

m i l b o n

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

Milbon Co., Ltd.

(TSE code : 4919)

February 14, 2025

Contents

- 1. Consolidated Financial Results** ————— **P2**
- 2. Financial Results by Region**————— **P7**
- 3. FY2025 and Mid to Long-Term Strategies** —— **P14**
- 4. Appendix**————— **P39**
- 5. Overview of Milbon**————— **P53**

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Key Points of Financial Results for FY2024

FY24 Results

Regional Performance

Domestic haircare products and business in South Korea continued to drive growth, resulting in increased sales and profits, exceeding our plan.

- Haircare products, including Aujua, have driven the growth of our domestic business. Both our product quality and educational activities provided for salons are highly evaluated from the market. Although our hair coloring products still face challenges, the number of salons introducing our products, particularly Villa Lodola Color, has increased, ensuring positive year-on-year sales growth.
- Strong performance in South Korea offset weak sales in China due to deteriorating market conditions. Additionally, the weaker yen boosted sales growth, resulting in overall overseas business results to aligning with our plan.
- As announced in Q3, we recorded inventory write-downs primarily for hair dryers and fully utilized SG&A expenses as planned. However, due to strong sales, the full-year operating income exceeded our plan.

Profit

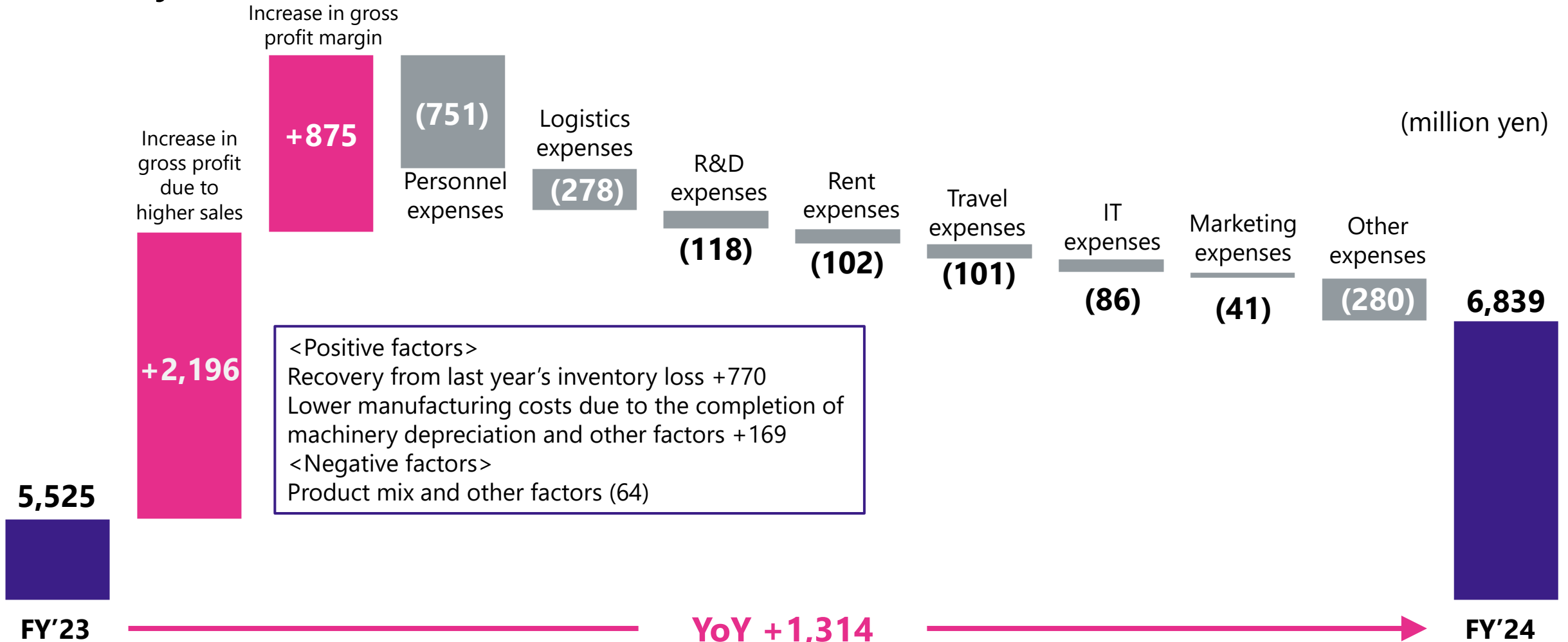
Consolidated Statement of Earnings

Consolidated net sales surpassed 50 billion yen for the first time. Both sales and profits exceeded the plan.

(Unit: million yen)	FY2023	% Total	FY2024	% Total	Gap	Gap (%)	FY2024 Plan	Vs. Plan (%)
Net Sales	47,762	100.0%	51,316	100.0%	3,553	7.4%	50,620	101.4%
Gross Profit	29,525	61.8%	32,597	63.5%	3,072	10.4%	32,400	100.6%
SG&A Expenses	24,000	50.2%	25,758	50.2%	1,757	7.3%	25,800	99.8%
Operating Income	5,525	11.6%	6,839	13.3%	1,314	23.8%	6,600	103.6%
Ordinary Income	5,586	11.7%	6,968	13.6%	1,381	24.7%	6,560	106.2%
Profit Attributable to Owners of Parent	4,001	8.4%	5,017	9.8%	1,015	25.4%	4,650	107.9%

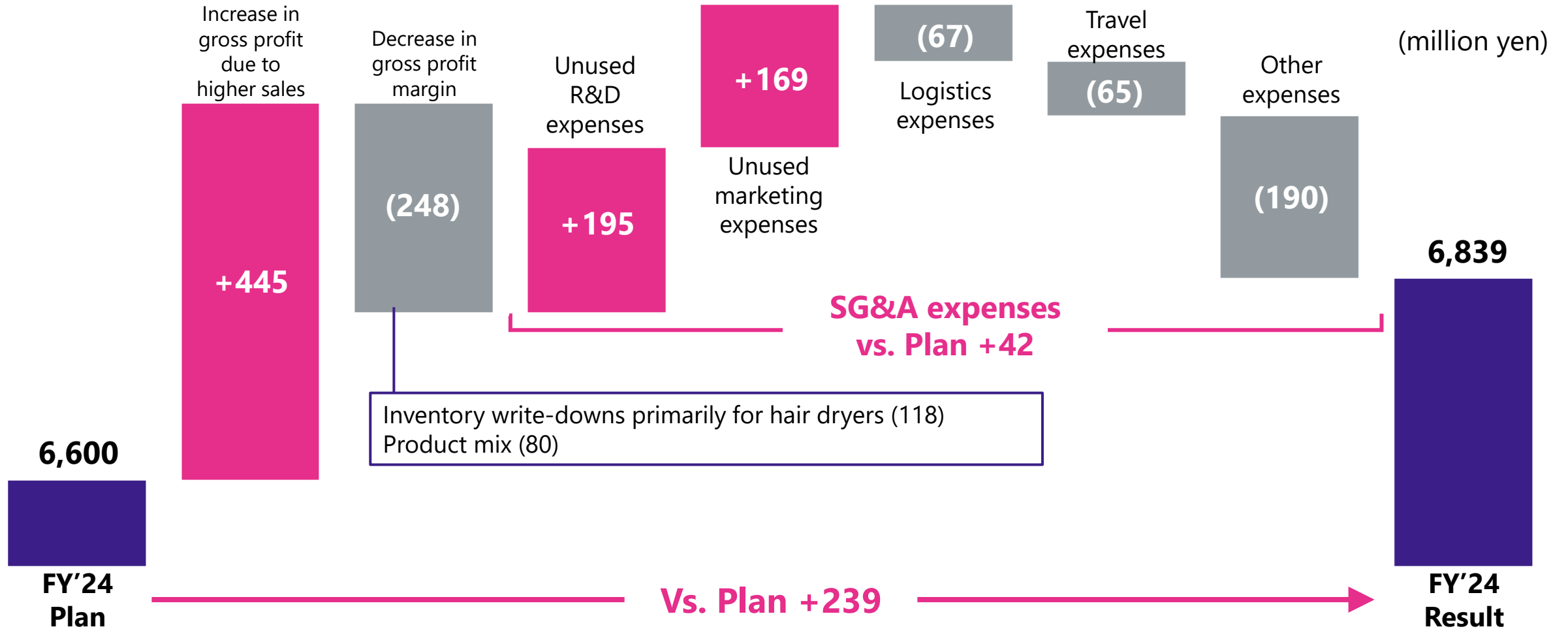
Consolidated Operating Income - Factors Behind YoY Changes

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

We utilized the SG&A expenses that were unused in Q3, generally as planned. As previously announced, we recorded inventory write-downs. However, due to strong sales, operating income exceeded the plan.



Contents

1. Consolidated Financial Results ——— P2
2. Financial Results by Region ——— P7
3. FY2025 and Mid to Long-Term Strategies ——— P14
4. Appendix ——— P39
5. Overview of Milbon ——— P53

Net Sales and Operating Income by Region

Business in China was affected by the deteriorating macro-economic conditions, but overall results were in line with our plan. The weaker yen boosted overseas sales growth.

		FY2023	FY2024	Gap	Gap (%)	Actual gap Rate ^{*1} (%)	FY2024 Plan	Exchange Rate FY2023	Exchange Rate FY2024
		(Unit: million yen)							
Japan	Net Sales	36,502	38,684	2,182	6.0%	6.0%	38,620		
	Operating Income	4,231	5,796	1,565	37.0%	—	5,522	—	—
	Margin (%)	11.6%	15.0%	—	—	—	14.3%		
Overseas	Net Sales	11,260	12,631	1,371	12.2%	7.2%	12,000		
	Operating Income	1,294	1,043	(250)	(19.4%)	—	1,077	—	—
	Margin (%)	11.5%	8.3%	—	—	—	9.0%		
South Korea	Net Sales	4,715	5,345	629	13.4%	9.9%	4,784	KRW	KRW
	Operating Income	1,284	1,239	(45)	(3.5%)	—	1,068	0.1076 yen	0.111 yen
	Margin (%)	27.3%	23.2%	—	—	—	22.3%		
China	Net Sales	2,241	2,328	87	3.9%	(2.7%)	2,460	RMB	RMB
	Operating Income	68	49	(18)	(27.0%)	—	197	19.9 yen	21.26 yen
	Margin (%)	3.1%	2.1%	—	—	—	8.0%		
USA	Net Sales	1,624	1,981	356	21.9%	13.1%	1,811	USD	USD
	Operating Income	(89)	(89)	0	—	—	(106)	141.2 yen	152.24 yen
	Margin (%)	(5.5%)	(4.5%)	—	—	—	(5.9%)		
Other ^{*2}	Net Sales	2,678	2,976	298	11.1%	7.2%	2,945		
	Operating Income	30	(157)	(187)	—	—	(81)	—	—
	Margin (%)	1.1%	(5.3%)	—	—	—	(2.8%)		

*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

Haircare products drove the growth, resulting in sales and profits surpassing our plan. Aujua, in particular, has received high praise from the hair salon market for both its product quality and the educational activities provided for hair stylists.

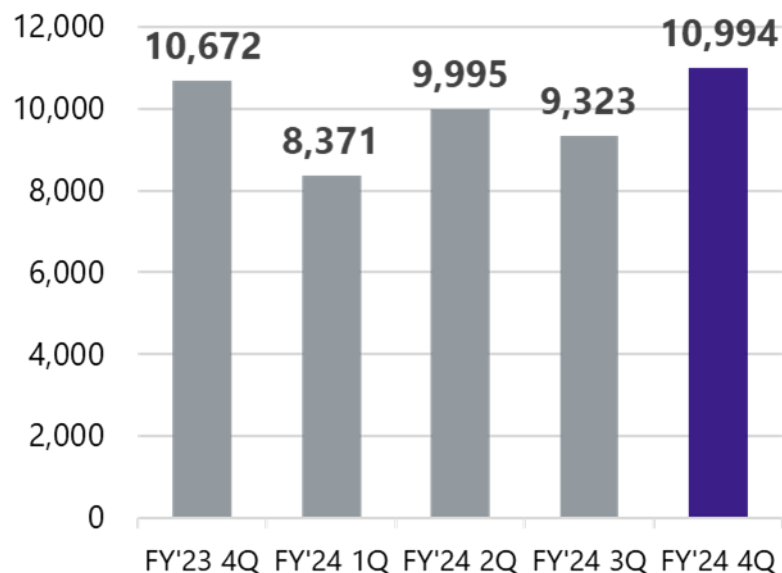
YoY Growth Rate of Sales by Product Category*

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 and securing positive year-on-year sales growth.

Change in Sales	FY2024	
	4Q	4Q YTD
Haircare	+7.1%	+9.4%
Hair Coloring	(0.5%)	+0.2%
Cosmetics	+0.4%	+52.8%
% to Sales	4Q	4Q YTD
Haircare	67.3%	64.6%
Hair Coloring	28.9%	30.4%
Cosmetics	1.2%	2.1%

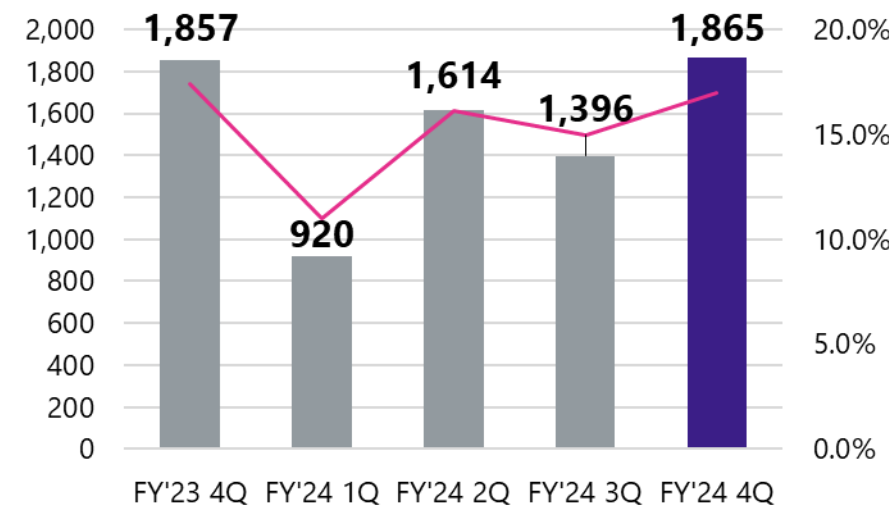
Quarterly Net Sales (mil. yen)

Due to seasonal factors, Q4 sales were the highest of the fiscal year.



Quarterly Operating Income (mil. yen)




Although we utilized deferred expenses, the level of operating income remained equal to last year due to seasonal sales factors.



* Based on shipment value

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Financial Results by Region: Japan / Progress of Key Strategies

Key Strategies		Progress up to 4Q	Results and Outlook			
Promoting Smart Salon	milbon:iD			FY'23	FY'24	FY'24 Plan
	Smart Salon		Members	670,000	881,000	870,000
			Salons	5,930	6,566	6,500
			EC Sales	1,640 mil. yen	1,970 mil. Yen	1,950 mil. yen
				FY'23	FY'24	FY'24 Plan
			Number of Smart Salons	23	62	100
	Recovery of hair coloring products sales through promotion of high value-added hair color		<p>From the second half of the year, we focused on supporting existing Smart Salons. As a result, we created success stories and identified issues to be addressed at these salons. In FY2025, we will prioritize resolving these issues and then aim to expand the number of salons.</p> <ul style="list-style-type: none"> The number of salons using Villa Lodola, our organic hair color brand, increased due to high praise for its ability to raise the price of in-salon hair color menus. In FY2025, we will increase our activities, such as launching new shades, to promote repeat business in user salons. To boost sales, we will enhance the branding of our hair coloring products and implement targeted initiatives for both salons and consumers. 			

Financial Results by Region: South Korea

The performance of each product category was robust, resulting in sales and profits exceeding the plan. We aim to solidify the growing support from young hair stylists by holding events and implementing educational activities in FY2025.

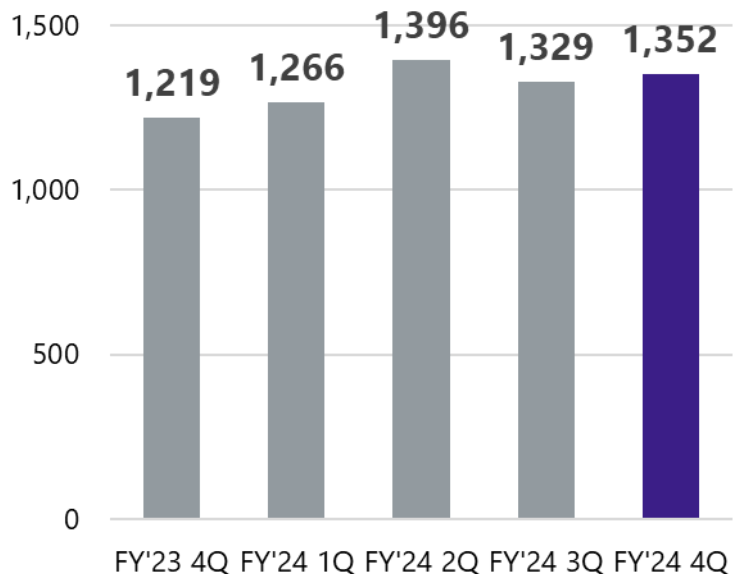
YoY Growth Rate of Sales by Product Category*

The growth rate of hair coloring for Q4 was in the double digits due to our promotional activities for salons, which included information on hair color trends. Haircare, with significant growth potential, has seen a steady increase in salons using our products.

Change in Sales	FY2024	
	4Q	4Q YTD
Haircare	+13.0%	+17.6%
Hair Coloring	+12.2%	+6.0%
Perm	+25.1%	+31.3%
% to Sales	4Q	4Q YTD
Haircare	23.2%	23.3%
Hair Coloring	70.9%	70.9%
Perm	5.1%	5.0%

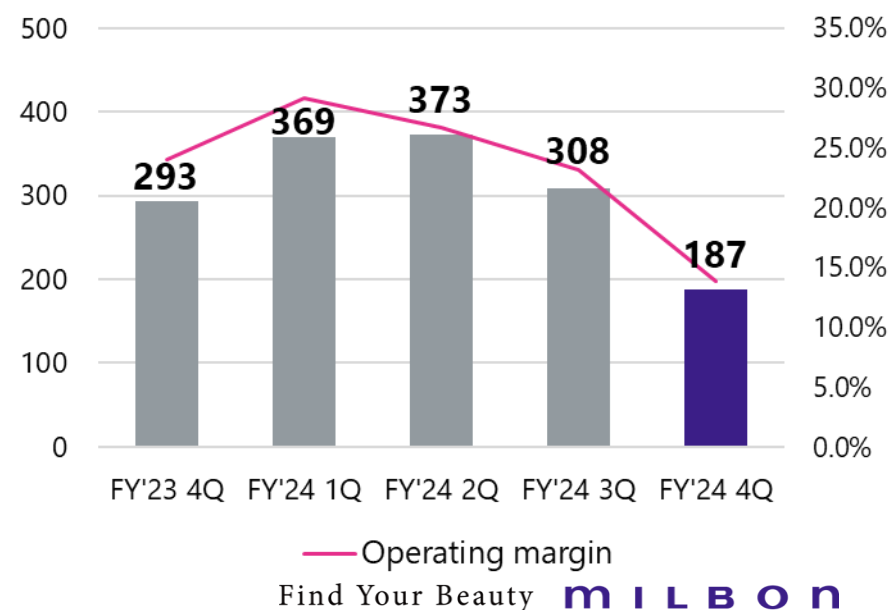
Quarterly Net Sales (mil. yen)

Our support from young hair stylists based in the center of Seoul and our presence in the South Korean market increased through holding events and doing other activities.



Quarterly Operating Income (mil. yen)

Marketing expenses increased in the second half of the year due to events aimed at attracting young hair stylists as fans.



* Based on local currency
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Financial Results by Region: China

We focused on helping hair salons adapt their management styles to align with the significant changes in consumer behavior. Consequently, our financial performance is gradually recovering in the current, still uncertain market environment. We will continue our existing initiatives and aim to earn the trust of salons and boost our sales.

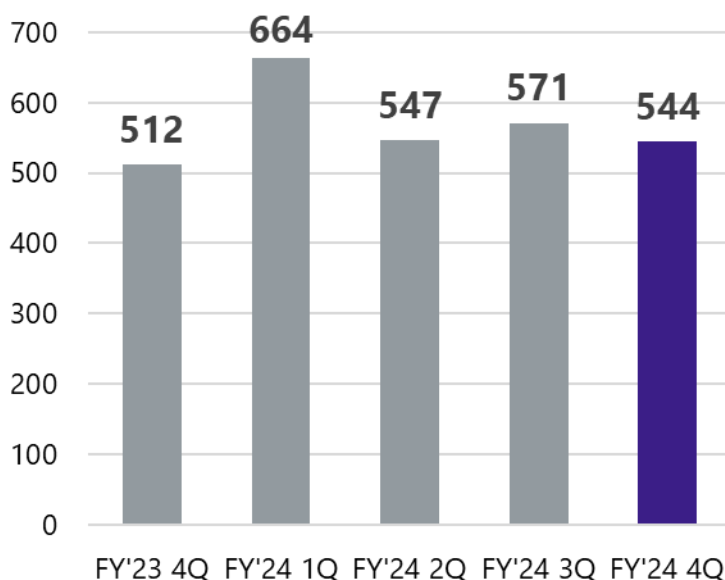
YoY Growth Rate of Sales by Product Category*

The number of salons using our haircare products increased due to the popularity of our promotional activities, which encourage salons to adjust their service menus 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 improved sales promotions.

Change in Sales	FY2024	
	4Q	4Q YTD
Haircare	+3.4%	+3.6%
Hair Coloring	(3.5%)	(12.7%)
% to Sales	4Q	4Q YTD
Haircare	62.8%	59.5%
Hair Coloring	30.0%	34.5%

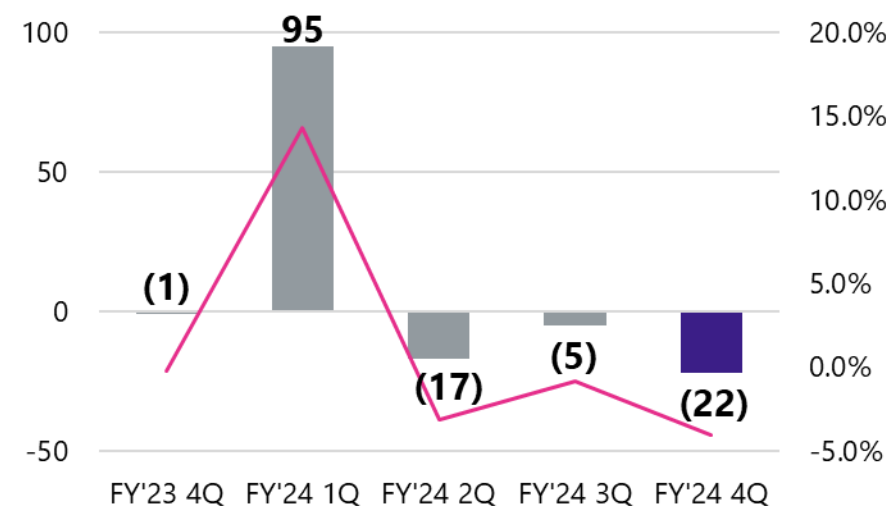
Quarterly Net Sales (mil. yen)

Sales for FY24 Q4 increased by 2.0% quarter-on-quarter in local currency terms, indicating a moderate recovery.



Quarterly Operating Income (mil. yen)

Operating losses continued due to insufficient sales levels.



* Based on local currency
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Financial Results by Region: USA

Haircare products drove our growth, meeting sales and profit targets. Amid gaining a strong reputation, we increased our personnel to better support distributors and salons. In FY2025, we aim to accelerate growth by enhancing field activities and launching products tailored to the USA market.

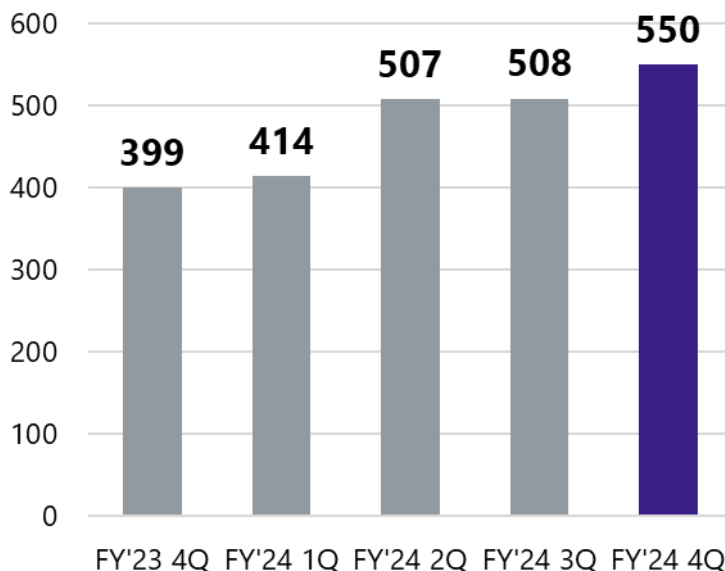
YoY Growth Rate of Sales by Product Category*

Haircare sales continued to steadily grow, receiving high praise for both product quality and educational activities for hairstylists. To address the issue of limited color options, we launched new tones for the Sophistone range in September and enhanced our educational activities, which is accelerating growth in hair coloring sales.

Change in Sales	FY2024	
	4Q	4Q YTD
Haircare	+32.6%	+13.8%
Hair Coloring	+22.4%	+10.4%
% to Sales	4Q	4Q YTD
Haircare	86.5%	86.1%
Hair Coloring	9.0%	8.8%

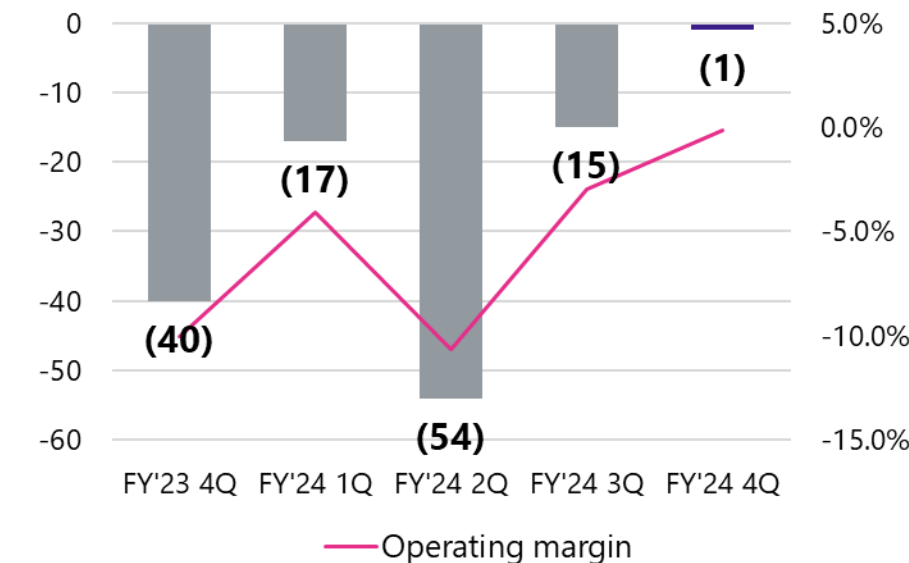
Quarterly Net Sales (mil. yen)

Sales for Q4 last year were relatively lower than those of other quarters due to the temporary suspension of shipments caused by the changeover of distributors.



Quarterly Operating Income (mil. yen)

Profit margins are improving as sales scale up. In FY2025, we will increase growth investments, such as expanding our workforce.



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Contents

1. **Consolidated Financial Results** ————— P2
2. **Financial Results by Region**————— P7
3. **FY2025 and Mid to Long-Term Strategies** ——— P14
 - Initiatives in FY2025
 - Enhancing Profitability
 - Earnings Guidance for FY2025 and Revision of Medium-term Management Plan
 - Long-term Vision
4. **Appendix**————— P39
5. **Overview of Milbon**————— P53

Today's Message

- In Japan, we will focus on generating high-added value through haircare products and education, enabling hair salons to enhance their sales and strengthen their pricing power. We believe this strategy will lead to increased sales and stronger pricing power for Milbon.
- For our overseas business, we will strive to maximize growth in South Korea, where robust performance continues. Simultaneously, we will reinforce investments in the USA and Europe, which will play a crucial role in next-generation growth.
- While sales for our mid-term management plan (FY2022-FY2026) have increased as planned, profitability has declined. In response, we have revised our plan to be more realistic and will actively implement measures to enhance profitability.
- We have set a new long-term goal of achieving sales of 100 billion yen and an ROE of 14% or higher.
- As for our financial strategy, we prioritize growth investments while also strengthening shareholder returns. We aim to achieve progressive dividends in line with stable profit growth and will consider share buybacks. Our long-term vision includes achieving a total payout ratio of 50% or more.

FY2024 in Review

Both sales and profits exceeded the plan, resulting in a year of steady growth both in Japan and overseas.

Japan

Hair Care Strong performance, led by take-home products, driving overall growth.

Hair Coloring Sales of grey coverage color products were steady, while sales of fashion colors struggled. However, we secured positive growth in hair coloring sales compared to the previous year.

Cosmetics Unique cosmetic proposals to consumers, offered by hair salons, have been realized in conjunction with hair coloring.

Overseas

South Korea Each product category performed strongly. We strengthened our connections with dynamic hair salons owned by young stylists, increasing our market presence.

China Despite market growth stagnation due to declining consumer sentiment, we performed relatively well.

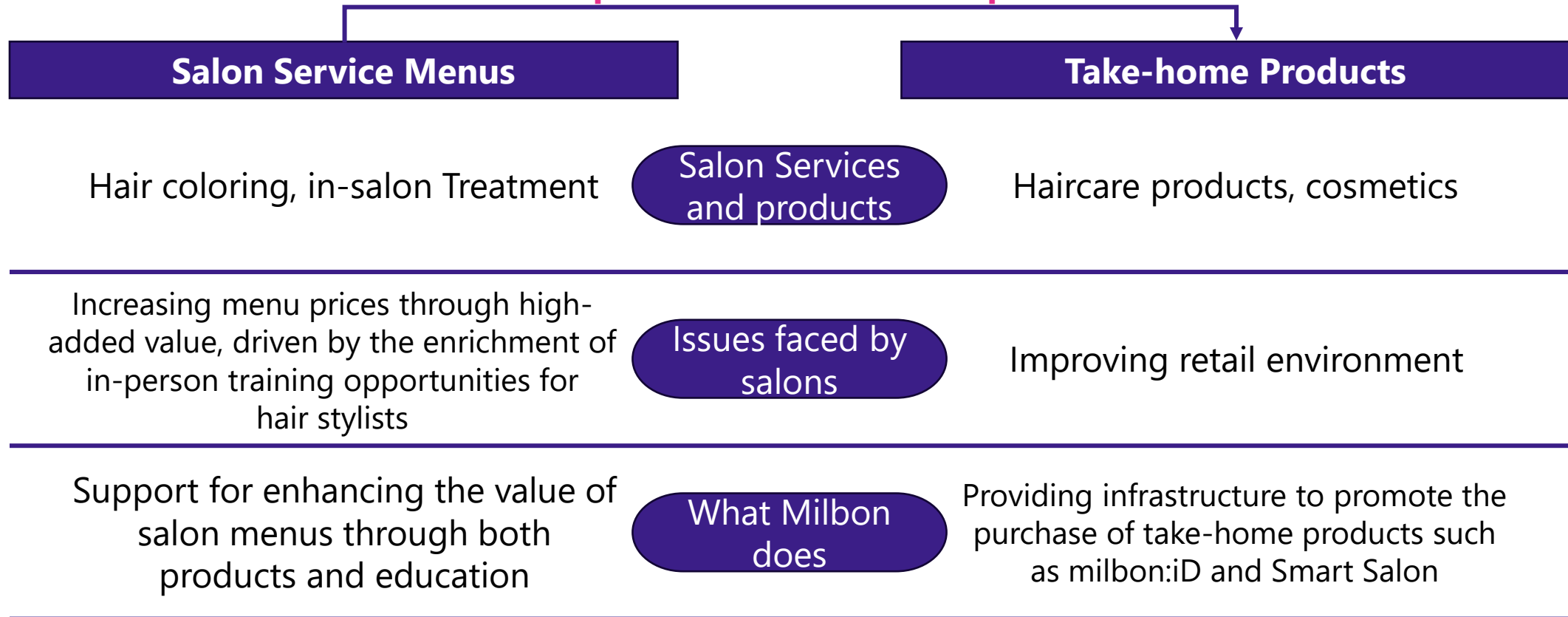
USA We maintained the #1 in-store share as a distributor in LA, a trend-setting area. For hair coloring products, we launched additional shades, enabling growth.

Others Business in Germany grew rapidly, while Malaysia led overall growth in ASEAN.

Issues in Hair Salon Management in Japan

Due to inflation and the declining population, hair salon management is required to improve productivity and pricing power. In light of this situation, we help hair salons elevate the value and pricing of their services.

Enhanced customer experiences in service menus drive the purchase of take-home products.



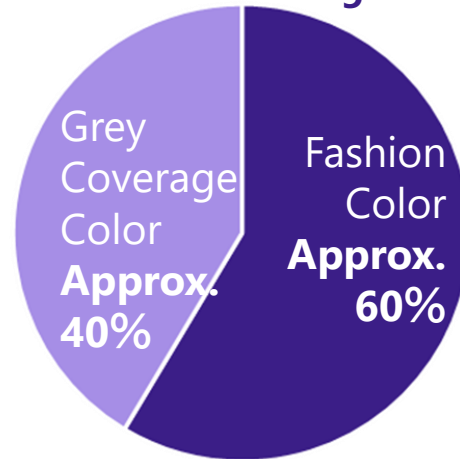
Our Initiatives in Japan – Hair Coloring Products

We aim to be chosen by hair salons by proposing high-value-added and higher-priced coloring menus, and offering technical training for hair stylists, supporting the value of the menus.

Support Through Products



Sales Composition Ratio of Domestic Hair Coloring Products



- ✓ Launching new shades
→ Proposing high-value-added menus to a wider range of salon customers

- ✓ Initiating branding efforts to increase consumer awareness
- ✓ Providing information on hair color trends in South Korea to salons in collaboration with Milbon Korea

Support Through Technical Training

<Changes in the educational environment for hair coloring in salons>

- Due to work style reforms at hair salons, training time has decreased, making it more important to improve skills during business hours
- Due to the heavy reliance on online resources for hair color information, hair stylists tend to lack sufficient practical experience.

<Our initiatives>

In Japan, we have over **120 educators**, significantly more than our competitors. These educators conduct **in-salon training**, observing hair stylists' work, identifying issues, and proposing solutions during business hours.

Our Initiatives in Japan – Supporting the Professional Development of Hair Stylists

We aim to strengthen the foundation for promoting take-home products by enhancing salon menu value and prices through educational support and professional development for hair stylists.

Overview of the Sommelier Training System

We provide an educational curriculum to stylists at salons using our products*1 via *education:ID*, a digital platform. Stylists who pass the exam in knowledge, techniques, and consultation, and meet sales targets, are certified as *Sommeliers*. We support their professional development by helping them obtain qualifications.



After obtaining certification as a Sommelier in three or more areas, stylists can pursue the *Beauty Sommelier Certification* by enhancing their consultation skills and achieving higher sales targets.



Beauty Sommelier

*1 Only stylists at salons using Aujua or Global Milbon are eligible to obtain the Haircare Sommelier certification. For the Cosmetics and Design Logic Sommelier, only stylists at salons using Imprea are eligible.

Results of the Sommelier Training System

Salons employing Sommeliers see higher rates of customers choosing in-salon hair treatments and higher unit prices for take-home product purchases, leading to increased spending per customer.

As of December 31, 2024
 Users of education:ID: More than 50 Thousand
 Haircare Sommeliers (for Aujua): 3,800
 Beauty Sommeliers: 165

	The average performance of salons not using Aujua*2	The average performance of salons using Aujua and employing Sommeliers
Spending per Customer	¥8,967	¥9,839
In-salon treatment menu customer ratio	33.8%	41.2%
Take-home product sales ratio	6.8%	9.2%
Take-home product purchase ratio	14.0%	15.6%
Unit prices for take-home product purchases	¥4,352	¥5,897

Our Initiatives in Japan – Take-home Products

In haircare, we will introduce high-value-added products featuring the latest research findings. For cosmetics, we will focus on coordinated proposals with hair color while enhancing Imprea to drive repeat purchases.

High-value-added haircare products

- ✓ We developed *CMADK**1, a haircare ingredient with high adhesion and restorative effects on hair, and have applied it to our products since 2014.



2014
Ajuua
Immurise



2019
Ajuua
Diorum



2023
Ajuua
Immetry

- ✓ In 2024, leveraging our expertise in developing *CMADK*, we successfully created *MOIST-CMADK*, a new ingredient highly effective in hydrating hair.



Ajuua Aging Hair Care Series Altiell Line (Debut in February)



Haircare for damage caused by aging, bleaching, or hair coloring

*1 S-carboxymethyl alanyl disulfide keratin protein

Steps to Successfully Promote Cosmetics in Hair Salons

Coordinated proposals with hair color

- ✓ We successfully proposed eyebrow products in conjunction with hair color.
- ✓ We aim to establish cosmetics proposals in hair salons by developing products from this perspective.
- ✓ In 2025, we will launch additional eyebrow shades and other products.



Driving repeat purchases through skincare products

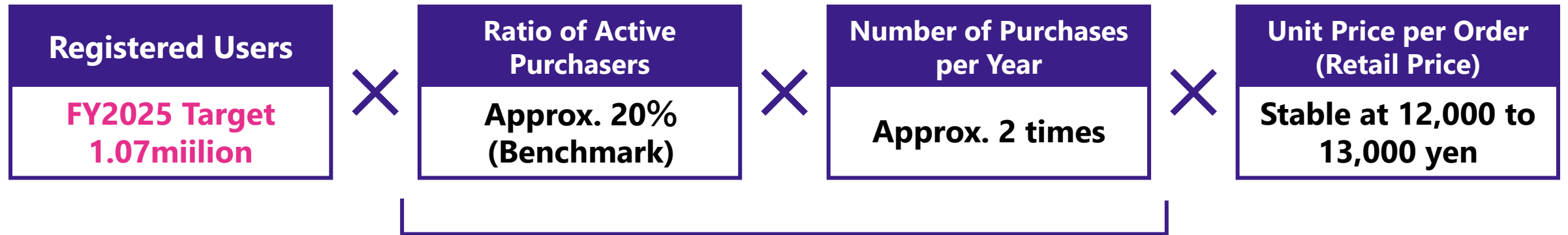
- ✓ We will restructure Imprea's product mix to enhance ease of recommendation by hairstylists.
- ✓ We will secure repeat purchases of skincare products, focusing on our best-selling item, Lotion.
- ✓ In 2025, we will launch new versions of Lotion and other products.



Our Initiatives in Japan – Promoting milbon:iD

We anticipate reaching our target of 1 million registered users one year ahead of schedule. We aim to boost sales of take-home products by promoting milbon:iD, an infrastructure platform designed to enhance purchasing convenience.

The Target of EC Sales* in FY2025 2.3 billion yen(+330 million yen YoY) =



We aim to achieve continuous growth by supporting hairstylists in promoting milbon:iD to their customers.

*Based on shipment value

We aim to improve and maintain numbers by strengthening our CRM system through integration with LINE, a messaging app, and through enhancing the purchasing experience through various activities, especially live commerce.

We aim to improve by launching high-value-added products.

Our Initiatives in Japan – Enhancing the Convenience of Purchasing Take-home Products Through Smart Salon

As the number of salons expands, both success stories and challenges have emerged. To address this, we will first support all existing Smart Salons to ensure their success, and then aim to re-expand the number of salons.

Success Stories in Smart Salons

Take-home product purchase ratio (Case study in one salon)

At the time of opening
(beginning of FY2024) **17%**

At the end of FY2024 **25%**

※The average in Japan is approx. 15% *1

Amount of take-home product*2 purchases by salon

First year as Smart Salon
(Compared to pre-Smart Salon period) **+18.6%** **1.4 times in two years**

First year as Smart Salon
(Compared to first year) **+21.0%**

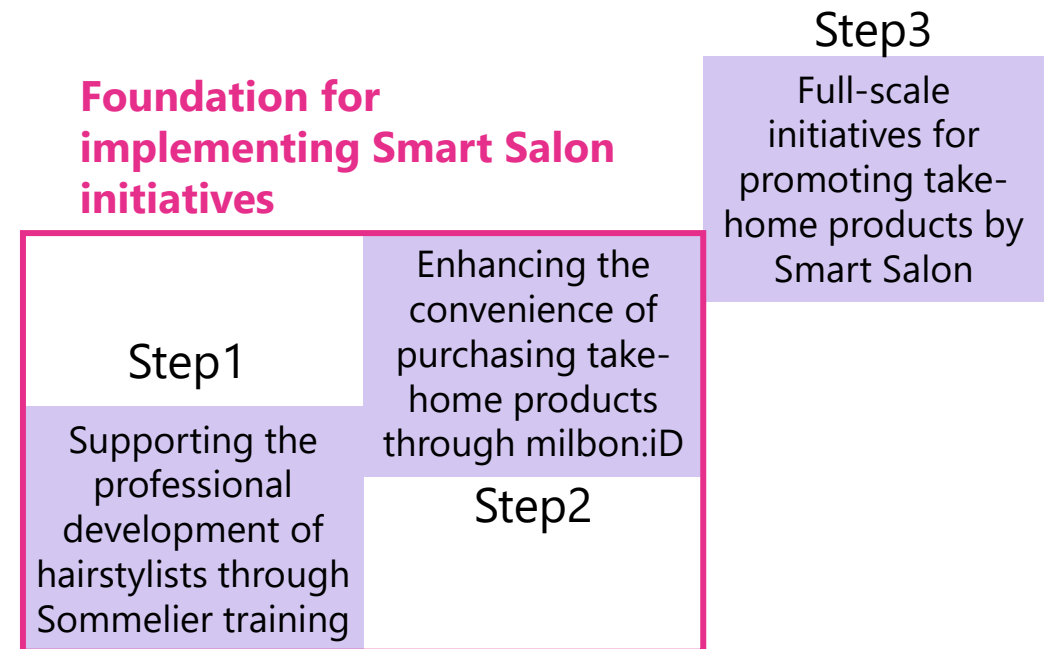
*1 According to our survey

*2 Premium Brands: Aujua•Global Milbon•Villa Lodola (Haircare)•Pjoli•Imprea•Lassical

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Steps to a Successful Smart Salon

In 2025, we will focus on establishing successful patterns in existing Smart Salons by training Sommeliers and promoting milbon:iD, which should be addressed before introducing the Smart Salon system.



Expo 2025, Osaka, Kansai, Japan

We will showcase our vision of the future hair salon at our booth at the Osaka Healthcare Pavilion and strengthen basic research using the PHR data we acquire, aiming to apply this data to future products.

Booth Image and Experience Contents



Experience Contents*1:

- Immersive Experience of Beauty Platform, Milbon's Vision for Future Hair Salons
- Product recommendations using PHR*2 acquired by the Osaka Healthcare Pavilion

*1 Visit our special Expo website for more details: <https://expo2025.milbon.com/en/>

*2 PHR=Personal Health Record

Utilizing Data After the Expo

The opportunity to acquire a large amount of anonymously processed data with permission for commercial use in a single instance is invaluable. We aim to strengthen the data that forms the basis of our basic research, leading to the development of new products.



The data we currently possess



The data we can acquire at the end of the Expo

Key Overseas Regions

Our key regions are South Korea, the USA, and the EU. We will enhance our investments in these areas to boost market share in South Korea, where profitability and market share are high, and to accelerate sales growth and achieve profitability in the USA and the EU, where the market size is substantial.

Key Regions		
EU	South Korea	USA
Market Size: Approx. ¥500 bn.	Market Size: Approx. ¥30 bn.	Market Size: Approx. ¥700 bn.
Our Sales Target for FY'25: Approx. ¥360 mil.	Our Sales Target for FY'25: Approx. ¥5.6 bn.	Our Sales Target for FY'25: Approx. ¥2.1 bn.

Adjusting strategies to meet changing consumer needs
China
Market Size: Approx. ¥200 bn.
Our Sales Target for FY'25: ¥2.3 bn.

Target major cities as a foundation for future growth
ASEAN
Market Size: Approx. ¥80 bn.
Our Sales Target for FY'25: ¥1.74 bn.

* Market sizes are based on our survey.

Themes for Strengthening Investment in the USA

Our presence in the USA is growing, maintaining the #1 in-store share with a distributor based in LA, a trend-setting area. We will strengthen our branding initiatives and increase personnel to drive growth.

Product Branding

A renowned hairstylist is involved in Global Milbon's branding activities for hairstylists worldwide, with a focus on the USA. Similar initiatives will be undertaken for hair coloring to enhance Milbon's support among hairstylists.



Anh Co Tran

Global Creative Director for Milbon

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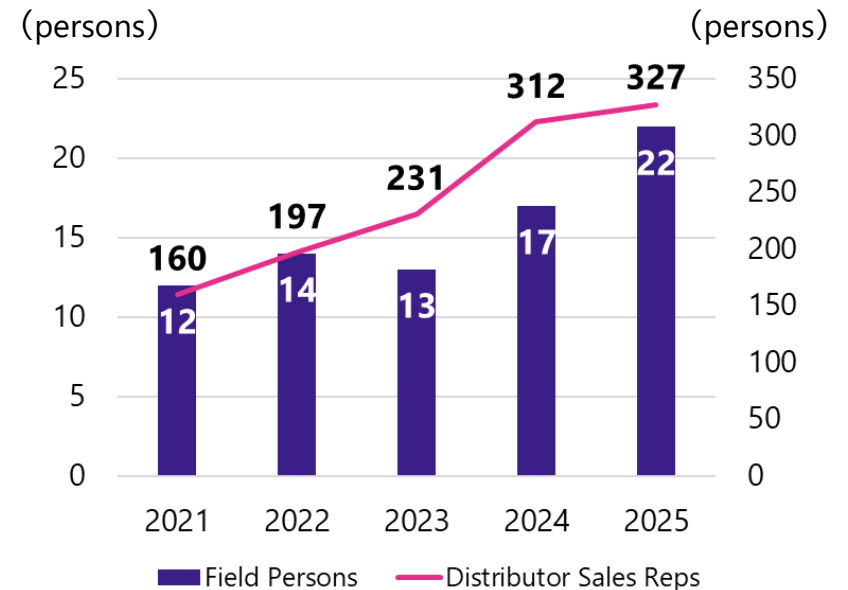
- ✓ **Share creative contents**
→ Visualize the brand identity of Milbon
- ✓ **Hold educational seminars around the world**
- ✓ **Co-develop products with us**



milbon & Monochromatic Collection
Debut in March

Increasing Personnel

To achieve efficient growth across the USA, we have established a nationwide distributor sales network. As our sales channels expand, we have increased the number of local Field Persons to enhance follow-up with the growing number of distributor sales reps and salons using our products.



*Number of persons at the end of the fiscal year for 2021-2024 and at the beginning of the fiscal year for 2025.

FY2025 and Mid to Long-Term Strategies

1. Initiatives in FY2025

2. Enhancing Profitability

3. Earnings Guidance for FY2025 and Revision of Medium-term Management Plan

4. Long-term Vision

Enhancing Profitability – Why Milbon Can Implement a High-Value-Added Strategy

Our business model and differentiating factors, based on specialization in the hair salon market, enable us to implement a high-value-added strategy.

Business Model Focusing on Hair Salons

By positioning a professional hair stylist between us and the consumer, we ensure that the stylist's beauty techniques and expertise are delivered alongside the product, thereby enhancing its value.



The Reason Hair Salons Choose Us

We have established strong relationships with salons through our foundational product education activities, hairstylist career training, and strategic management proposals.



Enhancing Profitability – The Anticipated Effects of the Price Revision

We anticipate that the price revision will improve gross profit margin in the second half of the year and beyond. Moving forward, we will consider further price revisions alongside the introduction of high-value-added products to enhance the profitability of the haircare category.

Items for price revision

Portion of the haircare take-home products

Sales scale of items for price revision

Results for FY2024: Approx. 9 billion yen

Timing of price revision

Middle of FY2025
(Contribution to business performance is expected in the second half of the year)

Price revision range

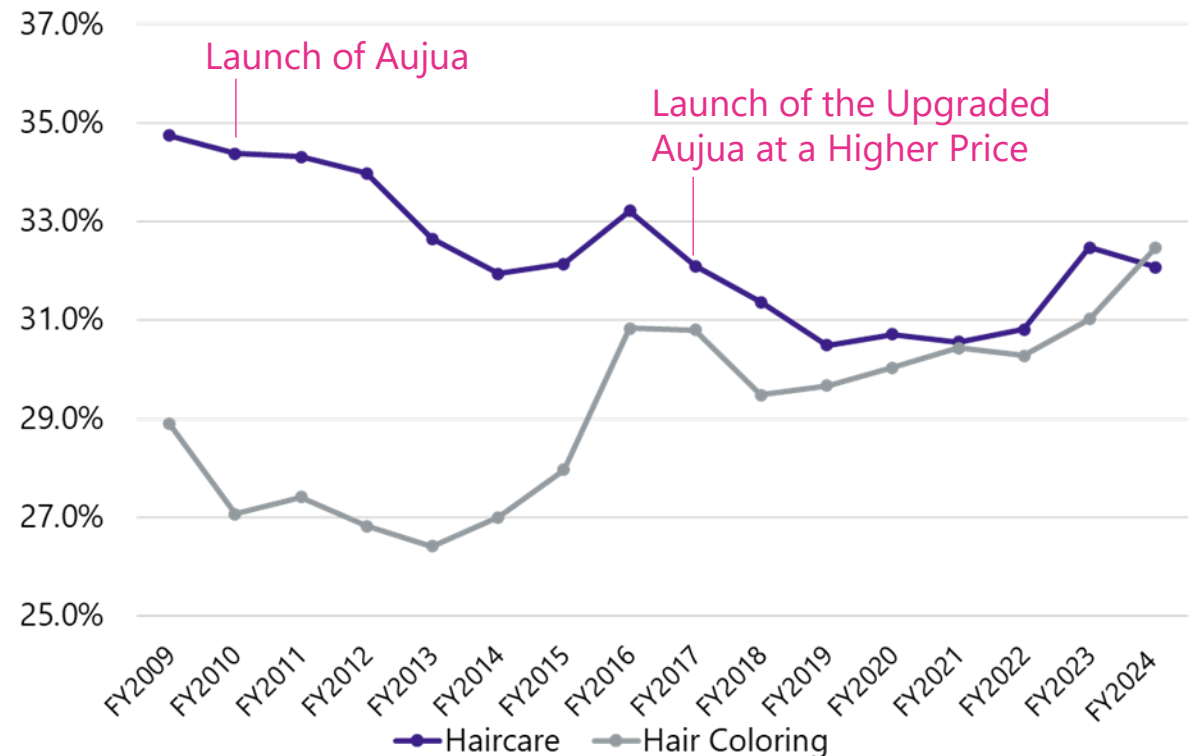
An average price increase of +10%

Contribution to business performance in FY2025

Gross Profit Margin +0.35%
Operating Profit +190 million yen

Non-consolidated Manufacturing Cost by Product Category

Through the continuous launch of high-value-added haircare products, the manufacturing cost of haircare products has become lower than that of hair coloring products.



FY2025 and Mid to Long-Term Strategies

1. Initiatives in FY2025

2. Enhancing Profitability

**3. Earnings Guidance for FY2025 and Revision of
Medium-term Management Plan**

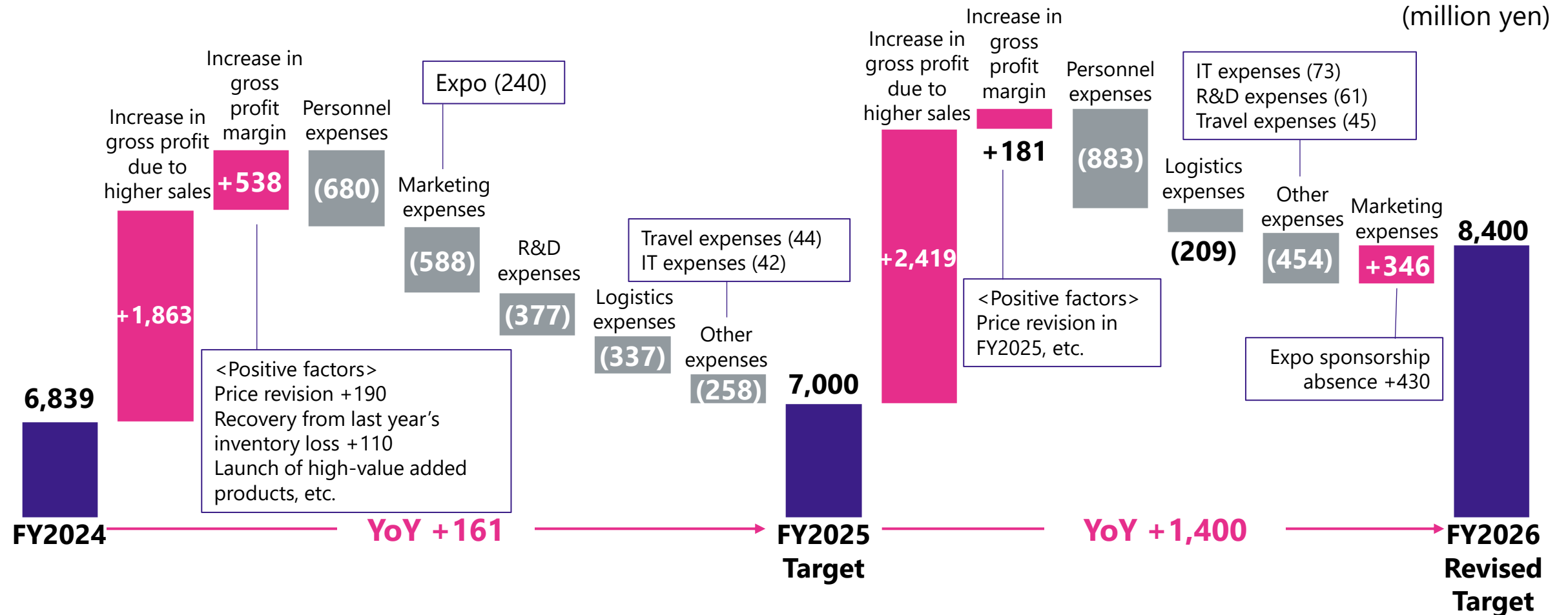
4. Long-term Vision

Revision of the Medium-term Management Plan Targets (FY2022 to FY2026)

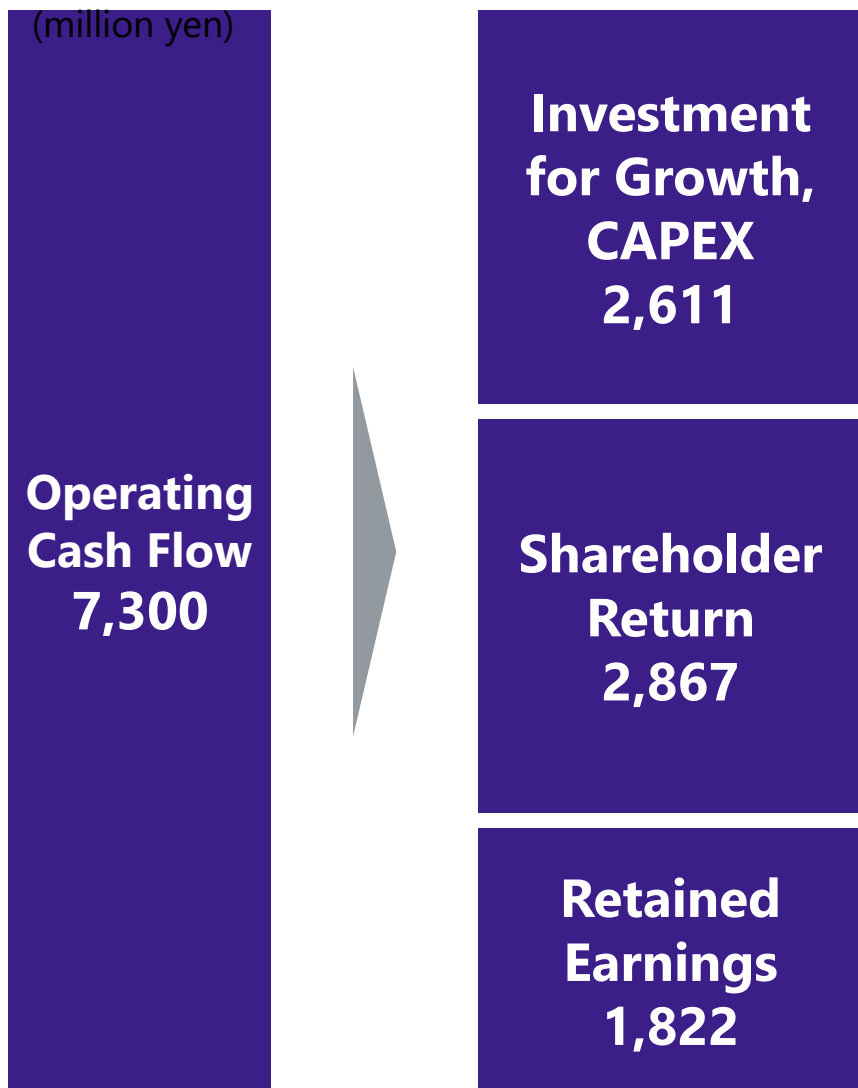
(Unit: million yen)		FY2024	FY2025 Target	Gap	Gap (%)	FY2026 Revised Target	Gap (%)	FY2026 Original Target
Net Sales		51,316	54,250	2,933	5.7%	58,000	—	58,000
	Japan	38,684	40,850	2,165	5.6%	43,700	—	43,700
	Overseas	12,631	13,400	768	6.1%	14,300	—	14,300
Gross Profit		32,597	35,000	2,402	7.4%	37,600	(1.5%)	38,160
	Margin	63.5%	64.5%	—	—	64.8%	—	65.8%
SG&A Expenses		25,758	28,000	2,241	8.7%	29,200	+6.7%	27,360
Operating Income		6,839	7,000	160	2.3%	8,400	(22.2%)	10,800
	Margin	13.3%	12.9%	—	—	14.5%	—	18.6%
Ordinary Income		6,968	7,000	31	0.5%	8,340	(22.8%)	10,810
Profit Attributable to Owners of Parent		5,017	5,200	182	3.6%	5,940	(22.6%)	7,670
ROE		10.6%	10.4%	—	—	11.3%	—	13.9%
ROIC		10.0%	9.7%	—	—	11.1%	—	13.6%

Factors Behind Consolidated Operating Income Changes (FY2024 to FY2026)

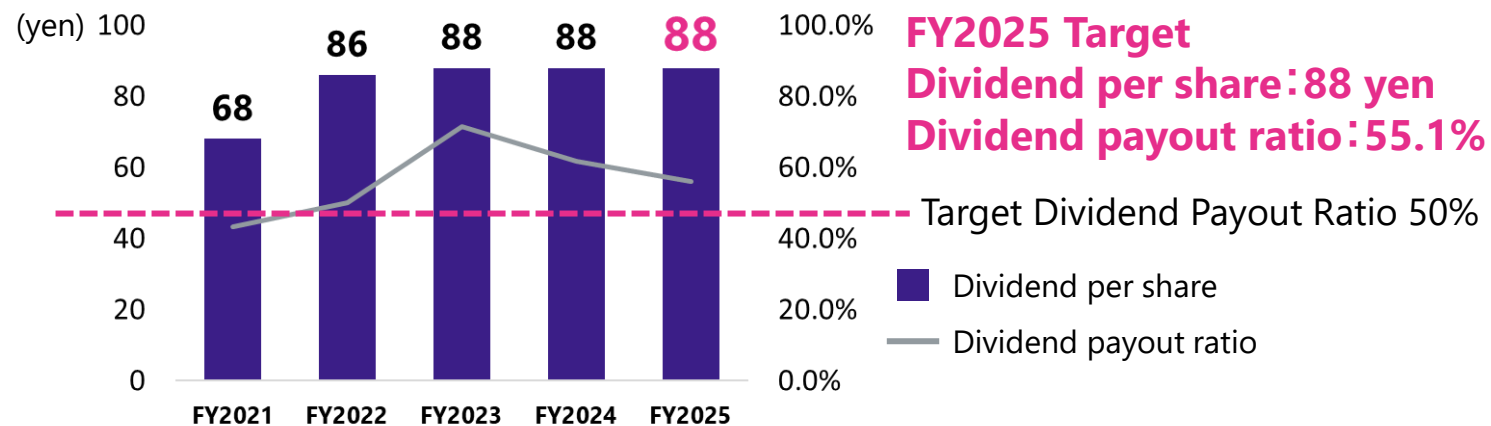
We anticipate an operating income of 8,400 million yen and an operating income margin of 14.5% for FY2026, driven by an improved gross profit margin through price revisions and the absence of one-time expenses such as Expo sponsorship in FY2025.



Financial Strategy – Capital Allocation in FY2025



- ✓ Office relocation and facility development
 - Human Resource Development Center (Odawara)
 - Relocation of the sales office
- ✓ Upgrade of manufacturing machinery
- ✓ Feature development of milbon:iD•Smart Salon
- ✓ IT infrastructure enhancement



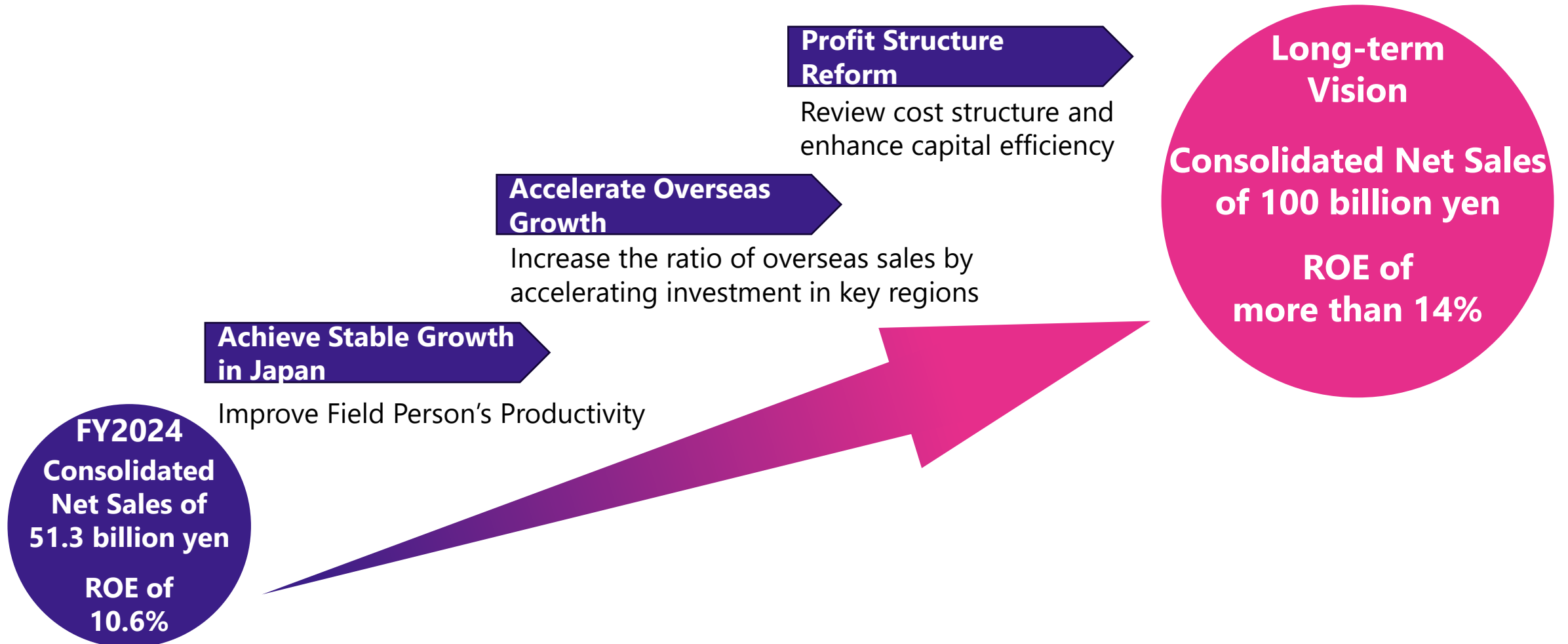
Due to the upcoming investment for the expansion of the Yumegaoka Factory and the increase in production capacity to realize our Long-term Vision

FY2025 and Mid to Long-Term Strategies

- 1. Initiatives in FY2025**
- 2. Enhancing Profitability**
- 3. Earnings Guidance for FY2025 and Revision of
Medium-term Management Plan**
- 4. Long-term Vision**

Long-term Vision

We have set a new Long-term Vision of net sales of 100 billion yen and an ROE of 14% or more, to be achieved beyond FY2026.

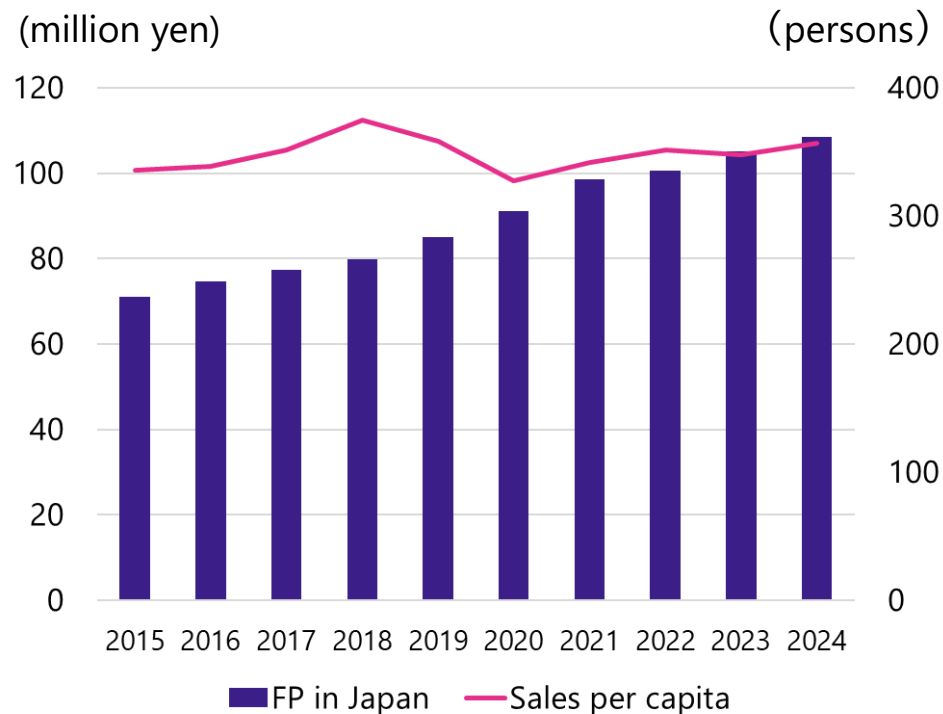


Long-term Vision – Achieve Stable Growth in Japan

There is room for growth in sales per Field Person. We will focus on enhancing sales per salon and improving FP activity efficiency through the Smart Salon strategy and product range expansion.

Sales per Field Person (FP)

The recruitment and increase of Field Person have driven sales growth, but per capita sales have remained around 100 million yen.



Ideas for Increasing Sales per Field Person

< Increase Sales at Salons >

Increase the take-home products purchase ratio from 15% through milbon:iD and Smart Salon, and promoting cosmetic sales

< Improve FP Activity Efficiency >

- Visualize the causal relationship between the frequency and content of activities and sales through DX.
- Narrow down the number of salons for implementing activities



Aim to improve sales per FP by 20% to 30% or more.

Long-term Vision – Accelerate Overseas Growth

When consolidated net sales reach 100 billion yen, the overseas sales ratio is expected to account for 35% to 40% of total sales. While we anticipate continuous growth in Asia, we believe that the USA and European markets will drive our future growth. Therefore, we will strengthen our investment in these regions.



- ✓ **To Solidify Our Position as Number One in the Asian Market**
We will secure the top market share in South Korea and leverage this position as a competitive advantage in the Asian market.
- ✓ **Endeavors in the USA and European Market**
Accelerate growth in the market of hair coloring products
Establish and reinforce the sales network of distributors

■ Japan ■ Asia (ex. Japan) ■ USA, EU, and Middle East

Long-term Vision – Profit Structure Reform

We aim to achieve an ROE of 14% or more by improving margins through a review of our cost structure and by enhancing capital efficiency

Review of Cost Structure

<Increasing Gross Profit Margin>

- ✓ Launch high-value-added products with a focus on the haircare category
- ✓ Consider price revisions for existing products based on their value and the cost structure
- ✓ Reduction of manufacturing costs through the commonization of raw materials across products

<Controlling Logistics Costs>

- ✓ In Japan: reduce costs through consolidated deliveries and a review of our own delivery fee burdens
- ✓ Overseas: reduce costs by establishing a system to identify appropriate inventory levels in each country, improving planning accuracy, and reviewing manufacturing and distribution bases

Enhancing Capital Efficiency

<Share Buyback>

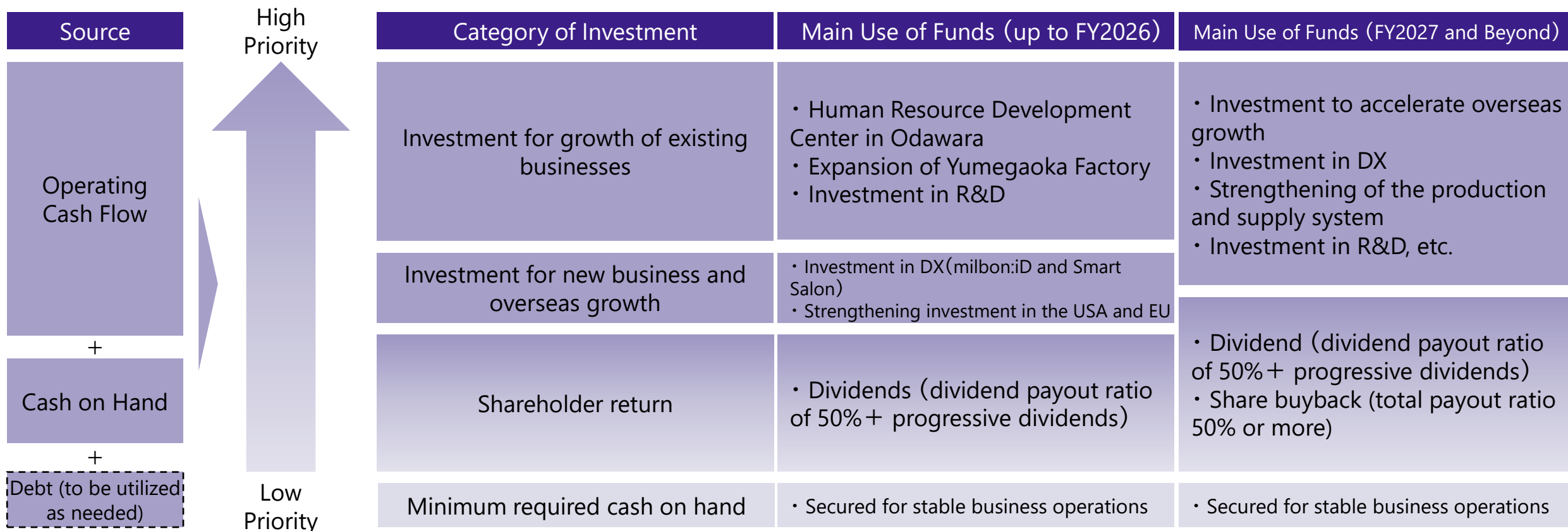
- ✓ Consider share buybacks with the aim of achieving our target ROE

<Strategic Utilization of Debt>

- ✓ Explore the utilization of interest-bearing debt to address temporary increases in capital needs, such as large-scale investments

Financial Strategy – Long-term Capital Allocation Policy

- ✓ Prioritizing investment in growth, we will add a fundamental policy of progressive dividends to our existing target dividend payout ratio of 50% to enhance shareholder returns.
- ✓ We will allocate surplus funds to share buybacks with the aim of achieving a total payout ratio of 50% or more over the long term.
- ✓ Growth investments will primarily be funded through operating cash flow and cash on hand, but we will also consider the utilizing interest-bearing debt.

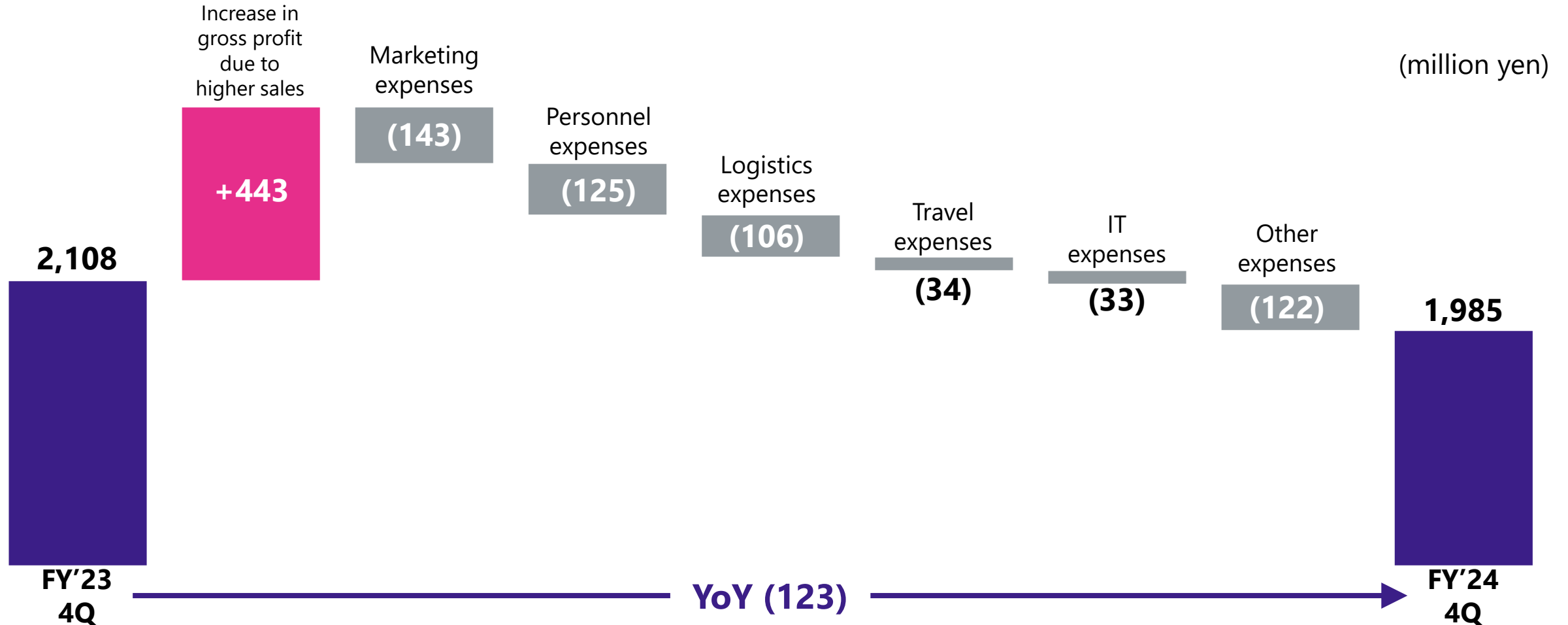


Agenda

- 1. Consolidated Financial Results** ————— P2
- 2. Financial Results by Region and Outlook**————— P7
- 3. FY2025 and Mid to Long-Term Strategies** ————— P7
- 4. Appendix** ————— P39
 - Factors Behind YoY Changes in Consolidated Operating Income (Quarterly Basis) ——— P40
 - Factors Behind Changes Compared to the Consolidated Operating Income Plan (Quarterly Basis) — P41
 - Consolidated Net Sales and Sales Ratio by Product Category (FY2024 to FY2025)– P42
 - Net Sales and Operating Income by Region (FY2024 to FY2026)————— P43
 - Forex Assumption and Sensitivities————— P44
 - Status of Main Brands ————— P45
 - Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis) ————— P48
 - Status of Inventory ————— P50
 - Status of Capital Expenditures, etc. ————— P51
 - The Number of Field Persons (FP)————— P52
- 5. Overview of Milbon**————— P53

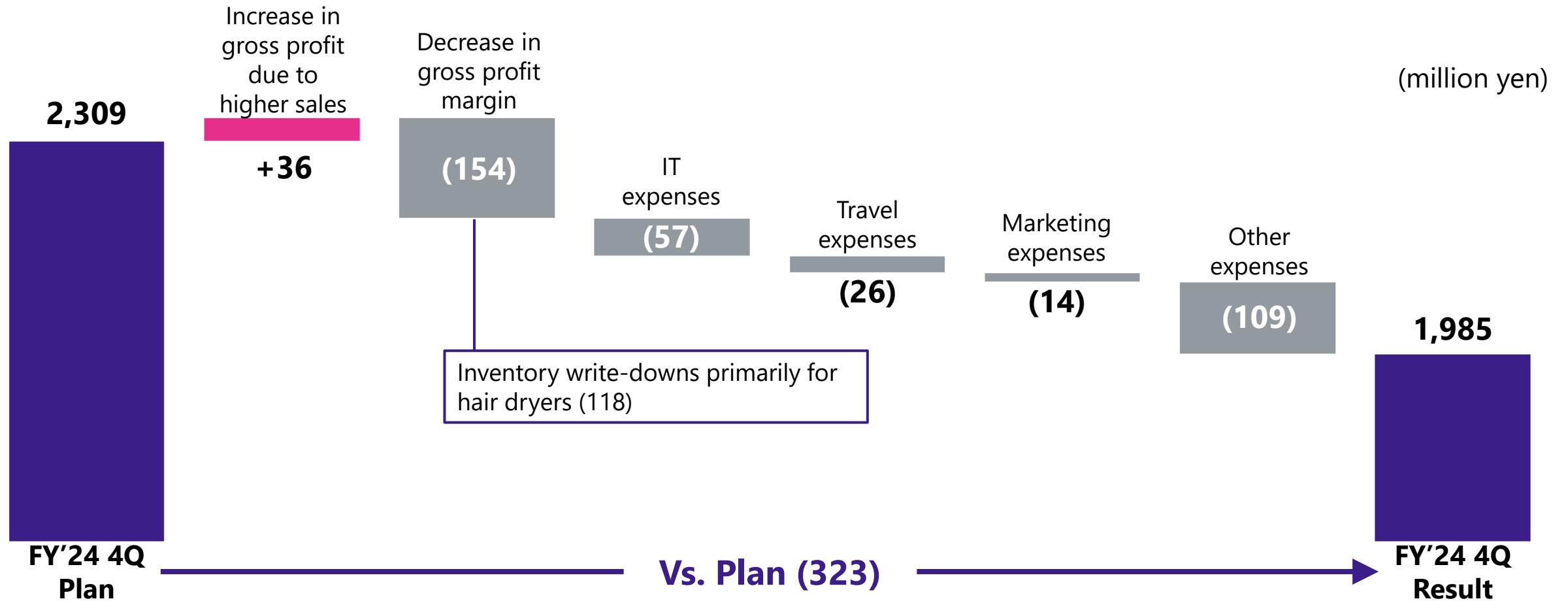
Factors Behind YoY Changes in Consolidated Operating Income (Quarterly Basis)

Operating income for Q4 decreased year-over-year due to deferred event timings and bonus payments for achieving the plan. However, full-year income increased compared to the previous year.



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

Although Q4 operating income was below plan due to the utilization of deferred expenses and inventory write-downs, full-year income exceeded the plan.



Consolidated Net Sales and Sales Ratio by Product Category (FY2024 to FY2025)

(Unit: million yen)	FY2023					FY2024					FY2025
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	Target
Net Sales	10,340	12,362	11,446	13,612	47,762	11,508	13,017	12,467	14,322	51,316	54,250
Haircare	5,969	7,370	6,593	8,421	28,355	6,670	8,012	7,560	9,080	31,324	33,830
Hair Coloring	3,922	4,315	4,193	4,522	16,953	4,044	4,301	4,308	4,545	17,200	17,100
Perm	301	413	369	380	1,463	350	448	348	398	1,547	1,570
Cosmetics	126	140	154	149	571	369	197	151	150	868	1,200
Others	20	123	136	137	418	73	57	97	147	375	550
% to Sales											
Haircare	57.7%	59.6%	57.6%	61.9%	59.4%	58.0%	61.6%	60.6%	63.4%	61.1%	62.4%
Hair Coloring	38.0%	34.9%	36.6%	33.2%	35.5%	35.1%	33.0%	34.6%	31.7%	33.5%	31.5%
Perm	2.9%	3.4%	3.2%	2.8%	3.0%	3.1%	3.5%	2.8%	2.8%	3.0%	2.9%
Cosmetics	1.2%	1.1%	1.4%	1.1%	1.2%	3.2%	1.5%	1.2%	1.1%	1.7%	2.2%
Others	0.2%	1.0%	1.2%	1.0%	0.9%	0.6%	0.4%	0.8%	1.0%	0.7%	1.0%

Net Sales and Operating Income by Region (FY2024 to FY2026)

(Unit: million yen)		FY'24	FY'25 Target	Gap	Gap (%)	Actual gap Rate* ¹ (%)	FY'26 Target	FY'26 Original Target	Gap (%)
		Japan	Net Sales	38,684	40,850	2,165	5.6%	5.6%	43,700
	Operating Income	5,796	6,000	203	3.5%	—	7,118	8,200	(13.2%)
	Margin(%)	15.0%	14.7%	—	—	—	16.3%	18.8%	—
Overseas	Net Sales	12,631	13,400	768	6.1%	9.2%	14,300	14,300	—
	Operating Income	1,043	1,000	(43)	(4.1%)	—	1,282	2,600	(50.7%)
	Margin(%)	8.3%	7.5%	—	—	—	9.0%	18.2%	—
South Korea	Net Sales	5,345	5,583	237	4.5%	7.3%	5,781	5,200	+11.2%
	Operating Income	1,239	1,305	65	5.3%	—	1,350	1,528	(11.6%)
	Margin(%)	23.2%	23.4%	—	—	—	23.4%	29.4%	—
China	Net Sales	2,328	2,333	4	0.2%	3.9%	2,500	4,740	(47.3%)
	Operating Income	49	8	(41)	(83.5%)	—	30	1,084	(97.2%)
	Margin(%)	2.1%	0.4%	—	—	—	1.2%	22.9%	—
USA	Net Sales	1,981	2,145	163	8.3%	15.3%	2,350	1,850	+27.0%
	Operating Income	(89)	(275)	(186)	—	—	(180)	(64)	—
	Margin(%)	(4.5%)	(12.8%)	—	—	—	(7.7%)	(3.5%)	—
Other* ²	Net Sales	2,976	3,339	362	12.2%	13.6%	3,669	2,510	+46.2%
	Operating Income	(157)	(38)	118	—	—	82	51	+60.8%
	Margin(%)	(5.3%)	(1.1%)	—	—	—	2.2%	2.1%	—

*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, Germany, and Greece

Forex Assumption and Sensitivities

Forex Assumption

	FY2024 Results	FY2025 Assumption	FY2026 Assumption	FY2026 Original Assumption (Reference)
KRW	0.111 yen	0.108 yen	0.105 yen	0.093 yen
RMB	21.26 yen	20.5 yen	20.0 yen	17.0 yen
USD	152.24 yen	145.0 yen	140.0 yen	112.0 yen

Forex Sensitivities

(million yen)

	FY2025 Assumption	Impact on Consolidated Net Sales	Impact on Consolidated Operating Income
KRW	0.108 yen	±0.001 yen → 51	±0.001 yen → 38
RMB	20.5 yen	±0.1 yen → 11	±0.1 yen → 2
USD	145.0 yen	±1 yen → 15	±1 yen → 4

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	
	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	3,732	11,256	3,942	12,232
Japan	3,653	10,965	3,838	11,838
South KR	79	290	103	393

(Unit: salons)	FY2023		FY2024	
Salons		6,844		7,625
Japan		6,556		7,278
South KR		288		347

New Products

Aujua Scalp Care Series Presedia (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024 Target
Gross sales	621	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	
	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	1,878	6,388	2,144	7,266
Japan	1,068	3,439	1,053	3,469
USA	332	1,362	491	1,763
China	141	493	165	627
South KR	60	220	71	286
Other	275	872	363	1,119

(Unit: salons)	FY2023		FY2024	
Salons		13,381		22,584
Japan		10,188		10,840
USA		0		7,449
China		430		814
South KR		1,022		1,371
Other		1,741		2,110

*Due to the changeover of distributors, data for the number of salons in the USA for the period from October to December in FY2023 became inaccessible. Therefore, the figures displayed for FY2023 exclude the USA. Additionally, as the changeover of distributors also occurred at the end of FY2024, data on the number of salons in some regions could not be obtained, resulting in smaller figures for 4Q compared to 3Q results.

* 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.

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	
	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	1,918	6,912	1,870	6,775
Japan	1,607	5,769	1,562	5,569
Overseas	311	1,143	308	1,205

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	
	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	35	136	64	197

* 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	
	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	286	1,065	354	1,221
Japan	286	1,065	331	1,171
Overseas	0	0	22	50

(Unit: salons)	FY2023		FY2024	
	4Q	4Q YTD	4Q	4Q YTD
Salons		9,702		12,934
Japan		9,702		12,271
Overseas		0		663

Status of Main Brands - Cosmetics

Cosmetics – Imprea

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

	FY2023		FY2024	
(Unit: mil. yen)	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	155	558	140	525

	FY2023	FY2024
(Unit: salons)	1,970	2,083

New Products

Imprea Cleansing Oil (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024 Target
Gross Sales	41	55

Cosmetics – IM

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

	FY2023		FY2024	
(Unit: mil. yen)	4Q	4Q YTD	4Q	4Q YTD
Gross Sales	1	40	17	389

New Products

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



(Unit: mil. yen)	FY2024	FY2024 Target
Gross Sales	278	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.

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%	+7.7%	+3.0%	+6.0%
Haircare	+9.5%	+2.9%	+4.0%	+4.6%	+4.9%	+9.1%	+8.9%	+13.4%	+7.1%	+9.4%
Hair Coloring	+1.9%	(3.5%)	(1.6%)	+0.3%	(0.8%)	+0.8%	(0.5%)	+1.1%	(0.5%)	+0.2%
Perm	(6.5%)	(17.1%)	+7.6%	(7.0%)	(7.0%)	+2.9%	+10.4%	(11.0%)	+3.3%	+1.6%
Cosmetics	(4.2%)	+18.4%	+25.5%	(12.7%)	+4.8%	+197.6%	+40.4%	(2.5%)	+0.4%	+52.8%
Others	(13.2%)	+133.3%	+150.8%	+102.1%	+104.8%	+60.8%	(35.0%)	(53.9%)	(35.6%)	(34.9%)
% to Sales										
Haircare	61.2%	63.0%	61.0%	65.5%	62.9%	61.2%	64.7%	64.3%	67.3%	64.6%
Hair Coloring	34.7%	31.8%	33.5%	30.3%	32.4%	32.1%	29.9%	31.5%	28.9%	30.4%
Perm	2.3%	3.0%	2.8%	2.0%	2.5%	2.2%	3.1%	2.3%	2.0%	2.4%
Cosmetics	1.5%	1.3%	1.6%	1.3%	1.4%	4.1%	1.8%	1.5%	1.2%	2.1%
Others	0.3%	1.0%	1.1%	0.9%	0.8%	0.4%	0.5%	0.4%	0.6%	0.5%

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%	+11.2%	+13.3%	+9.9%
Haircare	+14.4%	+13.5%	+1.1%	+29.0%	+13.9%	+20.1%	+14.5%	+23.6%	+13.0%	+17.6%
Hair Coloring	+9.2%	+1.4%	(0.0%)	+7.5%	+4.3%	+1.1%	+4.6%	+6.2%	+12.2%	+6.0%
Perm	+28.0%	+28.1%	+18.2%	+59.1%	+32.4%	+33.6%	+37.5%	+30.1%	+25.1%	+31.3%
% to Sales										
Haircare	20.7%	21.7%	21.4%	23.3%	21.8%	23.3%	23.0%	23.8%	23.2%	23.3%
Hair Coloring	74.9%	73.9%	73.6%	71.6%	73.5%	71.1%	71.3%	70.3%	70.9%	70.9%
Perm	4.0%	3.8%	4.2%	4.6%	4.1%	5.0%	4.8%	4.9%	5.1%	5.0%
Others	0.4%	0.6%	0.8%	0.5%	0.6%	0.6%	0.9%	1.0%	0.8%	0.8%

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

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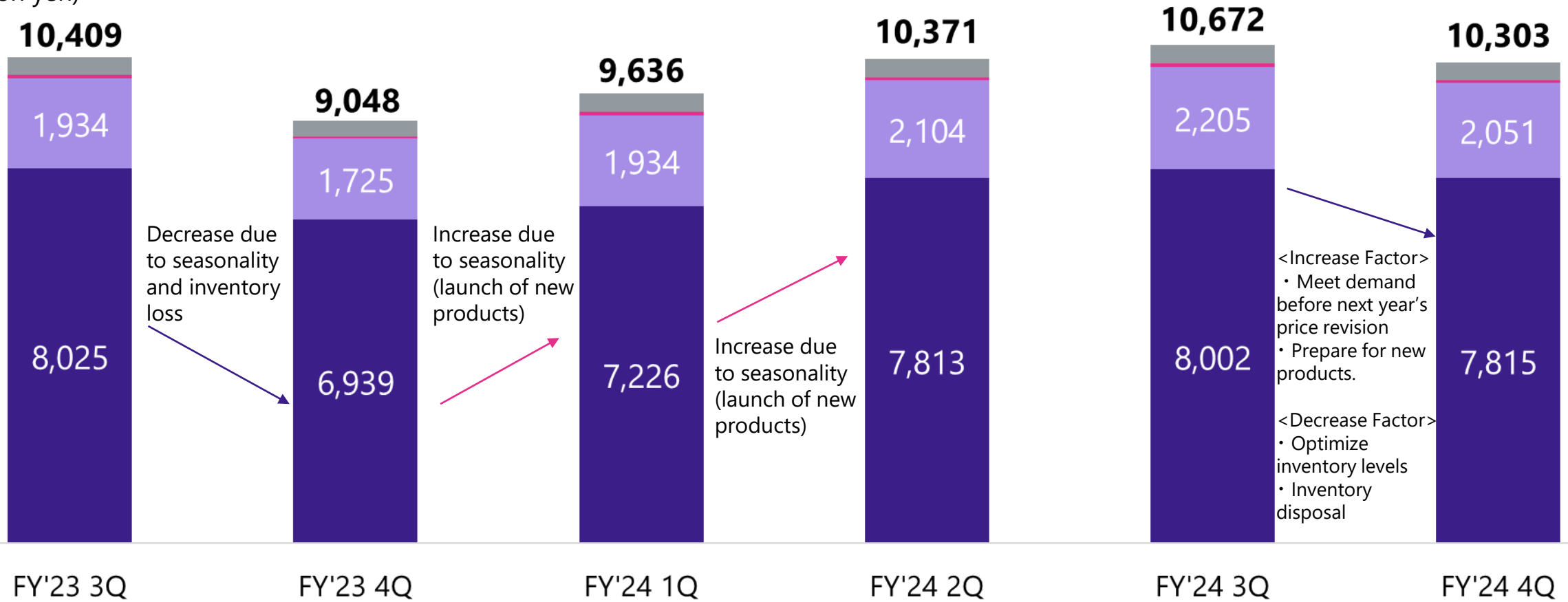
Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

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%)	+0.0%	+2.0%	(2.7%)
Haircare	+11.0%	+35.7%	(7.3%)	+15.9%	+12.0%	+6.2%	(3.3%)	+8.3%	+3.4%	+3.6%
Hair Coloring	(14.0%)	+8.4%	(5.2%)	(8.5%)	(5.1%)	(0.6%)	(33.7%)	(9.1%)	(3.5%)	(12.7%)
Perm	(23.5%)	+25.8%	+0.4%	(0.7%)	(3.8%)	+19.0%	(14.5%)	(13.8%)	+14.8%	+2.1%
% to Sales										
Haircare	54.8%	53.5%	53.9%	61.9%	55.8%	55.8%	62.0%	58.4%	62.8%	59.5%
Hair Coloring	39.3%	41.7%	40.0%	31.7%	38.4%	37.5%	33.1%	36.3%	30.0%	34.5%
Perm	5.9%	4.8%	6.1%	6.4%	5.8%	6.7%	5.0%	5.3%	7.2%	6.0%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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%	+12.0%	+31.1%	+13.1%
Haircare	+15.5%	+18.1%	+64.9%	(15.2%)	+15.7%	+6.0%	+4.8%	+12.7%	+32.6%	+13.8%
Hair Coloring	+10.6%	+27.0%	+59.8%	(4.5%)	+18.8%	+25.9%	(6.2%)	+3.2%	+22.4%	+10.4%
Perm	(1.5%)	+26.4%	+25.7%	(31.8%)	+1.0%	(19.6%)	(21.3%)	(8.7%)	+22.3%	(8.7%)
% to Sales										
Haircare	85.7%	83.8%	87.3%	85.6%	85.6%	83.7%	85.9%	87.8%	86.5%	86.1%
Hair Coloring	9.1%	9.7%	7.8%	9.6%	9.0%	10.6%	8.9%	7.1%	9.0%	8.8%
Perm	4.2%	4.8%	3.3%	3.6%	4.0%	3.1%	3.7%	2.7%	3.4%	3.2%
Others	1.0%	1.7%	1.6%	1.2%	1.4%	2.6%	1.5%	2.4%	1.1%	1.9%

Status of Inventory

(million yen)



Decrease due to seasonality and inventory loss

Increase due to seasonality (launch of new products)

Increase due to seasonality (launch of new products)

<Increase Factor>
 • Meet demand before next year's price revision
 • Prepare for new products.

<Decrease Factor>
 • Optimize inventory levels
 • Inventory disposal

■ Merchandise and finished goods ■ Raw material ■ Work in process ■ Supplies

Status of Capital Expenditures, etc.

(Unit: million yen)		FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Plan
Capital Expenditures		1,917	4,644	4,097	3,151	2,865	2,611
Depreciation and Amortization		1,562	1,777	2,026	2,213	2,288	2,354
R&D exp.	Amount	1,581	1,741	2,074	2,334	2,452	2,829
	% to Sales	4.4	4.2	4.6	4.9	4.8	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

The Number of Field Persons (FP)

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	361.4
	102	105	104	107
South Korea	26.0	32.8	33.4	33.2
	130	126	141	160
China	29.8	31.6	34.3	33.8
	72	66	65	68
USA	13.2	13.0	13.2	15.8
	68	102	123	125
Other*	36.0	36.2	38.2	43.0
	41	63	70	69

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

FP Recruitment and Training Status in Japan

As of December 31, 2024

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.)

Contents

- 1. Consolidated Financial Results** ————— **P2**
- 2. Financial Results by Region**————— **P7**
- 3. FY2025 and Mid to Long-Term Strategies** —— **P14**
- 4. Appendix**————— **P39**
- 5. Overview of Milbon**————— **P53**

Overview of Milbon

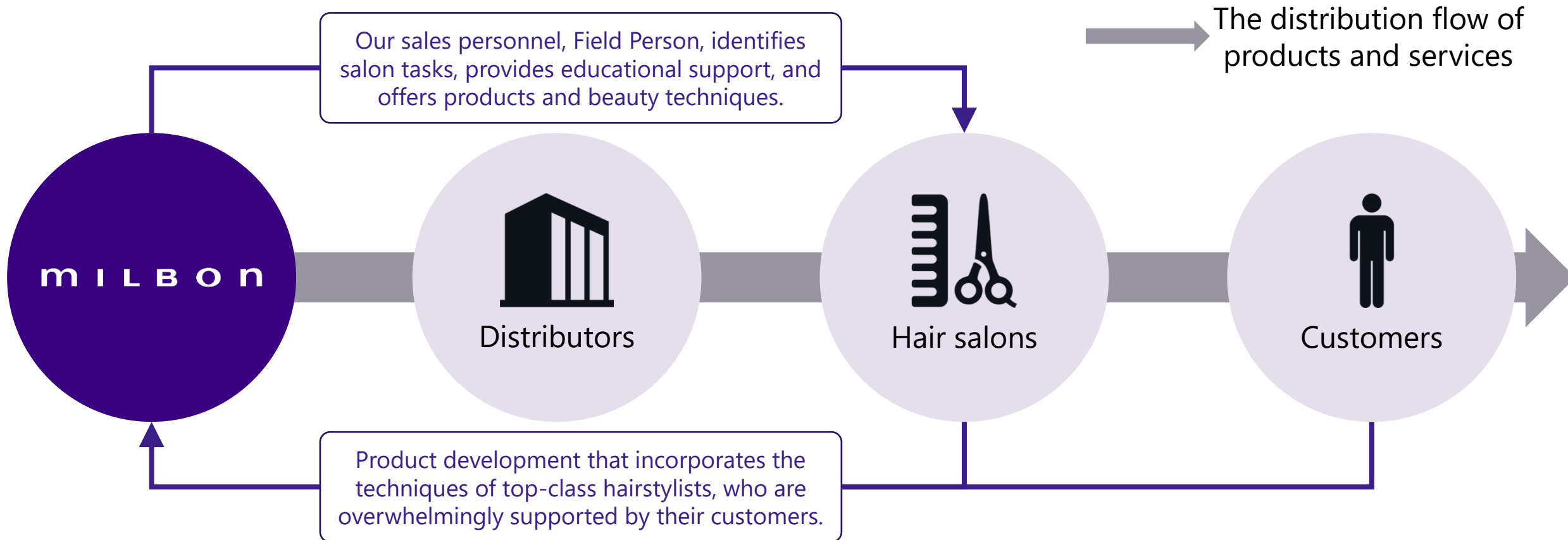
Milbon is a cosmetics manufacturer that produces and sells haircare products including treatments and hair coloring products exclusively to hair salons.



*Source: Fuji Keizai(2023) haircare products only

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.

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.



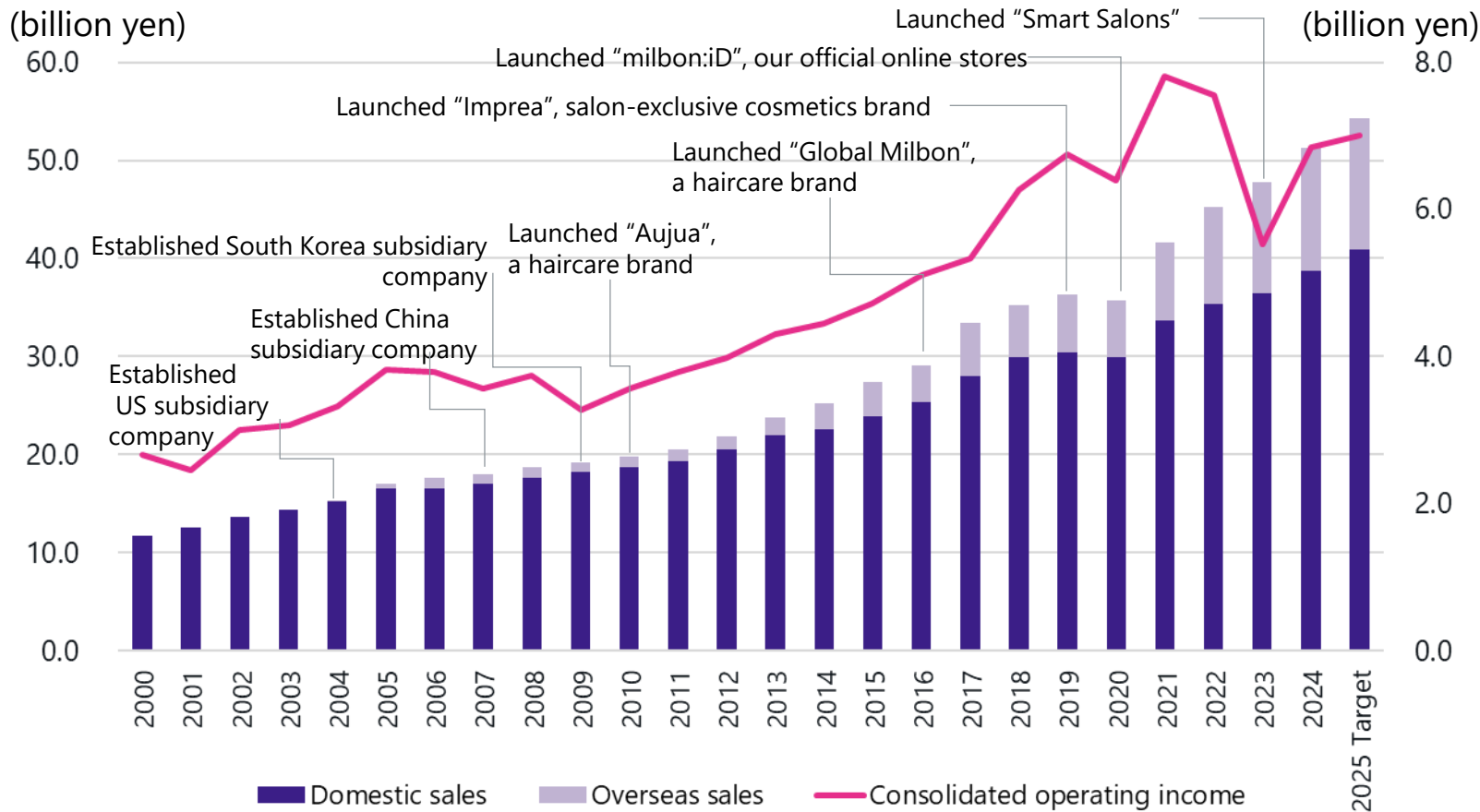
TAC Product Development System – Standardization of top-class hair stylist's technique

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.

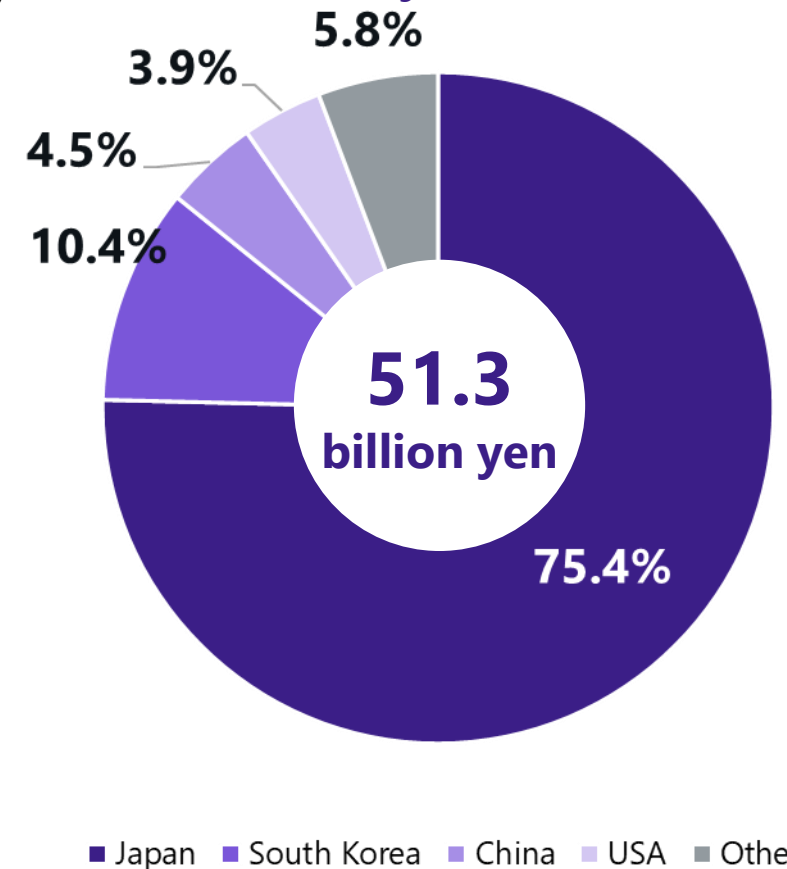
Overview of Milbon: Our Growth Trajectory

Steady growth through business expansion in Japan and overseas

Net Sales and Operating Income



Composition of Sales by Country (FY2024)



* 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.

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 (FY2024)

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

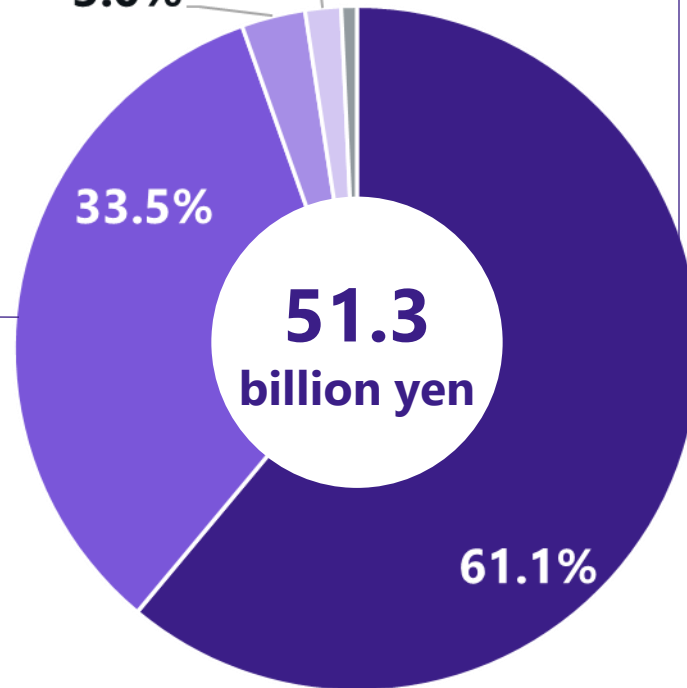


Sophistone

(Hair color brand exclusive for Europe and North America)



3.0% 1.7% 0.7%



■ Haircare ■ Hair coloring ■ Perm ■ Cosmetics ■ Other

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



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.

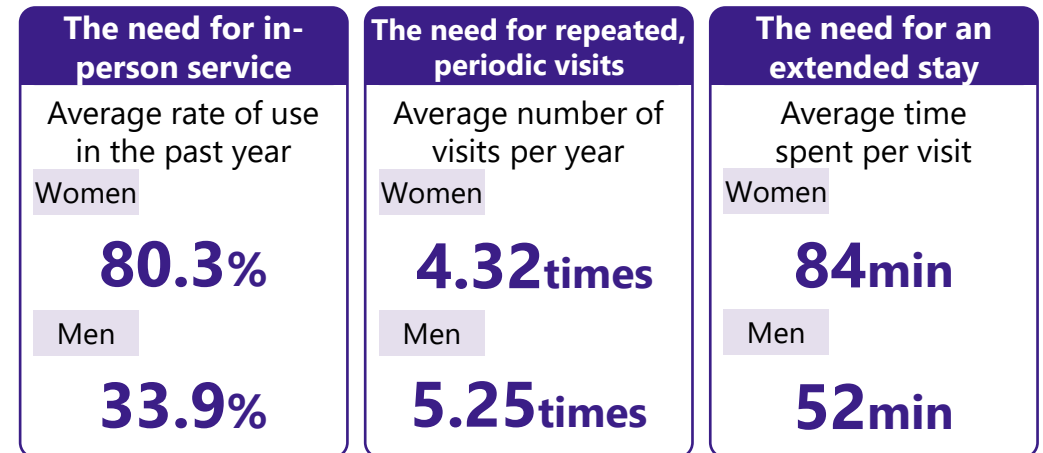
Challenges and Growth of Aging Population with Low Fertility

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.

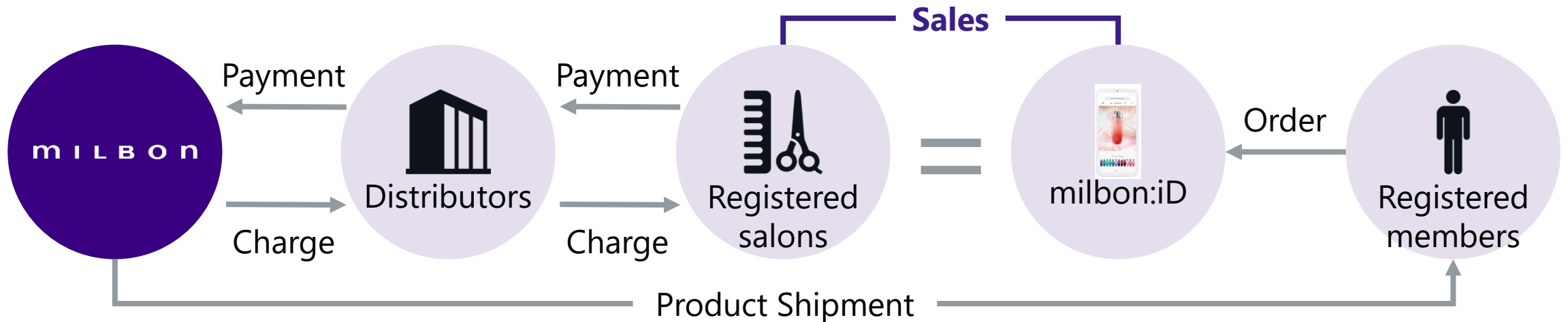


Source: Beauty Industry Census, First Half of FY2023 (Hair Salons), Recruit Co., Ltd.

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 FY2024)

Number of registered salons
6,566

Number of registered members
880,000

EC sales (Gross sales)
1,970 million yen

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



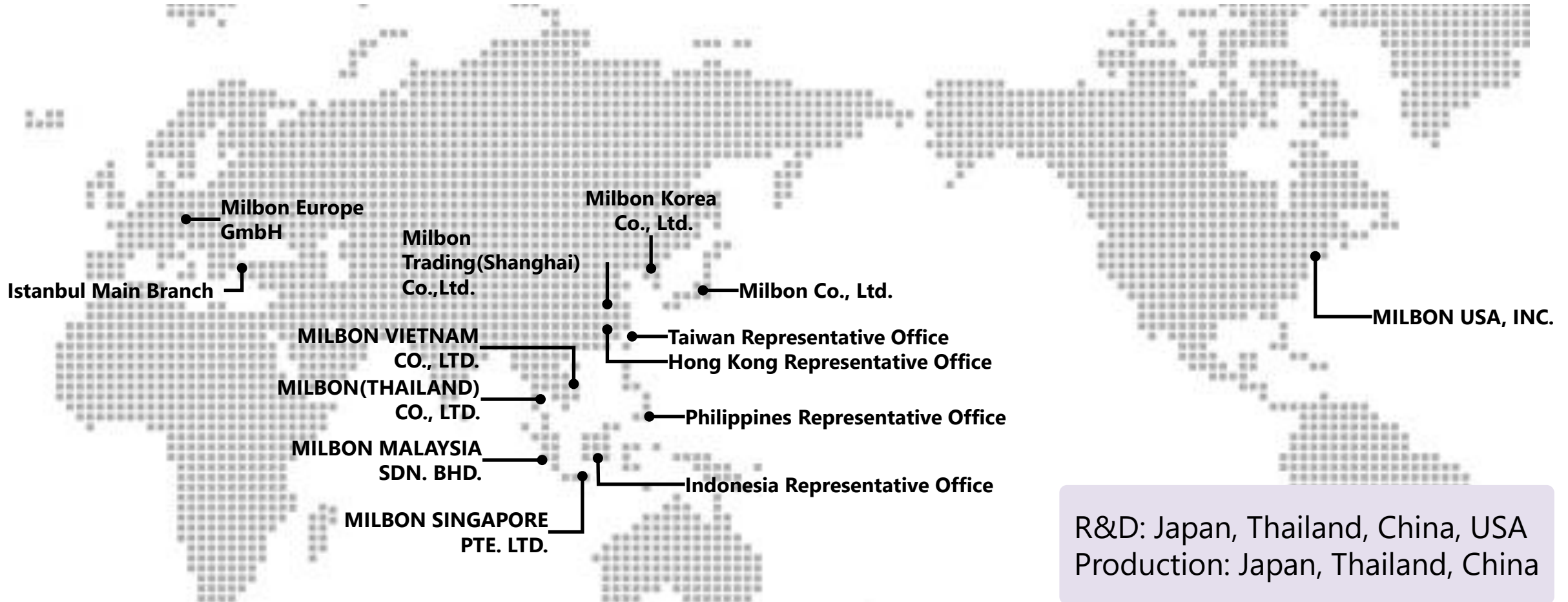
Beauty Equipment (Collaborated with Panasonic)

Panasonic x MILBON
ELMISTA



Overview of Milbon: Status of Overseas Expansion

We conduct business across the world, and have recently expanded our international bases for R&D as well as production.

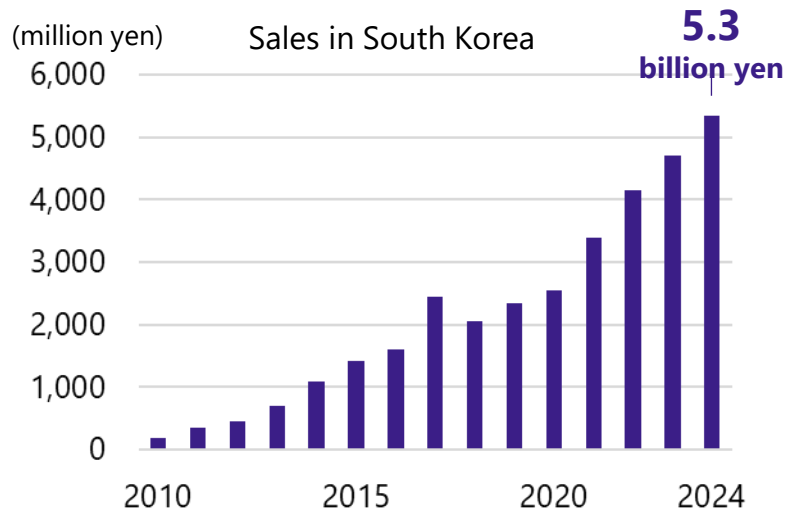


Overview of Milbon: Our Three Major Overseas Countries

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

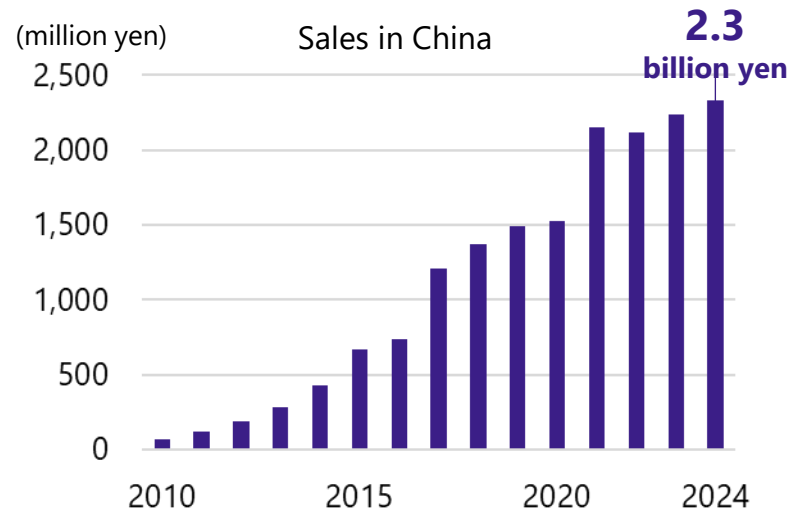
South Korea

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.



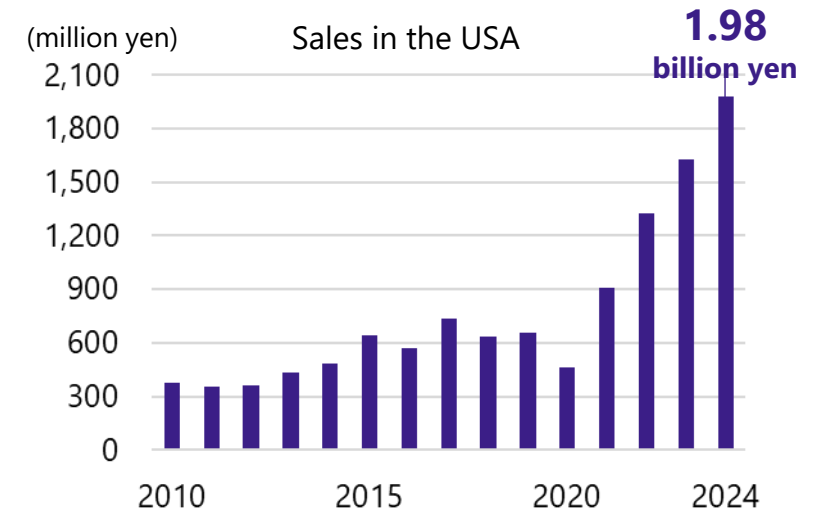
China

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.

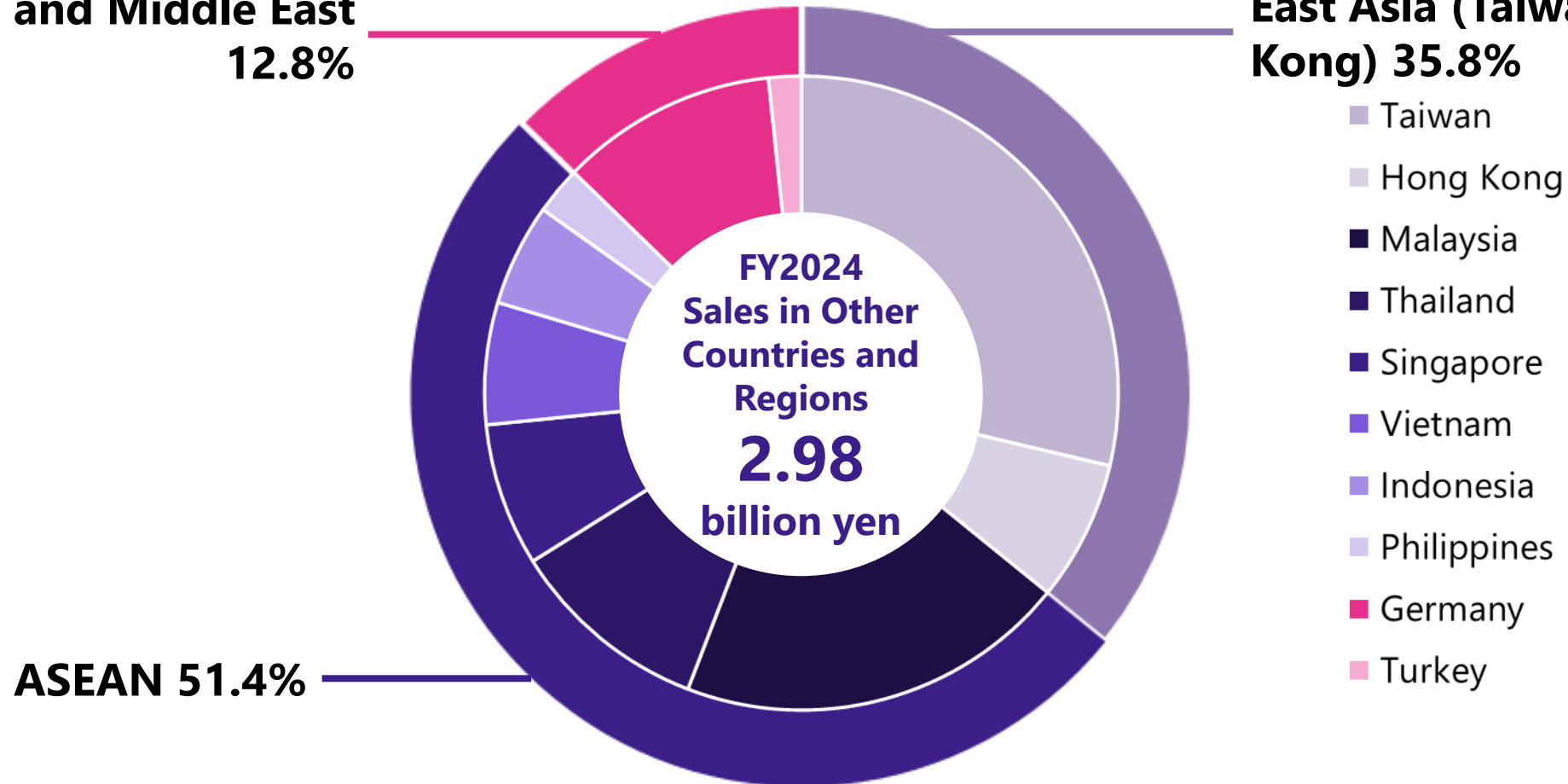


Overview of Milbon: Other Countries and Regions

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

Europe and Middle East
12.8%

East Asia (Taiwan and Hong Kong)
35.8%



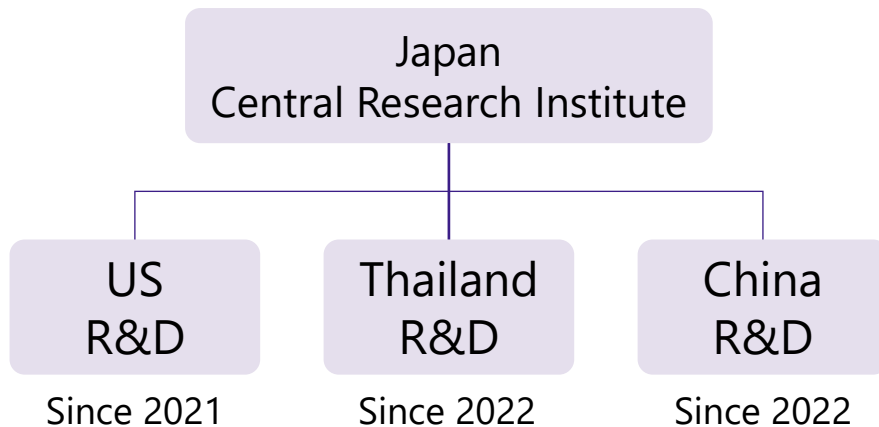
Overview of Milbon: Our Global R&D and Production

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



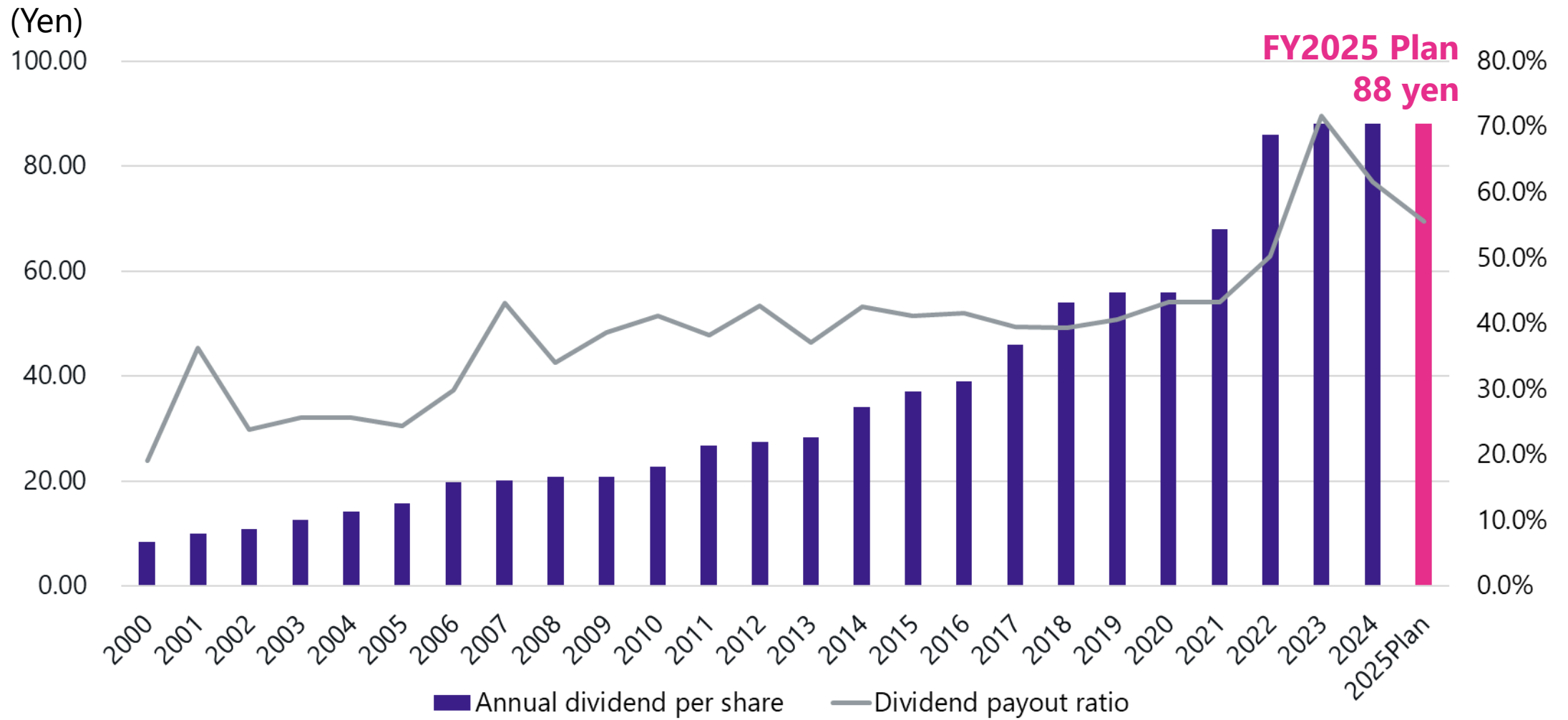
Thailand Factory
Products for overseas



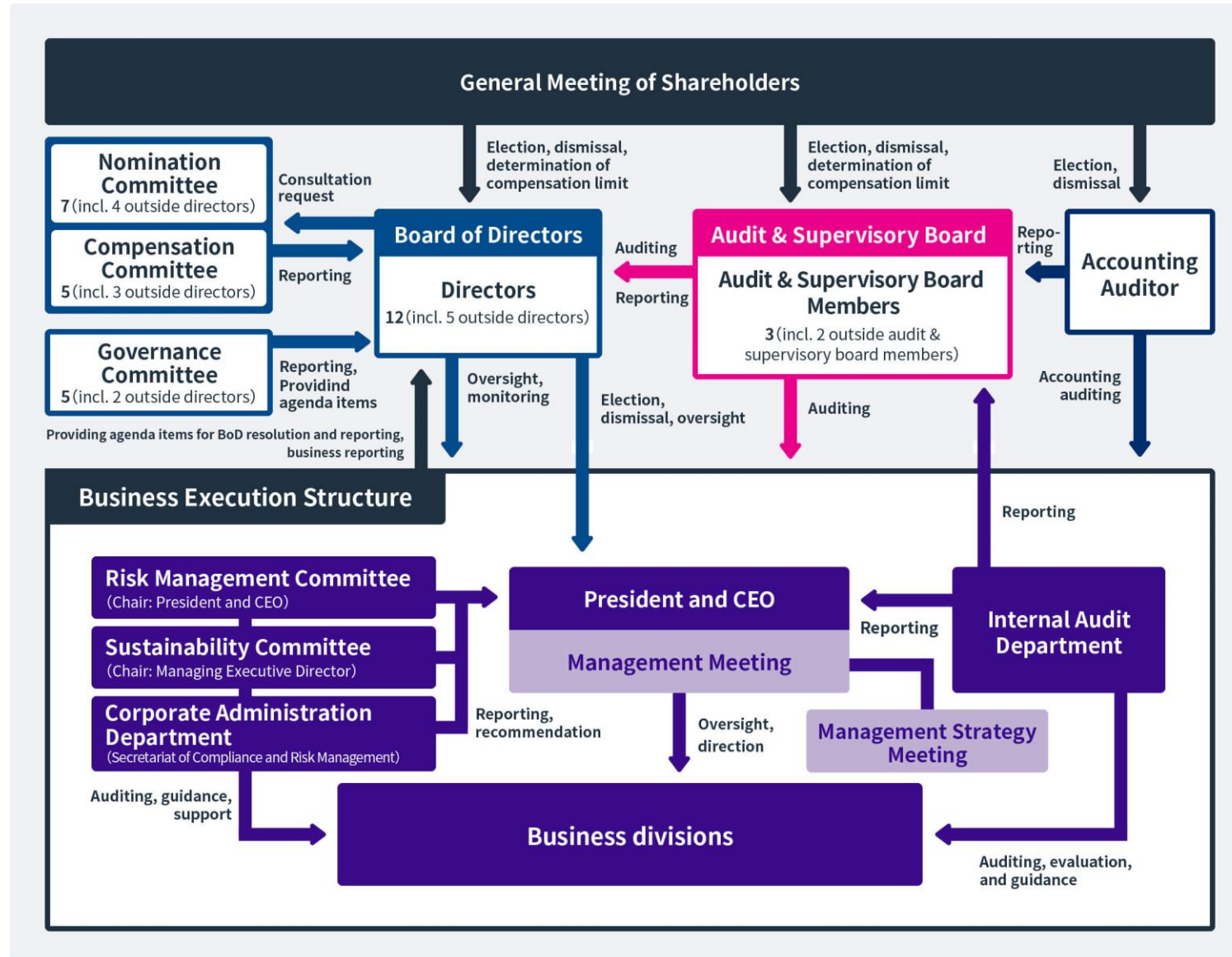
China Factory
Products for Greater China

Overview of Milbon: Shareholder Returns

We have set a dividend payout ratio target of 50% and will increase or maintain dividends without reducing them, aiming for higher dividends in line with profit growth.



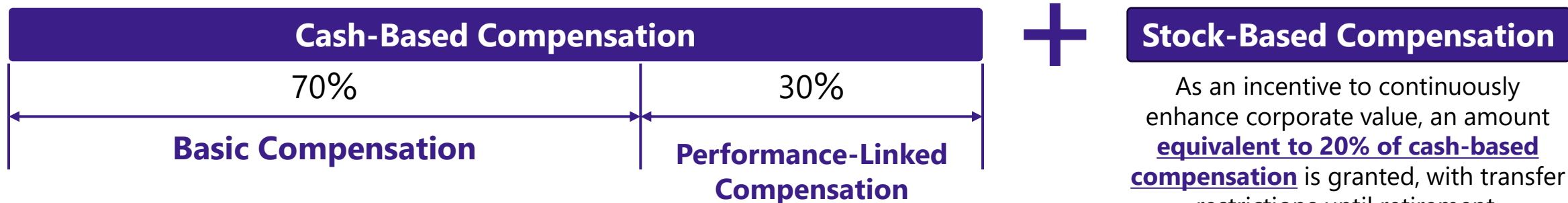
Overview of Milbon: Corporate Governance Structure



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

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

- 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%

- 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>

Overview of Milbon: Status of Dialogues with Shareholders (FY2024)

We held a total of 163 meetings throughout the year, led primarily by the Managing Executive Director in charge of Finance and IR. During interim and year-end results reporting, the President and CEO actively participated in IR meetings. Additionally, External Board Directors took part in meetings as needed.

Meeting Overview

The number of meetings with institutional investors and securities analysts: 163 in total

*Includes 6 overseas meetings in New York in June 2024

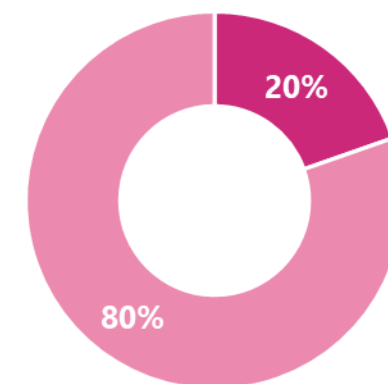
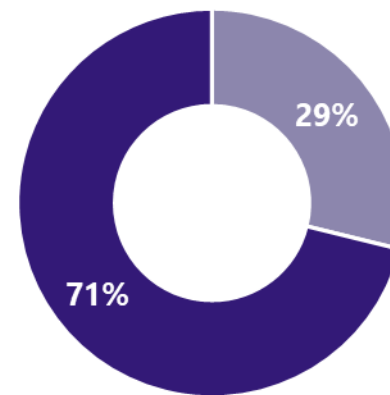
Main Participants from Milbon for IR Meetings

IR Meetings	President and CEO Managing Executive Director (in charge of Finance, Corporate Communication, and Sustainability Promotion) External Board Directors Manager of IR Division
Financial Results Presentations	President and CEO Chairperson Managing Executive Director
General Meeting of Shareholders	All Board Directors and Auditors

Profile of Shareholders and Investors We Met

Overseas Japan

Sell Side Buy Side



Status of Feedback to the Board of Directors

[Quarterly] Submitting IR Reports

- Reporting on market feedback to the Board of Directors immediately after quarterly financial results presentation

- Shareholder input and issues to be addressed are also reported

[As Needed] Sharing Comments and Letters from Shareholders and Institutional Investors

- The Director in charge reports to the Board of Directors as needed.

Overview of Milbon: Status of Dialogues with Shareholders (FY2024)

In response to the various opinions and requests from institutional investors and other shareholders, we outlined the main examples of changes in our actions and disclosures resulting from these dialogues.

■ Incorporation of Feedback From Shareholders and Investors

Main Input from Dialogue	Our Action
In training the next generation of leaders, it would be beneficial to strengthen their perspectives on the stock market.	We began a training program for Executive Officers in 2024 with the cooperation of institutional investors.
Since overseas operations are having a greater impact on the company's performance, it is necessary to disclose the company's foreign exchange sensitivity.	We will disclose the foreign exchange sensitivity of sales and profits starting in 2025.
Requests for further disclosure of the shareholder return policy and the policy for appropriate balance sheet management.	We have disclosed a more proactive shareholder returns policy and approach to cost of capital in conjunction with the release of "Management Approach with a Focus on Capital Costs and Stock Prices."

Overview of Milbon: ESG Investment Index and External Assessments

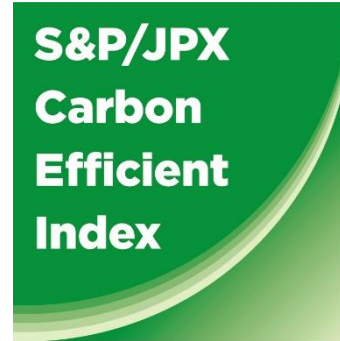
ESG investment index to be selected



**FTSE Blossom
Japan Index**



**FTSE Blossom
Japan Sector
Relative Index**



2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Milbon Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Milbon Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Blossom Japan Index Series

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

External assessments



MILBON CO LTD (YUMEGAOKA SITE)



2024
健康経営優良法人
Health and productivity



Disclaimer

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.