

Milbon Co., Ltd.

**FY2023 Second Quarter (January 1, 2023 – June 30, 2023)
Financial Results Presentation Materials**



August 10, 2023

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NOTE: Figures by the brand are based on shipment value.
Milbon Co., Ltd. is hereinafter referred to as "the Group".
Overseas subsidiary in each country is hereinafter referred to as "the Company".

Milbon Group

Financial Results for FY2023 (64th Term) Second Quarter

Masahiro Murai,
Managing Executive Director

Consolidated Operating Results (FY2023 6 months)

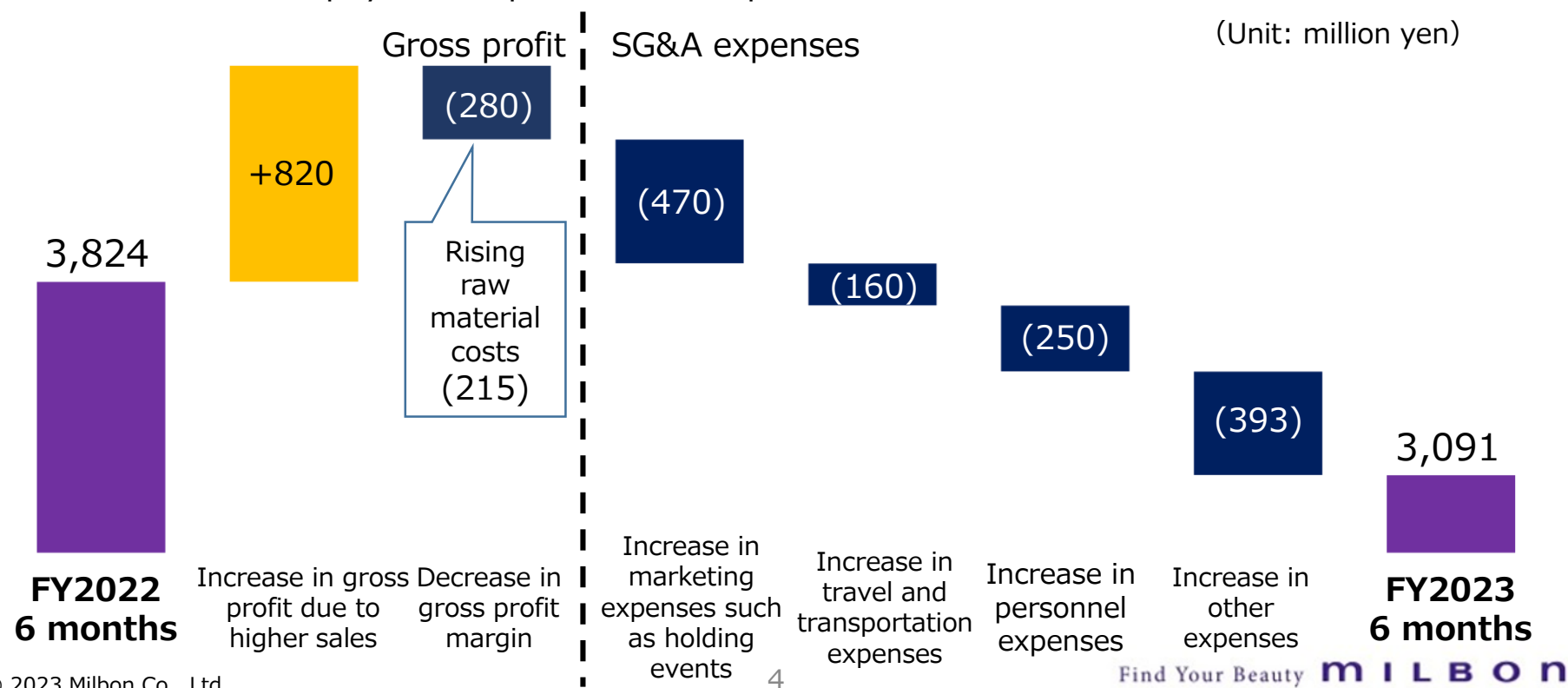
- ◆ Sales grew thanks to the strong performance of domestic haircare products and favorable sales in the U.S., South Korea, and other regions, however, the target was not met due to poor progress in beauty equipment and domestic hair coloring products.
- ◆ Rising raw material costs pushed down the gross profit margins and SG&A expenses increased due to increased sales activities.

(Unit: million yen)

	FY2022 6 months	% total	FY2023 6 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
Net sales	21,467	100.0	22,703	100.0	1,236	5.8	(3.3)
Gross profit	14,269	66.5	14,809	65.2	540	3.8	(3.8)
SG&A expenses	10,444	48.7	11,719	51.6	1,274	12.2	(1.0)
Operating income	3,824	17.8	3,090	13.6	(733)	(19.2)	(13.1)
Ordinary income	4,137	19.3	3,129	13.8	(1,008)	(24.4)	(11.2)
Profit attributable to owners of parent	2,875	13.4	2,195	9.7	(679)	(23.6)	(15.6)

Factors in YoY Changes in Consolidated Operating Income

- Rising raw material costs, which had not emerged in 2Q last year, are pushing down the gross profit margin.
- Marketing expenses increased due to proactive hosting of educational seminars and large-scale events both in Japan and overseas against the backdrop of the improved situation of the COVID-19 pandemic.
- Travel expenses increased due to higher airfares and other transportation costs, in addition to more business travel.
- Personnel expenses increased due to an increase in personnel, annual salary increases, as well as the base pay hike implemented in April.



Consolidated Sales by Product Category [Hair Care Products (1)]

Consolidated Net Sales (FY2023 6 months)

(Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
12,218	13,339	1,121	9.2	1.1

- Premium Brands saw a strong performance, up 14.7% YoY. The Inmmetry Line, Aujua's new product, has been well-received for its remarkable effectiveness. Global Milbon boosted its sales by launching the new product "Milbon &" and by increasing the number of touchpoints in each country.
- The milbon:iD has 540,000 registered members, 5,450 registered salons, and 620 million yen in EC sales (430 million yen at the end of the 2Q of FY2023) .
- Sales of Professional Brands rose 0.9% YoY. Sales remained firm thanks to the introduction of new products such as Elujuda Sun Protect and Miincurl, while Field Person's activities focused more on Premium Brands.

* Sales growth by brand is based on consolidated gross sales.

Consolidated Sales by Product Category [Hair Care Products (2)]

New Products FY 2023 6 months

Aujua Hair Care Series Inmmetry Line

A new line that corrects distortion*¹ in the hair and frees from the habit of blow drying and ironing to condition hair, leading to lustrous and manageable hair with just a dry.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
1,100	517	47.1



Debut on February 11, 2023

Global Milbon Milbon& Aromatic Series

A haircare brand tailored to a variety of hair types, providing moisture, smoothness, and manageability while offering a selection of fragrances.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
250	50	20.3



Debut on April 11, 2023

*¹ A condition in which curly or wavy hair suffers from damage, losing its shine and smoothness

* Sales figures for each brand are based on shipment value.

Consolidated Sales by Product Category [Hair Care Products (3)]

Miincurl Iron Keep Primer

A pre-ironing primer oil that protects hair from the heat of the iron and keeps the ironed hair design soft and hydrated for a long time.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
150	123	82.6



Debut on March 11, 2023

Elujuda Sun Protect

Elujuda's new sun care products that shield hair from the harmful rays of the sun while maintaining its moisture throughout day. Four items with different forms and usage timings to choose from.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
400	380	95.1



Debut on March 11, 2023

* Sales figures for each brand are based on shipment value.

Premium Brand: Aujua

New "Inmmetry Line" continues to perform well

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
6,022	6,420	398	6.6

Consolidated Gross Sales (FY2023 6 months)

(Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
4,538	4,999	460	10.1

Brand Concept

A premium hair care brand born in consideration of Japan's social climate, culture, and characteristics of the hair of the Japanese people.

What is Aujua?

A wide range of product lineups offering personalized treatment for each individual's needs and hair type.

Product Range

Aujua supports diverse perspectives on beauty, now and into the future, by addressing each individuals' hair and skin concerns and offering the most appropriate item for that time.

• 5 series / 17 lines / 112 items

Eternal stage series

Aging care series

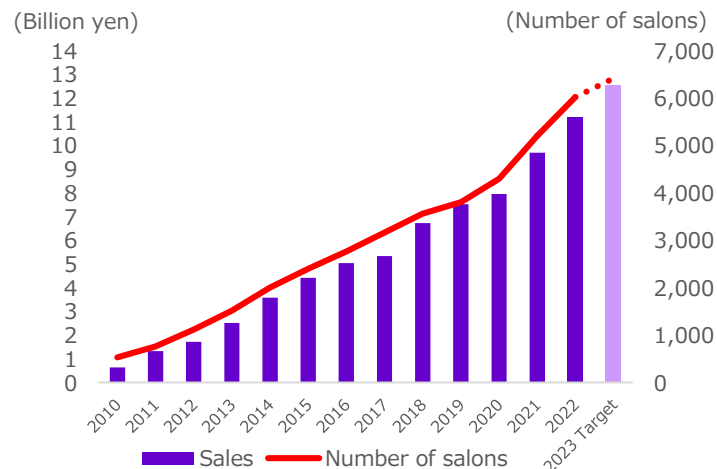
Hair care series

Scalp care series

Climatic care series



Trends in sales & number of salons



* Figures in the graph are based on non-consolidated total sales through 2018 and on consolidated total sales since 2019.

*1 Calculated based on the past year's shipment results for both Japan and overseas.

* Sales figures are based on shipment value.

Premium Brand: Global Milbon

Growth in Japan was driven by increased touchpoints due to the new product "Milbon&," and overseas growth was driven by the U.S.

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/Decrease	Increase/Decrease ratio (%)
18,400	21,010	2,610	14.2

Consolidated Gross Sales (FY2023 6 months) (Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/Decrease	Increase/Decrease ratio (%)
2,358	2,931	572	24.3

Brand Concept

A system hair care brand that cultivates the "unique beauty" of each individual, achieving "360 Degree Beautiful Hair."

Countries and regions with Salons

The brand is available in the following countries and regions:
Japan, USA, Hong Kong, China, Thailand, Taiwan, Turkey, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, Germany, Korea, Canada

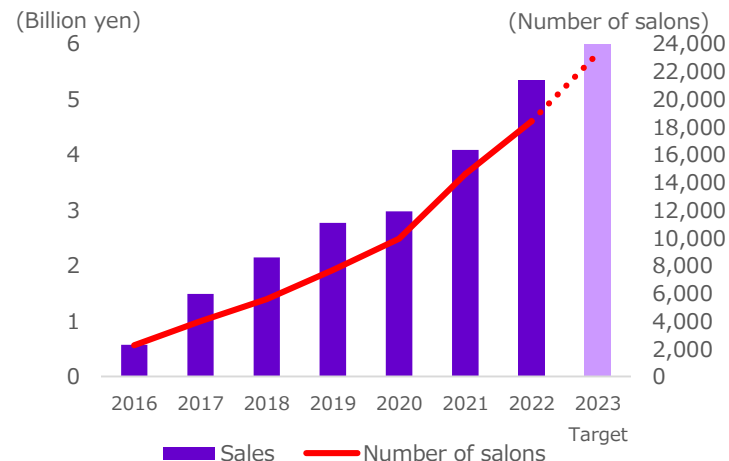
What is "Global Milbon"?

Based on the hair research technology we have cultivated since our founding, we analyzed diverse hair characteristics from 20 countries. Our analysis broke down the factors for common hair damage phenomena derived from our research, leading to the establishment of a new hair care system. This line contains ingredients that penetrates the shaft with its high affinity to repair hair's inner porosity and to improve hair's overall integrity, from the inside out.

MILBON



Trends in sales & number of salons



* Figures in the graph are based on non-consolidated total sales through 2018 and on consolidated total sales since 2019.

* Sales figures are based on shipment value.

Consolidated Sales by Product Category [Hair Coloring Products]

Consolidated Net Sales (FY2023 6 months)

(Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
8,148	8,238	89	1.1	(2.2)

- Sales of hair coloring products in Japan were down 1.0% YoY. Excess inventory at distributors since the end of last year affected sales over the first half of the year.
- Overseas, sales remained steady with a 9.1% increase YoY.

* Sales growth by brand is based on consolidated gross sales.

Premium Organic Brand: Villa Lodola (1)

Launched new products, "Tempus" and "Fulgens," from the Renovo haircare series

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
12,458	12,996	538	4.3

Consolidated Gross Sales (FY2023 6 months) (Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
623	644	20	3.3

Brand Concept

Organic brand that proposes lifestyles that fulfill the beauty of people and the environment

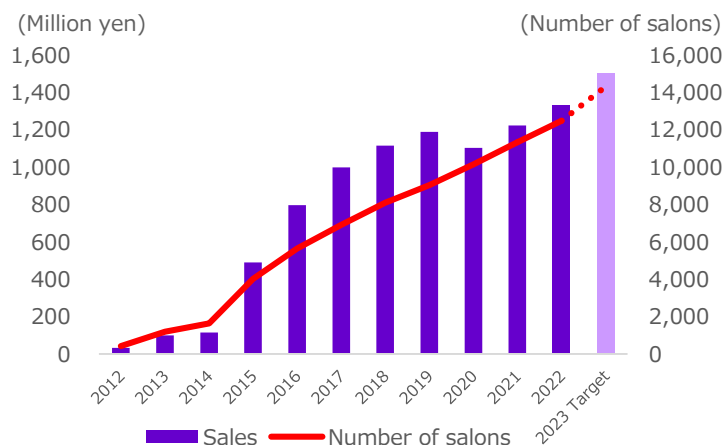
What is Villa Lodola?

Based on the philosophy of "Beauty, the Organic Way", the brand is fully committed to the natural environment not only in its products, but also in its manufacturing process, packaging, and promotional tools.

All products are certified by ICEA, an Italian organic certification organization. Organic hair care born in Italy, where nature's blessings bring beauty to hair and skin.



Trends in sales & number of salons



* Figures in the graph are based on non-consolidated total sales through 2018 and on consolidated total sales since 2019.

*1 Number of contracted salons

* Sales figures are based on shipment value.

Premium Organic Brand: Villa Lodola (2)

New Products FY 2023 6 months

Villa Lodola Renovo Tempus / Fulgens

A series that extends hair color longevity with the reparative effects of nature's blessings, promoting healthy beauty in both the scalp and hair. Two types of shampoos and treatments to choose from, each tailored to different hair types.

(Unit : million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
100	24	24.8



Debut on April 11, 2023

* Sales figures for each brand are based on shipment value.

Consolidated Sales by Product Category [Cosmetic Products (1)]

Consolidated Net Sales (FY2023 6 months)

(Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
262	267	4	1.9	(12.5)

- The number of touchpoints continued to increase driven by makeup items that can easily coordinate with hair color. Additionally, the release of new products that naturally synchronize with hair and are easily recommended by hairstylists during salon sessions has contributed to increased sales.
- Repeat sales of skincare products have been a challenge, and the sales of cosmetics category has not reached the planned target.

New Products FY 2023 6 months

iMPREA Milky Soufflé UV

An airy, soufflé-textured sunscreen cream that blocks powerful ultraviolet rays and protects the skin from damage caused by dryness and other factors to the stratum corneum.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
32	41	129.4



Debut on February 11, 2023

* Sales figures for each brand are based on shipment value.

Premium Brand: iMPREA

Strong sales of new products led to a year-on-year increase in sales

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
1,601	1,862	261	16.3

Consolidated Gross Sales (FY2023 6 months)

(Unit: million yen)

FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
262	279	17	6.6



Brand Concept

The brand concept of iMPREA is “Revolutionize Your Aura with your Professional Stylist”. We will provide new beauty value by leveraging Professional Stylists’ ability to provide solutions, by utilizing their strengths.

What is iMPREA?

iMPREA is a salon exclusive brand created through joint research by KOSÉ, which specializes in skin research, and Milbon, which specializes in hair research. We will improve the complexion by establishing a good balance of moisture in the “horny layer keratin” on the surface of the skin, which holds the key to complexion.

“Revolutionize Your Aura with your Professional Stylist”

This is a communication method that takes advantage of the unique strengths of hair salons, in which the hair stylist crafts your aura by approaching a total impression of both the hair and face.

We deliver an aura change that is unique to you.

*1 Calculated based on the past year's shipment results.

* Sales figures are based on shipment value.

Consolidated Sales by Product Category [Other]

New Products FY 2023 6 months

Elmista (Results for dryer unit only)

A hair dryer, jointly developed with Panasonic, that micronizes and atomizes beauty serum. Five types of serums are available to choose from according to hair concerns and desired texture.

(Unit: million yen)

FY2023 target	FY2023 6 months	Progress rate (%)
1,215	57	4.7



Debut on April 11, 2023

- The Group's first hair dryer sales fell significantly short of projections. This was largely due to limited opportunities for salon customers to experience the product as the Group was unable to introduce it to hair salons as much as anticipated.
- Going forward, the Group will generate opportunities for salon customers to experience the hair dryer in hair salons and communicate the hair dryer's value through initiatives like promoting it for professional use.

* Sales figures for each brand are based on shipment value.

Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2019	FY2020	FY2021	FY2022	FY2023 6 months	FY2023 Plan
Capital expenditures		1,605	1,917	4,644	4,097	1,704	2,927
Depreciation and amortization		1,453	1,562	1,777	2,026	1,071	2,301
R&D exp.	Amount	1,534	1,581	1,741	2,074	1,062	2,372
	% to sales	4.2	4.4	4.2	4.6	4.7	4.8

FY2023 CAPEX Main Items (Plans)

- | | |
|---|--|
| <p>Sales Offices, Studios</p> <ul style="list-style-type: none"> Establishment and maintenance of business locations
(Relocation of Fukuoka Sales Office, etc.) | <p>Digital</p> <ul style="list-style-type: none"> milbon:iD education:iD Smart Salon (Digital marketing, etc.) |
| <p>Production system</p> <ul style="list-style-type: none"> Yumegaoka Factory (Machinery and equipment) Thailand Factory (Machinery and equipment) | <p>Others</p> <ul style="list-style-type: none"> Internal infrastructure, production equipment, etc. Innovation Center |

Trends in Fieldpersons (FPs)

Fieldpersons Trends (by Country) (Average number of FPs during the period)

	FY2021	FY2022	FY2023
JAPAN	328.2	335.4	349.7
	102	105	-
USA MILBON USA, INC.	13.2	13.0	12.7
	68	102	-
CHINA Milbon Trading (Shanghai) Co., Ltd.	29.8	31.6	34.0
	72	66	-
SOUTH KOREA Milbon Korea Co., Ltd.	26.0	32.8	34.7
	130	126	-
Others *1	36.0	36.2	36.7
	41	63	-

The number of Fieldpersons reported represents the average number during the period and is not as of January 1. Please note that the calculation method was changed starting from FY2022 3Q, and the figures for 2021 have been recalculated accordingly based on the new method.

Upper column: Average number of FPs during the period (persons)

Lower column: Net sales per FP (million yen)

(As of June 30, 2023)

-10 FPs joined in October 2022, and are currently in OJT on site.

-28 FPs joined in April 2023, and are currently in training.

(The above 38 FPs are not included in the left chart.)

*1 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

Consolidated Net Sales in Japan and Overseas

FY2023 6 months

(Unit: million yen)

	FY2022 6 months		FY2023 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in local currency base*1 (%)	Vs. plan ratio (%)
	Net sales	% to sales	Net sales	% to sales				
Consolidated net sales	21,467	100.0	22,703	100.0	1,236	5.8	4.7	(3.3)
JAPAN	16,627	77.5	17,175	75.6	547	3.3	3.3	(5.3)
Overseas	4,839	22.5	5,528	24.4	688	14.2	9.5	3.2
USA	603	2.8	778	3.4	174	28.9	16.5	13.4
CHINA	1,058	4.9	1,171	5.2	112	10.6	8.2	(8.8)
SOUTH KOREA	2,043	9.5	2,286	10.1	242	11.9	7.7	3.6
Other*2	1,133	5.3	1,293	5.7	159	14.1	10.4	9.7

[Reference] Exchange rate

(Unit: yen)

	FY2022 6 months	FY2023 6 months
USA (USD)	123.33	136.54
CHINA (CNY)	19.12	19.54
SOUTH KOREA (KRW)	0.1005	0.1044

*1 Figures are the rates of change in real terms on a local currency basis

*2 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany, and others

Consolidated Operating Income in Japan and Overseas

FY2023 6 months

(Unit: million yen)

	FY2022 6 months		FY2023 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
	Operating income	Operating income ratio(%)	Operating income	Operating income ratio(%)			
Consolidated operating income	3,824	17.8	3,090	13.6	(733)	(19.2)	(13.1)
JAPAN	3,201	19.3	2,411	14.0	(790)	(24.7)	(19.4)
Overseas	622	12.9	679	12.3	56	9.1	20.1
USA	(125)	(20.7)	(30)	(4.0)	94	-	58.6
CHINA	(76)	(7.2)	40	3.5	116	-	(50.3)
SOUTH KOREA	693	34.0	621	27.2	(72)	(10.4)	5.2
Other*	130	11.5	48	3.7	(81)	(62.8)	-

* Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany, and others

Outlook of Overseas Subsidiaries (1)

USA (Milbon USA)

- In haircare, Global Milbon is performing well. New touchpoints are increasing as a result of deeper collaboration with distributors.
- Hair color training sessions for distributor representatives across the U.S. have made them enthusiasts of SOPHISTONE, a hair color brand tailored for the European and North American markets. Their proactive efforts to introduce SOPHISTONE to hair salons have led to an increase in new touchpoints, especially in LA, the trendsetting city of the country.

Figures in the text are based on local currency.

Outlook of Overseas Subsidiaries (2)

CHINA (Milbon China)

- A resurgence of COVID-19 occurred in the second quarter, leading to a decrease in the number of customers visiting hair salons. Despite such a challenging market environment, the Company hosted a large-scale messaging event for beauty professionals called “Be the One,” aiming to set the direction for the future of the Chinese beauty industry and hair salon management. The event attracted over 3,000 visitors, and the message emphasizing the value of beauty and hair salons struck a chord with the audience.
- The haircare products led the growth, thanks to the introduction of Global Milbon and Grand Linkage, along with measures to motivate customers to visit hair salons throughout the year and boost consumption. The increase in sales was partly a recovery from the lockdown in Shanghai in the second quarter of last year.
- The production of hair coloring products at the China Factory commenced in July, ahead of the originally planned start in 2024. This was due to the steady progress in obtaining approvals to sell locally manufactured hair coloring products. In addition, the one-time costs leading up to the start of factory production, which were incurred in the second quarter of last year were absent this fiscal year, which contributed to a boost in profits.

* Figures in the text are based on local currency.

Outlook of Overseas Subsidiaries (3)

SOUTH KOREA (Milbon Korea)

- Hair coloring products, which account for more than 70% of total sales, remained steady overall due to strong sales of gray color products.
- Sales of haircare products, especially Global Milbon, performed well. Sales are increasing due to the expansion of touchpoints through collaboration with excellent distributor representatives.
- Profit declined primarily due to the costs relating to resumption of major events that could not be held during the COVID-19 pandemic. These events primarily targeted the Millennial and Gen Z hairstylists and have garnered significant resonance.

* Figures in the text are based on local currency.

Revision to Consolidated Operating Results Forecast (1)

- ◆ Net sales is expected to fall by 1.2 billion yen from the initial forecast due to the expected shortfall in sales of beauty equipment and domestic hair coloring products. Sales of beauty equipment were adjusted downward in line with the full-year sales forecast, while sales of hair coloring product were cut by the negative amount in the first half of the fiscal year.
- ◆ Gross profit is expected to decrease due to decline in sales as well as losses from disposal and write-downs both in Japan and the U.S.
- ◆ While there are unutilized SG&A expenses, we anticipate it to be at the originally planned level due to unforeseen additional expenses.

(Unit: million yen)	FY2022	FY2023 Initial target	% total	FY2023 Revised target	% total	Increase/ Decrease
Net Sales	45,238	49,200	100.0%	48,000	100.0%	(1,200)
Gross profit	29,509	32,160	65.4%	31,250	65.1%	(910)
SG&A expenses	21,957	23,860	48.5%	23,900	49.8%	40
Operating income	7,551	8,300	16.9%	7,350	15.3%	(950)
Ordinary income	7,829	8,250	16.8%	7,370	15.4%	(880)
Profit attributable to owners of parent	5,577	5,800	11.8%	5,200	10.8%	(600)

Revision to Consolidated Operating Results Forecast (2)

Consolidated Sales by Product Category

(Unit: million yen)	FY2022	FY2023 Initial target	% total	FY2023 Revised target	% total	Increase/ Decrease
Net sales	45,238	49,200	100.0%	48,000	100.0%	(1,200)
Hair care	26,312	27,942	56.8%	28,089	58.5%	147
Hair coloring	16,631	17,403	35.4%	17,169	35.8%	(234)
Permanent wave	1,450	1,594	3.2%	1,462	3.1%	(132)
Cosmetic	572	673	1.4%	635	1.3%	(38)
Others	272	1,588	3.2%	645	1.3%	(943)

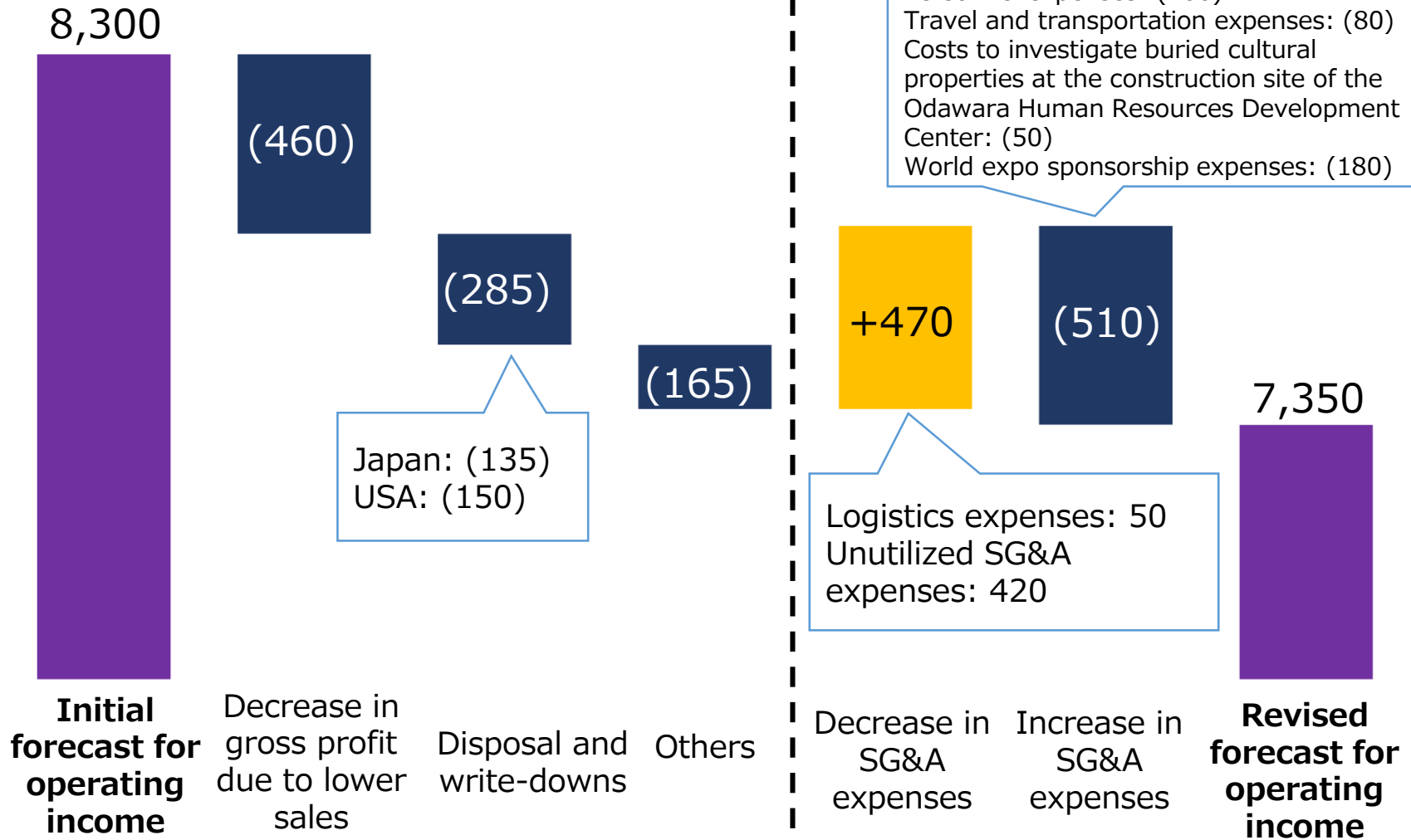
Consolidated Net Sales in Japan and Overseas

(Unit: million yen)	FY2022	FY2023 Initial target	% total	FY2023 Revised target	% total	Increase/ Decrease
Net sales	45,238	49,200	100.0%	48,000	100.0%	(1,200)
Japan	35,334	38,021	77.3%	36,650	76.4%	(1,371)
Overseas	9,904	11,179	22.7%	11,350	23.6%	171

Revision to Consolidated Operating Results Forecast (3) Factors Affecting Changes in Operating Income

(Unit: million yen)

Gross profit | SG&A expenses



<Appendix> Hair Care Brand Positioning Map

Premium Brands



MILBON



Aujua



Villa Lodola
PROFESSIONAL

GRAND
LINKAGE



jemile fran



CRONNA



PLARMIA



Elujuda



DOOR



Mizulisse



MIINCURL



Professional Brands

Milbon Group

Progress in FY2023 (64th Term)

Ryuji Sato,
Representative Director, President and CEO

Situation in the First Half

Factors Influencing Customer Behavior

Inflation



**Soaring
Energy Costs**



**Expenditures on
travel, food, etc.**



Key Points of the First Half Results

Consolidated Net Sales in Japan and Overseas

(Unit: million yen)	FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	21,467	22,703	1,236	5.8%
Japan	16,627	17,175	547	3.3%
Overseas	4,839	5,528	688	14.2%

Sales by Product Category in Japan

(Unit: million yen)	FY2022 6 months	FY2023 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
Gross sales in Japan	18,921	19,490	568	3.0%
Haircare	11,466	12,115	648	5.7%
Hair coloring	6,521	6,453	(68)	△1.0%
Permanent wave	604	524	(80)	△13.3%
Cosmetic	262	279	17	6.6%
Others	66	117	51	77.5%
Sales deductions	2,293	2,315	22	1.0%
Net sales in Japan	16,627	17,175	547	3.3%

Analysis (2)

Analysis (1)

* Sales of Elmista, the hair dryer, are included in "Others" in the above table.

Analysis (1) Elmista

We intend to regain dryer sales by proactively offering product trials to hair salons and their customers.

Factors for Deviation from the Sales Plan

- Selling beauty appliances was our first-time endeavor, and there was a lack of understanding of the market. The competitive environment for high-end hair dryers was more intense than expected.
- Since Elmista's specifications (shape, wind direction, color) were designed for home use, it was difficult to promote its professional use in hair salons, resulting in a lack of opportunities for end customers to experience it.



Future Actions

- Initiatives for hair salons: Launch active lending of hair dryers to hair salons to encourage use in salon settings.
- Initiatives for customers: Introduce a trial-use service to lead to subsequent purchases.

Analysis (2) Hair Coloring Products

We see no change in the hair color trend and will take advantage of the new product roll outs in the second half of the year to revitalize the market.

- With our hair coloring products seeing double digit growth for two consecutive years amidst the COVID-19 pandemic, there was an excessive purchasing by distributors at the end of the last fiscal year.
- Inventory adjustments at distributors occurred over the first half of the year, lowering domestic hair coloring products shipments in the first half (a slight decrease of -1.0%).

Revitalizing the market through the new product roll outs

Ordeve Crystal High Bright

Debut
in
Jul.



Enog Off Black

Debut
in
Sept.



Domestic Market: Beauty Platform Plan

Smart Salon Deployment Status

11 salons opened in 1H +9 salons in 2H

To be expanded to 20 salons by the end of FY2023



▲GIEN Smart Salon NU Chayamachi+ (Osaka)



▲MINX Shibuya smart salon (Tokyo)



▲The interior of MINX



▲lili by CieL Smart Salon (Kyoto)



▲La Bless Grand Front Osaka Smart Salon (Osaka)



▲The interior of La Bless

Two Responses Regarding Smart Salon Strategies

Response 1

Three salons have already opened or are considering a second location.



Response 2

Retail sales results are double the normal Milbon Management Index Survey cooperating salons.

As of June 30, 2023 Estimated as of the end of 2023

Number of salons

11

20

Number of cities

11

14

Expansion to 100 cities in Japan by FY2026

Milbon Management Index Survey cooperating salons

Ratio of customers purchasing products

15-16%

Ratio of sales from retail sales

8-10%

Smart Salons

Approx. 40%

Approx. 20%

Buds for expansion of retail sales

Domestic Market: Progress in milbon:iD

Results by the end of July, 2023

Number of registered users ⇒ **560,000** (Target for FY2023 : 640,000)
Number of registered salons ⇒ **5,548** (Target for FY2023 : 6,000)

New functions added

Developed **Style Stock (tentative name)**, to be fully deployed from FY2024

The hairstylists in charge input information on products used and styles during in-salon treatments from their own smartphones.

Information on products and styles is displayed and stored on customers' milbon:iD My Pages. Products can be purchased directly on milbon:iD.



* Image of the screen displayed to the customer

Domestic Market: Progress in Lifetime Beauty Care Strategies

Adding New Products

Im

The first product :
Beauty Up Mist



Debut
in
Jul.

- New cosmetics brand for distributor delivery
- The first product is a setting spray
- More items to be introduced sequentially

Alanous



Debut
in
Sept.

Beauty supplement born from
approximately 20 years of
research on 5-ALA

Progress in Overseas Market

Net Sales in Overseas <YoY + 14.2% Vs. plan ratio + 3.2%>

Sales in China increased from the same period of the previous year, though it did not reach the plan. However, overall sales in the overseas business exceeded the plan, with strong sales in South Korea, the U.S., and ASEAN countries offsetting the negative impact in China. We will plan and hold events tailored to each market environment or in accordance with the strategies in each region to further strengthen relationships with stakeholders.

South Korea <Sales in local currency basis: YoY + 7.7%, Vs. plan ratio (0.9%)>

- No.2 market share*, top among non-Korean companies. (*surveyed by Milbon)
- The Company held the event “Enog Beauty Pool Fest” in July. It was an event to share the experiential value with Millennial and Gen Z hairstylists, who are said to have a great influence on the distribution economy. More than 1,000 hairstylists participated. Despite being interrupted by heavy rain, the event received high praise.



▲ Enog Beauty Pool Fest



China <Sales in local currency basis: YoY + 8.2%, Vs. plan ratio (11.3%)>

【Sales Company】

- The Company is bolstering ties with hair salons through various measures including holding events, educational programs, and seminars. These initiatives are designed to support salons in adapting to the evolving needs of consumers who are becoming increasingly discerning. As for the current situation, there is still a surge of COVID-19 cases, which is affecting our activities.
- The company held a message-driven event, “Be the One,” in May, which drew 3,000 hairstylists. The event aimed to elevate the value of beauty in China and shape the future of hair salons and hairstylists.



▲ Be the One

【Factory】

China Factory obtained sales approval for almost all colors in quasi-drug hair coloring products, and production started in July.

USA <Sales in local currency basis: YoY + 16.6%, Vs. plan ratio + 7.9%>

- The Company's "Roundtable," an exchange meeting between the Company's top management and all U.S. distributors, is boosting its presence in the market.
- An intensive hair color training session for distributors called "Color Boot Camp" was held, enhancing the product knowledge and the relationships between the Company and distributors, and SOPHISTONE sales increased.



▲ Roundtable



▲ Educational seminar on Global Milbon and Gold Line by Anh Co Tran



▲ Educational seminar on SOPHISTONE

ASEAN <Sales in Japanese Yen: YoY + 9.9%, Vs. plan ratio + 9.4%>

- Both sales and profits in Thailand, Malaysia, and Singapore are progressing above the initial plan.

Return to Shareholders

Dividend Forecast

Interim dividend was carried out as planned at 40 yen per share.
Year-end dividend is set at 48 yen, as originally planned.

	FY2021	FY2022	FY2023	FY2023 Forecast
(Unit: yen)				
End of 2Q	30	40	40	-
End of FY	38	46	-	48
Total	68	86	-	88
Consolidated dividend payout ratio	43.3%	50.2%	-	55.1%

*The interim dividend for FY2023 has been confirmed.



With respect to the business forecasts included in this document, any statement that is not historical fact is a forward-looking statement based on information available and certain premises that are judged to be rational at the time of the announcement. Please be aware that actual results may differ from any forward-looking statements due to risks, uncertainties, and a number of other factors.