assessed.

■ (Changes in Presentation)

(Consolidated Statements of Income)

"Loss on liquidation of business," which was included in "Other" under "Extraordinary losses" in the previous fiscal year, is separately presented from the current fiscal year due to increased monetary materiality.

As a result, ¥20 million of "Other" presented under "Extraordinary losses" in the consolidated statements of income for the previous fiscal year is reclassified as "Loss on liquidation of business."

(Consolidated Statements of Cash Flows)

"Increase (decrease) in accrued consumption taxes," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is separately presented from the current fiscal year due to increased monetary materiality.

As a result, ¥(284) million of "Other" presented under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year is reclassified as "Increase (decrease) in accrued consumption taxes."

■ (Consolidated Balance Sheets)

*1. The following are related to non-consolidated subsidiaries and affiliates.

(Millions of yen)

FY2024 December 31, 2024		FY2025 December 31, 2025	
Investment securities	57	Investment securities	57

■ (Consolidated Statements of Income)

*1. Revenue from contracts with customers

Net sales are not separately presented as revenue from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in “Notes, (Revenue Recognition), 1. Information analyzing revenue from contracts with customers” of the consolidated financial statements.

*2. Research and development costs included in general and administrative expenses and the current fiscal year’s manufacturing costs consist of the following:

(Millions of yen)

FY2024 (January 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
5,103	5,103

*3. Details of loss on disposal of non-current assets are as follows:

(Millions of yen)

	FY2024 (January 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Buildings and structures	170	169
Machinery, equipment and vehicles	18	3
Leased assets	6	13
Removal and demolition costs	94	74
Software	23	168
Other	16	36
Total	330	464

*4. Impairment loss

The Group recognized impairment losses on the following assets or asset groups.

FY2024 (January 1, 2024–December 31, 2024)

(1) Asset groups and amounts of impairment losses recognized

Location	Usage	Type	Amount (millions of yen)
Japan	Stores	Buildings and structures, Property, plant and equipment (Other), Investments and other assets	187
Asia	Stores	Buildings and structures, Property, plant and equipment (Other)	331
Oceania	Stores	Buildings and structures	90
Japan	Business assets	Buildings and structures, Property, plant and equipment (Other), Software, Intangible assets (Other)	86
Total			696

(2) Background leading to the recognition of impairment losses

With regard to stores and offices, the Group wrote down to the recoverable amount the carrying amount of asset groups that continuously recorded operating losses and whose total cash flow estimates fell below their carrying amount, and recorded the difference as an impairment loss.

The Group wrote down the carrying amount of business assets to the recoverable amount and recorded the difference as an impairment loss due to operating losses in the previous and current fiscal years, a significant discrepancy between the reasonable business plan and actual results and the total amount of undiscounted future cash flows being less than the carrying amount.

(3) Asset grouping method

Stores are mostly grouped by individual store, on the basis of business divisions whose revenues and expenses are regularly monitored. Business assets are grouped by company.

(4) Calculation method for recoverable amounts

The recoverable amount is measured by value in use. Value in use is assessed as a zero recoverable amount if expected future cash flows are negative.

FY2025 (January 1, 2025–December 31, 2025)

(1) Asset groups and amounts of impairment losses recognized

Location	Usage	Type	Amount (millions of yen)
Japan	Stores	Buildings and structures, Machinery, equipment and vehicles, Property, plant and equipment (Other)	203
Asia	Stores	Buildings and structures, Property, plant and equipment (Other)	276
Oceania	Stores	Buildings and structures	329
Japan	Business assets	Buildings and structures, Machinery, equipment and vehicles, Property, plant and equipment (Other), Software, Investments and other assets	124
Total			935

(2) Background leading to the recognition of impairment losses
With regard to stores and offices, the Group wrote down to the recoverable amount the carrying amount of asset groups that continuously recorded operating losses and whose total cash flow estimates fell below their carrying amount, and recorded the difference as an impairment loss.
The Group wrote down the carrying amount of business assets to the recoverable amount and recorded the difference as an impairment loss due to operating losses in the previous and current fiscal years, a significant discrepancy between the reasonable business plan and actual results and the total amount of undiscounted future cash flows being less than the carrying amount.

(3) Asset grouping method
Stores are mostly grouped by individual store, on the basis of business divisions whose revenues and expenses are regularly monitored. Business assets are grouped by company.

(4) Calculation method for recoverable amounts
The recoverable amount is measured by value in use and calculated by discounting future cash flows at a rate of 7–11%.
Value in use is assessed as a zero recoverable amount if expected future cash flows are negative.

*5. Loss on liquidation of business
FY2025 (January 1, 2025–December 31, 2025)
Loss on liquidation of business was due to the dissolution and liquidation of a consolidated subsidiary, ORBIS Beijing Inc. It consists of loss on valuation and abandonment of inventories of ¥65 million and other related expenses of ¥222 million.

*6. Business restructuring expenses
FY2025 (January 1, 2025–December 31, 2025)
Business restructuring expenses consist of consulting fees and other costs incurred at a consolidated subsidiary, Pola Orbis Jurlique Pty Ltd, to optimize business and the organizational structure.

■ (Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustments as well as income taxes and tax effects for each component of other comprehensive income

(Millions of yen)

	FY2024 (January 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Valuation difference on available-for-sale securities		
Amount arising during the period	(294)	(1)
Reclassification adjustment	74	183
Amount before income taxes and tax effect	(220)	182
Income taxes and tax effect	66	(61)
Valuation difference on available-for-sale securities	(153)	120
Foreign currency translation adjustments		
Amount arising during the period	(371)	(926)
Reclassification adjustment	—	718
Amount before income taxes and tax effect	(371)	(207)
Income taxes and tax effect	—	—
Foreign currency translation adjustments	(371)	(207)
Remeasurements of defined benefit plans		
Amount arising during the period	287	489
Reclassification adjustment	38	(49)
Amount before income taxes and tax effect	326	440
Income taxes and tax effect	(98)	(131)
Remeasurements of defined benefit plans	228	308
Total other comprehensive income	(296)	222

■ (Consolidated Statements of Changes in Net Assets)

FY2024 (January 1, 2024–December 31, 2024)

1. Shares issued and outstanding

Type of shares	At the beginning of the period	Increase	Decrease	At the end of the period
Common stock (shares)	229,136,156	—	—	229,136,156

2. Treasury stock

Type of shares	At the beginning of the period	Increase	Decrease	At the end of the period
Common stock (shares)	7,897,963	133,275	160,512	7,870,726

Notes: 1. The number of shares of common stock held in treasury stock includes the Company's shares (235,910 shares at the beginning of the period and 344,998 shares at the end of the period) held by the officer compensation Board Incentive Plan (BIP) trust.
2. (Summary of reasons for change)
The increase in the number of shares of treasury stock was due to an increase of 133,200 shares acquired in accordance with the trust contract of the officer compensation Board Incentive Plan (BIP) trust and an increase of 75 shares acquired in the

buyback of fractional shares.

The reduction in the number of shares of treasury stock was due to a decrease of 133,200 shares resulting from the disposal of treasury stock, a decrease of 12,412 shares sold for the cash payment to directors under the stock delivery trust for directors, a decrease of 11,700 shares delivered to directors under the stock delivery trust for directors and a decrease of 3,200 shares exercised as stock options.

3. Subscription rights to shares, etc.

Company name	Breakdown of subscription rights	Type of shares to be offered for subscription	Number of shares to be offered (shares)				Balance at the end of the period (millions of yen)
			At the beginning of the period	Increase	Decrease	At the end of the period	
POLA ORBIS HOLDINGS INC.	Subscription rights as stock options	—	—	—	—	—	236
Total			—	—	—	—	236

4. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on March 28, 2024	Common stock	6,865	31.00	December 31, 2023	March 29, 2024
Board of Directors' Meeting held on August 5, 2024	Common stock	4,653	21.00	June 30, 2024	September 6, 2024

Note: Total dividends resolved at the Annual Shareholders' Meeting held on March 28, 2024 include dividends of ¥7 million on the Company's shares held by the officer compensation BIP trust.
Total dividends resolved at the Board of Directors' Meeting held on August 5, 2024 include dividends of ¥7 million on the Company's shares held by the officer compensation BIP trust.

(2) Dividends with a record date in the current fiscal year and an effective date in the following fiscal year

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on March 27, 2025	Common stock	Retained earnings	6,869	31.00	December 31, 2024	March 28, 2025

Note: Total dividends include dividends of ¥10 million on the Company's shares held by the officer compensation BIP trust.

FY2025 (January 1, 2025–December 31, 2025)

1. Shares issued and outstanding

Type of shares	At the beginning of the period	Increase	Decrease	At the end of the period
Common stock (shares)	229,136,156	—	—	229,136,156

2. Treasury stock

Type of shares	At the beginning of the period	Increase	Decrease	At the end of the period
Common stock (shares)	7,870,726	6,209	7,888	7,869,047

Notes: 1. The number of shares of common stock held in treasury stock includes the Company's shares (344,998 shares at the beginning of the period and 344,910 shares at the end of the period) held by the officer compensation Board Incentive Plan (BIP) trust.

2. (Summary of reasons for change)

The increase in the number of shares of treasury stock was due to an increase of 6,200 shares resulting from the acquisition of the Company's shares through the officer compensation Board Incentive Plan (BIP) trust and an increase of 9 shares acquired in the buyback of fractional shares.

The reduction in the number of shares of treasury stock was due to a decrease of 3,788 shares sold for the cash payment to directors under the stock delivery trust for directors, a decrease of 2,500 shares resulting from the physical delivery of shares to directors and a decrease of 1,600 shares exercised as stock options.

3. Subscription rights to shares, etc.

Company name	Breakdown of subscription rights	Type of shares to be offered for subscription	Number of shares to be offered (shares)				Balance at the end of the period (millions of yen)
			At the beginning of the period	Increase	Decrease	At the end of the period	
POLA ORBIS HOLDINGS INC.	Subscription rights as stock options	—	—	—	—	—	235
Total			—	—	—	—	235

4. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on March 27, 2025	Common stock	6,869	31.00	December 31, 2024	March 28, 2025
Board of Directors' Meeting held on August 6, 2025	Common stock	4,653	21.00	June 30, 2025	September 5, 2025

Note: Total dividends resolved at the Annual Shareholders' Meeting held on March 27, 2025 include dividends of ¥10 million on the Company's shares held by the officer compensation BIP trust.

Total dividends resolved at the Board of Directors' Meeting held on August 6, 2025 include dividends of ¥7 million on the Company's shares held by the officer compensation BIP trust.

(2) Dividends with a record date in the current fiscal year and an effective date in the following fiscal year

The following item was scheduled to be submitted as a proposal at the Annual Shareholders' Meeting held on March 27, 2026.

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on March 27, 2026	Common stock	Retained earnings	6,869	31.00	December 31, 2025	March 30, 2026

Note: Total dividends include dividends of ¥10 million on the Company's shares held by the officer compensation BIP trust.

■ (Consolidated Statements of Cash Flows)

*1. Reconciliation of cash and cash equivalents at the end of the period and accounting items reported in the consolidated balance sheets consists of the following:

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Cash and deposits	45,176	59,711
Short-term investments in securities	18,907	4,945
Other current assets	3,000	3,000
Total	67,083	67,656
Time deposits with deposit periods of more than three months	(870)	(763)
Stocks and bonds, etc., with maturities of more than three months	(18,907)	(4,945)
Cash and cash equivalents	47,305	61,948

2. Significant non-cash transactions

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Assets and liabilities related to finance leases	1,287	501
Significant asset retirement obligations	567	260

Note: Subsidiaries that had prepared their financial statements in accordance with IFRS adopted IFRS 16, and lease transactions entered into by such companies are included in amounts of assets and liabilities related to finance leases above.

■ (Leases)

1. Finance leases

(As a lessee)

(1) Finance leases that do not transfer ownership

1) Description of leased assets

Property, plant and equipment: Primarily consist of interior furniture, fixtures and warehouse equipment ("buildings and structures" and "other property, plants and equipment")

2) Depreciation method for leased assets

The straight-line method is used where the lease term is deemed the useful life of the asset and the residual value is zero.

Subsidiaries that had prepared their financial statements in accordance with IFRS adopted IFRS 16, and the right-of-use assets included in assets and the depreciation method are included in the above description.

■ (Financial Instruments)

1. Overview of financial instruments

(1) Policies on financial instruments

The Group utilizes only low-risk, short- to medium-term financial instruments for cash management, and it raises funds by borrowing from banks and by issuing corporate bonds in the capital market.

(2) Description of financial instruments, risks and risk management systems

Trade receivables such as notes and accounts receivable – trade are exposed to customers' credit risk. To handle such risk, the Group manages payment dates and outstanding balances by individual customer and regularly reviews major customers' credit status in accordance with the Group's credit management policy.

Investments in securities mainly consist of financial instruments with low risk such as held-to-maturity debt securities, but they are exposed to the risk of fluctuations in market price. The Group has a management system in place to quarterly monitor market value and other information in order to manage such risk.

Trade payables such as notes and accounts payable – trade and accounts payable – other are due within one year.

Furthermore, trade payables and interest-bearing liabilities are exposed to liquidity risk, but the Group manages such risk by, for example, preparing cash management schedules monthly.

(3) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on the quoted price in an active market. A reasonable valuation technique is used if a quoted price is not available. The values may change under different assumptions as such calculation incorporates variable factors.

2. Fair value of financial instruments

FY2024 (December 31, 2024)

(Millions of yen)

	Carrying amount on the consolidated balance sheets	Fair value	Difference
Investments in securities (*2)			
Available-for-sale securities	27,773	27,773	—

(*1) "Cash and deposits," "Notes and accounts receivable – trade," "Notes and accounts payable – trade" and "Accounts payable – other" are settled in the short term, their fair value approximates their carrying amount and therefore they are not stated.

(*2) Shares, etc., without a market price are not included in "Investments in securities." The carrying amounts on the consolidated balance sheets for such financial instruments are as follows:

(Millions of yen)

Classification	FY2024
Unlisted stock	1,487
Capital contribution to investment in a limited partnership	5,053
Total	6,540

FY2025 (December 31, 2025)

(Millions of yen)

	Carrying amount on the consolidated balance sheets	Fair value	Difference
Investments in securities (*2)			
Available-for-sale securities	11,820	11,820	—

(*1) "Cash and deposits," "Notes and accounts receivable – trade," "Notes and accounts payable – trade" and "Accounts payable – other" are settled in the short term, their fair value approximates their carrying amount and therefore they are not stated.

(*2) Shares, etc., without a market price are not included in "Investments in securities." The carrying amounts on the consolidated balance sheets for such financial instruments are as follows:

(Millions of yen)

Classification	FY2025
Unlisted stock	1,587
Capital contribution to investment in a limited partnership	6,178
Total	7,766

(Note 1) Redemption schedules of monetary receivables and investments in securities with maturities after the consolidated closing date

FY2024 (December 31, 2024)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	45,176	—	—	—
Notes and accounts receivable – trade	17,368	—	—	—
Investments in securities				
Held-to-maturity debt securities (corporate bonds)	—	—	—	—
Held-to-maturity debt securities (other)	—	—	—	—
Available-for-sale securities with maturities (corporate bonds)	—	992	—	—
Available-for-sale securities with maturities (other)	18,907	7,900	3,934	1,091
Total	81,452	8,892	3,934	1,091

FY2025 (December 31, 2025)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	59,693	—	—	—
Notes and accounts receivable – trade	17,470	—	—	—
Investments in securities				
Held-to-maturity debt securities (corporate bonds)	—	—	—	—
Held-to-maturity debt securities (other)	—	—	—	—
Available-for-sale securities with maturities (corporate bonds)	993	998	—	—
Available-for-sale securities with maturities (other)	3,952	7,999	2,549	1,505
Total	82,109	8,998	2,549	1,505

(Note 2) Repayment schedules for long-term borrowings and other interest-bearing liabilities after the consolidated closing date

FY2024 (December 31, 2024)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term borrowings	6	7	7	7	7	8

FY2025 (December 31, 2025)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term borrowings	7	7	7	7	6	—

3. Breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and significance of inputs used for valuation.

Level 1: Of the observable inputs for fair value measurement, fair value is measured using quoted prices for assets or liabilities subject to fair value measurements that are formed in active markets.

Level 2: Of the observable inputs for fair value measurement, fair value is measured using inputs other than Level 1 inputs.

Level 3: Fair value is measured using unobservable inputs.

If multiple inputs that have a significant impact on fair value measurement are used, of the levels to which each input belongs, the fair value is classified into the lowest priority level in the fair value measurement.

(1) Financial instruments recorded at fair value on the consolidated balance sheets

FY2024 (December 31, 2024)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available-for-sale securities				
Corporate bonds	—	992	—	992
Other	—	26,781	—	26,781
Total assets	—	27,773	—	27,773

FY2025 (December 31, 2025)

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available-for-sale securities				
Corporate bonds	—	1,991	—	1,991
Other	—	9,829	—	9,829
Total assets	—	11,820	—	11,820

Note: Explanation of valuation techniques used to measure fair value and inputs related to the measurement of fair value

Available-for-sale securities

The Company’s holdings of bonds and other securities are classified as Level 2 fair value as they are infrequently traded in the market and their fair values cannot be considered as market prices in active markets.

■ (Securities)

1. Available-for-sale securities
FY2024 (December 31, 2024)

(Millions of yen)

Classification	Type	Carrying amounts on the consolidated balance sheets	Acquisition cost	Difference
Securities whose carrying amount on the consolidated balance sheets exceeds acquisition cost	(1) Government and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	3,001	3,000	1
	Subtotal	3,001	3,000	1
Securities whose carrying amount on the consolidated balance sheets does not exceed acquisition cost	(1) Government and municipal bonds			
	(2) Corporate bonds	992	1,000	(8)
	(3) Other	23,780	24,000	(219)
	Subtotal	24,772	25,000	(227)
Total		27,773	28,000	(226)

FY2025 (December 31, 2025)

(Millions of yen)

Classification	Type	Carrying amounts on the consolidated balance sheets	Acquisition cost	Difference
Securities whose carrying amount on the consolidated balance sheets exceeds acquisition cost	(1) Government and municipal bonds			
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Securities whose carrying amount on the consolidated balance sheets does not exceed acquisition cost	(1) Government and municipal bonds			
	(2) Corporate bonds	1,991	2,000	(9)
	(3) Other	9,829	10,000	(171)
	Subtotal	11,820	12,000	(180)
Total		11,820	12,000	(180)

2. Held-to-maturity debt securities sold during the fiscal year
FY2024 (January 1, 2024–December 31, 2024)
None

FY2025 (January 1, 2025–December 31, 2025)
None

3. Available-for-sale securities sold during the fiscal year
FY2024 (January 1, 2024–December 31, 2024)
None

FY2025 (January 1, 2025–December 31, 2025)

(Millions of yen)

Type	Amount of sale	Total gain on sales	Total loss on sales
Stocks	368	266	—

4. Securities for which the holding purpose was changed
FY2024 (January 1, 2024–December 31, 2024)
None

FY2025 (January 1, 2025–December 31, 2025)
None

5. Securities for which an impairment loss was recognized
FY2024 (January 1, 2024–December 31, 2024)
In fiscal 2024, loss on valuation of investment securities was recognized in the amount of ¥300 million.

FY2025 (January 1, 2025–December 31, 2025)
In fiscal 2025, loss on valuation of investment securities was recognized in the amount of ¥296 million.

■ (Retirement Benefits)

1. Summary of retirement benefit plans adopted

The Company and its domestic consolidated subsidiaries have defined benefit pension plans (cash balance plans) and lump-sum retirement payment plans. Certain foreign consolidated subsidiaries have lump-sum retirement payment plans.

When employees retire, premium retirement payments, etc., which are treated as retirement benefit expenses at the time of payment, may be paid.

Certain consolidated subsidiaries use the simplified accounting method to calculate retirement benefit obligations.

2. Defined benefit plans (including plans applying the simplified accounting method)

(1) Movement in retirement benefit obligations

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Balance at the beginning of the period	8,927	8,748
Service cost	787	654
Interest cost	70	107
Actuarial loss (gain)	(284)	(558)
Benefits paid	(756)	(1,003)
Other	3	37
Balance at the end of the period	8,748	7,985

(2) Movement in pension assets

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Balance at the beginning of the period	8,115	8,518
Expected return on pension assets	121	127
Actuarial gain (loss)	3	(68)
Contribution paid by the employer	911	497
Benefits paid	(633)	(836)
Balance at the end of the period	8,518	8,238

(3) Reconciliation of balance at the end of the period of retirement benefit obligations and pension assets to net defined benefit liability recognized on the consolidated balance sheets

(Millions of yen)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Funded retirement benefit obligations	7,595	7,519
Pension assets	(8,518)	(8,238)
	(923)	(719)
Unfunded retirement benefit obligations	1,152	465
Net liabilities and assets recognized on the consolidated balance sheets	229	(253)
Net defined benefit liability	229	1,128
Retirement benefit asset	—	(1,382)
Net liabilities and assets recognized on the consolidated balance sheets	229	(253)

(4) Amount of retirement benefit expenses and breakdown of items

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Service cost	787	654
Interest cost	70	107
Expected return on pension assets	(121)	(127)
Amortization of actuarial loss	38	(49)
Other	23	395
Retirement benefit expenses related to defined benefit plans	799	980

Notes: 1. Retirement benefit expenses for consolidated subsidiaries that use the simplified accounting method were included in “Service cost.”

2. Premium retirement payments paid on a one-off basis were recorded under “Other” and amounted to ¥35 million in fiscal 2024 and ¥356 million in fiscal 2025.

(5) Remeasurements of defined benefit plans

The details of remeasurements of defined benefit plans (before income taxes and tax effect) are as follows:

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Actuarial loss	326	440
Total	326	440

(6) Accumulated remeasurements of defined benefit plans

The details of accumulated remeasurements of defined benefit plans (before income taxes and tax effect) are as follows:

(Millions of yen)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Unrecognized actuarial loss (gain)	(681)	(1,122)
Total	(681)	(1,122)

(7) Particulars for pension assets

1) Major components of pension assets

The percentages for major classifications to total pension assets are as follows:

	FY2024 December 31, 2024	FY2025 December 31, 2025
Life insurance general accounts	54.6%	58.1%
Life insurance special accounts	32.4%	28.9%
Other	13.0%	13.0%
Total	100.0%	100.0%

2) Method of setting the long-term expected rate of return on pension assets

The long-term expected rate of return on pension assets is determined by considering current and anticipated allocations and current and anticipated long-term rates of return from the portfolio of pension assets.

(8) Particulars for actuarial calculation assumptions

Principal actuarial assumptions (represented as a weighted average)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Discount rate	1.3%	2.8%
Long-term expected rate of return	1.5%	1.5%

The expected rate of salary increase is calculated by using the salary increase index by age as of December 31, 2025.

3. Defined contribution pension plans

None

■ (Stock Options)

1. Details of, number of and changes to stock options

(1) Details of stock options

	Subscription rights to shares issued in fiscal 2012	Subscription rights to shares issued in fiscal 2013	Subscription rights to shares issued in fiscal 2014
Date of approval	March 30, 2012	March 29, 2013	March 28, 2014
Classification and number of grantees	7 directors of the Company and 7 directors of subsidiaries	7 directors of the Company and 6 directors of subsidiaries	7 directors of the Company and 7 directors of subsidiaries
Type and number of shares granted (shares)	Common stock: 118,800	Common stock: 78,800	Common stock: 62,680
Grant date	April 16, 2012	April 15, 2013	April 14, 2014
Preconditions to exercising rights	Resignation of the positions as directors in both the Company and the subsidiaries	Resignation of the positions as directors in both the Company and the subsidiaries	Resignation of the positions as directors in both the Company and the subsidiaries
Service period required	Not specified	Not specified	Not specified
Exercisable period	From April 17, 2012 through April 16, 2042	From April 16, 2013 through April 15, 2043	From April 15, 2014 through April 14, 2044

	Subscription rights to shares issued in fiscal 2015	Subscription rights to shares issued in fiscal 2016	Subscription rights to shares issued in fiscal 2017
Date of approval	March 27, 2015	March 31, 2016	April 3, 2017
Classification and number of grantees	6 directors of the Company and 7 directors of subsidiaries	6 directors of the Company and 5 directors of subsidiaries	6 directors of the Company and 7 directors of subsidiaries
Type and number of shares granted (shares)	Common stock: 38,560	Common stock: 25,000	Common stock: 23,920
Grant date	April 13, 2015	April 15, 2016	April 18, 2017
Preconditions to exercising rights	Resignation of the positions as directors in both the Company and the subsidiaries	Resignation of the positions as directors in both the Company and the subsidiaries	Resignation of the positions as directors in both the Company and the subsidiaries
Service period required	Not specified	Not specified	Not specified
Exercisable period	From April 14, 2015 through April 13, 2045	From April 16, 2016 through April 15, 2046	From April 19, 2017 through April 18, 2047

	Subscription rights to shares issued in fiscal 2018
Date of approval	March 28, 2018
Classification and number of grantees	4 directors of the Company and 7 directors of subsidiaries
Type and number of shares granted (shares)	Common stock: 10,960
Grant date	April 12, 2018
Preconditions to exercising rights	Resignation of the positions as directors in both the Company and the subsidiaries
Service period required	Not specified
Exercisable period	From April 13, 2018 through April 12, 2048

Note: The Company carried out a four-for-one stock split of its common stock effective on April 1, 2017. Shares granted were recalculated based on the shares post stock split.

(2) Information on number of and changes to stock options

The number of existing stock options translated into shares at the end of fiscal 2025 (December 31, 2025) is presented below.

1) Number of stock options

	Subscription rights to shares issued in fiscal 2012	Subscription rights to shares issued in fiscal 2013	Subscription rights to shares issued in fiscal 2014
Date of approval	March 30, 2012	March 29, 2013	March 28, 2014
Non-vested (shares)			
Outstanding at beginning of period	38,640	32,600	24,640
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Balance of non-vested (shares)	38,640	32,600	24,640
Vested (shares)			
Outstanding at beginning of period	23,640	18,640	17,600
Vested	—	—	—
Exercised	1,600	—	—
Forfeited	—	—	—
Balance of non-exercised (shares)	22,040	18,640	17,600

	Subscription rights to shares issued in fiscal 2015	Subscription rights to shares issued in fiscal 2016	Subscription rights to shares issued in fiscal 2017
Date of approval	March 27, 2015	March 31, 2016	April 3, 2017
Non-vested (shares)			
Outstanding at beginning of period	16,360	15,160	14,480
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Balance of non-vested (shares)	16,360	15,160	14,480
Vested (shares)			
Outstanding at beginning of period	11,520	5,160	4,160
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Balance of non-exercised (shares)	11,520	5,160	4,160

	Subscription rights to shares issued in fiscal 2018
Date of approval	March 28, 2018
Non-vested (shares)	
Outstanding at beginning of period	5,840
Granted	—
Forfeited	—
Vested	—
Balance of non-vested (shares)	5,840
Vested (shares)	
Outstanding at beginning of period	1,880
Vested	—
Exercised	—
Forfeited	—
Balance of non-exercised (shares)	1,880

Note: The Company carried out a four-for-one stock split of its common stock effective on April 1, 2017. The number of stock options was recalculated based on the shares post stock split.

2) Price information

	Subscription rights to shares issued in fiscal 2012	Subscription rights to shares issued in fiscal 2013	Subscription rights to shares issued in fiscal 2014
Date of approval	March 30, 2012	March 29, 2013	March 28, 2014
Exercise price (yen)	1	1	1
Average stock price at the time of exercise (yen)	1,380	—	—
Fair value of stock options on the grant date (yen)	458	641	750

	Subscription rights to shares issued in fiscal 2015	Subscription rights to shares issued in fiscal 2016	Subscription rights to shares issued in fiscal 2017
Date of approval	March 27, 2015	March 31, 2016	April 3, 2017
Exercise price (yen)	1	1	1
Average stock price at the time of exercise (yen)	—	—	—
Fair value of stock options on the grant date (yen)	1,462	1,831	1,909

	Subscription rights to shares issued in fiscal 2018
Date of approval	March 28, 2018
Exercise price (yen)	1
Average stock price at the time of exercise (yen)	—
Fair value of stock options on the grant date (yen)	3,838

Note: The Company carried out a four-for-one stock split of its common stock effective on April 1, 2017. Price information was recalculated based on the prices post stock split.

2. Method for estimating the fair value of stock options vested during the current fiscal year
None

3. Method for estimating the number of stock options vested
As making a reasonable estimation for future forfeited shares is difficult, the Company adopted the method of reflecting the actual number of forfeited shares only.

■ (Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Deferred tax assets		
Provision for bonuses	405	400
Net defined benefit liability	193	58
Loss on valuation of inventories	516	424
Impairment loss	986	926
Contract liabilities	421	277
Unrealized inter-company profit	1,454	1,388
Tax loss carry-forwards (Note)	11,865	12,082
Enterprise tax payable	204	125
Asset retirement obligations	1,242	1,256
Other	2,269	2,647
Subtotal deferred tax assets	19,559	19,587
Valuation allowance for tax loss carry-forwards (Note)	(11,624)	(11,844)
Valuation allowance for total deductible temporary differences	(2,084)	(2,467)
Subtotal valuation allowance	(13,709)	(14,311)
Total deferred tax assets	5,849	5,275
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(123)	(172)
Translation differences of long-term foreign currency-denominated receivables and payables	(116)	—
Restoration cost for asset retirement obligations	(286)	(284)
Other	(102)	(156)
Total deferred tax liabilities	(629)	(612)
Deferred tax assets, net	5,220	4,663

Note: Tax loss carry-forwards and the corresponding deferred tax assets for each carry-forward period

FY2024 (December 31, 2024)

(Millions of yen)

	1 year or less	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carry-forwards (a)	931	237	578	1,248	796	8,072	11,865
Valuation allowance	(867)	(237)	(578)	(1,167)	(743)	(8,030)	(11,624)
Deferred tax assets (b)	64	—	—	81	52	42	240

(a) Tax loss carry-forwards are amounts that were multiplied by the statutory income tax rate.

(b) Deferred tax assets for tax loss carry-forwards are determined to be recoverable after the estimated taxable income based on the future earnings power of each company with tax loss carry-forwards is taken into account.

FY2025 (December 31, 2025)

(Millions of yen)

	1 year or less	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carry-forwards (a)	145	475	1,147	740	887	8,685	12,082
Valuation allowance	(145)	(475)	(1,063)	(686)	(788)	(8,685)	(11,844)
Deferred tax assets (b)	—	—	83	54	99	—	237

(a) Tax loss carry-forwards are amounts that were multiplied by the statutory income tax rate.

(b) Deferred tax assets for tax loss carry-forwards are determined to be recoverable after the estimated taxable income based on the future earnings power of each company with tax loss carry-forwards is taken into account.

2. Reconciliation between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

(%)

	FY2024 December 31, 2024	FY2025 December 31, 2025
Statutory income tax rate	30.6	30.6
(Convocation)		
Expenditure not allowable for income tax purposes (entertainment expense, etc.)	0.8	1.2
Per capita inhabitants’ tax	0.4	0.4
Increase (decrease) in valuation allowance	8.0	0.6
Loss on reversal of foreign currency translation adjustment	—	1.7
Tax credits for research and development costs	(2.8)	(4.9)
Other	(0.5)	(0.8)
Effective income tax rate after application of tax effect accounting	36.5	28.8

3. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to a change in the income tax rate, etc.
Following the enactment by the National Diet of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, the "special defense corporate tax" will be imposed for fiscal years beginning on or after April 1, 2026.
Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in the fiscal year beginning on January 1, 2027, the statutory income tax rate used for calculations has been changed from 30.6% to 31.5%.
The impact of this tax rate change on the consolidated financial statements is minor.

4. Accounting for corporate and local income taxes or tax effect accounting related thereto
The Company and some of its domestic consolidated subsidiaries adopted the group tax sharing system. In addition, accounting for and disclosure of corporate and local income taxes or tax effect accounting related thereto are performed in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

■ (Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheets

(1) Summary of asset retirement obligations
These include restoration costs associated with lease contracts for stores, etc., and asbestos removal costs incurred during dismantling of buildings.

(2) Calculation method of asset retirement obligations
The expected usage period is estimated as the contract period of the real estate lease contract and the useful life of the building, and the discount rate is determined using the yield of the government bond corresponding to the period to calculate the amount of asset retirement obligations.

(3) Increase/decrease in total amount

(Millions of yen)

	FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Balance at the beginning of the period	3,563	3,908
Increase due to acquisition of property, plant and equipment	567	260
Adjustment amount over time	14	12
Decrease due to fulfillment of asset retirement obligations	(241)	(265)
Other increase (decrease)	4	(34)
Balance at the end of the period	3,908	3,881

■ (Investment and Rental Property)

The Group owns office buildings and residential properties for lease in Tokyo and other areas.

In fiscal 2024, net rental income from investment and rental properties was ¥365 million (in which rental income is recorded under net sales and non-operating income, while rental expenses are recorded under cost of sales, selling, general and administrative expenses, and non-operating expenses).

In fiscal 2025, net rental income from investment and rental properties is ¥738 million (in which rental income is recorded under net sales and non-operating income, while rental expenses are recorded under cost of sales, selling, general and administrative expenses, and non-operating expenses).

The carrying amounts on the consolidated balance sheets, net change during fiscal 2024 and fiscal 2025 and the fair value of those properties are stated below.

(Millions of yen)

		FY2024 (January 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Carrying amounts on the consolidated balance sheets	Balance at the beginning of the period	22,563	25,935
	Change	3,372	(328)
	Balance at the end of the period	25,935	25,607
Fair value at the end of the period		77,580	78,904

Notes: 1. The carrying amounts present acquisition cost less accumulated depreciation and accumulated impairment loss.
2. Main change
(Fiscal 2024)
Increase: Refurbishment of office buildings for lease: ¥4,154 million
Decrease: Depreciation on office buildings and residential properties and other properties for lease: ¥656 million
(Fiscal 2025)
Increase: Refurbishment of office buildings for lease: ¥950 million
Decrease: Depreciation on office buildings and residential properties and other properties for lease: ¥708 million
3. Method for calculating fair values
The fair values of major properties are determined at the amounts using appraisal certificates provided by outside real estate assessors. For other properties, however, the fair value of land is determined at the amount adjusted using the indices that are considered to properly reflect market price. The fair values of depreciable assets such as buildings are determined at the carrying amounts on the consolidated balance sheets.

■ (Revenue Recognition)

1. Information analyzing revenue from contracts with customers

FY2024 (January 1, 2024–December 31, 2024)

(Millions of yen)

	Japan	Asia	Other areas	Total
Beauty Care	140,586	21,431	3,043	165,060
Real Estate	0	—	—	0
Others	3,085	—	—	3,085
Revenue from contracts with customers	143,671	21,431	3,043	168,146
Other revenue	2,213	—	—	2,213
Segment sales to external customers	145,885	21,431	3,043	170,359

Note: "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.

FY2025 (January 1, 2025–December 31, 2025)

(Millions of yen)

	Japan	Asia	Other areas	Total
Beauty Care	142,030	18,922	3,195	164,148
Real Estate	0	—	—	0
Others	3,112	—	—	3,112
Revenue from contracts with customers	145,144	18,922	3,195	167,262
Other revenue	3,023	—	—	3,023
Segment sales to external customers	148,167	18,922	3,195	170,285

Note: "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.

2. Information forming the basis for understanding revenue from contracts with customers

It is as stated in "Basis for Preparation of Consolidated Financial Statements, 4. Particulars for accounting policies, (5) Basis for recording significant revenues and expenses."

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue from contracts with customers that existed at the end of the current fiscal year that is expected to be recognized in subsequent fiscal years

(1) Outstanding contract liabilities

(Millions of yen)

	FY2024	FY2025
Contract liabilities (balance at the beginning of the period)	5,226	4,795
Contract liabilities (balance at the end of the period)	4,795	4,587

Contract liabilities were mainly due to the point programs and related to advance payments received from customers for aesthetic treatments. Points expected to be exercised by customers in the future are recorded under contract liabilities as performance obligations when the points provide customers with significant rights, and are recognized as revenue when the points are used.

The residual performance obligation for aesthetic treatments provided in stores is recognized as revenue based on the number of times that customers are provided treatments.

The amount of revenue recognized in fiscal 2024 that was included in the contract liability balance at the beginning of the period was ¥5,226 million.

The amount of revenue recognized in fiscal 2025 that was included in the contract liability balance at the beginning of the period was ¥4,795 million.

(2) Transaction price allocated to remaining performance obligations

Since there are no significant contracts with an initial expected contract period exceeding one year, the practical expedient is applied and information on remaining performance obligations is omitted.

■ (Segment Information, etc.)

[Segment information]

1. General information about reportable segments

A reportable segment is a component of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group primarily develops, manufactures and markets cosmetics products and related products. It promotes a multi-brand strategy of holding a range of brands and winning market shares for each of its high-profile brands in order to satisfy the diversifying needs of its customers on the basis of their values. Comprehensive strategies are planned and products are marketed by each brand name in Japan and overseas. In addition to its cosmetics business, the Group pursues various businesses to contribute to its profits.

Therefore, reportable segments consist of the Beauty Care business, the Group's core business, and the Real Estate business, which indirectly supports the Group's core business.

The Beauty Care business manufactures and distributes cosmetics and health foods and sells fashion items under the following brand names: *POLA, ORBIS, Jurlique, DECENCIA, THREE* and *FUJIMI*. The Real Estate business is engaged in the leasing of office buildings and residential properties.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method for the Group's reportable business segments is generally the same as described in "Basis for Preparation of Consolidated Financial Statements."

Segment income is based on operating income. The amounts of intersegment unrealized profits and transfers are calculated based on prevailing market prices.

3. Information about net sales, profit (loss), assets and other items by reportable segment

FY2024 (January 1, 2024–December 31, 2024)

(Millions of yen)

	Reportable segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount shown on the consolidated financial statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net sales							
Sales to external customers	165,060	2,214	167,274	3,085	170,359	—	170,359
Intersegment sales or transfers	124	478	603	2,538	3,142	(3,142)	—
Total	165,184	2,692	167,877	5,624	173,502	(3,142)	170,359
Segment income	14,926	76	15,003	231	15,235	(1,424)	13,810
Segment assets	157,088	34,004	191,093	2,988	194,081	6,239	200,320
Other items							
Depreciation and amortization	6,886	722	7,609	12	7,622	730	8,352
Increase in property, plant and equipment and intangible assets	8,197	6,048	14,245	2	14,248	270	14,518

Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.

2. Reconciliations consist of the following:

(1) The segment income reconciliation of ¥(1,424) million includes intersegment transaction eliminations of ¥3,052 million and corporate expenses of ¥(4,477) million not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.

(2) The segment assets reconciliation of ¥6,239 million includes intersegment eliminations of ¥(64,068) million and corporate assets of ¥70,307 million not allocated to each segment. Corporate assets are primarily the Company's financial assets and assets in the administrative division not allocated to reportable segments.

(3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment and intangible assets are those related to corporate assets and intersegment eliminations.

3. Segment income is adjusted for operating income reported on the consolidated statements of income.

4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment and intangible assets, respectively.

FY2025 (January 1, 2025–December 31, 2025)

(Millions of yen)

	Reportable segments			Others (Note 1)	Subtotal	Reconciliations (Note 2)	Amount shown on the consolidated financial statements (Note 3)
	Beauty Care	Real Estate	Subtotal				
Net sales							
Sales to external customers	164,148	3,023	167,172	3,112	170,285	—	170,285
Intersegment sales or transfers	145	482	628	2,647	3,275	(3,275)	—
Total	164,294	3,506	167,800	5,760	173,561	(3,275)	170,285
Segment income	15,856	421	16,277	218	16,495	(801)	15,693
Segment assets	154,083	32,900	186,984	3,027	190,011	7,895	197,906
Other items							
Depreciation and amortization	6,673	796	7,470	3	7,474	696	8,170
Increase in property, plant and equipment and intangible assets	7,809	688	8,498	6	8,504	(119)	8,385

Notes: 1. "Others" comprises business operations that are not categorized as reportable segments and includes the building maintenance business.

2. Reconciliations consist of the following:

(1) The segment income reconciliation of ¥(801) million includes intersegment transaction eliminations of ¥3,495 million and

corporate expenses of ¥(4,297) million not allocated to each segment. Corporate expenses are primarily the Company's administrative expenses not allocated to reportable segments.

(2) The segment assets reconciliation of ¥7,895 million includes intersegment eliminations of ¥(58,357) million and corporate assets of ¥66,252 million not allocated to each segment. Corporate assets are primarily the Company's financial assets and assets in the administrative division not allocated to reportable segments.

(3) Reconciliations of depreciation and amortization, and increases in property, plant and equipment and intangible assets are those related to corporate assets and intersegment eliminations.

3. Segment income is adjusted for operating income reported on the consolidated statements of income.
4. Amortization and increase in long-term prepaid expenses are included in depreciation and amortization, and increases in property, plant and equipment and intangible assets, respectively.

[Related Information]

FY2024 (January 1, 2024–December 31, 2024)

1. Information by product and service

Information by product and service is omitted as sales to external customers in a single product or service category exceed 90% of net sales on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Asia	Other areas	Total
145,885	21,431	3,043	170,359

Note: Net sales are classified by country or region based on the locations of customers.

(2) Property, plant and equipment

Information about property, plant and equipment is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheets.

3. Information by key customer

Information by key customer is omitted as there are no external customers for which sales account for more than 10% of net sales presented on the consolidated statements of income.

FY2025 (January 1, 2025–December 31, 2025)

1. Information by product and service

Information by product and service is omitted as sales to external customers in a single product or service category exceed 90% of net sales on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Asia	Other areas	Total
148,167	18,922	3,195	170,285

Note: Net sales are classified by country or region based on the locations of customers.

(2) Property, plant and equipment

Information about property, plant and equipment is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the property, plant and equipment on the consolidated balance sheets.

3. Information by key customer

Information by key customer is omitted as there are no external customers for which sales account for more than 10% of net sales presented on the consolidated statements of income.

[Information about Impairment Loss on Non-current Assets by Reportable Segment]

FY2024 (January 1, 2024–December 31, 2024)

(Millions of yen)

	Reportable segments			Others	Reconciliations	Total
	Beauty Care	Real Estate	Subtotal			
Impairment loss	696	—	696	—	—	696

FY2025 (January 1, 2025–December 31, 2025)

(Millions of yen)

	Reportable segments			Others	Reconciliations	Total
	Beauty Care	Real Estate	Subtotal			
Impairment loss	935	—	935	—	—	935

[Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment]

None

[Information about Gain on Bargain Purchase by Reportable Segment]

None

[Related-party Information]
1. Transactions with related parties
Transactions between consolidated subsidiaries of the Company and related parties
Officers and major shareholders of the Company (limited to individuals), etc.
FY2024 (January 1, 2024–December 31, 2024)

Category	Name of the company or the individual	Location	Stated capital or capital contribution (millions of yen)	Description of business or occupation	Percentage of voting rights, etc., holding/held (%)	Relationship with the related party	Details of transactions	Amount of transactions (millions of yen)	Accounting item	Balance at the end of the period (millions of yen)
Officer and major shareholder	Satoshi Suzuki	—	—	Representative Director and Chairman of the Company	Directly held: 22.03	—	Receipt of cultural assets as donation Notes 1, 2	32	—	—

Notes: 1. The amount of transactions does not include consumption taxes, etc.
2. Transaction terms and the policy of determining transaction terms, etc.
The transaction price is determined based on the prevailing market price, the real estate appraisal value, etc.

FY2025 (January 1, 2025–December 31, 2025)
None

2. Notes related to the parent company and significant affiliates
None

■ (Per Share Information)

Item	FY2024 (January 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net assets per share	¥744.16	¥735.91
Net income per share	¥41.97	¥42.81
Diluted net income per share	¥41.93	¥42.76

Notes: 1. The Company's shares held by the officer compensation BIP trust are included in shares of treasury stock that are deducted from the number of shares issued and outstanding at the end of the period in the calculation of net assets per share and are included in shares of treasury stock that are deducted in the calculation of the average number of shares of treasury stock during the period for calculating net income per share and diluted net income per share. The number of shares of deducted treasury stock at fiscal year-end is 344,998 for fiscal 2024 and 344,910 for fiscal 2025. The average number of shares of such stock during the period is 289,985 for fiscal 2024 and 344,168 for fiscal 2025.

2. Basis for calculation of net income per share and diluted net income per share is stated below:

Item	FY2024 (January 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net income per share		
Profit attributable to owners of parent (millions of yen)	9,286	9,472
Amount not attributable to shareholders of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	9,286	9,472
Average number of shares of common stock during the period	221,258,267	221,267,606
Diluted net income per share		
Adjustment of profit attributable to owners of parent (millions of yen)	—	—
Number of shares of common stock increased	231,066	228,679
[Of which, subscription rights to shares]	[231,066]	[228,679]
Outline of the dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effects	—	

3. Basis for calculation of net assets per share is stated below:

Item	FY2024 (December 31, 2024)	FY2025 (December 31, 2025)
Total net assets (millions of yen)	164,916	163,094
Amount deducted from total net assets (millions of yen)	259	260
[Of which, subscription rights to shares (millions of yen)]	[236]	[235]
[Of which, non-controlling interests (millions of yen)]	[23]	[25]
Net assets associated with common stock (millions of yen)	164,656	162,833
Number of shares of common stock used in the calculation of net assets per share	221,265,430	221,267,109

■ (Subsequent Event)
At a meeting of the Board of Directors on February 13, 2026, the Company resolved to implement the Next Career Special Support Plan (the "Plan"), an early retirement program for employees of POLA INC., a consolidated subsidiary of the Company.

1. Reason for implementing the Plan
The POLA ORBIS Group (the "Group"), has formulated VISION 2029, which sees the Group as "a collection of unique businesses that respond to diversifying values of 'beauty.' " The Group's three basic strategies are to develop the cosmetics business globally; reform and enhance the brand portfolio, to create new value and expand business domains, and to strengthen research and technical strategy. For its cosmetics business, in particular, the Group has been reforming its brand portfolio and working to further strengthen the earnings base of each brand.

Against this backdrop, the Group's flagship brand, POLA INC., aims to respond to changes in the structure of the cosmetics market and changes in the business environment, such as its competitive environment, while also expanding its business over the medium to long term. POLA INC. is carrying out structural reforms aimed at bringing about a business turnaround, and as part of these efforts it has decided to implement the Plan, an early retirement program. Through this Plan, POLA INC. will support employees who choose to pursue new career opportunities, helping them achieve personal growth in their new environments.

2. Overview of the Plan

(1) Eligible employees	POLA INC. employees whose ages, lengths of service, and other conditions meet the designated eligibility requirements
(2) Number of applicants	Approximately 160
(3) Application period	March 16 to March 27, 2026
(4) Date of retirement	As a general rule, June 30, 2026
(5) Support details	1. Special support payment based on length of service and age, in addition to regular retirement allowance 2. Career transition support services for those who wish to use

3. Expected impact on earnings
The costs attributable to the payment of career support allowances incurred by the Plan are expected to be recorded as extraordinary losses of approximately ¥1.4 billion in fiscal 2026.

5) Annexed Consolidated Detailed Schedules

[Annexed Consolidated Detailed Schedule of Corporate Bonds]

None

[Annexed Consolidated Detailed Schedule of Borrowings]

Classification	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%)	Maturity
Short-term loans payable	—	—	—	—
Current portion of long-term loans payable	6	7	2.00	—
Current portion of lease obligations	774	601	5.90	—
Long-term borrowings (excluding that due within a year)	40	30	2.00	2027–2030
Lease obligations (excluding that due within a year)	1,295	959	6.96	2027–2031
Other interest-bearing liabilities	—	—	—	—
Total	2,116	1,599	—	—

Notes: 1. "Average interest rate" is the weighted average interest rate on the end-of-period balance of loans.

2. Total amount of expected repayment of long-term borrowings and lease obligations (excluding that due within a year) for the subsequent five years from the consolidated closing date

(Millions of yen)

Classification	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term borrowings	7	7	7	6
Lease obligations	394	303	166	74

[Annexed Consolidated Detailed Schedule of Asset Retirement Obligations]

The details of asset retirement obligations that should be stated are omitted as they are described as notes stipulated in Article 15-23 of the Regulations on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Others

Quarterly information during fiscal 2025

	Six months ended June 30, 2025	Fiscal year ended December 31, 2025
Net sales (millions of yen)	83,253	170,285
Income before income taxes (millions of yen)	5,760	13,296
Profit attributable to owners of parent (millions of yen)	4,643	9,472
Net income per share (yen)	20.99	42.81

■ Independent Auditor’s Report and Internal Control Audit Report

March 25, 2026

The Board of Directors
Pola Orbis Holdings Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Yoshihiro Sugimoto
Designated Engagement Partner
Certified Public Accountant

Seizaburo Oya
Designated Engagement Partner
Certified Public Accountant

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements for the consolidated fiscal year from January 1, 2025 through December 31, 2025 of Pola Orbis Holdings Inc. referred to in the Financial Information section, which comprise the consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets, consolidated statements of cash flows, basis for preparation of consolidated financial statements, other notes and annexed consolidated detailed schedules, to certify the audit pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pola Orbis Holdings Inc. and its consolidated subsidiaries (the Group) as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with professional ethical requirements in Japan (including requirements applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of net sales of the consignment sales channel of POLA INC.	
Description and Reason for Determination of Key Audit Matter	Auditor's Response
As described in notes to the consolidated financial statements (Segment Information, etc.), net sales of the Beauty Care business amount to ¥164,148 million out of ¥170,285 million of net sales recorded on the consolidated statements of income. Of these net sales, ¥81,349 million is attributable to POLA INC., a major subsidiary with a consignment sales channel as its core business. As described in notes to the consolidated financial statements (Basis for Preparation of Consolidated Financial Statements) 4. Accounting policies (5) Basis for recording significant revenues and expenses, for the marketing of products, the Group's performance obligation is primarily the delivery of finished products based on sales contracts with customers. Upon delivery of a product, the customer acquires control of the product, and the performance obligation is deemed satisfied and revenue is recognized. In the consignment sales channel, cosmetics and related products are sold through sales partners in possession of consignment sales contracts, and revenue is recognized upon sale to a customer by the sales partner. Although the sales process of the consignment sales channel is not a complicated procedure that requires estimates or other assumptions, in the reporting of such net sales, net sales are automatically calculated and aggregated in the sales management system, then linked to the accounting system and processed. The whole sales process depends broadly on the automated processing by multiple IT systems. In addition, as such net sales are highly significant in amount, any misstatement in such net sales is very likely to cause a material impact on profit and loss. In light of the above, we judged the accuracy of net sales of the consignment sales channel of POLA INC. to fall under a key audit matter.	The audit procedures we performed to assess the generation and accuracy of net sales in the consignment sales channel include the following, among others. In addition, the procedures for assessment of IT controls were performed in cooperation with our IT specialists. - We used inquiries, observations and access to documents to understand the series of data flows, the processing procedure in the relevant IT systems from the beginning of a transaction to the reporting of sales and automated internal controls. - We evaluated the effectiveness of IT general controls by reviewing the approval records of managers for program changes to sales management and accounting systems, as well as the approval records of managers for granting and changing access rights to important data and files, and regular inspection records of access rights. - We reviewed the integrity between the sales management system and the accounting system to evaluate the effectiveness of IT operation process controls of the data interface between the systems. - We checked if there is any entry of net sales that was directly recorded in the accounting system without being processed in the sales management system, to review the reasonableness of the reporting of such net sales. - For net sales processed as negative net sales during a certain period of the following fiscal year, we accessed evidence materials of the transactions exceeding certain thresholds to examine whether any sales should be treated as cancellation of net sales for the current fiscal year. - For the balance of accounts receivable − trade, we performed verification procedures of the balance with the last day of the fiscal year as the record date for sales partners selected by the significance in amount or randomly selected.

Other Information

Other information comprises the information that is included in the annual securities report but does not include the consolidated financial statements, financial statements or our auditor's reports thereon. Management is responsible for preparing and disclosing other information. In addition, the Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the execution of duties by Directors in the design and operation of the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on such other information.

Our responsibility for the audit of the consolidated financial statements is to read other information carefully and, in the course of that reading, to consider whether there are any material differences between such other information and the consolidated financial statements or our knowledge obtained during the audit, and to ascertain whether there are any indications of material errors in other information other than such material differences.

If, on the basis of the work we have performed, we conclude that there are material errors in other information, we are required to report those facts.

We have nothing to report regarding other information.

Responsibilities of Management, the Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the design and operation of such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to the going concern.

The Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the execution of duties by Directors in the design and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance, based on the audit we perform, about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The selection and application of audit procedures are based on our judgment. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We consider internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used, the application method, the reasonableness of accounting estimates and related disclosures made by management.
- We conclude whether, on the appropriateness of management's use of the going concern basis of accounting and on the basis of the audit evidence obtained, a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal controls that we have identified during our audit and other matters required by the audit standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement saying that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related to measures taken to remove disincentives or safeguards to reduce disincentives to an acceptable level.

From the matters communicated to the Corporate Auditors and the Board of Corporate Auditors, we determine those matters that are of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Controls>

Opinion

We have audited the internal control report of Pola Orbis Holdings Inc. as at December 31, 2025 to certify the audit pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the internal control report referred to above, in which Pola Orbis Holdings Inc. indicated that its internal controls over financial reporting as at December 31, 2025 are effective, presents fairly, in all material respects, the results of its assessment of internal controls over financial reporting in conformity with criteria for assessment of internal controls over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of internal controls in accordance with auditing standards for internal controls over financial reporting generally accepted in Japan. Our responsibilities under the auditing standards for internal controls over financial reporting are further described in the Auditor's Responsibilities for the Audit of Internal Controls section of our report. We are independent of the Group in accordance with professional ethical requirements in Japan (including requirements applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report

Management is responsible for designing and operating internal controls over financial reporting, and for preparing and presenting fairly an internal control report in conformity with criteria for assessment of internal controls over financial reporting generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing and verifying the design and operation of internal controls over financial reporting.

It is possible that internal controls over financial reporting will not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Audit of Internal Controls

Our responsibilities are to obtain reasonable assurance, based on the audit of internal controls we performed, about whether the internal control report is free from material misstatement and to issue an internal control audit report that includes our opinion on the internal control report from an independent standpoint.

As part of an audit in accordance with auditing standards for internal controls over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- We conduct audit procedures to obtain audit evidence regarding the results of the assessment of internal controls over financial reporting in the internal control report. Audit procedures for internal control audits are selected and applied based on our judgment, depending on the materiality of the effect on the reliability of financial reporting.
- We consider the overall presentation of the internal control report, including statements made by management regarding the scope of assessment of internal controls over financial reporting, assessment procedures and results.
- We plan and perform the audit of internal controls to obtain sufficient and appropriate audit evidence regarding the results of the assessment of internal controls over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the internal control audit and the findings of the audit, any material deficiencies in internal controls that we have identified that should be disclosed, the outcome of corrections and other matters required by the auditing standards for internal controls.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement saying that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related to measures taken to remove disincentives or safeguards to reduce disincentives to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original of the independent auditor's report is kept separately by the Company, which filed an annual securities report.

2. XBRL data is excluded from the scope of the audit.