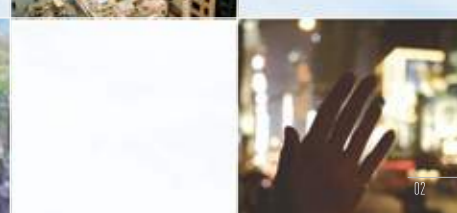
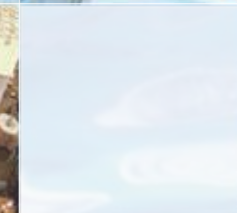
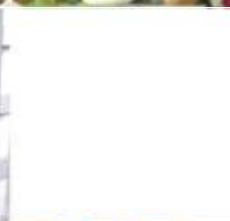


C O R P O R A T E   G U I D E

**MILBON**



For all women who desire to present  
themselves uniquely, energetically,  
and with personal style



To live beautifully.

It's how we approach the world.

It's the one, single idea that drives us.

Our hair frames our personal beauty—  
how it's styled, how it feels, how it flows.

It sets the stage for the inner self we radiate.

Everyone's hair is unique,  
and everyone's beauty is, too.

Our purpose is to help every woman find,  
embrace, and express her individuality—  
to head out into each day confidently  
and gracefully, and to live vibrantly.

For more than 50 years,  
professional stylists have been our partners:  
we learn from and inspire each other.

What unites us is our passion for transforming  
everything we touch into something beautiful.

Together, we constantly push the boundaries  
of the global haircare industry.

Together, we help give women the confidence,  
sophistication, and grace  
with which they inspire the world.

## Find Your Beauty



## Working closely with salon professionals to support beautiful lifestyles through hair designers

Since being founded in 1960, Milbon has followed a "customers first" philosophy and has worked closely with salon professionals to support their business delivering beautiful lifestyles. Our way of realizing this goal is through fostering peaceful society by enriching cultures. We believe that we can make the difference by inspiring beauty through hair stylists and their art. Under these principles, we have developed our business to contribute to the industry, as well as to countries and regions of the world. Following a commitment focused fully on increased revenue and profit for salons, we have refined the scope of our business to hair cosmetics products, focused our support on hair designers and beauty salons, pursued beauty technique software concentrating on hair, and dedicated energy to education and training. In 2015, we adopted the brand slogan "Find Your Beauty" as our pledge to the ideals built into our business philosophy. We declared our mission to deliver value through beautiful hair that brings out an individual's true beauty and internal richness, and adds abundance to life.

**Ryuji Sato**  
President and CEO

As Japan's society continues to age and decrease in population, the business environment surrounding the beauty industry grows increasingly challenging in terms of building our customer base and hiring workers. Against this backdrop, Milbon is supporting beauty salons with educational activities from new perspectives, with events targeting further development in the beauty industry, and with efforts to generate new fields of business for hair designers to be actively involved in. In recent years, beauty salons' core customers—those who were the children of the post-war baby-boom generation—are in their mid-40s and are a market that continues to mature. We have aimed for "Age Beauty Innovation" in pursuit of a new style of beauty services and salons able to address the various needs accompanying our maturing clientele. Since 2015, our thinking has further evolved and we have revised "Age Beauty" to "Aging Beauty." Milbon is dedicating effort to creating life-long salon customers and is working hard to foster designers and salons based on the dual training concepts of technique and communication. This approach targets services that draw out the inner beauty of each and every customer, recognizing that women of all generations want to continue to live beautifully. This desire to live beautifully

is shared by women across the world. In 2010, the 50th anniversary of our company, we set forth a Global Vision aiming to be "the first Japanese company No. 1 in the world as a professional manufacturer by focusing on education to cultivate ideas in the field and contribute to development of local beauty industries worldwide." We continue to concentrate and share global information, while constructing development systems for products and services necessary for the global market, and training global leaders with real world experience. We are also working hard to grow and enhance our overseas networks, including production bases. Casting aside any notion of being "No. 1 in Japan," we will take the stance of a challenger and give our all to globalizing the business based on our aspiration to "create fields in which designers can work on a global stage." We will work with determination toward making a reality of our aim to be "the first Japanese company No. 1 in the world as a professional manufacturer."

# Top message

# 1960

## Founded under the motto of "customers first"

Milbon started out in 1960 as Yutaka Beauty Chemicals Co., Ltd., a company established in Higashi Yodogawa-ku, Osaka to manufacture and sell cosmetics to pro-use. In 1965, the Company's trade name changed to Milbon Co., Ltd. The Tokyo Branch was opened in 1970, followed by the Osaka Branch in 1979, then the Nagoya Branch in 1982. Studios were opened in each branch as we continued setting down the foundations for future growth.



# 1996

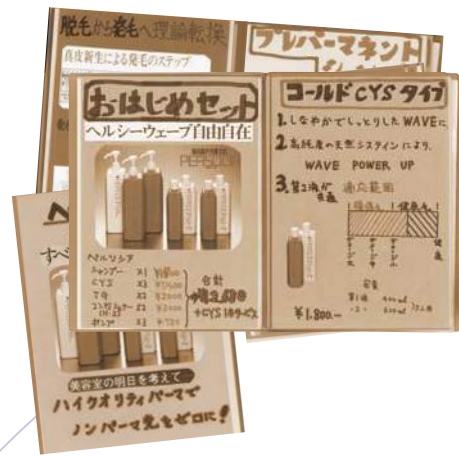
## Company goes public

Milbon became a publicly traded company in 1996 in order to deliver further value to a greater number of beauty salons, hair care professionals. In 2000, Milbon's stock was listed on the second section of the Tokyo Stock Exchange, then on the first section of the TSE in 2001. During this time, Milbon relocated its Head Office to Miyakojima-ku, Osaka and expanded its Aoyama Factory. In 2002, the Head Office and Central Research Institute were moved to a new building in their current location. This was a launch pad for steadily strengthening our organizational framework ahead of new business expansion.



# 1984

## Start of Field Person System



# 1987

## Start of Milbon's TAC Product Development System

Following input from our beauty salon designers, Milbon shifted its sales strategy in 1984 from the existing sales-based approach to a proposal-based approach. This involved sales representatives becoming field contact persons in charge of helping salons find solutions for their business challenges. Around this period, Milbon also started training its inaugural class of Fieldpersons. Soon after, in 1987, we started our Target Authority Customer (TAC) Product Development System. LiveNoble debuted, to great success, the following year, in 1988.

These two systems (Fieldpersons and TAC) became the two axes of Milbon's business model.

# History

# 2013

## Completed first production factory outside Japan

In 2004, the Company opened its first subsidiary outside Japan, Milbon USA, Inc., in New York. Milbon Trading (Shanghai) Co., Ltd. was opened in China in 2007, followed by Milbon Korea Co., Ltd. in South Korea in 2009. Then, Milbon (Thailand) Co., Ltd. was founded in 2012, with the Company's first overseas production plant built on site in Thailand the following year. Milbon continues to work closely with countries and regions throughout the world as we contribute to the beauty industry in each area.



# Global field

Milbon aims to be "the first Japanese company No. 1 in the world as a professional cosmetics manufacturer by focusing on education to cultivate ideas in the field and contribute to development of local beauty industries worldwide." The Company is delivering the value of the Milbon brand to the world through our four subsidiaries and each of our sales hubs outside Japan. We have also established production bases inside and outside Japan and have achieved a global supply network that transcends national borders.



## Japan



We are creating an aging beauty model to be the first in the world to respond to the declining birthrate and the aging of society. We are also building new sales hubs, expanding studios, and continuing to launch new products popular with a broad customer base, which helps to strengthen ties between salons and clientele to attract life-long customers.

## Southeast Asia Region



In Southeast Asia, with its diversity of cultures, Milbon operates MILBON(THAILAND) CO., LTD. (Bangkok Sales Office and Thai Factory), followed by representative offices in Vietnam, Malaysia, Indonesia, and the Philippines. We work closely with the region to contribute to the rich beauty culture.

## East Asia Region



We are contributing to regional beauty industries by training local human resources and by establishing a collaborative framework that is focused on education and that links our sales activities with the efforts of our local sales representatives. We have built local subsidiaries including Milbon Trading (Shanghai) Co., Ltd. (Shanghai and Beijing) and Milbon Korea Co., Ltd. (Seoul and Pusan) as well as representative offices in Taiwan and Hong Kong.

## EU•USA Region



Milbon continues to build out its EU-USA network, with MILBON USA, INC. in New York, the heart of the beauty and fashion industries, and with a representative office in Turkey, where the cultures of Europe and the Middle East meld together.

# Business model

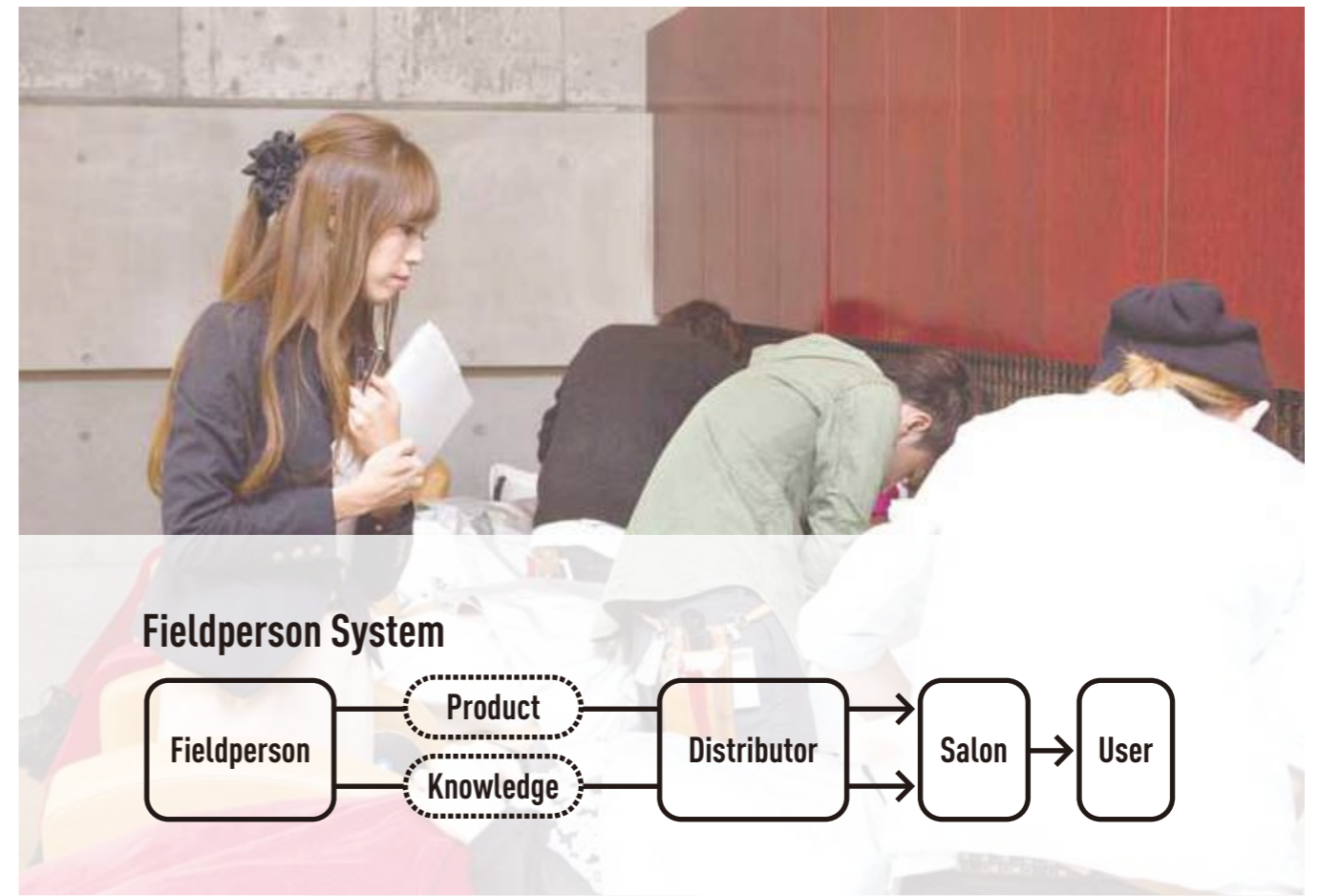
The beauty market is transforming daily. Milbon's unique business model with the Fieldperson System and the TAC Product Development System is able to nimbly respond to these changes and contribute to increased productivity at salons.

## Fieldperson System

Beauty salons encounter various challenges every day. Milbon's Fieldpersons allow the Company to listen attentively to hair designers and work with salons to help solve the difficulties they face. Fieldpersons are sales representatives with advanced knowledge of beauty needs and techniques. They provide education to help salons increase revenue and profit, and to build trusting relationships between salons and their clientele.

## TAC Product Development System

This is a proprietary framework for beauty technique and product standardization systems leveraging the skills and conceptual approaches of Japan's top hair designers in the various fields, including hair coloring, styling, hair care, etc., of the beauty industry. Designers with special expertise in certain techniques are tapped to participate in product development. Their skills are analyzed and the secrets are explored so that these best practices, or "success techniques," can be built into products and into a beauty technique system that can be re-created at standard salons.



### Fieldperson System



### TAC Product Development System



# Fieldperson System



Creating satisfaction for customers through educational efforts with hair designers

Under the Fieldperson System, sales representatives serve salons in cooperation with distributors. Field sales people offer support to discover salon needs; Field educators provide training to hair designers in beauty techniques; and specialists deliver further advanced techniques. These representatives collaborate to solve salon challenges and increase revenues and profits.



## Listening to hair designers and proposing solutions

The challenges facing beauty salons include known issues, such as developing new services and training young employees, as well as unknown, latent issues. Milbon works directly with hair designers, listens attentively to their input, and proposes possible solutions for the issues that are identified in the process.

## Visiting salons and providing the latest technology and know-how

Milbon Field educators and Specialists have up-to-date knowledge of beauty needs and technology, which they convey to salons to provide hair color and hair care techniques, as well as information on how to use the newest products.



## Training Fieldpersons with specialized beauty knowledge and techniques

Approximately seven months after joining the company, field persons start their training to gain the expertise needed for their position. This includes training to understand hair designers' thoughts, to identify issues at salons, and to use expansive knowledge related to products, and hair science.



# Business model



# TAC Product Development System



Unlocking the latest beauty techniques and know-how to create beautiful hair for customers

The TAC\* Product Development System creates new beauty technique systems and formulates new products through cooperation with the top designers in various fields of the beauty services industry. Representatives in charge of product formulation, marketing, and production work together with TAC hair designers to craft Milbon products. In addition, the world's most cutting edge equipment is used to analyze and research the structure of hair and its reaction to formulations in order to maximize product performance and create products with features suited to more advanced beauty techniques.

\*TAC = Target Authority Customer



Exploring the secrets of TAC hair designers' successful beauty techniques

We verify from multiple angles the various beauty techniques created by TAC hair designers to discover which of their skills are most popular with customers.

Commercializing TAC hair designers' know-how with the power of science

Different sections of the business work together to research methods for most effectively achieving the same results as the TAC hair designers' techniques. These methods are translated into beauty technique systems and product formulation development in order to standardize successful techniques.



Basic research system for understanding the mechanisms of hair structure, damage, aging effects, etc.

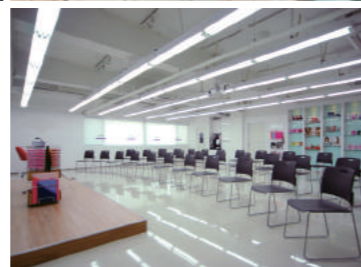
In order to give shape to the most up-to-date techniques of hair designers, our diverse research, which forms the basis of product development, explores the structure of hair and how hair changes with age in order to design easier to use product formulations.



# Business model

# Seminar&Event

Milbon's business hubs all have in-house facilities equipped with the latest beauty equipment that helps us respond to hair designers' inspiration to further delight their customers. We hold seminars in each region and provide an environment conducive to professional growth for hair designers. This support does not stop at techniques alone. We also contribute to growth in the beauty industry by holding informational events anticipating future changes in the industry.



## Hosting a wealth of seminars and providing Service Centers with the latest equipment

At our business hubs inside and outside Japan, we have opened studios that are equipped on a par with beauty salons. Milbon hosts seminars at our studios in each geographical area to support the diverse skill development of hair designers that include helping them gain information on the latest design trends and learning various beauty techniques.



## Hosting events to usher in the future of the beauty industry

We hold large-scale informational events every year to communicate the skills and future vision hair designers need in a beauty industry that is transforming with the times.



## Utilizing web media to communicate various forms of information

We use the Internet to share technical information about our products, share schedules and announcements for events, and broadcast a web program that takes a close-up look at young hair designers today. We provide an informative environment supporting the professional growth of hair designers regardless of their region or time zone.



## Delivering safe and high quality products to women across the world

We have built a high-quality and safe production system in order for hair designers to make worthwhile proposals to their customers. Furthermore, we are locating our production bases inside and outside Japan to allow for stable and fast product supply across the world.



## Production and Logistics

We have created proprietary order management, production, and logistics systems at our factories so that we can swiftly provide the necessary quantities of products at the necessary times to our customers, who are eager to have orders filled as quickly as possible. Milbon's factories manufacture approximately 2,000 items using high-mix, variable volume production lines that are automated and run at high speeds in order to flexibly control volumes in response to constant sales fluctuations. On top of this, our logistics centers in each region are able to handle highly mixed orders with same-day processing.

## Milbon Quality

In order to supply safe and stable products to the world, Milbon's plants inside and outside Japan comply with GMP and use production equipment of the same high quality regardless of location. We create products of the highest caliber through our thorough quality management system—with window-less workspaces to prevent insects, the use of clean rooms, separate control systems for each work zone, and special care in terms of the feel and texture of the products.

### Quality Control



Internal solution tests analyze and control pH and active ingredients before products go into their packages. External inspections check product volumes and package labels, and scan for blemishes.

### Sensory Evaluation



The sensual qualities of products are also evaluated by comparing them to the goals set through the TAC Product Development System. Staff who know beauty techniques examine fine, delicate details that cannot be measured by analytic metrics alone.

## Environmental Preservation Initiatives

Milbon has created an Environment Policy and strives to preserve the environment. Plant wastewater is treated with a bacteria-mediated decomposition and purification system, while ammonia gas in the plant is recovered and neutralized. Other similar efforts include growing plants on site, collecting water, and using installed solar and wind power generation equipment.



### Production Site

#### Japan (Mie Prefecture)



Located in Iga, Mie, a location near the center of Japan. In addition to safe, stable, and high quality production, the Iga Factory also has a Production Technology Development Center to further increase production quality and efficiency.

#### Outside Japan (Thailand)



In operation from 2014 and aiming to become Milbon's global hub, the Thai Factory, located in an area well-suited for convenient distribution and mitigated risks of disaster, quickly supplies products mainly to ASEAN destinations, but also to countries and regions throughout the world.

# Product system

# Our Products

Beautiful hair brings women confidence and feels like stepping into a new world. Delivering products through our hair designers creating gorgeous hair for each and every customer.



## Hair Care

Alleviating hair care concerns and going one step further than beautiful hair, to dazzlingly beautiful hair. Care needs vary depending on the type of hair, the customer's age, hair care history, etc. We have developed a host of hair care brands to fulfill women's wishes for more beautiful hair.

## Color & Perm

The two prime elements for hair design are color and form. We have a brand line up that can bring out the intended designs and advanced techniques of hair professionals working with an array of different hair types. Perm products with rich color variation and ideal form bring accent and hue to different lifestyle moments for women.



## Styling

As times change, hair styles change in step with them. We offer a selection of products that incorporate the latest trends and skillfully bring the styling techniques of hair designers to life. These products bring to home hair care both exquisite quality capturing professional designers' texturing effects and salon styling results.



## Aujua

From seasonal weather changes to daily stress and effects on hair from aging, women's hair receives all kinds of impacts. Aujua is a systematic hair care program that seeks out the deep causes of hair concerns and works with each individual customer to create lastingly beautiful hair.



## Villa Lodola

Villa Lodola is an organic hair care brand from well-respected Italian specialty manufacturer Kemon. All products in the brand are certified as organic by ICEA and sold in over 15 countries under the brand concept of "true beauty brought out by organic ingredients." Choosing the power of nature to bring out beautiful hair leads to a new way of living. Milbon brings this additional choice to its customers.