

FY2025 First Quarter Financial Results Presentation Q&A (Summary)

Wednesday, May 14, 2025, 10:00-10:40

Responses by:

Masahiro Murai, Managing Executive Director

■ Domestic Business

1. Could you explain why the frequency of salon visits declined from January to February and then recovered from March onward?

Salon visits usually drop at the start of the year due to seasonal trends, but this year the decline has been more noticeable. The reasons for this decline are not yet clear, and we will continue to monitor the situation closely.

2. Was there a surge in demand for hair care products in April ahead of the price hike?

Typically, there is a surge in demand from distributors ahead of a price hike. A notable increase in demand for our hair care products was shown in April. While we anticipate a potential decline in May due to this surge, we expect our Q2 results to progress as planned.

3. Are your hair coloring products competing with at-home hair coloring products in terms of pricing?

We believe that competition within the professional hair coloring market has intensified. While sales of our grey coverage hair coloring products have remained relatively stable, competitors in the fashion coloring segment have improved their product quality, reducing our products advantages. To drive further growth, we will continue to strengthen initiatives that encourage end-users to specifically request Milbon hair color, such as leveraging our official social media channels and salon booking services. In addition, we will maintain our focus on educational activities for salons and the development of high-value-added products, which are among our core strengths.

■ Overseas Business

4. You mentioned that the frequency of salon visits in South Korea declined due to political turmoil. Has this trend been recovering recently?

Although the outlook for the political turmoil remains uncertain, we have observed a recovery in salon visit trends. As a result, our net sales in South Korea have recovered since February.

5. Net sales in China declined due to reactionary drop, but exceeded the company's target. What factors contributed to this?

We believe that the Chinese hair salon market has not been recovering overall. Despite this trend, our net sales have remained stable, which we attribute to the positive impact of the support

activities carried out by our Field Person.

6. Regarding the US tariffs, you mentioned an estimated negative impact of approximately 70 million yen on operating income. What do you anticipate the potential maximum impact?

In our case, the impact is limited due to our relatively low exposure to the US market. If the tariff rates announced on April 2nd—24% for Japan and 36% for Thailand—were applied from July 1st, we estimate a potential reduction in full-year operating income of approximately 150 million yen. Although the decline in consumer confidence due to tariffs hasn't significantly impacted us in Q1, we recognize it as a potential risk going forward. We will continue to monitor consumer and salon market trends closely, and consider price hike as necessary.

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