

m i l b o n

**Financial Results for Q1 of FY2024
(Ending December 31,2024)**

Milbon Co., Ltd.

(TSE code : 4919)

May 14, 2024

Agenda

- 1. Consolidated Financial Results**————— **P2**
- 2. Financial Results by Region and Outlook**————— **P7**
- 3. Appendix**————— **P16**
- 4. Outline of Milbon** ————— **P25**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Today's Message

- Both sales and profits increased, exceeding the initial plan. Despite ongoing challenges with domestic hair coloring products and the market environment in China, we have made a solid start towards achieving our full-year forecasts.
- The gross profit margin declined due to the impact of raw material price hikes, etc. However, this impact is temporary and expected to ease gradually.
- Domestic sales and profit increased. Sales of haircare products, including Aujua, continues to be strong. Sales of hair coloring products increased slightly, but effects of sales and educational activities are expected to become apparent from 2Q onward.
- Overseas sales and profit increased. Although sales in all three major countries (South Korea, China, and the USA) exceeded the plan. However, market conditions remain uncertain in China.
- FY2024 full-year forecasts remain unchanged.

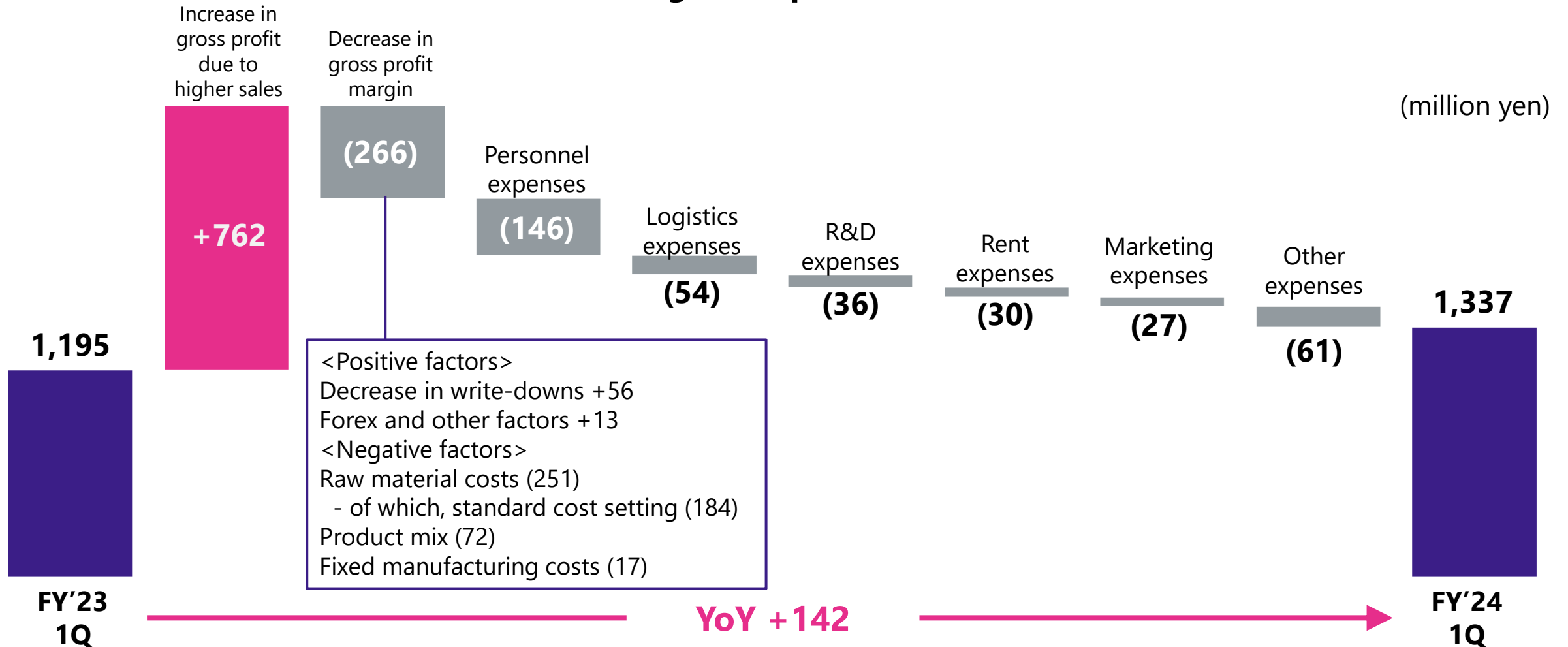
Consolidated Statement of Earnings

Both sales and profits surpassed the plan.

(Unit: million yen)	FY2023 1Q YTD	% total	FY2024 1Q YTD	% total	Gap	Gap (%)	FY2024 1Q YTD plan	Vs. plan (%)
Net Sales	10,340	100.0%	11,508	100.0%	1,167	11.3%	11,013	104.5%
Gross profit	6,750	65.3%	7,246	63.0%	496	7.3%	7,049	102.8%
SG&A expenses	5,555	53.7%	5,909	51.3%	353	6.4%	6,174	95.7%
Operating income	1,195	11.6%	1,337	11.6%	142	11.9%	875	152.8%
Ordinary income	1,167	11.3%	1,390	12.1%	223	19.2%	840	165.6%
Profit attributable to owners of parent	882	8.5%	973	8.5%	91	10.3%	629	154.8%

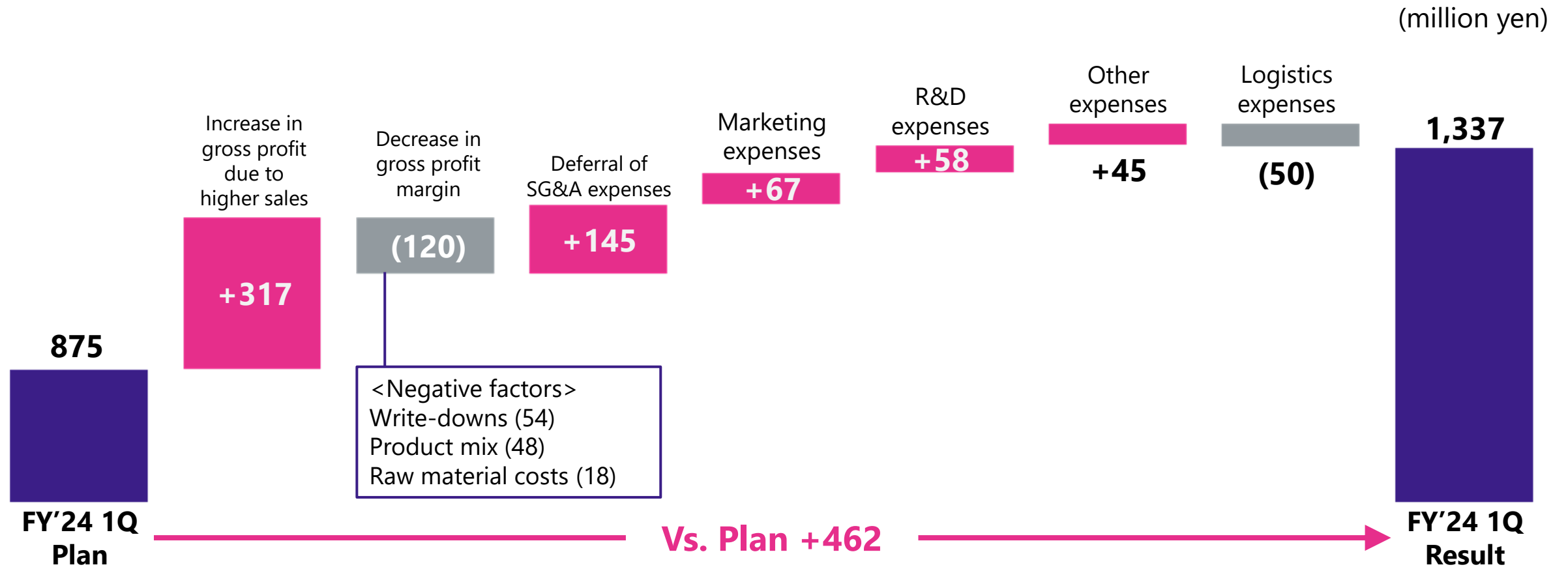
Factors in YoY Changes in Consolidated Operating Income

The operating income increased. The higher-than-expected revenue growth have offset the decrease in gross profit margin due to higher raw material cost, etc., and higher expenses.



Factors in vs. Plan Changes in Consolidated Operating Income

Although a decrease in operating income was anticipated due to the soaring costs of raw materials, the actual results exceeded expectations with a significant increase in sales and cost containment, despite some expense deferrals.



Agenda

1. **Consolidated Financial Results**————— P2
2. **Financial Results by Region and Outlook**————— P7
3. **Appendix**————— P16
4. **Outline of Milbon** ————— P25

Net Sales and Operating Income by Region

**Both domestic and overseas income increased above planned.
The weak yen boosted overseas revenue growth rate.**

(Unit: million yen)		FY2023 1Q YTD	FY2024 1Q YTD	Gap	Gap (%)	Actual gap rate ^{*1} (%)	FY2024 1Q YTD plan	Exchange rate FY23 1Q	Exchange rate FY24 1Q
Japan	Net sales	7,659	8,371	712	9.3%	9.3%	8,158		
	Operating Income	881	920	38	4.3%	—	601	—	—
	margin (%)	11.5%	11.0%	—	—	—	7.4%		
Overseas	Net sales	2,681	3,136	455	17.0%	9.1%	2,854		
	Operating Income	313	417	103	33.1%	—	273	—	—
	margin (%)	11.7%	13.3%	—	—	—	9.6%		
South Korea	Net sales	1,100	1,266	165	15.1%	6.5%	1,141	KRW	KRW
	Operating Income	298	369	71	23.9%	—	272	0.104 yen	0.112 yen
	margin (%)	27.1%	29.2%	—	—	—	23.9%		
China	Net sales	588	664	75	12.8%	4.3%	618	RMB	RMB
	Operating Income	22	95	73	328.0%	—	67	19.41 yen	21.00 yen
	margin (%)	3.8%	14.3%	—	—	—	11.0%		
USA	Net sales	340	414	74	21.9%	8.5%	408	USD	USD
	Operating Income	(39)	(17)	21	—	—	(34)	133.44 yen	149.88 yen
	margin (%)	(11.5%)	(4.2%)	—	—	—	(8.4%)		
Other ^{*2}	Net sales	651	791	139	21.4%	18.2%	687		
	Operating Income	32	(30)	(62)	(193.9%)	—	(32)	—	—
	margin (%)	4.9%	(3.8%)	—	—	—	(4.8%)		

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

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

Financial Results by Region: Japan

Haircare and cosmetics products are fueling growth. The impact of ramped-up sales efforts for hair coloring products will likely become apparent from 2Q onward.

YoY growth rate of sales by product category*

Haircare sales, led by "Aujua", remain robust. "IM" brand's new products significantly boosted cosmetics sales.

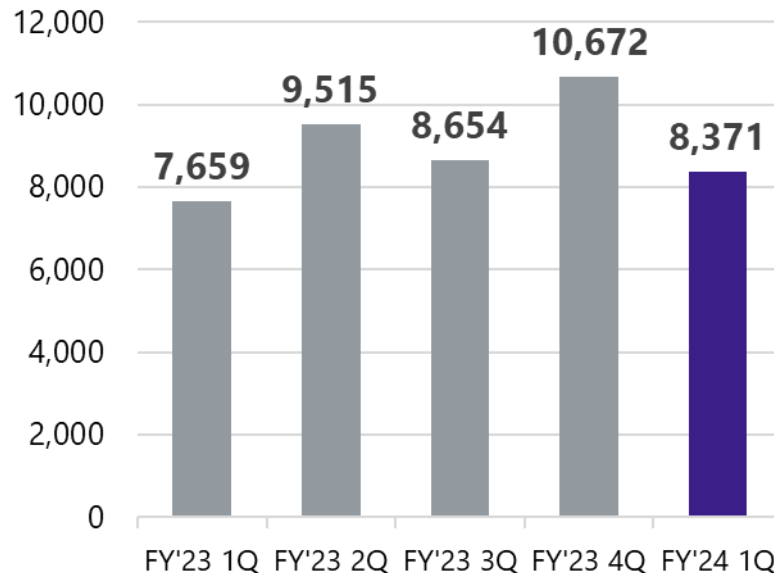
Change in sales	FY2024	
	1Q	1Q YTD
Haircare	+9.1%	+9.1%
Hair coloring	+0.8%	+0.8%
Cosmetics	+197.6%	+197.6%
% to sales	1Q	1Q YTD
Haircare	61.2%	61.2%
Hair coloring	32.1%	32.1%
Cosmetics	4.1%	4.1%

* Based on shipment value

© Milbon Co., Ltd. All right reserved.

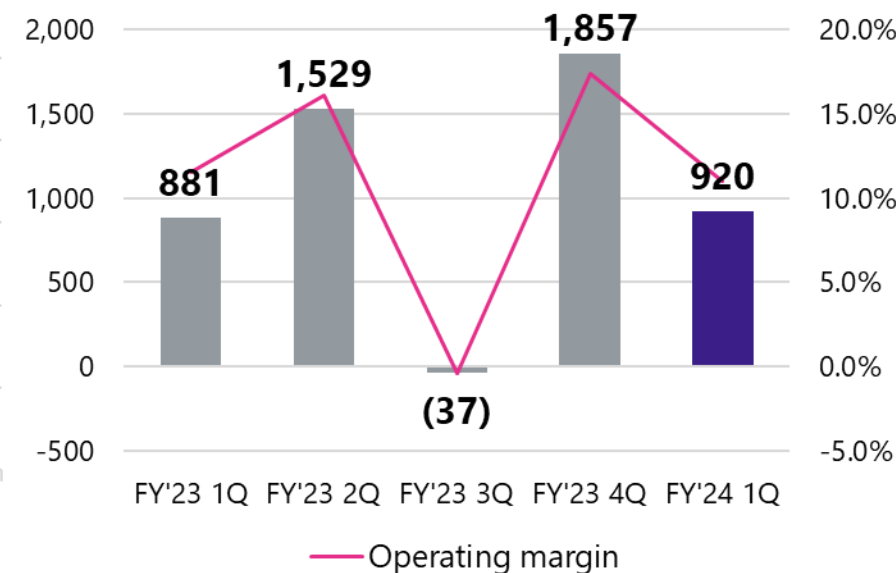
Quarterly net sales (mil. yen)

Despite the seasonal trend of lower sales in 1Q, sales exceeded the plan.



Quarterly operating income (mil. yen)

Although profits tend to be smaller in 1Q due to increased expenses associated with organizing events, profits increased due to higher-than-expected sales and deferral of expenses.



— Operating margin
Find Your Beauty **MILBON**

Financial Results by Region: Japan

Key strategies		Progress up to 1Q	Results and outlook																			
Recovery of hair coloring products sales through promotion of high-value hair color		Preparatory phase	<ul style="list-style-type: none"> As for "Villa Lodola," our organic brand, we have strengthened the skills and knowledge of 350 Field Persons across Japan. A full-scale rollout to commence in April. Proposals linking hair color and eyebrow color lead to easier cosmetics initiatives and contributed to higher customer spend at salons. Sales of the new eyebrow product from the "IM" brand have significantly exceeded our plan. However, the effect of improving the market share of our hair coloring products was negligible. We will enhance our hair coloring product sales and educational efforts at each salon by utilizing an assessment sheet to pinpoint issues related to hair coloring in salons. 																			
Promoting Smart Salon	milbon:iD	Well-progressed	<table border="1"> <thead> <tr> <th></th> <th>FY'23</th> <th>FY'24 1Q YTD</th> <th>FY'24 Plan</th> </tr> </thead> <tbody> <tr> <td>Members</td> <td>670,000</td> <td>709,000</td> <td>870,000</td> </tr> <tr> <td>Salons</td> <td>5,930</td> <td>6,068</td> <td>6,500</td> </tr> <tr> <td>EC Sales</td> <td>1,640 mil. yen</td> <td>370 mil. yen</td> <td>1,950 mil. yen</td> </tr> </tbody> </table>					FY'23	FY'24 1Q YTD	FY'24 Plan	Members	670,000	709,000	870,000	Salons	5,930	6,068	6,500	EC Sales	1,640 mil. yen	370 mil. yen	1,950 mil. yen
		FY'23	FY'24 1Q YTD	FY'24 Plan																		
Members	670,000	709,000	870,000																			
Salons	5,930	6,068	6,500																			
EC Sales	1,640 mil. yen	370 mil. yen	1,950 mil. yen																			
Smart Salon store development	Preparatory phase	<table border="1"> <thead> <tr> <th></th> <th>FY'23</th> <th>FY'24 1Q YTD</th> <th>FY'24 Plan</th> </tr> </thead> <tbody> <tr> <td>Number of Smart Salons</td> <td>23</td> <td>29</td> <td>100</td> </tr> </tbody> </table> <p>We will initiate an aggressive expansion in April to increase the number of salons. Existing salons were highly evaluated for their effectiveness in increasing salon sales.</p>					FY'23	FY'24 1Q YTD	FY'24 Plan	Number of Smart Salons	23	29	100									
	FY'23	FY'24 1Q YTD	FY'24 Plan																			
Number of Smart Salons	23	29	100																			

Financial Results by Region: South Korea

Sales have been robust, driven by strengthened haircare and perm sales initiatives. Operating income surpassed the plan due to revenue growth and cost containment.

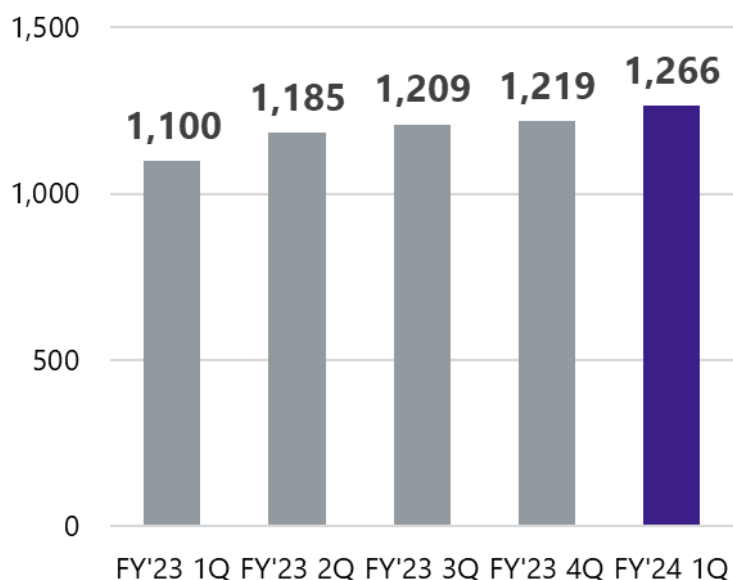
YoY growth rate of sales by product category*

Hair color sales slow with trend shifts, while haircare and perm products sales achieve double-digit growth from boosted activities.

Change in sales	FY2024	
	1Q	1Q YTD
Haircare	+20.1%	+20.1%
Hair coloring	+1.1%	+1.1%
Perm	+33.6%	+33.6%
% to sales	1Q	1Q YTD
Haircare	23.3%	23.3%
Hair coloring	71.1%	71.1%
Perm	5.0%	5.0%

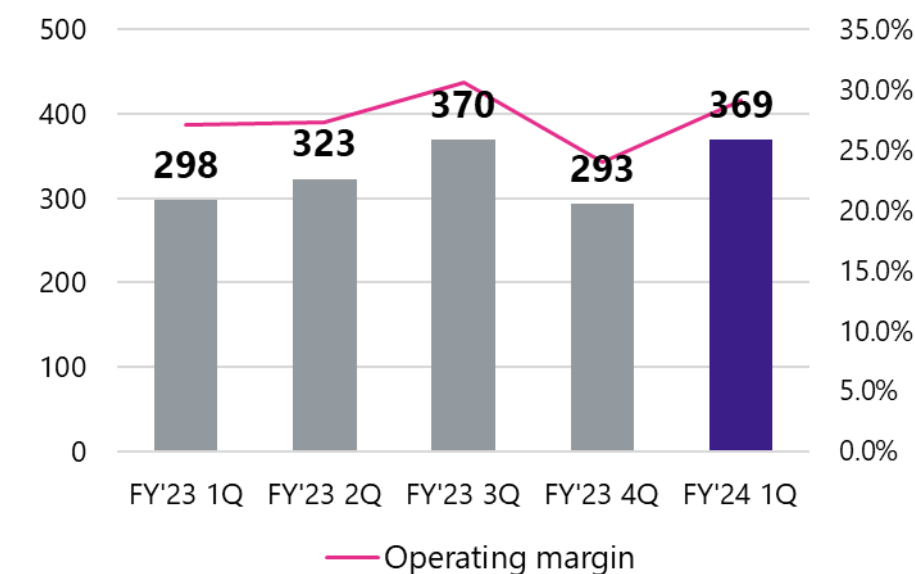
Quarterly net sales (mil. yen)

Haircare and perm products are driving growth, with sales consistently rising.



Quarterly operating income (mil. yen)

Although profit was expected to decrease due to higher expenses for increased staff, etc., the delay in hiring and higher-than-expected sales led to an increase in profit.



* Based on local currency

© Milbon Co., Ltd. All right reserved.

Financial Results by Region: China

The high demand period for salons preceding the Lunar New Year significantly boosted our sales and profits, surpassing the plan. However, the subsequent decrease in salon visits has introduced uncertainties into the market.

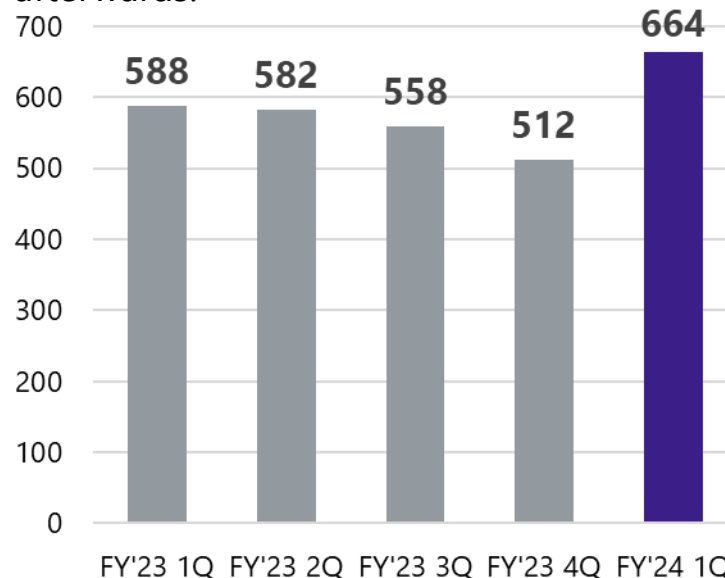
YoY growth rate of sales by product category*

The rollout of "Global Milbon" and other professional haircare products in salons has advanced. Conversely, a decrease in the frequency of hair coloring among salon customers has led to reduced sales from hair coloring products.

Change in sales	FY2024	
	1Q	1Q YTD
Haircare	+6.2%	+6.2%
Hair coloring	(0.6%)	(0.6%)
% to sales	1Q	1Q YTD
Haircare	55.8%	55.8%
Hair coloring	37.5%	37.5%

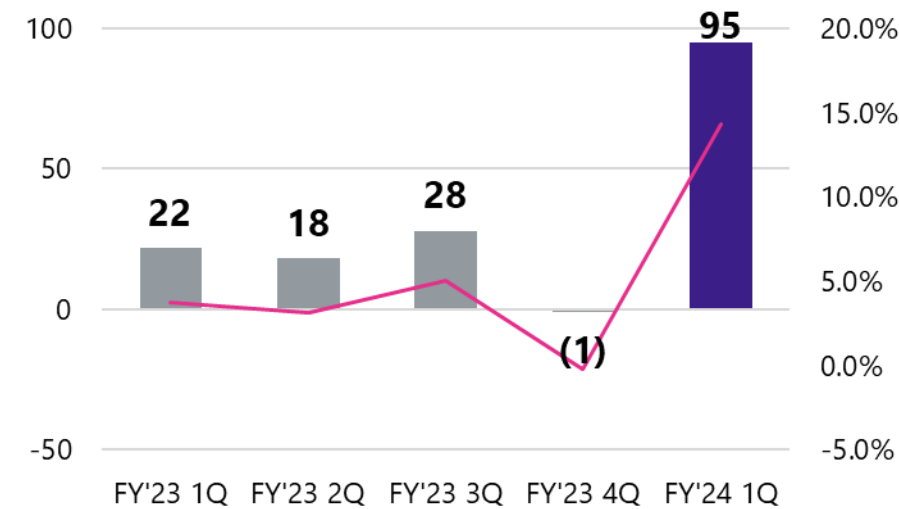
Quarterly net sales (mil. yen)

January witnessed a substantial increase in sales preceding the Lunar New Year in February, but visits to salons dropped afterwards.



Quarterly operating income (mil. yen)

Increase in revenue exceeding the plan, and cost containment increased profit.



* Based on local currency
© Milbon Co., Ltd. All right reserved.

Financial Results by Region: USA

Stable growth in mainstay haircare and double-digit sales growth in hair coloring products due to strengthened activities. We are directing investments to enhance hair coloring promotions and spur further growth.

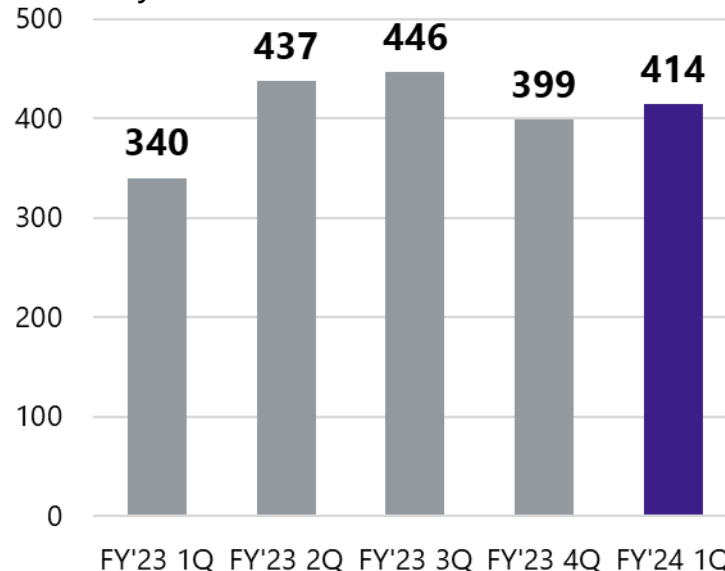
YoY growth rate of sales by product category*

Continued strong sales of haircare products, with Global Milbon at the forefront. Total sales percentage of hair coloring products increased, supported by strengthened sales and education activities for distributors and salons.

Change in sales	FY2024	
	1Q	1Q YTD
Haircare	+6.0%	+6.0%
Hair coloring	+25.9%	+25.9%
% to sales	1Q	1Q YTD
Haircare	83.7%	83.7%
Hair coloring	10.6%	10.6%

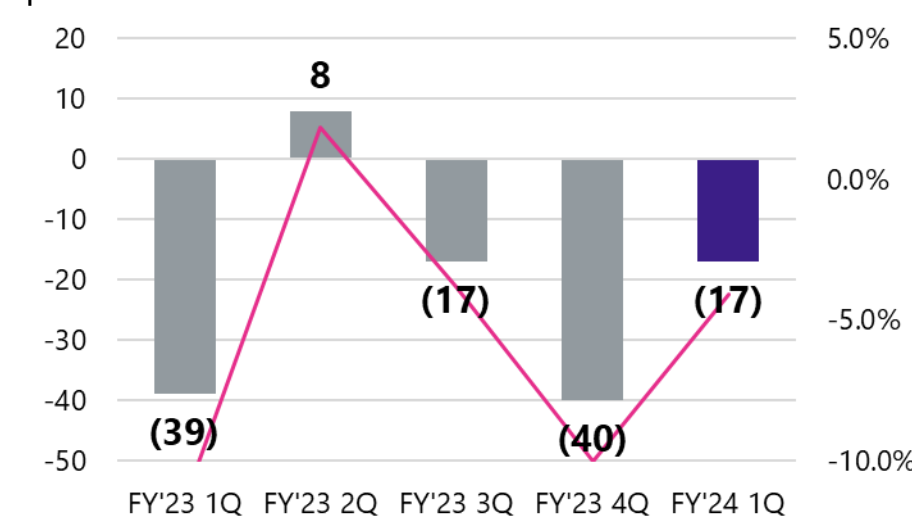
Quarterly net sales (mil. yen)

Sales softened in the 4Q of last year due to a decrease in shipments amid distributor transitions, yet they are showing signs of recovery.



Quarterly operating income (mil. yen)

Despite making headway in reducing the deficit by cutting distribution costs, losses are anticipated to persist this year due to expenses incurred from bolstering sales and education for hair coloring products.



* Based on local currency

© Milbon Co., Ltd. All right reserved.

Outlook for after 2Q

Outlook for after 2Q

Sales	Japan	<ul style="list-style-type: none">Steady demand is anticipated for haircare products.While the demand for hair bleaching design is plateauing, the effects of sales and education activities for hair coloring products strengthened during 1Q, are expected to become apparent from 2Q onward.
	Over seas	<ul style="list-style-type: none">Sales and profits in China exceeded expectations, yet post-Lunar New Year salon visits dwindled, casting uncertainty in the market.Continued strong performance centered on haircare in South Korea, USA, and other countries.
Income		<ul style="list-style-type: none">Raw material cost impacts are largely in line with forecasts due to purchasing cost reductions, and negative impacts are expected to continue until around the first half of this fiscal year.Growth rate of haircare exceeds that of hair coloring by more than expected, and product mix has negative impact on gross profit margin.Negative impact on gross profit margin due to the setting of standard costs is expected to be gradually eliminated.

Outlook: Full-year Forecasts

While domestic hair coloring products sales and the market conditions in China remain focal points, we currently project an increase in both sales and profits, consistent with our initial fiscal year plan.

(Unit: million yen)	FY2023	% total	FY2024 Plan	% total	Gap	Gap (%)
Net Sales	47,762	100.0%	50,620	100.0%	2,857	6.0%
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%

Agenda

1. Consolidated Financial Results————— **P2**

2. Financial Results by Region and Outlook————— **P7**

3. Appendix————— **P16**

Consolidated Net Sales and Sales Ratio by Product Category————— **P17**

Status of Main Brands————— **P18**

Sales Growth and Sales Ratio by Category in Japan and Overseas————— **P21**
(Local Currency Basis)

Status of Capital Expenditures, etc.————— **P23**

The number of Field Persons (FP)————— **P24**

4. Outline of Milbon————— **P25**

(Appendix) Consolidated Net Sales and Sales Ratio by Product Category

(Unit: million yen)	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net sales	10,340	12,362	11,446	13,612	47,762	11,508				11,508
Haircare	5,969	7,370	6,593	8,421	28,355	6,670				6,670
Hair coloring	3,922	4,315	4,193	4,522	16,953	4,044				4,044
Perm	301	413	369	380	1,463	350				350
Cosmetics	126	140	154	149	571	369				369
Others	20	123	136	137	418	73				73
% to sales										
Haircare	57.7%	59.6%	57.6%	61.9%	59.4%	58.0%				58.0%
Hair coloring	38.0%	34.9%	36.6%	33.2%	35.5%	35.1%				35.1%
Perm	2.9%	3.4%	3.2%	2.8%	3.0%	3.1%				3.1%
Cosmetics	1.2%	1.1%	1.4%	1.1%	1.2%	3.2%				3.2%
Others	0.2%	1.0%	1.2%	1.0%	0.9%	0.6%				0.6%

(Appendix) Status of Haircare Products by Main Brands

Haircare - Aujua

Robust sales centered on new scalp care product "Presedia".
Continued expansion of touchpoints in Japan and South Korea.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	2,121	2,121	2,312	2,312
Japan	2,056	2,056	2,222	2,222
South KR	64	64	90	90

(Unit: salons)	FY2023		FY2024	
Number of Salons		6,844		7,072
Japan		6,556		6,765
South KR		288		307

New Products

Aujua Scalp Care Series Presedia (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024
	1Q YTD	Target
Gross sales	145	700

Haircare – Global Milbon

Sales growth for the brand is being propelled by strong performance in overseas markets, especially in the USA.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	1,312	1,312	1,545	1,545
Japan	704	704	725	725
USA	283	283	355	355
China	94	94	141	141
South KR	45	45	67	67
Other	184	184	255	255

(Unit: salons)	FY2023		FY2024	
Number of Salons		13,381		23,557
Japan		10,188		10,423
USA		0		9,822
China		430		477
South KR		1,022		1,087
Other		1,741		1,748

*Data for the number of salons in USA for the period from October to December became inaccessible due to the changeover of distributors, therefore, the figures of FY2023 displayed exclude USA.

* Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

(Appendix) Status of Hair Coloring Products by Main Brands

Hair coloring – Ordeve Addicthy

In Japan, we're leveraging eyebrow mascara products to rejuvenate sales. While South Korea's significant sales are impacted by hair color trends, overall international sales continue to grow steadily.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	1,555	1,555	1,490	1,490
Japan	1,265	1,265	1,192	1,192
Overseas	290	290	297	297

Hair coloring – Sophistone

Continued revenue growth due to strengthened sales and education activities for distributors and salons in the US.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	31	31	43	43

Hair coloring – Villa Lodola Color

Launch in Hong Kong is set for April. Concurrently, Field Persons in Japan will intensify sales and educational efforts starting the same month.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	252	252	256	256
Japan	252	252	253	253
Overseas	0	0	3	3

(Unit: salons)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Number of Salons		9,702		9,631
Japan		9,702		9,631
Overseas		0		0

* Sales figures are based on shipment value.

(Appendix) Status of Cosmetics by Main Brands

Cosmetics – Imprea

Sales decreased due to increased focus on cosmetics-related activities within “IM” brand.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	131	131	120	120

(Unit: salons)	FY2023		FY2024	
	1Q YTD		1Q YTD	
Number of Salons	1,970		2,013	

New Products

Imprea Cleansing Oil (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024
	1Q YTD	Target
Gross sales	18	55

Cosmetics – IM

New color mascara products, promoted in conjunction with hair color, performed well and exceeded annual plan.

(Unit: mil. yen)	FY2023		FY2024	
	1Q	1Q YTD	1Q	1Q YTD
Gross sales	0	0	271	271

New Products

IM Brow & Lush Color Mascara (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024
	1Q YTD	Target
Gross sales	223	150

* Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

(Appendix) Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

Japan	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net sales	+6.0%	+0.7%	+3.0%	+3.1%	+3.1%	+9.3%				+9.3%
Haircare	+9.5%	+2.9%	+4.0%	+4.6%	+4.9%	+9.1%				+9.1%
Hair coloring	+1.9%	(3.5%)	(1.6%)	+0.3%	(0.8%)	+0.8%				+0.8%
Perm	(6.5%)	(17.1%)	+7.6%	(7.0%)	(7.0%)	+2.9%				+2.9%
Cosmetics	(4.2%)	+18.4%	+25.5%	(12.7%)	+4.8%	+197.6%				+197.6%
Others	(13.2%)	+133.3%	+150.8%	+102.1%	+104.8%	+60.8%				+60.8%
% to sales										
Haircare	61.2%	63.0%	61.0%	65.5%	62.9%	61.2%				61.2%
Hair coloring	34.7%	31.8%	33.5%	30.3%	32.4%	32.1%				32.1%
Perm	2.3%	3.0%	2.8%	2.0%	2.5%	2.2%				2.2%
Cosmetics	1.5%	1.3%	1.6%	1.3%	1.4%	4.1%				4.1%
Others	0.3%	1.0%	1.1%	0.9%	0.8%	0.4%				0.4%
South Korea	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net sales	+10.9%	+4.8%	+1.2%	+13.7%	+7.4%	+6.5%				+6.5%
Haircare	+14.4%	+13.5%	+1.1%	+29.0%	+13.9%	+20.1%				+20.1%
Hair coloring	+9.2%	+1.4%	(0.0%)	+7.5%	+4.3%	+1.1%				+1.1%
Perm	+28.0%	+28.1%	+18.2%	+59.1%	+32.4%	+33.6%				+33.6%
% to sales										
Haircare	20.7%	21.7%	21.4%	23.3%	21.8%	23.3%				23.3%
Hair coloring	74.9%	73.9%	73.6%	71.6%	73.5%	71.1%				71.1%
Perm	4.0%	3.8%	4.2%	4.6%	4.1%	5.0%				5.0%
Others	0.4%	0.6%	0.8%	0.5%	0.6%	0.6%				0.6%

* The figures for Japan are based on shipment value. The overseas figure are based on local currency.

© Milbon Co., Ltd. All right reserved.

(Appendix) Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

China	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net sales	(2.7%)	+22.4%	(6.1%)	+5.8%	+3.8%	+4.3%				+4.3%
Haircare	+11.0%	+35.7%	(7.3%)	+15.9%	+12.0%	+6.2%				+6.2%
Hair coloring	(14.0%)	+8.4%	(5.2%)	(8.5%)	(5.1%)	(0.6%)				(0.6%)
Perm	(23.5%)	+25.8%	+0.4%	(0.7%)	(3.8%)	+19.0%				+19.0%
% to sales										
Haircare	54.8%	53.5%	53.9%	61.9%	55.8%	55.8%				55.8%
Hair coloring	39.3%	41.7%	40.0%	31.7%	38.4%	37.5%				37.5%
Perm	5.9%	4.8%	6.1%	6.4%	5.8%	6.7%				6.7%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				0.0%

USA	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net sales	+13.5%	+19.3%	+56.0%	(15.9%)	+13.9%	+8.5%				+8.5%
Haircare	+15.5%	+18.1%	+64.9%	(15.2%)	+15.7%	+6.0%				+6.0%
Hair coloring	+10.6%	+27.0%	+59.8%	(4.5%)	+18.8%	+25.9%				+25.9%
Perm	(1.5%)	+26.4%	+25.7%	(31.8%)	+1.0%	(19.6%)				(19.6%)
% to sales										
Haircare	85.7%	83.8%	87.3%	85.6%	85.6%	83.7%				83.7%
Hair coloring	9.1%	9.7%	7.8%	9.6%	9.0%	10.6%				10.6%
Perm	4.2%	4.8%	3.3%	3.6%	4.0%	3.1%				3.1%
Others	1.0%	1.7%	1.6%	1.2%	1.4%	2.6%				2.6%

(Appendix) Status of Capital Expenditures, etc.

(Unit: million yen)		FY2020	FY2021	FY2022	FY2023	FY2024 1Q YTD	FY2024 Plan
Capital expenditures		1,917	4,644	4,097	3,151	535	4,258
Depreciation and amortization		1,562	1,777	2,026	2,213	552	2,404
R&D exp.	Amount	1,581	1,741	2,074	2,334	548	2,649
	% to sales	4.4	4.2	4.6	4.9	4.8	5.2

FY2024 CAPEX Main Items

Sales offices, studios

- Establishment and maintenance of business locations (Expansion of Seoul Office)
- HR Development Center

Digital

- milbon:iD
- Education:iD
- Smart Salon (Digital Marketing)
- Internal infrastructure
- Production equipment

Production system

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

Others

(Appendix) The number of Field Persons (FP)

The number of FPs increased moderately in each country.

The number of FPs by country

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

Lower column: Net sales per FP (million yen)

	FY2021	FY2022	FY2023	FY2024
Japan	328.2	335.4	350.2	364.0
	102	105	104	—
South Korea	26.0	32.8	33.4	32.5
	130	126	141	—
China	29.8	31.6	34.3	34.5
	72	66	65	—
USA	13.2	13.0	13.2	14.0
	68	102	123	—
Other*	36.0	36.2	38.2	39.5
	41	63	70	—

FP recruitment and training status in Japan

9 FPs joined in October 2023 and are currently conducting OJT

45 FPs joined in April 2024 and are in training

(The above 54 FPs are not included in the left chart.)

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

Agenda

- 1. Consolidated Financial Results**————— **P2**
- 2. Financial Results by Region and Outlook**————— **P7**
- 3. Appendix**————— **P16**
- 4. Outline of Milbon** ————— **P25**

(Appendix) Outline Of Milbon

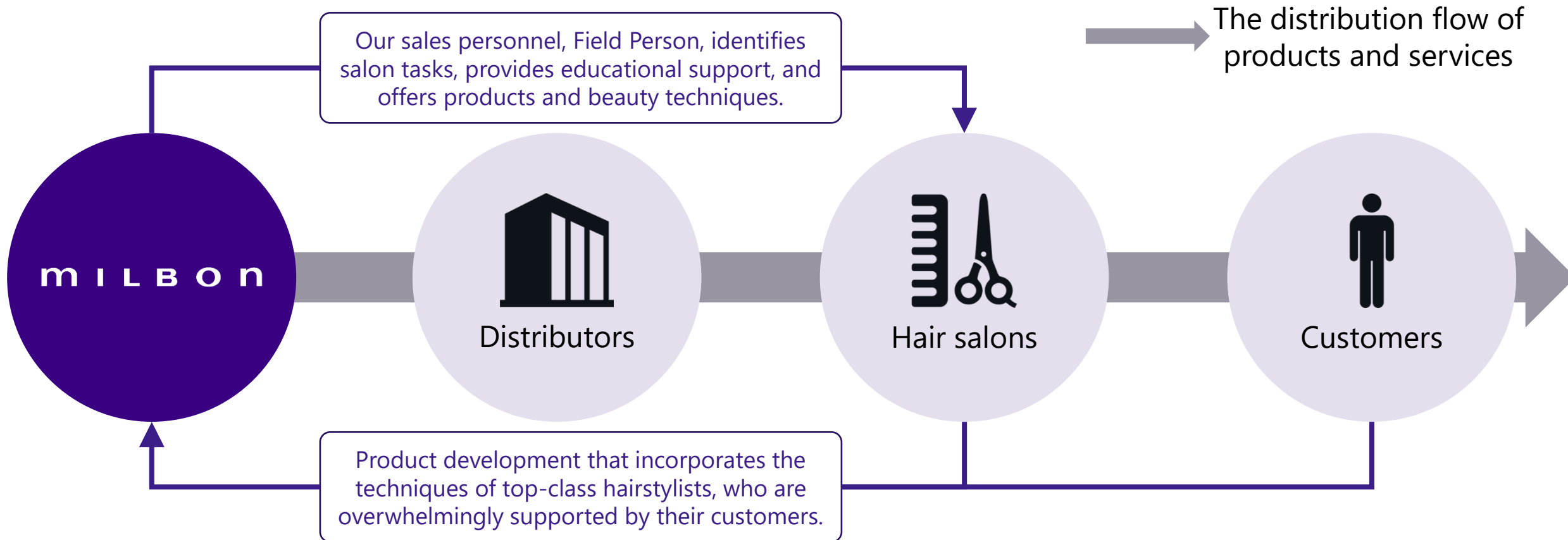
Milbon is a cosmetics manufacturer that produces and sells haircare products including treatments and hair coloring products exclusively to hair salons.



*Source: Fuji Keizai(2022) haircare products only

(Appendix) Outline Of Milbon: Business Model

We have established solid trust with hair salons by offering our products and services that contribute to enhance their sales and profits.



*We sale product directly to hair salons in some overseas area.

(Appendix) Outline Of Milbon: Three Key Points of Our Business Model



Consistent focus on hair salons and hair stylists

Since our founding in 1960, we have sustained continuous growth by steadfastly narrowing our business focus to hair salons, with the strategy of increasing sales and profits of hair salons at the forefront of all its initiatives.



Field Person (FP) System – Sales and educational support to hair salons

This is our unique sales and education system that contributes to greater sales and profit for hair salons. Our Field Person (FP), who acquire beauty techniques through an intensive 9-month training program after joining the company, identifies areas for improvement for each hair salon. FPs support these salons by providing not just products, but also additional value through associated beauty techniques.



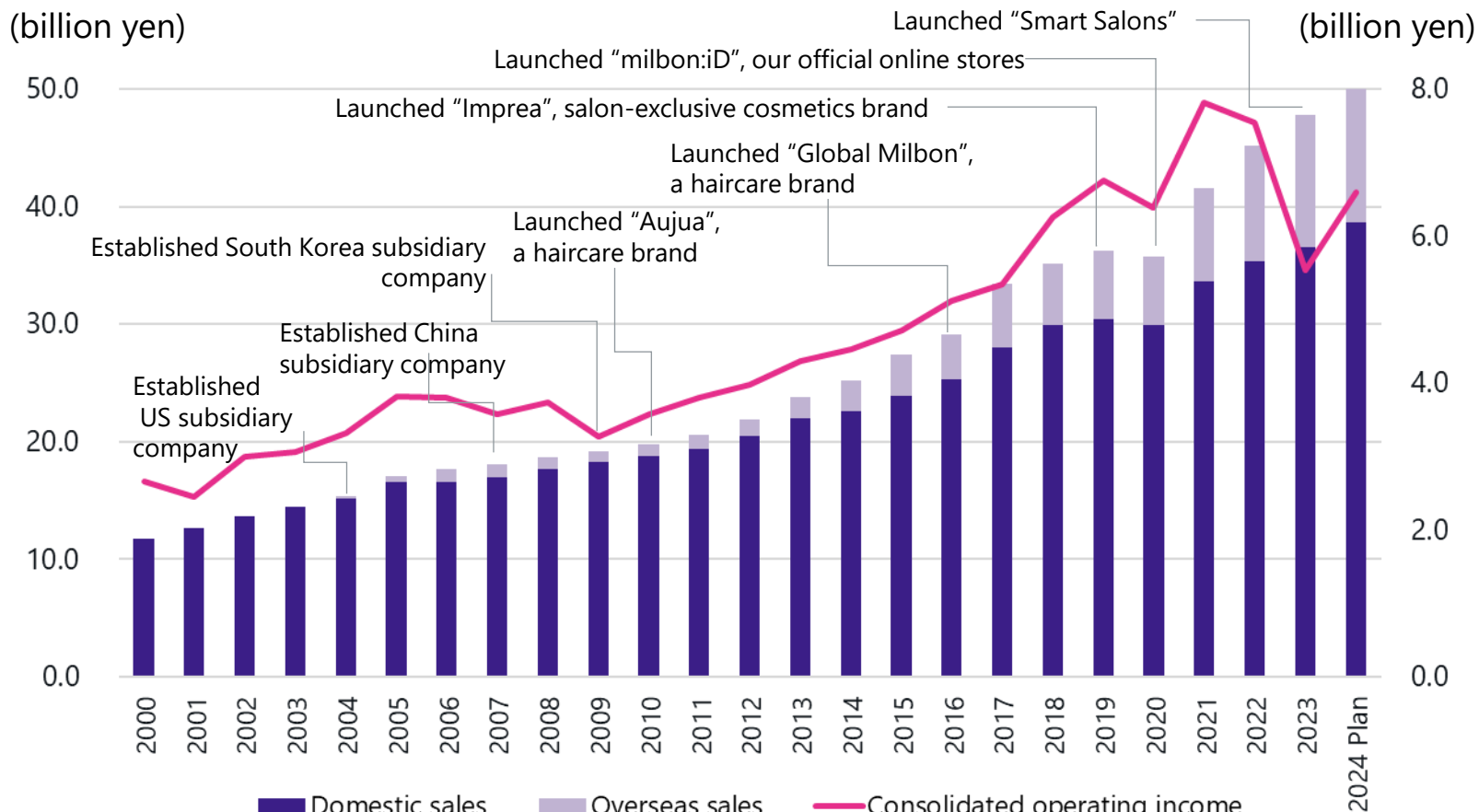
TAC Product Development System – Standardization of top-class hair stylist's technique

This system seeks out hair stylists with exceptional skills and knowledge, encourages the sharing of their expertise and techniques, and enables our researchers to scientifically decode this knowledge for product development. We aim to commercialize sophisticated beauty techniques in a way that can be broadly replicated across general hair salons.

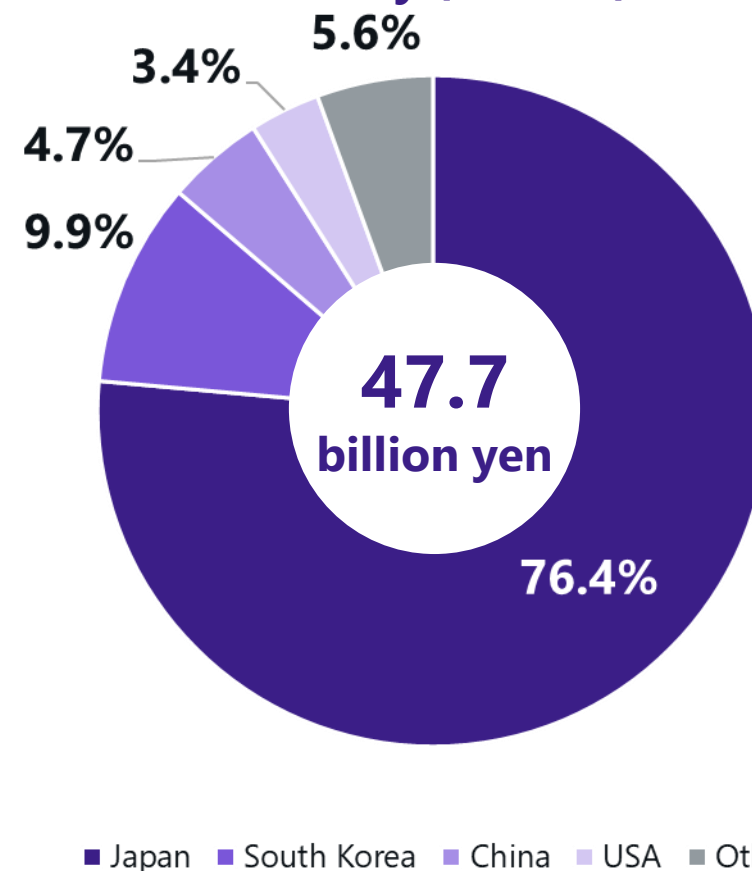
(Appendix) Outline Of Milbon: Our Growth Trajectory

Steady growth through business expansion in Japan and overseas

Net Sales and Operating Income



Composition of Sales by Country (FY2023)



* FY2017 is an irregular accounting period due to a change in the fiscal year-end date.

* The "Accounting Standard for Revenue Recognition," etc., has been adopted since FY2019.

© Milbon Co., Ltd. All right reserved.

(Appendix) Outline Of Milbon: Our Main Products

Haircare and hair coloring products are the mainstay of our sales. In recent years, we have expanded our business to include cosmetics, etc.

Composition of Sales by Product Category (FY2023)

Cosmetics (only available in Japan)

Products sold for retail in hair salons

Main Brand

Imprea



IM



Hair coloring

Items used for in-salon hair coloring

Main Brand

Ordeve Series

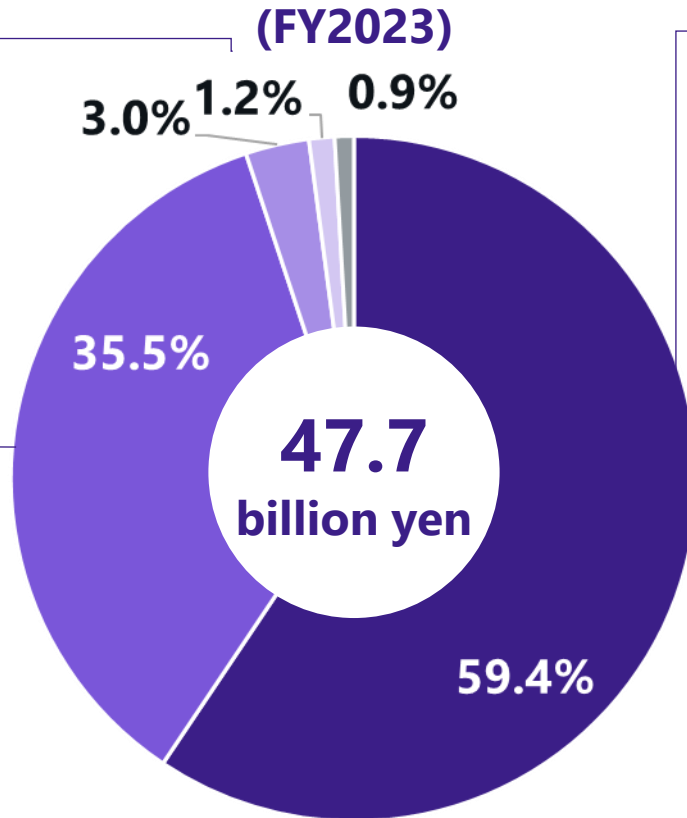


Villa Lodola Color



Sophistone

(Hair color brand exclusive for Europe and North America)



Haircare

Products sold for retail in hair salons and items used for in-salon treatments

Main Brand

Aujua (Only available in Japan and South Korea)



Global Milbon



Elujuda



■ Haircare ■ Hair coloring ■ Perm ■ Cosmetics ■ Other

(Appendix) Outline Of Milbon: Domestic Hair Salon Market Conditions

Hair salons have the potential for further growth despite the medium- to long term decrease in the number of customers due to declining birth rate and aging population.

Challenges and growth of aging population with low fertility

Although the number of customers at hair salons is expected to decrease over the medium to long term, the promotion of premium-priced services and retail products is expected to drive further improvements in salon productivity and customer spend.



Community characteristics unique to salons

A visit to a hair salon is necessary to receive its services. Additionally, hair salons hold a place as an indispensable part of people's lives.

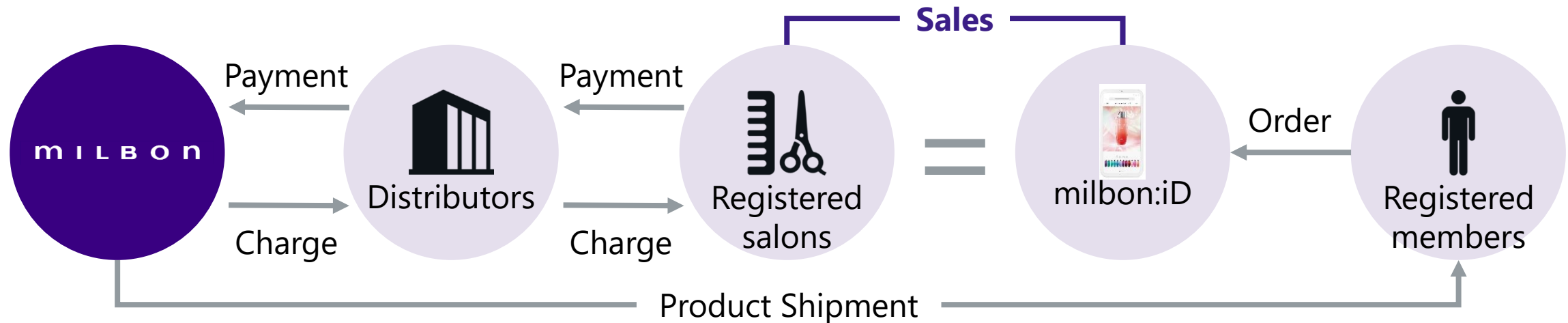
The need for in-person service	The need for repeated, periodic visits	The need for an extended stay
Average rate of use in the past year	Average number of visits per year	Average time spent per visit
Women	Women	Women
80.3%	4.32times	84min
Men	Men	Men
33.9%	5.25times	52min

Source: Beauty Industry Census, First Half of FY2023 (Hair Salons), Recruit Co., Ltd.

(Appendix) Outline Of Milbon: Our Recent Initiatives in Japan, milbon:iD

We launched milbon:iD, an EC platform, in 2020 to support productivity enhancement of hair salons. This platform allows salon customers to purchase retail products online.

How milbon:iD works – Revenue is attributed to salons in the BtoBtoC sales channel



Progress of milbon:iD (as of the end of FY2023)

Number of registered salons
5,930

Number of registered members
670,000

EC sales (Gross sales)
1,640 million yen

(Appendix) Outline Of Milbon: Our Recent Initiatives in Japan, Two Major Strategies

We aim to maximize the inherent value of hair salons, which enables frequent and extended in-person visits, by enhancing our Smart Salon concept and broadening the range of products available for in-salon purchase.

Smart Salon Strategy – Enhancing the salon customer experience

The Smart Salon system is implemented in hair salons that have embraced the concept. It aims to enhance salon productivity by eliminating the challenges customers face when purchasing retail products.

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

EC service milbon:iD to enhance convenience of products purchase

See our corporate website for more details.:
<https://www.milbon.com/en/ir/management/business.html>

Lifetime Beauty Care Strategy – broadening the range of products

We collaborate with other companies to extend salon services and product sales beyond haircare to include skincare and beauty health care.

Cosmetics (Collaborated with KOSÉ)

IMPREA



Beauty Supplements

ALANOUS



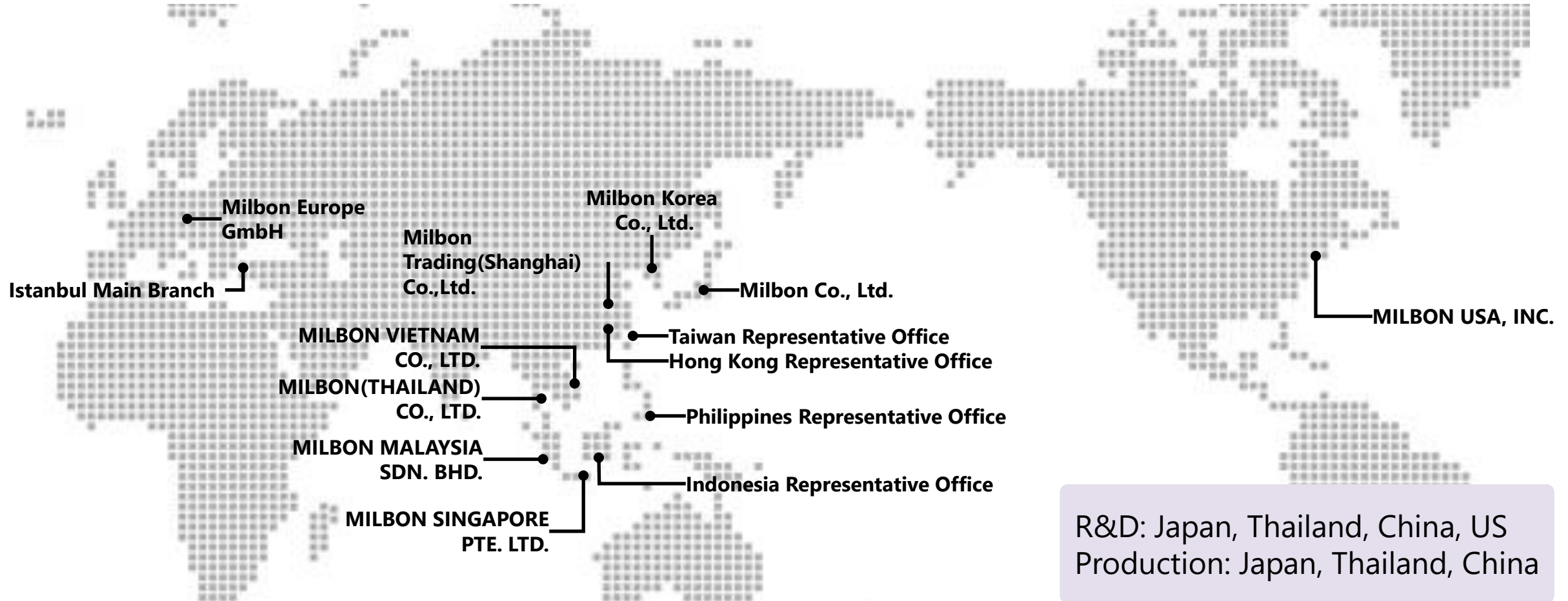
Beauty Equipment (Collaborated with Panasonic)

Panasonic x MILBON
ELMISTA



(Appendix) Outline Of Milbon: Status of Overseas Expansion

We conduct business across 14 countries and regions, and have recently expanded our international bases for R&D as well as production.



R&D: Japan, Thailand, China, US
Production: Japan, Thailand, China

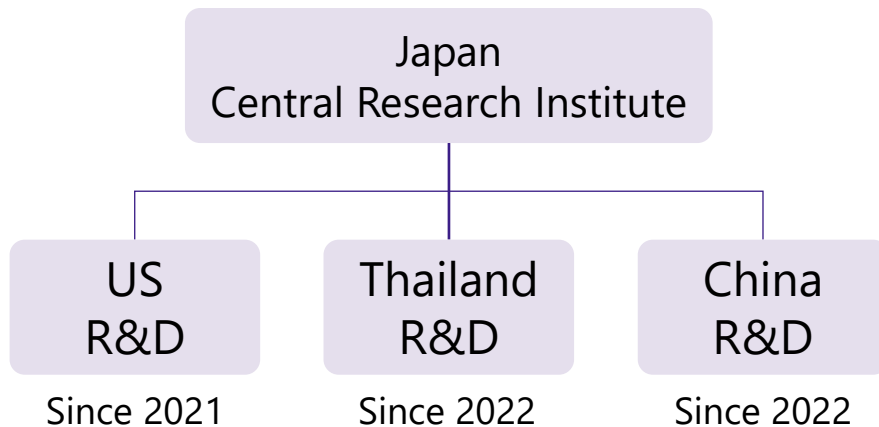
(Appendix) Outline Of Milbon: Our Global R&D and Production

We aim to minimize geopolitical risks and to align ourselves with the diverse values of beauty unique to each locality, by establishing R&D and production systems in each region.

R&D —

Collaboration among our four global R&D bases.

Through collaboration with R&D bases in each country, we aim to develop global products that captures beauty needs shared worldwide, as well as localized products tailored to each country and region's unique climate, beauty customs, and laws and regulations.



Production —

Collaboration among our three global factories

We respond flexibly to regulatory and trade risks and ensure stable supply both domestically and internationally through collaboration among factories in each country.



Japan: Yumegaoka Factory
Products for Japan and overseas



Thailand Factory
Products for overseas



China Factory
Products for Greater China

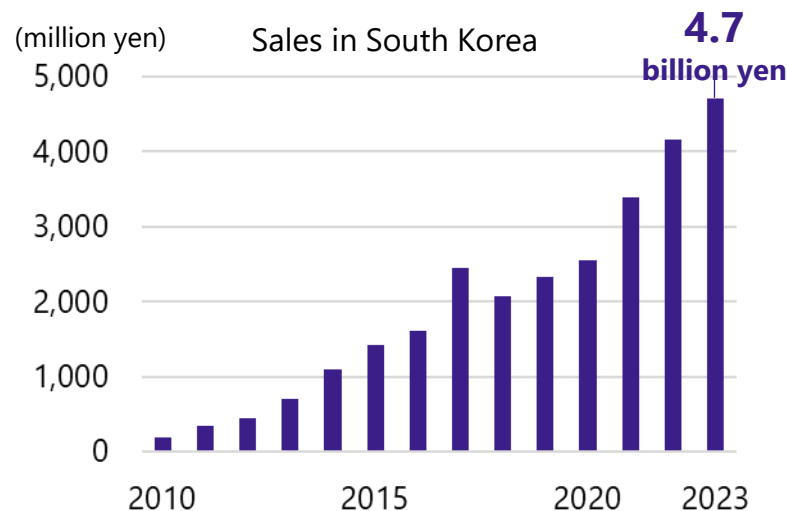
Find Your Beauty **MILBON**

(Appendix) Outline Of Milbon: Our Three Major Overseas Countries

Three major countries, South Korea, China, and the US account for nearly 80% of overseas sales

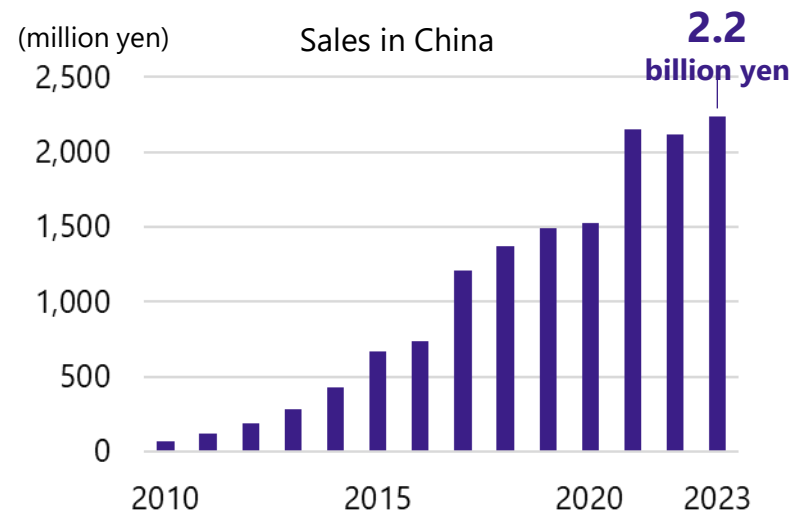
South Korea

Our educational initiatives focused on hair coloring are highly regarded, contributing to a strong market presence in South Korea. In recent years, we have been strengthening our haircare business, working to transform ourselves into a comprehensive manufacturer.



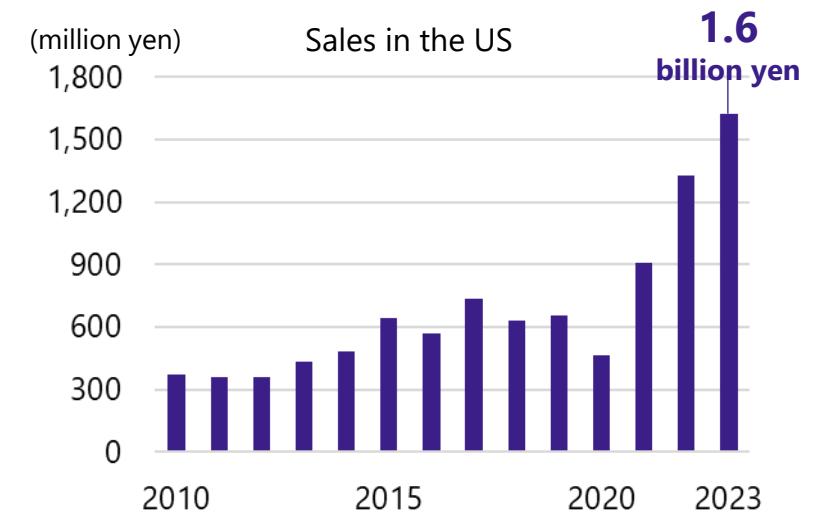
China

Subsequent to COVID-19, activities for hair salons have gained traction amid market changes, such as decreased frequency of customer visits to salons, leading to a sustained increase in our sales. The local factory commenced operations in 2022.



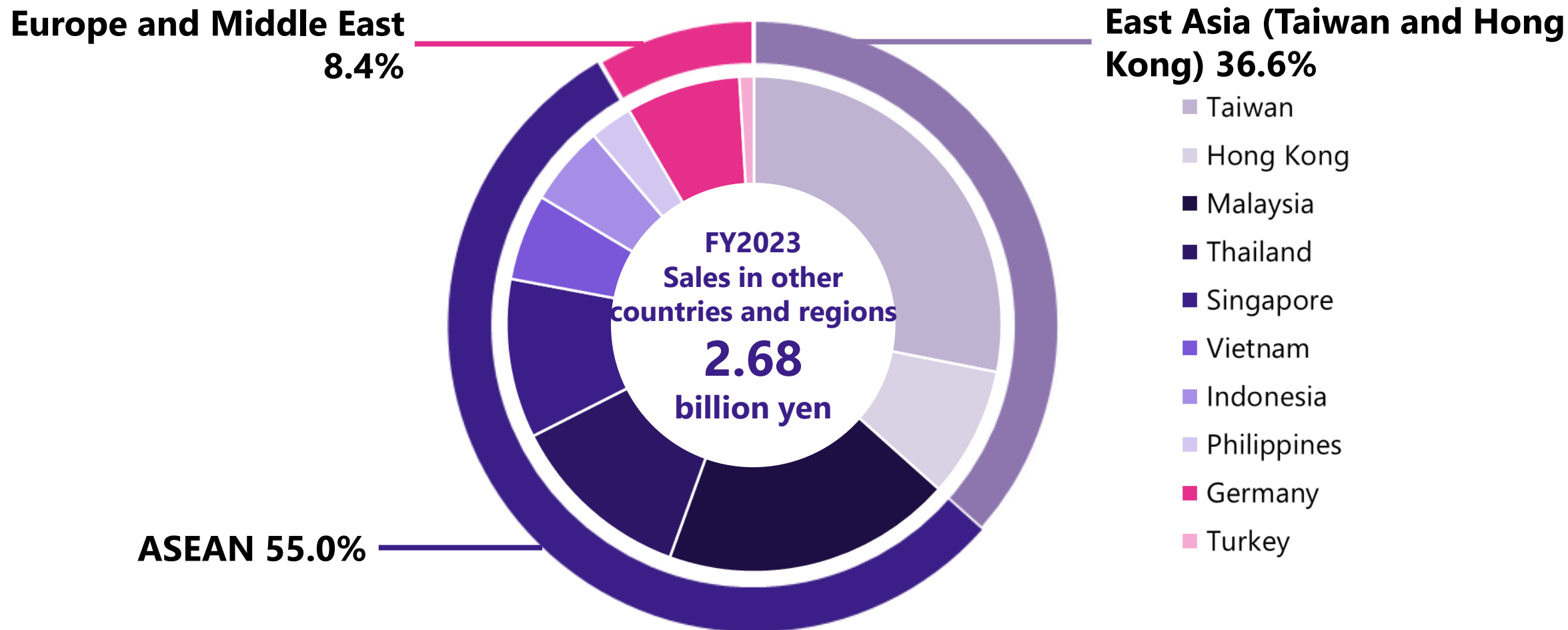
US

We have enjoyed rapid growth triggered by launch of the Global Milbon haircare line and shift in sales structure (from direct sales to distributor ship). With the launch of hair coloring products exclusive for the European and North American markets, further growth is anticipated.



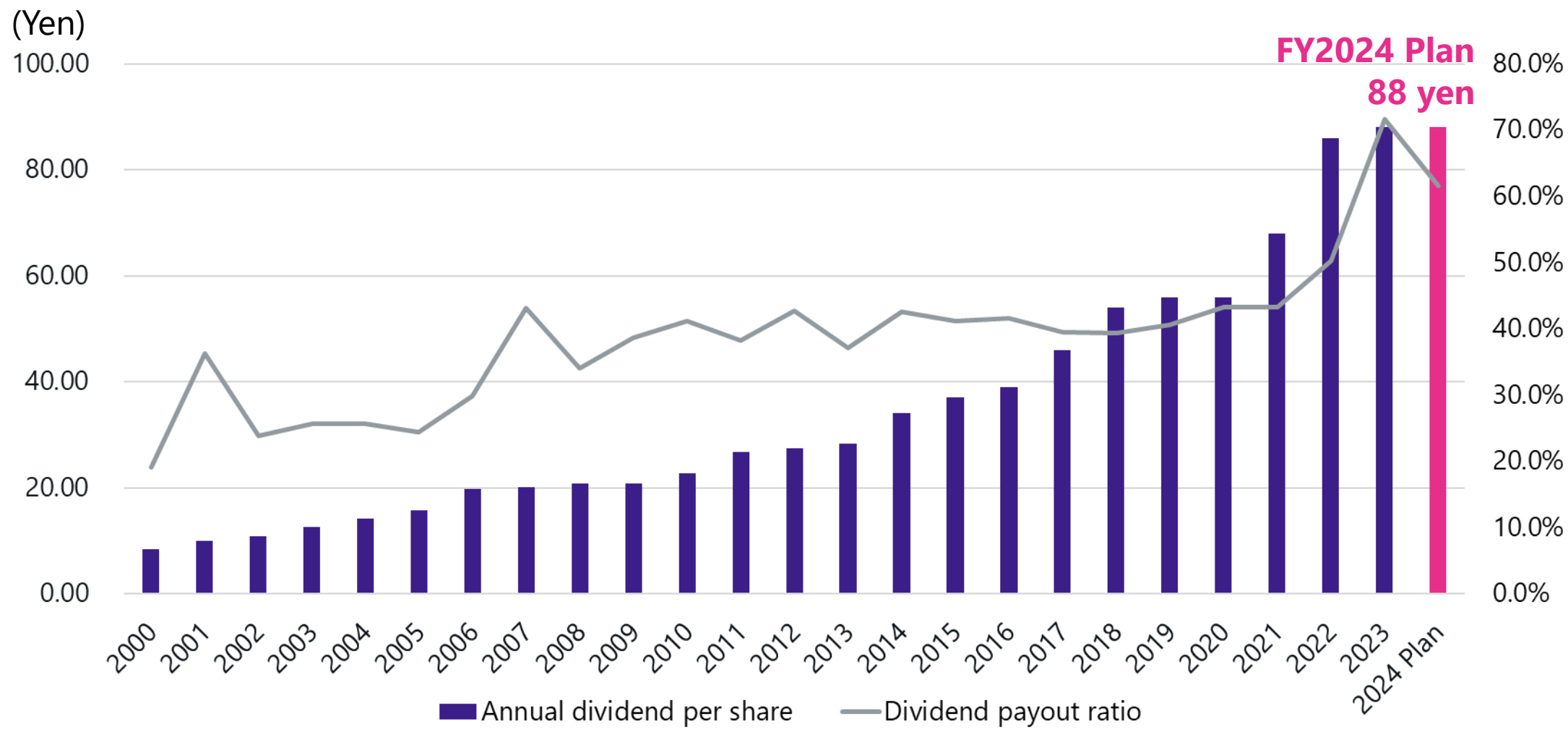
(Appendix) Outline Of Milbon: Other Countries and Regions

Our sales are particularly significant in East Asia and ASEAN, and we have recently expanded into Europe.



(Appendix) Outline Of Milbon: Shareholder Returns

We have set a dividend payout ratio target of 50% from FY2022, aiming for steady and continuous shareholder returns.



(Appendix) Outline Of Milbon: ESG Investment Index and External Assessments

ESG investment index to be selected



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Index Series
: <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Milbon Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Milbon Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

External assessments



MILBON CO LTD (YUMEGAOKA SITE)



2024
健康経営優良法人
Health and productivity



Disclaimer

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.