

# Milbon Co., Ltd.

**FY2022 First Quarter (January 1, 2022 – March 31, 2022)  
Financial Results Presentation Materials**



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May 13, 2022

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

## **NOTE :Addition of Sales Deduction Items**

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Previously, sales discounts for cash payment were treated as financial expenses (non-operating expenses) from the viewpoint of materiality. However, in light of recent interest rate conditions, such expenses will be treated in the same manner as rebates, and from Fiscal Year 2022, they will be deducted from sales. Figures of the previous fiscal year indicated as "Reference\*" in the following briefing materials, shown for the comparison with the current fiscal year, are the amount after deducting the sales discount from sales in FY2021, and are different from the actual financial results.

## Consolidated Operating Results (FY2022 3 months)

- ◆ In Japan, the pre-emergency measures to prevent the spread of the disease, which had been declared during the 1st Quarter FY2022, affected the flow of people, especially in rural areas. Overseas, the overall sales grew despite China being impacted by the lockdown.
- ◆ Operating income increased only slightly because of the increase in SG&A expenses in response to soaring logistics costs, etc., despite gross profit growth due to overseas sales growth, weak yen, cost improvement, etc.

(Unit: million yen)

	FY2021 3 months Reference*	% total	FY2022 3 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	8,831	100.0	9,635	100.0	803	9.1
Gross profit	5,792	65.6	6,451	67.0	658	11.4
SG&A expenses	4,316	48.9	4,954	51.4	638	14.8
Operating income	1,476	16.7	1,496	15.5	20	1.4
Ordinary income	1,502	17.0	1,633	17.0	131	8.7
Profit attributable to owners of parent	1,091	12.4	1,166	12.1	75	6.9

\* The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

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

### Consolidated Net Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months Reference*	FY2022 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
4,886	5,333	446	9.1

- Premium brands grew steadily by 14.2 % YoY. For Aujua, the Climatic Care Series Exshield Line, a new genre of products focused on "pollution care", was launched in February. Unlike hair repair products, it was difficult to increase the retail sales for at-home care and the launch was a weak start since it aims at the invisible "pollution care". For Global Milbon, sales and the number of touchpoints grew steadily in Japan and overseas, and the Enhancing Vivacity, the scalp care line of Premium Position launched in March, started strong.
- The number of stores registered for the milbon:iD grew steadily to 3,700 with 210,000 registered members
- Professional brands were up 6.5%. This growth was due in part to the continued strong sales at Elujuda and overseas expansion of GRANDLINKAGE.

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

\* The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

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

## New Products FY2022 3 months

### Aujua Climatic Care Series Exshield Line

A new line of Climatic Care Series that removes particle pollution\* and prevents it from sticking to hair, leading to a lustrous look.

(Unit: million yen)

FY2022 target	FY2022 3 months	Progress rate (%)
307	24	8.0



February 10, 2022 Debut

### Global Milbon Premium Position Enhancing Vivacity

A new scalp care line of Premium Position that nurtures strong and beautiful hair by approaching hair loss factors.

(Unit: million yen)

FY2022 target	FY2022 3 months	Progress rate (%)
170	23	14.0



March 10, 2022 Debut

\* Air pollution, such as PM2.5 and pollen, which is difficult to remove even with shampoo.

# A Premium Brand, Aujua

Sales remained steady due to growth in existing lines, although new products struggled to get off to a good start.

## Number of Salons

(Unit: salons)

FY2021*	FY2022*	Increase/Decrease	Increase/Decrease ratio (%)
4,946	5,394	448	9.1

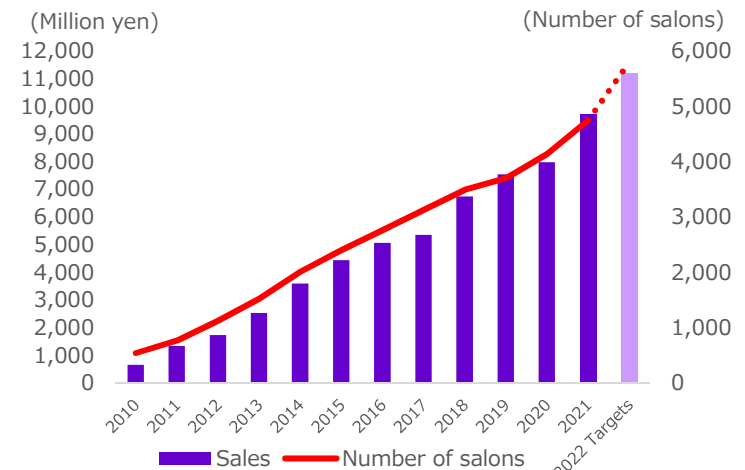
## Consolidated Gross Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months	FY2022 3 months	Increase/Decrease	Increase/Decrease ratio (%)
1,749	1,839	89	5.1



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 premium hair care brand born in consideration of Japan's social climate, culture, and characteristics of the hair of the Japanese people.

## What is Aujua?

A wide range of product lineups offering personalized treatment for each individual's needs and hair type.

## Product Range

Aujua supports diverse perspectives on beauty, now and into the future, by addressing each individuals' hair and skin concerns and offering the most appropriate item for that time.

• 5 series / 16 lines / 99 items

- Eternal stage series
- Aging care series
- Hair care series
- Scalp care series
- Climatic care series

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

# A Premium Brand, Global Milbon

An increase in the number of touchpoints and sales due to the continued strong sales of Premium Position, launched last year.

## Number of Salons

(Unit: salons)

FY2021*	FY2022*	Increase/Decrease	Increase/Decrease ratio (%)
14,575	16,092	1,517	10.4

## Consolidated Gross Sales (FY2022 3 months)

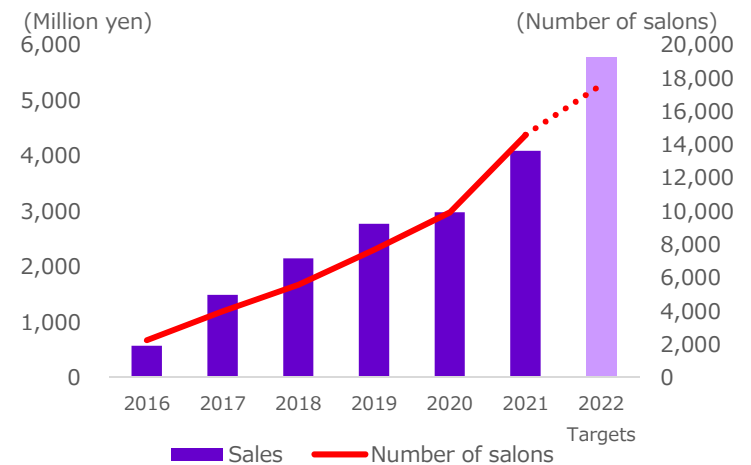
(Unit: million yen)

FY2021 3 months	FY2022 3 months	Increase/Decrease	Increase/Decrease ratio (%)
781	1,058	276	35.3

## 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.

## Brand Concept

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

## Countries with Salons

The brand is available in the following countries and regions: Japan, USA, Hong Kong, China, Thailand, Taiwan, Turkey, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, Germany, Korea

## What is "Global Milbon"?

Based on the hair research technology we have cultivated since our founding, we analyzed diverse hair characteristics from 20 countries. Our analysis broke down the factors for common hair damage phenomena derived from our research, leading to the establishment of a new hair care system. This line contains ingredients that penetrates the shaft with its high affinity to repair hair's inner porosity and to improve hair's overall integrity, from the inside out.

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



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

### Consolidated Net Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months Reference*	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
3,433	3,800	366	10.7

- Sales of Ordeve and Ordeve Addicthy were up 6.4% YoY. In Japan, design color, using hair bleaching items, has become popular among older generations in Japan. On the other hand, dark hair and more bright and vivid hair color are beginning to spread as a trend.
- As for overseas, sales were up 28.7% thanks to robust sales in Korea, where hair coloring products are the mainstay, and in the U.S., where the company is building a foundation for Sophistone hair color for Europe and the U.S.

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

\* The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

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

## Core Product FY2022 3 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)

FY2021 3 months	FY2022 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
1,388	1,611	222	16.0



FY2017 Debut

# A Premium Organic Brand, Villa Lodola (1)

Launched Villa Lodola Color PALETTE, which achieves bright and vibrant tone.

## Number of Salons

(Unit: salons)

FY2021	FY2022	Increase/ Decrease	Increase/ Decrease ratio (%)
11,317	11,567	250	2.2

## Consolidated Gross Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months	FY2022 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
271	289	18	6.7

## Brand Concept

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

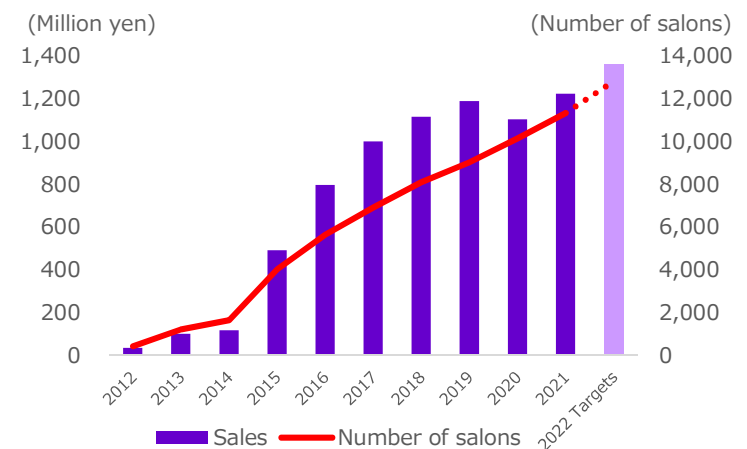
## What is Villa Lodola?

Based on the philosophy of "Beauty, the Organic Way", the brand is fully committed to the natural environment not only in its products, but also in its manufacturing process, packaging, and promotional tools.

All products are certified by ICEA, an Italian organic certification organization. Organic hair care born in Italy, where nature's blessings bring beauty to hair and skin.



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 FY2022 3 months

### Villa Lodola Color

With 92% naturally derived ingredients, the product’s formulation utilizes the power of plants. It enables consumers to experience the comfort of an organic product across all aspects of hair care, from application, to finish, and continued use.

Consolidated Net Sales (FY2022 3 months) (Unit: million yen)

FY2021 3 months	FY2022 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
216	229	12	6.0



FY2015 Debut

## New Products FY2022 3 months

### Villa Lodola Color PALETTE

From beautiful texture and shine to vibrant tone, the new shades of Villa Lodola Color deliver values that are unique to 92% naturally derived ingredients.

(Unit: million yen)

FY2022 target	FY2022 3 months	Progress rate (%)
150	19	12.8



February 10, 2022 Debut

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

## Consolidated Net Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months Reference*	FY2022 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
147	137	(10)	(7.0)

- Introduction of the new product "Tone Up CC Cushion Foundation," launched in March, did not proceed as expected due to restrictions on referral activities caused by the re-spread of COVID-19 and difficulties in communicating product characteristics.

## New Products FY2022 3 months

### iMPREA Tone UP CC Cushion Foundation

A cushion foundation infused with serum formula creates a veil that controls the reflection of light to give the skin a translucent appearance.

FY2022 target	FY2022 3 months	Progress rate (%)
50	16	33.2

(Unit: million yen)



March 10, 2022 Debut

\* The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

# A Premium Brand, iMPREA

Sales declined as a result of the introduction of new products not proceeding as expected.

## Number of Salons

(Unit: salons)

FY2021*1	FY2022*1	Increase/Decrease	Increase/Decrease ratio (%)
1,104	1,159	55	5.0

## Consolidated Gross Sales (FY2022 3 months)

(Unit: million yen)

FY2021 3 months Reference*2	FY2022 3 months	Increase/Decrease	Increase/Decrease ratio (%)
147	137	(10)	(7.0)



## Brand Concept

The brand concept of iMPREA is “Revolutionize Your Aura with your Professional Stylist”. We will provide new beauty value by leveraging Professional Stylists’ ability to provide solutions, by utilizing their strengths.

## What is iMPREA?

iMPREA is a salon exclusive brand created through joint research by KOSÉ, which specializes in skin research, and Milbon, which specializes in hair research. We will improve the complexion by establishing a good balance of moisture in the "corner-layer keratin" on the surface of the skin, which holds the key to complexion.

## “Revolutionize Your Aura with your Professional Stylist”

This is a communication method that takes advantage of the unique strengths of hair salons, in which the hair stylist crafts your aura by approaching a total impression of both the hair and face. We deliver an aura change that is unique to you.

\*1 Calculated based on the past year's shipment results.

\*2 The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

# Consolidated Statement of Earnings

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

	FY2021 3 months Reference*	% to sales	FY2022 3 months	% to sales
Sales	8,831	100.0	9,635	100.0
Cost of sales	3,039	34.4	3,183	33.0
Gross profit	5,792	65.6	6,451	67.0
SG&A expenses	4,316	48.9	4,954	51.4
Operating income	1,476	16.7	1,496	15.5
Ordinary income	1,502	17.0	1,633	17.0
Profit attributable to owners of parent	1,091	12.4	1,166	12.1

## <Breakdown of Net Sales by Product Category> (Unit: million yen)

	FY2021 3 months Reference*	FY2022 3 months	% to sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	4,886	5,333	55.4	446	9.1
Hair coloring products	3,433	3,800	39.4	366	10.7
Permanent wave products	312	314	3.3	1	0.6
Cosmetic products	147	137	1.4	(10)	(7.0)
Others	50	49	0.5	(1)	(3.6)

### <Major Factors for the Increase/Decrease>

- Gross profit margin grew due to a decrease in disposal and write-downs, which were high in the previous fiscal year, the cost-saving from Yumegaoka Factory production improvement activities, and the impact of foreign exchange rates.
- Operating income margin declined due to an increase in SG&A expenses from labor costs and logistics costs.
- Foreign exchange gains due to yen depreciation were recorded in non-operating income, boosting ordinary income margin.

\* The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

## Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2018	FY2019	FY2020	FY2021	FY2022 Jan.-Mar.	FY2022 Plan
Capital expenditures		1,149	1,605	1,917	4,644	592	5,080
Depreciation and amortization		1,370	1,453	1,562	1,777	492	2,296
R&D exp.	Amount	1,479	1,534	1,581	1,741	455	2,080*
	% to sales	4.2	4.2	4.4	4.2	4.7	4.7*

### FY2022 CAPEX Main Items (Plan)

#### Sales Offices, Studios

- Establishment and maintenance of business locations  
(Relocation of Kobe Sales Office, etc.)

#### Digital

- Digital Arena
- Education: iD
- milbon: iD
- DX in field activities

#### Production system

- Yumegaoka Plant (Machinery and equipment circulation equipment investment, implementation)
- Thai Plant machinery and equipment

- Smart Salon  
(Digital marketing, etc.)

#### Training

- Training Center (Land)

#### Others

- Internal infrastructure, research equipment, etc.

\* In the financial results presentation released on February 10, 2022, the R&D expense target for 2022 was set at 1,874 million yen (4.3% of sales). However, the Group has revised the allocation of overseas R&D expenses, which had been recorded as other items, to R&D expenses.



# Trends in Fieldpersons (FPs), Market Related Data

## Fieldpersons Trends (by Country) (Number of FPs / As of January 1, the beginning of the fiscal year)

	2018	2019	2020	2021	2022
JAPAN	269	279	297	328	333
	111	108	100	102	-
USA MILBON USA, INC.	13	13	17	17	12
	48	50	27	53	-
CHINA Milbon Trading (Shanghai) Co., Ltd.	22	21	30	30	30
	62	70	50	71	-
KOREA Milbon Korea Co., Ltd.	25	30	32	32	29
	82	77	79	106	-
Others *1	33	35	38	38	38
	37	39	34	39	-

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

(As of March 31, 2022)  
9 FPs joined in October 2021, and are currently in OJT on site  
27 FPs are scheduled to join in April 2022

(The above 36 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 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

# Consolidated Net Sales in Japan and Overseas

## FY2022 3 months

(Unit: million yen)

	FY2021 3 months Reference* <sup>1</sup>		FY2022 3 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base* <sup>2</sup> (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	8,831	100.0	9,635	100.0	803	9.1	9.0
JAPAN	7,030	79.6	7,249	75.2	218	3.1	3.1
Overseas	1,800	20.4	2,385	24.8	584	32.5	25.6
USA	171	1.9	261	2.7	89	52.1	38.7
CHINA	552	6.3	578	6.0	26	4.7	(7.1)
KOREA	721	8.2	931	9.7	210	29.2	26.4
Other* <sup>3</sup>	355	4.0	614	6.4	258	72.8	68.3

### [Reference] Exchange rate

	FY2021 3 months	FY2022 3 months
USA (USD)	106.09 yen	116.34 yen
CHINA (CNY)	16.45 yen	18.53 yen
KOREA (KRW)	0.0955 yen	0.0975 yen

\*1 The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

\*2 Figures are the rates of change in real terms on a local currency basis.

\*3 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

# Consolidated Operating Income in Japan and Overseas

## FY2022 3 months

(Unit: million yen)

	FY2021 3 months Reference*1		FY2022 3 months		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income	1,476	16.7	1,496	15.5	20	1.4
JAPAN	1,159	16.5	1,146	15.8	(13)	(1.2)
Overseas	316	17.6	350	14.7	33	10.7
USA	(41)	(24.0)	(65)	(25.1)	(24)	-
CHINA	126	22.9	9	1.7	(116)	(92.4)
KOREA	224	31.7	310	33.3	86	38.4
Other*2	7	2.0	96	15.7	88	1240.9

\*1 The figures for the previous year have been adjusted to deduct sales discounts from sales, which had been non-operating expenses.

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

# Outlook of Overseas Subsidiaries (1)

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## USA (Milbon USA)

- The sales style of actively visiting salons to solve on-site problems was strongly supported by distributors, leading to a 38.7% increase in sales.
- In the hair care section, Global Milbon continued to perform well. In the hair coloring section, the number of touchpoints of SOPHISTONE was expanded steadily through the expansion of the sales network due to an increase in sales personnel at distributors and building the educational system developing hair coloring trainers who conduct courses at studios around the country. As a result, sales more than doubled from the previous year.
- In April, the Company will begin rolling out the product in Canada. In the future, the Company will expand into the North American market as well as the USA.

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\* Figures in the text are based on local currency.

## Outlook of Overseas Subsidiaries (2)

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### CHINA (Milbon China)

- Sales declined 7.1 % YoY due to the tightening of regulations imposed as a result of the pandemic since February of this year and especially the strong impact of the lockdown in Shanghai.
- The Company is providing the following two types of support to salons: 1) holding a seminar on the condition of salons after COVID-19 deregulation for salon owners, and 2) educational activities on the development of color and salon treatment menus and customer proposals that are likely to lead to customer retention.

### KOREA (Milbon Korea)

- The Company developed new touchpoints in collaboration with elite sales at distributors nationwide, leading to a 26.6 % YoY increase in sales.
- Hair coloring products, which account for nearly 80% of sales, continued to perform well. In addition to the mainstay Ordeve Addicthy, the new product Ordeve Lucent Line, launched in February, was making a smooth start.
- As a new way of educational activities, the Company organized the YouTube online educational event for young stylists born in the 1990s. This has been leading to the creation of a fan base for Milbon Korea.

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\* Figures in the text are based on local currency.

# <Appendix> Hair Care Brand Positioning Map

## Premium Brands



MILBON



Aujua



Villa Lodola  
PROFESSIONAL



GRAND  
LINKAGE



*jemile fran*



CRONNA



PLARMIA



*Elujuda*



DOOR

## Professional Brands



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.