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**Financial Results for Q3 of FY2024  
(Ending December 31,2024)**

**Milbon Co., Ltd.**

**(TSE code : 4919)**

**November 15, 2024**

# Agenda

- 1. Consolidated Financial Results** ————— **P2**
- 2. Financial Results by Region and Outlook**————— **P7**
- 3. Appendix** ————— **P16**
- 4. Overview of Milbon**————— **P28**

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# Today's Message

## FY24 3Q YTD Results

### Regional Performance

**Both sales and profit increased. Domestic haircare products and business in South Korea continued to drive growth from the first half of the year.**

- Haircare products, including Aujua, have driven the growth of our domestic business. Although hair coloring products still face challenges, the number of salons introducing our products, particularly Villa Lodola Color, has increased. We will continue to strengthen our sales and educational initiatives for hair coloring in order to get back on track and continue to grow.
- Strong performance in South Korea offset weak sales in China due to deteriorating market conditions. Additionally, the weaker yen boosted sales growth, keeping overall overseas business results on track.
- The gross profit margin for the 9 months of FY24 was 64.0%, aligning with our full-year forecast. While the impact of soaring raw material costs has eased, the adverse effect of the product mix on profit persists.
- Operating profit increased significantly YoY due to higher sales and recovery from last year's inventory loss of hair dryers.

## FY24 Outlook

**Both sales and profit are expected to meet our initial plan. We are maintaining our full-year forecast due to potential inventory loss in the fourth quarter.**

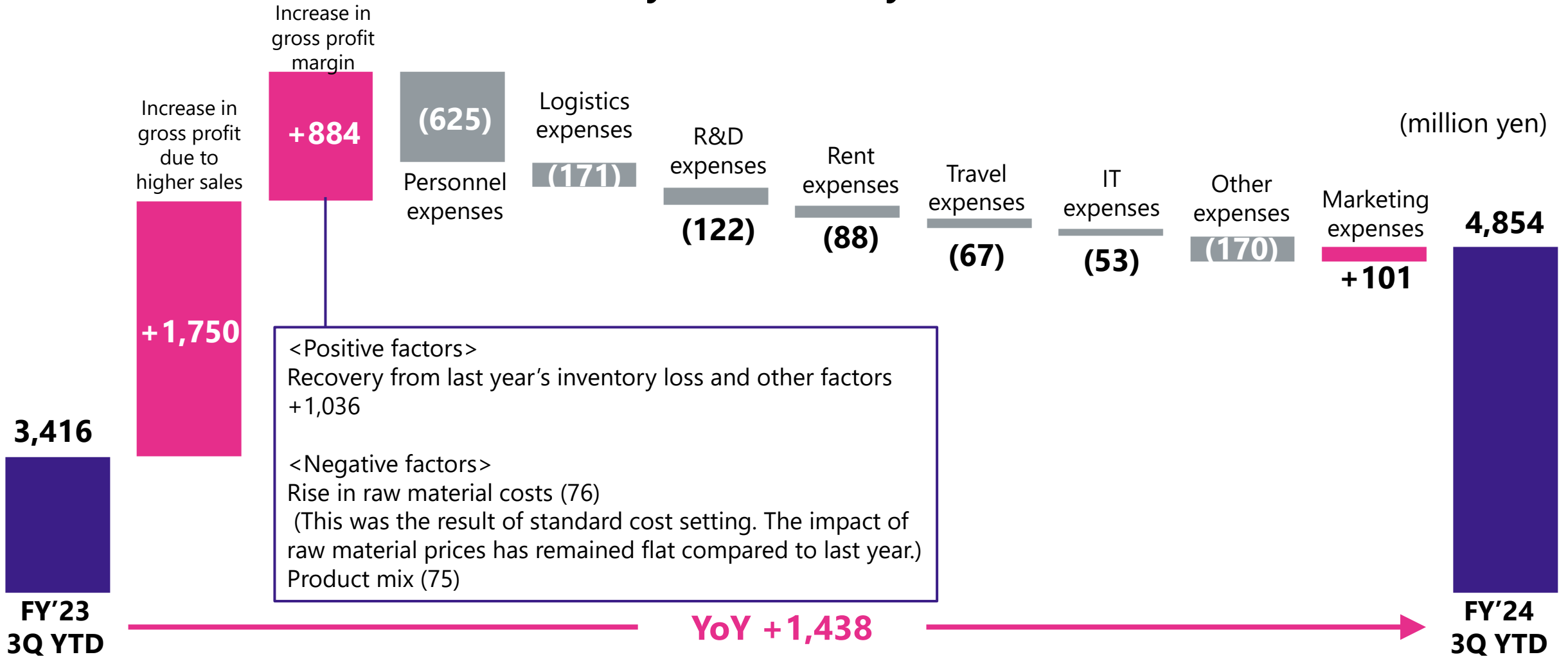
# Consolidated Statement of Earnings

**Sales are progressing at a pace slightly above what was planned. Profit exceeded the plan due to higher sales and deferred SG&A expenses.**

(Unit: million yen)	FY2023 3Q YTD	% Total	FY2024 3Q YTD	% Total	Gap	Gap (%)	FY2024 3Q YTD Plan	Vs. Plan (%)
Net Sales	34,150	100.0%	<b>36,993</b>	<b>100.0%</b>	2,843	8.3%	36,354	101.8%
Gross Profit	21,023	61.6%	<b>23,659</b>	<b>64.0%</b>	2,635	12.5%	23,343	101.4%
SG&A Expenses	17,607	51.6%	<b>18,805</b>	<b>50.8%</b>	1,197	6.8%	19,052	98.7%
Operating Income	3,416	10.0%	<b>4,854</b>	<b>13.1%</b>	1,437	42.1%	4,291	113.1%
Ordinary Income	3,502	10.3%	<b>4,881</b>	<b>13.2%</b>	1,378	39.3%	4,247	114.9%
Profit Attributable to Owners of Parent	2,489	7.3%	<b>3,393</b>	<b>9.2%</b>	904	36.3%	3,039	111.7%

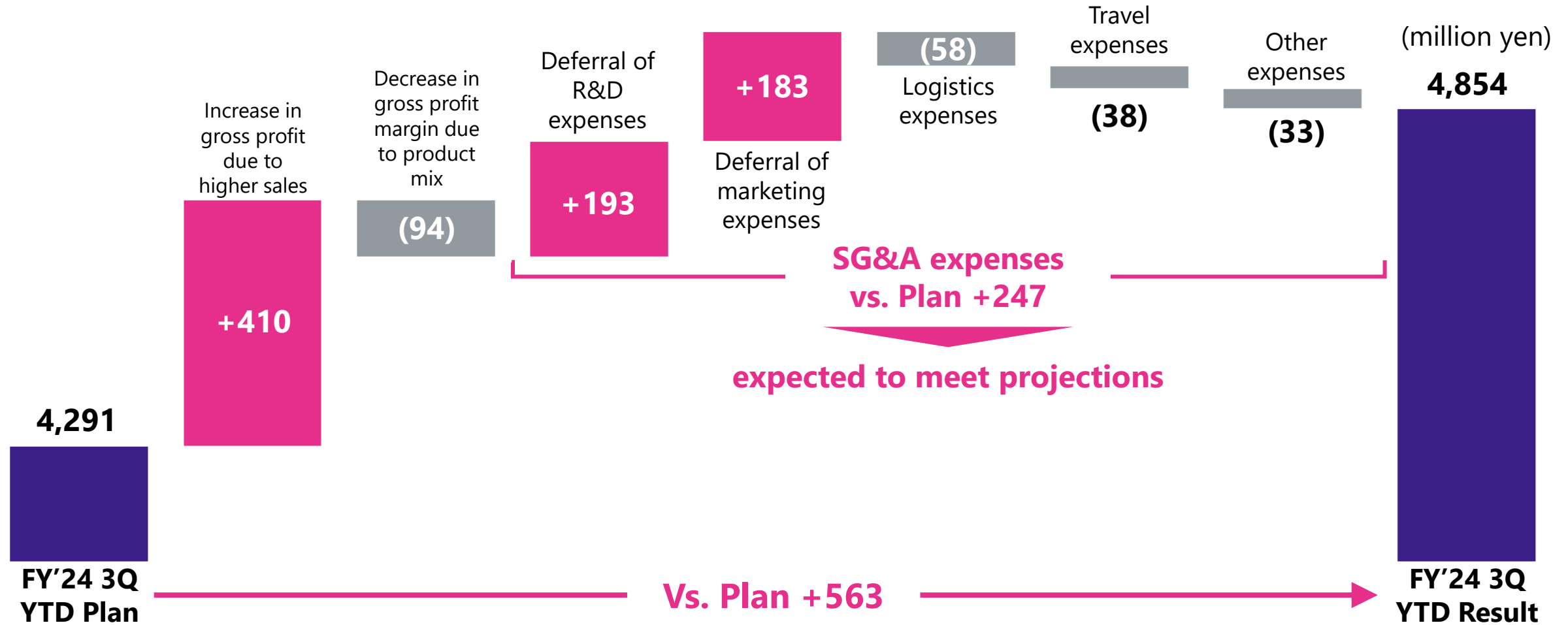
# Consolidated Operating Income - Factors Behind YoY Changes

Operating income increased significantly due to higher sales and the recovery from last year's inventory loss.



# Consolidated Operating Income - Factors Behind Differences Compared to the Plan

Operating profit exceeded the plan due to favorable sales. However, full-year operating profit is expected to align with our initial plan as SG&A expenses are projected to be as planned.



# Agenda

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# Net Sales and Operating Income by Region

**Both domestic and overseas sales and profits progressed in line with the plan.  
The weaker yen boosted overseas sales growth.**

(Unit: million yen)		FY2023 3Q YTD	FY2024 3Q YTD	Gap	Gap (%)	Actual gap Rate <sup>*1</sup> (%)	FY2024 3Q YTD Plan	Exchange Rate FY23 3Q	Exchange Rate FY24 3Q
Japan	Net Sales	25,829	<b>27,690</b>	1,860	7.2%	7.2%	27,425		
	Operating Income	2,373	<b>3,931</b>	1,557	65.6%	—	3,375	—	—
	Margin (%)	9.2%	<b>14.2%</b>	—	—	—	12.3%		
Overseas	Net Sales	8,320	<b>9,303</b>	982	11.8%	5.8%	8,928		
	Operating Income	1,042	<b>922</b>	(119)	(11.5%)	—	915	—	—
	Margin (%)	12.5%	<b>9.9%</b>	—	—	—	10.3%		
South Korea	Net Sales	3,495	<b>3,992</b>	496	14.2%	8.7%	3,563	KRW	KRW
	Operating Income	991	<b>1,051</b>	60	6.1%	—	868	0.1064 yen	0.1118 yen
	Margin (%)	28.4%	<b>26.3%</b>	—	—	—	24.4%		
China	Net Sales	1,729	<b>1,783</b>	54	3.2%	(4.1%)	1,883	RMB	RMB
	Operating Income	69	<b>72</b>	3	4.8%	—	179	19.73 yen	21.22 yen
	Margin (%)	4.0%	<b>4.1%</b>	—	—	—	9.5%		
USA	Net Sales	1,225	<b>1,430</b>	205	16.8%	7.5%	1,408	USD	USD
	Operating Income	(48)	<b>(87)</b>	(39)	—	—	(63)	139.55 yen	151.59 yen
	Margin (%)	(4.0%)	<b>(6.1%)</b>	—	—	—	(4.5%)		
Other <sup>*2</sup>	Net Sales	1,870	<b>2,096</b>	225	12.1%	8.2%	2,072		
	Operating Income	30	<b>(113)</b>	(144)	—	—	(68)	—	—
	Margin (%)	1.6%	<b>(5.4%)</b>	—	—	—	(3.3%)		

\*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, and Germany



# Financial Results by Region: Japan

**Overall performance has remained strong since the first half of the year. The robust growth in haircare products has compensated for the slower sales of hair coloring products.**

## YoY Growth Rate of Sales by Product Category\*

Following the first half of the year, haircare products like Aujua and Elujuda continued to perform well. We enhanced our sales and educational initiatives for salons regarding hair coloring, resulting in an increased number of salons using our products.

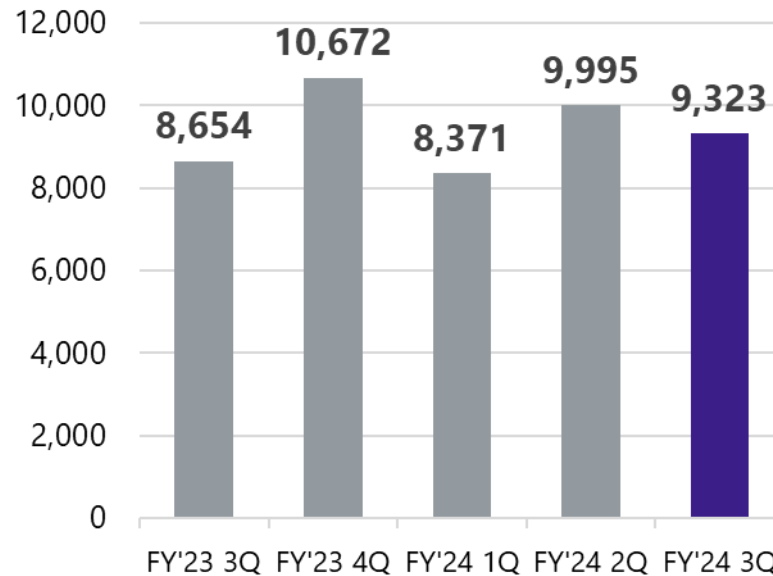
Change in Sales	FY2024	
	3Q	3Q YTD
Haircare	+13.4%	+10.5%
Hair Coloring	+1.1%	+0.5%
Cosmetics	(2.5%)	+71.4%
% to Sales	3Q	3Q YTD
Haircare	64.3%	63.5%
Hair Coloring	31.5%	31.1%
Cosmetics	1.5%	2.4%

\* Based on shipment value

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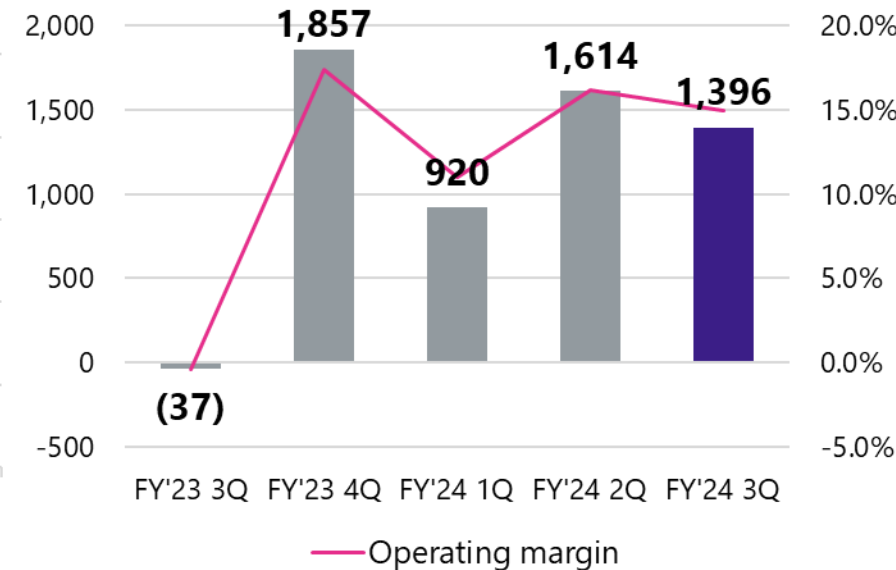
## Quarterly Net Sales (mil. yen)

Domestic sales tend to be higher in the second and fourth quarter due to seasonal factors.






## Quarterly Operating Income (mil. yen)

Domestic operating income for FY'24 3Q increased significantly against FY'23 3Q, not only due to increased sales but also due to the recovery from the inventory loss of the hair dryer Elmista recorded last year.



— Operating margin  
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# Financial Results by Region: Japan / Progress of Key Strategies

Key Strategies		Progress up to 3Q	Results and Outlook			
Promoting Smart Salon	milbon:iD			FY'23	FY'24 3Q YTD	FY'24 Plan
	Smart Salon		Members	670,000	<b>820,000</b>	870,000
			Salons	5,930	<b>6,455</b>	6,500
			EC Sales	1,640 mil. yen	<b>1,360 mil. Yen</b>	1,950 mil. yen
				FY'23	FY'24 3Q YTD	FY'24 Plan
			Number of Smart Salons	23	<b>56</b>	100
	Recovery of hair coloring products sales through promotion of high value-added hair color		<p>We continue to make our existing Smart Salons successful and aim to increase their number at a steady pace.</p> <ul style="list-style-type: none"> <li>The number of salons using our products, especially Villa Lodola, our organic hair color brand, is increasing due to intensified sales and educational activities related to hair coloring products.</li> <li>To boost sales, we will enhance the branding of our hair coloring products and implement targeted initiatives for both salons and consumers.</li> </ul>			

# Financial Results by Region: South Korea

Overall performance has remained strong since the first half of the year, driven by steady growth in our mainstay hair coloring products and robust sales of haircare products, indicating that future growth is expected.

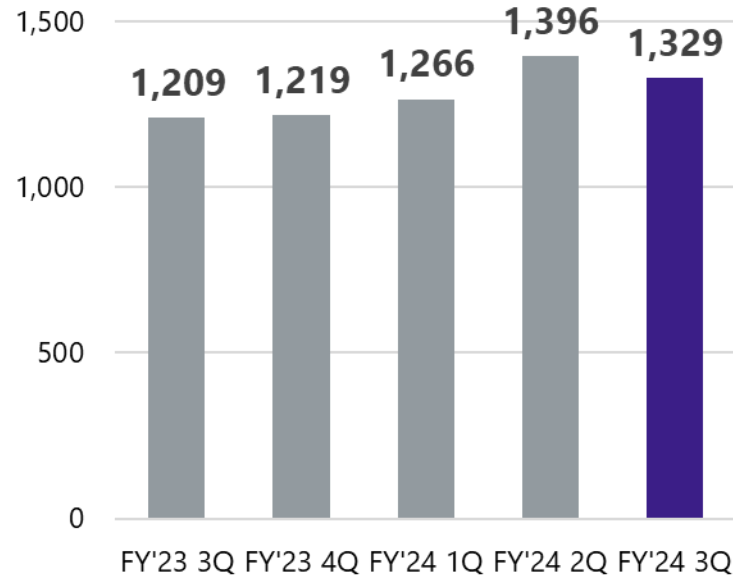
## YoY Growth Rate of Sales by Product Category\*

Hair coloring product growth is recovering through trend-focused sales activities and new product launches. Haircare, with significant growth potential, has seen a steady increase in salons using our products.

Change in Sales	FY2024	
	3Q	3Q YTD
Haircare	+23.6%	+19.3%
Hair Coloring	+6.2%	+4.0%
Perm	+30.1%	+33.6%
% to Sales	3Q	3Q YTD
Haircare	23.8%	23.4%
Hair Coloring	70.3%	70.9%
Perm	4.9%	4.9%

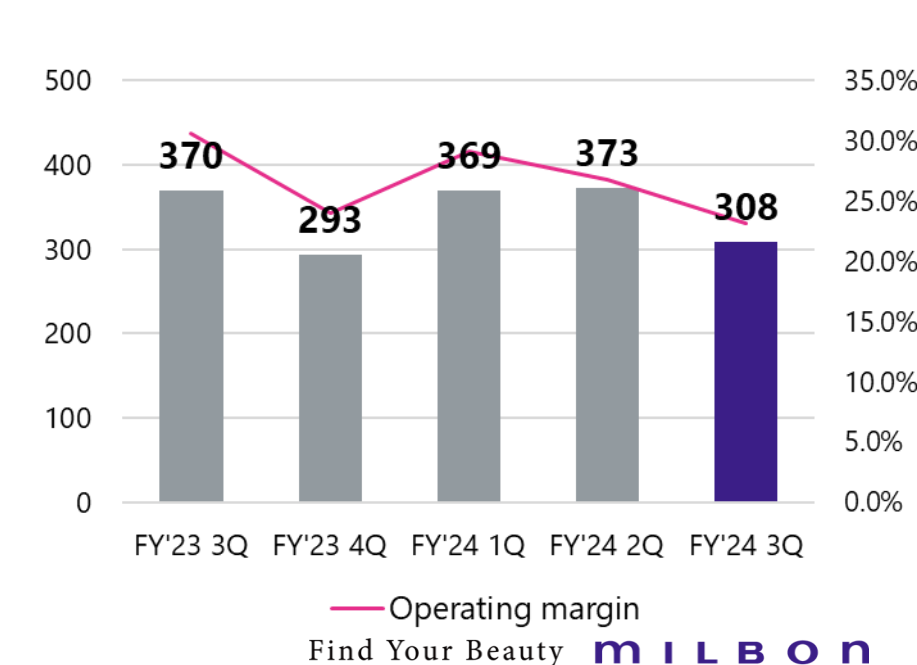
## Quarterly Net Sales (mil. yen)

In addition to the steady growth of hair coloring products, haircare and perm products are driving consistent sales increases.



## Quarterly Operating Income (mil. yen)

Marketing expenses increased in the third quarter due to events aimed at attracting young hair stylists as fans.



\* Based on local currency

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# Financial Results by Region: China

**Despite the challenging market environment, including declining consumer confidence, our strong support for salons in adapting their operations to meet these changes has been very well received.**

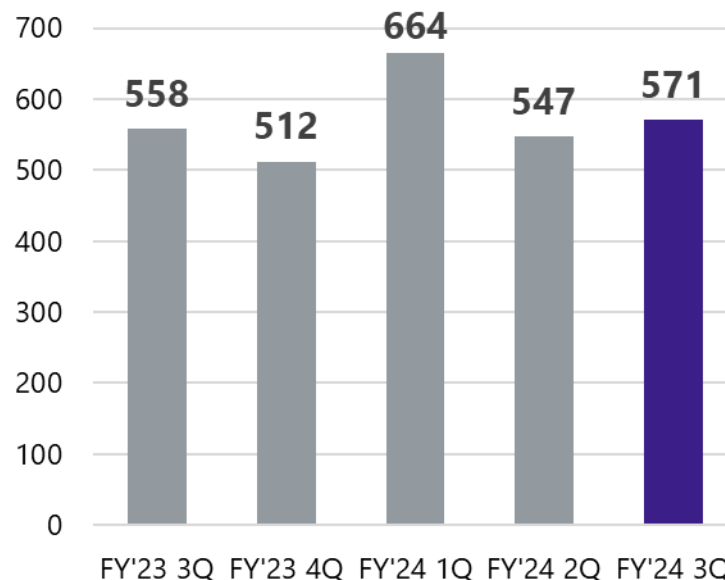
## YoY Growth Rate of Sales by Product Category\*

The number of salons using our haircare products increased due to the popularity of our service plans tailored to match changes in consumer behavior. Conversely, hair coloring products were initially affected by a decline in salon customer coloring frequency but recovered slightly from Q2 onwards due to strengthened sales promotions.

Change in Sales	FY2024	
	3Q	3Q YTD
Haircare	+8.3%	+3.7%
Hair Coloring	(9.1%)	(14.8%)
% to Sales	3Q	3Q YTD
Haircare	58.4%	58.5%
Hair Coloring	36.3%	35.8%

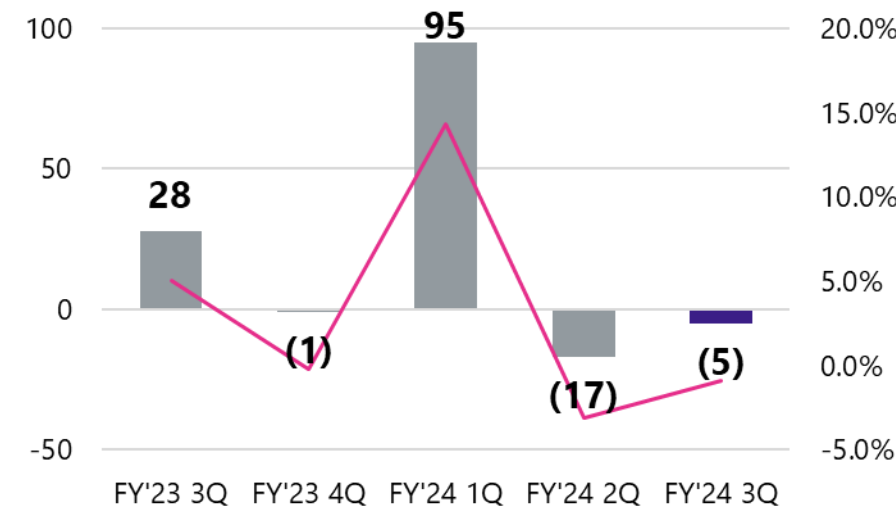
## Quarterly Net Sales (mil. yen)

Sales of FY'24 3Q remained flat compared to FY'23 3Q in local currency terms. However, due to the effect of foreign exchange, sales increased in yen terms.



## Quarterly Operating Income (mil. yen)

Losses narrowed from the second to the third quarter but persisted due to intensified sales promotions for hair coloring products.



\* Based on local currency  
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# Financial Results by Region: USA

**Haircare product sales grew steadily. Although issues remain with hair coloring products, which is our focus area this year, we aim to steadily increase the number of salons that use our products through educational initiatives.**

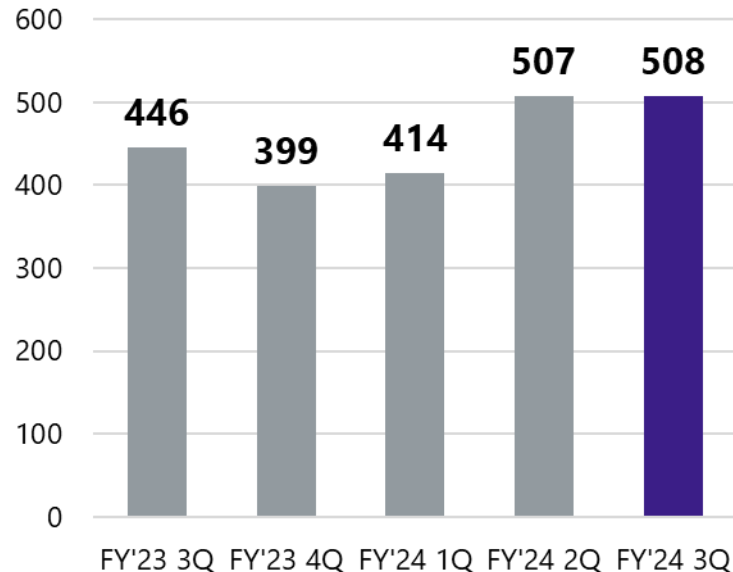
## YoY Growth Rate of Sales by Product Category\*

Haircare sales continued to steadily grow. In September, we launched new tones for the Sophistone range to address the lack of color options. In the fourth quarter, we will boost our educational activities to encourage retention and increase repeat business in salons.

		FY2024	
Change in Sales	3Q	3Q YTD	
Haircare	+12.7%	+7.9%	
Hair Coloring	+3.2%	+6.3%	
% to Sales	3Q	3Q YTD	
Haircare	87.8%	85.9%	
Hair Coloring	7.1%	8.7%	

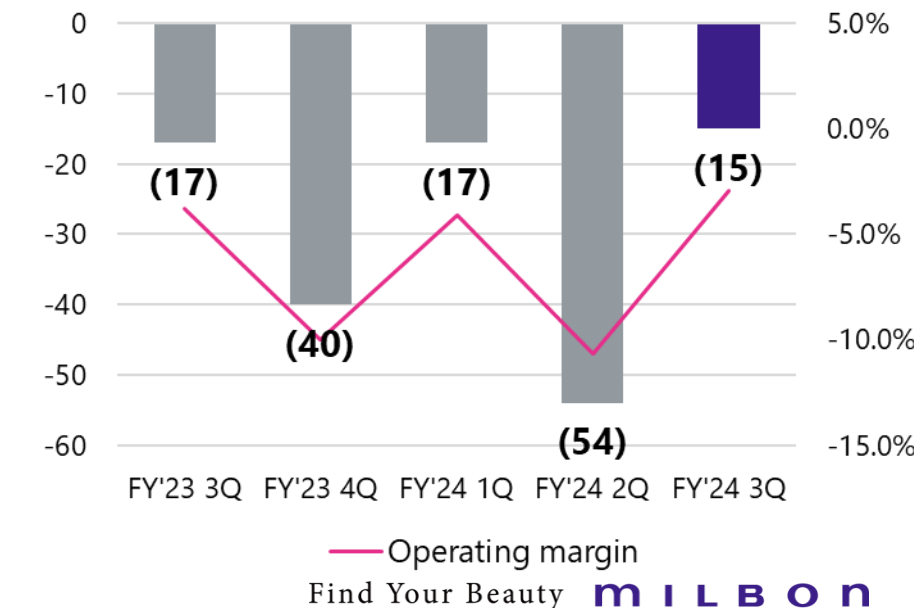
## Quarterly Net Sales (mil. yen)

Following our participation in a beauty trade fair in June, our strong haircare sales allowed us to achieve the top in-store share for one month with our largest distributor in LA. Our relationship with them continues to deepen.



## Quarterly Operating Income (mil. yen)










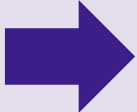


Marketing expenses increased in the second quarter due to participation in a trade fair.



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# Full-year Outlook by Region

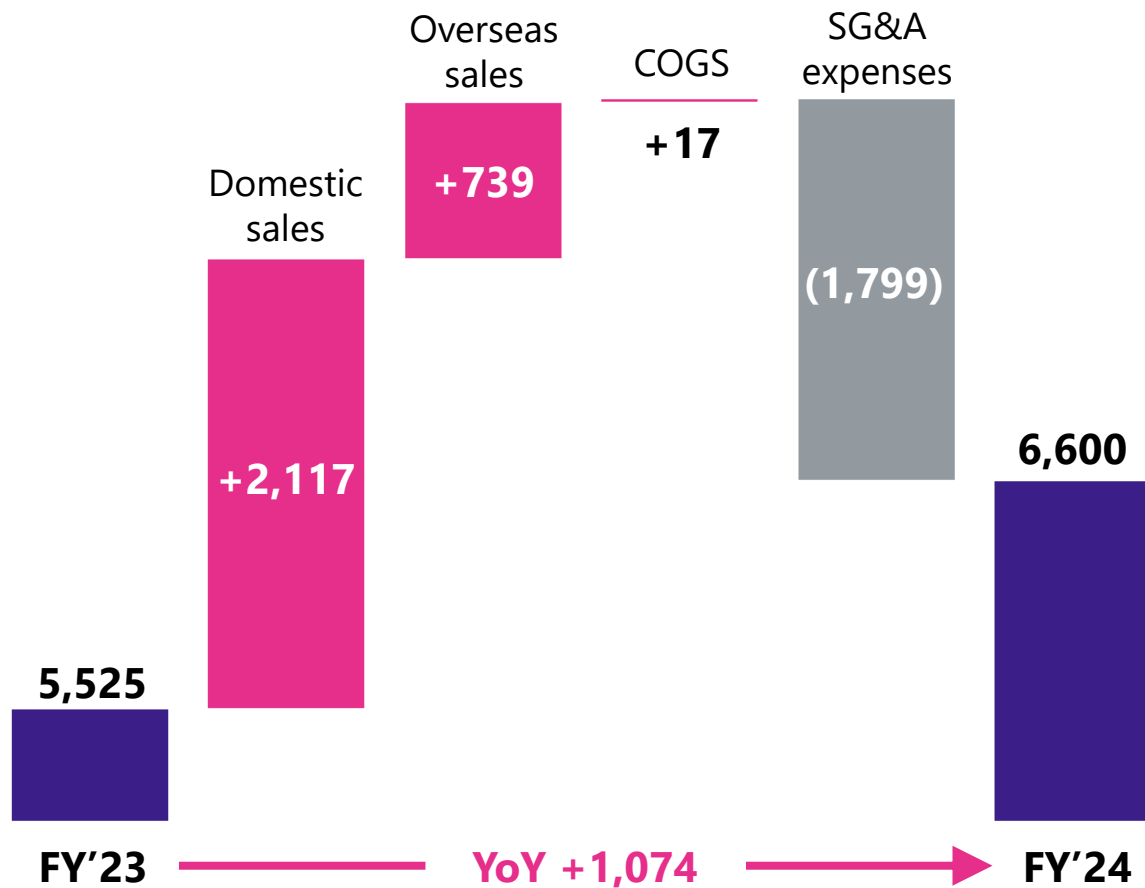
**Domestic sales are expected to slightly exceed our plan due to strong haircare sales. Overseas sales should meet expectations as strong performance in South Korea and the weaker yen offset slower sales in China.**

Region	Vs. Initial Plan	
Japan		<ul style="list-style-type: none"> <li> Haircare (strong sales of new products and an increased number of salons using Aujua)</li> <li> Hair coloring (the market competition has intensified)</li> </ul>
South Korea		<ul style="list-style-type: none"> <li> Haircare (increased number of salons using Global Milbon and Aujua)</li> <li> The weaker yen</li> </ul>
China		<ul style="list-style-type: none"> <li> Deteriorating market environment (lower frequency of customer visits to salons)</li> <li> The weaker yen</li> </ul>
USA		<ul style="list-style-type: none"> <li> The weaker yen</li> <li> Hair coloring (marketing initiatives with an influential hairstylist postponed to next year)</li> </ul>

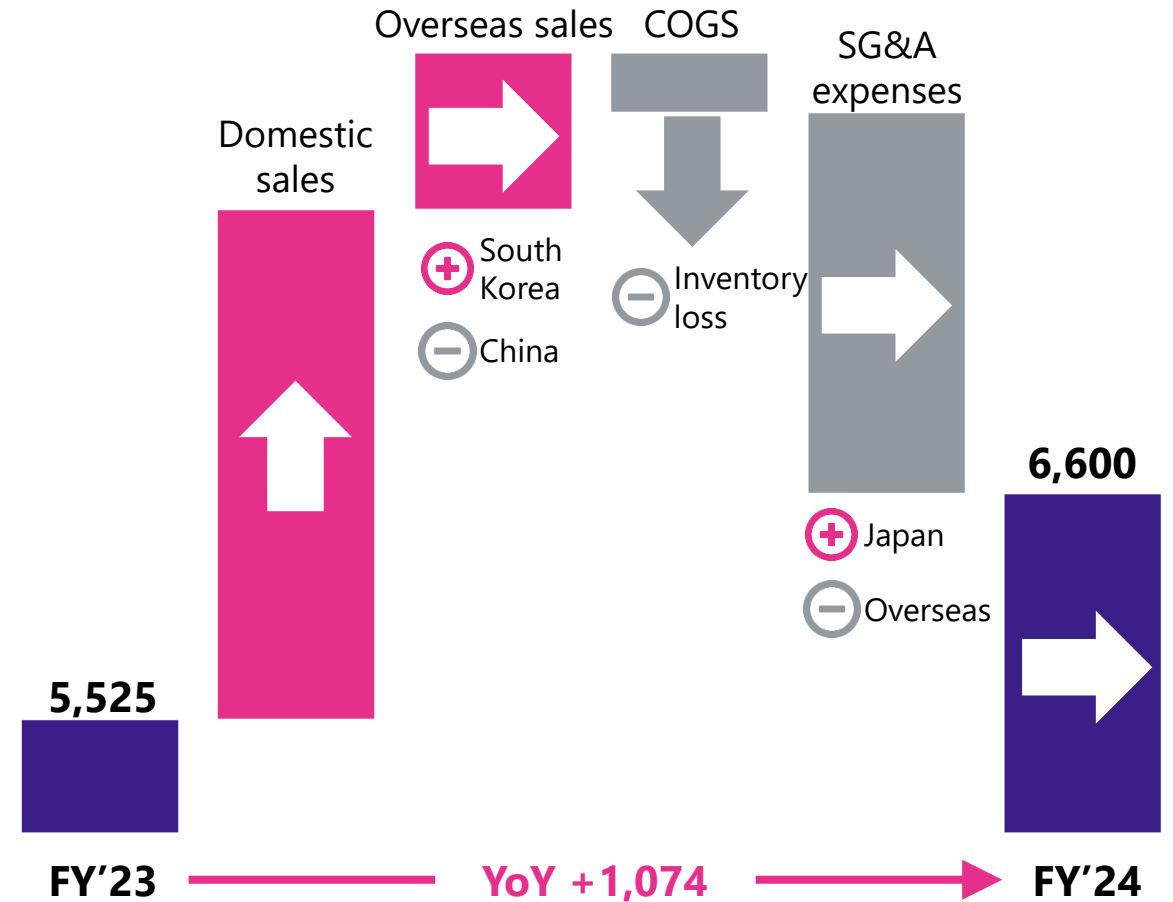
# Full-year Outlook for Operating Income

The full-year forecast remains unchanged. Despite an anticipated upswing in sales, operating income is expected to be in line with the plan due to potential inventory loss.

## Outlook at the Beginning of the Year



## Current Outlook (vs. the Beginning of the Year)



# Agenda

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**3. Appendix ————— P16**

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**Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis) P23**

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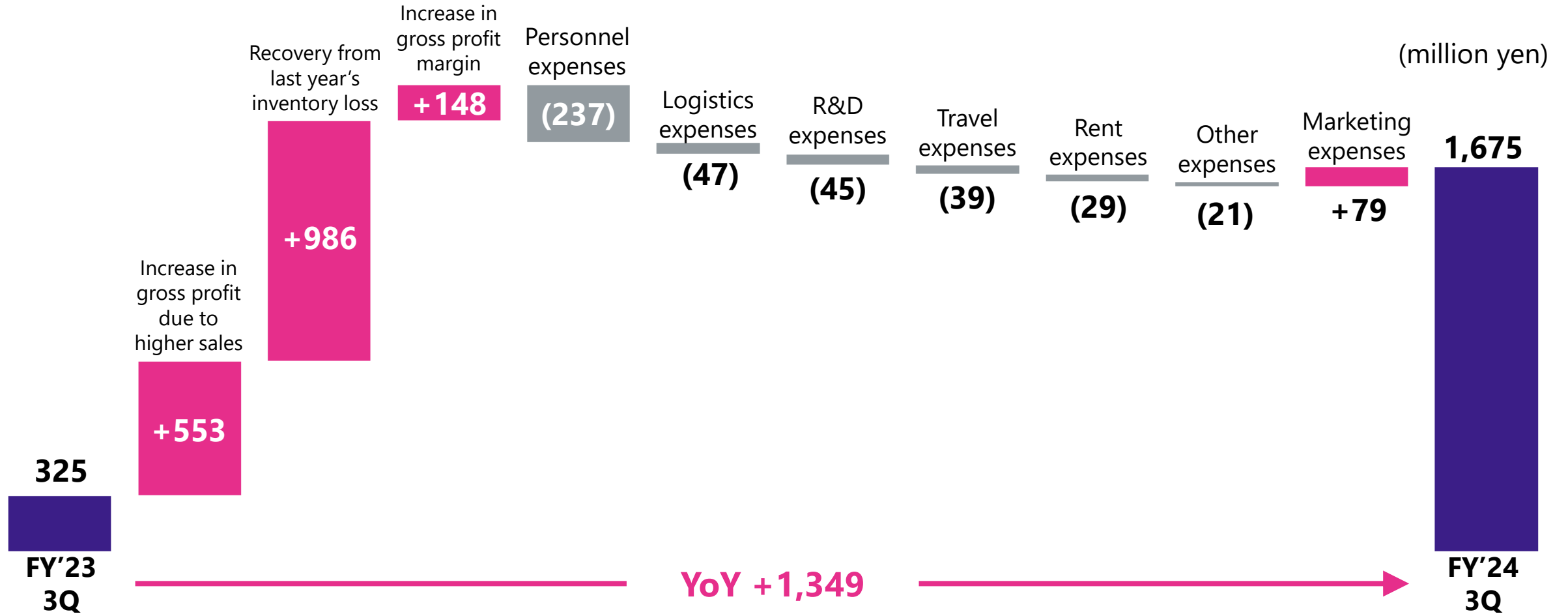
**The Number of Field Persons (FP)————— P27**

**4. Overview of Milbon————— P28**



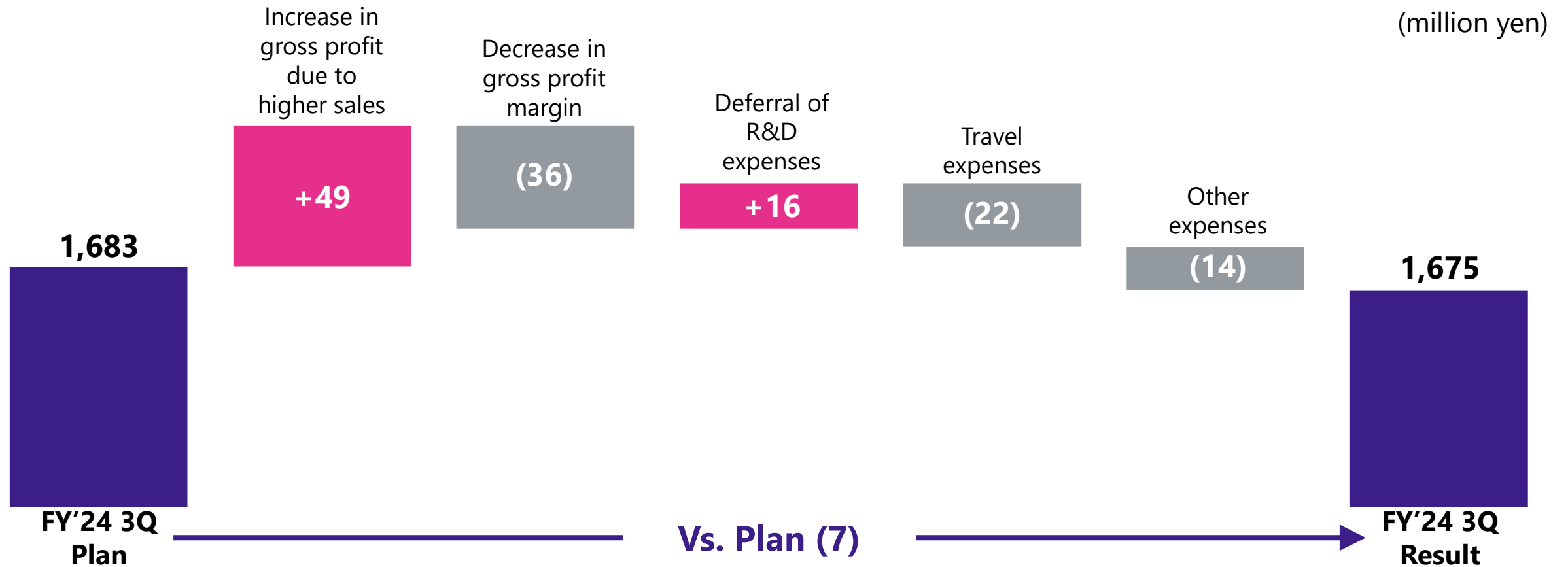
# Factors Behind YoY Changes in Consolidated Operating Income (Quarterly Basis)

Operating income increased significantly due to higher sales and the recovery from the inventory loss recorded in the third quarter of last year.



# Factors Behind Changes Compared to the Consolidated Operating Income Plan (Quarterly Basis)

Operating income of the third quarter was generally in line with the plan.



# (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	13,017	<b>12,467</b>		36,993
Haircare	5,969	7,370	6,593	8,421	28,355	6,670	8,012	<b>7,560</b>		22,243
Hair Coloring	3,922	4,315	4,193	4,522	16,953	4,044	4,301	<b>4,308</b>		12,654
Perm	301	413	369	380	1,463	350	448	<b>348</b>		1,148
Cosmetics	126	140	154	149	571	369	197	<b>151</b>		717
Others	20	123	136	137	418	73	57	<b>97</b>		228
% to Sales										
Haircare	57.7%	59.6%	57.6%	61.9%	59.4%	58.0%	61.6%	<b>60.6%</b>		60.1%
Hair Coloring	38.0%	34.9%	36.6%	33.2%	35.5%	35.1%	33.0%	<b>34.6%</b>		34.2%
Perm	2.9%	3.4%	3.2%	2.8%	3.0%	3.1%	3.5%	<b>2.8%</b>		3.1%
Cosmetics	1.2%	1.1%	1.4%	1.1%	1.2%	3.2%	1.5%	<b>1.2%</b>		2.0%
Others	0.2%	1.0%	1.2%	1.0%	0.9%	0.6%	0.4%	<b>0.8%</b>		0.6%

# (Appendix) Status of Main Brands - Haircare Products

## Haircare - Aujua

Sales are strong, led by new scalp care product Presedia. The number of salons using our products continued to expand in Japan and South Korea.

(Unit: mil. yen)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Gross Sales	2,524	7,523	<b>2,854</b>	<b>8,290</b>
Japan	2,447	7,312	<b>2,755</b>	<b>8,000</b>
South KR	76	211	<b>99</b>	<b>290</b>

(Unit: salons)	FY2023		FY2024	
Salons		6,844		<b>7,483</b>
Japan		6,556		<b>7,156</b>
South KR		288		<b>327</b>

## New Products

### Aujua Scalp Care Series Presedia (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024
	3Q YTD	Target
Gross sales	<b>438</b>	700

## Haircare – Global Milbon

Brand growth is being propelled by our strong performance in overseas markets, especially in the USA.

(Unit: mil. yen)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Gross Sales	1,579	4,510	<b>1,799</b>	<b>5,121</b>
Japan	807	2,371	<b>836</b>	<b>2,416</b>
USA	391	1,030	<b>458</b>	<b>1,272</b>
China	130	351	<b>155</b>	<b>461</b>
South KR	59	159	<b>76</b>	<b>215</b>
Other	189	597	<b>272</b>	<b>755</b>

(Unit: salons)	FY2023		FY2024	
Salons		13,381		<b>24,852</b>
Japan		10,188		<b>10,694</b>
USA		0		<b>10,023</b>
China		430		<b>753</b>
South KR		1,022		<b>1,324</b>
Other		1,741		<b>2,058</b>

\*Data for the number of salons in USA for the period from October to December in FY2023 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 Main Brands - Hair Coloring Products

## Hair coloring – Ordeve Addicthy

The competitive environment in Japan is intensifying. However, we are seeing signs of growth due to increased sales and educational initiatives in salons.

(Unit: mil. yen)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Gross Sales	1,655	4,994	<b>1,731</b>	<b>4,904</b>
Japan	1,376	4,162	<b>1,414</b>	<b>4,007</b>
Overseas	278	831	<b>317</b>	<b>897</b>

## Hair coloring – Sophistone

Continued revenue growth due to strengthened sales and educational initiatives for distributors and salons in the USA.

(Unit: mil. yen)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Gross Sales	34	100	<b>42</b>	<b>133</b>

\* Sales figures are based on shipment value.

## Hair coloring – Villa Lodola Color

The rollout in Hong Kong began in April. In Japan, sales and educational efforts by Field Persons were intensified from April, leading to an increase in salons using our products.

(Unit: mil. yen)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Gross Sales	269	778	<b>322</b>	<b>867</b>
Japan	269	778	<b>309</b>	<b>839</b>
Overseas	0	0	<b>13</b>	<b>27</b>

(Unit: salons)	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
Salons		9,702		<b>11,777</b>
Japan		9,702		<b>11,375</b>
Overseas		0		<b>402</b>

# (Appendix) Status of Main Brands - Cosmetics

## Cosmetics – Imprea

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

	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
(Unit: mil. yen)				
Gross Sales	123	402	116	385
(Unit: salons)				
Salons		1,970		2,071

## New Products

### Imprea Cleansing Oil (Debut on February 10)



	FY2024 3Q YTD	FY2024 Target
(Unit: mil. yen)		
Gross Sales	33	55

## Cosmetics – IM

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

	FY2023		FY2024	
	3Q	3Q YTD	3Q	3Q YTD
(Unit: mil. yen)				
Gross Sales	39	39	41	372

## New Products

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



	FY2024 3Q YTD	FY2024 Target
(Unit: mil. yen)		
Gross Sales	269	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%	+5.0%	<b>+7.7%</b>		+7.2%
Haircare	+9.5%	+2.9%	+4.0%	+4.6%	+4.9%	+9.1%	+8.9%	<b>+13.4%</b>		+10.5%
Hair Coloring	+1.9%	(3.5%)	(1.6%)	+0.3%	(0.8%)	+0.8%	(0.5%)	<b>+1.1%</b>		+0.5%
Perm	(6.5%)	(17.1%)	+7.6%	(7.0%)	(7.0%)	+2.9%	+10.4%	<b>(11.0%)</b>		+1.1%
Cosmetics	(4.2%)	+18.4%	+25.5%	(12.7%)	+4.8%	+197.6%	+40.4%	<b>(2.5%)</b>		+71.4%
Others	(13.2%)	+133.3%	+150.8%	+102.1%	+104.8%	+60.8%	(35.0%)	<b>(53.9%)</b>		(34.6%)
% to Sales										
Haircare	61.2%	63.0%	61.0%	65.5%	62.9%	61.2%	64.7%	<b>64.3%</b>		63.5%
Hair Coloring	34.7%	31.8%	33.5%	30.3%	32.4%	32.1%	29.9%	<b>31.5%</b>		31.1%
Perm	2.3%	3.0%	2.8%	2.0%	2.5%	2.2%	3.1%	<b>2.3%</b>		2.6%
Cosmetics	1.5%	1.3%	1.6%	1.3%	1.4%	4.1%	1.8%	<b>1.5%</b>		2.4%
Others	0.3%	1.0%	1.1%	0.9%	0.8%	0.4%	0.5%	<b>0.4%</b>		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%	+8.4%	<b>+11.2%</b>		+8.7%
Haircare	+14.4%	+13.5%	+1.1%	+29.0%	+13.9%	+20.1%	+14.5%	<b>+23.6%</b>		+19.3%
Hair Coloring	+9.2%	+1.4%	(0.0%)	+7.5%	+4.3%	+1.1%	+4.6%	<b>+6.2%</b>		+4.0%
Perm	+28.0%	+28.1%	+18.2%	+59.1%	+32.4%	+33.6%	+37.5%	<b>+30.1%</b>		+33.6%
% to Sales										
Haircare	20.7%	21.7%	21.4%	23.3%	21.8%	23.3%	23.0%	<b>23.8%</b>		23.4%
Hair Coloring	74.9%	73.9%	73.6%	71.6%	73.5%	71.1%	71.3%	<b>70.3%</b>		70.9%
Perm	4.0%	3.8%	4.2%	4.6%	4.1%	5.0%	4.8%	<b>4.9%</b>		4.9%
Others	0.4%	0.6%	0.8%	0.5%	0.6%	0.6%	0.9%	<b>1.0%</b>		0.8%

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

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

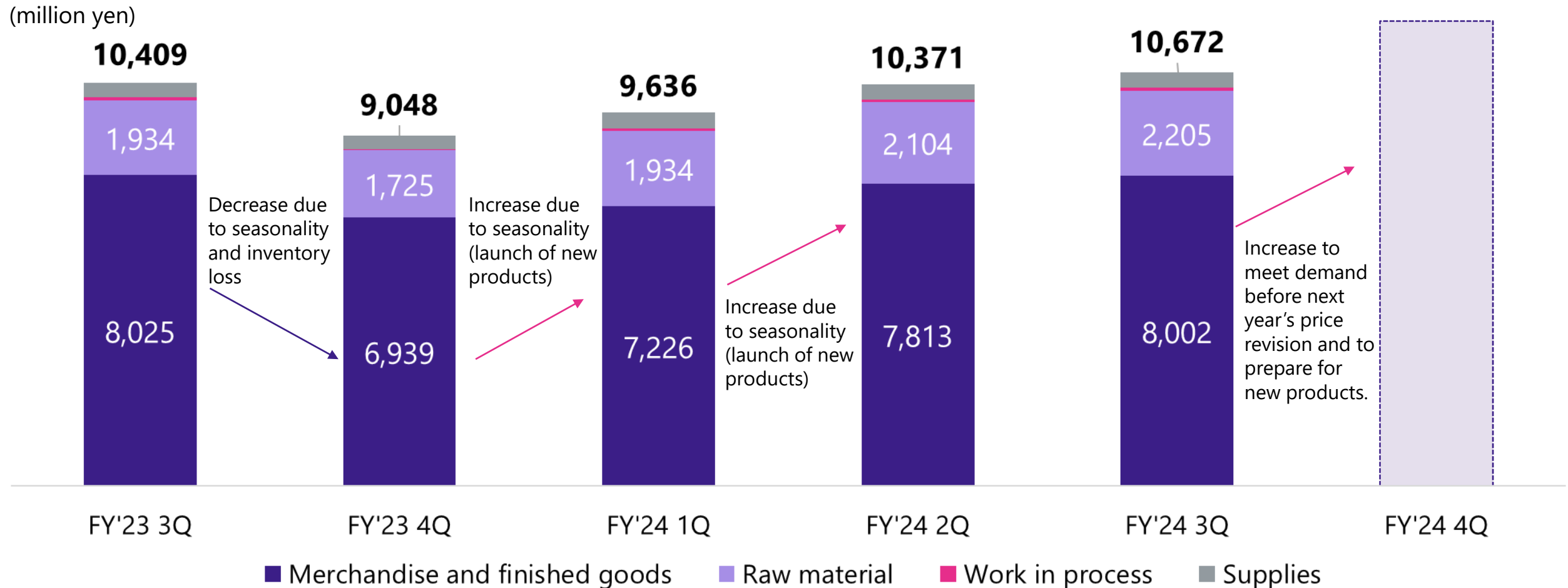
China	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	(2.7%)	+22.4%	(6.1%)	+5.8%	+3.8%	+4.3%	(16.5%)	<b>+0.0%</b>		(4.1%)
Haircare	+11.0%	+35.7%	(7.3%)	+15.9%	+12.0%	+6.2%	(3.3%)	<b>+8.3%</b>		+3.7%
Hair Coloring	(14.0%)	+8.4%	(5.2%)	(8.5%)	(5.1%)	(0.6%)	(33.7%)	<b>(9.1%)</b>		(14.8%)
Perm	(23.5%)	+25.8%	+0.4%	(0.7%)	(3.8%)	+19.0%	(14.5%)	<b>(13.8%)</b>		(2.1%)
% to Sales										
Haircare	54.8%	53.5%	53.9%	61.9%	55.8%	55.8%	62.0%	<b>58.4%</b>		58.5%
Hair Coloring	39.3%	41.7%	40.0%	31.7%	38.4%	37.5%	33.1%	<b>36.3%</b>		35.8%
Perm	5.9%	4.8%	6.1%	6.4%	5.8%	6.7%	5.0%	<b>5.3%</b>		5.7%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	<b>0.0%</b>		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%	+2.2%	<b>+12.0%</b>		+7.5%
Haircare	+15.5%	+18.1%	+64.9%	(15.2%)	+15.7%	+6.0%	+4.8%	<b>+12.7%</b>		+7.9%
Hair Coloring	+10.6%	+27.0%	+59.8%	(4.5%)	+18.8%	+25.9%	(6.2%)	<b>+3.2%</b>		+6.3%
Perm	(1.5%)	+26.4%	+25.7%	(31.8%)	+1.0%	(19.6%)	(21.3%)	<b>(8.7%)</b>		(17.2%)
% to Sales										
Haircare	85.7%	83.8%	87.3%	85.6%	85.6%	83.7%	85.9%	<b>87.8%</b>		85.9%
Hair Coloring	9.1%	9.7%	7.8%	9.6%	9.0%	10.6%	8.9%	<b>7.1%</b>		8.8%
Perm	4.2%	4.8%	3.3%	3.6%	4.0%	3.1%	3.7%	<b>2.7%</b>		3.2%
Others	1.0%	1.7%	1.6%	1.2%	1.4%	2.6%	1.5%	<b>2.4%</b>		2.1%



# (Appendix) Status of Inventory

**Inventory tends to increase in the first half of the year due to the launch of many new products. Towards the end of the year, inventory levels are expected to temporarily rise to meet the increased demand before next year's price revision.**



## (Appendix) Status of Capital Expenditures, etc.

(Unit: million yen)		FY2020	FY2021	FY2022	FY2023	FY2024 3Q YTD	FY2024 Plan
Capital Expenditures		1,917	4,644	4,097	3,151	<b>1,982</b>	4,258
Depreciation and Amortization		1,562	1,777	2,026	2,213	<b>1,693</b>	2,404
R&D exp.	Amount	1,581	1,741	2,074	2,334	<b>1,788</b>	2,649
	% to Sales	4.4	4.2	4.6	4.9	<b>4.8</b>	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	<b>362.8</b>
	102	105	104	—
South Korea	26.0	32.8	33.4	<b>33.3</b>
	130	126	141	—
China	29.8	31.6	34.3	<b>34.0</b>
	72	66	65	—
USA	13.2	13.0	13.2	<b>15.5</b>
	68	102	123	—
Other*	36.0	36.2	38.2	<b>42.3</b>
	41	63	70	—

## FP Recruitment and Training Status in Japan

44 FPs joined in April 2024 and are currently on-site OJT

10 FPs joined in October 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. Overview of Milbon**————— **P28**

## (Appendix) Overview of Milbon

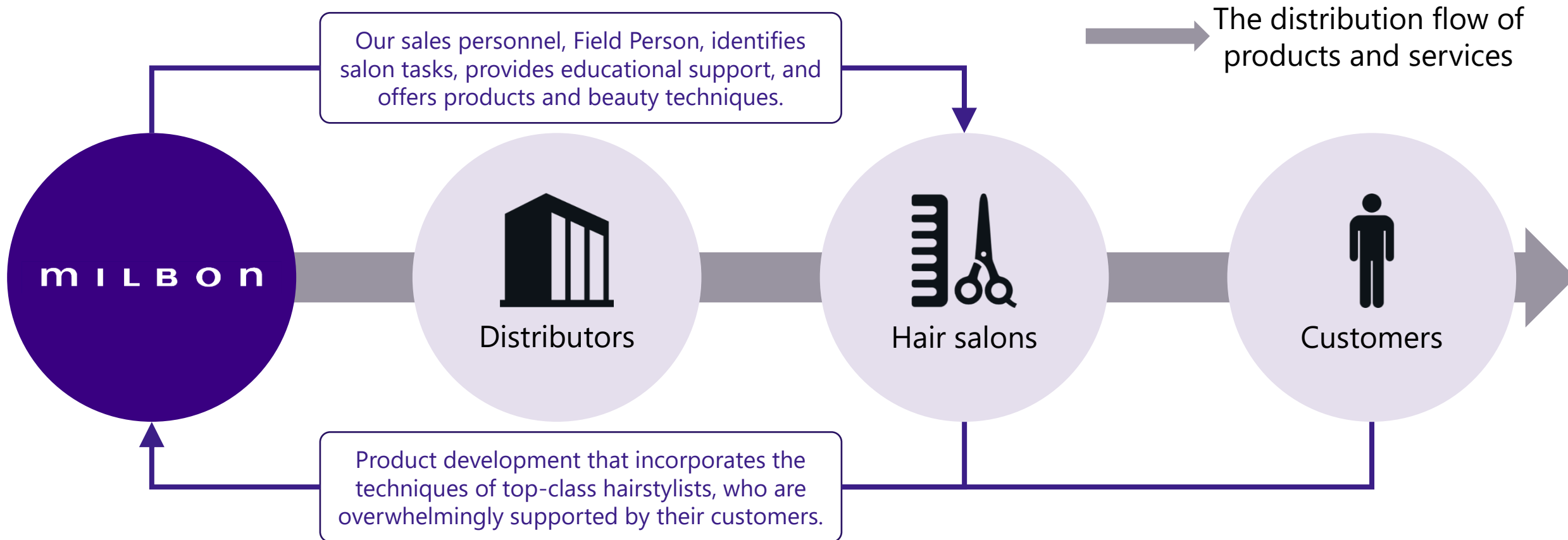
**Milbon is a cosmetics manufacturer that produces and sells haircare products including treatments and hair coloring products exclusively to hair salons.**



\*Source: Fuji Keizai(2023) haircare products only

# (Appendix) Overview 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) Overview 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.



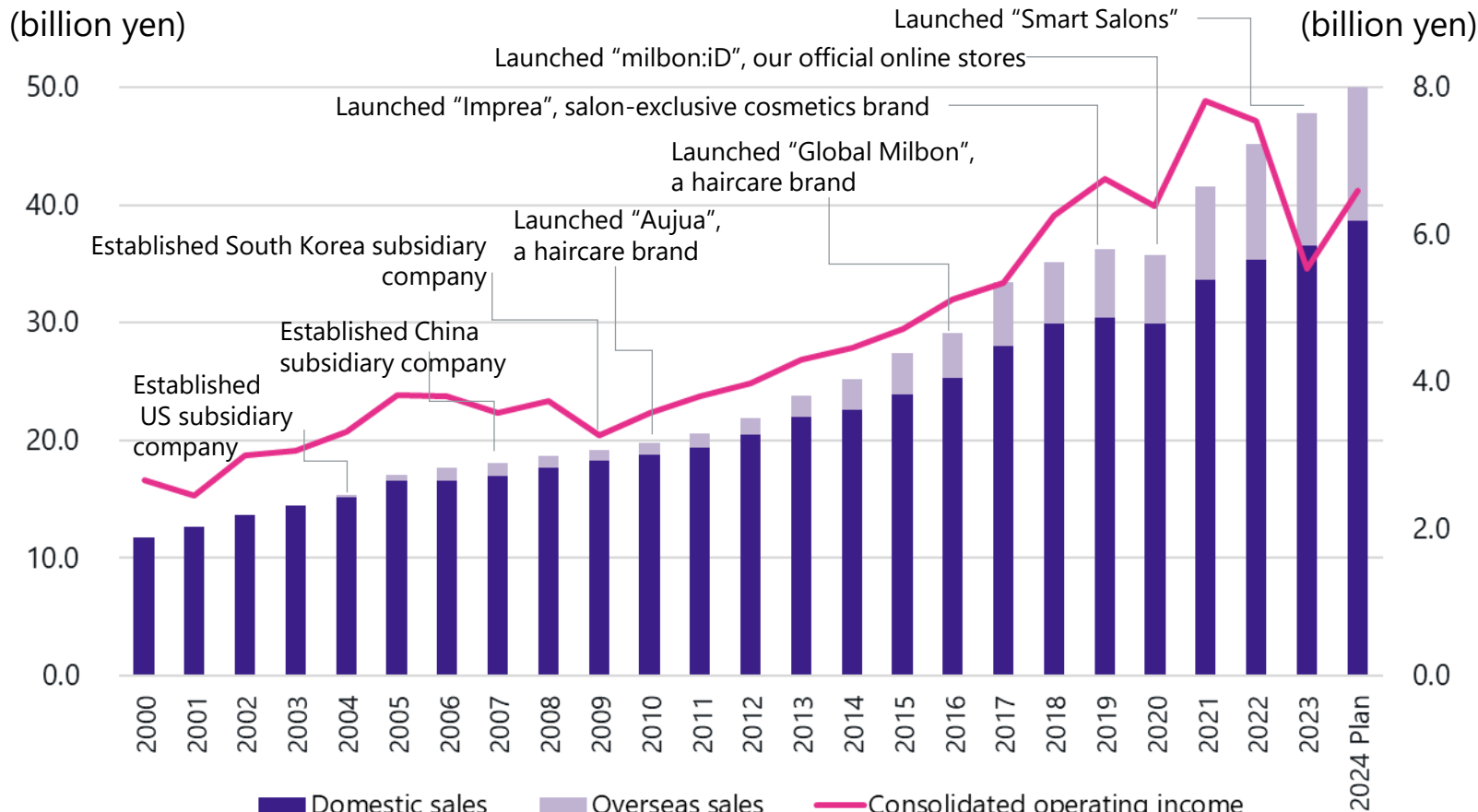
## TAC Product Development System – Standardization of top-class hair stylist's technique

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.

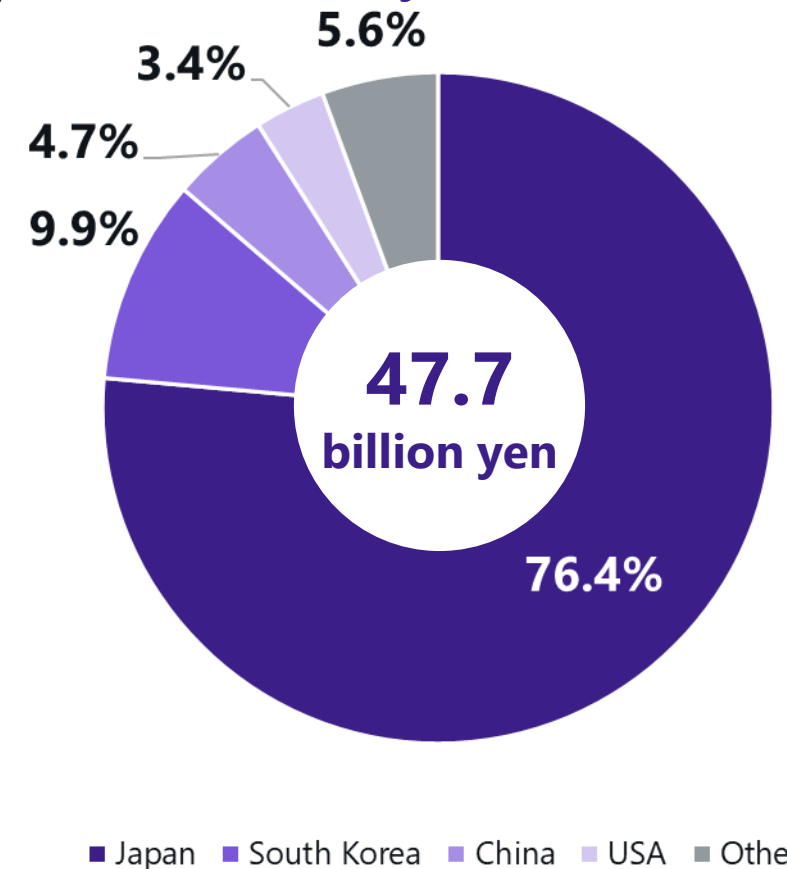
# (Appendix) Overview of Milbon: Our Growth Trajectory

## 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.

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# (Appendix) Overview 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

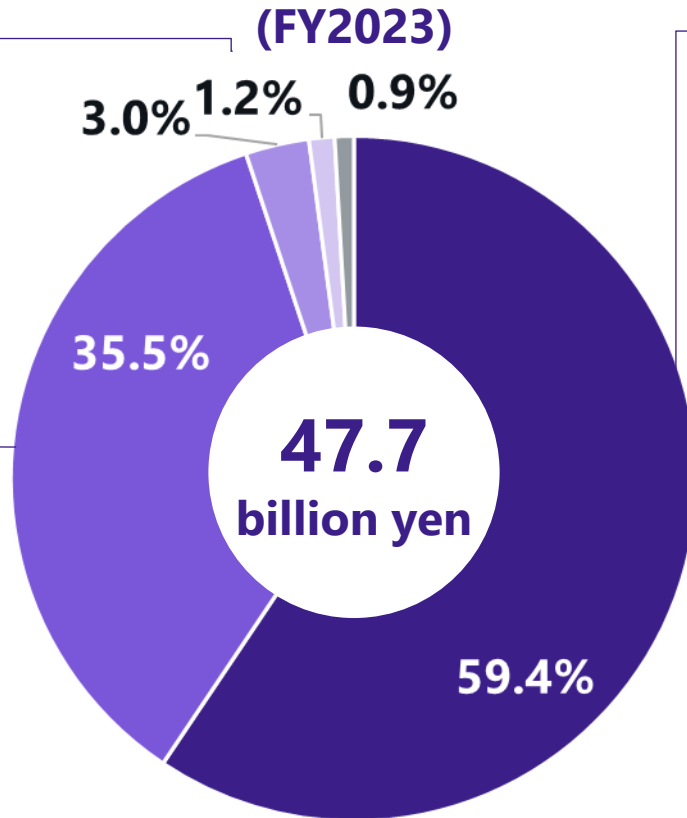


Villa Lodola Color



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) Overview 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.

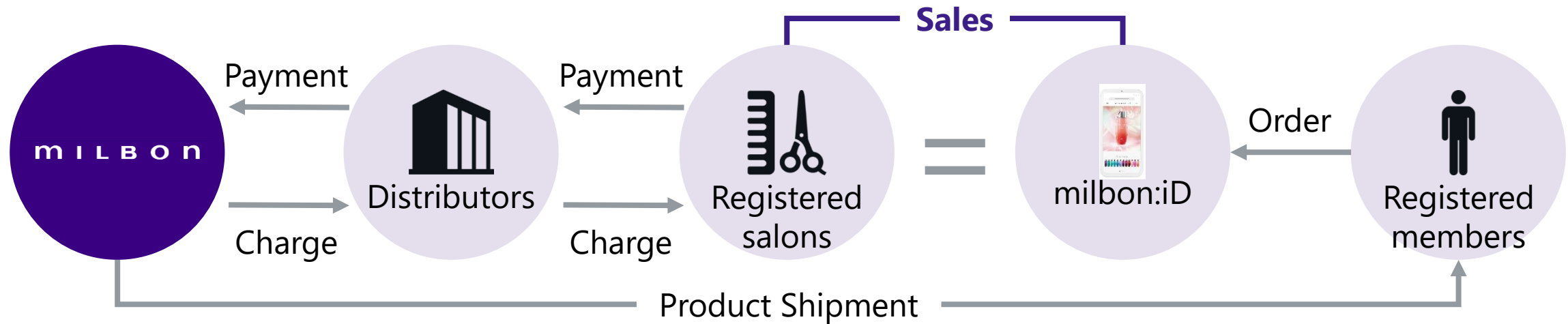
The need for in-person service	The need for repeated, periodic visits	The need for an extended stay
Average rate of use in the past year	Average number of visits per year	Average time spent per visit
Women	Women	Women
<b>80.3%</b>	<b>4.32times</b>	<b>84min</b>
Men	Men	Men
<b>33.9%</b>	<b>5.25times</b>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

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

## (Appendix) Overview 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) Overview 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



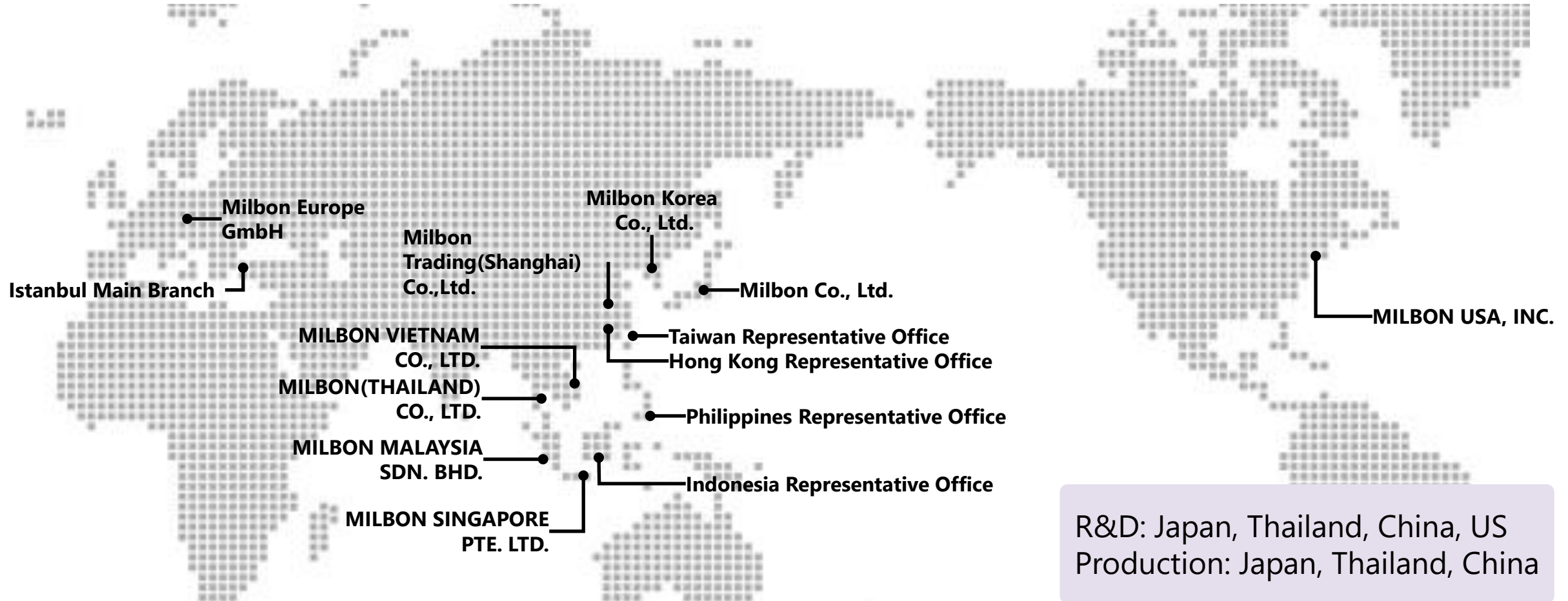
### **Beauty Equipment (Collaborated with Panasonic)**

Panasonic x MILBON  
ELMISTA



# (Appendix) Overview 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.

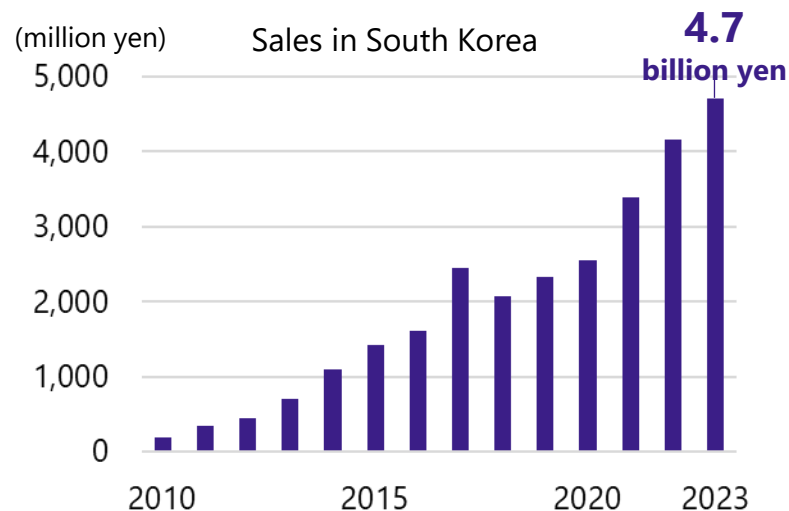


# (Appendix) Overview of Milbon: Our Three Major Overseas Countries

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

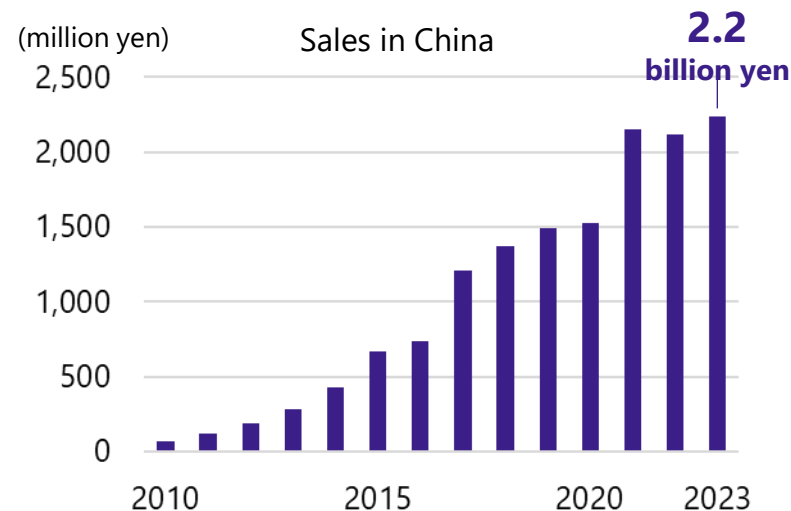
## South Korea

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.



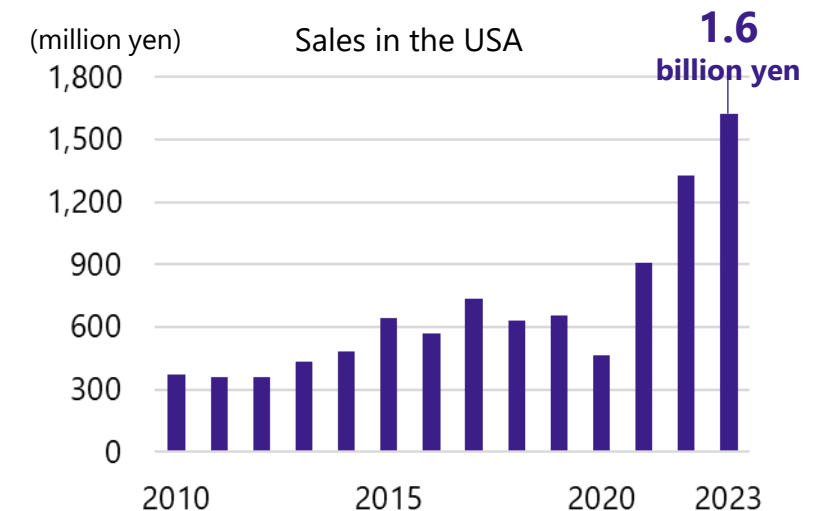
## China

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.



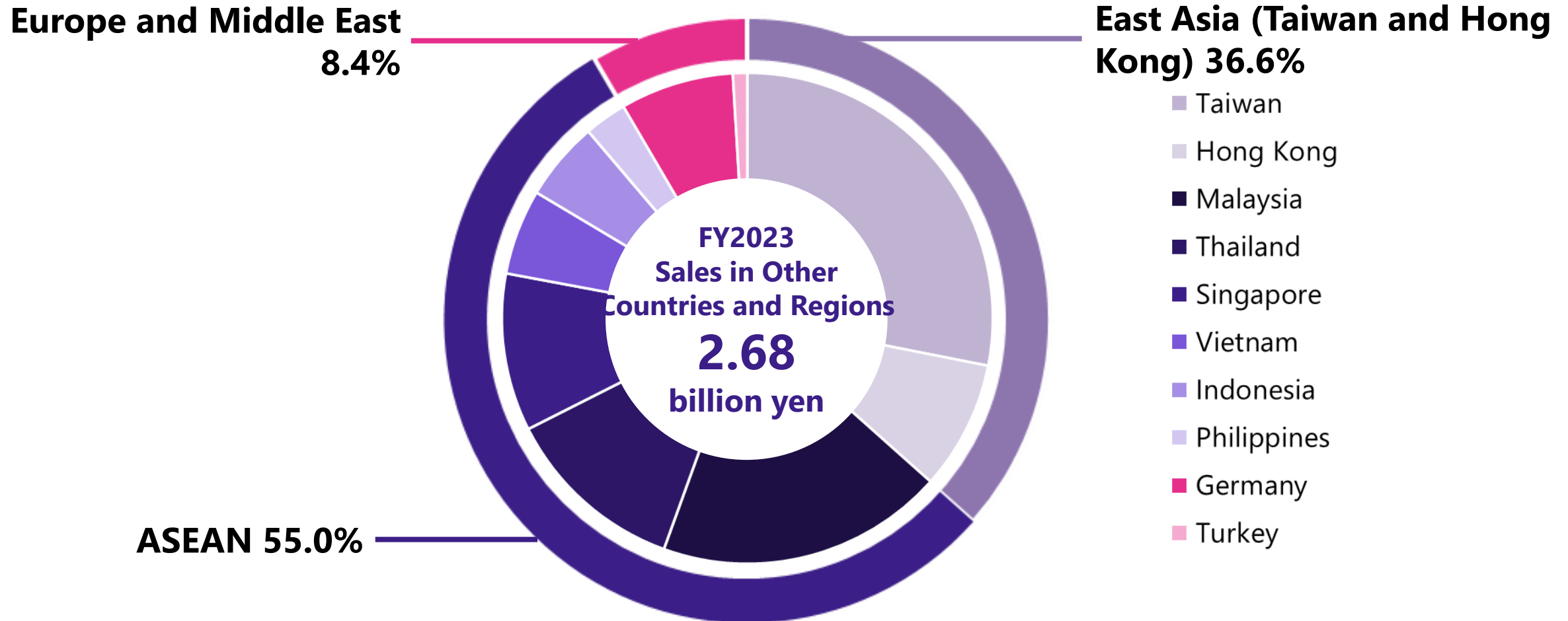
## USA

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) Overview of Milbon: Other Countries and Regions

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



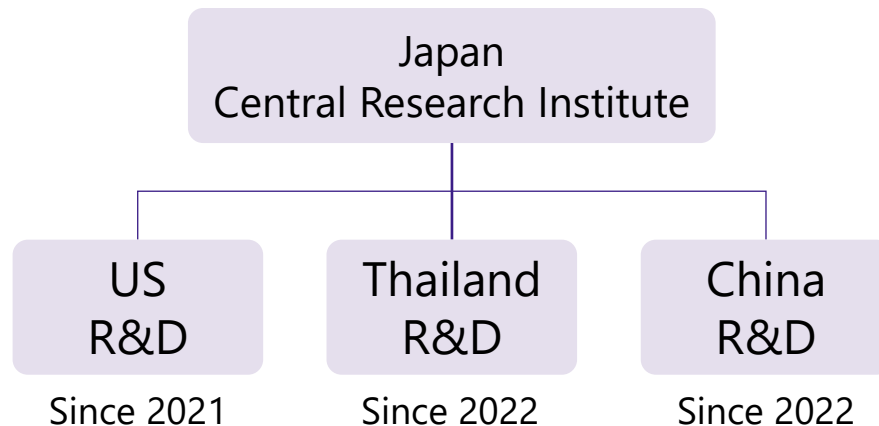
# (Appendix) Overview of Milbon: Our Global R&D and Production

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



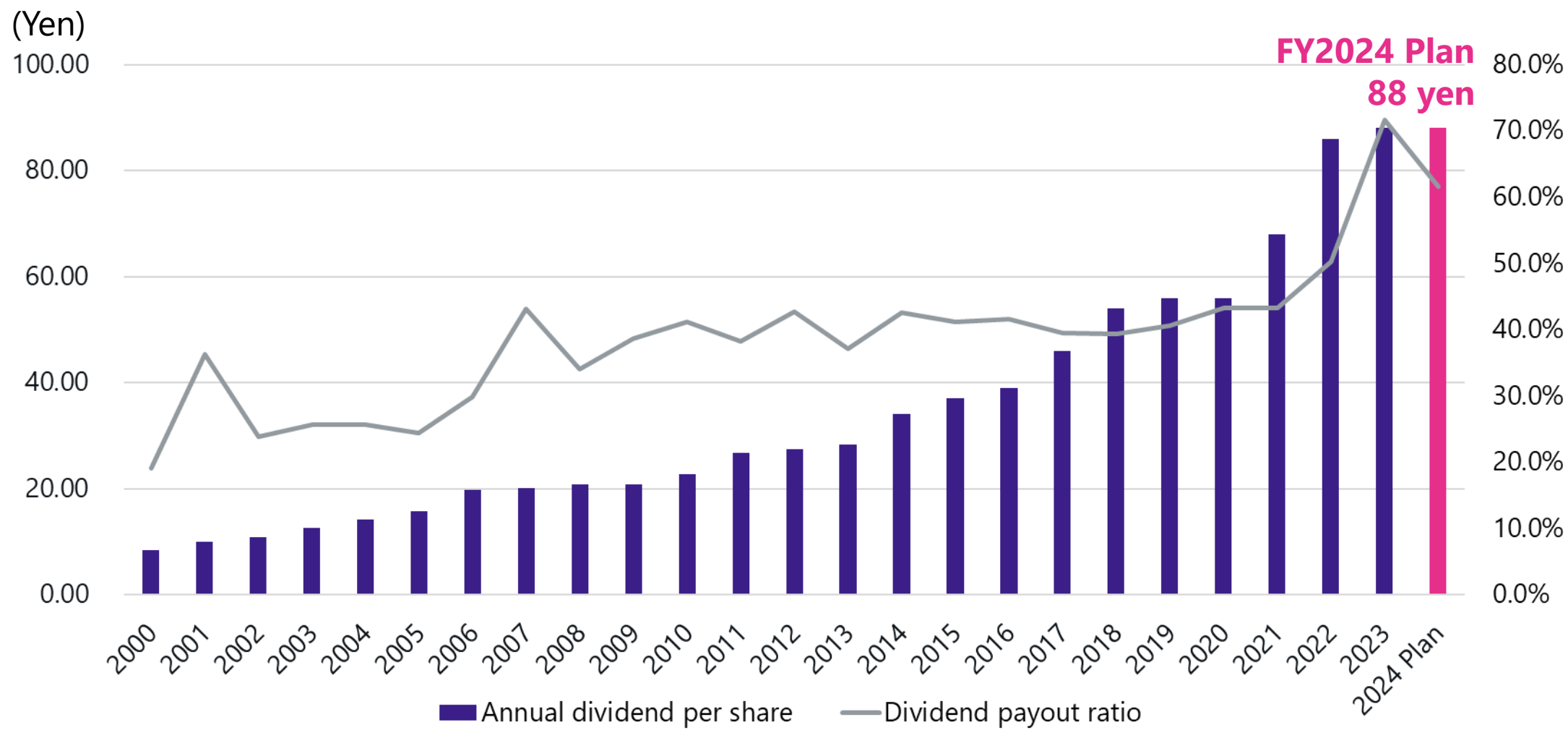
China Factory  
Products for Greater China

Find Your Beauty **MILBON**

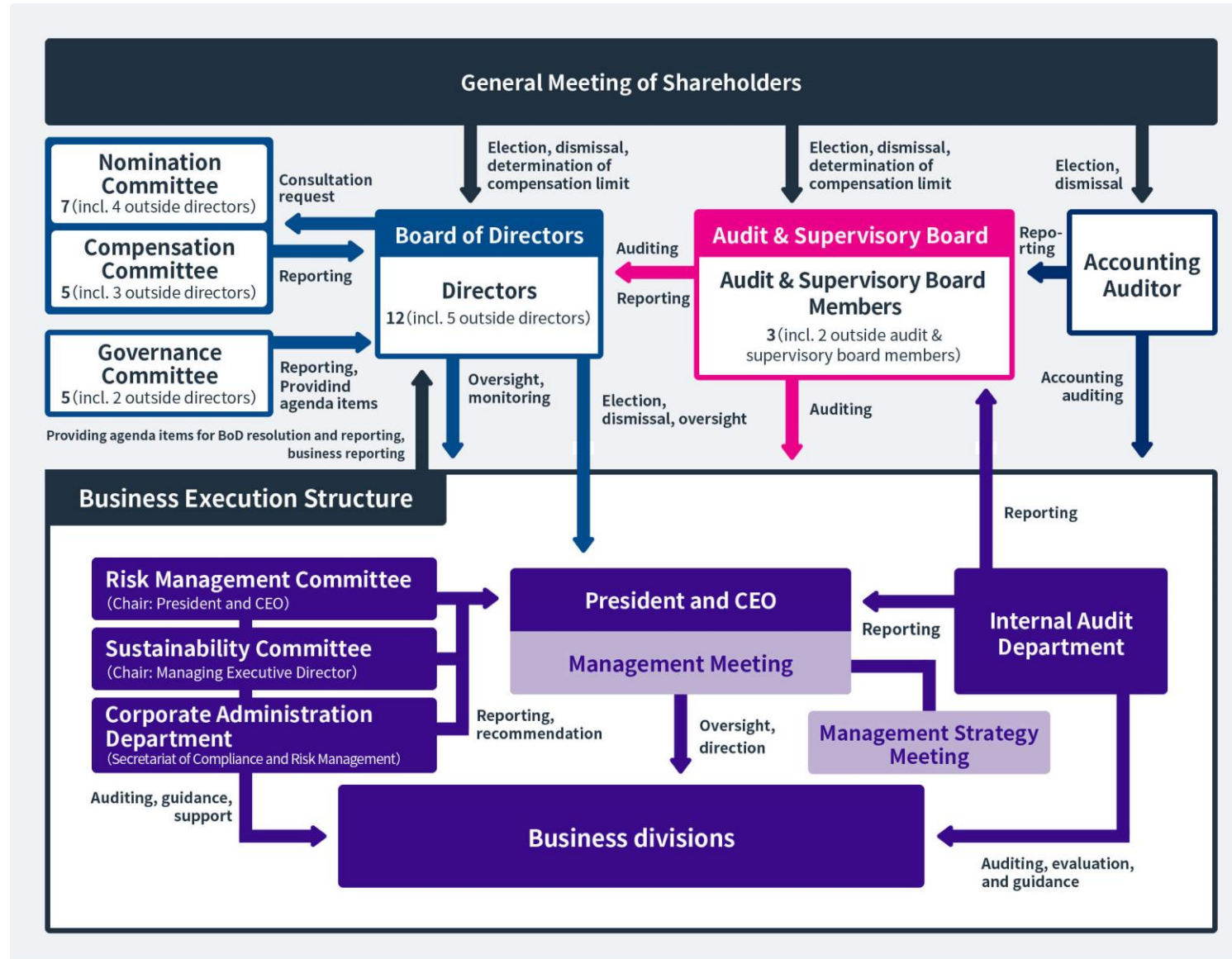


# (Appendix) Overview of Milbon: Shareholder Returns

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



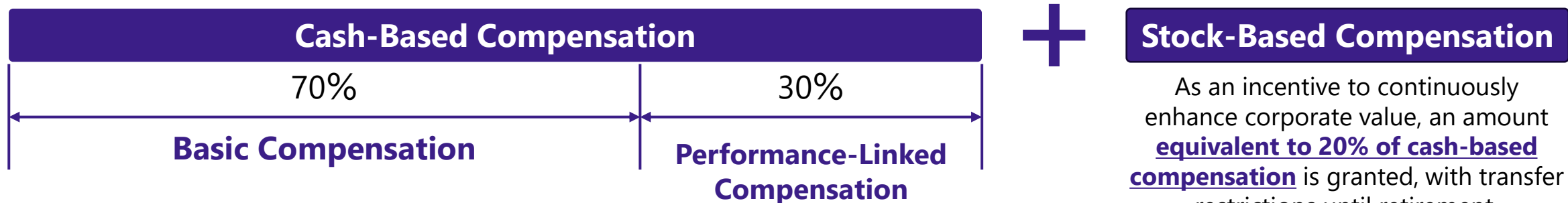
# (Appendix) Overview of Milbon: Corporate Governance Structure



See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

# Appendix Overview of Milbon: Compensation for Board Members

Compensation for board directors (excluding external board directors) shall consist of cash and stock-based compensation as an incentive to continuously increase corporate value, in order to encourage each board director to perform their duties with an awareness of business performance and sustainable improvement of corporate value.



## Method for calculating performance-linked compensation

1. Calculating the percentage of achievements of targets

It is calculated by applying a weighted average to the percentage of full-year targets achieved for each performance metric, based on their respective weighting ratios.

Performance Metric	Consolidated Net Sales	Consolidated Operating Income	Consolidated Profit Attributable to Owners of Parent
Weighting	40%	50%	10%

2. Performance-linked coefficient × Standard amount

The performance-linked compensation amount is determined by multiplying the performance-linked coefficient, based on the achievement percentage, by the standard amount corresponding to the director's position.

Achievement of Targets	≥ 120%	< 120% ≥ 115%	< 115% ≥ 110%	< 110% ≥ 105%	< 105% ≥ 100%	< 100% ≥ 95%	< 95% ≥ 90%	< 90%
Performance-linked coefficient	200%	175%	150%	125%	100%	80%	50%	0%

See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

# (Appendix) Overview of Milbon: ESG Investment Index and External Assessments

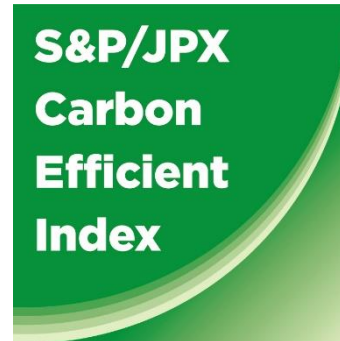
## ESG investment index to be selected



**FTSE Blossom  
Japan Index**



**FTSE Blossom  
Japan Sector  
Relative Index**



## 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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FTSE Blossom Japan Index Series

: <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

## External assessments



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2024  
健康経営優良法人  
Health and productivity



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