

Milbon Co., Ltd.

FY2021 Third Quarter (January 1, 2021 – September 30, 2021)
Financial Results Presentation Materials



November 12, 2021

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NOTE :Figures by brand are based on consolidated gross sales figures.

Consolidated Operating Results (FY2021 9 months)

- ◆ Domestic sales continued to grow despite the impact of restraint on going out due to the emergency declaration in August to September. Overseas, 3 major countries performed well.
- ◆ Operating profit rose sharply due to the effects of higher sales and lower activity costs such as events.

(Unit: million yen)

	FY2020 9 months	% total	FY2021 9 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	25,214	100.0	29,718	100.0	4,504	17.9
Gross profit	16,665	66.1	19,771	66.5	3,105	18.6
SG&A expenses	12,358	49.0	14,012	47.2	1,653	13.4
Operating income	4,307	17.1	5,758	19.4	1,451	33.7
Ordinary income	3,842	15.2	5,227	17.6	1,385	36.1
Profit attributable to owners of parent	2,740	10.9	3,725	12.5	985	36.0

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

Consolidated Sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/ Decrease	Increase/ Decrease ratio (%)
14,654	17,086	2,431	16.6

- Premium brands continued to perform well, with sales up 29.5% YoY. Aujua Repairlity Line, which was launched in February, has already exceeded the annual plan. Global Milbon also benefited from the launch of a high-priced line, Premium Position, in June.
- There are 2714 Milbon: iD salons registered. The number of registered members is 110000, continuing to increase further beyond the revised target.
- Professional brands rose 8.3% YoY, partly due to the effects of GRANDLINKAGE launched in February and Elujuda Bleach Care launched in June, but declined 6.3% compared to 2019.

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

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

New Products FY2021 9 months

Aujua Hair care Series Repairlity Line

A hair care series that cares for hair damage due to bleach and makes a smooth hair from inside.

(Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
800	883	110.4



February 10, 2021 Debut

Global Milbon PREMIUM Position

A new line of Global Milbon that pursues even higher quality and leads to “more beautiful hair” that is shiny, bouncy and rich in moisture.

(Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
400	192	48.0



June 10, 2021 Debut

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

GRANDLINKAGE

A new color care brand that sustains the colors and hair becomes easy to manage after coloring at the salon. (Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
1,200	724	60.4



February 9, 2021 Debut

Elujuda Bleach Care

Oil-based leave-in treatments that give bleach designs a smooth movement and bundle. (Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
500	321	64.3



June 10, 2021 Debut

Cronna Sparkling Scalp Essence

Carbonated solution for the scalp that eliminates complex scalp distress and leads to healthy hair. (Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
30	37	124.9



September 9, 2021 Debut

A Premium Brand, Aujua

New product Hair Care Series Repairity Line continues to perform well

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
4,222	4,696	474	11.2

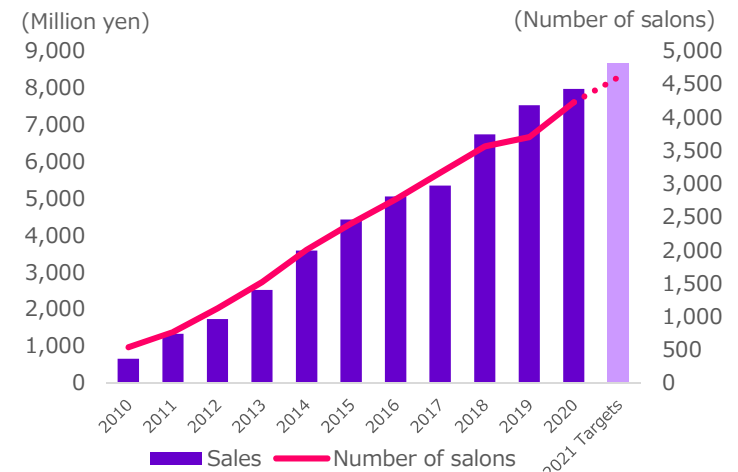
Consolidated sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/Decrease	Increase/Decrease ratio (%)
5,113	6,432	1,319	25.8



Trends in sales & number of salons



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

Brand concept

A hair care brand that nurtures the beauty of Japanese women's hair, born from the climate, culture and hair characteristics of Japan

What is Aujua?

Hair care that supports beauty, now and into the future, by addressing each individual's hair and skin concerns and choosing the most appropriate item for that time.
This is Aujua.

Product range

A wide-ranging line-up that suits the hair texture of individual customers

- 5 series
- Eternal stage series (new)
- Aging care series
- Hair care series
- Scalp care series
- Climatic care series
- 15 lines
- 96 items

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

A Premium Brand, Global Milbon

Steady progress with introduction of high-priced line Premium Position

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
9,916	13,342	3,426	34.6

Consolidated sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/Decrease	Increase/Decrease ratio (%)
1,965	2,778	813	41.4

Brand concept

A system hair care brand that cultivates the "unique beauty" of each individual, with 360° shiny hair

Countries with salons

Japan, USA, Hong Kong, China, Thailand, Taiwan, Turkey, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, Germany, Korea

What is "Global Milbon"?

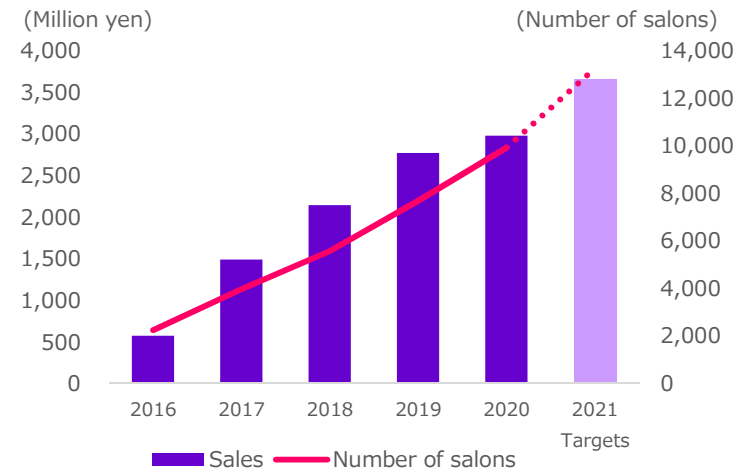
We conducted an in-depth analysis of the inner structure of the hair of women from 20 countries around the world, using our proprietary CT scanning technology, and discovered a universal form of hair damage. Accordingly, we developed a hair care line containing ingredients capable of repairing such damaged hair and increasing the density within each strand of hair.

"Global Milbon" is a system hair care product for developing shiny, beautiful hair from the core.

MILBON



Trends in sales & number of salons



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

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

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

Consolidated Sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/ Decrease	Increase/ Decrease ratio (%)
9,148	10,954	1,806	19.7

- Fashion color sales remained strong, up 28.1% YoY. Ordeve Addicthy grew significantly by 36.8% YoY due to more opportunities for agencies to choose to capture new open salons and salons using other companies' colors.
- In gray color, sales were up 9.5% YoY, due to the expansion of Ordeve Seedil salons and other factors.

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

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

Core Product

FY2021 9 months

Ordeve Addicthy

Erases red-tinged brown with high saturation blue.
 With clear and transparent color expression, it lets
 customers freely realize individual hair color designs.

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/ Decrease	Increase/ Decrease ratio (%)
3,285	4,496	1,210	36.8



FY2017 Debut

A Premium Organic Brand, Villa Lodola (1)

Steady increase in number of salons due to continuation of planning and sales activities

Number of salons

(Unit: salons)

FY2020	FY2021	Increase/Decrease	Increase/Decrease ratio (%)
10,128	10,920	792	7.8

Consolidated sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/Decrease	Increase/Decrease ratio (%)
790	877	87	11.1



Brand concept

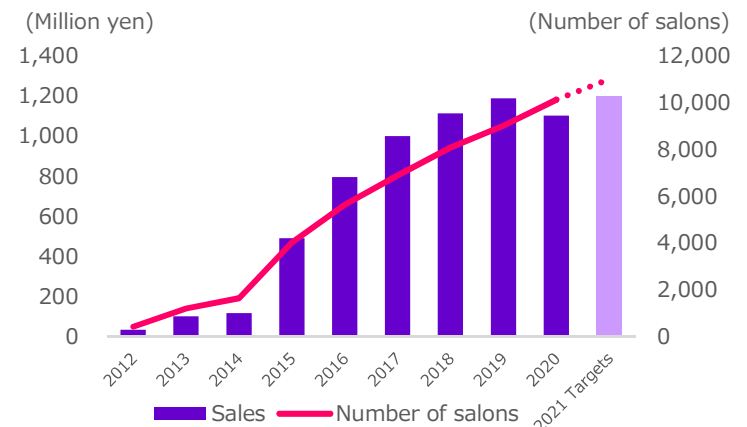
Organic brand that proposes lifestyles that fulfill the beauty of people and the environment

What is Villa Lodola?

Based on the philosophy of "Beauty, the Organic Way," Villa Lodola is a true organic brand that thoroughly cares about the natural environment not only for the product itself but also in its container, production phase and promotional tools.

All of the products are certified by ICEA, an Italian authority. Villa Lodola supports organic choices, with hair care products nurtured in the soil of Italy, bringing out true beauty.

Trends in sales & number of salons



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

A Premium Organic Brand, Villa Lodola (2)

Core Product

FY2021 9 months

Villa Lodola Color

With 92% natural ingredients, the product's formulation utilizes the power of plants. It brings comfort of an organic product across all aspects, including during application, the finish and continued use.

Consolidated sales (FY2021 9 months) (Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/ Decrease	Increase/ Decrease ratio (%)
593	668	74	12.5



FY2015 Debut

Consolidated Sales by Product Category [Cosmetic Products]

Consolidated Sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/ Decrease	Increase/ Decrease ratio (%)
223	416	193	86.3

- Even in the COVID-19 crisis, the company continued devising initiatives, and sales nearly doubled from the previous year. However, sales did not reach the forecast due to the completion of referral activities in Third Quarter and fall promotions that did not grow more than expected. New issues and approaches to be addressed are becoming visible and will be utilized for future activities.

New Products

FY2021 9 months

Imprea Eyebrow Mascara·Eyebrow Pencil

Mascara for eyebrows with wide variety of color that can be chosen in line with hair color, and pencils for eyebrows that can be drawn smoothly and continue to have a natural finish. (Unit: million yen)

FY2021 target	FY2021 9 months	Progress rate (%)
83	49	59.4



March 1, 2021 Debut

A Premium Brand, Imprea

Both the number of salons and sales increased, but did not reach the forecast.

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
645	991	346	53.6

Consolidated sales (FY2021 9 months)

(Unit: million yen)

FY2020 9 months	FY2021 9 months	Increase/Decrease	Increase/Decrease ratio (%)
223	416	193	86.3



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, which is one of the strengths of them.

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 between the "corner-layer keratin" on the surface of the skin, which holds the key to complexion.

"Revolutionize Your Aura with your Professional Stylist"

Through communication that takes advantage of strength as a beautician, we propose impressions that comprehensively capture hair and face through beauticians, and deliver "Change Your Impression" to customers.

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

Consolidated Statement of Earnings (FY2021 9 months)

<Consolidated Statement of Earnings> (Unit: million yen)

	FY2020 9 months	% to sales	FY2021 9 months	% to sales
Sales	25,214	100.0	29,718	100.0
Cost of sales	8,548	33.9	9,947	33.5
Gross profit	16,665	66.1	19,771	66.5
SG&A expenses	12,358	49.0	14,012	47.2
Operating income	4,307	17.1	5,758	19.4
Ordinary income	3,842	15.2	5,227	17.6
Profit attributable to owners of parent	2,740	10.9	3,725	12.5

<Breakdown of net sales by product category> (Unit: million yen)

	FY2020 9 months	FY2021 9 months	% to sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	14,654	17,086	57.5	2,431	16.6
Hair coloring products	9,148	10,954	36.9	1,806	19.7
Permanent wave products	1,036	1,077	3.6	40	3.9
Cosmetic products	223	416	1.4	193	86.3
Others	150	183	0.6	33	22.4

<Major factors for the increase/decrease>

- Although SG&A expenses rose due to logistics costs and personnel costs, the SG&A ratio fell due to voluntary restraints and other factors, and the operating profit margin rose significantly.

Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2017	FY2018	FY2019	FY2020	FY2021 Jan.-Sep.	FY2021 Plan
Capital expenditures		1,570	1,149	1,605	1,917	3,198	7,488
Depreciation and amortization		1,272	1,370	1,453	1,562	1,279	1,819
R&D exp.	Amount	1,422	1,479	1,534	1,581	1,236	1,765
	% to sales	4.3	4.2	4.2	4.4	4.2	4.6

FY2021 CAPEX Main Plans

- Established Aoyama Sales Office
- Acquisition of land for of the new training center / the Innovation Centre
- Milbon Digital Arena (Digital virtual space system)
- Salon education video platform
- Expansion of the Thai factory
- Factory construction in China

Trends in Fieldpersons (FPs), Market Related Data

Fieldpersons trends (by country) (Number of FPs / As of January 1, the beginning of the fiscal year (As of December 21 for 2017 and before))

	2017 * ¹	2018	2019	2020	2021
JAPAN	258	269	279	297	328
	105	111	108	100	-
USA MILBON USA, INC.	12	13	13	17	17
	48	48	50	27	-
CHINA Milbon Trading (Shanghai) Co., Ltd.	19	22	21	30	30
	50	62	70	50	-
KOREA Milbon Korea Co., Ltd.	23	25	30	32	32
	84	82	77	79	-
Others * ²	33	33	35	38	38
	31	37	39	34	-

Upper column: Number of FPs (persons)
Lower column: Sales per FP (million yen)

(As of September 30, 2021)
0 FPs joined in October 2020 no recruitment activities in autumn
33 FPs joined in April 2021, and are currently in OJT on site
9 FPs are scheduled to join in October 2021

(The above 42 FPs are not included in the left chart.)

Market Related Data (Japan)

	FY2016	Remarks
Number of business establishments (households)	172,304	Bureau economy census of ministry statistics of public management
Number of workers	443,241	
Number of beauty customers (thousand people)	37,023	Statistics Bureau, Ministry of Internal Affairs and Communications: Population statistics as of October 1st of each year Population statistics for females aged 15 to 64

* Data in the Ministry of Health, Labour and Welfare's Ministry of Health, Labour and Welfare administrative report, which had been used for the number of salons and beauticians in the "Market Trends," until FY2020 Q1 was judged to differ greatly from the actual situation. Accordingly, the number of business establishments and number of workers are shown in the data from the Economy Census of the Statistics Bureau of the Ministry of Internal Affairs and Communications. The number of workers includes workers other than those with a beautician license.

*1 Because FY2017 was an irregular accounting period, performance is calculated with adjusted amounts for a 12-month period.

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

Consolidated Net Sales in Japan and Overseas

FY2021 9 months

(Unit: million yen)

	FY2020 9 months		FY2021 9 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base * ¹ (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	25,214	100.0	29,718	100.0	4,504	17.9	16.5
JAPAN	21,102	83.7	23,904	80.4	2,801	13.3	13.3
Overseas	4,111	16.3	5,814	19.6	1,703	41.4	32.9
USA	334	1.3	662	2.2	327	97.9	96.0
CHINA	1,107	4.4	1,658	5.6	550	49.7	36.3
KOREA	1,832	7.3	2,517	8.5	684	37.4	27.1
Other * ²	836	3.3	976	3.3	139	16.7	16.0

*1 Figures are the rates of change in real terms on a local currency basis. Current exchange rates of 108.59 yen to the U.S. dollar, 16.86 yen to the Chinese yuan, and 0.0962 yen to the Korean won

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

Consolidated Operating Income in Japan and Overseas

FY2021 9 months

(Unit: million yen)

	FY2020 9 months		FY2021 9 months		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income	4,307	17.1	5,758	19.4	1,451	33.7
JAPAN	4,087	19.4	4,921	20.6	834	20.4
Overseas	219	5.3	837	14.4	617	280.8
USA	(215)	(64.3)	(392)	(59.3)	(177)	-
CHINA	214	19.3	381	23.0	167	78.1
KOREA	439	24.0	907	36.0	468	106.6
Other *	(218)	(26.1)	(58)	(6.0)	159	-

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

Outlook of Overseas Subsidiaries (1)

Figures in the text are based on local currency.

USA (Milbon USA)

- Sales continued to be robust, rising 96.0% YoY and 43.9% compared to 2019, prior to the impact of COVID-19, as the company continued to work with distributors in various regions to develop activities such as salon classes and accompanying sales.
- Global Milbon has been highly evaluated for its high product appeal and its targets are easy to understand, leading to repeat customers. The 16000 hair care gift boxes sold out in 1 day, contributing to sales growth.
- Sales of hair coloring products grew steadily, reflecting proposals tailored to the diversity of the U.S. and European markets for Sophistone and Ordeve Addicthy in Asian salons.

CHINA (Milbon China)

- The company continued to carefully implement proposal activities to deepen the relationship of trust with salons, and sales rose 36.3% YoY despite the impact of COVID-19, which was re-expanded in some regions from July to August.
- Sales of Global Milbon grew strongly, driving growth in hair care products.
- Sales of hair coloring products grew as a result of a review of color education for salons this year.

Outlook of Overseas Subsidiaries (2)





Figures in the text are based on local currency.

KOREA (Milbon Korea)

- It continued to aggressively cultivate new salons in collaboration with elite sales representatives at distributors nationwide, and sales grew 27.1% YoY. The company is supporting new salons by preparing open salon kits, including cut cloths.
- The number of people who enjoy color in mask lifestyles is increasing, and in hair coloring products, Ordeve Addicthy continues to maintain high growth.
- In hair care, in addition to steady increases in Aujua and Global Milbon, from September the company launched GRANDLINKAGE, aiming for further growth through approaches to customers utilizing video and other media.

Toward the Future

[Capital Expenditures] ⇒ Increase in depreciation

 <p>Established Aoyama Sales Office</p>	 <p>Expansion of the Thai factory Factory construction in China</p>	 <p>The new training center</p>	 <p>Digital investment</p>
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[About the status of expenses] ⇒ Higher expenses due to resumption of activities and the opening of overseas plants and R&D

 <p>Expenses, travel expenses</p>	 <p>Logistics costs</p>	<p>Preparing to start operations at China factory China R&D Thai R&D USA R&D</p>
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<Appendix> Hair Care Brand Positioning Map

Premium brand



MILBON



Aujua



Villa Lodola
PROFESSIONAL



GRAND
LINKAGE



Jemile Fran



CRONNA



PLARMIA



Elujuda



DOOR

Professional brands



Statements concerning the future such as the earnings forecasts given in this document are based on information currently in the possession of the Company and on assumptions that the Company considers reasonable.