

**m i l b o n**

**Milbon Co., Ltd.**

Milbon Overseas Business Strategy Event

March 25, 2025

## Event Summary

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<b>[Company Name]</b>	Milbon Co., Ltd.
<b>[Company ID]</b>	4919-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Name]</b>	Milbon Overseas Business Strategy Event
<b>[Date]</b>	March 25, 2025
<b>[Venue]</b>	KYOBASHI EDOGRAND 7F, Milbon Head Office MP Hall, 2-2-1 Kyobashi, Chuo-ku, Tokyo 104-0031
<b>[Number of Speakers]</b>	2
	Harumichi Okazaki      Director of Global Sales and Marketing Headquarters, Director of FP Headquarters, and in charge of Education Planning
	Masahiro Murai      Managing Executive Director and in charge of Finance, Corporate Communication, and Sustainability Promotion

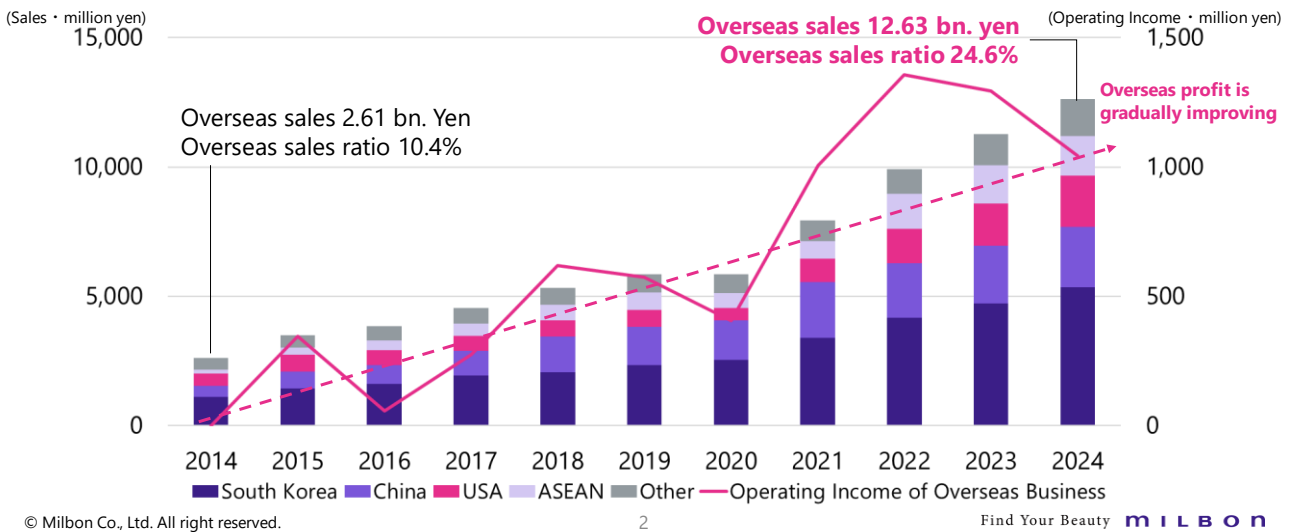
# Presentation

**Murai:** Thank you very much for taking time out of your busy schedule to join us today.

I would like to explain about the background of today's meeting.

## History of Overseas Expansion

**Leveraging our strong market share in Japan, we began full -fledged overseas expansion around 2010. By tailoring our business model to each region, we have grown our overseas sales ratio to approx. 25%.**



It is certain that our company has grown mainly in the domestic market. However, now that the percentage of overseas sales is about 25%, we have been receiving more and more requests from investors for a more detailed explanation of our international strategy.

Reflecting on this, the first reason for holding this event is to take some time and have this opportunity to explain.

We have written here about our history of overseas expansion. Milbon was founded in 1960 and was one of the last manufacturers in Japan.

I think that around 2000, we probably reached the top of the domestic market share. It took 40 years. At this stage, it was good that we had become the top company in Japan, but the big question was how to grow and where to grow from here on. We recognized that it would be quite difficult to grow solely in Japan in the future, given the demographics of the Japanese population. Thus, we began to think about overseas business in earnest around 2000, and we have gradually begun to work on it.

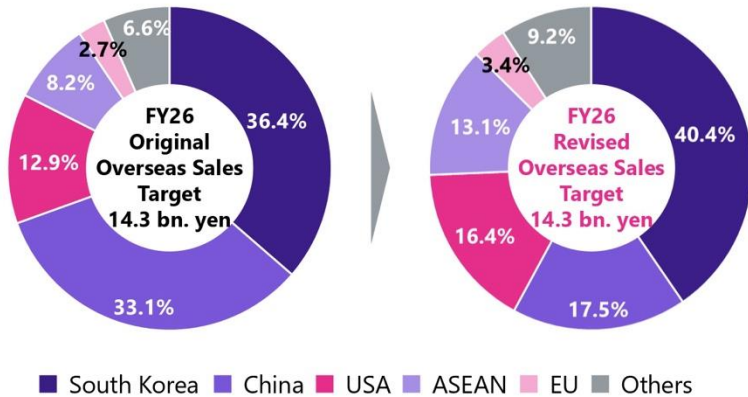
As you can see from the graph on this page, which covers the 10-year period from 2014 to 2024, our overseas business has consistently grown. It is true that there are many comings and goings in each country, but we have been able to grow.

We have been able to grow our overseas sales ratio from 10.4% in 2014 to 24.6% in 2024. We have been able to consistently grow our profits, although they do come and go.

I believe Mr. Okazaki will explain Milbon's strength in overseas business in this area later.

### Revision of Our Mid-term Management Plan: Target Changes for Overseas Markets

**The overall FY26 sales outlook for overseas remains unchanged. However, the outlook for China has been lowered due to rapid market changes, while the outlook for South Korea, the USA, and other countries has been raised.**



#### Increased Growth Potential in the USA

Further growth opportunities are emerging in the USA and EU, where the market size is substantial.

#### Potential for Market Leadership in South Korea

Haircare product growth is accelerating, building on the stable growth of hair coloring products.

#### Lowering the Outlook for China

The sales composition has been lowered due to the deteriorating macroeconomic environment.

The recently announced revisions to our mid-term management plan indicate that while consolidated net sales will remain unchanged, the composition of our overseas business has clearly shifted, as illustrated by this pie chart.

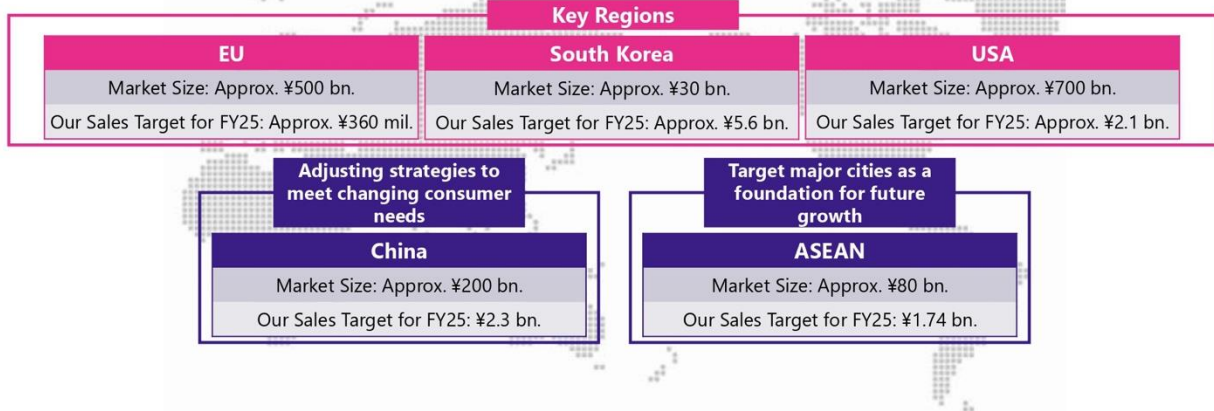
We had initially expected that South Korea and China would be able to grow at a significant rate, but unfortunately, China is not growing as fast as we had expected under the circumstances.

On the other hand, the USA is growing much faster than anticipated, and we believe the US market will be extremely important for our future growth.

We understand that some investors believe it would be beneficial for us to focus more on Asia rather than the USA. However, as we will explain, we are beginning to see promising growth opportunities in both the USA and Europe. We hope you will understand our perspective today.

## Key Overseas Regions

As the Chinese market slows down, the importance of the large and rapidly growing U.S. market is increasing. We aim to maintain stable growth in the high-margin South Korea while focusing on profitability in the U.S. market.



\* Market sizes are based on our research.  
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We have identified the EU, South Korea, and the USA as key regions for future focus. As you are probably aware, South Korea has been growing rapidly and can now be considered a great success. In contrast, the EU and the USA still have a long way to go. We are confident that our businesses in these areas will continue to grow, and we are planning to have Mr. Okazaki explain this to you in detail.

That's about all I have to say on the whole, and I would like to leave the rest of the explanation to Mr. Okazaki.

**Okazaki:** Hello, my name is Okazaki. Thank you very much for taking time out of your busy schedule to come here today. Also, I would like to thank you all for your continued support. Thank you very much.

## Speaker Introduction



**Harumichi Okazaki**

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1996	Joined the Company
2009	Senior Manager of the Tokyo Sales Office (current Jingu-mae・Aoyama・Ginza Office)
2012	<b>Founding member of MILBON(THAILAND)CO.,LTD.</b>
2016	<b>MILBON(THAILAND)CO.,LTD. President</b>
2018	<b>MILBON USA, INC. President</b>
2022	Executive Officer, <b>Director of Global Sales and Marketing Headquarters</b>
2024	Board Director and <b>Director of Global Sales and Marketing Headquarters, Director of FP Headquarters</b> , and in charge of Education Planning

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To begin, I would like to briefly introduce myself. I joined the Company in 1996, and it has been 29 years. Until 2009, when I became the senior manager of the Tokyo Sales Office, I was engaged in field activities mainly in eastern Japan, including the Tokyo metropolitan area, the northern Kanto region, and the Tohoku region.

Field activities include visiting hair salons together with local distributors to solve their problems, conducting educational activities, and providing management advice. These are the main field activities of Milbon's Field Person (FP).

Following that, I went to Thailand in 2012 as one of the first students of the Global Leader Training Program and established MILBON (THAILAND) CO., LTD.

Thailand has a sales department and a production department, and since 2016, I have been in charge of Thailand, overseeing both departments.

I was then transferred to New York City as USA's President in 2018. Until then, business had been centered on Japanese-owned salons, but the Company sought structural reform by establishing a distributor network throughout the USA and began full-scale sales of its products to local hair salons in the USA. One and a half years of my four-year assignment was spent in the COVID-19 pandemic, but it was a very valuable experience for me because I think that I was able to experience something essential about the USA.

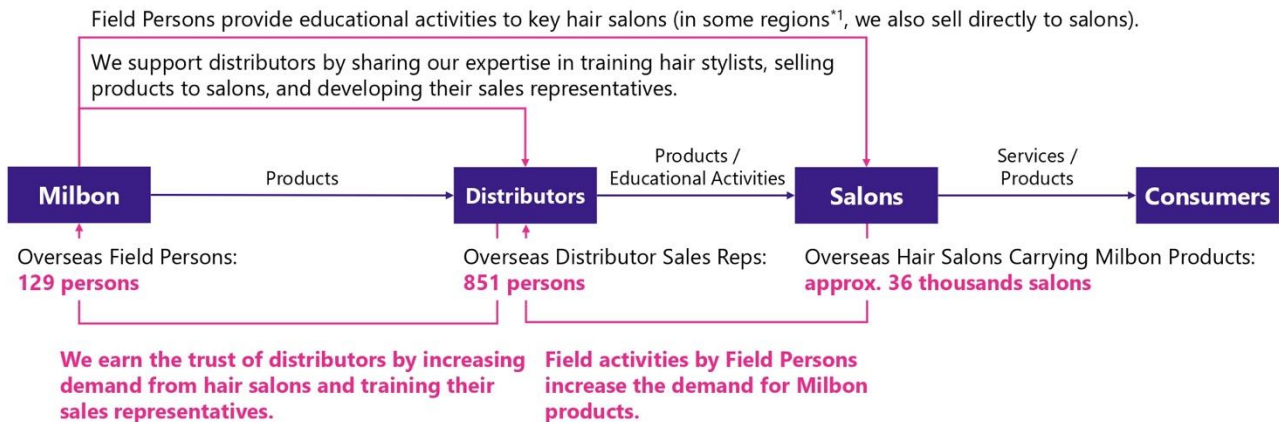
After 10 years of overseas service, I returned to Japan in 2022 to become Director of Global Sales and Marketing Headquarters, overseeing 13 countries. And last year, starting in 2024, I became responsible for Japan as well as overseas.

In today's presentation, I will share with you Milbon's strengths and overseas growth potential based on our experience in the field. Thank you.

Now I would like to proceed.

## Shared Strength in Both Domestic and Overseas Markets: Business Model

**We stimulate demand for our products through educational activities for hair salons and maximize revenue through strong collaboration with distributors. By consistently implementing these initiatives, we have achieved sustainable growth.**



<sup>\*1</sup> China (Shanghai, Beijing, Chengdu), the USA (Manhattan), Germany, and others.

\* Numbers are as of December 31, 2024.

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First of all, please take a look at the first section regarding strengths. Here is a background of the Company's current position overseas. The business model is a competitive advantage.

The commercial flow is the same as in Japan, where merchandise is sold to hair salons through distributors, and take-home products are sold to general consumers through hair salons.

In this context, our own sales and education personnel, Field Persons, are developing activities centered on education for hair salons. As the need from hair salons grows, so does the need and importance of Milbon from the distributors that have them as customers.

We then provide distributors with education and sales know-how for hair salons, and support the development of their human resources. For example, we offer training for new recruits, executive training, and collaborate on projects to effectively target and engage salons. This encourages distributors to prioritize our products and expand sales to many salons.

Repeating this process has created a virtuous cycle among Milbon, distributors, and hair salons, gradually increasing our presence in the market.

Especially in overseas markets, there are barriers such as the size of the country, language, and beauty customs. We believe that in order to sell effectively in a large region and overcome cultural barriers, partnerships with distributors who have the deepest local understanding are crucial.

We have 851 distributor sales representatives overseas, as shown on this screen. We are also developing our business locally by hiring locally for our own staff. We have 129 overseas Field Persons. Combined with the number of FPs and distributor sales representatives mentioned earlier, we have nearly 1,000 overseas salespeople selling Milbon, which is very encouraging.

A prime example of success is Milbon Korea, where all employees, including the President, are Korean. By doing so, we have succeeded in building good relationships with local distributors and hair salons. In the case of South Korea, in particular, there are some political situations such as anti-Japanese sentiment, but

Milbon Korea has been completely unaffected by such situations. We believe this exemplifies successful localization.

## External Factors Accelerating our Overseas Expansion

**Our business is likely to be highly valued in the following market environments and competitive landscapes.**

<b>Market Environment</b>	In high-income countries, where hair salons and beauty techniques are advanced, the demand for beauty education and high-performance products is high.	<b>Competitive Landscape</b>	Increasingly, competitors are shifting from B2B2C models involving distributors or salons to B2C models with direct consumer sales.
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**Milbon's Strengths**

<p><b>Positioning</b></p> <p>Specializing in hair salons and hair stylists</p>	<p><b>Sales Model</b></p> <p>Educational sales activities for salons and collaboration with local distributors who are well-versed in local beauty culture</p>	<p><b>Products</b></p> <p>Development of high-performance products specializing in hair and hair salons</p>
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- ✓ **In regions with high standards of beauty techniques, our activities and premium products are a good match for salons, and many distributors understand our philosophy (the importance of educational activities for salons).**
- ✓ **A competitor's shift to B2C has enhanced our value as specialists in salons, leading to increased support from salons and distributors.**

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Furthermore, certain overseas regions align well with our business. These regions typically have high income levels and robust urban infrastructure, fostering the development of hair salons and a high demand for beauty services and technical education.

Our company thrives in such environments due to our strong support for hair salons, with education at the core of our operations. Many distributors in these regions also recognize the importance of education for hair salons, facilitating business development.

There are differences in the level of market development in each country, but in some of the regions in which we operate, for example ASEAN, hair salons have developed only in urban areas. In these areas, we are laying the groundwork for future growth by focusing our activities on urban areas while waiting for the market itself to grow.

The competitive environment is also a tailwind for us. That is, an increasing number of manufacturers are converting from B2B2C business to B2C. After the lockdown during the COVID-19 pandemic, companies are building their own e-commerce sites, selling on Amazon, retail channels, and accelerating direct-to-consumer sales at cosmetics retailers such as Sephora, in order to secure revenue streams that are not limited to hair salons.

The fact that we are solely focused on increasing the value of hair salons and beauticians in our business has made us increasingly important and supported by hair salons and distributors.

## Keys to Success in East Asia: Delivering Value to Salons Beyond the Role of a Manufacturer

By implementing activities focused on education, we have extended beyond just product-related interactions with salons. By expanding the following initiatives to other regions, we aim to earn greater support from salons.

### STEP 1

#### Product Education Activities

We conduct product-related technical training for hair stylists worldwide **to foster trust in the Milbon brand.**



Hair Color Seminar in the USA

### STEP 2

#### Hairstylist Career Training

In East Asia and ASEAN, we conduct educational events that **support the career advancement of hairstylists, independent of products,** to strengthen loyalty to the Milbon brand.



Educational Event in China

### STEP 3

#### Strategic Management Proposal for Salons

Each year, **we announce the key points of salon management as our "Policy"** and propose related products and educational offerings. This solidifies our position as a partner supporting overall salon management.



Policy Announcement in South Korea

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Based on our business model, we have been successful in East Asia, South Korea, and Greater China by providing value to hair salons that goes beyond the boundaries of manufacturers.

This page shows that. Japan, as well as other East Asian countries, have successfully implemented initiatives up to this step three.

Step one: Product education activities. We communicate product usage, processing, and features through hands-on seminars, often conducted on-site at salons. We now also offer these seminars online. This initiative is fundamental to our strength, fostering trust in our brand among hair salons across all our overseas regions.

Step two: Educational events for hair stylists. These events help stylists grow professionally, independent of specific products, setting us apart from other manufacturers and strengthening brand loyalty. This initiative is active in Japan, East Asian countries, and ASEAN, represented by the DA-LINK contest.

Step three: Key points of salon management to respond to social changes, published annually as our "Policy." This is a proposal that says, "This is how the world is going, so this is what hair salons should do," or, "This is what stylists and hair stylists who are doing well in today's world are doing."

By offering products and education to hair salons based on this "Policy," we are uniquely positioned to support the overall management of hair salons. This effort is being carried out in Japan and in East Asia.

This year's overseas "Policy" focuses on O2O (online to offline) communication, highlighting common traits among globally supported hair stylists. Effective communication, both online and offline, is crucial.

The most popular hair stylists in the world today, the ones who are favored by their clients, attract customers by sending out hashtags on their Instagram accounts with their signature and recommended styles. These are the things to do online.

The next step is what kind of experience to offer customers offline at the salon to make them look beautiful when they come to the salon after seeing the signature style online. This sequence of events is a very

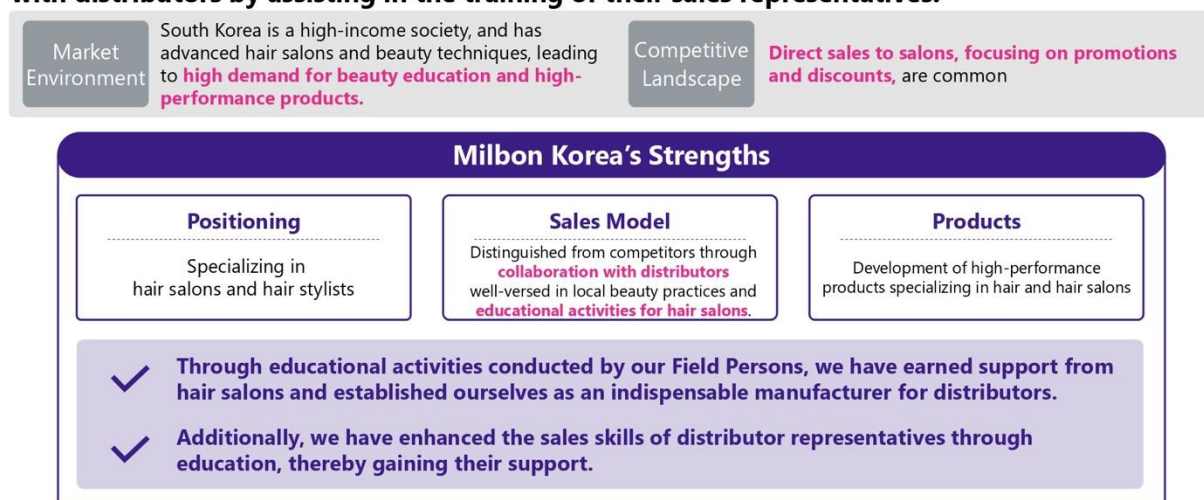
important point. Therefore, we are now developing such a marketing campaign that if you learn with an awareness of O2O, you can become a hair stylist who is acclaimed by your customers.

By taking these steps, we are building relationships with hair salons that go beyond products, and by expanding this approach to each region, we are gradually strengthening our competitive advantage over our competitors.

The integration of steps two and three here will add depth to the education and improve the hair stylist's performance. When this happens, the relationship with Milbon becomes a sustainable one, a winning pattern, so to speak.

## The Key to Success in South Korea: Collaboration with Distributors

**We have become a key manufacturer for distributors by gaining support from hair salons through educational activities. Additionally, we have established cooperative relationships with distributors by assisting in the training of their sales representatives.**



Next, I would like to talk about strategies by region, starting with South Korea. South Korea is a successful example of our overseas business. Reflecting on our success, the key factor has been our relationship with distributors. In South Korea, we gained the support of hair salons through Field Persons' educational activities.

These activities were not only product-oriented but also included training in customer service etiquette, which was well received due to the high interest in Japanese hospitality at the time. As a result, support from hair salons increased, which is crucial for distributors. Consequently, distributors began prioritizing Milbon's products.

In South Korea, many manufacturers sell directly to hair salons without involving distributors. In this environment, we emphasized collaboration with our distributors, successfully retaining them and expanding our sales.

By focusing on distributor sales training, we have improved their sales skills and retained the best salespeople. For example, in South Korea, there is a system where salespeople must pass a test to sell Global Milbon haircare products. In other words, the system is designed to sell only to those who are very passionate and excellent.

Educational activities by Field Persons for hair salons not only increase support from hair salon but also increase our importance to distributors that have such salons as clients. This collaborative relationship with distributors is the model for Milbon's overseas expansion.

Furthermore, I would like to comment on our educational event in South Korea, DA-LINK, which I mentioned earlier. This event is also conducted in East Asia and ASEAN regions, besides South Korea.

In today's age of online communication, DA-LINK is a contest where hair stylists showcase their ability to brand themselves to consumers through social media, personalize customer experiences at their salons, and demonstrate creativity in addressing these challenges.

For instance, 50 teams participated and over 1,500 people attended DA-LINK in South Korea. Last year, 150 teams participated and 2,000 people attended the event in mainland China. In Taiwan, 90 teams and 1,000 people participated.

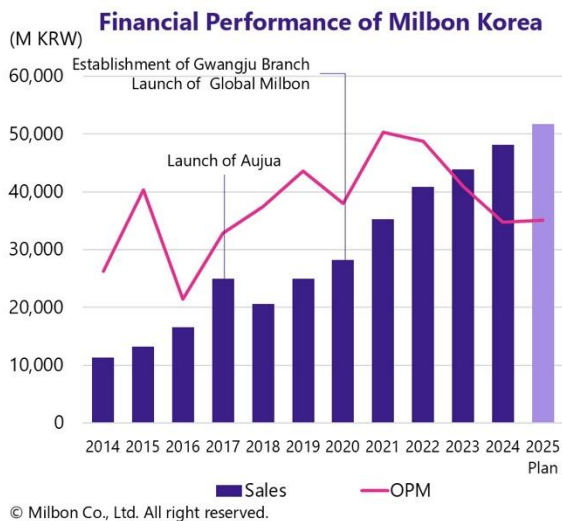
When I refer to teams, I mean the number of participants in the contest. The audience numbers reflect those who came to watch. In Taiwan, 90 teams participated and 1,000 people attended. In Malaysia, there were 82 teams and 800 visitors. We also held our first event in Thailand, with 61 teams and 500 attendees. This educational event has been very well received in many countries.

This year, in addition to these events, we plan to hold events in Indonesia and Singapore.

We believe that implementing such initiatives, regardless of products, based on our business model has garnered support in South Korea and East Asia.

### South Korea: Further Growth Potential

**We have established a strong presence in the South Korean market, with an estimated second-largest market share, primarily in hair coloring products. There is potential for growth in haircare and perm products, making this region poised for further performance expansion.**



Regarding growth potential in South Korea, the biggest opportunities lie in hair care and perm.

There are two pie charts here. On the left, Milbon Korea's sales show hair care at 23% and perm at 5%. However, the overall South Korean cosmetics market for hair salons, shown on the right, indicates hair care at 40% and perm at 30%.

For hair care, we are developing both Aujua, our flagship brand in Japan, and Global Milbon, our global flagship brand, and cross-selling to hair salons that handle hair color products.

For perm, we are researching and developing specialized products to suit South Korea's unique perm customs. By strengthening each product category, we anticipate further growth in South Korea.

## South Korea: Positive Impact on Other Countries

**In South Korea, we are gaining support and building connections with young hairstylists through educational activities and events. Additionally, we enhance our brand value by capturing the beauty trends they create and disseminating them internationally.**

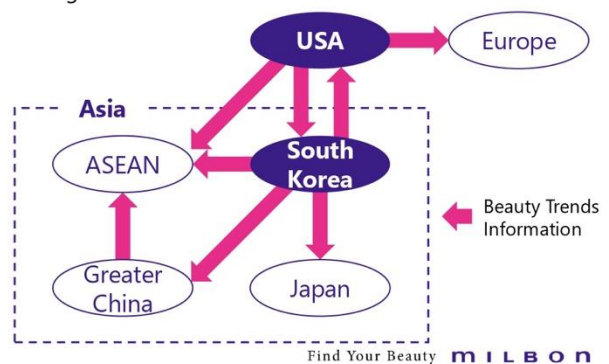
### Hosting Events to Garner Support from Young Hairstylists



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### Flowchart of Beauty Trends

South Korea significantly influences beauty trends across Asia while being influenced by the USA. We host seminars and disseminate trend information by Korean hairdressers throughout various Asian countries.



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Additionally, the growth of our presence in South Korea has positively impacted the Milbon brand across Asia. This influence extends beyond South Korea, affecting other countries as well. As you know, the trend and influence of K-beauty have been remarkable in recent years, spreading throughout the Asian region.

In conjunction with the educational events mentioned earlier, Milbon holds events to increase support from young hair stylists in particular. By building a cooperative relationship with them, we are able to capture the latest trends and conduct South Korean trend seminars in Japan and other Asian countries.

This is very much the case in Japan, where there are many requests to learn Korean hairstyles. Requests have come in from all over Japan. Young Korean hair stylists who are popular nowadays actually studied at Japanese beauty schools, so they can communicate in Japanese quite well.

One event that attracts these young hair stylists is the Pool Festival, as shown in the photos here. This event gathers mainly young hair stylists from South Korea, with over 1,000 attendees.

This year (2025), young stylists from Japan, Malaysia, and Taiwan will participate as special guests at the Pool Festival. We hope this event will become a hub for disseminating Asian trends and fostering interaction among young people. Last year was the first time the event was held, making this year the second.

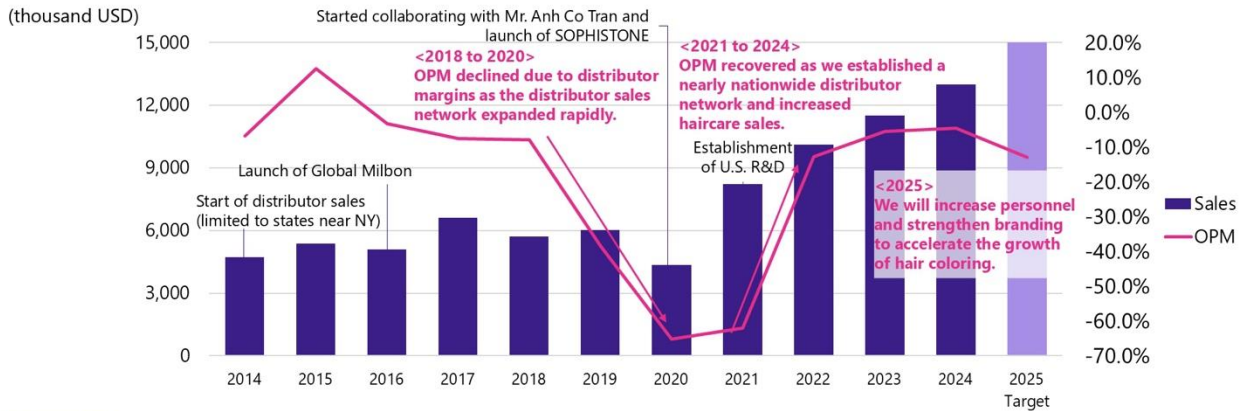
Additionally, famous young Korean hair stylists are very interested in global connections, particularly with the USA. Many have world-famous Korean actors as clients and aspire to connect with Hollywood in LA.

For example, we have a contract with Mr. Baek from Salon HE:ARTS, who is so renowned that a world-famous fashion magazine frequently requests his hair styling services in South Korea. Through this contract, he assists us with seminars for hair stylists and marketing. He mentioned that Milbon's connection with LA was one of the reasons he signed the contract with us.

This suggests that famous Korean hair stylists are more focused on the USA, especially Hollywood, than on Japan.

## USA: Review of Business Development to Date

**Establishing a sales structure across the vast country and addressing hair types different from those in Asia were challenges. However, our promotion of product switching since 2014, as well as our building of a distributor sales network led to an acceleration of growth post-COVID-19.**



Sales ratio for direct sales to salons and distributors	Direct*1	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Target
		Distributor	6	12	15	16	26	58	62	72	80	81	83

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Next, I would like to discuss the USA. Growth in this region is crucial for the future expansion of our entire overseas market.

Growth has accelerated in recent years, but let's reflect on the background. In the USA, a Japanese straight perm boom occurred when a Japanese hair stylist introduced our straight perm, which was popular in Japan at the time.

Sales began in the 1990s through an exclusive distributor. In 2004, a local subsidiary was established in the form of an acquisition of the business of its sole distributor, and since then, business has remained sluggish, but two events marked a turning point.

First, the start of distributor sales in 2014. Initially, the company sold directly to hair salons, mainly in Manhattan, but began distributor sales with one distributor in the New York vicinity. Since 2018, we have gradually accelerated the switch to distributor sales through introductions among distributors, and currently, 80% of our sales are through distributors. This is represented by the red at the bottom of the screen, indicating the increasing percentage of sales from distributors.

Although the switch from direct sales to distributor sales channels caused our profit margin to drop due to distributor margins, the transition has run its course. Sales channels have expanded, and profit margins have stabilized.

Second, the launch of Global Milbon in 2016. Originally, Global Milbon was a brand aimed at overseas growth, particularly in the USA. Previous products struggled to accommodate the wide range of ethnic hair types in the USA, but since the launch of Global Milbon, it is now possible to address hair types.

The expansion of sales channels and product switching through the establishment of this distributor network has accelerated growth since COVID-19.

## USA: Recent Growth Factors

The sales structure and product lineup has been gradually adapted for the U.S. market, laying the foundation for growth.

### Establishment of a Sales and Educational Network for Salons Across North America via Distributors

Our sales increased with the expansion of distributor sales areas and the rise in distributor sales reps.

#### As of FY2018

We sell directly to salons outside distributor sales areas.

#### As of FY2024

We have established a distributor network across North America.



Distributor Sales Areas



Sales of Milbon (K USD)	5,730	Sales of Milbon (K USD)	<b>13,013</b>
Distributors	3	Distributors	<b>9</b>
Distributor Sales Reps	50	Distributor Sales Reps	<b>312</b>

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### Establishment of a Product Portfolio Tailored to the U.S. Market

#### Main products before FY2016

Hair care: product effectiveness is highly rated, but packaging and lineup were not adapted to the U.S. market.  
Hair color: we lacked products suitable for non-Asian hair.



#### Main products after FY2016

Global Milbon  
(Hair care and styling)

SOPHISTONE  
(Hair color for the U.S. and EU markets)



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This page describes the two growth triggers we discussed earlier: building distributor sales channels and switching products.

On the left of the screen, you can see the map of the USA. In 2018, we contracted with a distributor in California, which is currently the highest-performing distributor in the USA. Through introductions from this distributor, we rapidly built a network and now have distributor sales channels in all 50 states and have established a sales channel extending to Canada.

We visited new distributors through introductions from those already working with us, allowing us to meet numerous distributor presidents who understand Milbon's position. As a result, in 2018, there were only 50 distributor salespeople, and now there are 312 across the USA, leading to increased sales.

Regarding products, both hair color and hair care did not initially fit market needs when we brought in Japanese products as they were. However, with the launch of Global Milbon for hair care in 2016 and SOPHISTONE for hair color in 2020, we are now meeting market demands. As of today, our sales channels and products are well-established.

## USA: Stable Hair Care Growth With Global Milbon

**In the U.S. market, Global Milbon is highly regarded. Leveraging this, we will introduce haircare products to international markets, developed by our U.S. R&D.**

### Professional Products to Enhance the Value of Salon Menus

Our in-salon treatment products stand out with their short treatment times, immediate results, and long-lasting effects.



### Take-home Products to Boost Salon Sales

Our take-home hair care products deliver immediate results and are exclusively available in salons, never through D2C channels, earning the trust of salon professionals.

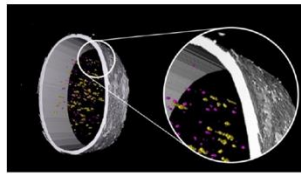


#### Basic Research:

#### The Foundation of Innovation

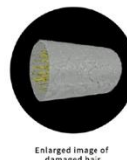
Utilizing the world's largest synchrotron radiation facility, SPring-8\*, we examine the effectiveness of our products by analyzing the internal structure of hair from around the globe.

\* SPring-8 is owned and operated by RIKEN, Institute of Physical and Chemical Research.

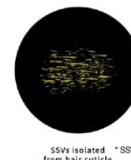


<Analysis resulting from X-ray CT-scan of damaged hair>

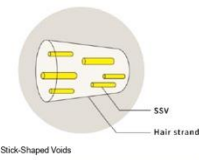
<Illustration of damaged hair>



Enlarged image of damaged hair



SSVs isolated from hair cuticle



SSV  
Hair strand

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Regarding the haircare product line Global Milbon, it has received high praise for its perceived effectiveness compared to competitors' products and its suitability for various hair types and concerns. Hair salons appreciate that these powerful products are sold exclusively in salons, where their effectiveness is evident upon use. This exclusivity makes it easier for distributors to introduce these items to hair salons. The process and usage are straightforward, allowing distributor sales reps to hold seminars and introduce them to new salons.

By the way, this package is labeled in English, not for use in Japan, but so that English-speaking individuals can understand its effects. For the black and gold package, shown on the far right of the screen, we gathered wealthy individuals in New York to choose the package that looked the most luxurious.

We are confident in our significant competitive advantage in haircare knowledge. We aim to leverage this strength to introduce haircare products exclusively for overseas markets. We are developing these products primarily through R&D in the USA, established since 2021.

For example, curly hair, which is not common in Japan, requires products to enhance its appearance. Additionally, the technology for straightening products is outdated, so we are developing new straightening agents with advanced technology, specifically for the USA, even if they may not be legally allowed in Japan.

Additionally, since COVID-19, there has been a global increase in interest in scalp care due to symptoms like increased hair loss. Currently, there is a boom in Japanese head spas in Europe and the USA. We have seen a significant rise in requests for massage technique training using our products.

Moreover, in Japan, there is a growing demand from tourists from Europe and the USA who want to experience head spas at Japanese salons. We have received numerous inquiries from Japanese salons asking

for English materials and leaflets that explain the services in English, reflecting the head spa boom.

## Why the USA Now?

**In South Korea, we have stimulated demand from salons through educational activities. In the USA, product appeal has created demand, as has distributor collaboration. We aim to establish a further competitive advantage in the USA by evolving to an educational model.**

<b>Market Environment</b>	The USA has a high demand for hairstylist education and high-performance products, making it <b>the largest market in the world</b> . However, the country's vastness makes efficient sales and educational activities challenging.	<b>Competitive Landscape</b>	Increasingly, <b>competitors are shifting from B2B2C models involving distributors or salons to B2C models with direct consumer sales</b> through retail stores or their own e-commerce platforms.
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Now, the reason we see growth potential in the USA is because our product strength has led us to collaborate with distributors, which is a prerequisite for overseas growth. The USA is the largest market in the world and is a very good match for our business in terms of beauty techniques education and the high demand for high-end products.

On the other hand, the Asian model of stimulating demand from hair salons through educational activities was a hurdle that direct sales could not overcome because of the vast land area, 25 times the size of Japan. In the USA, Haircare products of Global Milbon became a competitive advantage, stimulating demand from hair salons and collaboration with distributors. Although the entry points are a bit different in South Korea and the USA, distributor collaboration has been realized in the USA as well.

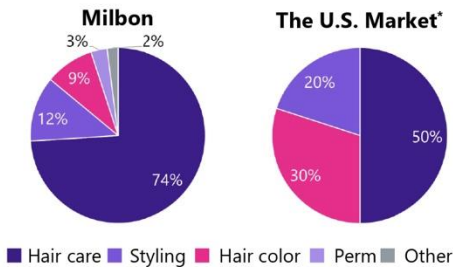
Furthermore, in the USA, competitors are increasingly selling directly to consumers through platforms like Amazon and Sephora. In this context, we continue to sell exclusively to hair salons, which has increased our importance to distributors and strengthened collaboration.

In this situation, the Company is further establishing its competitive advantage by evolving to an educational model, including increasing our personnel in the USA. The number of Field Persons has increased by five since the beginning of 2025 and now stands at 22. It is approaching about 30 in South Korea. We will continue to augment it gradually.

## USA: Accelerating the Growth of Hair Coloring Products

We will enhance the branding of our hair coloring products through ambassador contract, in order to increase per-salon sales by cross-selling these products.

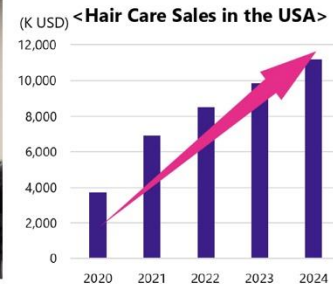
Sales and Market Composition by Product Category



Approx. 2,000 salons carry SOPHISTONE (hair color), compared to around 10,000 for Global Milbon (hair care and styling), highlighting significant growth potential for hair coloring products.

\*The composition rate in the U.S. professional market is based on our own research.  
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The Potential of the Ambassador Contract



After establishing a sales and educational network in collaboration with distributors, we launched marketing initiatives with Mr. Anh Co Tran in 2020.

As a result, hair care (including styling items) sales have tripled in four years. Similar activities with a renowned colorist could be a catalyst for hair color growth.

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Based on the evaluation of hair care, we are currently strengthening our hair coloring products. By cross-selling hair coloring products, we aim to increase the efficiency of field activities and boost sales per hair salon.

On the left side of the slide, when comparing the sales composition of Milbon USA and the overall USA market, there is significant growth potential for hair color sales. The pie chart on the right shows that hair color accounts for 30% of the USA market.

The USA is the home of hair color, with many skilled colorists. While building an educational network is crucial for hair color sales, we believe that strengthening our branding will further accelerate growth.

In hair care, the branding results are already evident. The bar chart on the right side of this page shows our haircare sales in the USA. Since 2020, Mr. Anh Co Tran, a renowned LA-based hair stylist, has participated in our branding efforts. His involvement has significantly increased haircare sales through content dissemination on social media and speaking at educational seminars.

Mr. Anh Co Tran is a renowned celebrity hair stylist in LA, who played a part in initiating the contract with the famous South Korean hair stylist Mr. Baek, as mentioned earlier. We met Mr. Anh Co Tran in 2019. Originally working in the fashion industry, he transitioned to hair styling due to his interest in the field, where he could independently manage design, color, and texture. He has achieved his current status through his skill and sensibility. He is a calm individual who appreciates Japanese wabi-sabi and Zen philosophy.

He has 400,000 followers on Instagram and is a member of the celebrity stylists association in LA. He has many actors and celebrities as clients, requiring a unique personality, which he possesses.

By the way, he charges USD 550 per haircut, approximately JPY 80,000 at the current exchange rate. He also offers cutting classes at USD 1,500 per class, about JPY 200,000. His classes sell out quickly, indicating his popularity. Our hair care and styling products are well received and sell very well due to the cooperation of such a famous hair stylist.

We believe that the same approach is needed for hair color, and we aim to contract a celebrity colorist by the end of 2025. Having such a celebrity hair colorist to enhance education would be highly beneficial.

To summarize the USA market, the distributor sales network has been established since 2018, and we are beginning to follow this successful pattern, allowing us to move to the next stage of education. There is a promising future for us to start taking steps in a different direction than the Asian market.

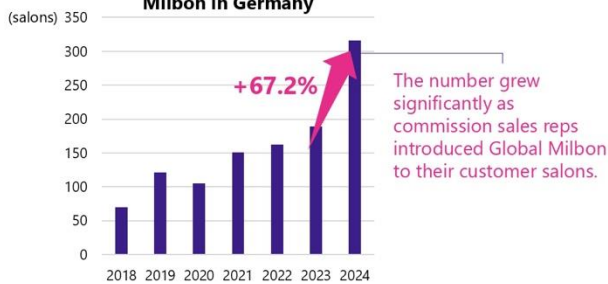
## Europe: Our Next Growth Market

**Following the USA, we have started developing Europe as a growth market. Currently, we are expanding sales channels through commission sales in Germany and distributor sales in other countries.**

### Sales Channel to Salons in Germany

We began distributor sales in 2018 but switched to direct sales with the establishment of a local subsidiary in 2022. Our growth has accelerated since 2024 due to commission contracts with several independent sales reps with experience at competing manufacturers.

**The Number of Salons Carrying Global Milbon in Germany**



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### Expansion of Sales Channels within the EU and EEA

Distributor sales began in Greece and Norway in 2025. In Europe, we will gradually expand the number of sales countries through partnerships with distributors whose ideas align with our activities, while maintaining our base in Germany.

We will expand into new countries with minimal fixed costs by leveraging our distributors' bases and sales networks.



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Next, we will report on the current situation in Europe, where we have recently begun full-scale development. First, in Europe, sales are made through commission sales activities to hair salons in Germany. In countries outside of Germany, sales are made through distributors.

In Germany, the Company started commission contracts with several sales representatives in 2024 who have sales experience with competing manufacturers. These commissioned sales representatives already have their own clients, meaning hair salons, and by introducing our products to them, we are significantly increasing the number of hair salons carrying our products.

For regions outside of Germany, our policy is to expand with minimal fixed costs by contracting with distributors who have a deep understanding of our style of activity and utilizing their sales channels.

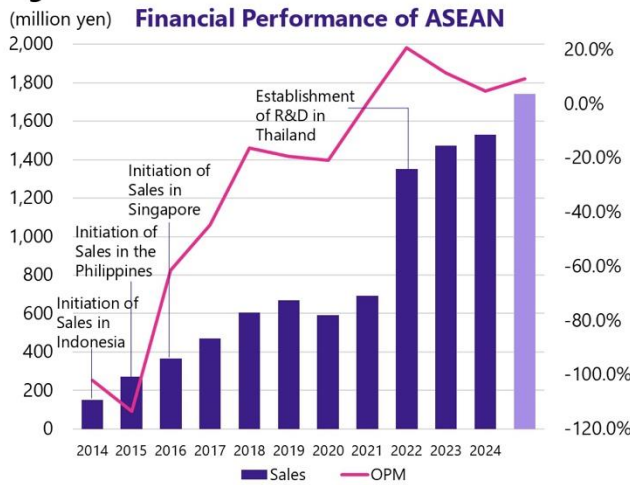
We have started selling our products in Greece and Norway. We met with Greek and Norwegian distributors through introductions. One company particularly active in introducing us to Europe is Maletti, headquartered in Italy, specializing in well-designed beauty equipment. They design chairs, mirrors, shampoo tables, and interior designs for hair salons, selling exclusively to salons. Milbon uses products, and Maletti uses equipment, sharing a common respect for hair stylists as clients. Whenever we find a good distributor, they introduce us, facilitating the process.

Although Maletti is an Italian company, it operates in more than 100 countries and is very knowledgeable about distributors worldwide, always ready to provide us with information. In Germany, we rent Maletti's studio for free to conduct workshops. For Maletti, hosting hair salon education at their studio is a great publicity opportunity, fostering a win-win relationship.

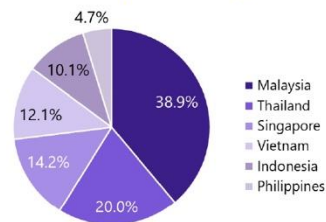
We are currently in the process of introducing distributors around the world who would support Milbon's corporate stance.

### ASEAN: A Region of Stable Profit Generation and Future Growth Potential

**We entered the market in 2013, starting with Thailand (sales and production), Vietnam, and Malaysia. Gradually expanding into more countries, we became profitable in 2021. We are now generating stable profits through activities focused on urban centers while awaiting market growth.**



ASEAN Sales Composition by Country (FY2024)



#### Basic Policy

##### • Focusing on Major Cities

→ Hair salons capable of carrying high-end products are concentrated in urban areas with high income levels. In the ASEAN region, we will efficiently generate profits by focusing our activities on urban centers and collaborating with distributors, without significantly increasing our personnel.

\* Both Sales and OPM are in yen.

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Next, ASEAN. The Company has been expanding in ASEAN since 2013. We have planted the seeds well and are building the foundation while waiting for the region to grow.

ASEAN is characterized by hair salons capable of handling high-end products being concentrated in urban areas, against a backdrop of insufficiently developed urban infrastructure. Therefore, in the current market environment, we are not significantly increasing our own headcount but are working with distributors to expand the market.

We will continue to closely monitor market growth and focus our activities on urban areas to generate stable profits.

This is just my personal opinion, but in the first half of our presentation, we discussed how we are a good match for areas with high income levels and infrastructure, and I think GDP per capita is important.

Today, Japan is said to be at about USD 34,000 and South Korea at USD 35,000. However, 25 years ago, in 2000, Japan was at USD 39,000 GDP per capita, while South Korea was at USD 12,000. Considering the beauty culture in South Korea at that time, it was likely at the level of copying information from Japan and finally turning its attention to customer service. I think salons grew along with the country's growth, and Milbon Korea's education fit in with the hair salons, resulting in a significant increase in our sales.

Given that, what is ASEAN like today? Singapore is a bit different, but Malaysia is at USD 12,000 per capita, Thailand at USD 7,400, Indonesia at USD 4,900, Vietnam at USD 4,300, and the Philippines at USD 3,900. These numbers are relatively low.

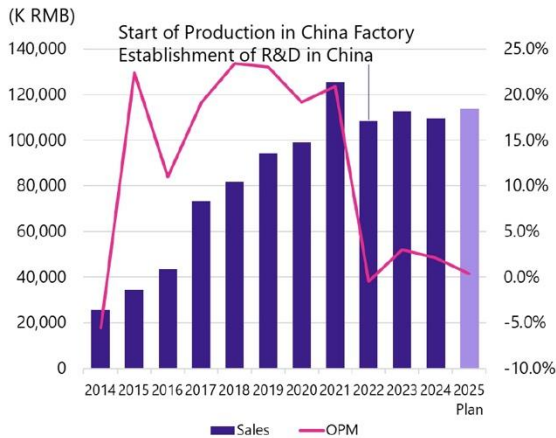
Therefore, we are firmly sowing the seeds and building the foundation now. While capturing the challenges and opportunities for education for hair salons that will arise as the region grows, we are envisioning a

market that will grow significantly in the future.

## China: Adjusting Strategy to Meet Evolving Consumer Demand

**Our market presence has increased due to support activities for hair salons in response to the radical changes in market conditions after COVID-19. Our view that China has significant growth potential remains unchanged, and we have gained strong support from hair stylists.**

### Financial Performance of Milbon China



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### Achievement

#### • Estimated Market Share: Ranked #4

—Our management strategies for hair salons, based on our “Policy,” and the associated haircare product proposals are well-received, allowing us to outperform competitors in this challenging market environment.



→ Hairstylists in China are supportive of our initiatives.

\* Sales are in local currency, and OPM is in yen.

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Finally, China. In China, our performance has grown along with the rapid market growth, but market environment have deteriorated after the COVID-19 pandemic. While the number of visitors to hair salons has declined and the management of hair salons has faced difficulties, salons where Field Persons are active have remained steady.

What kind of activities are we doing? Until now, most hair salons in China have operated by selling coupon tickets to their customers, such as 10 hair coloring sessions. This practice results in no incentives for hair salon staff to provide the best service, as they have already been paid in advance. In this context, Milbon is proposing various concrete measures to salons in the form of “Policy” promotion, menu proposals, design proposals, counseling, control of visitation cycles, and more, to enhance the level of their services.

As a result, we believe our performance is doing well compared to competitors. For example, in the second half of last year, from July to December, we exceeded the previous year's level. Our target for this year is 4% over the previous year, and so far, we are on track.

The right side of the slide shows the most recent educational events and “Policy” presentations, which are the cornerstone of hair salon management. Support from hair stylists is increasing greatly due to our unique approach.

Last year's DA-LINK, as mentioned earlier, had 150 teams and nearly 2,000 visitors participating. At our most recent “Policy” presentation this month, 1,000 people in Shanghai, 480 people in Beijing, and 461 people in Chengdu attended our meeting and listened to our policies. These attendees are salon executives in each city, meaning we gathered approximately 2,000 salon executives in these three cities alone.

Additionally, there are 16 distributor sales areas where events are also being held, creating opportunities for more than 3,500 people to hear about our policies in total. Therefore, we can say we have a very high level of support from our clients, the hair stylists.

The hair salon market is often mistakenly compared with the cosmetics market, but since they are completely different businesses, there is little point in making such comparisons. There is no change in our

view of the potential of the Chinese market, and we will continue our business in preparation for its recovery.

## Management Priorities for the Future

**1. Achieving the No.1 position in South Korea and enhancing branding across Asia**

**2. Driving topline growth in the USA to enhance profitability**

**3. Establishing greater differentiation through education and “Policy” promotion in each country**

Finally, I will discuss some important points for future overseas operations.

The first step is to establish our position as the number one brand in South Korea, where we are currently in second place. We will solidify our position by growing in large, expanding categories such as hair care and perm.

With South Korea consistently achieving high margins and driving overseas profit growth, turning the USA business profitable is a major challenge. In 2025, we will invest significantly in increasing headcount and hair color branding, translating these investments into results. The transition to distributor sales channels has been completed, and investments will generally run their course, leading to improved profitability alongside top-line growth.

Just as education and policies have built relationships in East Asia with hair salons that go beyond products, expanding these efforts to the USA, ASEAN, and other regions will enhance our competitive advantage.

In this presentation, we shared how we have implemented our unique strengths, such as our business model and education, in the USA and other areas overseas. We hope to continue receiving feedback from our investor and securities analysts and keep them well-informed of our progress.

Thank you for your attention.

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