

Milbon Co., Ltd.

**FY2022 Second Quarter (January 1, 2022 – June 30, 2022)
Financial Results Presentation Materials**



August 10, 2022

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NOTE: Figures by the brand are based on shipment value.
Milbon Co., Ltd. is hereinafter referred to as "the Group".
Overseas subsidiary in each country is hereinafter referred to as "the Company".

NOTE :Addition of Sales Deduction Items

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.

Milbon Group

Financial Results for FY2022 (63rd Term) Second Quarter

Masahiro Murai,
Managing Executive Director

Consolidated Operating Results (FY2022 6 months)

- ◆ In Japan, sales increased due to recovery compared to the first quarter when the spread of COVID-19 in rural areas affected the flow of people, the trend of multi-tonal hair coloring, and growing hair care needs in response to the popularity of hair coloring. Overseas, the overall sales remained strong despite China being impacted by the COVID-19-related restrictions.
- ◆ Gross profit increased due to the positive effect of the weaker yen on sales, and the effect of increased production. In addition, operating income increased significantly due to the curtailment of activity costs with limited in-person operations under the COVID-19-related restriction.

(Unit: million yen)

	FY2021 6 months Reference*	% total	FY2022 6 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	19,217	100.0	21,467	100.0	2,250	11.7
Gross profit	12,566	65.4	14,269	66.5	1,702	13.6
SG&A expenses	9,248	48.1	10,444	48.7	1,196	12.9
Operating income	3,317	17.3	3,824	17.8	506	15.3
Ordinary income	3,355	17.5	4,137	19.3	782	23.3
Profit attributable to owners of parent	2,413	12.6	2,875	13.4	461	19.1

* 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 6 months)

(Unit: million yen)

FY2021 6 months Reference ^{*1}	FY2022 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
11,087	12,218	1,130	10.2

- Premium brands grew strong by 13.4% YoY. For Aujua, overall sales grew steadily. However, the Climatic Care Series Exshield Line, launched in February, struggled since it was hard to communicate the product characteristics of "pollution care." For Global Milbon, sales remained strong in Japan and overseas. Premium Position Enhancing Vivacity, launched in March, was evaluated for its full-fledged theory of scalp care and attracted strong interest from salons as a high-value-added product.
- Professional brands grew steadily by 6.7% YoY. This growth was due to the continued popularity of Elujuda and the overseas expansion of GRANDLINKAGE.

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

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

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

New Products FY2022 6 months

Aujua Climatic Care Series Exshield Line

A new line of Climatic Care Series that removes particle pollution*1 and prevents it from sticking to hair, leading to a lustrous look.

(Unit: million yen)

FY2022 target	FY2022 6 months	Progress rate (%)
307	41	13.4



Debut on February 10, 2022

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 6 months	Progress rate (%)
170	89	52.5



Debut on March 10, 2022

Global Milbon Reawaken Series

An anti-aging care series that improves dullness and dryness by targeting hair concerns caused by age-related changes.

(Unit: million yen)

FY2022 target	FY2022 6 months	Progress rate (%)
231	25	10.8



Debut on June 11, 2022

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

* Sales figures for each brand are based on shipment value.

A Premium Brand, Aujua

Sales grew steadily due to the growth of the existing lines, although the introduction of new products was sluggish.

Number of Salons*1

(Unit: salons)

FY2021*2	FY2022	Increase/Decrease	Increase/Decrease ratio (%)
5,200	5,626	426	8.2

Consolidated Gross Sales (FY2022 6 months)

(Unit: million yen)

FY2021 6 months	FY2022 6 months	Increase/Decrease	Increase/Decrease ratio (%)
4,332	4,538	206	4.8



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.

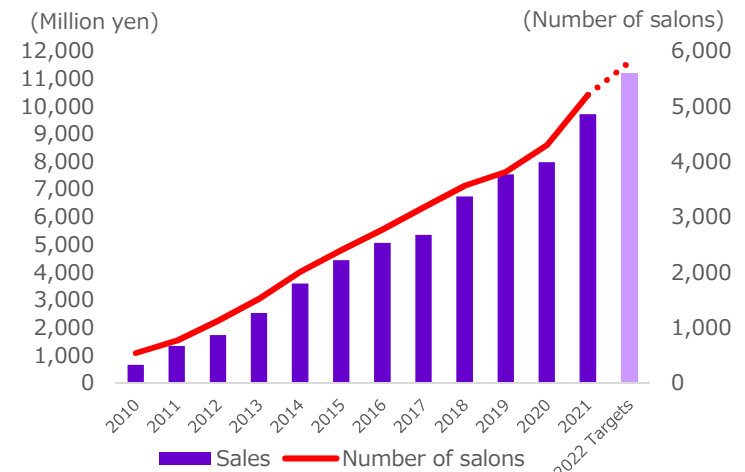
Product Range

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

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.

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

*2 In the previous document, the number of the touchpoints at the end of FY2021 was listed as 4,946, but this has been corrected due to an error in the counting method.

* Sales figures are based on shipment value.

A Premium Brand, Global Milbon

Premium Position Enhancing Vivacity, the new line of scalp care, started strong.

Number of Salons*1

(Unit: salons)

FY2021	FY2022	Increase/Decrease	Increase/Decrease ratio (%)
14,575	17,209	2,634	18.1

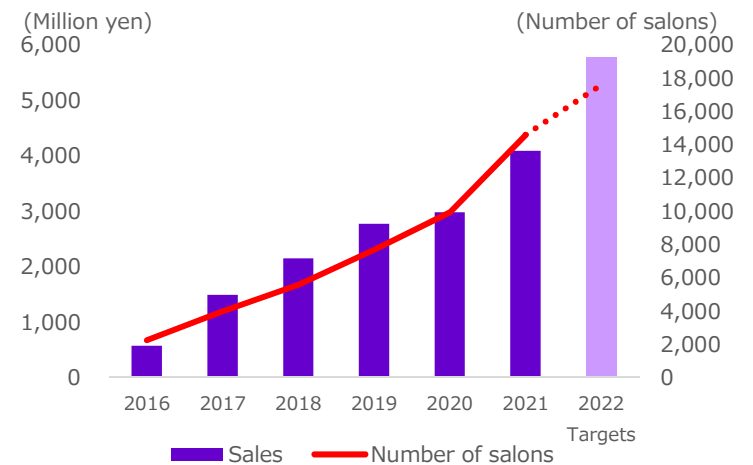
Consolidated Gross Sales (FY2022 6 months)

(Unit: million yen)

FY2021 6 months	FY2022 6 months	Increase/Decrease	Increase/Decrease ratio (%)
1,741	2,358	616	35.4



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, Canada

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.

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

* Sales figures are based on shipment value.

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

Consolidated Net Sales (FY2022 6 months)

(Unit: million yen)

FY2021 6 months Reference ^{*1}	FY2022 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
6,999	8,148	1,148	16.4

- Multi-tonal hair coloring, using hair bleaching items, has become popular among wider generations in Japan. Sales of fashion coloring products^{*2} were up 17.7% YoY. In particular, Ordeve Addicthy drove its growth. ENOG, launched in June, has been highly evaluated for its concept that has not previously been seen in our products.
- As for overseas, sales were up 24.3% thanks to the robust sales in Korea, where hair coloring products are the mainstay.
- In the U.S., the number of touchpoints of SOPHISTONE hair color, developed for Europe and North America, increased steadily, which is expected to lead to future sales.

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

^{*2} Ordeve, Ordeve Addicthy, and ENOG

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

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

Core Product FY2022 6 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 6 months	FY2022 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
2,880	3,453	573	19.9



Debut in FY2017

New Products FY2022 6 months

ENOG

A hair color brand that allows you to create unique hair colors with flexible color expressions as inspired by the concept of paints (Enogu in Japanese).

(Unit: million yen)

FY2022 target	FY2022 6 months	Progress rate (%)
500	267	53.5



Debut on June 11, 2022

* Sales figures for each brand are based on shipment value.

A Premium Organic Brand, Villa Lodola (1)

Sales grew steadily due to salon strategy activities in collaboration with distributors.

Number of Salons

(Unit: salons)

FY2021	FY2022	Increase/Decrease	Increase/Decrease ratio (%)
11,317	11,878	561	5.0

Consolidated Gross Sales (FY2022 6 months)

(Unit: million yen)

FY2021 6 months	FY2022 6 months	Increase/Decrease	Increase/Decrease ratio (%)
567	623	56	9.9

Brand Concept

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

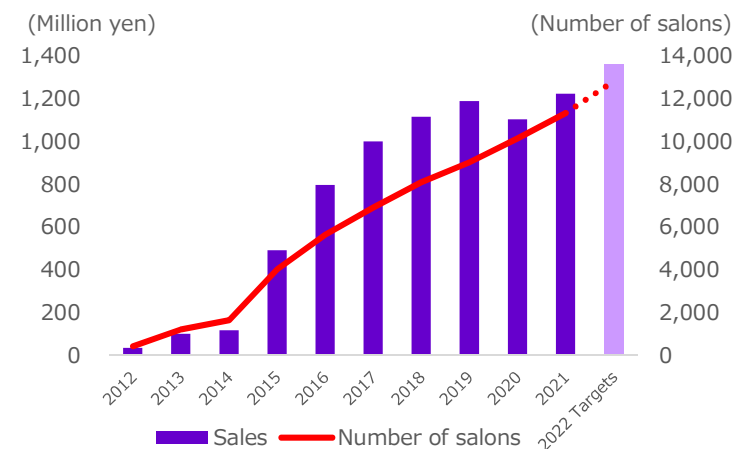
What is Villa Lodola?

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.

* Sales figures are based on shipment value.

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

Core Product

FY2022 6 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.

(Unit: million yen)

FY2021 6 months	FY2022 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
440	479	39	9.0



Debut in FY2015

New Products

FY2022 6 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 6 months	Progress rate (%)
150	42	28.0



Debut on February 10, 2022

* Sales figures for each brand are based on shipment value.

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

Consolidated Net Sales (FY2022 6 months)

(Unit: million yen)

FY2021 6 months Reference*1	FY2022 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
293	262	(31)	(10.7)

- Sales declined YoY due to limited referral activities such as touch-ups due to the pandemic and weak growth of new products launched in March. We will review the price and contents of the starter kit and plan new promotions at salons to create touch points and revitalize existing salons.

New Products FY2022 6 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.

(Unit: million yen)

FY2022 target	FY2022 6 months	Progress rate (%)
50	23	47.2



Debut on March 10, 2022

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

* Sales figures for each brand are based on shipment value.

A Premium Brand, iMPREA

Sales declined because the introduction of new products and season promotion struggled.

Number of Salons*1

(Unit: salons)

FY2021	FY2022	Increase/Decrease	Increase/Decrease ratio (%)
1,104	1,218	114	10.3

Consolidated Gross Sales (FY2022 6 months) (Unit: million yen)

FY2021 6 months Reference*2	FY2022 6 months	Increase/Decrease	Increase/Decrease ratio (%)
293	262	(31)	(10.7)



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.

* Sales figures are based on shipment value.

Consolidated Statement of Earnings

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

	FY2021 6 months Reference*	% to sales	FY2022 6 months	% to sales
Sales	19,217	100.0	21,467	100.0
Cost of sales	6,650	34.6	7,198	33.5
Gross profit	12,566	65.4	14,269	66.5
SG&A expenses	9,248	48.1	10,444	48.7
Operating income	3,317	17.3	3,824	17.8
Ordinary income	3,355	17.5	4,137	19.3
Profit attributable to owners of parent	2,413	12.6	2,875	13.4

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

	FY2021 6 months Reference*	FY2022 6 months	% to sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	11,087	12,218	56.9	1,130	10.2
Hair coloring products	6,999	8,148	38.0	1,148	16.4
Permanent wave products	727	751	3.5	24	3.3
Cosmetic products	293	262	1.2	(31)	(10.7)
Others	109	87	0.4	(22)	(20.2)

<Major Factors for the Increase/Decrease>

- Gross profit margin grew significantly due to the foreign exchange effects of a weaker yen and the effect of increased production on the back of strong sales, despite the higher raw material cost.
- Although SG&A expenses increased due to personnel, R&D, logistics costs, etc., the operating income margin increased as there were expenses that were not used as much as expected due to the COVID-19.
- Foreign exchange gains due to the weaker yen significantly boosted the ratio of ordinary income.

* 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.-Jun.	FY2022 Plan
Capital expenditures		1,149	1,605	1,917	4,644	1,083	5,080
Depreciation and amortization		1,370	1,453	1,562	1,777	988	2,296
R&D exp.	Amount	1,479	1,534	1,581	1,741	968	2,080*
	% to sales	4.2	4.2	4.4	4.2	4.5	4.7*

FY2022 CAPEX Main Items (Plan)

Sales Offices, Studios	<ul style="list-style-type: none"> Establishment and maintenance of business locations (Relocation of Kobe Sales Office, etc.) 	Digital	<ul style="list-style-type: none"> Digital Arena education: iD
Production system	<ul style="list-style-type: none"> Yumegaoka Plant (Machinery and equipment circulation equipment investment, implementation) Thai Plant machinery and equipment 		<ul style="list-style-type: none"> milbon: iD DX in field activities
Training	<ul style="list-style-type: none"> Training Center (Land) 	Others	<ul style="list-style-type: none"> Smart Salon (Digital marketing, etc.) 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 June 30, 2022)
9 FPs joined in October 2021 and are currently assigned on-site.
27 FPs joined in April 2022, and are currently in training.

(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 6 months

(Unit: million yen)

	FY2021 6 months Reference* ¹		FY2022 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in local currency base* ² (%)
	Net sales	% to sales	Net sales	% to sales			
Consolidated net sales	19,217	100.0	21,467	100.0	2,250	11.7	10.0
JAPAN	15,413	80.2	16,627	77.5	1,213	7.9	7.9
Overseas	3,803	19.8	4,839	22.5	1,036	27.2	18.5
USA	406	2.1	603	2.8	197	48.5	29.8
CHINA	1,091	5.7	1,058	4.9	(32)	(3.0)	(15.0)
KOREA	1,596	8.3	2,043	9.5	447	28.0	23.4
Other* ³	709	3.7	1,133	5.3	424	59.8	52.9

[Reference] Exchange rate

(Unit: yen)

	FY2021 6 months	FY2022 6 months
USA (USD)	107.82	123.33
CHINA (CNY)	16.75	19.12
KOREA (KRW)	0.0969	0.1005

*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 6 months

(Unit: million yen)

	FY2021 6 months Reference*1		FY2022 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating income	Operating income ratio(%)	Operating income	Operating income ratio(%)		
Consolidated operating income	3,317	17.3	3,824	17.8	506	15.3
JAPAN	2,745	17.8	3,201	19.3	455	16.6
Overseas	571	15.0	622	12.9	50	8.9
USA	(218)	(53.8)	(125)	(20.7)	93	-
CHINA	269	24.7	(76)	(7.2)	(345)	(128.2)
KOREA	531	33.3	693	34.0	162	30.5
Other*2	(10)	(1.5)	130	11.5	141	-

*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)

USA (Milbon USA)

- Sales increased 29.7% YoY due to continued strong collaboration with distributors, including actively visiting salons and developing hair coloring trainers.
- Targeting salons that carry Global Milbon, which has a high product reputation, the Company actively engaged in introduction activities for hair coloring products, which led to the expansion of SOPHISTONE's touchpoints.
- For the rollout of the Global Milbon Premium Position to be launched in September, the Company has implemented a branding strategy along the lines of upscale. First, the Company intends to roll out the Premium Position only to luxurious salons that carry Global Milbon.

CHINA (Milbon China)

- Sales declined 15.0% YoY due to the lockdown in Shanghai, which lasted about two months. Even during the lockdown, the Company continued to make future-oriented proposals to salons to build relationships, leading to a revival in June after the lockdown lifted. Although the long-term stagnation of economic activity has affected consumer sentiment in some respects, the Company will continue to strive to maintain good relationships with salons.
- Although customers' interest in beauty has not declined even under the strict COVID-19 regulation lifestyle, there is a trend toward seeking salon care with shorter stay times. The Company will implement menu proposals to salons that meet new needs.

* Figures in the text are based on local currency.

Outlook of Overseas Subsidiaries (2)

KOREA (Milbon Korea)

- As a result of the early holding of offline seminars in anticipation of the deregulation of COVID-19 and proactive educational activities for salons, sales increased 23.4% YoY on significant growth, especially in mainstay hair coloring products.
- Collaboration with elite sales at distributors nationwide continues to work well, and the number of touchpoints for Global Milbon has expanded significantly. Global Milbon has seen steady growth in repeat business from salons. Before the launch of Global Milbon Premium Position in July, a pre-launch event was held for top-level elite sales to raise market expectations.
- Stylists have promoted the use of Milbon hair coloring products as part of their self-branding, leading to increased awareness of "Milbon for hair color" among the general public.

* 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

Milbon Group

Progress in FY2022 (63rd Term)

Ryuji Sato,
Representative Director, President and CEO

Topics in the First Half①

① Hikes in raw material prices  ⇒ The impact is not significant at this time

• Difference between public market and professional-use market

- Large ratio of cost to sales price (raw materials/labor)
- Easier to compete on price

- Pricing by high-value-added product
- Difficult to compete on price

• **New products cycle in Japan**

More than 55% of sales consist of new products launched within five years

New products are priced by considering customer value, market price, and cost at the time of launch.

(*Overseas, price increases are implemented as needed due to long product cycles.)

• **Not ruling out the option of the raising prices**

We will consider raising prices in Japan if necessary, depending on future conditions. (First, knowledge-based product sales, then professional products)

*Knowledge-based product sales: Products sold alongside information founded in the knowledge and insights of hairstylists, and valuable to customers.



The impact of the increase in sales, factory cost reduction activities, and foreign exchange effects have offset the impact of the current situation.

Topics in the First Half②

② Zero-COVID policy in China ⇒ Showed strenuous efforts under difficult circumstances

- **Shanghai lockdown for about 2 months**

⇒ Sales declined by 15.0% in local currency terms.
(3.0% decrease in yen terms)

- **The impact of the Zero-COVID Policy is still uncertain.**

➡ There are changes in market and customer values and shift from high growth. Amid these changes, we will continue activities close to salons and maintain good relationships with them.

③ Weaker yen ⇒ The overall impact is not significant.

- **Effect of foreign exchange on sales amount**

Of the 2Q sales increase of 225 million yen (+11.7%), 330 million yen (+1.7%) was due to the impact of foreign exchange

➡ Raw material purchase prices are soaring along with resource prices, but the impact is negligible at this point.

Domestic Market① : Hair Coloring Products

In Japan, hair coloring products sales grew significantly in the first half (+13.3% YoY)

Trend

Wearing masks diversifies hair color trends

The popularity of hair bleaching among a wide range of generations

- Hair bleaching design
- Blending gray hair with highlights
- Bright and vivid hair colors

More stylists create SNS-worthy hair colors and brand themselves by utilizing them



Products

Ordeve
Addicthy



New

ENOG

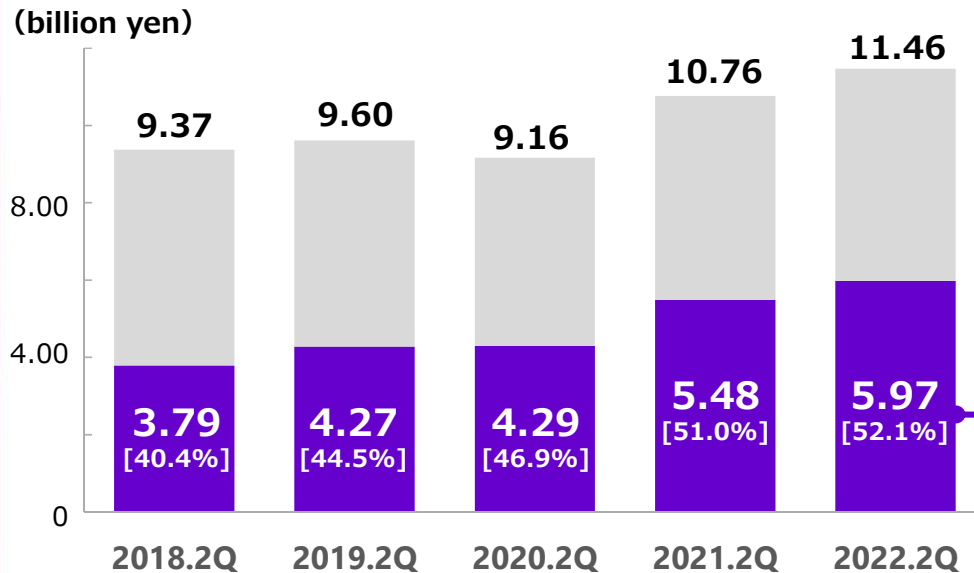


* Figures compared to the previous period are based on shipment value.

Domestic Market② : Hair Care Products

Domestic sales of hair care products increased 6.5% YoY due to strong sales of premium brands responding to growing hair care needs

Sales amounts and composition of Premium Brands in hair care products sales in Japan



- Hair care needs against the background of the hair coloring popularity (Hair care for damage from hair coloring, demand for long-lasting hair color, and others.)
- Increased awareness of knowledge-based product sales within salons, which was triggered by COVID-19. / milbon:iD

Hair care products
Premium Brands
Aujua
MILBON



* Sales figures and figures compared to the previous period are based on shipment value.
 * Sales figure of the "Villa Lodola" within the sales of Premium Brands is for hair care products only.
 * The "milbon:iD" is the EC for the customer of salons.

Domestic Market③ : Progress in Beauty Platform Plan

Preparations for the strategies outlined in the Mid-term Management Plan are steadily underway. The "milbon:iD" that supports them is expanding at a brisk pace.

Smart Salon Strategy

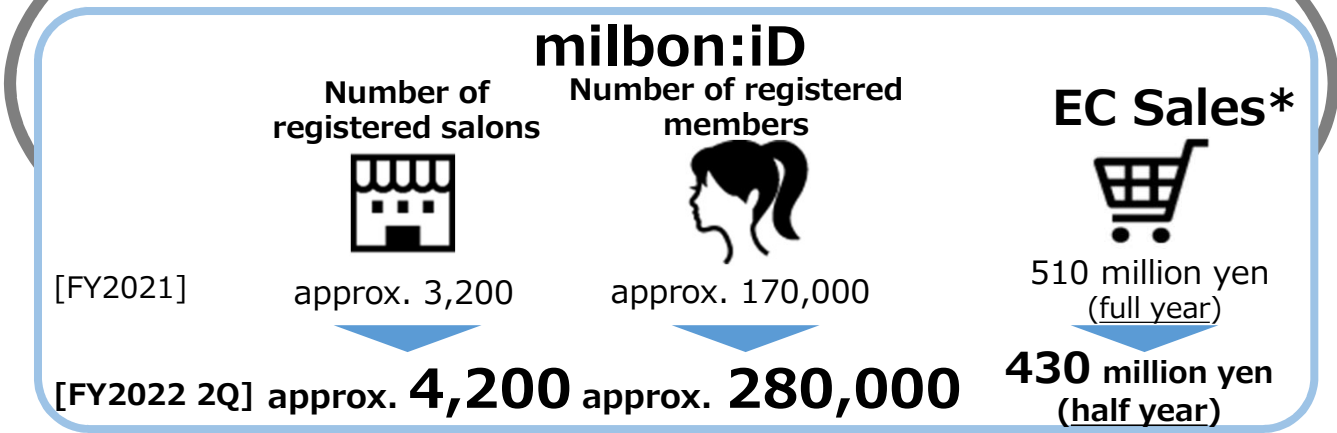
- Preparations are underway with the candidates of the experiential model salons in various locations.
- Smart salon will be exhibited at Expo 2025 Osaka, Kansai

⇒ **We will communicate a new form and function of salons to customers and consumers.**

Lifetime Beauty Care Strategy

[10-Year New Business Plan]

- Skincare : Despite immediate struggles due to COVID-19, preparations are underway for the next phase of measures.
- Beauty Healthcare : Collaborative project with Kao in progress



* EC sales figures are based on shipment value.

Overseas Market

Building a global logistics system in parallel with business expansion through new initiatives in each region



~Two-Week Delivery Plan~
①Maximize sales opportunities (prevent opportunity loss) ②Contribute to distributor's working capital turnover ③Reduction of logistics costs
Building a global logistics system: EU (Netherlands) warehouse started operation in July / ASEAN (assuming Thailand) warehouse to be established in November

Progress in Sustainability Commitment

Actively promoting the sustainability commitment



Hair color tube cap (ENOG) downsizing to reduce plastic usage

- 54% reduction from conventional caps
- When all the colorants caps have been changed, an annual reduction of 55 tons is expected.



Acquired RSPO Supply Chain Certification at Yumegaoka Plant

RSPO certified palm oil adoption rate
FY2021 FY2030 Target
3.2% ⇒ 100%



Sustainable Cosmetic Award 2021

Jury's Award:
"Villa Lodola COLOR Interval
Re:Care
International Award in the corporate category: Milbon Co., Ltd.



Formulated and announced Milbon Group Human Rights Policy



Certified Health and Productivity Management Organization
(by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi)
for the second year in a row



Appointed two new Outside Board Directors, bringing the total number to five
The ratio of Outside Board Directors : 45%
The ratio of female Board Directors : 14%

Full-year Operating Forecast

The full-year operating forecast remains unchanged due to uncertainties such as soaring raw material prices and COVID-19. (Revisions to the operating forecast will be considered in light of future conditions.)

(Unit: million yen)	FY2021 Adjustments*	FY2021 Reference % total sales	FY2022 Target	FY2022 % total sales	Increase / Decrease	Increase / Decrease ratio (%)	FY2022 2Q Results	FY2022 Achievement (%)
Net sales	40,849	100.0	43,900	100.0	3,050	7.5	21,467	48.9
Domestic	32,938	80.6	35,150	80.1	2,211	6.7	16,627	47.3
Overseas	7,910	19.4	8,750	19.9	839	10.6	4,839	55.3
Gross profit	26,765	65.5	29,140	66.4	2,374	8.9	14,269	49.0
SG&A expenses	19,681	48.2	21,590	49.2	1,908	9.7	10,444	48.4
Operating income	7,084	17.3	7,550	17.2	465	6.6	3,824	50.7
Ordinary income	7,158	17.5	7,410	16.9	251	3.5	4,137	55.8
Profit attributable to owners of parent	5,109	12.5	5,230	11.9	120	2.4	2,875	55.0

Concerns for the second half of the year

- Spread of COVID-19 (BA.5) infection in Japan, affecting the flow of the people (especially the older generation) in rural areas.
- The future outlook of China's Zero-COVID Policy is still unclear.

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

Return to Shareholders

The interim dividend will be 40 yen per share, an increase of 10 yen from the previous year. Excluding the effect of the weaker yen, the dividend payout ratio is close to the 50% target set in the Mid-term Management Plan.

(Unit: yen)	FY2020	FY2021	FY2022 Forecast (2022/2/10)	FY2022 2Q Result
End of 2Q	27	30	34	40
End of FY	29	38	46	—
Total	56	68	80	—
Consolidated dividend payout ratio	43.3%	43.3%	49.7%	45.3%

The dividend payout ratio is 49.7% excluding the effect of weaker yen (foreign exchange gains)



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.