

**m i l b o n**

Find Your Beauty





Milbon is a Japan-based global professional haircare manufacturer providing salon-exclusive products and services.

Everything we do, we do for and with hair professionals.

By supporting the skills, passion, growth,  
and future of hair professionals—who touch not only hair but also hearts  
—we continue to stand with salons  
in fulfilling people’s timeless desire for beauty.





Delivering unwavering commitment and assured quality  
—from Milbon, into the hands of hair professionals.

Delivering beauty and the joy of living beautifully  
—from the hands of hair professionals to you,  
and from you to the world.

Milbon will continue working with hair professionals  
to inspire beautiful living worldwide,  
and to contribute to a society enriched in spirit through beauty.

Find Your Beauty







## Exceeding the 50 Billion Yen Mark in Consolidated Net Sales, and Advancing toward Long-Term Targets

President & CEO, Milbon Co., Ltd.  
**Hidenori Sakashita**

# TOP MESSAGE

Milbon has maintained a sustainable growth trajectory since its founding in 1960. In FY2024, under the leadership of its third president and CEO, Hidenori Sakashita—who assumed the role last year—the company marked a major milestone by recording consolidated net sales exceeding 50 billion yen for the first time in its history. As we approach FY2026, the final year of the current medium-term management plan, he is leveraging the opportunity of the changing cost structures in this post-COVID era to revise the current plan and introduce a new long-term vision. With this in mind, we present the following message from President & CEO Sakashita.

## A Unique Business Model Built on Deep Partnerships with Hair Salons

➤ Embracing the founding spirit of “Everything we do, we do for and with hair professionals.”

I would like to begin by sincerely thanking you all for taking the time to read our Integrated Report. Milbon is a Japan-based global professional manufacturer specializing in salon-exclusive hair cosmetics and related services, operating under the corporate slogan, “Find Your Beauty.” Since our founding in 1960, we have contributed to a spiritually enriched society by inspiring people to live beautifully through hair salons around the world. Our core values are embodied in two aspirations of our founder, Ichiro Konoike: “Everything we do, we do for and with hair professionals,” and “We will build a solid company that won’t collapse,” or in other words, a sustainable company.

Since our IPO in 1996, we have achieved revenue growth every fiscal year—except for FY2020, which was impacted by the COVID-19 pandemic—and we now hold a leading position in the Japanese market. In our global business, since its full-scale launch in FY2010, we have established bases in 14 countries and regions, including Japan, steadily expanding our market share and building trust with our partners. In FY2024,

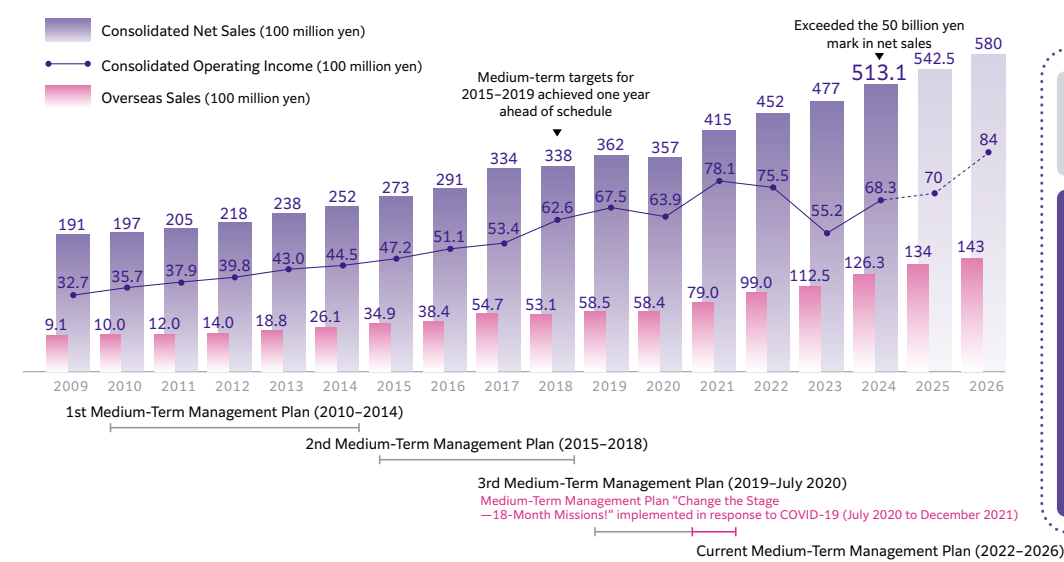
our most recent reporting year, we set a new all-time high in consolidated net sales, reaching 51.3 billion yen. This marked the first time in our company’s history that we surpassed the 50 billion yen milestone.

Rather than targeting the public market for consumers, as a manufacturer of salon-exclusive products, we have refined our business focus within the beauty industry to the professional-use market, and within that, to the hair salon market. At first glance, deliberately narrowing our market focus may appear inefficient, but by doing so, we are able to concentrate all of our resources into businesses that lead to greater sales and profit for hair salons. In this way, we have achieved unique value creation and clearly established our position in the market.

However, business models like this do not function on their own just because the systems are in place. What makes ours effective is that every one of our employees genuinely identifies with the shared goal of increasing sales and profits for hair salons—a guiding principle

that informs our decisions and unites our direction. *The Milbon Way*, a handbook compiled under the leadership of our current Chairperson Ryuji Sato during his tenure as president, clearly outlines our Vision and Action Guidelines. It has laid the foundation for the thorough internalization and consistent practice of “Milbon-ism” throughout the company. This is what has enabled us to implement a strong business model and earn the overwhelming trust of hair salons.

Our most important partners—hair salons—can be found around the world, supporting people’s timeless desire to be beautiful. Even in this age of accelerating digitalization, salon-based treatments can only be provided in-person. The ongoing in-person, regular, and time-intensive interactions between hair professionals and customers foster deep trust. That is why we are committed to unlocking the full potential of hair salons as unique spaces, and to maximizing their value—to continue supporting people in leading beautiful and spiritually enriched lives.



### Beauty market

Public market for consumers (B2C)

Professional-use market (B2B/B2B2C)

Hair salon market

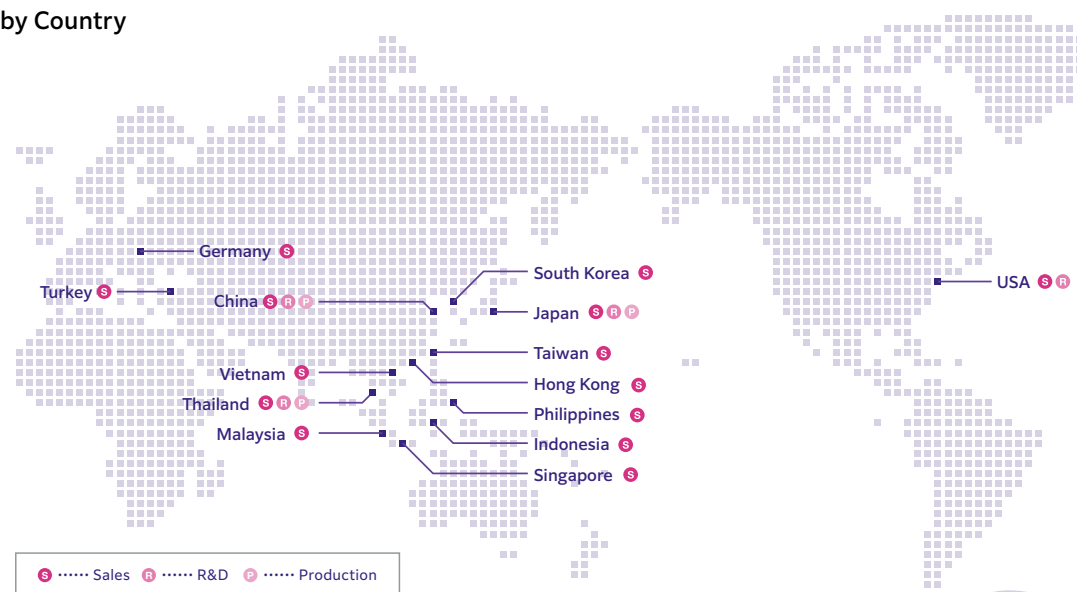
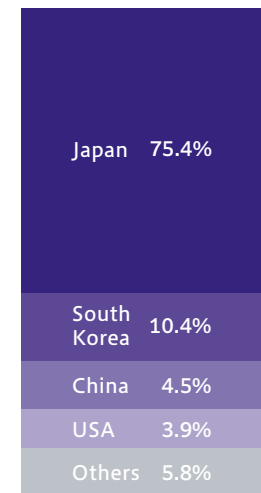
**MILBON**

Professional hair cosmetics market  
Leading the domestic market

Customers = Hair professional  
Salon clients

## Breakdown of Net Sales by Country

Net sales (FY2024): **51.3** billion yen



## Achievements, Challenges, and Strategies in FY2024

### ➤ Set a new record of 51.3 billion yen in consolidated net sales, with profit recovery underway

Currently in the middle of our five-year 2022–26 Medium-Term Management Plan, under the theme of “Stage for the Future,” we are implementing the global Seven Regions strategy, which aims to build a system of local production for local consumption in the beauty domain—tailored to the unique aesthetic values and culture of each country and region. Domestically, we are advancing the Salon-based Social Innovation strategy, which seeks to transform salons into an essential Beauty Platform that supports people in leading enriched and fulfilling lives. FY2024 marked not only the halfway point of this plan, but also my first year as President of Milbon.

While we continue to face the challenge of adapting to rapidly shifting cost structures in the post-COVID era, we recorded a new all-time high of 51.3 billion yen for consolidated net sales, driven by strong performance of our haircare products in Japan and robust growth in the South Korea region. Although our operating income ratio was under pressure, we saw a recovery with operating income of 6.8 billion yen and an operating income ratio of 13.3%, exceeding

our initial forecasts in both revenue and profit. These improvements were made possible by implementing value-based pricing for new products and reducing raw material costs through coordinated global procurement across our three manufacturing sites.

Within the domestic market, we focused particularly on promoting high-value hair coloring through our “KamMayu” (hair and brow) proposal, which suggests coordinating eyebrow color with hair color. This approach led to a record 152.8% year-over-year growth in our cosmetics category, demonstrating the potential for expanding cosmetics offerings in hair salons.

At the same time, registered users of Milbon’s official online store, milbon:iD—an important initiative under our Salon-based Social Innovation strategy—have increased by 200,000 year-on-year, now reaching 870,000. This puts us on track to achieve the FY2026 target of 1,000,000 registered users within FY2025—a year ahead of schedule. Additionally, following a test marketing phase in FY2023, we fully rolled out our Smart Salon Strategy in FY2024. This initiative has steadily expanded to

62 salons in 50 cities across Japan, and we are beginning to see significant increases in the percentage of customers purchasing take-home products.

In overseas markets, particularly in the South Korea region—where we already hold the second-largest market share, and which serves as a hub for beauty trends across Asia and beyond, a virtuous cycle is emerging with growth in hair colorings driving growth in haircare and perm products. The response has been very encouraging with increased support from the young hair professionals in central Seoul, expected to drive the future market, thanks to major events targeting hair professionals.

In the North America region as well, we have strengthened our market presence, particularly by obtaining and maintaining the No. 1 in-store share among distributors in Los Angeles, a key trend-setting city. This success has been supported by a shift from our previous direct sales system to a distributor-based system, along with enhanced branding through ambassador partnerships with well-known hair professionals.

### ➤ Strengthening our high value-added strategy to achieve 105.7% net sales growth

Building on our achievements in FY2024, we aim to achieve consolidated net sales of 54.25 billion yen in FY2025—representing year-over-year growth of 105.7%—along with consolidated operating income of 7.0 billion yen. While our operating margin is lower than that of FY2024, this is due to the inclusion of expenses related to Expo 2025 in Osaka under SG&A. Excluding these costs, our target operating margin is 13.9%.

Responding to changing cost structures remains a key challenge as we pursue these targets. Regarding take-home products, we aim to develop high value-added items that only we can offer, leveraging our unparalleled hair-focused research and development capabilities in Japan. The success of PRESEDIA, a new product line launched in 2024 under the Aujua brand, demonstrates that consumers are willing to accept premium-priced products when backed by credible research findings. In addition to enhancing the appeal of our professional-use products, we are strengthening educational support for beauty techniques to help salons increase the added value of their service

menus and raise unit prices for technical services—ultimately supporting their pricing power. This is something only Milbon can offer, with approximately 300 people in FP (Field Person) roles—including sales and education staff—far more than any competitor in the industry has. As part of our education initiatives, we are not only enhancing our Beauty Sommelier System, but also providing in-salon training during business hours. This approach is designed to support salons that are unable to participate in training sessions outside of business hours due to evolving workstyle reforms.

The benefits of high value-added services go beyond simply enhancing pricing power. High-value technical services based on strong products and advanced skills deliver inspiring beauty experiences. When customers are impressed by in-salon treatments and choose to purchase take-home products, their sense of inspiration naturally extends into their home care routines. milbon:iD, our convenient platform for repeat purchases, plays a key role in sustaining this cycle of inspiration. Currently, only about 15% of salon customers purchase take-

home products—we aim to increase this percentage and create a more powerful virtuous cycle of inspiration.

This high value-added strategy is made possible by Milbon’s strong capabilities in research and development, as well as in educational support. By leveraging these strengths, we aim to help hair salons enhance their value creation capabilities in response to challenges such as declining customer numbers due to a shrinking population and the need to adapt to an inflationary environment—ultimately driving increased sales and profits for hair salons.

We are currently sponsoring and exhibiting at the Osaka Healthcare Pavilion, organized by Osaka Prefecture and City, as part of Expo 2025 in Osaka. We hope this initiative will contribute to the development of future high-value products and the creation of new value. By utilizing anonymized personal health records from approximately 100,000 individuals, we aim to strengthen the foundation of our basic research, and showcase our vision for the future of hair salons through the Milbon Beauty Platform Plan.



(Unit: million yen)	FY2024 results	FY2025 targets	Gap	Gap (%)	FY2026 Revised Targets	Gap (%)	FY2026 Original Targets
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
Consolidated income	6,839	7,000	160	2.3%	8,400	(22.2%)	10,800
Consolidated income rate	13.3%	12.9%	—	—	14.5%	—	18.6%



## Working to Achieve Medium- to Long-Term Targets in the Next Stage

➤ Aiming to achieve 100 billion yen in sales and an ongoing ROE of at least 14% by growing sales and improving capital efficiency

In February this year, we announced our intention to pursue a management approach that emphasizes the cost of capital and stock market valuation. Since then, we have partially revised the financial targets for the final year of our 2022–26 Medium-Term Management Plan. This decision was made in recognition of the need for a medium- to long-term response to address declining profitability caused by rapidly changing cost structures. As a result, we revised our original operating income target from 10.8 billion yen to 8.4 billion yen, and our operating margin target down from 18.6% to 14.5%. However, our consolidated net sales target remains unchanged at 58 billion yen, as we remain confident in achieving this target. In addition, we have set and announced a new long-term outlook for FY2026 and beyond. While we surpassed 50 billion yen in consolidated net sales for the first time in FY2024, we regard this as merely a milestone on our journey to becoming the world's No. 1 professional haircare manufacturer. As the next stage, we aim to achieve consolidated net sales of 100

billion yen and improve capital efficiency through stable growth in Japan and accelerated growth overseas, targeting a sustained ROE of at least 14%.

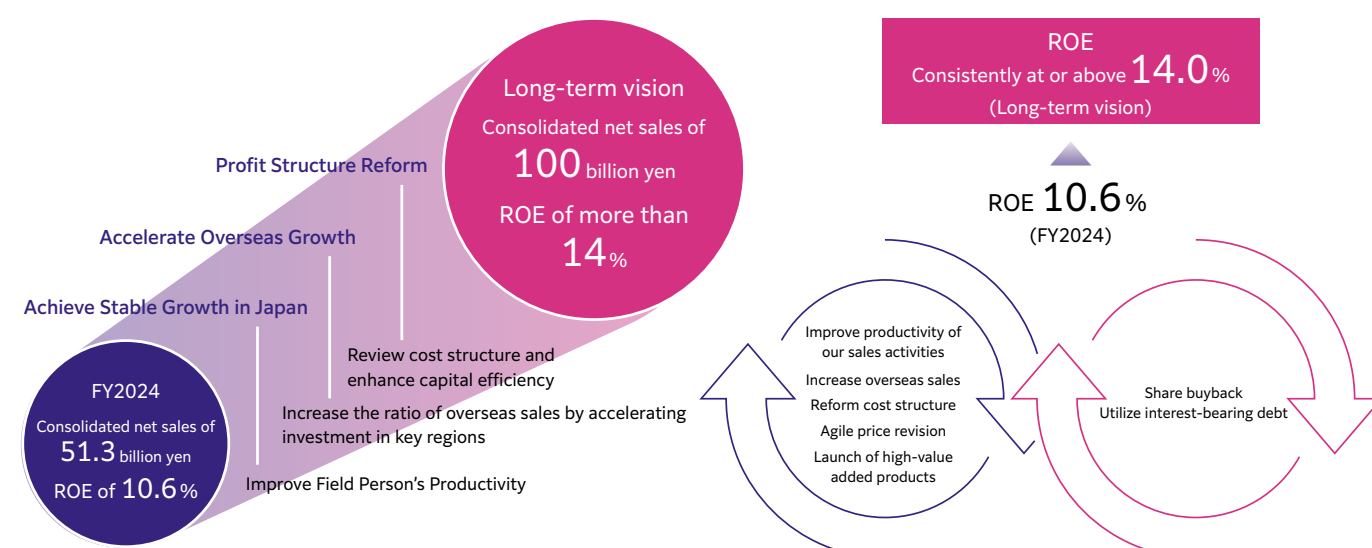
To achieve these medium- to long-term targets, we have formulated a Profit Structure Reform initiative aimed at the sustainable enhancement of corporate value. This initiative includes concrete measures to not only improve our declining profitability, but also enhance capital efficiency through strengthened balance sheet management.

To improve profitability, it is essential to implement cost structure reforms to address soaring costs of raw materials and logistics, as well as rising labor expenses, which have significantly impacted our profit structure. One key initiative has been the continued application of value-based pricing for new products in our haircare category, which accounts for over 60% of total sales. As a result, the manufacturing cost ratio for haircare products has now fallen below that of hair color products, which had

traditionally been our high-profit category—marking a critical shift in profitability management. Furthermore, in response to inflationary pressures, we revised prices of existing products in May 2025. Going forward, we will continue to strengthen our global supply collaborations to contain raw material costs and pursue improvements in gross profit margin through a multifaceted approach.

In terms of logistics costs, in addition to consolidating our distribution bases, we will appropriately review B2B logistics service levels in alignment with stakeholder expectations. We also aim to build a cost-sharing structure among customers, salons, distributors, and Milbon by further promoting and expanding the use of milbon:iD. In addition, by strengthening our global supply chain, we will focus on establishing a framework to better control variable costs, including those related to raw materials.

Finally, to address declining margins caused by rising labor costs, improving per-person labor productivity in our FP



## Policy of Capital Allocation

Source	High Priority	Category of Investment	Main Use of Funds (up to FY2026)	Main Use of Funds (FY2027 and Beyond)
Operating Cash Flow		Investment for growth of existing businesses	<ul style="list-style-type: none"> <li>Human Resource Development Center in Odawara</li> <li>Expansion of Yumegaoka Factory</li> <li>Investment in R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Investment to accelerate overseas growth</li> <li>Investment in DX</li> <li>Strengthening of the production and supply system</li> <li>Investment in R&amp;D, etc.</li> </ul>
Cash on Hand		Investment for new business and overseas growth	<ul style="list-style-type: none"> <li>Investment in DX (milbon:iD and Smart Salon)</li> <li>Strengthening investment in the US and the EU</li> </ul>	
Debt (to be utilized as needed)		Shareholder return	<ul style="list-style-type: none"> <li>Dividends (dividend payout ratio of 50%+ progressive dividends)</li> </ul>	<ul style="list-style-type: none"> <li>Dividend (dividend payout ratio of 50%+ progressive dividends)</li> <li>Share buyback (total payout ratio 50% or more)</li> </ul>
	Low Priority	Minimum required cash on hand	<ul style="list-style-type: none"> <li>Secured for stable business operations</li> </ul>	<ul style="list-style-type: none"> <li>Secured for stable business operations</li> </ul>

Sales Department—which is responsible for sales and educational support—is essential. We will continue developing high value-added products and services, along with integrated value propositions that link multiple products. Digital transformation (DX) will also be leveraged to visualize the relationship between the frequency and details of

activities and their impact on sales. Administrative tasks, which currently account for about 25% of FP Sales Department activities, will be centralized and streamlined by departments newly established in 2025, thereby enhancing operational efficiency. In addition, by leveraging initiatives such as milbon:iD and Smart Salon, we aim to increase the

percentage of salon customers purchasing take-home products.

This is expected to raise per-capita sales in the FP Department by 20–30% from the current level of approximately 100 million yen.

➤ Enhancing balance sheet management and actively driving shareholder returns by prioritizing growth investments

To achieve the sales growth essential for improving profitability, we will adopt a focused strategy in the domestic market by narrowing the number of target salons and clarifying our strategies for each product category. In addition, we will strengthen our growth efforts in overseas markets, aiming to increase the overseas sales ratio to 35–40% upon reaching 100 billion yen in consolidated net sales.

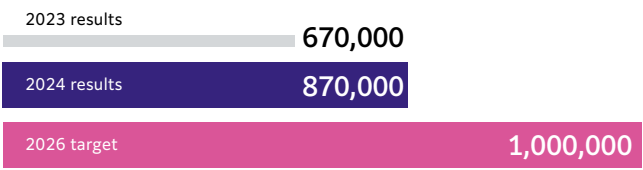
To this end, we will first aim to secure a competitive edge in the Asian market by becoming the market leader in South Korea, a region known for setting beauty trends in Asia—and thereby establish ourselves as the undisputed No. 1 in Asia. Building on this foundation, we will pursue further expansion in the larger markets of Europe and North America. In the North America region, where we

have already established a strong presence, we will drive business growth as a cornerstone of our global strategy by accelerating growth in the hair color category through enhanced education and brand development initiatives. Our goal is to achieve profitability in this region in the latter half of the 2020s. Having newly designated the EU region as a priority area, we are working to build sales channels through a distributor network, as we have done in North America. As of FY2025, we have already launched business operations in Greece, in the Mediterranean area, and in Norway, which—though outside the European Union—is part of the broader European market. With growing interest from various countries and regions, we will continue to chart a solid growth trajectory by identifying partners in each

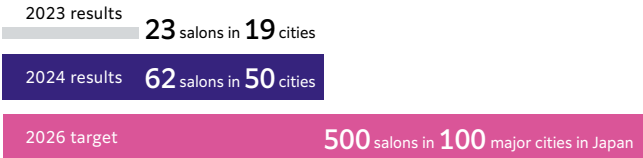
region who resonate with our values, enabling us to meet expectations and fulfill our mission.

Furthermore, to improve capital efficiency, we will adopt a cash allocation policy that prioritizes growth investments while also actively promoting shareholder returns. As part of this, we will add progressive dividends as a basic policy, targeting a dividend payout ratio of 50%, and will conduct share buybacks using surplus funds with the aim of achieving a total shareholder return ratio of 50% or more. Growth investments will primarily be funded through operating cash flow and cash on hand, while we will also consider the use of interest-bearing debt to meet temporary funding needs, such as those arising from large-scale investment projects.

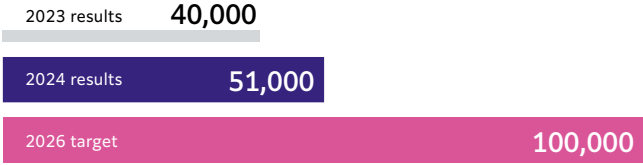
Number of registered milbon:iD members



Number of cities where Milbon knowledge-based product sales (Smart Salon) is implemented

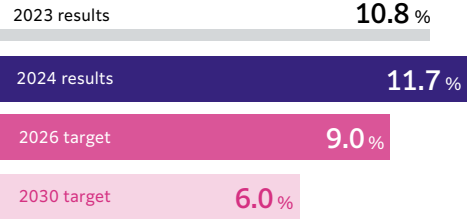


Number of registered education:iD members

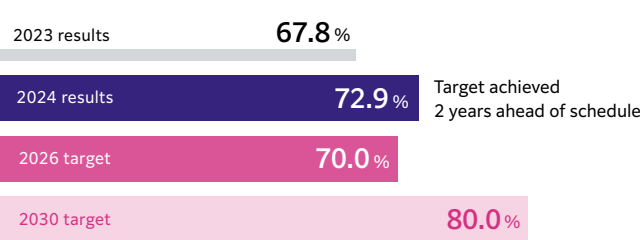


Turnover rate of junior employees

\*Average turnover rate of young employees (new graduates to 3rd year) over the past five years



Paid leave utilization rate



Enhancing Corporate Value: Our Strategic Responses and Commitments

Implementing ongoing initiatives with a focus on the Five Key Challenges as Milbon materialities

From a sustainability perspective, we recognize that for our company to continue contributing to society through our business in the long term, society itself must remain sustainable. In line with our corporate philosophy of "building a solid company that won't collapse"—in other words, a sustainable company—we view this as a natural responsibility. To guide our efforts, we have identified and prioritized Five Key Challenges as Milbon materialities, which are closely tied to our business activities and reflect the high expectations and interest of our stakeholders. These materialities form the core of our sustainability initiatives. We detailed these efforts and their progress in our latest [Sustainability Report](#) published in March this year, which has also received positive evaluations from external ratings organizations. Going forward, we will continue to engage sincerely with both the growth of our business and the resolution of social issues. In advancing our human capital man-

agement, we recognize that people are the foundation of our business model and the source of our added value. Accordingly, we have long regarded our people as our most critical management capital, consistently investing in them by allocating training budgets and hours that significantly exceed the industry average. As one of our Five Key Challenges, we have identified "Realizing a rewarding work environment," and are now implementing a human resources strategy aligned with our current medium-term business plan. This strategy is being advanced through the establishment of five key themes for human capital development. Furthermore, beginning in FY2024, we also launched the Human Resources Development Committee, which I chair, to further enhance and strengthen our human capital initiatives. We are also working to further strengthen and enhance the effectiveness of our corporate governance—another of our

Five Key Challenges—by promoting the acquisition of diverse skills and external perspectives, which in turn contributes to improving the quality of discussion at Board of Directors meetings. Looking ahead, we are preparing for a transition to a monitoring-style Board and continuing to advance our governance initiative accordingly. With a view to building a medium- to long-term management structure, we conducted training for executive officers in FY2024 with the support of institutional investors. In FY2025, we will also launch "MCU-Prep," a preparatory program for young leadership candidates in their 30s, ahead of the next iteration of the Milbon Corporate University (MCU), our unique leadership development initiative. Through these efforts, we are strengthening the mechanisms needed to foster a corporate environment in which leaders emerge organically on an ongoing basis.

To Be "Authentically Milbon"

When I was appointed president of Milbon in FY2024, these words naturally came to me as I envisioned the company's future. Over the past year, I visited 300 hair salons in Japan and overseas and held numerous meetings with our Field Persons at all of our sales offices. Through these experiences—listening closely and sincerely to voices from the front lines—what began as a thought has grown into a firm conviction. Milbon has always been—and will continue to be—a company that stands firmly and wholeheartedly alongside hairstylists and salons around the world, delivering beauty on a global scale. As long as we stay true to this unwavering core, all that remains is for each of our employees to keep moving forward in a way that embodies "authentically Milbon." At the same time, our communications have also brought to light several challenges. However, I see these not as setbacks, but as signs of untapped potential—reminders that there is still so much more Milbon can do for beauty. With this belief in our continued growth, I look to the future with a sense of excitement and purpose. Milbon's journey toward becoming the world's No. 1 professional haircare manufacturer is about growing our fan base—one hair professional and one salon at a time. While the context may vary, this approach remains the same across all countries and regions. We firmly believe that realizing our greater vision depends on steadily achieving the No. 1 position in each of these individual fields. To all our stakeholders, we sincerely hope you will share in Milbon's aspirations and future, and join us on this journey—as passionate supporters—in building a spiritually enriched society through beauty.

President & CEO, Milbon Co., Ltd.

Hidenori Sakashita





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# About MILBON

## About MILBON

### About MILBON

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Milbon through the Eyes of Individual Investors  
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### Aujua (haircare)

Japanese women are becoming more beauty conscious and more beautiful year by year. Consequently, they also have diverse concerns about hair, not limited to one per person. These concerns evolve with the seasons, changes in hairstyle, and as individuals age. Aujua was born from the idea of providing a personalized haircare program for individuals with various hair concerns.



## Our Activities

Everything we do, we do for and with hair professionals.



● Corporate Slogan

Find Your Beauty

### Inspiring beautiful living through hair salons in line with the aspirations of our founder

Milbon is a global professional haircare manufacturer based in Japan working with the haircare industry worldwide to inspire beautiful living around the world under the corporate slogan, “Find Your Beauty.” Our aim is to enrich society as a whole. In the late 1940s, our founder Ichiro Konoike visited a hair salon and was moved by the hairstylists’ efforts to help people realize their beauty. But at the same time, he was shocked to see their swollen, chapped hands. This pure aspiration to support hair professionals became the driving force behind the founding of Milbon in 1960. Today, this aspiration lives on in our current core philosophy; “Everything we do, we do for and with hair professionals.” Based on the firm belief that hair salons are essential for realizing individual beauty and a spiritually enriched society, we have built our business with a

consistent focus exclusively on hairstylists and salons. Currently, we are the market leader in Japan’s salon-exclusive hair cosmetics market. Since launching full-scale global operations in 2010, we have steadily expanded our presence in 14 countries and regions, including Japan. Our ability to focus all of our capital on the hair salon market has enabled us to contribute to greater sales and profits for hair salons through tailored products and services that addresses salon challenges. In turn, we have been able to build solid trust-based relationships with hair salons and to achieve sustainable growth grounded in that trust. Our customers are hair professionals, hair salons, and everyone who visit hair salons. That is why we are thoroughly committed to two customer viewpoints—a hair professional and hair salon perspective on the

provider side, and a society and consumer perspective on the end-user side. Guided by these dual perspectives, we have developed a unique business model for ongoing pursuit and provision of products and services that meet our customers’ needs. We are far more than a company that simply provides products. Going forward, we will continue to support beautiful living, craft individuality, enrich the human spirit, and add color to people’s lives. With unwavering dedication to our management philosophy of inspiring beautiful living worldwide through hair professionals, we pursue this mission with sincerity and purpose. In doing so, we aim to fulfill our global vision of becoming the first Japan-based world’s No. 1 professional haircare manufacturer, while realizing a spiritually enriched society through beauty.

### ● Our Essential Purpose Realizing a spiritually enriching society through beauty

#### ● Our Foundation

Continuous innovation to “build a solid company that won't collapse”

#### ● Management Philosophy

Milbon works with hair professionals to inspire beautiful living worldwide. Beautiful living and beautiful hair enrich the spirit. An enriched spirit fosters culture. A society that values culture brings peace to society. This is the philosophy behind Milbon’s contributions to the beauty market and, by extension, the world.

#### ● Code of Conduct

### THE MILBON WAY How to be a “Milbon Person”

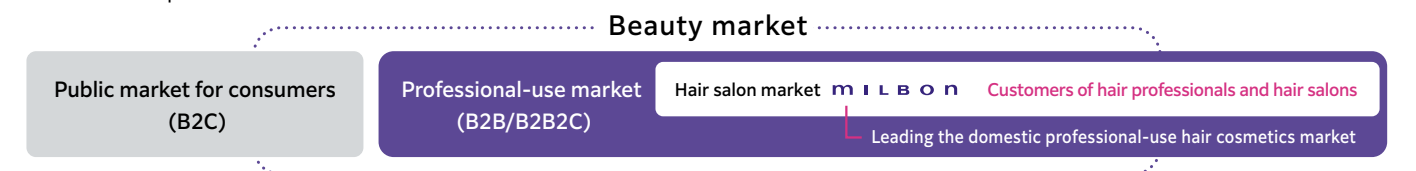


#### ● Global Vision

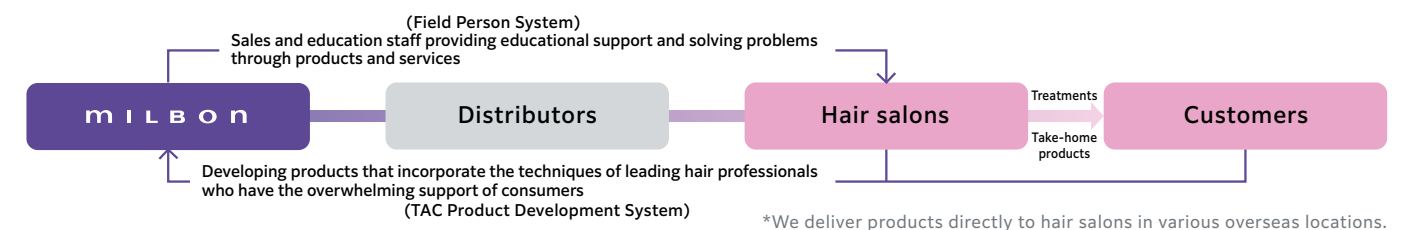
We aim to become the world’s No. 1 professional haircare manufacturer through our dedication and educational support for local beauty industry across the globe.

### Our business domains

We have strategically focused our business exclusivity on hair salons and hair professionals. By solving salon-specific challenges through our products and services, we contribute to greater sales and profits of hair salons, enabling us to deliver unique value and solidify a clearly differentiated position in the market.



### Milbon’s unique business model: Building solid trust-based relationships with hair salons

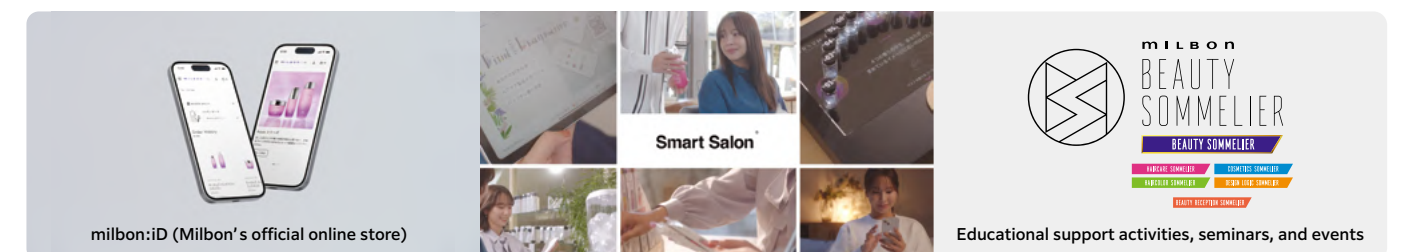


### Products

Professional-use products: Products used by hair professionals for treatments in salons  
Take-home products: Salon-exclusive home care products designed for customers to use at home

 Hair coloring products (professional use, take-home)	 Haircare products (professional use, take-home)	 Permanent wave products (professional use)	 Organic brands (professional use, take-home)
 Styling products (take-home)	 Cosmetic products (take-home)	 Beauty supplements (take-home)	 Beauty equipment (take-home)

### Services





## Our Product Brands and Services

### Milbon's main product brands

Milbon manufactures and sells professional-use products and take-home products with value maximized through the techniques and personalized counseling of professional hairstylists. While continuing to focus on haircare products, we are now expanding into new business domains such as cosmetics and beauty healthcare—aiming to transform salons into a Beauty Platform that support lifelong beauty for their customers.

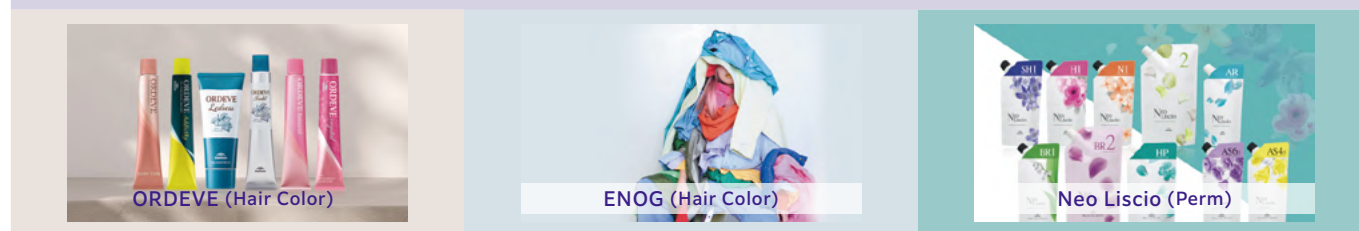
**Premium Brands:** To complement the diverse values of “beauty”



**Professional Brands:** To complement new trends, design changes and generational differences



**Technical Brands:** To complement the specialized techniques of professional hairstylists



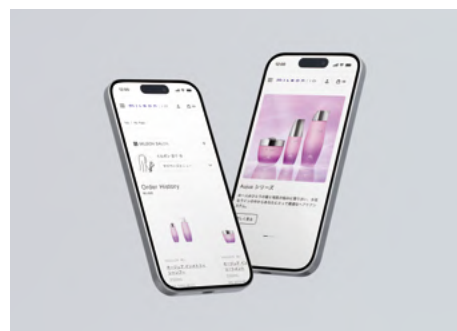
\*Follow the link for details of each brand and lineup: <https://www.milbon.com/en/brand/>

### Milbon's services

Milbon creates and provides various services that fuse the physical and digital worlds to maximize the value of the hair salon setting—a rare community space that customers visit regularly, spend an extended period of time, and enjoy face-to-face communication.

#### milbon:iD (Milbon's official online store)

E-commerce platform where hair salon customers can purchase take-home products online



FY2024 Results	Number of registered members:	Number of hair salons using milbon:iD:	Online sales:
	870,000 (YoY: +200,000)	6,566 (YoY: +636)	1.97 billion yen (0.33 billion yen increase YoY)

As an e-commerce platform, milbon:iD enables hair salon customers to purchase take-home products online, enhancing convenience for customers while contributing to greater sales and profits for hair salons. As a new communication tool, it provides continuous connection between hair salons and their customers not just during visits but 24 hours a day, 365 days a year.

Note: Follow the link for details of milbon:iD: <https://salon.milbon.co.jp/shop/default.aspx> (Japanese only)

### Smart Salon® New salon spaces where you can discover your ideal care



FY2024 Results	Number of cities:	Success Story	Percentage of customers purchasing take-home products (individual salon basis)
	62 salons in 50 cities (increase of 39 salons and 31 cities YoY)		At launch (start of 2024): 17% → As of the end of 2024: 25% (national average: approx. 15%, Milbon research)

Smart Salons® fuse physical and digital worlds to not only create a more fun and appealing connection between customers and take-home products, but to also provide a new hair salon experience that seamlessly connects hair salons and their customers through milbon:iD and other channels.

Note: Follow the link for details of Smart Salon®: <https://www.milbon.co.jp/fyb-magazine/smartsalon/> (Japanese only)

### Milbon's educational support activities for hair professionals

Milbon offers a wide range of educational support for hair professionals via seminars, events, and certification systems covering topics from beauty techniques and knowledge to career development. Our aim is to nurture lifelong hairstylists who bring beauty to people at every stage of their journey.

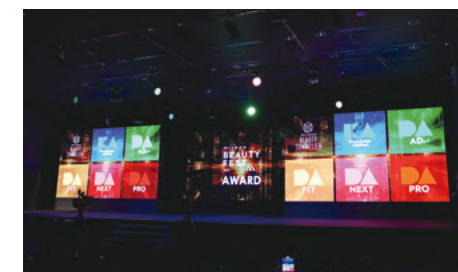
#### education:iD An online learning platform for hair professionals



FY2024 Results	Number of registered members:
	51,000

education:iD is an online education service for hair professionals, delivering knowledge and technical information through online seminars and other channels without the restrictions of time or place. With salons facing growing challenges in securing time for education due to work style reforms and work style diversification, education:iD helps address these issues.

### Seminars & Events Providing a wide range of educational opportunities and educational events linking hair salons around the world

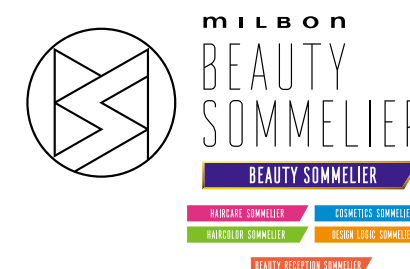


FY2024 Results	Total number of annual users of our studios, events, and educational videos:
	244,000

Milbon also provides and enhances in-person opportunities, both in Japan and overseas, through educational seminars and events held at its own studios. These programs cover a wide range of topics: beauty techniques and knowledge to enhance professional expertise; counseling skills that strengthen proposal capabilities; enhancing design skills; career development for hair professionals; and management programs for salon leaders and owners.

### Beauty Sommelier Training System

A certification system that supports personal growth for hair professionals and greater productivity for hair salons



FY2024 Results	Hair Care (Aujua) Sommeliers:	Beauty Sommeliers:
	3,800	165

Milbon provides sommelier certification in four categories—hair care, hair color, cosmetics, and design logic—that provide the multiple skills necessary for lifelong hair professionals, and a Beauty Sommelier certification that integrates all four domains. Educational support is delivered primarily through online learning via education:iD focusing on three core areas: knowledge, techniques, and counseling. In parallel, we are implementing measures to raise awareness of this system to encourage more encounters between customers and Beauty Sommeliers as beauty professionals.

Note: Follow the link for details of educational support activities: <https://www.milbon.com/ja/company/education.html> (Japanese only)

Average among hair salons with Hair Care Sommeliers	Customer spend	Ratio of care services	Ratio of customers purchasing take-home products	Hair salon average* *According to Milbon research	Customer spend	Ratio of care services	Ratio of customers purchasing take-home products
	9,839 yen	41.2%	15.6%		8,967 yen	33.8%	14.0%

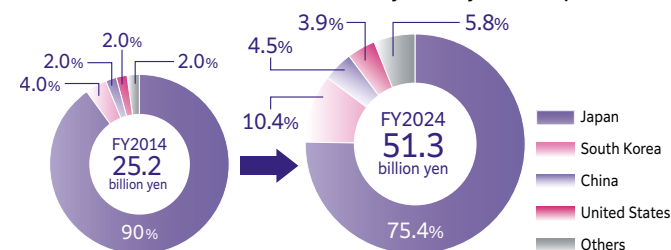


# Milbon's History of Continuous Innovation and Growth

## > Establishing a strong business model

- 1960** Milbon founded
- 1984** Started a Field Person (FP) Strategy, truly personalized for haircare professionals  
The Field Man Strategy was launched as a unique sales and education support system for hair salons. As a sales strategy in an age of product saturation, Milbon shifted to activities that offer personalized solutions to stylists and salons under the slogan, "Don't sell products, sell concepts."
- 1987** TAC Product Development System introduced for joint development with leading haircare professionals  
TAC Product Development is Milbon's unique product development system for creating products and concepts in collaboration with leading haircare professionals who are admired by our target customers.
- 1993** nigelle styling products, a brand for creating natural-looking hairstyles, launched  
nigelle, a new styling product, was launched in response to the growing needs to easily recreate hairstyles designed by hairstylists at home. We have won the overwhelming trust of our customers by establishing a system offering consistent support from the time of in-salon treatment to hair maintenance at home.
- 1998** Liscio hair straightening products, based on hair ironing technology, launched  
Liscio hair straightening products were launched in response to an increasing desire for straight hair. By establishing a technical system that provides simple and stable results, Liscio has contributed younger hairstylists to become immediate assets to the team, and it helped attract more customers while increasing customer retention rates.

Consolidated net sales and sales ratios by country over the past decade



## Sales and other trends

Consolidated net sales (100 million yen) Consolidated operating income (100 million yen) Overseas sales (100 million yen)

## > Beyond Japan

- 2004** MILBON USA, INC. established as Milbon's first overseas subsidiary
- 2007** ORDEVE, a new foiling-optimized, comprehensive hair color line, launched  
As the mainstay of salon management shifts from perming to coloring, ORDEVE was developed as a new comprehensive hair color line optimized for foiling. The aim was to offer high quality hair colorings only possible through the advanced technical skills of haircare professionals. With Field Persons passing on the technical system to hairstylists, ORDEVE played an instrumental role in market development as it gained popularity, embodying the very transformation of the industry to coloring.
- 2010** Aujua, a premium haircare brand addressing a wide range of hair concerns, launched  
Haircare concerns grew as hair coloring reached a broader audience. To address wide ranges of hair concerns, Aujua was developed as a premium haircare brand offering personalized treatment, born from in-depth research on everything from the texture and shine of black hair unique to the Japanese to the climate and culture of Japan. Aujua has grown to become our flagship brand. Cumulative sales: 50 billion yen (as of 2021), and 90 billion yen (as of the end of 2024)
- 2012** Villa Lodola, an organic haircare brand, launched  
As more people place importance on living in harmony with nature, the Villa Lodola organic haircare brand was launched in Japan after all ingredients were certified by ICEA—Europe's representative organization for organic certification.
- 2013** MILBON (THAILAND) CO., LTD. established as Milbon's first overseas production factory

Recorded revenue growth in every fiscal year since our IPO in 1996 (excluding FY2020, when COVID-19 struck). Overseas sales have also been steadily increasing.

Since its establishment in 1960, Milbon has pursued continuous innovation in step with the evolving needs and dynamics of society—guided by its unwavering commitment: "Everything we do, we do for and with hair professionals." This section presents the history of innovation at Milbon, from our founding to be present, together with our trajectory toward sustainable growth.

## 2016



Launched "milbon," a premium haircare brand, through analysis of diverse hair characteristics around the world

The Company's namesake brand, milbon, was launched as a premium haircare brand for "360 Degree Beautiful Hair" to introduce Milbon's haircare quality to the rest of the world. Using hair research technology cultivated since our founding, we analyzed a wide variety of hair in 20 countries. From the research, we identified common hair damage phenomena and established a unique haircare system. Countries and regions of operation: 15 (including Japan, as of the end of 2024)

## > Beyond hair and beyond an industry-perspective

## 2017



Announced a capital and business alliance with KOSÉ Corporation to develop salon-exclusive cosmetics, and established Kosé Milbon Cosmetics Co., Ltd.

## 2019



Launched iMPREA, a salon-exclusive premium cosmetics brand

iMPREA was launched as the first brand from Kosé Milbon Cosmetics. The company continues to create a wide range of cosmetic products.

SOPHISTONE, Milbon's first hair color brand for Europe and North America, launched

Development was based on rigorous research of the values, techniques, and hair colorant characteristics of Europe and North America's hair color cultures. As Milbon's first full-scale brand developed exclusively for regions other than Japan, it has received high praise from local stylists, bringing new value to hair coloring in Europe and North America.

## 2020



milbon:iD (Milbon's official online store) began full operation

milbon:iD was started as a new communication that connects hair salons with their customers. It not only allows customers to purchase Milbon products from home, but also preserves traditional sales channels by allocating sales to the relevant distributors and hair salons. The store contributes to improved customer convenience and ensures revenue for hair salons. Number of registered members: 870,000 (as of the end of 2024)

## 2021

education:iD, an online learning service for haircare professionals, launched

## 2023



Smart Salon® launched as a new beauty experience in collaboration with hair salons

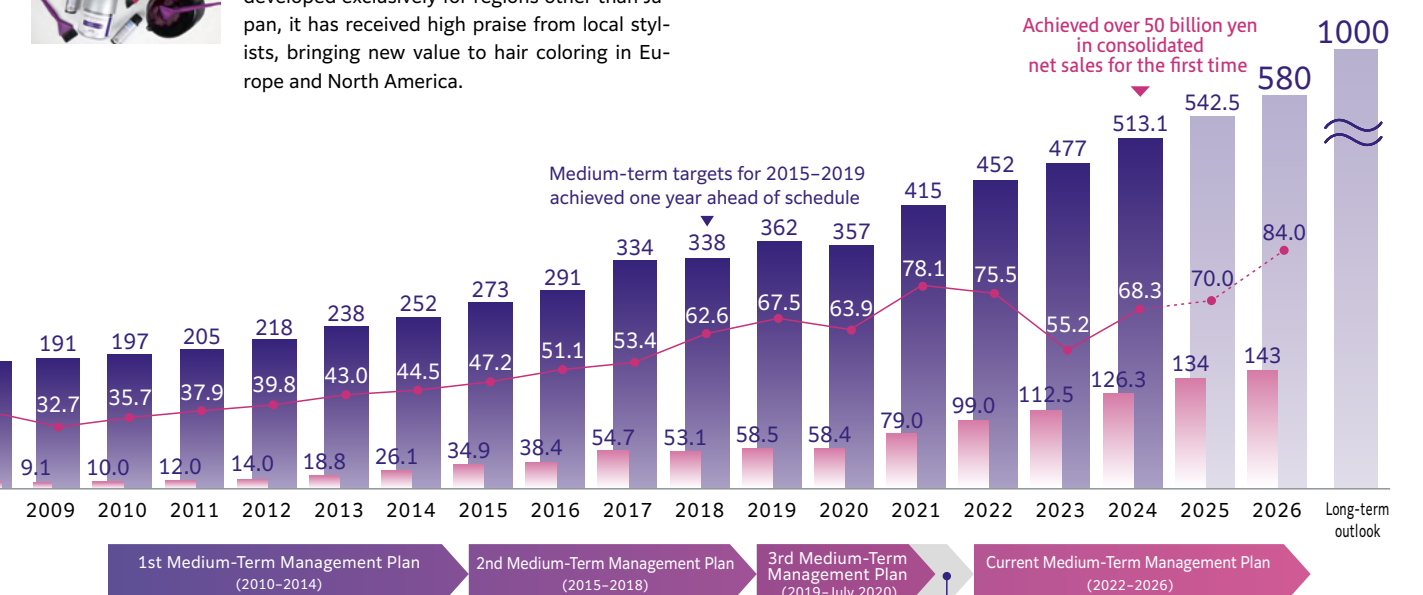
Smart Salons were launched in collaboration with participating hair salons. In a fusion of physical and digital worlds, they offer a range of beauty experiences and contribute to increased in-salon sales of take-home products. Smart Salon presence: 62 salons in 50 cities (as of the end of 2024)



ALANOUS, Milbon's first beauty supplements brand, launched



Innovation Center opened to conduct medium-to long-term research utilizing cutting-edge technologies



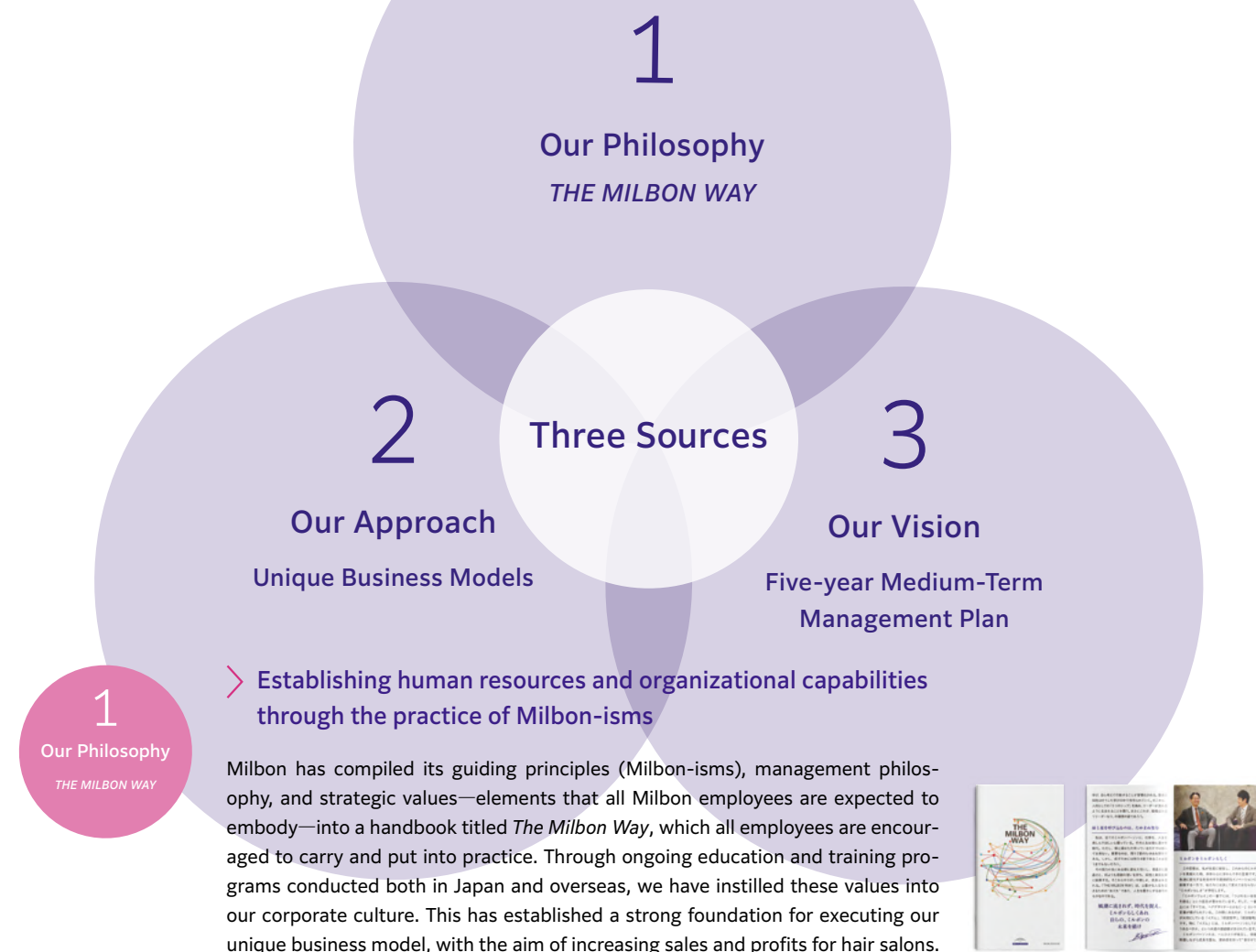
Medium-Term Management Plan "Change the Stage—18-Month Missions!" implemented in response to COVID-19 (July 2020 to December 2021)



# Three Sources of Milbon's Sustainable Growth

## Interconnected and Synergistic Sources of Value Creation through Consistent Execution

Since its founding in 1960, Milbon has achieved sustainable growth through continuous innovation that contributes to increasing sales and profits for hair salons. This section details the three interlinked sources of sustainable growth, enabled by consistent and thorough execution.



At Milbon, all employees share a common philosophy: “Everything we do, we do for and with hair professionals,” and a core belief: “We will build a solid company that won’t collapse,” a sustainable company. By uniting around these principles, we have continuously focused our business on hair salons and built a culture of ongoing innovation in response to social change.

All employees are expected to thoroughly put into practice the behavioral principles of “to be in the field, to pay attention, and to be independent.” Regardless of department or position—including sales, education, and R&D—Milbon fosters a culture where employees go to the field, think proactively about what they can do, and take initiative.

Led primarily by our current Chairman, Ryuji Sato, we conduct study sessions as part of the nine-month training program for new employees, along with follow-up sessions during annual and other periodic training programs. We also hold regular workshops at our business locations in Japan and abroad. Through these ongoing efforts, we are committed to deeply instilling *The Milbon Way* into our corporate culture.

Developing human resources and organizations as the foundation for implementing our unique business model

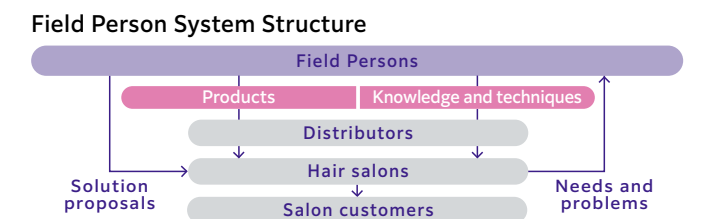
**2 Our Approach Unique Business Models**

➤ Earning strong and enduring trust through multifaceted support and high value-added creation

Milbon implements its unique business model, exemplified by the Field Person (FP) System and Target Authority Customer (TAC) Product Development System, on a foundation built through the dissemination and practice of *The Milbon Way*. By creating and delivering high value-added products and services tailored to the salon-exclusive channel, we have earned the deep and enduring trust of hair salons.

### 1 Providing multifaceted support to hair salons through the FP System

Under the slogan “Don’t sell products, sell concepts,” we have established a unique sales and educational support system that contributes to increasing sales and profits for hair salons. In addition to offering added value such as beauty techniques associated with our products, we provide multifaceted support ranging from problem-solving to educational assistance.



### 2 Creating unique added value through the TAC Product Development System

#### TAC Product Development System Flowchart



Guided by the concept of “a fusion of sensibility and science,” we operate the TAC Product Development System, which translates the intuitive techniques and creative sensibility of top hairstylists into products and services through collaboration with professionals in the field. This approach allows us to identify emerging needs with precision and create distinctive added value.

Earning the deep trust of hair salons that share our vision

**3 Our Vision Five-year Medium-Term Management Plan**

➤ Achieving goals through annual actions aligned with a medium- to long-term vision

In line with *The Milbon Way*, we have formulated and are executing a five-year commitment-based Medium-Term Management Plan that reflects the most recent social trends and anticipates changes over the coming decade. Through the implementation of our unique business model, we aim to realize our vision for the beauty industry. Together with Milbon employees, distributors, and hair salons, we continue to drive continuous innovation and sustainable growth.

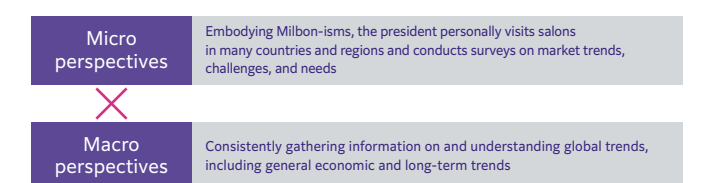
### 1 Executing annual market strategies and business plans aligned with Medium-Term Management Plans

To realize the goals outlined in our five-year Medium-Term Management Plans, we formulate corresponding annual market strategies and business plans. In addition to ensuring thorough internal implementation, we hold strategic briefings for our salon partners and distributors. Through this tripartite collaboration, we build a united front to achieve our shared objectives.



### 2 Planning with realism and conviction by combining micro and macro perspectives

Embodying the action guidelines of “to be in the field, to pay attention, and to be independent,” the president personally visits salons in various countries and regions to gain micro-level insights through direct engagement and market research. These are combined with macro-level perspectives, including global trends, general economic developments, and medium- to long-term shifts, enabling the formulation of strategies and plans that are both realistically grounded and logically compelling.



Achieving sustainable growth and realizing shared goals through tripartite collaboration among hairstylists, distributors, and Milbon







Milbon through the Eyes of Individual Investors

## Interview with Hiroto Kiritani, Individual Investor

Milbon invited Hiroto Kiritani, a well-known individual investor, to share his views on stock investment from the perspective of individual investors. He also talks about what he finds appealing about Milbon and his expectations for the company.



### > Wealth built through long-term ownership focused on income gains

I began investing in stocks in 1984, at the peak of the Japanese asset bubble. Today, I hold shares in more than 1,300 companies both in Japan and overseas, including Milbon. My investment philosophy prioritizes not short-term gains, but total yield—an overall return that includes both shareholder perks and dividend income. Based on this philosophy, I pursue long-term ownership with a focus on income gains as a foundation. That said, I once viewed the world of stock investment as little more than gambling—where one person’s gain came at another’s loss—and I chased short-term profits accordingly. I followed popular stock recommendations from market commentators and at times made significant gains.

However, I also experienced hardship more than once, to the point that my day-to-day life became unsustainable. Wherever I went, I constantly checked stock prices, riding an emotional rollercoaster of hope and despair. After going through such a turbulent investment life, I finally arrived at my current approach: long-term ownership with a focus on stable income gains. This shift has allowed me to spend less time worrying about market fluctuations and more time enriching my own life. Long-term investing enables shareholders to support the companies they believe in while enjoying dividends and shareholder perks—and potentially earning capital gains if the stock price rises. For the companies, it brings not only stable funding but also a loyal fan base. This, in turn, helps create a virtuous cycle for the Japanese economy. Today, I believe that stock investing can be a “world where everyone wins.”

### > The reliability of financial health that embodies “building a solid company that won’t collapse”

Currently, two key criteria guide my investment decisions. First, I look for a total yield—combining dividends and shareholder benefits—of at least 4%. Second, I prefer stocks that are trading below theoretical value, as estimated by securities firms. Nonetheless, if a company goes bankrupt, all is lost—no matter how attractive the yield. So naturally, I also consider the company’s business model, strategies, earning stability, and financial soundness. If I find a stock to be undervalued, I may decide to invest even if it offers no shareholder perks.

I have had a connection with Milbon through its sponsorship of the “IR Seminar for Women,” hosted by Nikkei CNBC, where I have spoken on multiple occasions. However, I only became a Milbon shareholder in 2024, many years after I first came across the company. Milbon has an impressive track record: since its listing in 1996, it has achieved revenue growth every year—except for 2020, which was impacted by the COVID-19 pandemic—and has maintained a debt-free management policy. I had always admired the company’s philosophy of inspiring beautiful living worldwide through hair salons. Although the total yield of just over 3% was by no means unattractive, the stock price remained above my valuation threshold. I finally purchased shares in September 2024, when the stock price aligned with my valuation criteria. Milbon shares are attractive even from a valuation standpoint. The company maintains a dividend payout ratio of around 50%, with a full-year dividend of 88 yen

per share in FY2024. It also offers a shareholder benefit program, allowing shareholders to receive Milbon products through a points system based on the number and duration of shares held. True to its founding principle of “building a solid company that won’t collapse,” Milbon has a sound and dependable financial foundation. Temporary drops in stock price are inevitable for any company, but among Prime-listed companies like Milbon, management teams are never passive observers during such periods. As long as a company remains solvent, its stock price generally rebounds over time. Furthermore, income gains—such as dividends and shareholder benefits—are relatively unaffected by short-term price fluctuations. For these reasons, I plan to continue holding Milbon shares for the long term.

### > The announcement of progressive dividends is a major source of reassurance

Some investors, as I once was, seek short-term profits, while others, as I am now, focus on income gains through long-term holdings. There are also those who invest simply because they are fans of a company. With the rise in individual investors driven by programs such as the new Nippon Individual Savings Account (NISA), companies today face an important challenge: how to encourage these investors to hold their stocks over the long-term. For instance, during financial crises, stock prices often plunge, largely because institutional investors offload large volumes of

stock at once to reduce risk. In contrast, investors who prioritize income gains or are loyal fans of the company tend to hold onto their shares even during downturns. This highlights one of the key advantages of valuing individual investors. There must be a certain number of individual investors who are also fans of Milbon, drawn by the opportunity to receive Milbon products through shareholder benefits and by their empathy with the story Milbon tells. So, what kinds of initiatives can a company take to turn more individual investors into fans—or fans into investors? In my view, alongside a company’s story, dividend policies and shareholder benefit strategies are becoming increasingly important with each passing year. In particular, shareholder benefits are undoubtedly one of the key factors that influence individual investors when selecting companies to invest in. In Milbon’s case, its dividends are already highly attractive. If the company enhances its shareholder benefit strategy—by offering, for example, exclusive or limited-edition products—that could serve as an additional incentive for individual investors, motivating their choice of the company. One company I know collaborated with a popular manga series to offer limited-edition QUO Cards (prepaid gift cards) as shareholder gifts, and that led to fans of

the manga to become shareholders. If we substitute Milbon products for the manga, continuing to develop high-quality products may in itself be an effective way for Milbon to attract both fans and individual investors. That said, there are limits to shareholder benefit strategies, and dividend policies remain equally important. In recent years, high-dividend stocks have gained popularity, and terms such as “consecutive dividend increases” and “progressive dividends” are now frequently heard. In February of this year, Milbon announced its first policy on progressive dividends—an announcement that surely provided great reassurance to investors. When you hold a company’s stock over the long term, you naturally develop a stronger emotional attachment to that company. Having a business you truly believe in can enrich your life in many ways. However, the foundation for such a virtuous cycle is that the company fulfills its core mission, contributes to society, and continues to grow sustainably. That is why I hope Milbon will remain fully committed to its mission of creating high-quality products and promoting beauty through hair salons. This is what will enable the company to expand and create a more prosperous future together with shareholders.

## Trends in annual dividends per share and dividend payout ratios

	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend per share (yen)	56	68	86	88	88
Dividend payout ratio	43.3%	43.3%	50.2%	71.6%	61.6%
PBR (times)	5.9	4.6	4.2	2.6	2.3
PER (times)	50.8	36.3	33.4	30.0	22.7

As of the end of FY2024 (December 31, 2024)

Total yield (dividends per share + shareholder benefits)\* 3.31%

\* Annual yield with 100 shares (the minimum required to qualify for shareholder benefits)  
\* The value of shareholder benefits is calculated based on the suggested retail price of Elujuda leave-in treatment. This is available to shareholders with less than three years of continuous ownership.

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio	84.3%	83.3%	83.4%	86.0%	82.9%

For more information on Milbon’s shareholder benefits, please visit:  
[https://www.milbon.com/en/ir/stock\\_bond/shareholder\\_incentives.html](https://www.milbon.com/en/ir/stock_bond/shareholder_incentives.html)



Shareholder benefits for FY2024 (example of benefits for shareholders holding between 100 and 499 shares for three years or more)



Click to jump to the relevant page

# Focus



Focus

## Milbon’s Strategic Focus

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### “milbon” (haircare)

Through nano-level analysis of hair, we discovered Stick-Shaped Voids (SSVs), a common damage phenomenon in people around the world. Products under the milbon brand contain “SSVR-Silk\*,” which increases density in the cortex and repairing these voids, restoring hair to its original beauty from the inside out. With this, we offer an innovative haircare solution linking professionally-applied salon treatments to at-home care.

\*Isostearoyl Hydrolyzed Silk: Hair repairing ingredient



## 2022-26 Medium-Term Management Plan

### Becoming a truly global company, leading in Asia and top 5 in the world

#### Outline of 2022-26 Medium-Term Management Plan

Milbon establishes a Medium-Term Management Plan every five years to help realize its vision of “enriching the spirit and society through beauty.” By executing these plans, it has achieved sustainable growth. Looking to the future, we outlined our vision for FY2026, the final year of the recent 2022-26 Medium-Term Management Plan under the theme “Stage for the Future.” That vision is to become the leading manufacturer in Asia and top 5 in the world by elevating the value of industry professionals in the eyes of consumers and society at large. We are currently implementing a range of related measures in our global strategy, domestic market strategy, and Sustainability Commitment.

#### Global strategy: “Seven Regions”

##### —Promoting a system of local production for local consumption in the beauty domain

Milbon’s global strategy, Seven Regions, recognizes that the value of beauty varies with the specific culture of each country and region. With this in mind, we have designated Seven Regions out of the countries and regions in which we already have a presence (Japan, South Korea, Greater China, ASEAN, North America, the EU, and the Middle East), and we are promoting a local production for local consumption system in the beauty domain, tailored to the individual beauty of each region.

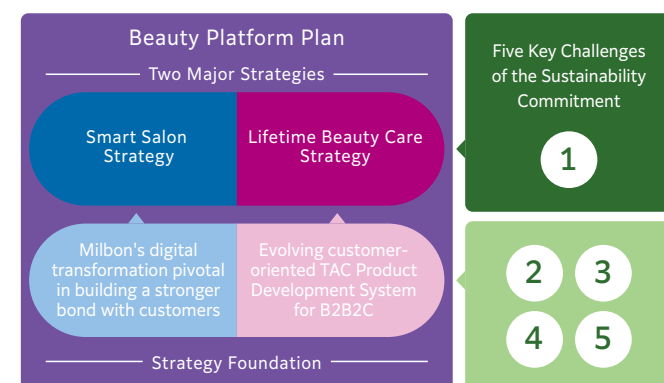
By FY2024, we have established a presence in 14 countries and regions including Japan, and successfully expanded our production capabilities with factories in Japan, Thailand, and China. Additionally, we have strengthened our R&D bases in Japan, Thailand, China, and the United States. By strengthening cooperation between these global bases, we are accelerating the development of global products tailored to universal beauty needs, and localized products designed to meet the specific demands of each region. Through our “Made by Milbon” philosophy, trust in our brand is steadily growing worldwide.

In addition to mitigating geopolitical risks and flexibly responding to legal and trade regulations, we are leveraging economies of scale in raw material procurement where prices are rapidly rising. From a sustainability standpoint, we have also begun contributing to reducing CO<sub>2</sub> emissions by minimizing long-distance transportation.

Going forward, we will consider and establish bases for research and development, production, logistics, and sales in all regions. By offering products and services tailored to different hair types, cultures, and values, we aim to contribute to the global development of the beauty industry.

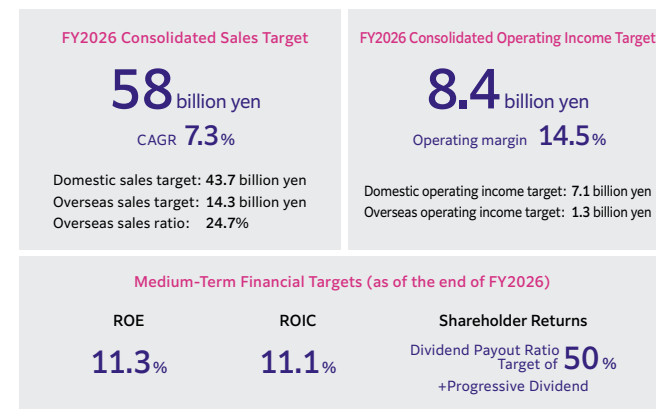
#### Domestic market strategy: “Salon-based Social Innovation”—Reforming the nature of hair salons

##### Salon-based Social Innovation



Milbon’s Salon-based Social Innovation strategy for the domestic market is built upon two key strategies: the Smart Salon Strategy, a new salon-driven strategy which fosters consumer engagement by fusing physical and digital worlds, and the Lifetime Beauty Care Strategy, which expands the business domain beyond hair care into skin care and beauty healthcare. This strategy aims to redefine the role of hair salons, addressing structural challenges such as population decline, and industry-wide productivity concerns, by transforming them into a new and essential beauty platform that enriches people’s lives.

Together with these strategies, we have placed our Sustainability Commitment at the core of our business approach. By addressing key sustainability challenges for both Milbon and the beauty industry, we aim to contribute to the realization of a spiritually rich and sustainable society through hair salons.



#### Overview and progress of the Smart Salon Strategy

Milbon’s Smart Salon Strategy proposes a new hair salon space, where customers can experience a seamless blend of physical and digital services. The strategy will roll out Smart Salons across Japan with the support of collaborating hair salons. By leveraging the technical expertise and trust of hair professionals, the immersive experience of Smart Salons, and the convenience of milbon:iD, we are uncovering significant latent demand for take-home products as another sales channel alongside traditional hair salon services. In this way, we are expanding our new hair salon model offering high productivity and customer satisfaction.

#### Overview and progress of the Lifetime Beauty Care Strategy

The Lifetime Beauty Care Strategy aims to expand beyond a hair-centered business domain into skin care, cosmetics, and beauty healthcare. This strategy seeks to maximize the unique community value offered by hair salons. That is, spaces where customers engage in face-to-face communication, visit regularly, and spend an extended period of time. This strategy is expected to further improve productivity for hair salons, while also enabling customers to experience more enriched lifetime beauty care at hair salons. Having launched a cosmetics business in collaboration with KOSÉ in 2019, we are pioneering a new culture of purchasing cosmetics at hair salons. In FY2024, we dramatically expanded the potential for cosmetics in hair salons, particularly through a new linked proposal combining hair colorings and eyebrow products that led to a record of 152.8% year-over-year sales growth in our cosmetics category. We also launched our first beauty supplements in 2023, and first body care series in a limited number release in 2024, continuing our commitment to expanding the potential of hair salons.

#### Sustainability Commitment

Milbon has placed its Sustainability Commitment at the core of its Salon-based Social Innovation strategy, integrating it across all business activities.

For details, please refer to [Sustainability & ESG from page 51](#), and the [MILBON Sustainability Report 2025](#) published in March 2025.

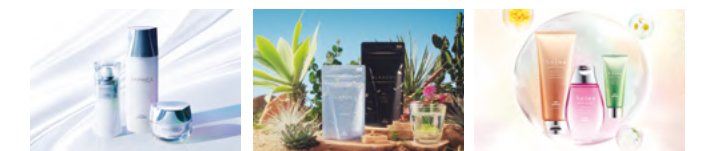
\*Click here to view MILBON Sustainability Report 2025

([https://www.milbon.com/en/uploads/docs/milbon\\_SustainabilityReport\\_en\\_250430.pdf](https://www.milbon.com/en/uploads/docs/milbon_SustainabilityReport_en_250430.pdf))

#### Rare Community Characteristics Offered by Hair Salons



◆ iMPREA cosmetics (collaboration with KOSÉ Corporation) ◆ ALANOUS beauty supplements ◆ Aujua FELLIAGE body care series (limited number release)



#### Operating results, targets, and long-term vision for the 2022-26 Medium-Term Management Plan

The table below details the most recent operating results and management targets for the 2022-26 Medium-Term Management Plan. In FY2024, Milbon set a new record of 51.3 billion yen for consolidated net sales, surpassing the 50 billion yen mark for the first time. We also managed to recover from profitability challenges faced in FY2023, with an operating income of 6.8 billion yen and operating margin of 13.3%, exceeding initial projections and delivering strong sales and profit growth. We have also set FY2025 targets of 54.25 billion yen in consolidated net sales, representing growth of 105.7%, and consolidated operating income of 7 billion yen. While the operating margin target is lower than that for FY2024, this is due to expenses related to Expo 2025 Osaka, Kansai, which have been accounted for as SG&A costs. Excluding these expenses, our operating margin target for FY2025 is 13.9%.

In light of the need for a medium- to long-term approach to restore profitability amid rapid shifts in cost structures in the post-COVID era, we have adjusted our profit target for FY2026, the final year of our Medium-Term Management Plan.

At the same time, we set a new long-term vision for FY2026 and beyond. As the next phase of our growth, we aim to grow sales and improve capital efficiency through stable growth in Japan and accelerated growth overseas to achieve consolidated net sales of 100 billion yen and capital efficiency that produces an ongoing ROE of over 14%.

	FY2022 results	FY2023 results	FY2024 results	FY2025 target	Gap (%)	FY2026 Revised Target	Gap (%)	FY2026 Original Target
Consolidated net sales	45.23 billion yen	47.76 billion yen	51.31 billion yen	54.25 billion yen	5.7%	58.00 billion yen	—	58.00 billion yen
↳ Domestic	35.33 billion yen	36.50 billion yen	38.68 billion yen	40.85 billion yen	5.6%	43.70 billion yen	—	43.70 billion yen
↳ Overseas	9.90 billion yen	11.26 billion yen	12.63 billion yen	13.40 billion yen	6.1%	14.30 billion yen	—	14.30 billion yen
Gross profit	29.50 billion yen	29.52 billion yen	32.59 billion yen	35.00 billion yen	7.4%	37.60 billion yen	(1.5%)	38.16 billion yen
Operating income	7.55 billion yen	5.52 billion yen	6.83 billion yen	7.00 billion yen	2.3%	8.40 billion yen	(22.2%)	10.80 billion yen
Operating margin	16.7%	11.6%	13.3%	12.9%	—	14.5%	—	18.6%
ROE	13.2%	8.9%	10.6%	10.4%	—	11.3%	—	13.9%
ROIC	12.5%	8.6%	10.0%	9.7%	—	11.1%	—	13.6%
Dividend payout ratio	50.2%	71.6%	57.1%	55.1%	—	Target of 50% or higher	—	50%



# EXPO 2025

## Envisioning Future Salons: Live Your Life, Authentically and Beautifully

### Showcasing Milbon's Future Beauty Platform to a Global Audience at Expo 2025 Osaka, Kansai, Japan

Milbon is a sponsor of the Osaka Healthcare Pavilion at Expo 2025 Osaka, Kansai, which opened in April 2025, and is exhibiting its booth at the venue. As part of our Beauty Platform Plan, which aims to position salons as essential local infrastructure that supports people's lives through beauty and health, we are committed to empowering individuals to live beautifully through salons and contributing to the development of sustainable cities worldwide. Our mission closely aligns with the theme of Expo 2025, "Designing Future Society for Our Lives," as well as the theme of the Osaka Healthcare Pavilion, "Reborn," which conveys the message that everyone can be reborn as a truer version of themselves by reflecting on what it means to live authentically. Recognizing this strong synergy, we are proud to be a sponsor and exhibitor at the pavilion.

With the world's attention on Expo 2025, we will leverage this global stage to spread our message of redefining Future Salons as our Future Beauty Platform. In addition, by acquiring valuable data for strengthening our research foundation, we aim to contribute to the realization of a society where individuals can live enriched lives, authentically and beautifully.



Provided by Osaka Pavilion (public corporation)

#### Potential outcomes from Expo 2025 Osaka, Kansai

##### Presenting Milbon's vision of Future Salons to the world

Anticipated visitor numbers for the Osaka Healthcare Pavilion: 2.8 million

##### Acquiring anonymized data from approximately 100,000 personal health records (PHRs)

Strengthening Milbon's research foundation to drive future innovation and product development

PHR data	Approximately 45 personal health parameters across 7 categories including skin and hair. The anonymized data, ensuring that individuals cannot be identified, will contribute to the realization of a healthier, and more beautiful future.
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#### Osaka Healthcare Pavilion

The Osaka Healthcare Pavilion is located in the East Gate Zone, which connects to Yumeshima Station on the Osaka Metro Chuo Line. Milbon is showcasing its exhibit in the Future Healthcare Zone, which is positioned along the Reborn Experience Route within this pavilion. The experience begins as visitors enter body measurement pods that collect personal health (PHR) data. Measuring instruments and cameras within the pods assess approximately 45 personal health parameters across 7 categories, including hair, skin, musculoskeletal and vascular health, and cognitive function. Visitors can then meet avatars of themselves, 25 years into the future, that are generated from the PHR data.

Next, visitors explore the Future Healthcare and Future City zones, engaging with booths that provide interactive experiences linked to their own PHR data. Through these immersive interactions, they embark on a transformative journey, ultimately discovering an enhanced version of their future selves in the final Reborn Experience.



Provided by Osaka Pavilion (public corporation)

#### Milbon's booth: Milbon's vision of Future Salons



##### Concept: Future Salons to "live your life, authentically and beautifully"

By 2050, Milbon will collaborate with hair salons to redefine Future Salons as our Future Beauty Platform. Future Salons will serve as personalized spaces that enable individuals to live their lives, authentically and beautifully. By fusing physical and digital worlds, we seek to redefine the salon experience, creating a future where each individual can encounter their unique beauty and live more authentically. Milbon is committed to sharing its vision of a future where living beautifully is embraced worldwide.

#### What is a Future Salon?

##### 1 Service expansion

Future Salons will evolve beyond traditional haircut services, expanding into three key areas: hair care, skin care, and beauty healthcare. Through this broader range of care services, customers will receive even more personalized suggestions tailored to their individual needs.

##### 2 Fusion of physical and digital worlds (Smart Salons)

Even as digitalization accelerates, hair salons will continue to be in-person spaces. By enhancing both face-to-face communication, including technical services and personalized care service recommendations from hair professionals, and data-driven digital offerings, salons will seamlessly connect the physical and digital worlds. This evolution will enable customers to pursue their unique beauty with greater convenience and personalization.

##### 3 Global beauty and health infrastructure (Beauty Platform)

Milbon's Beauty Platform will encompass about 200,000 Future Salons in Japan, as well as many more worldwide, continuously supporting individuals in their pursuit of beauty and health in each country and region.

#### Future Salon experience

##### 1 Beauty Platform-Vision of the future (video)



This video presentation depicts one version of Milbon's vision of the Beauty Platform as infrastructure for beauty and health, while exploring how people's relationship with beauty and health has changed over time.

##### 2 Beauty Platform-Immersive future experience



This immersive visual experience allows visitors to envision a future where their PHR data seamlessly integrates with mirrors in salons and at home, creating a sense of true presence. It showcases Milbon's future vision of the

Beauty Platform, redefining interactions with beauty and health by enabling personalized support from hair professionals not only in salons, but also in the comfort of one's home.

##### 3 Three cares (hair care, skin care, beauty healthcare) and the PHR experience



In Milbon's vision of the future, the integration of various data sources with expert advice from hair professionals will enable more personalized and optimized product recommendations. At Milbon's booth, visitors can experience

firsthand how product recommendations are linked to their PHR data collected at the Osaka Healthcare Pavilion.

##### 4 Take-home samples



Visitors who take part in the Future Beauty Platform experience will receive product samples that showcase the personalized salon care of the future.

#### Outlook beyond Expo 2025

After the close of Expo 2025, Milbon will acquire and utilize the anonymized PHR data from approximately 100,000 participants at the Osaka Healthcare Pavilion. This dataset far surpasses the several thousand records we have collected over many years. Going forward, we will leverage this data to further strengthen our advanced hair and skin research foundation, driving the development of high value-added products. To realize our Beauty Platform Plan, we will not only strengthen our expertise in hair care but also accelerate business domain expansion into adjacent fields such as skin care and beauty healthcare, fostering the creation of new value.

Part of our Expo 2025 booth will be set up at Milbon's Central Research Institute, serving as a valuable asset for communicating and sharing our vision of Future Salons both within the company and externally.

Hair model data currently held by Milbon:  
Several thousand people

Recorded data available to Milbon after Expo 2025:  
Approximately 100,000 people

Development of high value-added products through a strengthened hair and skin research foundation

Business domain expansion into adjacent fields to realize Beauty Platform Plan





Global Market Strategy

## Global Strategy Progress and Results

### Consistent business growth leads to 24.6% increase in overseas sales ratio



Board Director,  
Director of International FP Sales and Marketing,  
Director of FP Sales and Marketing,  
in charge of Education Planning

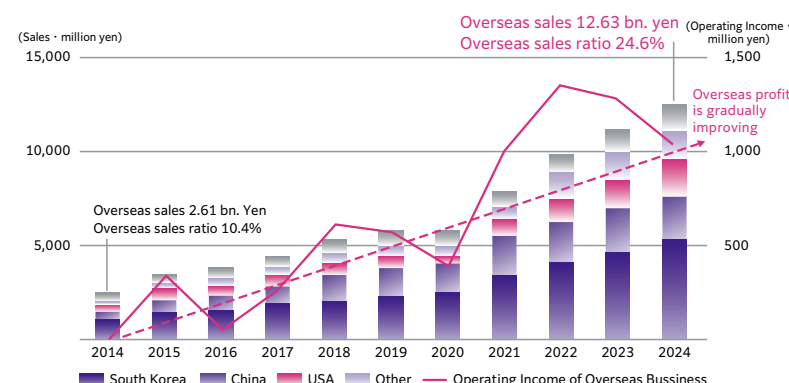
#### Harumichi Okazaki

#### Enhancing market presence and influence to achieve year-over-year growth of 107.2%

Milbon has continued to grow its business consistently in global markets, achieving solid growth in overseas consolidated net sales over the past decade, from 2.61 billion yen in FY2014 to 12.63 billion yen in FY2024. In parallel, the overseas sales ratio increased from 10.4% to 24.6% and profits are continuing to show a long-term upward trend despite some variation between countries and regions due to different phases of the growth cycle.

In FY2024, our South Korean market—already ranked second in estimated market share and a key driver of our global business—continued to perform strongly, exceeding sales and profit projections significantly. In addition to further growth in hair colorings, which account for approximately 70% of sales, we achieved double-digit growth in hair care, a segment expected to see continued expansion. Furthermore, the number of hair salons using our perming solutions, which already hold a large share of the South Korean market, are increasing steadily. We also strengthened our market presence due to increased support from young hair professionals in central Seoul, an emerging hub for the industry's future. This expansion has been driven by large-scale events for hairstylists including DA-LINK, a contest-style event showcasing creative talent. The DA-LINK event has also been held in China, Taiwan, Malaysia, and Thailand, with Indonesia and Singapore set to join for the first time in 2025. We achieved stronger-than-expected growth in the United States market where we are building a nationwide distributor network. Since 2020, we have been strengthening our haircare branding through a global creative director agreement with renowned Los Angeles-based hair stylist Anh Co Tran. Starting in FY2024, we intensified our activities in LA, leading to tangible results including achieving the No.1 in-store share among contracted distributors in California. We believe that this success will positively impact distributors in other areas as well. In March 2025, we took a significant step in the global expansion

#### Overseas net sales



Inside the DA-LINK Korea Venue

of our business model by launching the milbon & Monochromatic series of styling products jointly developed with Anh Co Tran, marking our first application of the TAC Product Development System. On the other hand, China remains a difficult market due to changing consumer behavior. Even so, we fared relatively well compared to the market overall and produced a year-over-year increase in revenue during the second half of the year, despite our full-year result showing a small decrease. By continuing our steady efforts with individual hair salons, such as proposing haircare services to meet changing consumer demands, we successfully expanded the number of hair salons adopting our products. Moving forward, we will continue closely monitoring changes in consumer behavior while proactively preparing for shifts in market conditions. In the EU market, we have seen promising growth following the launch of sales through commission-based contracts, leading to a rapid increase in the number of hair salons adopting our products. Additionally, since the end of 2024, we have begun distribution through new partners in Greece and Norway, the latter outside the EU. Meanwhile, in the high-potential ASEAN region, we are strategically focusing on urban areas where the salon market is developing, while laying the groundwork for long-term market expansion. Additionally, in FY2025, we plan to establish the Global Color Creative Team, comprising renowned hair professionals in various countries with expertise in hair coloring. Beyond facilitating information exchange, this initiative will proactively

shape beauty trends through seminars and other events, positioning Milbon as a key driver in the global beauty industry. Through these efforts, we aim to further strengthen our presence and influence in international markets.

#### Accelerating growth investments in key regions of South Korea, the U.S., and the EU

In February, Milbon partially revised its financial targets in the 2022–26 Medium-Term Management Plan. While maintaining our overseas net sales target, we changed its composition ratio according to market trends and growth conditions in each country. Also, increasing our overseas sales ratio through continued global market growth is essential to achieving our newly announced long-term vision. To this end, we have designated South Korea, the U.S., and the EU as key regions and will accelerate our growth investments in these markets.

Specifically, in the South Korean market, we will drive research and development of perming solutions, which account for 30% of the South Korean market, and promote the TAC Product Development System in collaboration with local hair professionals. We will also expand our Japanese flagship brand “Aujua” and global flagship brand “milbon” in the haircare sector to promote cross-selling of these brands in hair salons that use our hair colorings to work towards securing the No.1 position in the South Korean market. The reinforcement of our brands in the South Korean market

in this way will help strengthen our market presence in Asia, where South Korean beauty trends have a significant impact. In the U.S. market, we will build on our product-driven competitive advantage by expanding and strengthening our education model for distributors and hair salons, an approach that has been instrumental in our growth in South Korea. To further enhance brand recognition and broaden support for our hair coloring products, we will actively promote cross-selling with our highly regarded haircare brands, and we aim to establish ambassador partnerships with renowned colorists during FY2025. In the EU region, a new key region for us, we will continue to expand our sales channels by forging partnerships with distributors who align with our business model, following our successful agreements in Greece and Norway. Apart from key regions, we are actively expanding our market presence in the ASEAN region through close collaboration, laying the groundwork for sustained growth. Additionally, in the Middle East, we have finalized plans to launch sales and operations in Dubai from FY2025, marking our first entry into the Middle East region. Going forward, we will continue embracing the unique beauty of each country and region while fostering a dynamic framework in which individual regions complement one another to achieve sustainable growth. Anchored by our Seven Regions global strategy, this approach will help support the expansion of our global business and contribute to the realization of a world where people can thrive in beauty.

	(Unit: million yen)	FY2023 results	FY2024 results	FY2025 target	FY2026 revised target
Overseas	Net Sales	11,260	12,631	13,400	14,300
	Operating Income	1,294	1,043	1,000	1,282
	Margin (%)	11.5%	8.3%	7.5%	9.0%
South Korea	Net Sales	4,715	5,345	5,583	5,781
	Operating Income	1,284	1,239	1,305	1,350
	Margin (%)	27.3%	23.2%	23.4%	23.4%
China	Net Sales	2,241	2,328	2,333	2,500
	Operating Income	68	49	8	30
	Margin (%)	3.1%	2.1%	0.4%	1.2%
USA	Net Sales	1,624	1,981	2,145	2,350
	Operating Income	(89)	(89)	(275)	(180)
	Margin (%)	(5.5%)	(4.5%)	(12.8%)	(7.7%)
Other	Net Sales	2,678	2,976	3,339	3,669
	Operating Income	30	(157)	(38)	82

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 FY2025: Approx. ¥360 mil.	Our Sales Target for FY2025: Approx. ¥5.6 bn.	Our Sales Target for FY2025: Approx. ¥2.1 bn.
Adjusting strategies to meet changing consumer needs		Target major cities as a foundation for future growth
China		ASEAN
Market Size: Approx. ¥200 bn.		Market Size: Approx. ¥80 bn.
Our Sales Target for FY2025: ¥2.3 bn.		Our Sales Target for FY2025: ¥1.74 bn.

\* Market sizes are based on our research.



# Cross Review

## Global Strategy Cross Review with Outside Board Director

Harumichi Okazaki, Board Director in charge of Global Business, joined Etsuhiro Takato, Outside Board Director at Milbon and former Representative Director of Ajinomoto Co., Inc., with extensive experience and knowledge in overseas business, for a detailed cross review of the company's current situation and future directions in global strategy.

### > Current status and future strategies in each area



**Takato:** I would like to start by commending Milbon again on its global strategy in reaching an overseas sales ratio of around one-quarter of consolidated net sales, and for the board of directors engaging in open discussions on this important topic for achieving the company's long-term outlook.

**Okazaki:** Thank you.



**Takato:** Let me begin by asking your thoughts on the current strategy and feedback in the United States, an important market for realizing Milbon's long-term outlook.

**Okazaki:** Building our success in East Asia, I believe there are three steps we need to implement to grow support in the global market: (1) product education activities, (2) support for hair professional development, and (3) business strategy proposals for hair salons. In the U.S., we are currently transitioning from step (1) to (2). As part of this, we are actively working to expand our nationwide influence by increasing our market share in California, which is the most populous state, and particularly in Los Angeles, a hub for trend-setting.

**Takato:** Of course, narrowing our focus to key markets is essential. As we work to expand our influence nationwide, we should clearly identify which cities to target and develop our strategy accordingly.

**Okazaki:** That is true. We have contracted distributors in each of the major cities and we are gradually replicating successes in LA in those cities. Based on population size, we are specifically considering Texas, particularly Austin, as our next area of focus.

**Takato:** I also believe that hair colorings should be a top priority because of the increasing level of support they are gaining.

**Okazaki:** They are certainly an established domain by themselves, with "colorist" being a recognized profession in the U.S. Without support for our hair colorings, I doubt we can achieve the No.1 position in the hair salon market. A global creative director agreement with Anh Co Tran, a renowned LA-based hairstylist, significantly boosted the popularity of our haircare offerings. In the same way, we aim to sign ambassador agreements with renowned colorists during FY2025.

**Takato:** Such top-tier professionals would certainly recognize the value of Milbon products. Because they would only be satisfied with products that match the caliber of their own expertise, they naturally serve as proof of our quality. And the relationships we build with them are sure to open the door to even greater opportunities for Milbon.

**Okazaki:** In fact, our connection with Anh Co Tran has already begun to create new opportunities, including deeper ties with well-known hair professionals in South Korea. This reaffirms just how critical our U.S. initiatives are in enhancing Milbon's global influence.

**Takato:** Looking ahead to Milbon's future, expanding our business in the EU market is certainly important, but only once we have established our business foundation in the U.S. To that end, I believe it is also important that we define criteria for what constitutes an established business foundation. With such benchmarks in place, we will be able to clearly explain our position to the capital market.

**Okazaki:** Yes, and because it is important to build trust-based relationships with individual hair salons, as we do in Japan, achieving business growth in overseas markets is not something that happens overnight. The capital market needs to understand this as well. Our stance is to concentrate our efforts on specific customers or regional segments and overcome the barriers to entry one step at a time.

**Takato:** In my experience, the nature of global business

means that even when applying the same business model as in Japan, the speed of growth often differs. That's why, when considering expansion into new countries, I believe it's more important to assess the average income levels of major cities rather than national averages.

**Okazaki:** Yes, that's right. When we originally entered the South Korean market, which is currently driving our global market business, the average national income was lower than Japan's at the time, but now it has surpassed Japan's. As the country has grown, so have hair salons, along with the challenges we face, but we have built our success so far by addressing those challenges. Yet the ASEAN market is still in a period of transition. We are now building our foundations by increasing market share in major cities, while furthering research related to education and products sought by highly motivated hair salons to ensure we seize the coming opportunities.

**Takato:** Those salons are undoubtedly eager for Milbon's products and services, and if we can meet that demand, I predict the business to grow rapidly, as quick as a flash. However, markets are living organisms. No matter how thoroughly we analyze and prepare, there will always be cases where things don't go as expected once operations begin. Of course, the rational approach would be to import the business model that we have spent so long to develop. If we succeed, then that is the most efficient way to proceed. But if we do not, we must respond flexibly and adapt to the commercial customs of each country and region.

**Okazaki:** That is why we begin by selecting distributors who resonate with our approach and can grow alongside us. Then we can expand our business with an emphasis on supporting the local culture while making sure to continue frontline surveys of the actual hair salons as we go.

**Takato:** Our business model is inherently difficult to replicate as it requires persistence and patience, and, as we say ourselves, it is "efficiently inefficient." Nevertheless, we must always be thinking about how to respond to all kinds of threats, including the emergence of competitors pursuing similar strategies. While our business model and *The Milbon Way* are both terrific, there may come a time when we are forced to undertake a fundamental transformation. It is therefore important that we constantly refine and evolve our model to stay ahead.

### > Clearer definition of target markets as part of the global strategy

**Takato:** To finish, I would like to talk about South Korea, the U.S., and the EU as key regions for realizing our long-term outlook. I think it is extremely important to gain a clearer understanding of market scale and our target segments in the U.S. in particular, which will be a key driver of growth going forward. You see, viewing every hair salon across the country as our customers certainly creates a huge market, but the reality is that the salon landscape is diverse in both business models and price points. If we can segment that market and clarify targets to approach, and then increase our share within the market, it would greatly strengthen our presence there.

**Okazaki:** Yes, absolutely. To date, we have described market size based on the value of sales to hair salons, but we can certainly gain a deeper understanding of our targets if we make the same calculations based on manufacturer shipped value, which is broadly equivalent to sales. We will continue exploring ways to communicate our objectives more clearly, based on our target markets, so they are easier for stakeholders to grasp.

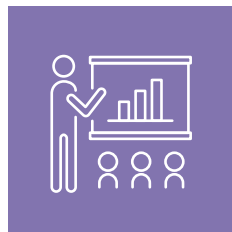
**Takato:** Careful explanations based on accurate assumptions will ensure proper understanding in the capital market. And if we can explain our current situation and future vision through more granular analysis, I think we can further clarify the strategic goals we should be striving toward.



Outside Board Director  
Etsuhiro Takato

(Advisor to Ajinomoto Co., Inc.) After joining Ajinomoto Co., Inc., he served as President and Director of various overseas subsidiaries, President of Ajinomoto SEA Regional Headquarters Co., Ltd., and Representative Director of Ajinomoto Co., Inc. He currently works as an advisor to the company, and as an outside board director for Seven Bank, Ltd. and TOKYO VERDY, Inc.





Domestic Market Strategy

## Domestic Market Strategy Progress and Results

### Strong growth in hair care leads to record net sales of 38.6 billion yen

#### Positive growth in each category further expands market share

Milbon is a leading company in Japan's professional haircare and cosmetics market, serving hair salons through 7 branches and 19 sales groups. By maintaining close partnerships with hair salons, the company continues to achieve sustainable growth.

In the domestic market in FY2024, we exceeded our sales and profit targets by implementing initiatives aimed at helping hair salons address management challenges stemming from population decline and inflation. This was driven in particular by strong growth in our haircare business, particularly our flagship brand "Aujua." As a result, domestic non-consolidated net sales reached a record of 38.68 billion yen. Operating income also recovered significantly, rising 37% year-over-year to 5.79 billion yen, with the operating income ratio improving from 11.6% in FY2023 to 15.0%.

By category, our haircare products, which account for over 60% of our total sales, grew 109.4% year-over-year. In the hair color segment, which shrank slightly in FY2023 due to fierce market competition, we returned to positive territory with a 0.2% increase year-over-year thanks to measures toward high value-added hair colors, particularly the organic brand Villa Lodola. With a steady increase in the number of hair salons adopting these products as well, we are laying the groundwork for further growth in market share.

In the cosmetics category, eyebrow products performed significantly above expectations, achieving year-over-year growth of 152.8%, driven by our "Kamimayu" (hair and brow) concept, which links hair and eyebrow styling in a unified proposal. This unified proposal created a virtuous circle encouraging hair salons that had not previously carried our cosmetics brands to begin introducing them. As a result, we are making tangible progress towards the establishment of a new culture of purchasing cosmetics products at hair salons.

A core component of our Smart Salon Strategy, milbon:iD, has been steadily establishing itself as a new infrastructure for product sales within hair salons. Over the past year, the number of participating hair salons has increased by over 600, reaching 6,566, while the number of registered users has grown by 200,000, bringing the total to 870,000. Additionally, e-commerce sales have risen by 330 million yen, now totaling 1.97 billion yen. Given this strong momentum, we now anticipate achieving our 2026 goal of 1,000,000 registered users ahead of schedule, by the end of 2025.

The Smart Salon network has expanded significantly, growing from 23 salons in 19 cities during the test marketing phase in FY2023 to 62 salons in 50 cities in FY2024. Several hair salons have successfully boosted the percentage of customers purchasing take-home products, and salon owners who have experienced these benefits have started to adopt the Smart Salon concept across multiple locations. Going forward, while aiming to further increase the number of salons, we will initially focus on making sure existing Smart Salons are successful by improving fol-



Executive Officer,  
Deputy Director of FP Sales and Marketing and  
General Manager of Tokyo Aoyama Branch

**Akiko Nishioka**



Promoting high value-added hair colors with a focus on the organic brand "Villa Lodola"

### Results and targets for the domestic market

		FY2022 results	FY2023 results	FY2024 results	FY2025 targets
Domestic market (unit: million yen)	Domestic net sales	35,334	36,502	38,684	40,850
	Domestic operating income	6,194	4,231	5,796	6,000
	Domestic operating margin	17.5 %	11.6 %	15.0 %	14.7 %
Net sales composition ratio by category (shipped value)	Haircare products	61.8 %	62.9 %	64.6 %	—
	Hair coloring products	33.6 %	32.4 %	30.4 %	—
	Cosmetic products	1.4 %	1.4 %	2.1 %	—
Premium Brands (shipped value)	Aujua Net sales (million yen)	10,035	10,965	11,838	—
	Salons	5,771	6,556	7,278	—
	"milbon" Net sales (million yen)	3,225	3,439	3,469	—
	Salons	8,046	10,188	10,840	—
	Villa Lodola Net sales (million yen)	1,328	1,359	1,519	—
	Salons	12,458	13,679	16,488	—
	iMPREA Net sales (million yen)	572	558	525	—
	Salons	1,601	1,970	2,083	—
milbon:iD	Members	448,000	670,000	870,000	1,070,000
	Salons	4,833	5,930	6,566	—
Smart Salon	EC Sales (million yen)	1,160	1,640	1,970	—
	Number of Smart Salons		23	62	—
Field Persons	Number of FPs	335.4	350.2	361.4	—
	Per-person net sales (million yen)	105	104	107	—

low-up, before shifting our focus back to expansion. Many other hair salons have expressed interest in the Smart Salons, driving greater adoption of milbon:iD and sommelier system services within the industry.

In addition to the previously mentioned cosmetics, we actively worked to promote our Lifetime Beauty Care Strategy, with our second launch of beauty supplements and limited number releases of our first body care products. While there are still challenges to spreading and establishing these products, we will evaluate each outcome carefully and continue efforts to maximize the value of hair salons going forward.

#### Educational support and enhanced infrastructure to help hair salons improve productivity

In FY2025, we aim to achieve net sales of 40.85 billion yen and operating income of 6 billion yen. To reach these targets, we will continue to pursue and provide high value-added products while further strengthening support for enhancing the value and pricing of technical services within hair salons. Through these efforts, we seek to contribute to greater sales and profits for hair salons.

Specifically, we are enhancing support for beauty techniques to enable develop-

ment of higher-priced technical services, including hair coloring, provided in salons. In recent years, it has become more difficult to conduct educational activities outside of business hours due to work-style reform in hair salons. To address this challenge, we are leveraging our team of over 300 sales and education staff members to provide in-salon education during business hours. Building on this in-salon education, we encourage hair professionals to participate in our sommelier system, further enhancing their expertise. This will enable them to provide high value-added and high-priced technical services that deliver more inspiring experiences—experiences that, in turn, drive take-home product sales.

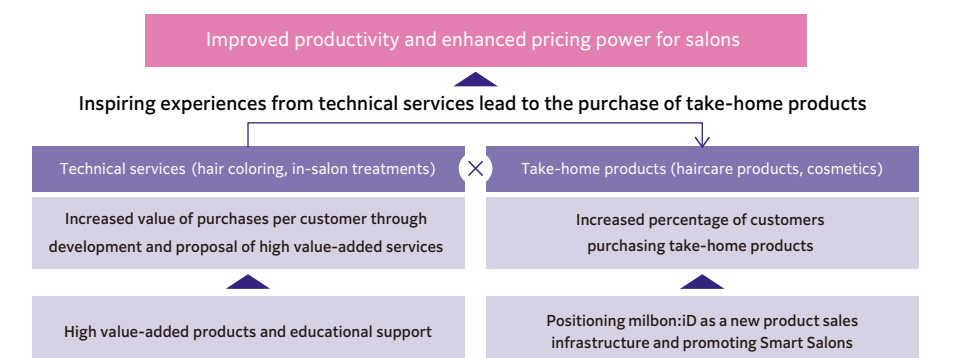
To increase the percentage of customers purchasing take-home products, we will

optimize milbon:iD to function more effectively as a new infrastructure for product sales. In addition to utilizing milbon:iD for in-salon product showcases as we have done until now, we will further promote LINE, live commerce, and other channels. Together with Smart Salons, these efforts will help increase the average take-home product purchase rate beyond the current 15%, contributing to more productive hair salon management.

Stable growth in the domestic market is essential for achieving our sales target of 43.7 billion yen for FY2026, the final year of the current Medium-Term Management Plan, and our long-term vision beyond that. To support this, in addition to continuing efforts to expand hair salons into adjacent business domains, we will improve the labor productivity of our sales and education staff, currently at approximately 100 million yen per person. On top of current initiatives, we must enhance the efficiency of sales and education staff operations. By streamlining and optimizing administrative tasks, which currently account for about 25% of their work, we aim to achieve a 20–30% increase in productivity.

Japan has now entered an era of 100-year life spans. To live an enriched, authentic life through this extended lifespan, maintaining beauty longevity is becoming just as important as health longevity. In response, we are working to evolve hair salons into a Beauty Platform for beauty and spirit, one that will be indispensable for living beautiful, enriched lives. We aim to ensure the success of our initiatives in Japan, paving the way for further contributions through salons worldwide.

### Initiatives to address management challenges for domestic hair salons







Research and Development Strategy

## R&D Strategy Progress and Results

Realizing a smooth transition from the latest research to innovative products

### Building a product development foundation through enhanced collaboration between our four global R&D bases

Milbon's research and development efforts are currently guided by the R&D Vision 2026, formulated in alignment with the 2022-26 Medium-Term Management Plan. Under this vision, Milbon has established five priority policies and is actively implementing various initiatives: (1) Establish fundamental technologies for creating sustainable social and economic value; (2) Build a product development structure that supports our global strategy; (3) Build a new research foundation for expanding into the Lifetime Beauty Care domain; (4) Enhance the speed and accuracy of development through an evolved TAC Product Development System; and (5) Create an organizational structure and develop human resources to ensure ongoing stable supply of products to the market. Against this backdrop, our product strategy in FY2024 focused on value creation through the fusion of cutting-edge hair research outcomes with innovative formulation development technologies. In the hair care domain in particular, our newly developed Aujua PRESEDIA product line, which applies the results of our internationally recognized research into hair growth components using human iPS cells, garnered significant support at the 33rd International Federation of Societies of Cosmetic Chemists (IFSCC) Congress in Barcelona 2023. Among the standout products, the Scalp Mask made a substantial impact, achieving record-breaking net sales of 620 million yen in our scalp domain. Another widely popular product was Elujuda FRIZZ FIXER, leveraging the latest research into components that control hair curls and frizz.

In expanding the Lifetime Beauty Care domain, we launched LASSICAL, our second line of beauty supplements, in a collaboration with Kao Corporation. Additionally, leveraging our expertise in protein science, we introduced Aujua FELLIAGE, our first body care products, on a limited release basis. Through these initiatives, we effectively showcased the potential of applying our advanced research and development capabilities to new fields.

As part of our global R&D structure, we enhanced our verification structures in countries where we operate through cooperation between our four R&D bases. This effort led to the global launch of our milbon & Monochromatic series of styling products in March 2025, our first products developed in collaboration with a renowned U.S. hair stylist. As part of our market strategy, we established a foundation for product development in line with both global and local needs. We achieved this by clarifying the roles of each of our four R&D bases, and conducting extensive research into regional differences in water quality, living environments, values, beauty techniques, and hair types.

In collaboration with the Production Division, we leveraged economies of scale through a global procurement network linking our four R&D bases and three global factories. This initiative contributed to controlling raw material costs, while achieving a balance between stable procurement and profit maximization. In terms of logistics strategy, we pursued overseas contract production of aerosols to enhance future efficiency of transporting dangerous goods, successfully establishing production in Thailand while maintaining the same quality standards as in Japan.



Executive Officer,  
Director of Development Headquarters and  
General Manager of Global Research and  
Development Department

Masaya Tanaka



Aujua PRESEDIA product line, developed through application of latest research results

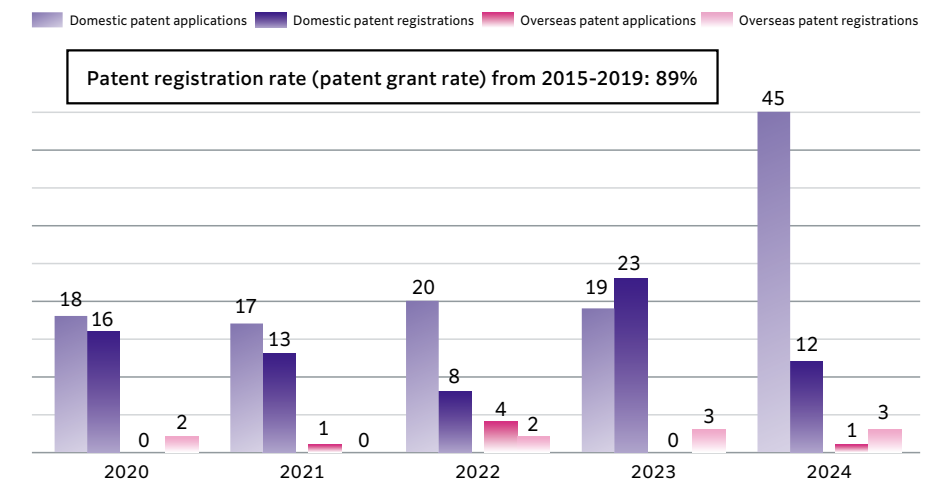
As part of our human resources strategy, we also increased activity in academic presentations and research paper submissions, including English-language publications, to enhance expertise in specific domains and develop world-class researchers. A major milestone was achieved in November 2024, when we were honored the Joseph P. Ciudelli Award by the Society of Cosmetic Chemists in the U.S. Presented to the best haircare technology article each year, we received this award for a research paper on quinone cross-linking technology, one of our core technologies. We also promoted the Startup Selection Society, which allows researchers to freely propose and explore ideas, fostering a culture of innovation beyond predefined product themes. As a result, multiple projects are now officially moving toward future commercialization.

Furthermore, as an initiative to strengthen our intellectual property strategy, we conducted regular workshops to encourage patent applications from young researchers, which resulted in a record-breaking 45 domestic patent applications in FY2024, roughly doubling the usual annual number. In November 2024, in an industry-academia collaboration, an endowed course and the Interdisciplinary Platform for Advanced Health Sensing (Endowed Research Division) were established at Tohoku University, designated by the government as a University for International Research Excellence. This initiative will enable us to leverage world-class research environments to conduct interdisciplinary research in the future.



"Body Analysis Pod" to obtain PHR data

### Number of patent applications and registrations



### Contributing to profit maximization through high value-added creation and cost control

In FY2025, we will actively promote four key initiatives: (1) Promote fundamental and strategic reform of profit structures for the next medium-term management plan and contribute to increased sales and profitability; (2) Contribute to the "No.1 strategy" through enhanced global marketing that leverages the strengths and expertise of four R&D bases; (3) Accept diverse changes based on the R&D Vision 2026 and create highly desirable products for hair professionals and consumers through the customer-oriented TAC Product Development System; and (4) Create an organizational culture that embraces challenges while fostering a continuous pipeline of global talent capable of competing on an international scale in an "authentically Milbon" way. Simultaneously, we will continue contributing to profit maximization through initiatives for high value-added product development and raw material cost control, and enhance our global marketing structures, to create products favored by hair professionals and customers worldwide.

To achieve this, it is imperative that we develop high value-added hair coloring

products that leverage our strengths. We will accelerate the establishment of product development structures for hair coloring and perming solutions that incorporate trends in South Korea, which has led the way in beauty trends in Asia. This will drive our target of becoming the undisputed No.1 in Asia, paving the way toward attaining the No.1 position globally. And to realize our long-term outlook, we will focus on enhancing global R&D collaboration and risk management, including compliance with laws and regulations, and balancing the promotion of localization with expanded human resource exchanges through the rotation of stationed researchers. Simultaneously, in pursuit of themes from a long-term perspective, we will actively utilize our Haneda Innovation Center, established in 2023, and strengthen our research foundation using anonymized PHR data from 100,000 people acquired through our sponsorship of Expo 2025 Osaka, Kansai. Additionally, we will foster partnerships with other companies and drive collaborations between industry, academia and government. We will also further enhance and evolve our R&D capabilities and fulfill our mission of contributing to people's beautiful and happy lives, by working to deepen our data science capabilities, and improve efficiency through AI.

### Securing substantial R&D budgets of at least 4.0% of consolidated net sales

Performance indicators	FY2022 results	FY2023 results	FY2024 results	FY2025 targets
R&D expenses—(yen)	¥ 2.07 bn.	¥ 2.33 bn.	¥ 2.45 bn.	¥ 2.82 bn.
↳ (percentage of sales)	4.6%	4.9%	4.8%	5.2%





Production Strategy

## Production Strategy Progress and Results

Enhanced cooperation between three factories in Japan and overseas contributing to reduced manufacturing cost ratios

### Clarifying roles in the global market and promoting stable supply structures



Board Director, Director of Production, and in charge of Research and Development and Organic Brand

Kazunobu Konoike

At Milbon, the Production Headquarters is in charge of the entire supply chain, from planning to procurement, production, and logistics. Currently, we are strengthening and promoting cooperation between our three factories, in Japan, Thailand, and China, to establish a global production structure for achieving “local production for local consumption in the beauty domain,” which is part of our Seven Regions global strategy.

In our latest activities, we continue to pursue further quality improvements, and implement various reforms to realize the smart factory concept of automation and efficiency, at our core production facility, Yumegaoka Factory in Japan. Up until FY2024, we have been working to maximize productivity by implementing reforms such as introducing a high-speed line into the hair coloring production process, expanding the production line in conjunction with enhancement of our haircare offerings, and introducing automation with a focus on indirect operations such as in-factory distribution. In FY2025, we are working to enhance cooperation by establishing the Global Technical Center, which offers various verification environments for reducing production workloads, including development of low-energy processes, and enhancing support structures for overseas factories.

While positioning Yumegaoka Factory as a future hub for the domestic market, we will also establish its role as a mother factory for our overseas operations, exporting our customer-oriented approach and accumulated technologies that have been refined since our founding. To this end, we have obtained various certifications, including ISO 45001 certification for occupational health and safety management systems, ISO 22716 certification, which is the international standard of Good Manufacturing Practices (GMP) for cosmetics, and ISO 14001 certification for environmental management systems that we obtained in 2023. We remain committed to maintaining and further developing the factory’s infrastructure as a model factory.

In addition to ASEAN GMP certification, our Thailand Factory has obtained ISO 14001 certification for environmental management systems like the Yumegaoka Factory. It is expanding its capabilities to serve as a production and logistics hub for both the ASEAN market and the global market. In FY2024, alongside production of professional-use products such as hair colorings, it also started production of take-home products such as shampoos and hair treatments. From FY2025, it gradually started production for our global flagship brand “milbon.” Through these initiatives, our Thailand Factory will handle a significant proportion of global product supply while contributing to improved transportation efficiency. Finally, as our production base dedicated to the Chinese market, our China Factory is cooperating with our R&D base in China to produce and supply products that comply with strict local laws and regulations. After initiating the production of select haircare products in FY2022 and obtaining a license to sell hair coloring products in FY2023, the factory commenced hair coloring production in FY2024, a year earlier than we

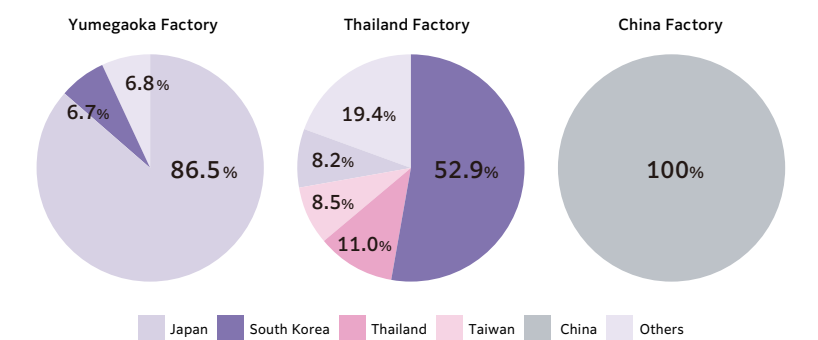


FY2024 expansion of solar power generation facilities for in-house use (installed on Technical Center building)

### Trends in the ratio of shipment destinations by factory (based on shipment value)

Shipment destination	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Yumegaoka Factory</b>					
South Korea	4.5%	5.5%	6.3%	6.0%	6.7%
Others	5.7%	7.5%	7.5%	6.7%	6.8%
Japan	89.8%	87.0%	86.2%	87.3%	86.5%
<b>Thailand Factory</b>					
Thailand	10.0%	7.6%	11.9%	14.0%	11.0%
South Korea	46.3%	48.9%	49.3%	49.0%	52.9%
Taiwan	12.1%	8.5%	8.7%	9.6%	8.5%
Others	21.7%	24.6%	21.3%	18.3%	19.4%
Japan	9.9%	10.4%	8.8%	9.1%	8.2%
<b>China Factory</b>					
China	—	—	100%	100%	100%

### Factory-specific shipment destination ratios for FY2024 (based on shipment value)



originally anticipated. While the Chinese market is currently experiencing harsh market conditions, we have established a solid foundation to navigate future market shifts effectively.

Enhanced cooperation between these three factories, combined with integration with our global R&D bases, has facilitated procurement and data collection that leverages economies of scale. This has been instrumental in improving profitability amid rapidly increasing cost of raw materials in the post-COVID era. Additionally, our development and purchasing initiatives launched in FY2022, has enabled the Production Division to make raw material selection and procurement proposals from the early stages of new product development. As a result, we successfully reduced raw material costs by approximately 100 million yen in FY2024.

To ensure stable product supply, we have collaborated with logistics companies to improve loading efficiency, reduce driver working hours, and minimize transportation workloads, while optimized our services in line with social climate. Going forward, we will continue to reduce costs and stabilize supplies by revising logistics networks, service levels, and delivery methods, as well as innovating packing materials and formats.

### Continuing to be rated highly by sustainability-related external ratings organizations

The Production Headquarters is actively implementing initiatives for sustainability, with comprehensive details outlined in the [Sustainability & ESG](#) section of this report (page 51) and the [MILBON Sustainability Report 2025](#), published in March 2025. Also listed among our Five Key Challenges for sustainability, the Yumegaoka Factory

has continued efforts to reduce CO<sub>2</sub> emissions since FY2023, achieving a reduction rate of 82.2% in 2024 (compared to 2019 levels), meaning it achieved its 2026 target of 75% ahead of schedule. It also increased its adoption rate of RSPO-certified palm oil in FY2024 to 24.4%, which was a full 14.9 percentage points better than the previous year.

The Yumegaoka Factory has also been implementing water resource-related initiatives. In addition to implementing measures to reduce water consumption and conducting water stress assessments, we engage third-party organizations to conduct analyses based on an environmental conservation agreement with Iga City, where the factory is located. Since 2023, we have also been promoting conservation activities, including a hands-on educational experiences for local children in cooperation with community groups. Since the same year, we have been participating in the 30by30 Alliance for Biodiversity. In 2024, we deepened our understanding of biodiversity conservation through initiatives at Kameyama Satoyama Park, also known as Michikusa, which has been officially designated as a nature symbiotic site. Building on this experience, we are now conducting surveys and promoting activities aimed at registering a designated nature symbiotic site within the

Yumegaoka Factory premises. As a result of these initiatives, the Yumegaoka Factory received a Silver rating in 2022 in the EcoVadis Sustainability Rating, followed by a Gold rating for two consecutive years in 2023 and 2024, placing us among the top 5% of all evaluated companies.

### Developing the ideal vision of the supply chain and production management system

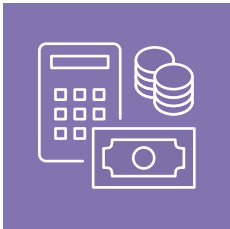
As we pursue our long-term vision for consolidated net sales of 100 billion yen, a major mission ahead is profit maximization through the reduction of manufacturing cost ratios, while maintaining an uncompromising commitment to safety and quality. To support this goal, the Production Headquarters will continue enhancing production and supply structures to expand production capacity.

As the division responsible for end-to-end management from production to disposal, the Production Headquarters will promote cross-divisional discussions to shape the Group’s medium- to long-term supply chain linked to product strategy and supply structures. Additionally, we will develop a production management system tailored to our global footprint.



We conducted water quality and ecosystem surveys in the Yumegaoka Factory wastewater basin, in collaboration with local civic groups, inviting children from the community.





Financial Strategy

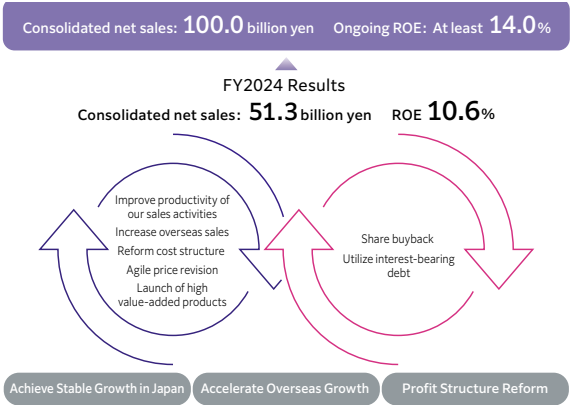
# Financial Strategy Progress and Results

Improving and enhancing profitability and capital efficiency through profit structure reform



General Manager, Finance Department  
Masaaki Kato

## Long-Term Vision



### > Aiming to recover profit levels through a medium- to long-term response

Milbon is committed to realizing its founding belief in “building a solid company that won’t collapse,” a sustainable company, grounded in both financial resilience to unforeseen events and investments for growth. We have achieved sustained average annual growth of 7% in the hair salon market, supported by our robust business model. Since 2009, we have maintained debt-free management, building a self-reinforcing cycle of reinvesting internal funds to drive further growth and enhance shareholder returns.

In terms of the financial targets in our 2022–26 Medium-Term Management Plan, net sales have been outperforming expectations. However, in the post-COVID environment, we are facing challenges due to rising costs of raw materials, labor, logistics, and other costs, which have led to a decline in profit levels. Despite a recovering trend in FY2024, we understand the need for medium- to long-term measures to address these challenges. Accordingly, we have analyzed discrepancies between actual results and our medium- to long-term financial targets, and discussed appropriate responses.

As a result of these discussions, we announced our long-term outlook in February 2025 together with revised targets for our Medium-Term Management Plan. We also released a policy aimed at fostering management mindful of capital costs and stock prices, outlining specific structure reforms to achieve this outlook.

Regarding our current capital productivity, return on equity (ROE) declined to 8.9% in FY2023 due to a revaluation loss related to hair dryers, but it has consistently remained above the capital market’s expected cost of equity (estimated at 6 to 8%). Our price-to-book ratio (PBR) continues to be above 1. On the other hand, we recognize that the downward trend of price-earnings ratio (PER) and ROE—driven by declining share prices and profitability—cannot be overlooked.

Taking the current situation into account, while considering and implementing improvement measures, we decided to revise the targets in our current Medium-Term Management Plan. Leaving consolidated net sales as is, we lowered our operating income target from the previous 10.8 billion yen (operating income ratio of 18.6%) down to 8.4 billion yen (operating income ratio of 14.5%) in light of changes in the business environment. Accordingly, we also lowered our targets for ROE and return on invested capital (ROIC), but established a new long-term outlook for consolidated net sales of 100 billion yen and ROE of at least 14.0%. While our ROE has traditionally ranged between 10% and 13%, we recognize that the 14.0% target is far from conservative—particularly in today’s economic climate, where costs are rising across the board, including increased R&D and other upfront investments. However, we aim to achieve this increase ahead of our sales target through early initiatives.

## Profit Structure Reform Plan at a Glance

Policy	Theme	Our Main Initiatives
Improve Profitability	Sales Growth	【Domestic Market Strategy】 ·Narrow down the number of salons Field Persons are active in and clarify the strategies for each product category ·Increase sales of take-home products through continuous investment in milbon:iD and Smart Salon
		【Overseas Market Strategy】 ·Define key regions and key brands (Key regions : the U.S., the EU, and South Korea / Key brands:“milbon” and SOPHISTONE)
	Reformation of Cost Structure	【Gross Profit】 ·Promote value-based pricing (We will begin raising the prices of our existing haircare products from May 2025) ·Reduce manufacturing costs through the commonization of raw materials across existing products
Enhance Capital Efficiency	Share Buyback	·Consider implementing share buybacks as an additional shareholder return strategy, alongside dividends, to achieve our ROE target
	Utilization of Interest-Bearing Debt	·Explore the utilization of interest-bearing debt to address temporary increases in capital expenditures, such as large-scale investments

### > Adopting policy of progressive dividend increases and considering share buybacks

Furthermore, we believe that achieving these targets will require two key components of profit structure reform: improving profitability through sales growth and cost structure optimization, and improving capital efficiency through enhanced balance sheet management to improve ROE.

In the area of sales growth for improved profitability, we will pursue a focused strategy to streamline the number of salons we engage with, and clarify the strategies for each product category, to achieve stable domestic growth. We will also continue investing in our Smart Salon Strategy and milbon:iD, which is expected to soon reach one million registered users, with the goal of expanding sales of take-home products, including cosmetics. In addition, we will leverage digital transformation (DX) to visualize the causal relationship between activity number/content and sales, while optimizing the number of target salons. Through these initiatives, we will improve the labor productivity of our FP staff members by 20–30% from its current level of approximately 100 million yen per person. As part of our overseas growth to achieve 35–40% overseas sales ratio, we have designated South Korea, the U.S., and the EU as key regions. In particular, we aim to strengthen our competitive advantage in the Asian market by achieving the top share in the South Korean market, where we already have high profitability and market share. At the same time, we will intensify investment in the European and North American markets to accelerate growth and enhance profitability. In the area of cost structure reform, in addition to continuing value-based pricing of new products, we began raising the prices

## Financial Indicators

	FY2023 results	FY2024 results	FY2025 targets	FY2026 targets
Net Sales	47.76 billion yen	51.31 billion yen	54.25 billion yen	58.0 billion yen
Operating Income	5.52 billion yen	6.83 billion yen	7.0 billion yen	8.4 billion yen
Operating Margin	11.6%	13.3%	12.9%	14.5%
Profit Attributable to Owners of Parent	4.0 billion yen	5.01 billion yen	5.2 billion yen	5.94 billion yen
Cash Position	11.29 billion yen	13.77 billion yen	–	–
Equity Ratio	86.0%	82.9%	–	–
ROE	8.9%	10.6%	10.4%	11.3%
ROIC	8.6%	10.0%	9.7%	11.1%
PBR	2.6	2.3	–	–
PER	30.0	22.7	–	–
Dividend Payout Ratio	71.6%	57.1%	55.1%	50% or higher (guide)
Dividends Per Share	88 yen	88 yen	88 yen	–

Note: The FY2025 operating income ratio target is lower than the actual result in FY2024, but this is due to the impact of Expo 2025 in Osaka, Kansai, on our SG&A expenses. Excluding these associated expenses, our operating income ratio target for FY2025 is 13.9%.

of our existing domestic haircare products from May 2025, following a long period of price stability. This initiative is expected to improve our gross profit margin in FY2025. Looking ahead, we will continue to enhance our gross profit margin through agile pricing and the launch of new high value-added products. On the cost reduction front, we will strive to suitably control variable expenses. Initiatives will include standardizing raw materials, containers, and labels used in manufacturing existing products; consolidating domestic deliveries and reviewing allocation of delivery costs; and appropriately managing inventories, improving planning accuracy, and reviewing manufacturing and logistics bases for each country overseas.

To further enhance capital efficiency, we have formulated and announced our long-term capital allocation policy. While prioritizing investments for growth, we have added a progressive dividend framework to our existing target of a dividend payout ratio of 50%, aiming to deliver stable shareholder returns that are not impacted by short-term performance. Looking toward a long-term return ratio of 50% or more, we will also specifically consider

share buybacks using surplus funds as a non-dividend shareholder returns measure focused on achieving our target ROE. Furthermore, as a measure to improve capital efficiency, we will primarily fund growth investments through operating cash flow and cash reserves, while also considering the use of interest-bearing debt, as appropriate.

### > Commitment to meeting targets to recover trust of the capital market

I believe that our ongoing commitment to meeting our numerical targets to date has played a key role in building trust of the capital market. While we are maintaining steady sales growth, we also recognize that, amid recent changes in the business environment, we have at times fallen short of the capital markets’ profit expectations. Building on the foundation of this consistent growth, we are earnestly pursuing both growth investments and shareholder returns. Through these efforts, we aim to further improve capital productivity and exceed expectations, thereby restoring trust of the capital market and driving further increases in corporate value.



# Cross Review

## Financial Strategy Cross Review with Outside Board Director

Masaaki Kato, General Manager of the Finance Department, joined Chisa Hayakawa, Outside Board Director at Milbon and regional CFO for overseas operations at Calbee, Inc., with securities analyst and tax accountant qualifications, for a detailed cross review of the company's current situation and future directions in financial strategy.

### > Further increasing awareness of the cost of capital and share prices



**Hayakawa:** In February of this year, Milbon announced its first-ever set of measures to realize management practices that are mindful of the cost of capital and share prices. I feel that discussions prior to that disclosure helped us organize our corporate perspective and heightened our awareness of the cost of capital, which previously received insufficient attention. On the other hand, I sensed that the capital market viewed our ROE target of at least 14% as being insufficient, especially in light of our more ambitious long-term outlook for sales of 100 billion yen. While this reflects the high expectations surrounding Milbon's potential, I would like to hear your thoughts on how you perceive that response.



be achieved simultaneously. Therefore, I strongly feel that we need to work closely with the Investor Relations Division going forward to explain our plans more carefully regarding this matter.



if we are to be conscious of the cost of capital, I believe it is essential to move beyond internal logic and reassess our approach through the lens of the capital market, evolving our traditional mindset toward a more externally oriented perspective.

**Hayakawa:** For corporate management, a high equity ratio is by no means a negative. In fact, a high debt ratio could

**Hayakawa:** That sort of reaction stems from not only short-term performance and targets, but also from a sense of dissatisfaction with the long-term story, including our overseas business. While there seems to be a general consensus that our business in Japan is on solid ground, I feel that our strategy remains unclear in terms of how to grow which businesses, including new businesses, over the medium- to long-term.

**Kato:** Indeed, we need to clarify how we will invest for growth in our overseas businesses, and when and where we expect to see profits. I also believe it is necessary to explain the current profitability in our overseas markets in a clear and accessible manner, including whether the current situation is due to being in the investment phase of future growth, or simply the result of underperformance.

**Hayakawa:** I would also like to add that we need to explain our future vision, including sales and profits, not just as a vision for when to achieve profitability but also to articulate how we plan to achieve growth beyond that point. The same applies to our other new business domains as well, such as cosmetics. Without such a concrete future vision, capital market investors could miss opportunities for investment.

**Kato:** To raise future expectations, we intend to work closely with both management and the executive team to establish and execute growth and financial strategies that meet the expectations of the capital market.

**Hayakawa:** While listed companies are subject to critical feedback and diverse demands from investors, being listed ensures that objective opinions and perspectives from society are constantly brought into companies. Also, Outside Board Directors like myself are responsible for supervision of management, but the capital market can also be a partner providing supervision to the companies from an even broader investor perspective. It is invaluable to have such an entity continuously evaluating the direction Milbon is heading. To move forward together toward a sound future, I believe that communication with the capital market will play an even greater role going forward.

**Kato:** With a deep awareness of its significance, we will transform the expectations and demands from outside to create an even better company and to drive even further growth.

**Kato:** It's true that our ROE target may be perceived as being a bit conservative. But our ROE is already at a relatively high level and is structurally difficult to improve much because of comparatively high cash flows and because we currently have no interest-bearing debt. The fact is that, internally as well, we tend to focus more on profit and loss items such as sales and profits rather than ROE itself. That said, in setting this target, we fully discussed past performance, current levels, and future targets with management and the Investor Relations Division. Our target of "at least 14%" is a firm commitment, one that hinges on the successful implementation of various initiatives that we have not pursued in the past. It represents an ambitious yet achievable milestone, and we are fully committed to delivering on it.



**Hayakawa:** The fact is that, of the roughly 4,000 listed companies in Japan, investors only pay attention to around 500 of those stocks regularly. I believe Milbon sits right on the threshold between inclusion and exclusion from that group. Given our outstanding track record, I personally feel that we deserve greater recognition from the capital market. It is therefore essential that we develop a more proactive and sophisticated financial strategy to enhance our visibility and ensure fair evaluation.

**Kato:** To enhance appeal to the capital market, we have announced a plan to add progressive dividends to our existing policy of a target dividend payout ratio of around 50%, and to then lift the total return ratio to 50% or more by considering share buybacks using surplus funds.

**Hayakawa:** Although this was the first time formally communicating to the capital market that we are open to considering share buybacks, I sensed that the announcement was not well received. Perhaps it was perceived as lacking in feasibility or conviction.

**Kato:** In that regard, it is essential that we update our strategy as appropriate rather than treating this announcement as its final form. We have historically considered a high equity ratio and debt-free management as virtues. However, ↗

**Kato:** While this concerns the overall concept of corporate management, as the finance division, we are raising issues to further deepen the level of discussion from financial perspectives at the executive level.

**Hayakawa:** So, how do you see the current share price level?

**Kato:** Despite both net sales and profits exceeding our financial targets for FY2024, I believe the drop in share price is attributable to our FY2025 guidance being below market expectations partly affected by one-off expenses. More fundamentally, I recognize that the stagnation in our profit levels over the past few years has been a major contributing factor. This is why we have now issued a long-term outlook, and directions, for sales and ROE targets. Steadily meeting our numerical targets for the long-term outlook should lead to a recovery in our share price going forward.

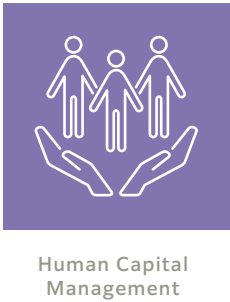
### > Clarifying the long-term story to lift expectations



Outside Board Director  
Chisa Hayakawa

(Executive Officer and Asia/Oceania Region CFO of Calbee, Inc., and Outside Director of SHIBAURA MACHINE CO., LTD.) She was in charge of IPOs for two companies, including Calbee, Inc. She later served as Executive Officer and General Manager of the Investor Relations Department, General Manager of the Financial & Accounting Department, and Managing Executive Officer and CFO, at Calbee, Inc. before assuming her current position. She is a certified analyst with the Securities Analysts Association of Japan and a certified tax accountant.





## Human Capital Management Initiatives and Progress

### Identifying challenges with, and implementing measures for, the five key human resources strategy themes



Board Director in charge of Corporate Administration, Internal Audit, and Quality Assurance

Junji Morimoto

> A business model in which people-driven value creation is essential

Since it was founded, Milbon has maintained its commitment to “building a solid company that won’t collapse.” This was the firm belief in sustainability that our founder Ichiro Konoike swore to uphold after witnessing the tragedies of people close to him suffering corporate bankruptcies, prior to our company’s establishment. It embodied his commitment to management that values people, to “bring happiness to employees and their families and provide job satisfaction.”

We also believe that unique value creation that starts with people is essential for implementing our business model of maintaining close ties with hair salons. Indeed, our corporate journey itself has embodied the belief that the growth of people is key to company growth. Our FP System for example, was established in the mid-1980s through an exceptional investment in human capital that was inconceivable from our business performance at the time. Even now, we continue to make substantial investments in employee development, allocating more than 2% of our personnel expenses annually. As part of our human resources strategy for realizing the 2022–2026 Medium-Term Management Plan, we have established the following fundamental policy: “To support Milbon’s sustainable growth, we will foster a corporate culture that enables each employee to continue work with a spirit of autonomy and a sense of purpose.” Under this policy, we are pursuing initiatives aligned with five key human resources strategy themes: (1) Next-generation leadership development, (2) Fostering greater motivation, (3) Promoting omnidirectional dialogue, (4) DE&I promotion, and (5) Strengthening people and organizations to improve the value provided. By strategically and closely aligning these initiatives with our Medium-Term Management Plan, we are reinforcing a cycle of continuous value creation that will be the source of our sustained growth, and continually contributing to greater sales and profits for hair salons.

> Driving growth and motivation through ongoing and new measures

Progress has been made across our five key human resources strategy themes. Under the theme of “next-generation leadership development,” we launched MCU-Prep for young leader candidates in their 30s, with the aim of fostering management for the next two decades. This is part of our preparation for the next phase of the Milbon Corporate University (MCU), our next management leadership development program. The program began in March 2025 with 24 candidates selected through an internal application process. Over the coming three years, 48 candidates will participate (subject to change depending on the number of courses held). In FY2024, we established a new Human Resources Development Committee, chaired by the President & CEO, and we developed systems for ongoing discussion of challenges and measures related to people and organizations to realize a corporate entity where leaders emerge organically on an ongoing basis.

### Progress and targets of the five key human resources strategy themes

Theme	KPI	FY2023 results	FY2024 results	FY2025 target	FY2026 target	FY2030 target
① Next-generation leadership development	Next-generation leadership development		Planned and designed MCU-Prep for young leader candidates in their 30s	Launch MCU-Prep	Continue MCU-Prep	
② Fostering greater motivation	Junior employee turnover rate (Average turnover rate for junior employees (new graduates to 3rd year) over the past 5 years)	10.8%	11.7%		9%	6%
	Paid leave utilization rate	67.8%	72.9%		70% (Achieved ahead of schedule)	80%
	Engagement survey	Continuation of engagement survey and implementation of goal setting, etc.	Conduct engagement survey and set key items and targets	Continue engagement surveys	A state where the three important indicator areas are functioning as strengths	
③ Promoting omnidirectional dialogue	Smoother internal communication		Hold Field Person discussions (20 times)	Hold Milbon Person discussions (21 times)		
④ DE&I promotion	Ratio of female managers	10.9%	14.5%			20%
⑤ Strengthening people and organizations to improve the value provided	—		Launched an employee training and development project			

Next, under the theme of “fostering greater motivation,” we continued conducting our engagement survey, including a compliance awareness survey. We have been reporting and discussing the results with the Management Meeting and various divisions, and creating and implementing action plans. Our overall engagement score remained high compared to other companies, with an engagement rating of AA, the second highest of 11 levels. We also defined the three areas of Philosophical Strategy, External Adaptation, and Transformation Activities as key indicators for which we aim to achieve high levels of both “expectation” and “satisfaction,” thereby functioning as areas of strength for us. On the other hand, our overall turnover rate for junior employees has been increasing as the turnover rate among employees who joined Milbon since FY2021 has increased. To address this, in FY2024 we conducted a questionnaire among sales and education staff to better understand their values and work styles, with the goal of identifying key issues. Going forward, we will continue our efforts to improve retention by strengthening measures to prevent mismatches during recruitment, developing follow-up training for employees through their third year, and implementing measures to encourage active participation, including a redefinition of the roles of sales and education staff.

With regard to paid leave utilization rate, we achieved our 2026 target two years ahead of schedule in FY2024 with a utilization rate of 72.9%. This was driven by efforts to promote diverse work styles, including expansion of our systematic paid annual leave system, and extension of flextime eligibility across additional divisions. However, disparities in utilization remain across departments and job positions. Therefore, we will continue working to identify the underlying issues and implement appropriate measures to address them.

Under the theme of “promoting omnidirectional dialogue,” we worked to promote

mutual understanding in various ways. In FY2024, in addition to regularly held meetings to share *The Milbon Way*, we organized a total of 20 Field Person discussions with sales and education staff at all of our sales groups in Japan to provide opportunities for dialogue with our new President & CEO, Hidenori Sakashita. In FY2025, we will also consider creating new internal communication content in addition to holding 21 Milbon Person discussions across all departments, excluding sales staff. Under the theme of “DE&I promotion,” we carried out initiatives focused on supporting the engagement and career continuity of our female sales and education staff, who account for a large number and percentage of our workforce. In December 2023, we conducted a workshop on DE&I for senior management. Building on that, in FY2024 we identified internal challenges and reached a shared understanding on the direction of improvement measures. As of FY2024, the percentage of female managers rose to 14.5%. Moving forward into FY2025, we will continue our company-wide initiatives including measures for working mothers and “family-friendly leadership” training for managers. Finally, under the theme of “strengthening people and organizations to improve the value provided,” we have continued to

focus on human resources development centered on our nine-month new employee training that has been in place for over 40 years. In December 2024, we completed construction of the training building at Odawara Human Resources Development Center, which will serve as a hub for creating a culture of lifetime learning for employees. Starting in FY2025, the facility will also be used for Field Person training for employees joining in the fall. We will also accelerate efforts toward gaining the highest approval rating among hair professionals, by rebuilding our sales and education system to focus on higher value offerings, advancing global employee development initiatives, and launching a new project for systematizing Milbon-style management. We envision a future where our employees continue to find purpose and fulfillment in their work, contributing to greater sales and profits for hair salons, enriching society, and thereby continuing to grow themselves. To realize this ideal, we will continue to wholeheartedly face our challenges and practice people-centric management without ever settling for the status quo. Through these efforts, we will contribute toward becoming a solid company that won’t collapse, while realizing a spiritually enriched society through beauty.

### Main human capital-related indicators

	FY2023 results	FY2024 results	Scope
Permanent employees, consolidated	1,140	1,188	Milbon Group
Ratio of male/female employees (%) *Permanent employees, consolidated	50.6/49.4	49.8/50.2	Milbon Group
Average age	35.4	35.6	Milbon Co., Ltd.
Average length of service (years)	10.8	11.1	Milbon Co., Ltd.
Turnover rate for total employees (%)	4.5	5.6	Milbon Co., Ltd.
Gender pay gap (%) *1,2,3			Milbon Co., Ltd.
(1) All workers (2) Permanent employees (3) Non-permanent employees	(1) 70.9 (2) 74.3 (3) 50.6	(1) 72.0 (2) 75.0 (3) 52.9	Milbon Co., Ltd.
Proportion of employees who took childcare leave (male/female) (%)	25.0/100	40.7/100	Milbon Co., Ltd.
Return rate following childcare leave (male/female) (%)	100/100	100/93.7	Milbon Co., Ltd.
Number of employees taking paid leave for family care	191	213	Milbon Co., Ltd.
Ratio of employees with disabilities (%)	2.12	2.17	Milbon Co., Ltd.
Number of people with disabilities engaged in work outside their facilities under supported employment	24	23	Milbon Co., Ltd.
Number of occupational accidents *Fatal accidents	0	0	Milbon Co., Ltd.
Number of harassment reports	3	4	Milbon Co., Ltd.
Education and training expenses per employee (yen)	151,662	135,489	Milbon Co., Ltd.
Education and training hours per employee (hours)	79.0	73.4	Milbon Co., Ltd.
Engagement score (deviation)	62.8	62.5	Milbon Group
Engagement rating (11 levels of ranking)	AA (2nd highest of 11 levels of ranking)	AA (2nd highest of 11 levels of ranking)	Milbon Group

\*1 Calculated in accordance with the stipulations of the Act on Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015)  
\*2 “Regular employees” refers to Executive Officers (other than Board Directors) and permanent employees. “Irregular employees” refers to associate employees (employees rehired after reaching retirement age), part-time employees, and fixed-term contract employees.  
\*3 The gender pay gap among employees are primarily due to relatively recent hiring of women for career-track positions, younger age of female employees with shorter tenure and their relatively high percentage with reduced working hours, and other factors. Wage structures and systems are uniformly defined, irrespective of gender or age.  
For details, refer to [Non-Financial Highlights](#) on page 75



Click to jump to the relevant page

# Sustainability&ESG

Sustainability&ESG

## Addressing Social Issues and Strengthening the Management Structure

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<a href="#">The Five Key Challenges for Achieving a Sustainable Society</a>	P55— P60
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<a href="#">Board of Directors</a>	P65— P66
<a href="#">Executive Officers</a>	P67
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<a href="#">Compensation for Board Members</a>	P69
<a href="#">Succession Plan</a>	P70

### Villa Lodola (haircare / hair color)

An organic haircare brand. All products are certified organic by ICEA, a leading European organic certification organization. Using nature’s great power for beautiful hair, we are offering new options through Villa Lodola.



# Overview of Sustainability Promotion at Milbon

## Toward the realization of a spiritually rich and sustainable society through beauty

### Basic guideline for sustainability

We strive to achieve a sustainable society through our collaboration with haircare professionals.

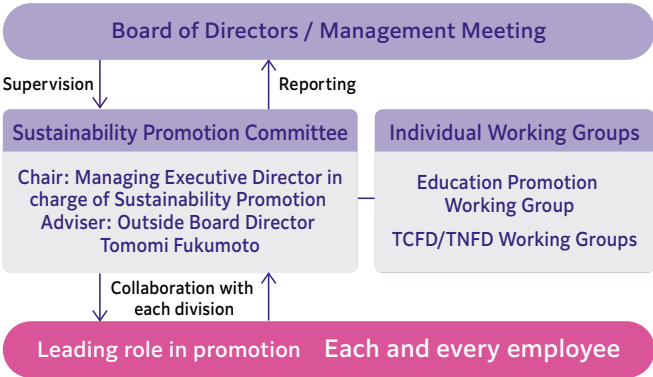
### Approach to promoting sustainability

Milbon believes that realizing a sustainable beauty industry will ultimately lead to a sustainable society. To fulfill our commitments to all stakeholders and continuously provide value, we place sustainability at the core of our business strategies and promote it throughout all our business activities.

### Sustainability promotion framework

To advance our sustainability initiatives, the Sustainability Promotion Committee—chaired by the Managing Executive Director and advised by Outside Board Directors with expertise in sustainability—supports the company-wide efforts in coordination with all departments. The committee regularly reports to the Board of Directors and the Management Meeting, ensuring management oversight while working to integrate sustainability into business strategies and continuously improve related activities. At Milbon, we believe that all employees—including the management team—have a leading role to play in promoting sustainability. To enhance employees' knowledge and sense of ownership, we have been fostering a culture in which individuals think and act on their own initiative. This effort began with a company-wide SDGs workshop in 2019 and has continued through annual sustainability workshops as part of new employee training. Since 2020, we have also been regularly publishing an internal web magazine to support employees' sustainability efforts, with 28 issues published as of June 2025.

#### Internal Promotion System



### Process for selecting Milbon's Five Key Challenges as material issues to realize a sustainable society

Since FY2019, the Sustainability Promotion Committee has taken the lead in embedding sustainability activities at the core of our business strategies and promoting them across all business operations. The Committee examined the actions we should undertake from three perspectives: ISO 26000, the 17 Sustainable Development Goals (SDGs), and environmental, social, and governance (ESG) factors. It consolidated insights from internal departments, external experts, and management to develop an ESG/SDGs matrix. We subsequently reassessed the issues within the matrix to identify those most relevant to our business activities and those that are of high interest and expectation from our stakeholders. Based on three focus areas: solving societal issues, achieving sustainable business growth, and establishing internal foundations, we identified Five Key Challenges and established mid- to long-term KPIs to guide and intensify our efforts.



\*Click here to view the ESG/SDGs Matrix (Japanese only): <https://www.milbon.com/ja/uploads/docs/esg-sdgsmatrix.pdf>

### Overview of issues related to the Five Key Challenges and progress of KPIs

Key Challenge 1, the core of Milbon's Five Key Challenges, is rooted in the belief that beauty enriches the spirit, and that a society where people can live spiritually enriched contributes to a sustainable future. Based on this philosophy, we have designated "enriching the spirit through beauty,"—the very foundation of our business—as a key challenge. We have established KPIs to guide initiatives that enable hair salons and hair professionals, as lifelong beauty partners, to deliver their services to consumers in a more seamless and higher-quality manner. We also identified Key Challenges 2 and 3 as part of our efforts to address societal issues—such as climate change and supply chain management—in order to ensure sustainability across our entire supply chain. In addition, to continue making such contributions, we recognize the importance of maintaining our own sustainability. To that end, we established Key Challenges 4 and 5, setting KPIs related to corporate governance and employee development as internal foundations for long-term sustainability.

Achieving both sustainable business growth and solving social issues

2 Regenerative and recycling-oriented manufacturing and consumption activities

1 Enrich the spirit through beauty

3 Practice people-friendly procurement

Foundation for the Company's sustainable business growth

4 Construct a fair and flexible management structure

5 Realizing a rewarding work environment

### KPIs, progress, and targets for the Five Key Challenges

Priority themes	KPI [medium- to long-term theme]	2023 results	2024 results	2026 targets	2030 targets
Co-creating value with stakeholders					
Key challenge 1: Enrich the spirit through beauty					
Establishment of knowledge-based product sales* business utilizing both the physical and digital realms	① Number of registered milbon:iD members ② Number of cities where Milbon knowledge-based product sales (Smart Salon) is implemented	670,000 23 hair salons in 19 cities	870,000 62 hair salons in 50 cities	▶ 1,000,000 ▶ 500 hair salons in 100 cities	—
Fostering lifetime beauty partners	① Total number of annual users of our studios, events, and educational videos ② Number of registered education:iD members	271,000 40,000	244,000 51,000	▶ 335,000 ▶ 100,000	—
Achieving both sustainable business growth and solving social issues					
Key challenge 2: Regenerative and recycling-oriented manufacturing and consumption activities					
Establishment of a carbon-neutral production system	Reduction rate of CO <sub>2</sub> emissions at Yumegaoka Factory (compared to 2019 levels)	81% reduction	82.2% reduction	▶ 75% reduction (achieved ahead of schedule)	▶ Achieve carbon neutrality
Sustainable container and packaging design	Reduction rate of petroleum-derived virgin plastic use (compared to 2020 levels, per unit sales)	9.6% reduction	11.6% reduction	▶ 15% reduction	▶ 30% reduction
Key challenge 3: Practice people-friendly procurement					
Sustainable procurement of palm oil	RSPO certified palm oil adoption rate (MB+B&C)	9.5%	24.4%	▶ 50%	▶ 100%
Respect for human rights in the supply chain	Number of human rights violations identified through due diligence	0	0	▶ Keep human rights violation as close to zero as possible	▶ Keep human rights violation as close to zero as possible
Foundation for the Company's sustainable business growth					
Key challenge 4: Construct a fair and flexible management structure					
Promoting diversity among the Board of Directors	① Appointment of outside board directors ② Active appointment of female board members ③ Securing diverse skills, including internationality	5 outside board directors (5 out of 11) 2 female board members (2 out of 14) 6 board members with overseas work experience (6 out of 14)	5 outside board directors (5 out of 12) 3 female board members (3 out of 15) 6 board members with overseas work experience (6 out of 15)	▶ Continuous appointment of over 1/3 outside board directors ▶ Continuous appointment of female board members ▶ Ensure diverse skills, including internationality	
Improving the effectiveness of the Board of Directors	Progress in selecting and improving key challenges through third-party evaluations	Ongoing implementation	Ongoing implementation	▶ Continuous improvement activities for setting annual challenges	
Key challenge 5: Realizing a rewarding work environment					
Achieving systems and frameworks that encourage employees to continue working	① Turnover rate of junior employees Average turnover rate of junior employees (new graduates to 3rd year) over the past five years ② Paid leave utilization rate ③ Progress of engagement survey	10.8% 67.8% Conducted engagement survey and set targets, etc.*	11.7% 72.9% Conducted engagement survey and set key items and targets	▶ 9% ▶ 70% ▶ Continue engagement survey	▶ 6% ▶ 80%

\*Knowledge-based product sales: A sales method in which product sales are accompanied by valuable information based on the knowledge and insights of professional hairstylists  
\*Including survey report to the management team, feedback to the senior management team, and development of action plan

### External assessments of our activities

Milbon's sustainability initiatives have been positively evaluated by multiple ESG rating organizations. In FY2024, we were selected for the first time as a constituent of the FTSE Blossom Japan Index, a global benchmark for ESG investment, and for the second consecutive year as a constituent of the FTSE Blossom Japan Sector Relative Index. We were also included in the MSCI Japan Empowering Women (WIN) Select Index, developed by Morgan Stanley Capital International (MSCI), a leading U.S. financial services company, as well as the S&P/JPX Carbon Efficient Index, one of the ESG indices jointly developed by S&P Dow Jones Indices and the Japan Exchange Group (JPX). Furthermore, our core production facility, the Yumegaoka Factory, received a Gold rating in the EcoVadis sustainability survey for the second consecutive year, placing it in the top 5% of all companies assessed. For details, see the [list of external assessments on page 77](#).

### Sustainability Report publication

In March 2025, Milbon published [the MILBON Sustainability Report 2025](#) for the first time. This report presents our philosophy on sustainability and the various initiatives we are implementing. As our Integrated Report could not fully accommodate the level of detail we wished to convey, we issued the Sustainability Report to provide more in-depth information on our efforts and their progress. We encourage you to read both reports together for a fuller understanding.



[https://www.milbon.com/en/uploads/docs/milbon\\_SustainabilityReport\\_en\\_250430.pdf](https://www.milbon.com/en/uploads/docs/milbon_SustainabilityReport_en_250430.pdf)

# The Five Key Challenges for Achieving a Sustainable Society

## KPI Status and Targets for Each of the Five Key Challenges

Key Challenge

1

## Enrich the Spirit through Beauty: KPI Progress and Initiatives

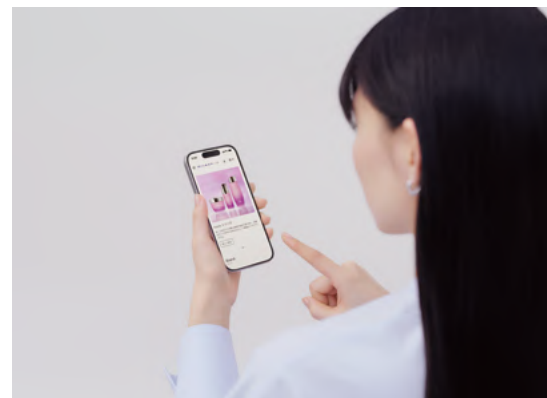
Priority Theme 1: Establishment of Knowledge-Based Product Sales Business Utilizing Both the Physical and Digital Realms

Priority Theme 2: Fostering Lifetime Beauty Partners

### > Building beauty infrastructure connecting salons and customers 365 days a year

Milbon's official online store, milbon:iD, is a communication tool that enables salons and customers to stay connected not only during in-person visits, but 24 hours a day, 365 days a year. By doing so, it contributes to both sustainable salon growth and beautiful, enriching lives.

Since its full-scale launch in June 2020, milbon:iD has continued to rapidly gain support, having now grown to 870,000 registered users and 6,566 hair salons adopting the platform. In fact, we are expecting to reach the FY2026 target of 1,000,000 registered users in FY2025, one year ahead of schedule. Moving forward, in coordination with the nationwide expansion of Smart Salons, we will continue to evolve and develop milbon:iD as a beauty infrastructure providing convenient and smooth access to beauty.



#### KPI ▶ Number of registered milbon:iD members

2023 results 670,000

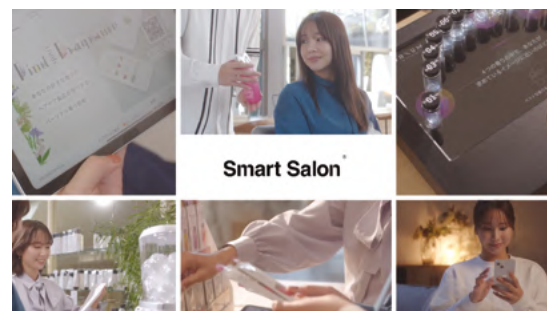
2024 results 870,000 (YoY: +200,000)

2026 target 1,000,000

### > Contributing to the sustainable development of salons, which are essential for a spiritually rich society

As a new hair salon experience that fuses physical and digital worlds, Smart Salons increase points of contact between customers and take-home products, and create an unprecedented customer experience. It represents a new model for salons to improve productivity and contribute to people's beautiful way of life in the face of a shrinking customer base caused by population decline.

Milbon has been conducting test marketing of Smart Salons since FY2023 in collaboration with participating hair salons. With a full-scale rollout from FY2024, we now have 62 Smart Salons operating in 50 cities across Japan. With an increase in the number of customers purchasing take-home products, we are starting to understand the conditions for success. Moving forward, together with milbon:iD, we will contribute to the sustainable development of hair salons as an essential beauty infrastructure for realizing a spiritually rich society.



#### KPI ▶ Number of cities where Milbon knowledge-based product sales (Smart Salon) is implemented

2023 results 23 salons in 19 cities

2024 results 62 salons in 50 cities

2026 target 500 salons in 100 major cities in Japan

### > Supporting the growth of hairstylists in both physical and digital worlds

In addition to providing in-person opportunities in the form of educational seminars and events held at its own studios, Milbon is enhancing its videos and other online contents to support the growth of haircare professionals dedicated to beautiful and spiritually rich lives.

In FY2024, we saw a decline in the total number of users of an expanded curriculum focused on practical exercises, but that enabled us to enhance individual relationships with haircare professionals instead. Going forward, we will collaborate with our online educational support service, education:iD, to roll out contest-type events globally and other events at beauty schools. In this way, we will support the development of lifelong haircare professionals across borders and generations to make further contributions as a comprehensive education provider.



#### KPI ▶ Total number of annual users of our studios, events, and educational videos

2023 results 271,000

2024 results 244,000 (YoY: -27,000)

2026 target 335,000

### > Fostering lifelong haircare professionals through education that caters to increasingly diverse work styles

Hair salons are having difficulty securing adequate time for education due to work-style reform and work-style diversification. Milbon offers education:iD, its online educational service that supports the education of haircare professionals enabling them to deliver high-quality beauty services.

With a personalized environment that delivers the education and information needed at the right time, education:iD has gained significant support, with members set to hit 51,000 as of the end of FY2024. Going forward, we will support improvements of learning effectiveness and efficiency, convenience, and work environment through expanded content and a full-scale rollout to beauty schools. We will bring innovation to education in the beauty industry, fostering an environment in which all haircare professionals can continue to provide lifelong support to their customers.



#### KPI ▶ Number of registered education:iD members

2023 results 40,000

2024 results 51,000

2026 target 100,000



## Key Challenge 2

### Regenerative and Recycling-Oriented Manufacturing and Consumption Activities: KPI Progress and Initiatives

#### Priority Theme 1: Establishment of a Carbon-Neutral Production System

##### > Carrying out efforts to reduce CO<sub>2</sub> emissions to achieve 2030 targets

Milbon has established a CO<sub>2</sub> emission reduction rate KPI, and is implementing a range of initiatives to drive down CO<sub>2</sub> emissions, at its core production facility, the Yumegaoka Factory.

Since April 2022, we have continued procuring 100% CO<sub>2</sub>-free electricity, and in FY2023, we achieved our 2026 target of a 75% reduction, compared to 2019, three years ahead of schedule. In FY2024, in addition to expanding our solar power generation facilities for in-house use, we conducted a full-year trial of chemical additives to improve combustion efficiency, and promoted energy conservation, to reduce city gas consumption. Going forward, we will continue efforts toward stable supply of renewable energy, and will expand the scope of such initiatives to our overseas factories as well, with the aim of achieving carbon neutrality by 2030.



#### KPI ▶ Reduction rate of CO<sub>2</sub> emissions at Yumegaoka Factory \*Compared to 2019 levels

2023 results	81.0%	2024 results (YoY: +1.2 points)	82.2%	2026 target (Achieved ahead of schedule in FY2023)	75%	2030 target	Carbon neutrality
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#### Priority Theme 2: Sustainable Container and Packaging Design

##### > Implementing systematic reductions and contributing to a recycling-oriented society through the 4R approach

Milbon is reducing its usage of petroleum-derived virgin plastic by promoting the 4R approach (reduce, replace, reuse, recycle), to better utilize limited resources and address global warming.

So far, we have implemented a range of systematic reductions from the design stage of container packaging, predominantly for new products. This includes reducing container weight by changing the container molding method, downsizing caps, using plant-derived plastics, and switching to aluminum vapor-deposited pouches for ease of recycling. In FY2024, we managed to reduce usage of petroleum-derived virgin plastic by 11.6% compared to 2020. Despite the challenges we face in achieving our target of a 30% reduction by 2030, we will actively and steadily achieve small successes across departments to increase our reduction rate and contribute to a recycling-oriented society.



#### KPI ▶ Reduction rate of petroleum-derived virgin plastic use \*Compared to 2020 levels, per unit of sales

2023 results	9.6%	2024 results (YoY: +2 points)	11.6%	2026 target	15%	2030 target	30%
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## Key Challenge 3

### Practicing People-Friendly Procurement: KPI Progress and Initiatives

#### Priority Theme 1: Sustainable Procurement of Palm Oil

##### > Actively adopting certified raw materials that take the environment and human rights into account

Milbon is actively adopting RSPO-certified palm oil produced in consideration of the environment and human rights, to ensure sustainable procurement of palm oil, one of the key ingredients in our products.

To drive our efforts forward, we joined the Roundtable on Sustainable Palm Oil (RSPO) in 2019, became an ordinary member of the RSPO in 2022, and joined the Japan Sustainable Palm Oil Network (JaSPON) in 2020. Our core production facility, the Yumegaoka Factory, also acquired RSPO supply chain certification in 2022, and since then we have continued to develop and produce new products based on the rule that, in principle, no new raw materials will be used that are not RSPO compliant. Going forward, we aim to achieve a 50% adoption rate for RSPO-certified palm oil by FY2026, and 100% by FY2030, while building a collaborative framework with our suppliers.



#### KPI ▶ RSPO certified palm oil adoption rate (MB + B&C)

2023 results	9.5%	2024 results (YoY: +14.9 points)	24.4%	2026 target	50%	2030 target	100%
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#### Priority Theme 2: Respect for Human Rights in the Supply Chain

##### > Building a collaborative framework for respecting human rights across the entire supply chain

Milbon supports the four international norms and principles, including the United Nations (UN) International Bill of Human Rights, and respects the 10 Principles of the UN Global Compact (UNGC) as a signatory to the UNGC. We have formulated the Milbon Group Human Rights Policy, Milbon Ethics and Code of Conduct, and Milbon Sustainable Procurement Basic Policy to ensure all corporate activities incorporate respect for human rights.

To expand the scope of respect for human rights from within the Group to the entire value chain, we are working to understand and improve our efforts by utilizing the Global Compact Network Japan (GCNJ) Self-Assessment Tool and EcoVadis. The number of human rights violations identified through due diligence remain zero. Going forward, we will continue building this collaborative framework across the entire supply chain to establish a structure able to meet the tightening regulations particularly in Europe and North America.

## Milbon Human Rights Policy

#### KPI ▶ Number of human rights violations identified through due diligence

2023-2024 result	0	2026-2030 target	Keep human rights violation as close to zero as possible
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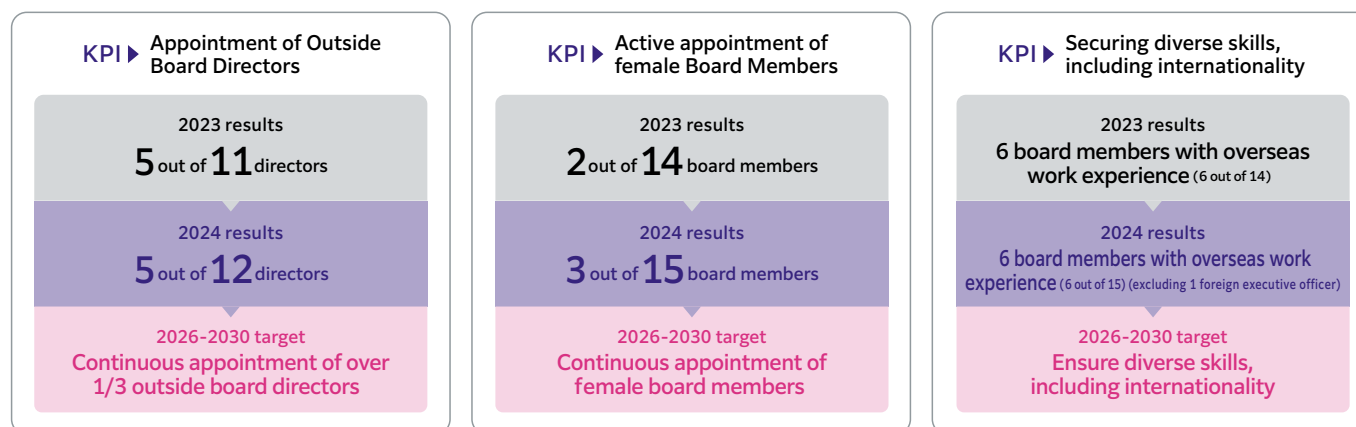
Key Challenge

## Construct a Fair and Flexible Management Structure: KPI Progress and Initiatives

### Priority Theme 1: Promoting Diversity among the Board of Directors

#### > Creating a diverse Board of Directors bringing flexibility to discussions and decision-making

Milbon is committed to ensuring a diverse Board of Directors and to continually strengthening its management structure to enable discussions and decision-making that respond appropriately to the values and demands of an increasingly diverse society. We have been steadily increasing the size of management, with 5 of the current 12 board directors being Outside Board Directors, 3 of our board members are women (including an additional female board member from FY2024), and 2 of our 8 executive officers are also women. As a company accelerating its expansion globally, we also recognize the importance of internationality. Therefore, in addition to appointing more board directors with experience working overseas, we appointed a South Korean national, the representative for our South Korean subsidiary, as an executive officer from FY2024. Going forward, we will continue to strive for appropriate levels of diversity through further consideration of our current and future business structure.



### Priority Theme 2: Improving the Effectiveness of the Board of Directors

#### > Deliberating and implementing solutions to issues from an outside perspective

To improve the effectiveness of its Board of Directors, Milbon conducts surveys of all employees once a year through a third-party institution, and interviews with Outside Board Members through a dedicated bureau. The Board of Directors then deliberates and implements solutions to issues from past fiscal years that were collected through this process. In FY2024, many different opinions were offered on the content of discussions, so we actively worked to incorporate them in the annual schedule, and we improved the quality of these deliberations. Furthermore, as the delegation of authority from the Board of Directors to the Management Meeting progresses, the Governance Committee looked at whether the management perspective of Executive Officers needed to be strengthened. It then implemented a training program with the cooperation of institutional investors. Because we anticipate transitioning to a monitoring-style Board of Directors in the future, we will deliberate and clarify how the Board of Directors should operate by working back from this future vision.

#### KPI ▶ Progress in selecting and improving key challenges through third-party evaluations

Target: Continuous improvement activities for setting annual challenges

# 5

Key Challenge

## Realizing a Rewarding Work Environment: KPI Progress and Initiatives

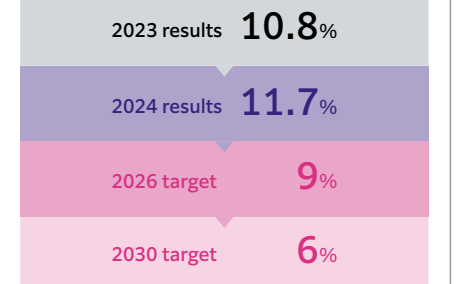
### Priority Theme: Achieving Systems and Frameworks that Encourage Employees to Continue Working

#### > Promoting talent retention and fostering their active involvement by establishing an environment where every employee can continue to work with peace of mind

Milbon recognizes that realizing a rewarding work environment for all employees is essential for sustainable business growth. We are committed to developing structures and systems that enable them to feel motivated to stay and thrive in their roles. One of the indicators we use to judge this metric is average turnover rate of junior employees, which remains in the low teens, a number much lower than the national average of 30% or higher. We achieved this result through recruitment measures, which are tied to our management philosophy, vision, and business model, and are based on human resource criteria that are consistent with the Milbon ethos. We also implemented post-employment initiatives, centered on new employee training for nine months after joining Milbon. With the aim of achieving a turnover rate of 9% by FY2026, we conducted a survey of values and work styles among our sales and education staff in FY2024 as part of our DE&I Promotion Project. We now plan to implement solutions to the career uncertainty felt by many of our female sales and education staff in particular. Through these efforts, we will enhance our work environment so that all our employees can continue working with peace of mind.

#### KPI ▶ Turnover rate of junior employees

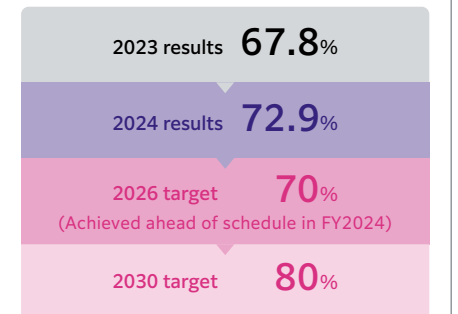
\*Average turnover rate of young employees (new graduates to third year) over the past five years



#### > Enhancing systems for facilitating both physical and mental well-being of workers, while cultivating a climate that encourages the proactive use of these systems so that employees can continue working with peace of mind

To create a work environment that enables employees to continue working with satisfaction, and to cultivate a climate and culture of achieving success with limited time, Milbon has established a paid leave utilization rate KPI to drive both system improvement and active usage. We previously adopted a systematic paid annual leave system and a flextime system, while raising awareness of care leave (initiatives to encourage vacations for health and beauty), adopting hourly paid leave for managers and supervisors, and offering progress reports and workshops at various health committees. In FY2024, we also launched projects in each department to analyze the existing situation and enhance the systematic paid annual leave system. As a result, we were able to achieve our FY2026 target of 70% paid leave utilization rate, two years ahead of schedule. Going forward, we will continue efforts to reduce the utilization gap between departments, job grades, and job types as we aim to further improve paid leave utilization rates.

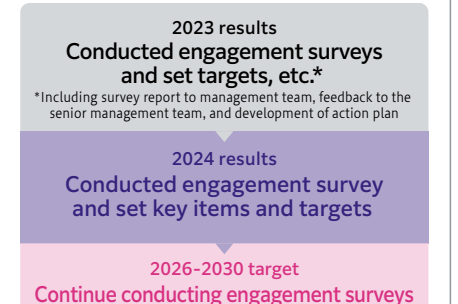
#### KPI ▶ Paid leave utilization rate



#### > Aligning self-fulfillment and organizational goals to achieve business growth

Milbon believes that conducting engagement surveys to visualize employee awareness of their work and the company, and aligning self-fulfillment goals of each employee with management and organizational goals, are essential for achieving further business growth. We have conducted engagement surveys each year since FY2022. Our aim is to plot changes in Philosophy Strategy, External Adaptation, and Transformation Activities, the three survey items that we selected as priority items, as company strengths with high expectations and satisfaction levels. In FY2024, we continued providing individual feedback to department heads, raising awareness of action plan creation and submission, and holding workshops at Production Headquarters. Going forward, we will plan and implement measures to improve satisfaction across these priority items while promoting department-led expansion of strengths and improvement of weaknesses.

#### KPI ▶ Progress of engagement survey





## 2024-2025 Sustainability Highlights

### 2024

Jan

Environment Social Governance External Assessments and Cooperation with Society

- Donated 5 million yen to the Japan Platform, a non-profit organization, to support the 2024 Noto Peninsula Earthquake Relief and Recovery Program, aiding those affected and helping restore the impacted areas

Environment Social Governance External Assessments and Cooperation with Society

- Hidenori Sakashita appointed as President & CEO



Feb

Environment Social Governance External Assessments and Cooperation with Society

- Conducted third-party questionnaire and interviewed outside board members to evaluate board effectiveness in FY 2024

Mar

Environment Social Governance External Assessments and Cooperation with Society

- Incorporated plant-derived plastic into the PJOLI series, and used containers made with less petroleum-derived plastics



Environment Social Governance External Assessments and Cooperation with Society

- Established the Human Resources Development Committee for the purpose of developing a human resources strategy linked to the medium- to long-term management strategy

Environment Social Governance External Assessments and Cooperation with Society

- Appointed one new outside audit & supervisory board member

- Appointed a new female outside director, increasing the number of outside directors to five (42% of the board)
- Launched the Executive Officer Training Program, inviting institutional investors as external presenters to strengthen the management perspective
- Updated the FY 2024 Corporate Governance Report

Environment Social Governance External Assessments and Cooperation with Society

- Certified as a 2024 Health & Productivity Management Outstanding Organization

Apr

Environment Social Governance External Assessments and Cooperation with Society

- Formulated and announced the Milbon Sustainable Procurement Basic Policy
- Disclosed Scope 3 emissions at Japanese business locations

May

Environment Social Governance External Assessments and Cooperation with Society

- Continued water quality monitoring of the Kume and Kizu Rivers, which serve as drainage routes for the Yumegaoka Factory
- Conducted biodiversity conservation activities at Kameyama Satoyama Park, an OECM-certified site



Jul

Environment Social Governance External Assessments and Cooperation with Society

- Held the second "Water Quality Survey and Waterside Nature Observation" at the Hattori River, a drainage basin for the Yumegaoka Factory

Environment Social Governance External Assessments and Cooperation with Society

- Newly included as a constituent of the FTSE Blossom Japan Index, an ESG investment index



- Continued inclusion as a constituent of the FTSE Blossom Japan Sector Relative Index, an ESG investment index

- Continued inclusion as a constituent of the MSCI Japan Empowering Women Index (WIN), an ESG investment index
- Continued inclusion as a constituent of the S&P/JPX Carbon Efficient Index, an ESG investment index



Nov

Environment Social Governance External Assessments and Cooperation with Society

- Yumegaoka Factory received a Gold rating in the EcoVadis Sustainability Rating for the second consecutive year



### 2025

Jan

Environment Social Governance External Assessments and Cooperation with Society

- Donated 10,000 U.S. dollars to the Disaster Relief Fund of the Professional Beauty Association (PBA) to support those affected by the wildfires in California, the U.S.

Free haircare products provided through U.S. subsidiary, MILBON USA, INC., to assist local hairstylists and their customers in affected areas

Feb

Environment Social Governance External Assessments and Cooperation with Society

- Conducted third-party questionnaire and interviewed outside board members to evaluate board effectiveness in FY 2025

- Announced measures to realize management focused on the cost of capital and stock prices

Mar

Environment Social Governance External Assessments and Cooperation with Society

- Published the inaugural [MILBON Sustainability Report](#)



Environment Social Governance External Assessments and Cooperation with Society

- Updated the FY 2025 Corporate Governance Report

Environment Social Governance External Assessments and Cooperation with Society

- Received scores of C for Climate Change, C for Forests, and B- for Water from CDP, the global environmental disclosure rating organization

Apr

Environment Social Governance External Assessments and Cooperation with Society

- Sponsoring Expo 2025 in Osaka and exhibiting a booth under the concept: "Envisioning Future Salons—Live Your Life, Authentically and Beautifully"



May

Environment Social Governance External Assessments and Cooperation with Society

- Participated in the Okawa Cleanup event, organized by the Okawa Waterside Club, to clean the Okawa River adjacent to Milbon Central Research Institute



- Continued water quality surveys of the Kume and Kizu Rivers

Jun

Environment Social Governance External Assessments and Cooperation with Society

- Newly included as a constituent of the SOMPO Sustainability Index, an ESG investment index



### > Climate change initiatives

In light of the significant impact that climate change may have on our management strategy and financial planning over the medium- to long-term, Milbon has identified climate change as one of its key challenges. We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task force on Nature-related Financial Disclosures (TNFD). We are also a member of the TCFD Consortium and disclose information in line with the TCFD framework as part of our active efforts to address climate change.

For more information about the impact of climate change on our business and our response, please refer to the following page:

<https://www.milbon.com/en/sustainability/environment/tcfd.html>

# Initiatives to Promote Corporate Governance

## Advancing the ongoing enhancement of the Board of Directors’ oversight function

### > Milbon’s approach to corporate governance

Milbon recognizes the promotion of corporate governance as an important management issue essential to realizing our belief in “building a solid company that won’t collapse,” fulfilling the responsibilities entrusted to us by our shareholders, delivering on our commitments to all stakeholders, and providing sustainable value. For this reason, we have designated “constructing a fair and flexible management structure” as one of our Five Key Challenges. We are working to promote more effective corporate governance by setting specific KPIs aimed at enhancing the transparency, fairness, and efficiency of our management.

### > Progress of efforts toward corporate governance

Milbon continues to improve and strengthen its corporate governance structure, with a particular focus on reforms aimed at transitioning to a monitoring-style Board of Directors that clearly separates management and oversight. After adopting an Executive Officer System in FY2021, we expanded the role of the Board of Directors in FY2022 by adding deliberative functions—beyond just making resolutions and receiving reports—to better incorporate the diverse expertise of both internal and external directors into management. We also established a new Management Meeting, composed of internal directors, standing Audit & Supervisory Board members, and executive officers, to clearly delineate the roles of the Board of Directors and the Management Meeting. Furthermore, with regard to committee functions, in FY2019, we established the Sustainability Promotion Committee, chaired by the Managing Executive Director in charge of Sustainability Promotion. In FY2022, we established two additional committees: the Risk Management Committee, chaired by the President & CEO and composed of internal board directors, Audit & Supervisory Board members, and executive officers; and the voluntary Governance Committee, also chaired by the President & CEO and composed of internal and outside board directors. Each committee works in close coordination with the Board of Directors and Management Meeting, enabling comprehensive governance management. Following deliberations by the Governance Committee, we split the previously unified Nomination and Compensation Committee into

separate Nomination and Compensation Committees in FY2023 to improve the quality of deliberations. In addition, we established secretariats for the Board of Directors, the Management Meeting, the Nomination Committee, and the Compensation Committee to support the development of a more effective organizational structure. These secretariats help ensure the efficient operation and robust follow-up mechanisms of each committee.

### > FY2024–25 initiatives and outcomes

During FY2024, Milbon continued efforts to improve the effectiveness of the Board of Directors based on its annual evaluations. To strengthen the human capital aspect, we appointed Tomomi Fukumoto—who previously oversaw sustainability and corporate communications at Suntory Holdings—as an outside board director, thereby invigorating discussions on stakeholder communication and sustainability promotion. Ms. Fukumoto also joined the Sustainability Promotion Committee as an advisor in 2025. In addition, Shinichiro Hyogo, who had a long career as an analyst and fund manager at Mitsubishi UFJ Trust and Banking Corporation, was appointed executive officer in April 2025. He is contributing to deeper discussions on financial strategy and enhancing IR communications from an investor’s perspective. Furthermore, in response to discussions by the Governance Committee, we changed the scheduling of the Board of Directors and Management Meeting from being held on the same day (until the end of 2023) to separate days in order to strengthen collaboration between the two. This change has enabled the timely and

	~2021	2022~2023	2024~
Successor development program	● 2015: Launched the Milbon Corporate University (MCU), a Next Management Leadership Development Program		● 2025: Launches MCU-Prep, a preparatory program for next-generation candidates in their 30s
Training	● 2021: Financial Analysis Workshop ● 2021: Corporate Governance Code Workshop	● 2022: TCFD Workshop ● 2022: Corporate Governance Workshop ● 2023: Human Capital Management Workshop ● 2023: DE&I Workshop	● 2024: Executive Officer Training Program
Target setting	● 2022: KPIs set for “Construct a fair and flexible management structure”		
Organizational reform	● 2019: Sustainability Promotion Committee established ● 2021: Deliberation items added to role of Board of Directors ● 2021: Executive Officer System introduced	● 2022: Governance Committee established ● 2022: Risk Management Committee established ● 2022: Management Meeting established ● 2023: Nomination Committee and Compensation Committee separated ● 2023: Secretariats established for the Board of Directors, Management Meeting, Nomination Committee, and Compensation Committee	● 2024: Board of Directors and Management Meeting rescheduled to be held on separate days
Personnel systems	● 2021: First female board director appointed	● 2022: Second female board director appointed (two in total) ● 2022: Number of outside board directors increased to five	● 2024: First non-Japanese employee appointed as executive officer ● 2024: Third female board director appointed (three in total)
Compensation system	● 2019: Performance-linked compensation system introduced (excluding outside board directors)		● 2024: Performance-linked compensation indicators revised

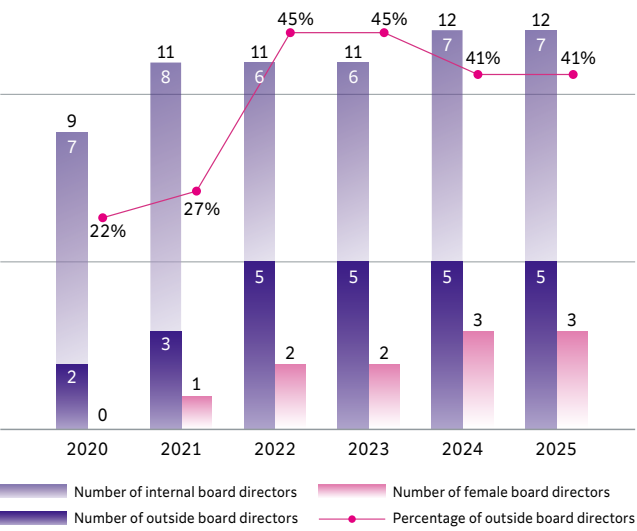
appropriate sharing of discussion outcomes from the Management Meeting with the Board of Directors, thereby improving the quality of the Board’s deliberations. In the board member effectiveness evaluation questionnaires and interviews, we also received substantial feedback regarding the topics of discussion. Consequently, in FY2024, we enhanced the quality of deliberations by actively incorporating various management agenda items into the annual schedule, including management focused on capital costs and stock prices, and the optimal structure of the balance sheet. In terms of strengthening the monitoring function of the Board of Directors, we have continued transferring authority from the Board of Directors to the Management Meeting. Additionally, in anticipation of the planned transition to a new Executive Officer System structure in FY2026, we implemented an Executive Officer Training Program aimed at enhancing the management perspective of executive officers. Since March 2024, we have conducted three classroom lectures delivered by institutional investors, followed by presentations to the Board of Directors on our company’s management analysis and proposed solutions to key issues. These efforts have not only elevated the perspectives of our executive officers but have also fostered opinion exchange, mutual understanding, and stronger collaboration between the Board of Directors and the Management Meeting. Furthermore, they have helped promote the Nomination Committee’s understanding of candidates for the next Board of Directors.

### > Progress and results on KPIs for the key challenge: “construct a fair and flexible management structure”

Regarding the KPIs and their progress toward the key challenge of “constructing a fair and flexible management structure,” one key initiative has been the appointment of outside directors to enhance board diversity. In FY2024, Milbon maintained the target of having outside directors account for at least one-third of the Board, with 5 out of 12 members serving as outside directors. This has contributed to more dynamic discussions by incorporating diverse and fresh perspectives into board deliberations. In terms of promoting gender diversity among leadership, the number of female board directors increased by one in 2024, bringing the total to three. In addition, two of the eight executive officer positions continued to be held by women. In securing diverse skill sets, including international experience, we continued to appoint board members based on a skills matrix. As a result, six out of 15 current board members have overseas work experience. Furthermore, starting in FY2024, we appointed the South Korean national serving as President of Milbon Korea, our overseas subsidiary, as an executive officer. To enhance the effectiveness of the Board of Directors, we have established a system for identifying key challenges and tracking improvements through third-party evaluations. Each year, an external organization conducts an effectiveness survey of all board members, and bureau interviews all outside directors. The insights and issues gathered through these processes—particularly those from past fiscal years—are then deliberated and addressed by the Board of Directors.

Note: For more details on the effectiveness evaluations, please refer to the latest Corporate Governance Report (Japanese only): [https://www.milbon.com/ja/ir/uploads/docs/250327\\_corporategovernance.pdf](https://www.milbon.com/ja/ir/uploads/docs/250327_corporategovernance.pdf)

## Composition of the Board of Directors



### > Future challenges and initiatives for improvement

To ensure and further enhance management transparency, fairness, and efficiency through the strengthened monitoring function of the Board of Directors, Milbon continues to regard improving the effectiveness of the Management Meeting—including enhancing its management perspective and strategic insight—as a priority in promoting corporate governance. We will continue to discuss and implement initiatives to address these challenges. Despite achieving certain positive outcomes from the initiatives undertaken in 2024, further efforts are required in preparation for the revision of the Executive Officer System scheduled for 2026. Accordingly, we will consider and implement measures to build a continuous training framework, leveraging external institutions, and appoint appropriate personnel through the active involvement of the Nomination Committee. At the same time, we will work to establish a new management structure in line with the transition to the revised Executive Officer System. Furthermore, in collaboration with the Nomination Committee, we will continue to discuss and examine the ideal structure of the Board of Directors based on our future vision by clarifying the desired profiles for future board members and developing an appropriate human resource system. We will also consider appropriate term lengths for board directors, taking into account the expectations of our stakeholders and broader society.



Managing Executive Director, Sustainability Promotion  
**Masahiro Murai**  
Joined Milbon in 1992. As a board director, Murai served as General Manager of the Corporate Administration Department. After being appointed Managing Executive Director, he was responsible for Corporate Administration, Corporate Strategy, CS Promotion, Internal Audit, Finance, and Cosmetics Planning. He currently serves as Managing Executive Director, overseeing Finance, Corporate Communications, and Sustainability Promotion.



# Board of Directors

## > Areas of expectation for Board Directors and Audit & Supervisory Board Members (use of skills matrix)

In order to continuously improve the Board of Directors’ required supervisory functions, we have created a matrix of the various skills possessed by board directors and Audit & Supervisory Board Members, and are using this matrix as a criterion for determining candidates.

Name	Position and responsibility within Milbon	Corporate management	Finance/Accounting	Legal/Risk	Global	Research/Product development	Production/Logistics	Sales/Marketing	Sales/Marketing	IT/Digital	HR/Name Labor	Qualifications
Board Director												
Ryuji Sato	Chairperson	●	●		●		●		●		●	
Hiddenori Sakashita	President & CEO	●			●		●		●	●		
Masahiro Murai	Managing Executive Director In charge of Finance, Corporate Communication, and Sustainability Promotion		●	●		●					●	
Kazunobu Konoike	Board Director Director of Production and in charge of Development Headquarters, and Organic Brand	●			●		●	●	●	●		
Junji Morimoto	Board Director In charge of Corporate Administration, Internal Audit, and Quality Assurance			●					●		●	
Harumichi Okazaki	Board Director Director of International FP Sales and Marketing, Director of FP Sales and Marketing, and in charge of Education Planning	●			●				●			
Hiroyuki Ogata	Board Director Director of Corporate Strategy Development and Vice President of Kosé Milbon Cosmetics, Co., Ltd.		●						●	●		
Taizo Hamaguchi	Outside Board Director	●							●			
Tsuneko Murata	Outside Board Director			●	●	●						
Etsuhiro Takato	Outside Board Director	●			●				●			
Chisa Hayakawa	Outside Board Director		●					●	●			Tax Accountant
Tomomi Fukumoto	Outside Board Director			●		●						
Audit & Supervisory Board Member												
Mitsuru Oshio	Audit & Supervisory Board Member			●					●			
Yoshihiko Okuda	Outside Audit & Supervisory Board Member		●									Tax Accountant
Takashi Hirano	Outside Audit & Supervisory Board Member			●		●				●	●	Lawyer

### Expertise and experience details

Corporate Management: Expertise in corporate management / Finance and Accounting: Expertise and experience in corporate finance and accounting / Legal and Risk: Expertise and experience in corporate legal affairs, risk management, BCP, etc. / Global: Overseas experience / ESG/Sustainability: Expertise in general sustainability and ESG issues including environmental, social, and governance issues / Research and Product Development: Expertise and experience in R&D and product development in the cosmetics industry / Production and Logistics: Expertise and experience in manufacturing, production, and logistics management in Japan and abroad / Sales and Marketing: Expertise and experience in sales activities and marketing / IT and Digital: Expertise and experience in IT utilization, DX promotion, and information security / HR and Labor: Expertise and experience in human resources development, HR strategy, and improving job satisfaction

### From the left of this page

Tomomi Fukumoto	Outside Board Director
Chisa Hayakawa	Outside Board Director
Etsuhiro Takato	Outside Board Director
Tsuneko Murata	Outside Board Director
Taizo Hamaguchi	Outside Board Director
Kazunobu Konoike	Board Director
Ryuji Sato	Chairperson
Hiddenori Sakashita	President & CEO
Masahiro Murai	Managing Executive Director
Junji Morimoto	Board Director
Harumichi Okazaki	Board Director
Hiroyuki Ogata	Board Director
Mitsuru Oshio	Standing Audit & Supervisory Board Member
Yoshihiko Okuda	Outside Audit & Supervisory Board Member
Takashi Hirano	Outside Audit & Supervisory Board Member



## > Common standards for all board directors and Audit & Supervisory Board Members

Board directors and Audit & Supervisory Board Members shall understand and take the initiative in practicing The Milbon Way, the action guideline for all employees, and thereby contribute to the development of a sustainable beauty market.

### ■ Skill selection

The skills considered necessary for our Board of Directors were reviewed and selected by the same Board of Directors in October 2021, taking into account the opinions of each board member. They were further revised by the Board of Directors at its meeting in February 2024.

### ■ Skill plotting criteria for each board director

The skill plot of each board director was determined based on the extent of work experience in the relevant skill area.

## > Corporate Governance Structure Quick Reference Table (as of March 2025)

Institutional design	Company with an Audit & Supervisory Board system
Term of office of Board Directors	2 years
Adoption of Executive Officer system	Yes
Voluntary Committee	Nominations Committee, Compensation Committee, Governance Committee
Accounting Auditor	GYOSEI & CO.

## > Evaluating the effectiveness of the Board of Directors

Once a year, Milbon conducts a survey and analysis to evaluate the effectiveness of the Board of Directors for the previous fiscal year. The results are shared with the Board, and improvement measures are discussed and implemented. In February of FY2025, regarding the evaluation of the effectiveness of the Board of Directors in FY2024 (the 65th fiscal year), a survey was conducted by a third-party organization targeting all board directors and Audit & Supervisory Board members. In addition, interviews were conducted with outside directors and outside Audit & Supervisory Board members.

The results of the above-mentioned survey and interviews indicated that the overall effectiveness of the Board of Directors has been improving year by year. However, several issues requiring improvement were also identified. A summary of these issues was shared with each board member in advance and discussed at the March meeting of the Board of Directors. The following is a summary of the key discussion points from the meeting.

- Enhanced discussions by the Board of Directors on the management of intellectual property rights and other intangible assets
- Greater involvement of the Nomination Committee in the nomination process for directors and the CEO
- Improvement of directors’ skills to strengthen the Board’s monitoring function
- Further enhancement and expansion of the Board’s monitoring function

The above matters will be incorporated into the annual schedules of the Board of Directors and the Management Meeting, and will be deliberated and reviewed throughout FY2025 to further enhance the effectiveness of the Board of Directors.

## > Tackling issues related to sustainability

The Sustainability Promotion Committee, chaired by the Managing Executive Director, takes the lead in promoting company-wide sustainability initiatives, including the Five Key Challenges identified as Milbon’s materialities, and the committee also provides regular reports to the Board of Directors and the Management Meeting, thereby establishing a structure that enables appropriate monitoring by the management team.

Executive Officers



- From left to right**

**Shinichiro Hyogo**  
Executive Officer, General Manager of Corporate Communication Department and in charge of Finance

**Jaewook Kim**  
Executive Officer, Deputy Director of International FP Sales Department, South Korea Regional Director and ASEAN Regional Director

**Masaya Tanaka**  
Executive Officer, Director of Research and Development Headquarters and General Manager of Global Research and Development Department

**Hiroe Fujiwara**  
Executive Officer, General Manager of Organic Brand
- Akiko Nishioka**  
Executive Officer, Deputy Director of FP Sales and Marketing and General Manager of Tokyo Aoyama Branch

**Isao Oka**  
Executive Officer, Deputy Director of FP Sales and Marketing

**Masayoshi Okada**  
Executive Officer, Deputy Director of Corporate Strategy and General Manager of Business Development Department

**Toshihiko Suzuki**  
Executive Officer, General Manager of Education Planning

Overview of Executive Officer System

Milbon introduced an Executive Officer System in FY2021 in anticipation of strengthening the Board of Directors’ monitoring function in the future. In FY2022, the company established a Management Meeting composed of internal directors, Standing Audit & Supervisory Board members, and executive officers. This meeting is held monthly, independently of the Board of Directors, to deliberate on, decide on, and report important matters related to business execution. By clearly dividing the roles between the Management Meeting and the Board of Directors, Milbon aims to enhance both supervisory and executive functions, increase their effectiveness, and accelerate decision-making. Since many executive officers also serve as heads of their respective departments, resolutions passed at the Management Meeting are accurately understood and communicated throughout the organization, thereby improving company-wide understanding and internal communication.

We have introduced a stock compensation plan for executive officers, similar to that for internal directors, to encourage them to perform their duties with a strong awareness of the sustainable enhancement of corporate value.

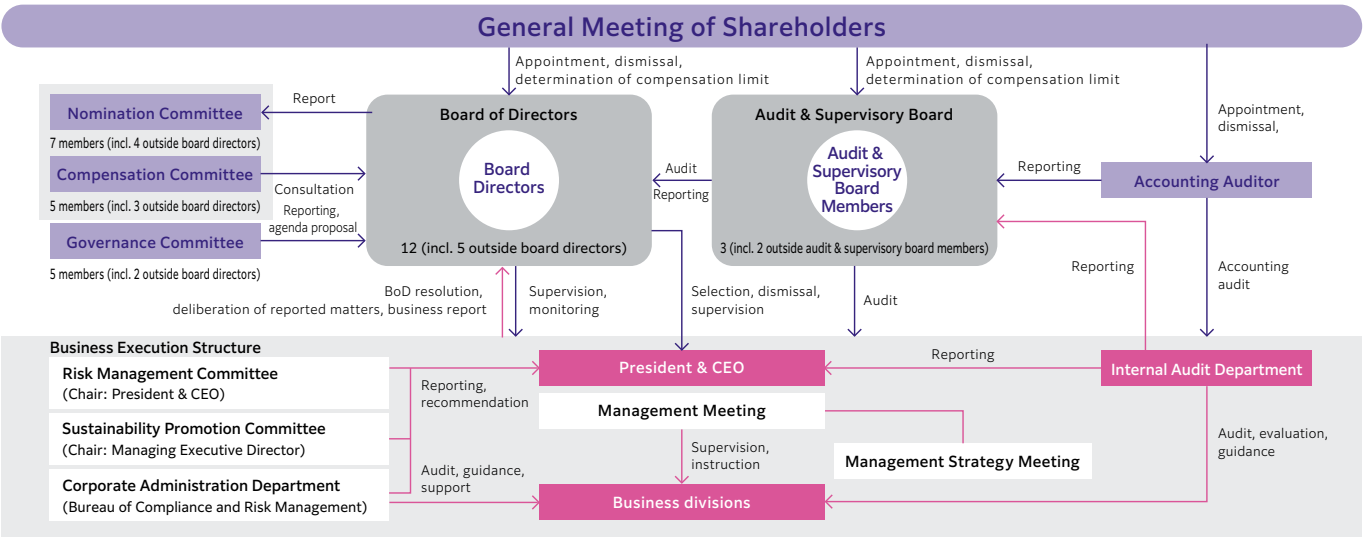
Initiatives to enhance managerial decision-making by executive officers and the Management Meeting

While authority has been increasingly delegated from the Board of Directors to the Management Meeting, the Governance Committee has discussed the need to broaden the perspectives of executive officers and enhance the effectiveness of the Management Meeting. In FY2024, Milbon implemented a unique training program consisting of three classroom lectures led by institutional investors, as well as presentations made by executive officers to the Board of Directors analyzing Milbon’s management and proposing solutions to key issues. This program facilitated exchanges of opinions, mutual understanding, and stronger collaboration between the Board of Directors and the Management Meeting. It also contributed to the Nomination Committee’s understanding of potential candidates for future board directors.

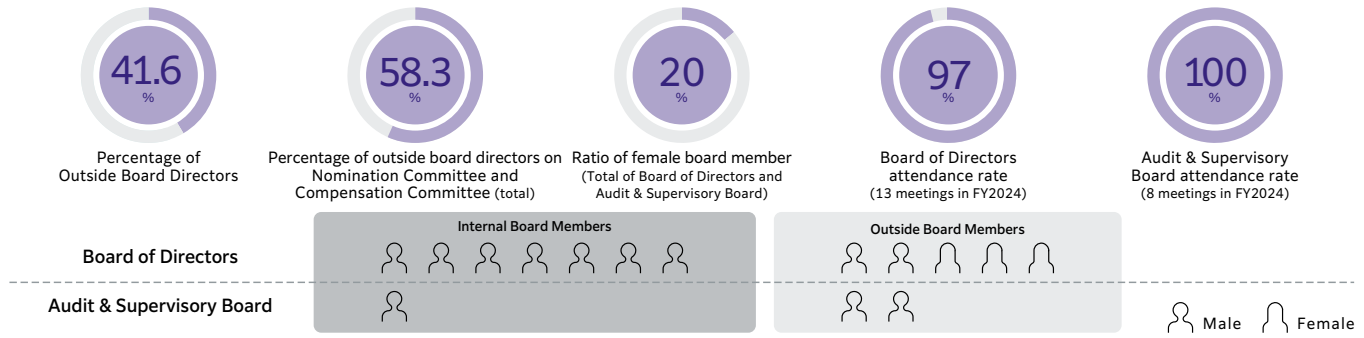


Milbon’s Governance Promotion Framework

For Milbon, enhancing corporate governance is a critical management challenge. Through greater transparency, fairness, and management efficiency, Milbon aims for ongoing improvements to corporate value.



Board of Directors and Audit & Supervisory Board composition



Outline and Composition of Each Committee

Committee	FY2025 Committee members	Number of meetings in FY2024 / attendance	Principal matters of discussion in FY2024
Nomination Committee	Outside Board Director Taizo Hamaguchi (chair); Chairperson Ryuji Sato; President & CEO Hidenori Sakashita; Managing Board Director Masahiro Murai; Outside Board Director Tsuneko Murata; Outside Board Director Etsuhiro Takato; Outside Board Director Tomomi Fukumoto	2 / 100%	• Next management structure and succession plan • Executive Officer System structure • Selection of board directors, audit and supervisory board members, and executive officers for FY2025
Compensation Committee	Outside Board Director Taizo Hamaguchi (chair); President & CEO Hidenori Sakashita; Managing Board Director Masahiro Murai; Outside Board Director Etsuhiro Takato; Outside Board Director Chisa Hayakawa	3 / 100%	• Policy for determining compensation for board members for FY2024 • Performance-linked compensation indicators for FY2025
Governance Committee	President & CEO Hidenori Sakashita (chair); Chairperson Ryuji Sato; Managing Board Director Masahiro Murai; Outside Board Director Etsuhiro Takato; Outside Board Director Chisa Hayakawa	1 / 100%	• Operation and supervision of a training program aimed at improving the perspective of the Management Meeting • Discussion about what the management structure should be in the future

Improving the effectiveness of voluntary committees

Since FY2023, in addition to the full-scale launch of the Governance Committee as a voluntary committee, Milbon has established a structure to enhance the effectiveness of each committee. This included splitting the previously unified Nomination and Compensation Committee into separate Nomination and Compensation Committees, enabling more focused and in-depth discussions. Furthermore, by assigning dedicated secretariats to each committee, we have created an environment conducive to concentrated deliberation, resulting in more active and productive discussions. In FY2024, the main topics discussed included the next management structure and succession planning (Nomination Committee), performance-linked compensation indicators (Compensation Committee), and the future design of the company’s governance structure (Governance Committee). Based on the outcomes of these discussions, respective initiatives are now being considered and implemented.



# Compensation for Board Members

## > Basic policy for board director compensation

Compensation for directors (excluding outside directors) consists of base compensation, performance-linked compensation, and stock-based compensation designed to incentivize the sustainable enhancement of corporate value. This structure is intended to encourage directors to perform their duties with a strong awareness of both individual performance and long-term corporate value creation. The Board of Directors consults with the Compensation Committee, which is primarily composed of outside directors, regarding proposed compensation levels. Based on their advice, the Board determines individual compensation. Outside directors and Audit & Supervisory Board members receive base compensation only, as they are independent from business execution, and performance-linked compensation is therefore deemed inappropriate.

## > Method of calculating compensation for board directors (excluding outside board directors)

1) Basic compensation: The amount of basic compensation is determined in accordance with the board director’s position and paid monthly in cash.

### Performance-linked Coefficient

Achievement of targets	120% or more	115% or more, less than 120%	110% or more, less than 115%	105% or more, less than 110%	100% or more, less than 105%	95% or more, less than 100%	90% or more, less than 95%	Less than 90%
Performance-linked coefficient	200%	175%	150%	125%	100%	80%	50%	0%

## > Ratio of each type of compensation, etc.

The ratio of each type of compensation, etc. for board directors (excluding outside board directors) is as follows:  
Basic compensation:  
Performance-linked compensation = 70%:30%  
Stock-based compensation =  
(Basic compensation + Performance-linked compensation) × 20%.

## > Total amount and number of Board Directors' and Audit & Supervisory Board Members' compensation, etc. for the fiscal year ended December 31, 2024

	Number of people	Total amount of compensation, etc. (thousand yen)	Amount of compensation, etc. by type (thousand yen)				
			Basic compensation	Performance-linked compensation	Total (monetary)	Restricted stock compensation	Total (non-monetary)
Board Directors (including Outside Board Directors)	14 (6)	422,942 (50,874)	292,834 (50,874)	78,600 (-)	371,434	51,508 (-)	51,508
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	4 (3)	48,679 (16,675)	48,679 (16,675)	- (-)	48,679	- (-)	-

Notes: 1. At the 62nd Ordinary General Meeting of Shareholders held on March 29, 2022, it was approved that the amount of cash compensation for board directors shall be up to 500 million yen (up to 70 million yen for outside board directors). The number of board directors at the conclusion of the 62nd Ordinary General Meeting of Shareholders was 11 (including five outside board directors). / 2. Stock compensation for board directors of a value up to 100 million yen, but a quantity of no more than 100,000 shares, per year was approved at the 60th Ordinary General Meeting of Shareholders on March 26, 2020. The number of board directors at the conclusion of the 60th Ordinary General Meeting of Shareholders was nine (including two outside board directors). / 3. Compensation for Audit & Supervisory Board members of an amount up to 70 million yen per year was approved at the 56th Ordinary General Meeting of Shareholders on March 17, 2016. The number of Audit & Supervisory Board members at the conclusion of the 56th Ordinary General Meeting of Shareholders was three (including two outside Audit & Supervisory Board members). / 4. The disclosed amount of compensation for directors includes the compensation paid to two directors (including one outside director) during their respective terms of office, up to their retirement at the conclusion of the 64th Ordinary General Meeting of Shareholders held on March 28, 2024. / 5. The disclosed amount of compensation for Audit & Supervisory Board members includes the compensation paid to one outside Audit & Supervisory Board member during their term of office, up to their retirement at the conclusion of the 64th Ordinary General Meeting of Shareholders held on March 28, 2024.

- 2) Performance-linked compensation: In order to raise awareness of the need to improve the Company’s performance in each fiscal year, performance-linked compensation is calculated by adding up the percentage of achievement of each performance indicator target multiplied by the weighting ratio, and then multiplying the performance-linked coefficient corresponding to the percentage of achievement of the target by the performance-linked standard amount corresponding to the position, and is paid once a year (April) in cash. The performance indicators, performance-linked coefficients, and actual performance-linked compensation are as follows.  
<Performance indicator> Consolidated net sales: Weight 40% / Consolidated operating income: Weight 50% / Consolidated profit: Weight 10%
- 3) Stock-based compensation: Stock-based compensation is granted once a year (around May) with a restriction on transfer until retirement of the Company’s shares equivalent to the amount obtained by multiplying the base compensation plus the performance-linked compensation by 20%.

## Actual performance-linked compensation for the fiscal year ended December 31, 2024

Performance metric	Fiscal year ended Dec. 31, 2024 (65th term)			Weighting
	Target (million yen)	Actual (million yen)	Achievement (%)	
Consolidated net sales	50,620	51,316	101.4	40%
Consolidated operating income	6,600	6,839	103.6	50%
Consolidated profit attributable to owners of parent	4,650	5,017	107.9	10%

Target achievement rate for the fiscal year ended December 31, 2024: 101.4% × 40% + 103.6% × 50% + 107.9% × 10% = 103.2%

# Succession plan (development program for the next executive candidates)

## > Approach to succession plan

Milbon regards the succession plan for the CEO as one of its most important management strategies. As part of our human capital management approach, we have identified “next-generation leadership development” as one of our five key human resource strategy themes. Through this initiative, we aim to build an organization in which leaders emerge organically on an ongoing basis.

## > MILBON CORPORATE UNIVERSITY (MCU)

In 2014, Milbon launched its original executive leadership development program, the Milbon Corporate University (MCU), with a view to transitioning to a new leadership structure over the next 10 years. Since then, we have been committed to developing and selecting candidates for future executive positions. During the first four cohorts held from 2015 to 2019, a total of 42 candidates participated in the two-year program. Beyond classroom-based learning, the program included discussions on Milbon’s future and presentations to senior management. The Board of Directors played an active role in both oversight and participation, with each director serving as a lecturer in their area of responsibility or expertise. The program has delivered tangible results, including many graduates being promoted to department heads, three have been appointed as board directors and eight as executive officers to date. Having completed the leadership transition in 2024, we are now restructuring our succession plan with a longer-term perspective, looking 10 and 20 years into the future to ensure it is more effective and robust than ever. As part of this initiative, we launched MCU-Prep in 2025—a preparatory program targeting young leadership candidates in their 30s—to begin developing and selecting future leaders in advance of the next phase of the MCU.

## > MCU-Prep for next-generation leaders in their 30s

After developing the concept in 2024, Milbon launched MCU-Prep in 2025 as a preparatory program for the MCU to train successor candidates for the generation beyond the next, targeting young leader candidates in their 30s. The program is scheduled to be offered to a total of 48 participants over three years, under the guidance of the Chairperson serving as the lead instructor. In its first year, 2025, 24 participants selected through an internal application process will engage in eight classroom sessions from March to November, culminating in final presentations made in the presence of board directors. This program is designed to provide participants with a deep and practical understanding of true top management.

## > Creating a medium- to long-term succession plan

In 2024, Milbon established the Human Resources Development Committee, chaired by the President & CEO, to develop a more robust medium- to long-term succession plan and realize a corporate structure that continuously produces future leaders. This committee serves as a platform for ongoing discussions of human capital issues and initiatives. Currently, the committee is deepening its deliberations on the future design of the Board of Directors and the Executive Officer system, as well as the next phase of the MCU. We are also working to build a more structured and strategic system for developing the next generation of leaders than ever before.

MILBON CORPORATE UNIVERSITY (MCU)

Final examination

2nd year

1st year

Completed by

42 people

Appointment of the new President & CEO

Appointment of board directors and executive officers

In charge of business division

Period

Two-year program (2015–2019: 1st to 4th programs)

Purpose

To provide growth opportunities for future executives through sessions with board members, ranging from inheriting the corporate philosophy to fostering future vision and strategic thinking abilities, enabling them to take on leadership roles

Theme

Continuity and Change

Enlightening points

Spread of corporate philosophy, self-awareness, future orientation, foresight, and execution power

Launch of MCU-Prep in 2025  
(Training second-next successor candidates)

Period

March to November 2025 (8 sessions)

Purpose

To serve as a preparatory program for the MCU, aimed at training successor candidates beyond next

Structure

Classroom lectures and a final presentation involving board directors

Participants

Young leader candidates in their 30s

To the next MCU

Becoming a corporate entity where leaders are born one after another

Click to jump to the relevant page

# Performance



## Performance

### Milbon's Performance Data & External Assessments

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<a href="#">Non-Financial Highlights</a>	P75—P76
<a href="#">External Assessments and Cooperation with Society</a>	P77—P78
<a href="#">Company Overview and Stock Information</a>	P79
<a href="#">Information Links</a>	P80

### iMPREA (cosmetics)

A salon exclusive brand created through joint research with KOSÉ. Hair salons are the only place that can identify each person's individuality and provide their own beauty. iMPREA is an unprecedented brand that delivers a personalized impression to customers through "Impression Production™" a communication method leveraging the strengths of hair salons.



# Financial Highlights

## Financial summary of operating results, financial indicators, etc. for the 11-year period from 2014 to 2024

\*1: FY2017 was irregularly closed, and the financial figures are for the 12 months and 11 days from December 21, 2016 to December 31, 2017. In addition, upon consolidation, the figures for overseas consolidated subsidiaries are based on the non-consolidated financial figures for the 15-month period from October 1, 2016 to December 31, 2017.

\*2: Effective from the beginning of FY2019, the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 30, 2018) and the Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018) were adopted early, and FY2018 amounts were retrospectively applied.

\*3: Earnings per share and net assets per share have been retroactively adjusted for the three stock splits during the below period. The relevant stock splits are as follows (1) 1.1 for 1 stock split on December 21, 2010; (2) 1.2 for 1 stock split on December 21, 2013; and (3) 2 for 1 stock split on January 1, 2018.

Operating results (million yen)	2014	2015	2016	2017*1	2018*2	2019	2020	2021	2022	2023	2024
Net sales	25,226	27,377	29,134	33,456	33,882	36,266	35,725	41,582	45,238	47,762	51,316
Gross profit	17,281	18,681	20,100	22,797	22,189	23,711	23,385	27,498	29,509	29,525	32,597
Operating income	4,451	4,727	5,113	5,345	6,260	6,751	6,394	7,817	7,551	5,525	6,839
Ordinary income	4,218	4,427	4,733	4,997	5,811	6,231	5,791	7,158	7,829	5,586	6,968
Profit attributable to owners of parent	2,621	2,950	3,069	3,817	4,495	4,517	4,204	5,109	5,577	4,001	5,017
Net assets	24,104	26,212	27,706	31,103	33,151	35,882	36,308	40,197	43,991	45,932	48,817
Total assets	28,138	30,799	32,444	37,642	39,634	41,912	43,075	48,238	52,760	53,391	58,899
Cash flows from operating activities	2,766	3,895	3,355	4,346	6,487	4,486	6,548	6,636	5,008	4,765	7,625
Cash flows from investing activities	(1,236)	(2,834)	(4,366)	(1,919)	(1,202)	(2,777)	(161)	(3,995)	(3,865)	(3,109)	(2,531)
Cash flows from financing activities	(1,052)	(1,135)	(1,262)	(1,317)	(1,639)	(1,869)	(3,416)	(1,919)	(2,578)	(2,797)	(2,862)
Depreciation	1,008	1,038	1,083	1,278	1,380	1,493	1,609	1,777	2,080	2,275	2,289
Capital expenditure	1,028	2,779	4,262	1,570	1,149	1,605	1,917	4,644	4,097	3,151	2,865
Per-share information (yen) *3											
Earnings per share	80.03	90.10	93.73	116.58	137.31	137.99	129.24	157.17	171.49	122.99	154.12
Net assets per share	736.05	800.51	846.16	949.99	1,012.58	1,096.02	1,117.10	1,236.41	1,352.52	1,411.56	1,499.20
Dividends per share	34.00	37.00	39.00	46.00	54.00	56.00	56.00	68.00	86.00	88.00	88.00
Financial indicators (%)											
Equity ratio	85.7	85.1	85.4	82.6	83.6	85.6	84.3	83.3	83.4	86.0	82.9
Return on equity (ROE)	11.3	11.7	11.4	13.0	14.0	13.1	11.6	13.4	13.2	8.9	10.6
Return on assets (ROA)	9.6	10.0	9.7	10.9	11.6	11.1	9.9	11.2	10.6	7.5	8.9
Gross profit margin	68.5	68.2	69.0	68.1	65.5	65.4	65.5	66.1	65.2	61.8	63.5
Operating margin	17.6	17.3	17.6	16.0	18.5	18.6	17.9	18.8	16.7	11.6	13.3
Ordinary margin	16.7	16.2	16.2	14.9	17.2	17.2	16.2	17.2	17.3	11.7	13.6
Net profit margin	10.4	10.8	10.5	11.4	13.3	12.5	11.8	12.3	12.3	8.4	9.8
Dividend payout ratio (consolidated)	42.5	39.3	41.6	39.5	39.3	40.6	43.3	43.3	50.2	71.6	57.1
Sales by category (million yen)											
Haircare products	14,597	16,195	17,711	19,511	20,222	21,328	21,135	24,466	26,312	28,355	31,324
Hair coloring products	8,817	9,506	9,892	12,095	11,857	12,994	12,594	14,813	16,631	16,953	17,200
Permanent wave products	1,520	1,410	1,260	1,569	1,544	1,515	1,372	1,449	1,450	1,463	1,547
Cosmetic products						165	360	579	572	571	868
Other	291	264	270	279	257	263	262	273	272	418	375
Overseas sales and operating income (million yen)											
Overseas sales ratio (%)	10.4	12.8	13.2	16.4	15.7	16.2	16.4	19.1	21.9	23.6	24.6
U.S. net sales	482	642	571	736	632	657	464	905	1,328	1,624	1,981
U.S. operating income	(32)	80	(19)	(36)	(49)	(252)	(302)	(561)	(168)	(89)	(89)
China net sales	430	665	737	1,208	1,368	1,488	1,528	2,148	2,114	2,241	2,328
China operating income	(23)	149	81	231	320	343	292	449	(9)	68	49
South Korea net sales	1,099	1,425	1,603	2,440	2,064	2,334	2,543	3,368	4,159	4,715	5,345
South Korea operating income	192	383	229	534	515	678	645	1,109	1,351	1,284	1,239
Net sales from other overseas regions	600	763	934	1,089	1,246	1,377	1,307	1,487	2,301	2,678	2,976
Operating income from other overseas regions	(165)	(267)	(233)	(315)	(168)	(195)	(230)	(20)	184	30	(157)

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## External Assessments

### > Selected as a constituent stock in the FTSE Blossom Japan Index

Milbon has been selected as a constituent stock of the globally recognized ESG index, the FTSE Blossom Japan Index, marking its first inclusion. Additionally, it has been selected as a constituent of the FTSE Blossom Japan Sector Relative Index for the second consecutive year. Both the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are indices developed by FTSE Russell, a leading ESG rating agency, to identify companies excelling in ESG (Environmental, Social, and Governance) practices. FTSE Russell's evaluation covers areas such as corporate governance, health and safety, anti-corruption measures, and climate change. Companies included in the FTSE Blossom Japan Index are recognized for meeting various ESG criteria across environmental, social, and governance domains.



### > EcoVadis Sustainability Rating: Gold

Milbon's Yumegaoka Factory received a Silver rating in 2022, followed by a Gold rating in 2023, placing ourselves in the top 5% of all companies evaluated. EcoVadis ratings evaluate a company's sustainability efforts according to 21 CSR criteria across four themes—Environment, Labor & Human Rights, Ethics, and Sustainable Procurement—for the purpose of promoting sustainability within global supply chains.



### > Selected as a constituent stock in the SOMPO Sustainability Index

In 2025, Milbon was selected for the first time as a constituent stock in the SOMPO Sustainability Index, a unique index created by SOMPO Asset Management that combines ESG evaluation and stock valuation. The index consists of approximately 300 stocks with excellent ESG evaluations.



### > Selected as constituent stock in the MSCI Japan Empowering Women (WIN) Select Index

Milbon was selected as a constituent stock in the MSCI Japan Empowering Women (WIN) Select Index, produced by MSCI, a leading financial services company in the U.S. It is one of the ESG indices developed by MSCI and looks at the top 700 Japanese companies by market capitalization (based on the MSCI Japan IMI Top 700 Index), and selects outstanding companies based on information disclosed about gender diversity, such as the ratio of female managers and the ratio of female employees to new hires.

\*The inclusion of Milbon Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names, do not constitute a sponsorship, endorsement, or promotion of Milbon by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



### > Selected as a constituent stock in the S&P/JPX Carbon Efficient Index

Milbon was selected as a constituent stock in the S&P/JPX Carbon Efficient Index. As an ESG index jointly developed by global index provider S&P Dow Jones Indices (S&P) and Japan Exchange Group (JPX), the S&P/JPX Carbon Efficient Index is a stock price index focused on the E (environment) in ESG. Composition of the index is limited to constituent stocks of the Tokyo Stock Price Index (TOPIX), with the ratio of each stock determined based on the company's environmental disclosures and its carbon efficiency level (carbon emissions per sales).



### > Awarded the 2020 20th Porter Prize

In 2020, Milbon was awarded the 2020 20th Porter Prize, sponsored by the School of International Corporate Strategy, Hitotsubashi University Business School. Having consistently focused our business on hairstylists and salons since our establishment in 1960, at the time of receiving the award, we had maintained high profitability, recording 23 consecutive years of revenue growth since the company's listing in 1996. Milbon has been recognized for its unique business strategy that continues its sustainable growth.



## Cooperation with Society

### > Joined the United Nations Global Compact

Milbon endorsed the United Nations Global Compact (UNGC) proposed by the United Nations and signed it in May 2020. UNGC is a voluntary initiative in which companies and organizations participate in the creation of a global framework for sustainable growth by acting as good members of society through responsible leadership. Based on its own basic sustainability policy, Milbon supports the UNGC's 10 principles related to human rights, labor, environment, and anti-corruption as a participating company that works with salons and haircare professionals to solve social issues, thereby contributing to the realization of a sustainable society.



### > Ordinary member of the Roundtable on Sustainable Palm Oil (RSPO)

In March 2022, Milbon was approved as an Ordinary Member of the Roundtable on Sustainable Palm Oil (RSPO), which was established by concerned organizations including the World Wide Fund for Nature. Milbon has also been a member of the Japan Sustainable Palm Oil Network (JaSPON), participating in information exchange and other activities since January 2020. The Yumegaoka Factory has also acquired certification from the Supply Chain Certification System (SCCS), a system that certifies that products made with certified palm oil meet SCCS certification requirements in the manufacturing, processing, and distribution processes.

Please refer to [www.rspo.org](http://www.rspo.org) for RSPO progress



### > Support for TCFD recommendations and TCFD Consortium membership

In January 2023, Milbon declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and became a member of the TCFD Consortium, a Japanese organization comprised of corporations supporting TCFD recommendations. We view action on climate change as a pressing issue for management and have incorporated it into the Five Key Challenges for achieving sustainability. We will continue to set goals and promote initiatives to reduce our environmental impact and proactively disclose information to our stakeholders.



### > Joined the 30by30 Alliance for Biodiversity

Milbon joined the 30by30 Alliance for Biodiversity on October 10, 2023. The Alliance is based on the G7 2030 Nature Compact adopted at the G7 Summit held in June 2021, and aims to conserve and protect at least 30% of terrestrial and marine areas by 2030 to halt and restore biodiversity loss. Japan's Ministry of the Environment (MOE) is the initiator of this alliance. This alliance was established by a group of companies, local governments, nonprofit organizations, and others to promote the expansion of national parks, satoyama (rural areas where nature and people coexist), corporate forests, and more. These areas aim to be registered in the international database as OECM\* and to actively disseminate these efforts. As a manufacturer dedicated to enriching the spirit through beauty, Milbon will continue to value the bounty and abundance that biodiversity offers to society at large, and actively engage in activities for protecting our global environment.

\*Other Effective area-based Conservation Measures refers to areas being conserved through private-sector efforts, and areas where management not aimed at conservation has contributed to protection of the natural environment.



# Company Overview and Stock Information

As of December 31, 2024

## Company overview

Trading Name:	Milbon Co., Ltd.
Established:	July 1960
Capital:	2.0 billion yen
Number of employees:	Non-consolidated: 904 / Consolidated: 1,188
Head Office:	Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo
Central Research Institute:	2-3-35 Zengenji-cho, Miyakojima-ku, Osaka-shi, Osaka
Innovation Center:	HANEDA INNOVATION CITY ZONE B_2-1, 1-1-4, Haneda Airport, Ota-ku, Tokyo
Training Center:	2-15-14 Chuo, Joto-ku, Osaka-shi, Osaka
Branches:	Tokyo Aoyama / Tokyo Ginza / Saitama / Nagoya / Osaka / Hiroshima / Fukuoka
Sales Offices:	Sapporo / Sendai / Niigata / Jingumae / Yokohama / Kanazawa / Shizuoka / Kyoto / Kobe / Okayama / Matsuyama / Kumamoto
Manufacturing plant:	Yumegaoka Factory / Thailand Factory / China Factory
Subsidiaries:	MILBON USA, INC. / Milbon Trading(Shanghai) Co., Ltd. / Milbon Korea Co., Ltd. / MILBON (THAILAND) CO., LTD. / MILBON MALAYSIA SDN. BHD. / MILBON VIETNAM CO., LTD. / MILBON SINGAPORE PTE. LTD. / Milbon (Zhejiang) Cosmetics Co., Ltd. / Milbon Europe GmbH.
Affiliated Company:	Kosé Milbon Cosmetics Co., Ltd.
Representative Offices:	Taiwan / Hong Kong / Turkey / Indonesia / Philippines

## Stock information

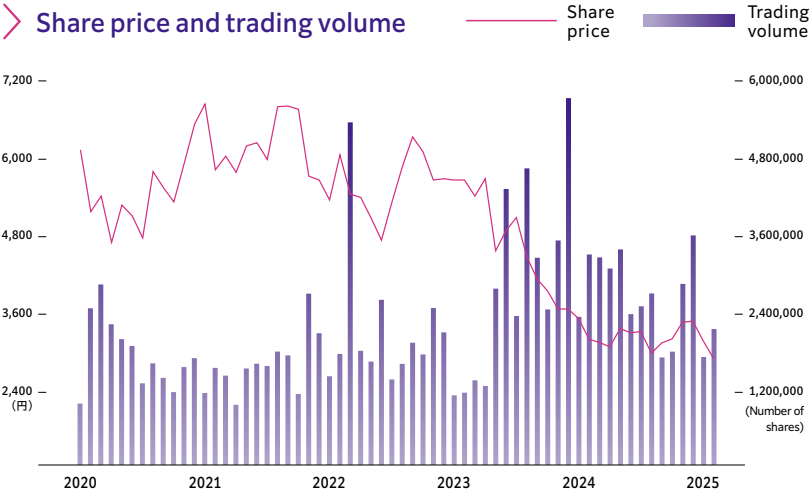
Listed Stock Exchange:	Tokyo Stock Exchange Prime Market
Stock code:	4919
Total number of shares authorized:	120,408,000
Total number of shares outstanding:	33,117,234
Number of shareholders:	26,245

## Principal shareholders (Top 10)

Shareholder	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd.	3,686,700	11.32 %
Konoike Asset Management Company	2,782,000	8.54 %
STATE STREET BANK AND TRUST COMPANY 505001	2,039,044	6.26 %
KOSÉ Corporation	1,328,000	4.08 %
MISAKI ENGAGEMENT MASTER FUND	1,197,400	3.68 %
Custody Bank of Japan, Ltd. (Trust account)	917,600	2.82 %
MILBON Employee Stock Ownership Association	664,120	2.04 %
RBC IST 15 PCT NON LENDING ACCOUNT-CLIENT ACCOUNT	656,700	2.02 %
THE BANK OF NEW YORK MELLON 140042	562,990	1.73 %
Keiko Murai	483,624	1.49 %

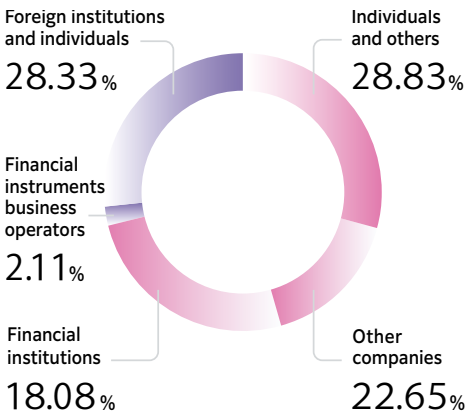
\*Shareholding ratio is calculated excluding treasury stock (555,070 shares).

## Share price and trading volume



Milbon operates a shareholder benefits program that provides company products annually to shareholders holding 100 or more shares. The application deadline for these benefits is May 31 each year. For more information about the shareholder benefits program, please visit: [https://www.milbon.com/en/ir/stock\\_bond/shareholder\\_incentives.html](https://www.milbon.com/en/ir/stock_bond/shareholder_incentives.html)

## Shareholding ratio by shareholder



# Information Links

## Corporate Information

Milbon Co., Ltd. website  
<https://www.milbon.com/en/>

Corporate Philosophy and Business Domain  
<https://www.milbon.com/en/company/>

Corporate History  
<https://www.milbon.com/en/company/history/>

Our Offices  
<https://www.milbon.com/en/company/office/>

The Way We Are  
[https://www.milbon.com/en/company/way\\_we\\_are/](https://www.milbon.com/en/company/way_we_are/)

Our Brands  
<https://www.milbon.com/en/brand/>

Seminar & Event  
<https://www.milbon.com/en/company/seminar/>

## Sustainability & ESG-related Information

MILBON Sustainability Report 2025  
[https://www.milbon.com/en/sustainability/sustainability\\_report.html](https://www.milbon.com/en/sustainability/sustainability_report.html)

Sustainability  
<https://www.milbon.com/en/sustainability/>

ESG/SDGs Matrix and Five Key Challenges (Japanese only)  
[https://www.milbon.com/en/sustainability/esg\\_sdgsmatrix.html](https://www.milbon.com/en/sustainability/esg_sdgsmatrix.html)

Environment

- Milbon Group Environmental Policy
- Response to Climate Change
- Response to Water Resources
- Waste and Environmental Pollution
- Supply Chain Management
- Safety and Reliability

<https://www.milbon.com/en/sustainability/environment/>

Our Employees and Society

- Milbon Human Rights Policy
- Use of RSPO-Certified Palm Oil
- Hiring Persons with Disabilities
- Investment in Employee Growth
- Diversity, Equity and Inclusion
- Health & Productivity Management
- Supply Chain Management

<https://www.milbon.com/en/sustainability/humanrights/>

Governance

- Milbon Ethics and Code of Conduct
- Corporate Governance
- Risk Management
- Compliance

<https://www.milbon.com/en/sustainability/governance>

## IR-related Information

Information for share-holders and investors (IR)  
<https://www.milbon.com/en/ir/>

Management Information

- Medium-Term Management Plan
- ESG Data
- Disclosure Policy

<https://www.milbon.com/en/ir/management/>

Financial Highlights  
<https://www.milbon.com/en/ir/finance/>

IR Library

- Financial Materials
- Securities Report
- Sponsored Research Report
- IR Calendar

<https://www.milbon.com/en/ir/library/>

Stock Information  
[https://www.milbon.com/en/ir/stock\\_bond/](https://www.milbon.com/en/ir/stock_bond/)

IR News  
<https://www.milbon.com/en/ir/news/>



## Editorial Policy

In producing this integrated report, we refer to the International Integrated Reporting Framework proposed by the Value Reporting Foundation (VRF).

Having passed the halfway point of our five-year Medium-term Management Plan launched in FY2022, FY2025 marks a new beginning for Milbon as we move toward realizing the long-term vision announced in February. In FY2024, we achieved solid results both in Japan and overseas through the various strategies outlined in the plan. We also began to see meaningful progress in reforming our profit structure, which had been a challenge in the post-COVID era. This Integrated Report details the progress, achievements, and challenges of FY2024, while clearly communicating our efforts to enhance long-term corporate value—including sustainability initiatives and strengthened governance—to all stakeholders.

In line with the concept of universal design, this report not only highlights our key achievements, but also emphasizes readability by carefully considering font size, the clarity of charts and diagrams, and the use of color. Furthermore, with input from a diverse range of external experts—including outside directors and individual investors—we have presented our business activities and future aspirations from a more objective and multifaceted perspective.

Starting this fiscal year, we have also launched the MILBON Sustainability Report to provide a more detailed account of our sustainability initiatives beyond what is covered in this Integrated Report. We encourage readers to refer to both reports together for a more comprehensive understanding of our efforts.

We welcome any questions, comments, or suggestions you may have regarding this report. Your feedback is greatly appreciated as we strive to enhance our corporate communications.

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We would appreciate your feedback on this Integrated Report.  
Please access the survey form via the two-dimensional code.

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