



Milbon Co., Ltd.

Q4 Financial Results Briefing for the Fiscal Year Ended December 2023

February 15, 2024

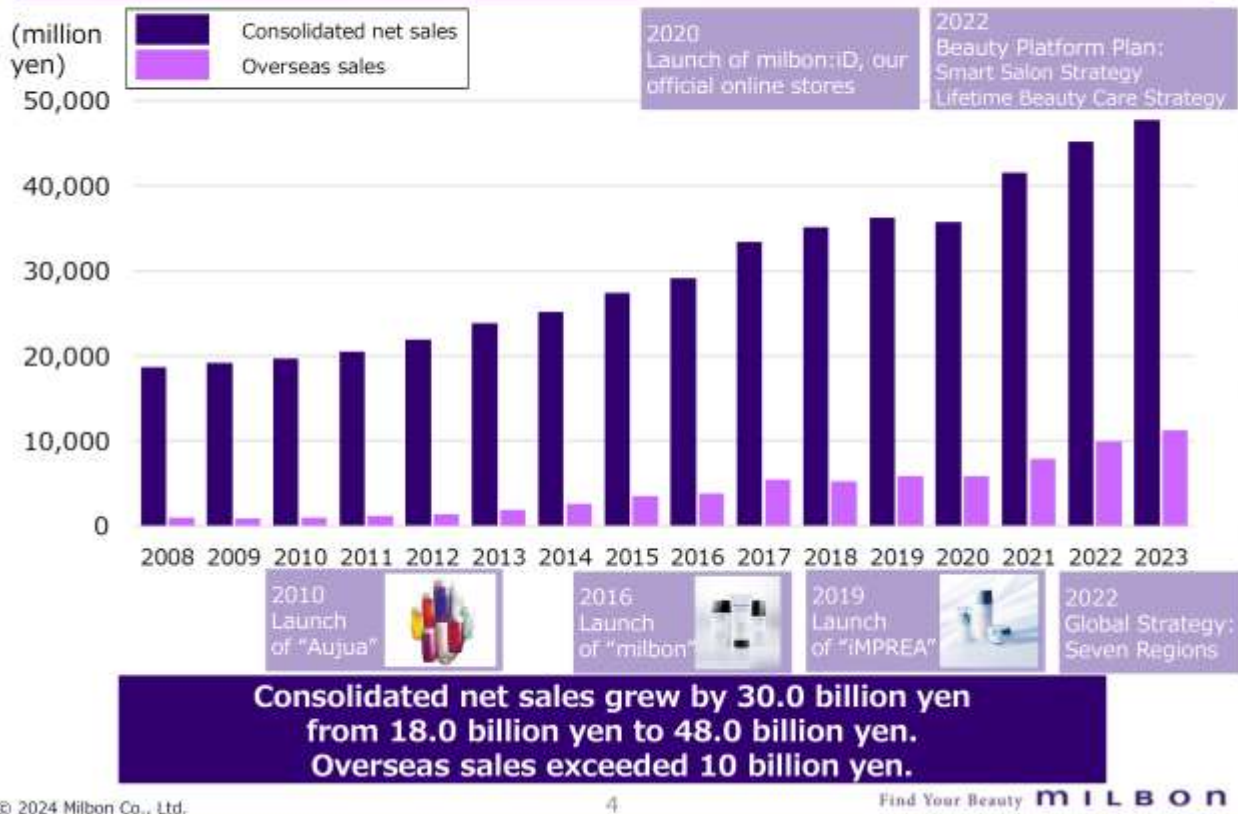
Preface

**Thank you for all your
support throughout my
16 years of service as
President and CEO**

Sato: Good morning, everyone. Allow me to start with a few words of gratitude.

In December 2007, I was entrusted by Milbon's founder - Ichiro Konoike - with the responsibility of running the Company, and over the following 16 years dedicated myself to this mission as Representative Director, President and CEO. I would like to sincerely thank all stakeholders for your ample support and feedback over the years.

2008-2023: 15 Years of Growth



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Find Your Beauty **MILBON**

My first year as President was 2008, which, as I am sure you remember, was the year the failure of Lehman Brothers caused a massive strain on the world’s financial system.

Over the following years, we saw many natural disasters taking place, and more recently, even a pandemic in the form of COVID-19.

Milbon has carried out a number of strategies over the years: it’s premium haircare strategy, a global strategy upholding a global vision, a new initiative in the form of the cosmetics business, and lastly, a digital transformation strategy focused on meeting customer needs, against the backdrop of today’s changing environment.

Thanks to these efforts, Milbon has been able to continue delivering growth.

The Company continues challenging itself in order to achieve new goals attuned to today’s changing times, but I believe these initiatives and efforts will pay off, as the bulk of growth is still ahead of us.

Aujua has exceeded 10 billion yen in sales, as has our global strategy, but I nevertheless view these milestones as a pit stop toward even greater results.

I would therefore like to entrust my successor with continuing this process, and will do my utmost to support him and the Company in their endeavors, through my position as Chairperson.

Succession Planning



I'll be 65 this year.

Looking back, in 2014, we started thinking about putting in place a succession plan, and formulated a blueprint for this purpose. Additionally, between 2015 and 2019, we carried out a leader incubation training program. Within this, every year, 10 employees would participate in this leader incubation program, for a total of 42 program graduates over the years, who then implement what they have learned. We therefore made steady efforts and progress in the execution of internal discussions amongst Company directors on the topic of human resources to succeed me as Company President.

Then, in 2021, we appointed 2 Board Directors and 8 executive officers from among graduates from the aforementioned Milbon Corporate University project, allowing us to put a robust structure in place. Additionally, at the time, a unanimous decision was made to entrust Mr. Hidenori Sakashita with the post of new President. Mr. Sakashita is a talented individual with a bright and forward-looking personality, and with a sense of balance. Furthermore, I believe Mr. Sakashita is an individual with a strong sense of responsibility and commitment.

He has experience as a sales field person, in product planning, corporate planning, as President of Milbon USA, and in the Corporate Strategy Department, meaning he has amassed vast experience over the years. In 2023, his appointment was finalized by the Nominating Committee and the Board of Directors, setting the beginning of a new business succession structure, starting in March 2024.

Message



Milbon's commitment to creating the future of the beauty market along with salons and stylists remain unchanged. We will steadily implement the initiatives of the Medium-Term Management Plan 2026.

Milbon will keep following **THE MILBON WAY** to achieve sustainable growth.

Milbon has an unwavering commitment to creating the future of the beauty market along with salons and stylists, and this commitment will remain the same going forward.

Additionally, THE MILBON WAY is the core pillar of our Company's corporate philosophy, and will remain so going forward, albeit naturally in a flexible way allowing us to adapt to changing times. Through this, we intend to continue delivering sustainable growth.

To reiterate: there are several challenges over the short term, but over the long term, I believe Milbon has the potential to deliver considerably further growth going forward, and this is a sentiment I would like to share with all stakeholders. We request your continued support and feedback going forward. My sincerest thanks for everything over the past 16 years.

Consolidated Operating Results

- ◆ Net sales reached a record high thanks to strong performance of haircare products in Japan and overseas, but fell short of the target revenue due to a slowdown in growth of hair coloring products.
- ◆ Profit fell short of projections due to deteriorating manufacturing costs from production adjustments, soaring raw material prices, unfavorable product mix as a result of lower-than-expected hair coloring products sales, and higher-than-anticipated SG&A expenses associated with increased sales activities.

(Unit: million yen)

	FY2022	% total	FY2023	% total	Increase/Decrease	Increase/Decrease ratio (%)	Vs. plan ratio (%)
Net sales	45,238	100.0	47,762	100.0	2,524	5.6	(0.1)
Gross profit	29,509	65.2	29,525	61.8	16	0.1	(1.3)
SG&A expenses	21,957	48.5	24,000	50.2	2,042	9.3	0.4
Operating income	7,551	16.7	5,525	11.6	(2,026)	(26.8)	(7.9)
Ordinary income	7,829	17.3	5,586	11.7	(2,242)	(28.6)	(9.3)
Profit attributable to owners of parent	5,577	12.3	4,001	8.4	(1,575)	(28.3)	(6.1)

Murai: My name is Masahiro Murai, Managing Executive Director at Milbon. I will be going over the financial results for fiscal year 2023.

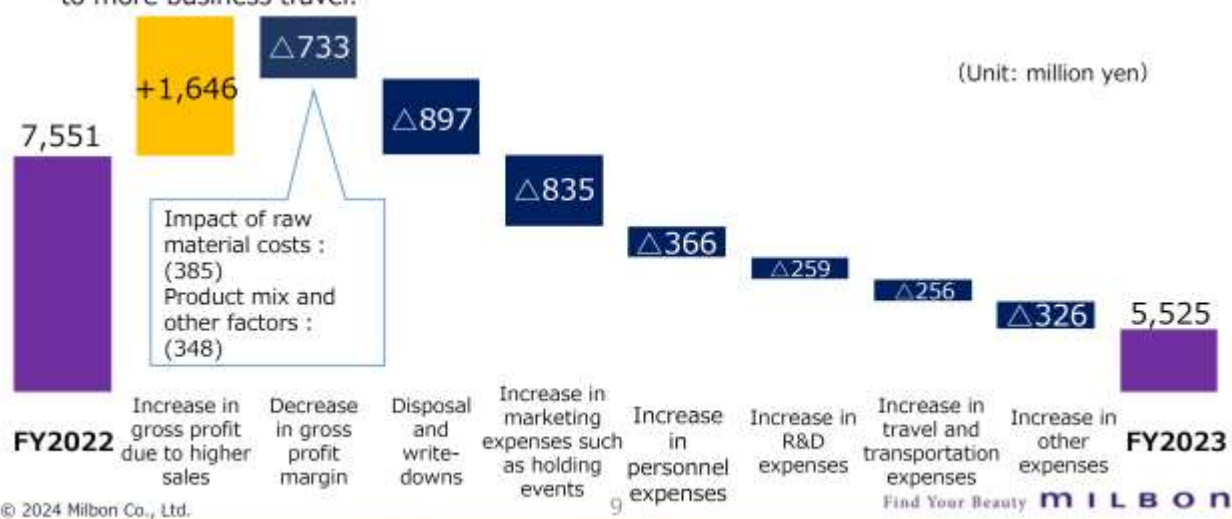
First are consolidated operating results. Please bear in mind that the rightmost column shows the percent performance versus the revised plan announced on November 10th, 2023, and not to the initial plan.

Net sales reached a record high thanks to a strong performance from haircare products in Japan and overseas, but fell short of the revenue target due to a slowdown in growth of hair coloring products.

Profits fell short of projections due to deteriorating manufacturing costs resulting from production adjustments, soaring raw material prices, and an unfavorable product mix due to lower-than-expected hair coloring product sales. These factors were coupled with higher-than-expected SG&A expenses, ultimately resulting in a decrease in profits.

Factors in YoY Changes in Consolidated Operating Income

- The gross profit margin declined due to the persistent high cost of raw materials and the product mix effect of lower sales of hair coloring products.
- A write-down of 900 million yen was recorded due to the lowering of the sales forecast for the hairdryer.
- Marketing expenses increased as we hosted educational seminars and events in Japan and overseas amid the COVID-19 recovery.
- Personnel expenses increased due to an increase in personnel, annual salary increases, as well as the base pay hike implemented in April.
- Travel expenses increased due to higher airfares and other transportation costs, in addition to more business travel.



This waterfall chart illustrates the impact of the various factors in terms of year-on-year change in consolidated operating income.

We recorded higher sales, so naturally, this led to an increase in gross profit. However, we recorded disposal and write-downs associated with our hair dryer product. These disposal and write-down amounts had a significant impact, and we ultimately recorded a decrease in profits.

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

Consolidated Net Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
26,312	28,355	2,042	7.8	0.9

- Sales in Japan rose 4.9% YoY. Sales increased due to the launch of Aujua's new product line, Inmmetry, driven by the overall growth of the domestic professional-use haircare market.
- The milbon:iD progressed as planned with 670,000 registered members, 5,930 registered salons, and 1,640 million yen in EC sales (1,160 million yen at the end FY2022).
- Overseas, sales increased by 19.4% YoY. The growth of Global Milbon, especially in the U.S., China, and South Korea, played a significant role in driving this sales boost. The company's successful efforts to promote the brand within salons through distributor sales and educational events helped convert stylists into loyal fans.
- Sales of Premium Brands rose 12.6% YoY, and sales of Professional Brands rose 0.5% YoY.

* The growth rate of sales mentioned in the text is based on the shipments value.

Next is consolidated sales by product category. Haircare products delivered very strong results in Japan, growing by 4.9% year-on-year.

Not just that, but overseas operations fared even better, delivering sales growth of 19.4%.

Lastly, milbon:iD, too, progressed as planned.

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

New Products FY 2023

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	Progress rate (%)
1,100	1,193	108.5



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	Progress rate (%)
250	129	51.8



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.

Next are new products.

I'd like to invite you to briefly peruse this page, but overall, Aujua's new Inmmetry Line posted strong results.

Conversely, Milbon& unfortunately fell short of the fiscal year 2023 target.

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	Progress rate (%)
150	172	114.9



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	Progress rate (%)
400	514	128.5



Debut on March 11, 2023

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

Here we have Miincurl, which posted a strong performance.

Elujuda Sun Protect, too, delivered a strong performance, with a progress rate of 128.5% versus the forecast.

Premium Brand: Aujua

New products "Inmmetry Line" led the growth. Sales are expected to further increase with the launch of new scalp care products in February 2024.

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
6,022	6,844	822	13.6

Consolidated Gross Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
10,288	11,256	967	9.4

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

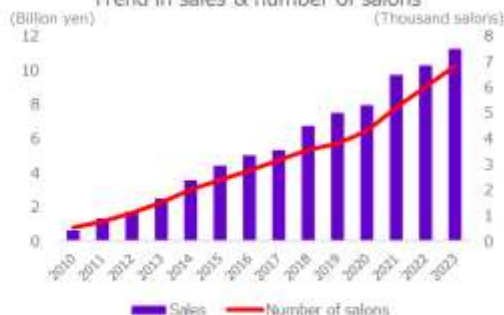
Scalp care series

Climatic care series

Aujua



Trend 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.

Next are the results for the Aujua brand overall.

The number of salons carrying the Aujua brand continues growing at a steady pace, as does consolidated gross sales.

Premium Brand: Global Milbon

Steady growth continues overseas, mainly in the U.S., and in Japan.
Further introduction to salons is expected onward.

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
10,769	13,381	2,612	24.3

Consolidated Gross Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
5,341	6,388	1,047	19.6

Brand Concept

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

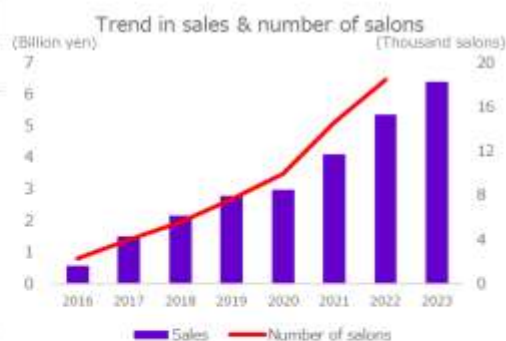
Countries and regions with Salons

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



* 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.

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

Data for the number of touchpoints in the U.S. for the period from October to December became inaccessible due to the changeover of distributors, therefore, the figures displayed exclude the U.S.. The actual number of touchpoints at the end of FY2022, including U.S., was 18,400.

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Global Milbon, too, continues to deliver a strong performance, with growth in the number of salons carrying Global Milbon products, as well as a year-on-year consolidated gross sales growth of 19.6%.

Allow me to direct your attention to the footnote in red. The U.S. has posted very strong results in terms of touchpoints, but unfortunately, this slide does not include data for the number of touchpoints in the country, as we changed distributors in the fourth quarter and this made it impossible to collect the pertinent data. We therefore ask for your understanding on this front.

Consolidated Sales by Product Category [Hair Coloring Products]

Consolidated Net Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
16,631	16,953	322	1.9	(1.3)

- Hair coloring products sales in Japan decreased by 0.8% YoY. Inventory adjustment by distributors has settled down, but sales are still limited by the plateauing demand for hair coloring which had grown during the COVID-19 pandemic. The new product "Ordeve Crystal High Bright" performed well, however, this was not enough to offset the decline in sales of our mainstay Ordeve Addicthy and other products.
- Overseas, sales rose 9.0% YoY. Gray color products in South Korea, where hair coloring products are the main source of sales, and SOPHISTONE in the U.S. drove the growth.

New Products FY 2023

Ordeve Crystal High Bright

A new line of Ordeve Crystal, a gray color brand launched in 2015.

It is a "fashion color for mature people" that brings brightness, vibrancy, and transparency akin to fashion colors.

FY2023 target	FY2023	Progress rate (%)
150	249	166.3

(Unit : million yen)



Debut on June 8, 2023

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

Next are the consolidated sales for hair coloring products, which grew by 1.9% year-on-year, overall.

That being said, hair coloring product sales in Japan unfortunately decreased by 0.8%, although results overseas remain strong, with year-on-year sales growth of 9.0%.

Premium Organic Brand: Villa Lodola (1)

In 2024, we expect to further expand sales by significantly strengthening the sales force of "Villa Lodola Color"

Number of Salons*1

(Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
12,458	13,679	1,221	9.8

Consolidated Gross Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
1,328	1,359	31	2.4

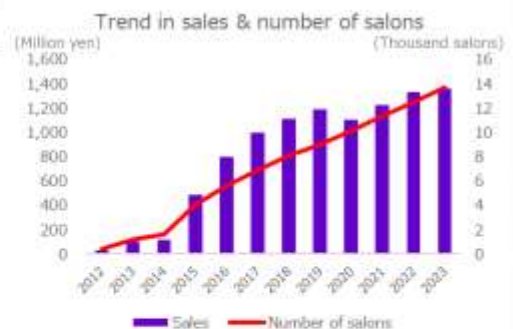


Brand Concept

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.



*1 Number of contracted salons

* Sales figures are based on shipment value.

The results for Villa Lodola are as shown here.

We will be going over the details later on, but in 2024, we expect to further expand sales by significantly strengthening the sales force for Villa Lodola.

Premium Organic Brand: Villa Lodola (2)

New Products FY 2023

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	Progress rate (%)
100	69	69.1



Debut on April 11, 2023

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

We invite you to review the results for our new products within Villa Lodola.

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

Consolidated Net Sales

(Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
572	571	△0	△0.1	△10.0

- Sales of IMPREA, the brand shipped directly to salons^{*1}, decreased due to a reactionary drop resulting from a significant increase in the number of touchpoints in 4Q last year, following a review of starter kits. However, the new products, which coordinate well with hair color and are easy for stylists to recommend to their customers, performed well. In 2024, we will continue to introduce new products while strengthening repeat purchase measures to retain existing customers.
- Sales of cosmetic products category remained almost flat compared to last year, thanks to the strong sales of "Beauty Up Mist," a product from the "Im" brand that is distributed by distributors^{*2}, launched in July. The company aims to expand sales by introducing new products "Brow & Lash Color Mascara" and "Color Retouch CC Mousse Foundation" in February 2024, which will complement hair color.

*1 Same as our Premium Brands of haircare products, the product inventory is shipped directly from Milbon to salons while distributors remain to be part of our supply chain.

*2 Same as Professional Brands of haircare products, distributors stock products and sell them to salons.

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Cosmetic products registered a slight year-on-year decrease of 0.1% and a rather significant underperformance of 10% versus the plan target.

Consolidated Sales by Product Category [Cosmetic Products (2)]

New Products FY 2023

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	Progress rate (%)
32	53	168.5



Debut on February 11, 2023

Im Beauty Up Mist

Make-up setting mist launched by a new cosmetics brand "Im," a distributor-distributed brand. Two types are available to choose from based on your favorite makeup texture.

(Unit: million yen)

FY2023 target	FY2023	Progress rate (%)
20	40	204.7



Debut on June 6, 2023

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

Despite this underperformance versus the target, new cosmetic product releases performed very well, although admittedly, the absolute sales numbers are still quite small.

Premium Brand: iMPREA

New products are performing well, but due to the slower growth of existing products, sales decreased compared to the previous year.

Number of Salons*1 (Unit: salons)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
1,601	1,970	369	23.0

Consolidated Gross Sales (Unit: million yen)

FY2022	FY2023	Increase/ Decrease	Increase/ Decrease ratio (%)
572	558	(13)	(2.4)



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.

Unfortunately, consolidated gross sales for the iMPREA brand decreased by 2.4% year-on-year.

Consolidated Sales by Product Category [Other]

New Products FY 2023

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	Progress rate (%)
120 ^{*1}	119	99.9



Debut on April 11, 2023

- The sales target was largely achieved by intensifying our efforts toward the year-end sales season and implementing rental initiatives for customers, etc. The company aims to achieve the sales target of 120 million yen in 2024.

Alanous

Nearly 20 years of 5-ALA research led to the creation of a beauty supplement that comes in two types: "ALANOUS 5-ALA," a functional food that helps maintain skin hydration, and "ALANOUS 5-ALA BEAUTY MULTI CARE," a health food that supports overall wellness.

(Unit: million yen)

FY2023 target	FY2023	Progress rate (%)
70	48	69.2



Debut on September 7, 2023

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

* 1 The sales target for ELMISTA was revised downward from 300 million yen in accordance with the revised earnings forecast announced on November 10, 2023.

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Shown here is the product category of Other.

Realized results for Elmista came in according to plan, although the progress rate shown here is versus the revised target announced in the third quarter.

Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2019	FY2020	FY2021	FY2022	FY2023
Capital expenditures		1,605	1,917	4,644	4,097	3,151
Depreciation and amortization		1,453	1,562	1,777	2,026	2,213
R&D exp.	Amount	1,534	1,581	1,741	2,074	2,334
	% to sales	4.2	4.4	4.2	4.6	4.9

FY2023 CAPEX Main Items

Sales Offices, Studios

- Establishment and maintenance of business locations (Relocation of Fukuoka Sales Office, etc.)
- HR Development Center

Production system

- Yumegaoka Factory (Machinery and equipment)
- Thailand Factory (Machinery and equipment)

Digital

- milbon:iD
- education:iD
- Smart Salon (Digital marketing, etc.)

Others

- Internal infrastructure, production equipment, etc.
- Innovation Center

We invite you to review the consolidated trends in capital expenditures and R&D expenses later at your convenience, but overall, we carried out capital expenditures according to plan.

Trends in Fieldpersons (FPs)

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

	FY2021	FY2022	FY2023
Japan	328.2	335.4	350.2
	102	105	104
USA MILBON USA, INC.	13.2	13.0	13.2
	68	102	123
China Milbon Trading (Shanghai) Co., Ltd.	29.8	31.6	34.3
	72	66	65
South Korea Milbon Korea Co., Ltd.	26.0	32.8	33.4
	130	126	141
Other *1	36.0	36.2	38.2
	41	63	70

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

Lower column: Net sales per FP (million yen)

(As of December 31, 2023)

-28 FPs joined in April 2023, and are currently in OJT on site.

-9 FPs joined in October 2023, and are currently in training.

(The above 37 FPs are not included in the left chart.)

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

Next is the trend in Fieldpersons.

As you can see, we have been growing the number of Fieldpersons in each country.

It may appear that the number of Fieldpersons hasn't really increased in South Korea, but in fact, we have hired an additional 6 FPs. These FPs are currently undergoing employee training and consequently don't yet feature in the figures presented here. We expect these 6 FPs to start making a results contribution this year.

Consolidated Net Sales in Japan and Overseas

(Unit: million yen)

	FY2022		FY2023		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in local currency base ^{*2} (%)	Vs. plan ratio (%)
	Net sales	% to sales	Net sales	% to sales				
Consolidated net sales	45,238	100.0	47,762	100.0	2,524	5.6	4.5	(0.1)
Japan	35,334	78.1	36,502	76.4	1,168	3.3	3.3	0.1
Overseas	9,904	21.9	11,260	23.6	1,355	13.7	8.8	(0.8)
USA	1,328	2.9	1,624	3.4	296	22.3	13.9	6.8
China	2,114	4.7	2,241	4.7	127	6.0	3.8	(11.3)
South Korea	4,159	9.2	4,715	9.9	555	13.4	7.4	2.0
Other ^{*2}	2,301	5.1	2,678	5.6	376	16.4	13.1	(0.0)

[Reference] Exchange rate

(Unit: yen)

	FY2022	FY2023
USA (USD)	131.49	141.20
China (RMB)	19.49	19.90
South Korea (KRW)	0.1019	0.1076

*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

Next are consolidated net sales in Japan and Overseas.

The figures are as shown here, with the overseas business having grown to account for 23.6% of sales.

Consolidated Operating Income in Japan and Overseas

(Unit: million yen)

	FY2022		FY2023		Increase/ Decrease	Increase/ Decrease ratio (%)	Vs. plan ratio (%)
	Operating income	Operating income ratio(%)	Operating income	Operating income ratio(%)			
Consolidated operating income	7,551	16.7	5,525	11.6	(2,026)	(26.6)	(7.9)
Japan	6,194	17.5	4,231	11.6	(1,962)	(31.7)	-
Overseas	1,357	13.7	1,294	11.5	(63)	(4.7)	-
USA	(168)	(12.7)	(89)	(5.5)	79	-	-
China	(9)	(0.4)	68	3.1	77	-	-
South Korea	1,351	32.5	1,284	27.3	(66)	(4.9)	-
Other*	184	8.0	30	1.1	(153)	(83.6)	-

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

Next is consolidated operating income in Japan and Overseas.

We struggled in the domestic business in Japan, and this led to a significant decrease in operating income.

However, while we saw a challenging environment in the United States and China, we were nevertheless able to grow profits in these two regions.

Outlook of Overseas Subsidiaries (1)

USA (Milbon USA)

- Sales declined in the 4Q of this year due to a backlash from the sales shift to the 4Q of last year, which was caused by a shipment problem in the 3Q of last year, and a temporary halt of shipments as some contract distributors were acquired. However, full-year sales achieved double-digit growth.
- Sales of haircare products, which account for 80% of total sales, increased 15.7%. This growth was led by Global Milbon. The number of new contacts expanded as distributors and stylists became fans of the products through various educational events.
- Sales of hair coloring products increased by 18.8%. Product loyalty for SOPHISTONE, a hair color brand tailored for the European and North American markets, improved through educational events. In FY2024, we aim to accelerate growth by partnering with influencer hair stylists for SOPHISTONE, as we have already done for Global Milbon.
- The deficit was reduced due to increased revenue and lower logistics costs, which have been a challenge. The Company aims to achieve profitability in FY2025 by hiring more staff to strengthen the sales system and investing in marketing to boost brand power, while maintaining a balance of expenditures.

Figures in the text are based on local currency.

Here is the outlook for our overseas subsidiaries.

We invite you to go over the details later at your convenience, but in terms of the highlights, haircare within Milbon USA - which includes Global Milbon - posted a very strong year-on-year sales growth of 15.7%.

Additionally, while the absolute numbers are still quite small, sales of hair coloring products grew by 18.8%, and we have hopes for further future growth.

Outlook of Overseas Subsidiaries (2)

China (Milbon China)

- The market environment is becoming increasingly challenging as salon customers are seeking more reasonable and high-quality services from salons, and the number of salon visits is declining. However, the Company has managed to build strong relationships with each salon, leading to higher revenues.
- Sales of haircare products grew by 12% year-on-year. The Company helped salons adapt to customer changes by providing service planning and technical training, which led to an increase in the adoption of professional-use hair treatments by salons.
- Sales of hair coloring products decreased by 5.1% YoY. Throughout the year, sales were affected by a decline in customer visits to salons. In FY2024, the Company will promote the development of stylists into fans of Milbon's hair coloring products by planning in-salon color services that increase the frequency of customer visits and by developing educational measures for salons.
- The full-year profit increased due to higher revenue, despite an increase in personnel costs accompanying staff reinforcement and a rise in travel expenses accompanying price hikes in hotels and airline tickets.

* Figures in the text are based on local currency.

Amidst a very challenging market environment in the country, salons in China, too, were faced with trying circumstances.

As such, given these headwinds, I believe we put up a good fight, with sales of haircare products growing by 12% in the region.

Outlook of Overseas Subsidiaries (3)

South Korea (Milbon Korea)

- Sales of hair coloring products, which make up more than 70% of total sales, rose by 4.3% YoY. Gray color products performed well due to the aging population in Korea, despite the influence of changing color trends.
- Sales of haircare products increased by 13.9% YoY. Global Milbon and other products performed well, and sales increased by expanding touchpoints through cooperation with excellent distributor sales staff. In FY2024, the Company will strengthen sales by further securing distributor sales staff.
- The decrease in profit was due to higher marketing expenses for educational events targeting Millennial and Gen Z hairstylists, who have a high influence on the industry.

* Figures in the text are based on local currency.

Our operations in Milbon Korea proceeded almost exactly according to plan, as things went smoothly.

Sales of hair coloring products grew slightly slower, but haircare product sales grew by 13.9% year-on-year, in what was a very strong performance.

This business posted lower profits, but this decrease was due to the resumption of educational events and other types of events in the aftermath of the pandemic. We therefore saw an increase in expenses related to these events, which, in turn, translated into lower profits.

This concludes my presentation.

Domestic Beauty Market in 2023 and Current Status

2020

In the first year of the COVID-19 pandemic, the beauty experienced a downturn, but the negative impact was less compared to other markets

2021-2022

The beauty market grew steadily with rebound demand

2023
5/8

COVID-19 was reclassified to Class 5 from Class 2
▶ Human mobility started to resume rapidly
(Slower growth in 2023 compared to 2021 and 2022)

Changes in Consumer Behavior in 2023

“Stay-at-home demand /
Staycation”
Beauty was a high priority

“Outing oriented consumer
behavior”
High priority given to travel and
eating out

**Urgent need to create value to make beauty
a spending priority for 2024 and beyond**

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Find Your Beauty **MILBON**

Sakashita: Good morning, everyone.

My name is Hidenori Sakashita, and starting in 2024, I have assumed the position of President & CEO at the Milbon Group.

Allow me to use this opportunity to greet investors and stakeholders.

I would now like to go over progress in the execution of the Milbon Group’s Medium-Term Management Plan and the initiatives for fiscal year 2024.

I would first like to start with an overview of the domestic beauty market in Japan and its current status. Allow me start in 2020, with the pandemic, and then go over the way things evolved in 2021, 2022, and 2023.

2020 was the first year of the COVID-19 pandemic and it was marked by the declaration of a state of emergency. This resulted in salons having to temporarily shut down and consequently to sluggish growth in the beauty industry. That being said, the degree of this decline was less pronounced when compared to other industries and professions.

The COVID-19 related decline was followed by growth resulting from a rebound in demand in 2021 and 2022. It didn’t take long for people to once again leave their homes to visit their favorite salons, and the beauty market also benefited from stay-at-home demand and staycation demand - both terms which saw frequent use during the pandemic. In other words, during the pandemic, people took an interest in and prioritized consumption in the areas of healthcare and beauty solutions at home. Thanks to these factors, the beauty market grew steadily in 2021 and 2022.

Finally, COVID-19 was reclassified as a Class 5 disease in May of 2023, from a previous Class 2 classification. In other words, COVID was downgraded to the status of a common infectious disease, and this translated into a sudden jump in people’s mobility, which has now returned to pre-pandemic levels. The end of the pandemic led to the release of pent-up demand for eating out, traveling, etc., as consumers make up for the three years they had to spend inside during COVID.

We have therefore identified an urgent need to create value to make beauty a spending priority in 2024 and beyond.

Furthermore, in terms of long-term trends, we have an overall population decline and a stagnation and eventual decline in the working-age population. In other words, we are on the cusp of a new era characterized by a shrinking customer pool. Because of this, there is a need for us to formulate and implement initiatives to act as a new growth driver going forward.



Next are Milbon’s results in the domestic beauty market in 2023. Sales of hair coloring products decreased by 0.8% on a year-on-year basis. As I mentioned earlier, we saw strong sales growth in hair coloring products in 2021 and 2022. This growth peaked in 2023, and furthermore, starting in 2023, we saw consumers prioritizing going out and other activities done outside to the detriment of visiting salons, so ultimately, sales dropped by 0.8%. In 2024, we will focus on creating value for in-salon hair color.

In terms of haircare, sales increased by 4.9% on a year-on-year basis. Here, Premium Brands, led by Aujua, drove growth and we met the targets we had set for ourselves in terms of new products within our professional brands. These factors therefore allowed us to grow sales.

Domestic Market Strategy ① Promoting Higher-Value Hair Color

i

A new color proposal unique to salons,
combining hair color and eyebrows



Promote a salon-exclusive total color service for hair and eyebrows, using Milbon's hair color products

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Find Your Beauty **MILBON**

We will be promoting higher-value hair color products as part of our strategy for retaking share in consumers' priorities.

Within this, our first initiative is offering a new color proposal unique to salons, combining hair color and eyebrow care.

According to consumer survey data, approximately 66% of consumers have at one point or another shown interest in changing their makeup after having their hair colored at salons. Of the people that actually changed their makeup, the most common change was to their eyebrows, coming in at around 60%. We have therefore identified market potential in this area.

In discussing this narrative combining hair coloring and eyebrow solutions, we have received a rather positive response from distributors and salons. We want to leverage this positive response to newly redefine in-salon color services, and will be working toward this end.

Domestic Market Strategy ① Promoting Higher-Value Hair Color

ii

Enhanced hair color options tailored for mature individuals featuring our organic brand, Villa Lodola



The world's first ICEA-certified hair color products

Naturally derived ingredients that are gentle on the hair and scalp

Used as a premium hair color option by many salons

Strengthening our sales force by expanding from 8 specialized staff to approx. 350 field personnel nationwide

Number of touchpoints in Japan

Results in FY2023 : 9,700

Target in FY2024 : 14,700

Domestic sales

Results in FY2023 : 1,060 million yen

Target in FY2024 : 1,440 million yen

Next, we want to offer enhanced hair color options featuring our Villa Lodola organic brand. Our Villa Lodola brand offers ICEA-certified organic products in the areas of haircare and hair coloring.

In particular, our hair coloring solutions have received acclaim as high-quality products. In fact, some salons actually charge a premium of 1,000 yen for hair coloring treatments using our Villa Lodola products, and in some cases even a premium of 2,000 or 3,000 yen. We want to leverage this proven track record of success expertise in 2024 and scale it and apply it widely.

More specifically, up until last year, the Villa Lodola brand had a sales force of 8 specialized staff. By expanding this business by adding approximately 350 Fieldpersons starting in 2024, we seek to secure an added 5,000 accounts over the span of one year and grow sales by 380 million yen.

Domestic Market Strategy ② Increasing In-Salon Customer Purchases

i Smart Salon Strategy

Following the test marketing period, we will pursue our proposals more aggressively from this fiscal year

Smart Salon
Inspired by MILBON

Results in FY2023 : **23** salons

Target in FY2024 : **100** salons

Overwhelmingly higher in-salon product sales

Styling station to provide face-to-face consultation

Tester station to raise product awareness and offer trial opportunities

Generating synergies through the integration of three sales areas

milbon:iD, our official online stores, to enhance convenience of product purchase

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Find Your Beauty MILBON

Next, I would like to discuss our Smart Salon Strategy, which constitutes one of the core pillars of the Milbon Group's Medium-Term Management Plan.

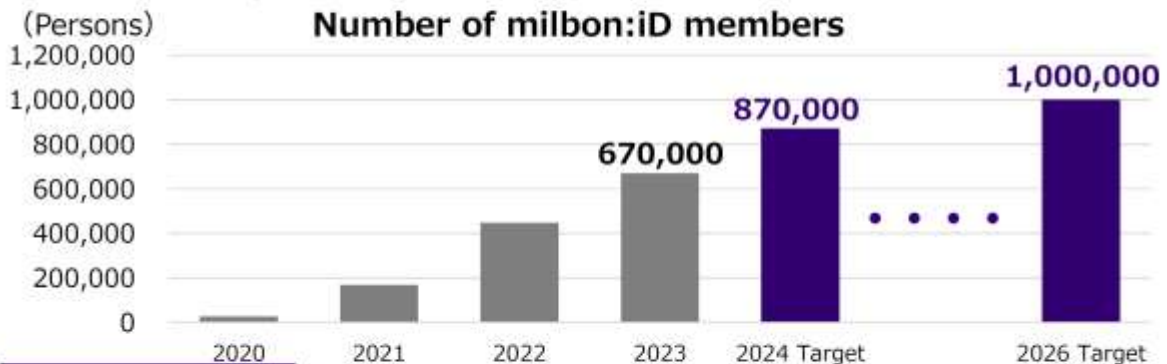
Despite this initiative still being in its test marketing phase, this concept resonated with salon owners, resulting in a total of 23 smart salons opened in fiscal year 2023. In fiscal year 2024, we intend to expand these efforts nationwide and target a total of 100 smart salons by the end of the fiscal year.

This Smart Salon Strategy is therefore a business strategy that makes possible overwhelmingly higher in-salon product sales. The plan is to generate synergies through the integration of three sales areas: a styling station, a tester station for in-store sales, and finally milbon:iD as an e-commerce framework supporting these efforts. Through these efforts, we intend to offer our clients a better purchasing experience.

Domestic Market Strategy ② Increasing In-Salon Customer Purchases

ii milbon:iD

The number of members is growing steadily. We will add new features to further enhance the appeal and value of Milbon's unique e-commerce platform.



New function 1

Live Shopping

Unlocking the live shopping streaming function to develop salon-oriented operation

New function 2

The STYLE STOCK

Supporting customers' seamless purchasing experience from product consideration to purchase by displaying various information including products used during salon visits on customers' milbon:iD My Page

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I would now like to give you a progress report on milbon:iD, which is the base and core of smart salons.⁶

We position milbon:iD as a KPI within the Company's Medium-Term Management Plan, within which we are targeting a million members as a milestone by the end of 2026. Member registrations stood at 670,000 as of the end of 2023, underscoring very strong levels of growth.

Additionally, we have plans to add 2 new function in fiscal year 2024, with the objective of further improving the appeal of milbon:iD.

The first function is a live shopping feature, the implementation of which was, over the past two years, discussed extensively within the Company and for which we carried out a variety of test runs. We will be releasing the new function this fiscal year, allowing for the salon-oriented operation of live shopping content streamed exclusively to milbon:iD users.

The second new function is STYLE STOCK, which involves linking up a trove of content with each user's personal milbon:iD page. This includes, for example, information about the haircare and hair styling products used by stylists doing customers' hair, video content showing the styling process, images of fully done hairstyles, comments and recommendations from the stylists themselves, etc.

Each visit is a new entry to this stock archive, giving customers the ability to go back and enjoy going through a catalog of their past hairstyles and consult product information at their convenience. Since this

information is contained within milbon:iD, this facilitates and enhances the purchasing process.

Our Pricing Strategy

We have been mitigating the risk of raw material price fluctuations by setting the prices of new products based on customer value and accelerating the turnover of new products

Example of pricing : change in MSRP (excluding tax) for 250ml Aujua shampoo



Initiatives to Reduce Manufacturing Cost of New Products / Turnover

<All products>

Manufacturing cost ratio in FY2023 : **33.1%**

<Products launched between 2017 and 2023>

Manufacturing cost ratio in FY2023 : **30.5%**

Ratio to non-consolidated Milbon sales in FY2023 : **68.5%**

We have been reducing the manufacturing cost of new products by adjusting the raw materials, etc.

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Next, I would like to discuss our pricing strategy.

Up until now, we have mitigated the risk of raw material price fluctuations by setting the price of new products based on customer value. In other words, we have executed value-based pricing and accelerated the turnover of new products.

Here, we show Aujua as an example of our pricing strategy. If you look at the trend in MSRP over the years, our shampoo release in 2017 was priced at 3,500 yen, with the 2023 release being priced considerably higher, at 5,000 yen.

This has been the case for products outside the Aujua brand, as well, with an increase of 29% over the past 10 years in the shipment value per SKU of all home-use products.

On the bottom left corner we have a progress report on this product turnover strategy. The manufacturing cost ratio for all products stood at 33.1% in fiscal year 2023. However, the manufacturing cost ratio for products released in the seven-year period between 2017 and 2023 was 30.5%. Additionally, the ratio of these products to non-consolidated Milbon sales stood at 68.5% in fiscal year 2023.

By pricing new products on the basis of customer value, we therefore worked to reduce manufacturing costs.

Our Pricing Strategy

In order to cope with the higher-than-expected cost increases, we plan to improve profitability by revising the prices of existing products whose cost ratio has been rising.

Price revisions for existing products overseas have already been implemented in line with market conditions.

Subject items

Part of haircare products (shampoos, treatments, and other home-use products)
Sales of target products account for about 15-20% of domestic sales

Timing of implementation

Planned to start in FY2025

Impact of price revision

Assuming a +10% increase in MSRP, gross profit margin is expected to increase by **+0.5 to +1.0** percentage points.

While the increase in raw material prices has slowed down somewhat in some cases, starting last year, we are now seeing rising prices for other materials. We expect this trend to impact our results in fiscal year 2024, as well.

As such, we do believe there are issues and challenges that need to be addressed for brands and product series, when it comes to manufacturing costs. We will therefore work to solve these on an individual basis.

Additionally, as it pertains to products for professional use, like hair coloring products, we also face issues related to competition, stemming from the fact that this is a B2B business. Put bluntly, we are up against other manufacturers employing a low-price strategy for hair coloring products. As such, due to this competitive element, we currently don't plan on raising prices for our hair coloring products.

The areas where we will be raising prices are as listed here, with subject items being some of our haircare products, such as shampoos, hair treatment products, and other home-use products. These products account for about 15% to 20% of domestic sales.

Another important consideration is the timing of implementation, which is planned to start in fiscal year 2025. The MSRP is printed on our products, and we will be keeping a close eye on inventories to determine when to raise prices.

In terms of the benefits from these price increases, assuming an increase of 10% in MSRP, we expect this to translate into an increase in gross profit margin of between 0.5 and 1.0 percentage points over a cumulative 12-month period.

Situation and Initiatives of Each Overseas Country (Growth Rate Target of Local Currency Basis)

China

**Sales target in FY2024:
120M RMB (+9.2% YoY)**

- Despite the deteriorating market conditions in 2023, we achieved growth compared to previous year
- We expect further growth in 2024 despite the lingering uncertainties in the market environment

South Korea

**Sales target in FY2024:
47.8B KRW (+9.1%YoY)**

- Sales of our mainstay hair coloring products remained steady
- We aim to strengthen our hair care sales by working with our excellent distributor sales force

U.S.

**Sales target in FY2024:
12.93M USD(+12.4%YoY)**

- We will boost sales of hair coloring products by leveraging our base of 10,000 haircare salons
- We aim to turn profitable by 2025 by reducing logistics costs

Europe (Germany)

**Sales target in FY2024:
1.5M EUR (+14.7% YoY)**

- Sales above our plan were achieved in 2023
- To expand our sales channels in the EU, we plan to assign two more expatriates there

ASEAN

**Sales target in FY2024:
1.62B JPY (+10.0% YoY)**

- Partnership with distributors to grow our market share further
- Business with leading distributor in Vietnam has begun

I would now like to touch upon the situation and initiatives of each overseas country.

Allow me to skip China, as we will be going over our operations in this country in greater detail on the next page. Regarding South Korea, sales of our mainstay hair coloring products remained steady and grew, with higher growth from haircare products.

In the United States, we continue building upon a strong foundation in the country, consisting of 10,000 haircare salons, as more salons use our hair coloring products. Furthermore, we expect this business to turn profitable in 2025.

In Europe, we will be putting in place a new framework to expand our sales channels in the region.

Lastly, in ASEAN, we continue further nurturing and solidifying our partnerships with distributors in each country in this region, which has grown to a promising sales level.

Situation in China

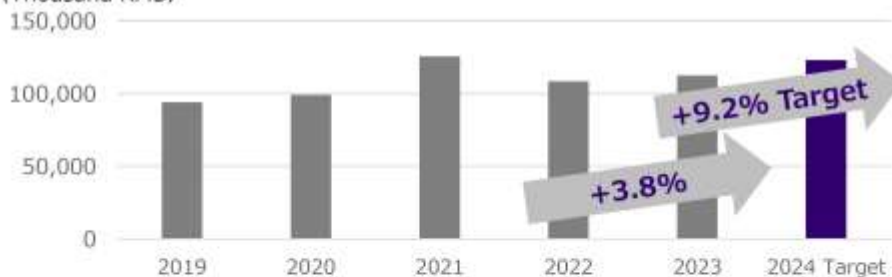
Sales

Steady growth continues with sales up 3.8% (on a local currency basis) year-on-year in FY 2023, amid economic downturn

The Company built strong relationships through tailored activities for individual salons and helped create services that cater to the changing needs of customers
⇒Haircare products drove the growth. Estimated market share in terms of value of shipments to salons rose from 8th in 2019 to 4th in 2023.

Sales in local currency basis (2019-2024 Target)

(Thousand RMB)



Factory

Increasing local production to reduce regulatory risk

The acquisition of sales approval for most of our locally manufactured hair coloring products was completed in 2023
⇒Shifting to a full-scale production in 2024

Next, I would like to go over the situation in China. As you are aware, an economic downturn in China has eroded consumer confidence, making for a very challenging situation.

That being said, we take a forward-looking approach, forecasting and leveraging changes in our customers, and dialogue and work together with each of our salon partners in the region to devise pertinent strategies. Thanks to these efforts, we were able to grow sales by 3.8% in fiscal year 2023.

Pre-COVID, in 2019, Milbon was number 8 in terms of estimated market share, and since then, we have improved our position, rising to number 4 in 2023. In light of this, we believe we have been able to show our competitive advantage in the Chinese market.

Additionally, in terms of production, we have for the most part completed acquisition of sales approval for our hair coloring products manufactured at our factory in China, and will be shifting to full-scale production in 2024.

While we continue to expect a challenging business environment in China, we will continue solidifying our position in the country, relying on our efforts to deliver growth and furthermore, we already have a structure in place allowing us to capture demand once consumption trends improve.

Milbon's global strategy is on a steady growth trajectory in China and other regions, and furthermore, we are targeting a sales increase of approximately 10% for China in fiscal year 2024, on a local currency basis.

Scenarios for Our MTMP (2022-2026)

Sales are progressing steadily, but there are delays in the progress of profits

Sales

Consolidated net sales for 2023 are on track toward our 2026 goal of 58 billion yen, in line with our MTMP forecast

Operating income

Even leaving aside the fact that there is the inventory write-down of hair dryer for 2023, the rise in raw material prices and other expenses exceeds our expectations



I would now like to go over our scenarios for the Company's Medium-Term Management Plan.

First, consolidated net sales are on track toward our 2026 goal of 58 billion yen.

Second, operating income was negatively impacted by an inventory write-down related to our hair dryer product in 2023.

This is a temporary impact, but in terms of more permanent factors, we have changes in the cost structure following the end of the pandemic, and this is an issue we need to address.

Scenarios for Our MTMP (2022-2026)

We aim to improve the effectiveness of our measures to address cost issues and work to enhance our current operating profit margin.

*The specific numbers of our MTMP will be reannounced after review.

Cost issues to address

- Spike and sustained high prices of raw materials
 - Base increase and other initiatives related to personnel cost
 - Rising logistics cost (2024 problem)
- (million yen)

Measures for 2024 and beyond

- Launching new high value-added products and lowering the cost ratio
- Implementing price revisions for existing products
- Reevaluating our CAPEX



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We had an operating margin of 11.6% in fiscal year 2023, which we expect will increase to 13.0% in fiscal year 2024. That being said, both of these figures are still quite far from our stated target of 18.6% for fiscal year 2026. Regarding the profit plan within the Medium-Term Management Plan, here, we will be addressing two changes following the end of the pandemic, namely by adapting to changes in the beauty market, and improving the cost structure.

Against the backdrop of soaring raw material prices and rising personnel and logistics costs, we will be releasing high value-added products to lower the cost ratio. In terms of existing products with challenges that need to be addressed, we will be implementing price revisions for these products, thereby working toward a recovery in profits.

We will continue analyzing changes in market and cost structure trends toward releasing a profit plan to share with stakeholders

FY2024 Assumptions Underlying Earnings Forecasts

Assumptions

Sales	Japan	<ul style="list-style-type: none"> Despite the lack of strength in the market growth, we anticipate an increase in sales due to introducing new haircare products, boosting our efforts for hair coloring products, and selling cosmetics based on hair coloring products.
	Over-seas	<ul style="list-style-type: none"> South Korea: We expect moderate growth in hair coloring products, which account for 70% of our sales, and an increase in sales by strengthening our haircare product, but the impact of foreign exchange rates will limit the growth rate on a yen basis to the low single digits. China: Despite lingering uncertainties in the market environment, we expect our sales to continue growing, thanks to our strong relationships with salons and robust sales of our haircare products. U.S.: We anticipate increased sales from the sustained strong performance of our haircare products and the improvement of our hair color sales activity. Others : We expect revenue to increase due to continued growth in ASEAN and the EU.
Profit		<ul style="list-style-type: none"> Raw material prices remain high at current levels. We expect to have a negative impact compared to the previous year in the first half. A rebound increase will occur from the hair dryer valuation decrease recorded in 2023. We expect an increase in marketing costs due to holding educational events and other activities in Japan and overseas. We expect an increase in logistics costs in Japan due to the impact of the 2024 problem.

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Here are the assumptions underlying the earnings forecasts for fiscal year 2024.

We discuss topics related to sales in Japan and overseas, as well as in terms of profits, so we invite you to review this information at your convenience later on.

Target for FY2024: Consolidated Statement of Earnings

(Unit: million yen)	FY2023	FY2023 % total sales	FY2024 Target	FY2024 % total sales	Increase / Decrease	Increase / Decrease ratio(%)
Net sales	47,762	100.0	50,620	100.0	2,857	6.0
Japan	36,502	76.4	38,620	76.3	2,117	5.8
Overseas	11,260	23.6	12,000	23.7	739	6.6
Gross profit	29,525	61.8	32,400	64.0	2,874	9.7
SG&A expenses	24,000	50.2	25,800	51.0	1,799	7.5
Operating income	5,525	11.6	6,600	13.0	1,074	19.5
Ordinary income	5,586	11.7	6,560	13.0	973	17.4
Profit attributable to owners of parent	4,001	8.4	4,650	9.2	648	16.2

Next is the consolidated statement of earnings.

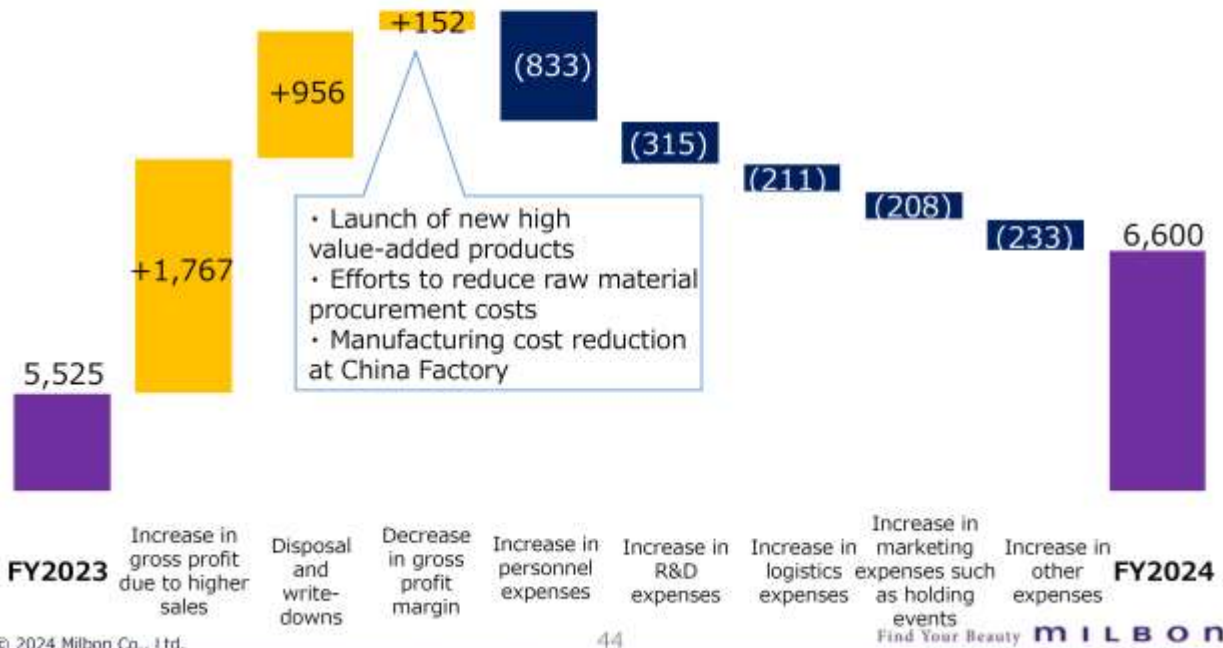
For fiscal year 2024, we are targeting 50.62 billion yen in net sales, which corresponds to a year-on-year increase of 6%.

In terms of our operations in Japan, we expect a sales increase of 5.8%, and of 6.6% from our operations overseas, on a yen-denominated basis.

Lastly, the operating income forecast is 6.6 billion yen, corresponding to an increase of 19.5%.

Target for FY2024 : Factors in YoY Changes in Consolidated Operating Income

(Million yen)



This page contains a waterfall chart detailing the impact of the factors in year-on-year change in consolidated operating income for fiscal year 2024.

We invite you to review this information at your convenience later on.

Target for FY2024: Sales by Product Category

- Hair care products: Sales are expected to increase in Japan and overseas due to the introduction of new products, centered on Aujua and Global Milbon, and the rollout of educational initiatives.
- Hair coloring products : In Japan, sales are expected to increase due to strengthened activities of "Villa Lodola Color" and high-value-added color proposals linked to cosmetics. Overseas, we expect stable growth in South Korea and sales increase by strengthening activities in the U.S. and China.
- Cosmetic products : A new cosmetic product linked to hair coloring will be introduced from the "IM" brand to revitalize the cosmetics business.
- Others : Sales of ELMISTA will continue. New products will be introduced in the supplement.

(Unit: million yen)	FY2023	FY2024 Target	Increase / Decrease	Increase / Decrease ratio (%)
Hair care products	28,355	30,200	1,844	6.5
Hair coloring products	16,953	17,600	646	3.8
Permanent wave products	1,463	1,480	16	1.1
Cosmetic Products	571	820	248	43.4
Others	418	520	101	24.4

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Next are the sales targets for fiscal year 2024, by product category.

As you can see from the table, we expect sales for haircare products to grow by 6.5%, and by 3.8% for hair coloring products. As I mentioned at the beginning, Japan's working-age population will start declining, which means a declining trend in the number of customers. In light of this, we are aware of the considerable difficulty in significantly expanding the market for hair coloring products. Despite this, we will be creating new value allowing us to deliver steady growth in this product category.

Conversely, when it comes to the category of haircare products, we believe many consumers are yet to purchase products in-store at salons, so we view this as a significant opportunity. Furthermore, by carrying out pricing based on customer value, we seek to turn haircare products into a category with high margins, and to continue delivering growth.

Target for FY2024: Consolidated Net Sales and Operating Income in Japan and Overseas

Domestic operating income is expected to increase. However, overseas profit is expected to decrease due to increased sales activities of hair coloring products in the U.S. as well as expansions of office and workforce in South Korea.

Sales	(Unit: million yen)	FY2023		FY2024 Target		Increase / Decrease	Increase / Decrease ratio (%)	Changes in local currency base	Exchange rate	
		Operating income	Operating income ratio (%)	Operating income	Operating income ratio (%)				FY2023 (Unit: yen)	FY2024 (Unit: yen)
Japan		36,502		38,620		2,117	5.8	5.8	-	-
Overseas		11,260		12,000		739	6.6	10.1	-	-
	USA	1,624		1,811		186	11.5	12.4	USD 141.20	140.0
	China	2,241		2,460		218	9.8	9.2	RMB 19.90	20.0
	South Korea	4,715		4,784		68	1.5	9.1	KRW 0.1076	0.1000
	Other	2,678		2,945		266	9.9	11.0	-	-

Operating income	(Unit: million yen)	FY2023		FY2024 Target		Increase / Decrease	Increase / Decrease ratio (%)
		Operating income	Operating income ratio (%)	Operating income	Operating income ratio (%)		
Japan		4,231	11.6	5,522	14.3	1,290	30.5
Overseas		1,294	11.5	1,077	9.0	(216)	(16.7)
	USA	△ 89	△ 5.5	△ 106	△ 5.9	(16)	-
	China	68	3.1	197	8.0	129	189.2
	South Korea	1,284	27.3	1,068	22.3	(216)	(16.8)
	Other	30	1.1	△ 81	△ 2.8	(112)	-

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This page shows the consolidated net sales and operating income targets for Japan and Overseas, so we invite you to review this material at your convenience later on.

Target for FY2024: Capital Expenditures

Classification		FY2023	FY2024 Target
Capital expenditures		3,151	4,258
Depreciation and amortization		2,213	2,404
R&D exp.	Amount	2,334	2,649
	% to sales	4.9%	5.2%

FY2024 CAPEX Main Items

Sales Offices, Studios

- Establishment and maintenance of business locations
- Human Resources Development Center

Production system

- Technical Center
- Yumegaoka Factory (Machinery and equipment)
- Thailand Factory (Machinery and equipment)

Digital

- milbon:iD
- education:iD
- Smart Salon (Digital marketing, etc.)

Others

- Internal infrastructure, production equipment

We expect to carry out 4.258 billion yen in capital expenditures in fiscal year 2024, with the breakdown being as shown here.

Return to Shareholders

The Year-end dividend for FY2023 is set at 48 yen, for a total annual dividend of 88 yen*.

Aiming for stable and continuous dividends while maintaining a dividend payout ratio of 50%.

(Unit: yen)	FY2021	FY2022	FY2023	FY2024 Forecast
End of 2Q	30	40	40	40
End of FY	38	46	48	48
Total	68	86	88	88
Consolidated dividend payout ratio	43.3%	50.2%	71.6%	61.6%

* To be formally decided at the Annual General Meeting of Shareholders

Last is the topic of returns to shareholders.

As planned, we will be distributing a year-end dividend of 48 yen per share for fiscal year 2023, for a total annual dividend of 88 yen per share.

While there might be some temporary variance, we continue to aim for stable and continuous dividends while maintaining a dividend payout ratio of 50%.

This concludes my presentation.

Thank you for your time.

[END]

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