Milbon Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending December 2026

August 10, 2026

Event Summary

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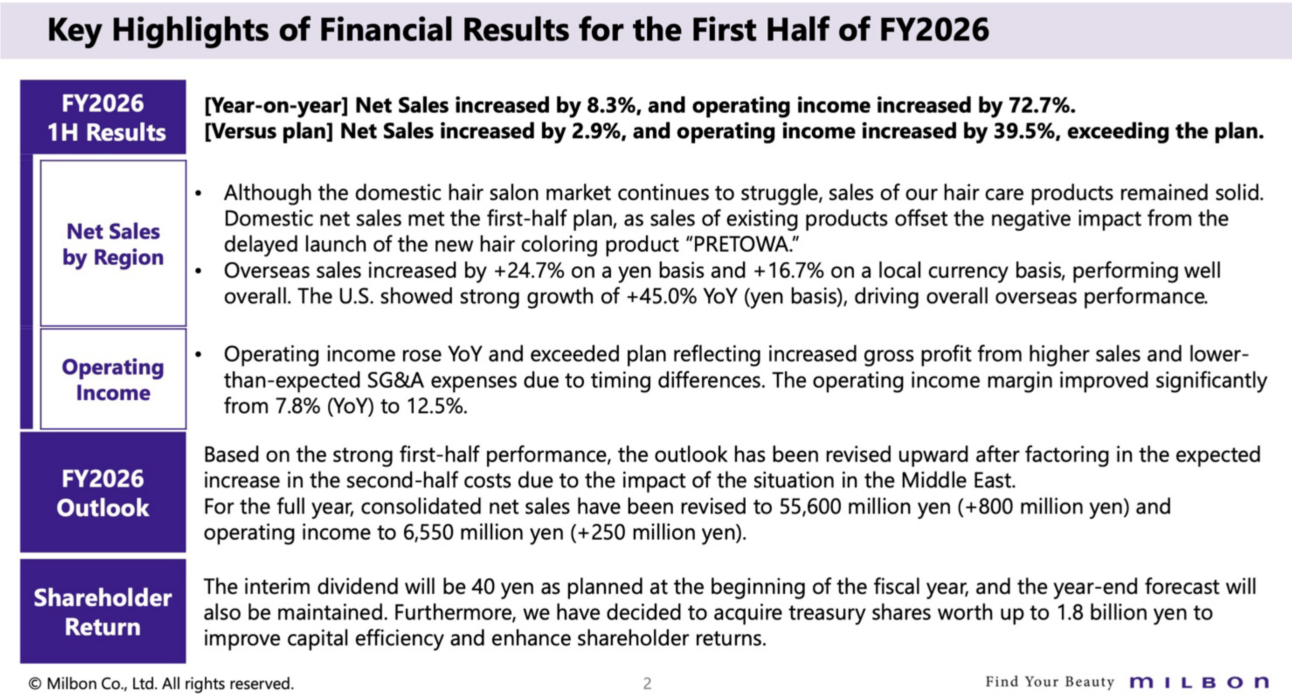
Hidenori Sakashita	President and CEO
Shinichiro Hyogo	Executive Officer, General Manager of Corporate Communication Department, and in charge of Finance

Presentation

Hyogo: Good afternoon, everyone. I am Hyogo, Executive Officer in charge of Corporate Communications and Finance at Milbon.

Thank you very much for participating in our earnings announcement, whether online or in person.

Mr. Sakashita will be providing a detailed explanation of our overseas and other business operations in his part of the presentation today, so I will keep my segment brief, focusing primarily on the financial figures.



These are the key points of the H1 financial results.

Net sales increased by 8.3% YoY, and operating income increased by 72.7% YoY, achieving a significant increase in profit. Compared to the plan, net sales were up 2.9% and operating income was up 39.5%, significantly exceeding the Company's plan.

Looking at the results by region, while the domestic hair salon market continued to struggle, sales of our hair care products remained solid. Although hair coloring products were affected by the delayed launch of PRETOWA, we achieved our H1 targets for the domestic market as a whole.

Overseas sales posted strong growth, rising 24.7% on a yen basis and 16.7% on a local currency basis. The US, in particular, maintained strong growth with a 45% increase YoY and is driving growth across all overseas markets.

Operating income exceeded both the previous fiscal year's figure and the budgeted target, due to an increase in gross profit resulting from higher net sales, as well as a timing difference in the recognition of a portion of selling, general, and administrative expenses. In addition, the operating income margin has improved significantly, from 7.8% to 12.5%.

Based on our strong performance in H1, and after factoring in the increased costs of raw materials and supplies resulting from the situation in the Middle East, we are revising our full-year earnings forecast upward. For the full fiscal year, we have revised our consolidated net sales upward by JPY800 million to JPY55.6 billion, and our operating income upward by JPY250 million to JPY6.55 billion.

With regard to shareholder returns, we have resolved to pay an interim dividend of JPY40, as originally planned at the start of the fiscal year, and we are maintaining our forecast for the year-end dividend. Furthermore, with the aim of improving capital efficiency and enhancing shareholder returns, we resolved today to repurchase our own shares up to a maximum of JPY1.8 billion.

Consolidated Statement of Earnings

Net sales rose YoY and plan due to strong overseas performance. Operating income increased significantly due to higher sales, improved gross profit, and timing differences in SG&A expenses.

(Unit: million yen)	FY2025 Q2YTD	FY2026			Diff.	Diff. (%)	FY2026 Q2 YTD Target	Vs. Target (%)
		Q1	Q2	YTD				
Net Sales	24,807	12,415	14,463	**26,878**	2,070	+8.3%	26,125	102.9%
Gross Profit	15,502	7,872	9,263	**17,135**	1,633	+10.5%	16,642	103.0%
Gross Profit Margin	62.5%	63.4%	64.0%	**63.8%**	–	–	63.7%	–
SG&A Expenses	13,563	6,622	7,166	**13,788**	224	+1.7%	14,242	96.8%
Operating Income	1,938	1,250	2,097	**3,347**	1,408	+72.7%	2,400	139.5%
Operating Margin	7.8%	10.1%	14.5%	**12.5%**	–	–	9.2%	–
Non-operating Income	(85)	86	65	**152**	237	–	(69)	–
Ordinary Income	1,853	1,337	2,162	**3,499**	1,646	+88.8%	2,331	150.1%
Extraordinary Income(Loss)	(755)	(0)	(127)	**(127)**	628	–	(10)	–
Profit Attributable to Owners of Parent	419	1,015	1,400	**2,416**	1,997	+476.5%	1,657	145.8%

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The consolidated statements of income for Q1, Q2, and year-to-date are provided here.

As you can see from the changes in figures, net sales increased by JPY2070 million, operating income increased by JPY1,408 million, and ordinary income increased by JPY1,646 million. Compared to the plan, net sales exceeded the target by JPY753 million, operating income by JPY947 million, ordinary income by JPY1,168 million, and net income by JPY759 million.

During H1, ordinary income increased significantly due to the recognition of foreign exchange gains in non-operating income, as well as the recognition of temporary equity method income. It should be noted that we have recorded an extraordinary loss of JPY127 million. This is because an impairment loss was recognized in connection with the closure of our studios. We have already factored JPY100 million into our full-year consolidated forecast.

Consolidated Operating Income – Factors Behind YoY Changes

Gross profit increased due to higher sales and improved gross profit margin. The increase in gross profit more than offset higher logistics and personnel costs, resulting in a significant increase in operating income.

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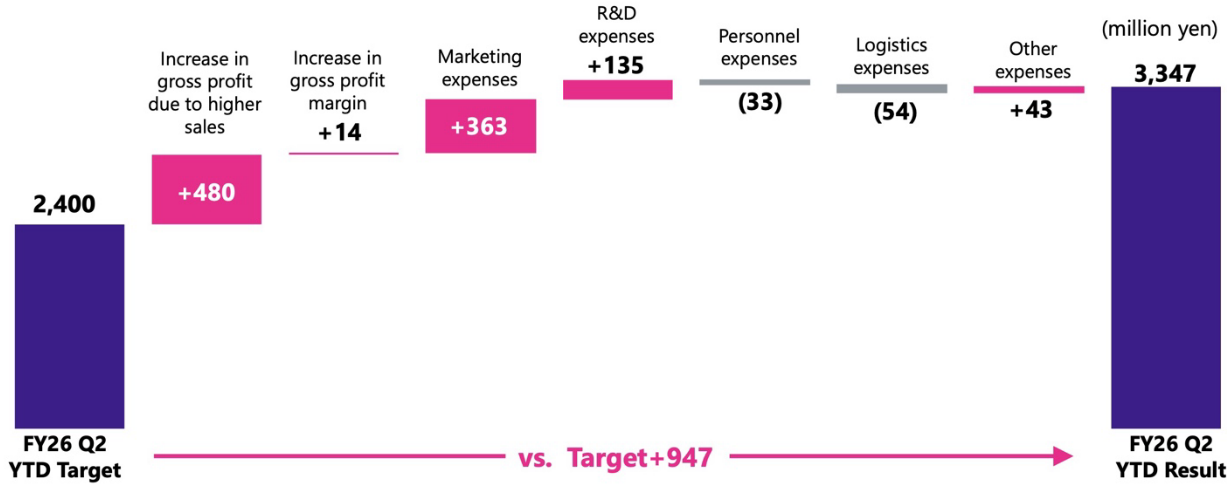
This is an analysis of changes in consolidated operating income.

It is worth noting that, in addition to the increase in gross profit driven by higher revenue, the gross profit margin also rose. Last year, we were significantly impacted by write-downs and disposals of cosmetics around this time; however, as inventory write-downs decreased from that level, the rise in the gross profit margin contributed to an increase in profit of JPY339 million.

In addition, a decrease in marketing expenses contributed to the increase in profit. Personnel expenses increased due to pay raises and across-the-board wage increases, while logistics costs increased due to higher sales, primarily overseas. As a result, operating income was JPY3,347 million.

Consolidated Operating Income – Factors Behind Difference vs. Target

Although marketing and R&D expenses reflect timing factors, operating income significantly exceeded the plan, driven by higher gross profit on stronger sales.



Next, these are the factors contributing to the variance from the plan.

In addition to the increase in gross profit resulting from higher sales, other factors include the timing shift in marketing expenses, primarily for PRETOWA, and the timing shift in research and development expenses. As a result, operating income was JPY947 million above the plan at the end of H1.

Net Sales and Operating Income by Region

	(Unit: million yen)	Q2 YTD FY2025	Q2 YTD FY2026	Diff.	Diff. (%)	Actual Diff. Rate[*1] (%)	Q2 YTD FY2026 Target	Exchange Rate Q2 FY25	Exchange Rate Q2 FY26
Japan	Net Sales	18,483	**18,993**	510	2.8%	2.8%	18,872	–	–
	Operating Income	1,640	**2,161**	520	31.6%	–	1,900		
	Margin (%)	8.9%	**11.4%**	–	–	–	10.1%		
Overseas	Net Sales	6,323	**7,884**	1,560	24.7%	16.7%	7,253	–	–
	Operating Income	297	**1,185**	887	398.1%	–	500		
	Margin (%)	4.7%	**15.0%**	–	–	–	6.9%		
South Korea	Net Sales	2,577	**2,975**	398	15.5%	12.1%	2,885	1KRW= 0.1038 yen	1KRW= 0.1069 yen
	Operating Income[*2]	894	**1,108**	213	23.8%	–	972		
	Margin (%)	34.7%	**37.2%**	–	–	–	33.7%		
China	Net Sales	1,193	**1,515**	321	27.0%	12.8%	1,324	1RMB= 20.45 yen	1RMB= 23.03 yen
	Operating Income	117	**209**	92	78.7%	–	81		
	Margin (%)	9.8%	**13.8%**	–	–	–	6.2%		
USA	Net Sales	1,150	**1,668**	517	45.0%	34.8%	1,316	1USD= 147.44 yen	1USD= 158.59 yen
	Operating Income	(141)	**274**	415	–	–	(106)		
	Margin (%)	(12.3%)	**16.4%**	–	–	–	(8.1%)		
EU	Net Sales	240	**383**	142	59.3%	39.8%	324	1EUR= 162.24 yen	1EUR= 184.83 yen
	Operating Income	(67)	**(33)**	33	–	–	(50)		
	Margin (%)	(27.9%)	**(8.8%)**	–	–	–	(15.6%)		
Other[*3]	Net Sales	1,161	**1,341**	179	15.5%	8.5%	1,402	–	–
	Operating Income	107	**249**	141	132.4%	–	224		
	Margin (%)	9.2%	**18.6%**	–	–	–	16.1%		
	(Allocated costs)	(612)	**(621)**	(9)	–	–	(621)	–	–

*1 Figures are the rates of change in real terms on a local currency basis.
*3 Taiwan, Hong Kong, Thailand, Malaysia, Singapore, Vietnam, Indonesia, Philippines, Turkey, and UAE
*2 Overseas operating income by region is presented before company-wide cost allocations from this year.(Company-wide allocated costs shown on the bottom line)

This table shows our financial results by region, including domestic and overseas sales and operating income. The third column from the right shows the year-to-date plan for Q2, and the section highlighted by the blue line on the left shows the year-to-date results.

In the domestic market, sales exceeded the plan by JPY121 million, and operating income exceeded the plan by JPY261 million. Overseas overall, sales exceeded the plan by JPY631 million, and operating income exceeded the plan by JPY685 million. By overseas region, while sales in the Other Regions category fell slightly short of forecasts, sales and operating income in all other regions have both solidly exceeded the plan.

Financial Results by Region: Japan

Market conditions remain unchanged. However, hair care sales remained resilient, increasing by 4.4% YoY. Hair coloring products fell short of plan due to the delayed PRETOWA launch, but hair care sales exceeded plan, resulting in overall achievement of the plan.

YoY Growth Rate of Sales by Product Category*

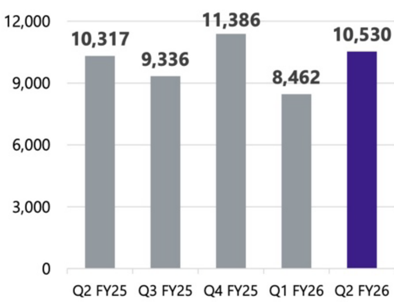
Hair care products performed well, driven by new products such as Suwae, while Aujua maintained solid performance. In hair coloring, gray color remained solid, while the fashion color continued to fall below the previous year, partly due to the delayed PRETOWA launch, although a trend toward improvement is emerging.

	FY2026	
Change in Sales	**Q2**	**Q2 YTD**
Hair Care	+3.5%	+4.4%
Hair Coloring	(0.0%)	(0.2%)
Cosmetics	(22.0%)	(9.5%)
% to Sales	**Q2**	**Q2 YTD**
Hair Care	68.7%	68.3%
Hair Coloring	27.1%	27.6%
Cosmetics	1.3%	1.6%

*Based on shipment value

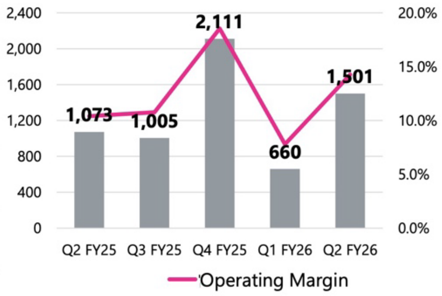
Quarterly Net Sales (mil. yen)

Net sales increased 2.8% (YoY) in the first half, reflecting stable growth. While hair care products continue to drive performance, hair coloring products are also showing a trend toward improvement.



Quarterly Operating Income (mil. yen)

Operating income increased in line with higher sales. Results were in line with plan.



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Next is the domestic market.

There have been no significant changes in the market environment. Within that, sales of hair care products remained resilient, rising 4.4% YoY. Regarding hair coloring products, the launch of the new product PRETOWA was originally scheduled for June, but due to its postponement to September, this resulted in an impact of approximately JPY300 million as of the end of June.

As a result, while hair color sales fell slightly short of our target, hair care sales exceeded our target, so overall results exceeded the Company's plan. Sales of hair coloring products have also recovered to nearly flat and given that we achieved this level despite the negative impact from PRETOWA, I consider these figures to be very satisfactory.

Financial Results by Region: South Korea

Net sales met plan supported by strengthened sales activities. Operating income exceeded plan due to controlled SG&A expenses.

YoY Growth Rate of Sales by Product Category*

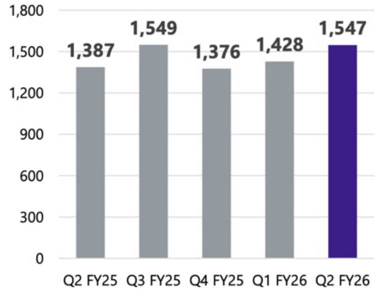
Following Q1, hair coloring, hair care, and perm products all achieved high growth. Growth is being driven not only by hair care but also by continued growth in hair coloring, which accounts for a large share of sales.

	FY2026	
Change in Sales	**Q2**	**Q2 YTD**
Hair Care	+15.7%	+18.9%
Hair Coloring	+8.2%	+12.0%
Perm	+9.6%	+13.2%
% to Sales	**Q2**	**Q2 YTD**
Hair Care	25.5%	25.5%
Hair Coloring	69.0%	68.7%
Perm	4.9%	5.2%

*Based on local currency

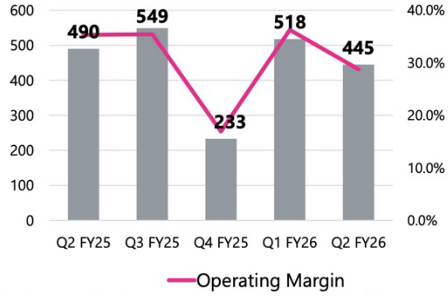
Quarterly Net Sales (mil. yen)

Following Q1, sales growth continued in Q2. Net sales of Q2 nearly reached the level recorded in Q3 of the previous fiscal year, which benefited from consumer spending recovery coupons, demonstrating sustained strong performance.



Quarterly Operating Income (mil. yen)

Operating income remained at a high level in line with sales growth and exceeded plan.



Overseas operating income by region is presented before company-wide cost allocations from this year.

Next is South Korea. Although Q1 saw somewhat weaker sales activity, resulting in weaker numbers, we made a solid recovery in Q2. Thanks to strengthened sales activities, net sales exceeded the target, and profits also surpassed the target due to the success of measures to curb selling, general, and administrative expenses.

Financial Results by Region: China

Although the market environment remained sluggish, our proposal and educational activities for priority salons drove growth in both hair coloring and hair care products, with both net sales and operating income exceeding plan.

YoY Growth Rate of Sales by Product Category*

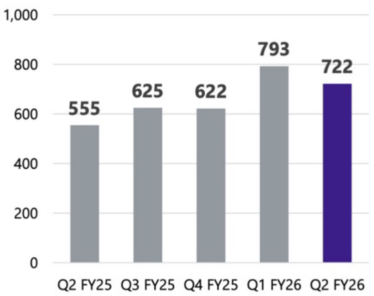
We have continued to implement initiatives and proposals addressing changes in consumer behavior, and these efforts have been well received. Sales of Global Milbon salon treatments remained solid.

	FY2026	
Change in Sales	**Q2**	**Q2 YTD**
Hair Care	+12.3%	+12.8%
Hair Coloring	+6.6%	+13.5%
% to Sales	**Q2**	**Q2 YTD**
Hair Care	62.2%	59.2%
Hair Coloring	33.5%	35.7%

*Based on local currency

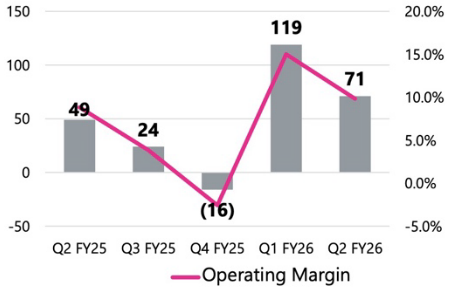
Quarterly Net Sales (mil. yen)

Q2 showed high growth driven by strong sales with no impact from seasonal factors.



Quarterly Operating Income (mil. yen)

With sales of both hair care and hair coloring products performing steadily, profitability continues to improve due to higher gross profit generated by increased net sales.



※Overseas operating income by region is presented before company-wide cost allocations from this year.

Next is China.

Although the market environment remains sluggish, Milbon's initiatives, including proposals and training programs designed to help hair salons improve their operations, are gaining traction among distributors and salon partners. As a result, both hair color and hair care products have seen growth, and both sales and profits have exceeded the plan.

Financial Results by Region: United States

The impact of the distributor switch by a competing brand has run its course. In Q2, results broadly came in line with plan. High growth was maintained year-on-year, while profitability also continued to improve.

YoY Growth Rate of Sales by Product Category*

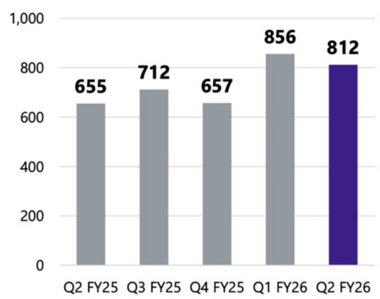
Hair care products, which account for a significant portion of sales, continued to perform well. Collaboration with distributors continued to deepen. Hair coloring products maintained growth, although not to the same extent as hair care, and Q2 finished broadly in line with plan.

	FY2026	
Change in Sales	**Q2**	**Q2 YTD**
Hair Care	+13.7%	+36.9%
Hair Coloring	+0.5%	+28.6%
% to Sales	**Q2**	**Q2 YTD**
Hair Care	87.9%	87.8%
Hair Coloring	7.8%	8.1%

*Based on local currency

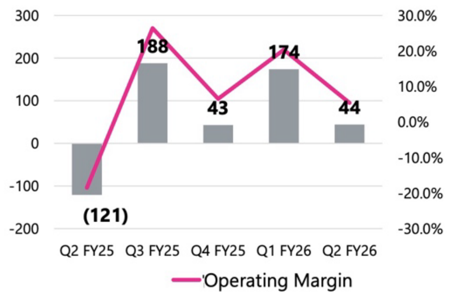
Quarterly Net Sales (mil. yen)

Although the impact of a competing brand's distributor switch has largely run its course, sell-through continues to progress steadily.



Quarterly Operating Income (mil. yen)

Profitability continues to improve due to increased gross profit from higher net sales.



※Overseas operating income by region is presented before company-wide cost allocations from this year.

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Next is the US.

The impact of the change in the distributor for our competitor, KEVIN.MURPHY, was clearly evident in Q1. In Q2, there were concerns about sales due to the relationship between sell-in and sell-out, but looking at Q2 as a whole, sales were generally in line with our plan. As a result, we have maintained strong YoY growth and improved our profitability. Furthermore, we have received reports indicating that distributor sell-out is holding up well, so we are not concerned about growth in the US.

Financial Results by Region: EU

In addition to expanded sales of new hair care products, the acquisition of new salon accounts is progressing well. The color ambassador initiative also contributed, and high growth continued, driven by direct sales in Germany.

YoY Growth Rate of Sales by Product Category*

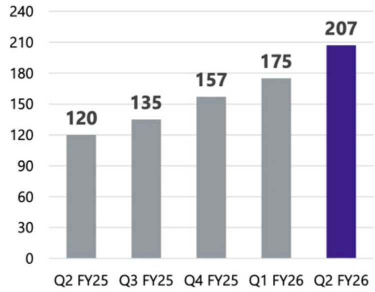
Both hair care and hair coloring products continued to deliver strong growth. New products drove growth in the hair care category, while hair coloring products also grew steadily despite their small share of sales.

	FY2026	
Change in Sales	**Q2**	**Q2 YTD**
Hair Care	+42.9%	+41.8%
Hair Coloring	+44.9%	+40.2%
% to Sales	**Q2**	**Q2 YTD**
Hair Care	76.0%	76.8%
Hair Coloring	20.1%	19.6%

*Based on local currency

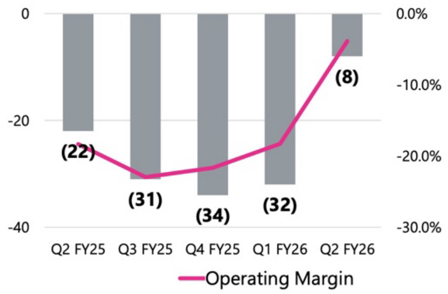
Quarterly Net Sales (mil. yen)

Expansion of the commission sales force and customer base is progressing steadily. Strong growth continues, supported in part by the impact of a newly contracted color ambassador.



Quarterly Operating Income (mil. yen)

While net sales remained solid, operating losses continued as we maintained growth investments, including expanding FP workforce and strengthening our management structure.



※Overseas operating income by region is presented before company-wide cost allocations from this year.

Next is the EU.

In addition to expanding sales of new hair care products, we have made progress in developing new salon partnerships, and our Color Ambassador initiative has also contributed to our continued strong growth, driven primarily by direct sales in Germany. Operating income also appears to be improving, but we believe the level itself is still relatively small. Since we will also be making investments to grow sales, we do not expect operating income to turn profitable overnight.

Revision of Full-Year Earnings Forecast

(Unit: million yen)		FY2025	FY2026 Initial Target	FY2026 Revised Target	Diff.	Diff. (%)
Net Sales		52,863	**54,800**	**55,600**	800	+1.5%
	Japan	39,206	**39,880**	**40,050**	170	+0.4%
	Overseas	13,657	**14,920**	**15,550**	630	+4.2%
Gross Profit		33,176	**34,720**	**34,900**	180	+0.5%
Gross Profit Margin		62.8%	**63.4%**	**62.8%**	—	—
SG&A Expenses		27,523	**28,420**	**28,350**	(70)	(0.2%)
Operating Income		5,652	**6,300**	**6,550**	250	+4.0%
Operating Margin		10.7%	**11.5%**	**11.8%**	—	—
Ordinary Income		5,455	**6,180**	**6,740**	560	+9.1%
Profit Attributable to Owners of Parent		3,437	**4,300**	**4,600**	300	+7.0%
ROE		7.0%	**8.6%**	**9.3%**	—	—

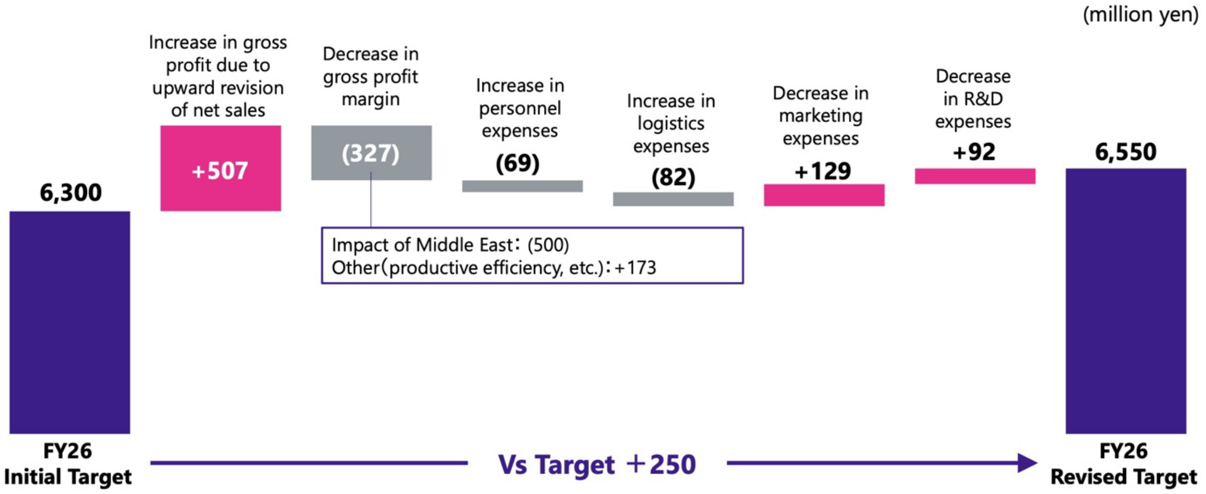
Next, we have revised our full-year earnings forecast upward.

We have revised our forecasts upward by JPY800 million in net sales, JPY250 million in operating income, and JPY560 million in ordinary income. We are revising our earnings forecast in light of the situation in the US during Q1, the impact of the delayed launch of PRETOWA, and the impact of rising prices for materials and raw materials.

Although we stated at the time of Q1 that we would not give up on our operating income forecast of JPY6,300 million, we have revised it upward, albeit only slightly, in light of current business trends. Of course, just as we did last fiscal year, we intend to work together to ensure we fully achieve the targets we have announced. This stance remains unchanged from the previous fiscal year.

Revision of Full-Year Earnings Forecast: Factors Behind the Adjustment to Consolidated Operating Income

We have revised the forecast upward to reflect strong first-half net sales. We expect an additional 400-500 million yen in costs added to raw materials and supplies due to the Middle East situation. SG&A expenses also revised to align with current conditions.



These are the factors behind the revision to the earnings forecast.

We have factored in JPY500 million to reflect the impact of the situation in the Middle East, and our personnel expenses also take into account factors such as increased bonuses. As a result, we have revised operating income upward by JPY250 million, from JPY6,300 million to JPY6,550 million.

Breakdown of Changes to Current Fiscal Year Plan

(Unit: million yen)		FY2026(Initial Target) Q2 YTD	FY2026(Initial Target) Q4 YTD	FY2026 (Revised Target) Q2 YTD (Results)	FY2026 (Revised Target) Q4 YTD
Japan	Net Sales	18,872	39,880	18,993	**40,050**
	Operating Income	1,900	5,090	2,161	**4,850**
	Margin (%)	10.1%	12.8%	11.4%	**12.1%**
Overseas	Net Sales	7,253	14,920	7,884	**15,550**
	Operating Income	500	1,210	1,185	**1,700**
	Margin (%)	6.9%	8.1%	15.0%	**10.9%**
South Korea	Net Sales	2,885	5,802	2,975	**5,900**
	Operating Income*1	972	1,822	1,108	**1,870**
	Margin (%)	33.7%	31.4%	37.2%	**31.7%**
China	Net Sales	1,324	2,623	1,515	**2,820**
	Operating Income	81	144	209	**280**
	Margin (%)	6.2%	5.5%	13.8%	**9.9%**
USA	Net Sales	1,316	2,850	1,668	**3,250**
	Operating Income	(106)	37	274	**360**
	Margin (%)	(8.1%)	1.3%	16.4%	**11.1%**
EU	Net Sales	324	666	383	**730**
	Operating Income	(50)	(92)	(33)	**(80)**
	Margin (%)	(15.6%)	(14.0%)	(8.8%)	**(11.0%)**
Other*2	Net Sales	1,402	2,979	1,341	**2,850**
	Operating Income	224	487	249	**458**
	Margin (%)	16.1%	16.3%	18.6%	**16.1%**
	(Allocated costs)	(621)	(1,188)	(621)	**(1,188)**

*1 Overseas operating income by region is presented before company-wide cost allocations from this year.(Company-wide allocated costs shown on the bottom line)

*2 Taiwan, Hong Kong, Thailand, Malaysia, Singapore, Vietnam, Indonesia, Philippines, Turkey, and UAE

This shows the breakdown by region. I would like to explain how we prepared our full-year forecasts by region.

Basically, we have directly reflected the higher-than-expected H1 sales in our full-year forecast. Operating income has been revised downward for H2 alone, due to the impact of the situation in the Middle East, as mentioned earlier, as well as the expected postponement of marketing expenses for PRETOWA in the domestic market.

One point I would like you to keep in mind here is the US. If you look at the revised forecast on the right, you will see that operating income is planned at JPY360 million for the full year, compared to JPY274 million for H1; at first glance, this may appear to be a downward revision.

There is a reason for this. In the previous fiscal year, SG&A expenses of JPY99 million were partially overstated as of Q2, and this amount was reclassified from SG&A expenses to non-operating losses in Q3. Due to this impact, it may appear at first glance that profits have declined, but if we subtract JPY99 million from last year's figures, revenue and profits will have increased in H2 as well. Please keep this in mind.

Impact of the Middle East Situation on Financial Results

Procurement and supply systems remain stable. The impact of cost increases is already factored into the full-year forecast.

Impact on Business Activities and Response

No material impact on procurement has been identified at this time.

- We continue to closely monitor the risk of rising costs for certain raw materials, packaging, and logistics.
- We maintain a stable supply system by utilizing our global SCM and strengthening inventory management.

Current Status of Product Supply

No significant disruption to product supply has been identified at this time.

- We have established a stable supply system by utilizing production facilities not only in Japan but also in Thailand and China.
- We have secured alternative materials, packaging, and procurement routes through global SCM.

Impact on Business Performance and Future Outlook

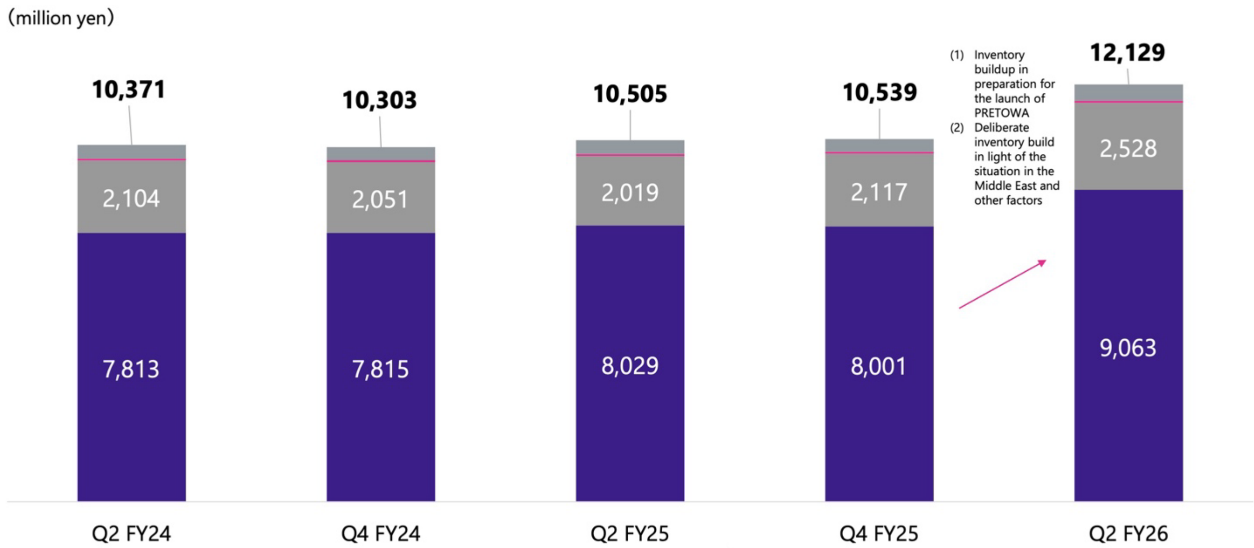
The impact of higher raw materials, packaging, and logistics costs is already incorporated into the full-year forecast.
We will continue to monitor geopolitical risks and will promptly disclose any material impact on our business performance.

- The launch of the new hair coloring product(PRETOWA) is scheduled for September 10, as a stable supply structure has been secured.
- We will continue to implement appropriate cost controls in both cost of sales and SG&A expenses.

This is an update to the Q1 slide regarding the impact of the escalating tensions in the Middle East on the Company’s performance.

We apologize for causing you concern, but as of now, there have been no significant impacts on procurement or major disruptions to product supply. We plan to launch our new hair color product, PRETOWA, on September 10, after confirming that a stable supply system is in place.

Status of Inventory



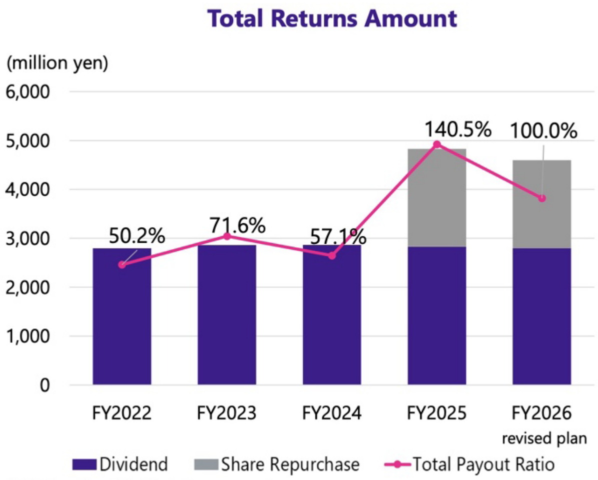
  Find Your Beauty MILBON

This shows our inventory position.

As of the end of June 2026, inventory had increased by approximately JPY1,600 million compared to the previous year. This reflects an increase in product inventory in preparation for the launch of PRETOWA, as well as a deliberate increase in inventory to account for the impact of the situation in the Middle East. Please understand that this inventory increase is intentional.

Shareholder Return: Dividends and Acquisition of Treasury Shares

Under our progressive dividend policy, the interim dividend was set at ¥40 as planned, and the year-end forecast of ¥48 remains unchanged. Additionally, we resolved to repurchase up to ¥1.8 billion of our shares to improve capital efficiency and enhance shareholder returns.



	FY2023	FY2024	FY2025	FY2026 (plan)
Dividend Per Share (yen)	88	88	88	**88**
Dividend (million yen)	2,863	2,865	2,829	**2,798**
Share Repurchase (million yen)	–	–	1,999	**1,800**
Total Payout Ratio (%)	71.6%	57.1%	140.5%	**100.0%**

Shareholder Return Policy

- Target total payout ratio of 50%
- Progressive dividend
- Prioritizing growth investments, with surplus funds allocated to flexible share repurchases

This is the last slide in my presentation. I will explain dividends and share repurchases as part of our shareholder returns.

At today’s Board meeting, we decided on an interim dividend of JPY40 and are maintaining our forecast for a year-end dividend of JPY48. We have also decided to repurchase our own shares up to a maximum of JPY1.8 billion to improve capital efficiency and enhance shareholder returns.

Our shareholder return policy is outlined in the lower right corner. Based on our policy of not holding excess cash, we determined that we could allocate JPY1.8 billion, which is why we have structured it this way.

We appreciate your continued guidance and support for the Company. That concludes my brief presentation. Thank you.

Sakashita: Hello, everyone, once again. I am Sakashita from Milbon.

I would like to share with you all the Milbon Group’s progress for FY2026.

Review of the First Half

In Japan, we achieved our plan despite the delayed launch of PRETOWA. Supported by strong overseas performance, we have revised our full-year forecast upward, incorporating increased costs.

Japan	
Hair Care	New products such as Suwae are performing well. Sales of premium brands such as Aujua and Global Milbon are also solid, mainly take-home products.
Hair coloring products	The impact of market polarization continues. Although fashion color sales struggled due to the delayed launch of PRETOWA, sales of gray color products remain solid, led by Villa Lodola Color.
Overseas	
South Korea	Net sales achieved the plan through strengthened sales activities. Operating income also exceeded the plan partly due to controlled SG&A expenses.
China	Despite the sluggish market environment, sales of both hair color and hair care products grew, driven by our proposal and educational activities.
US	Although the impact of competitors' distributor change has run its course, collaboration with distributors has deepened, and sell-out sales has remained solid.
EU	Expansion of the customer base and color ambassador initiatives have contributed to continued strong growth, particularly in Germany.
Other	
Return to shareholders	The interim dividend will be maintained at 40 yen. Considering business performance and fund trends, we announced the implementation of share buybacks up to a maximum of 1.8 billion yen.

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First, here is a review of our business performance for H1.

In the domestic market, hair care is performing well. While major brands such as Aujua and Global Milbon continued to perform steadily, sales of new products, including Suwae, a line for wavy hair launched in February, and Nigelle, a styling product launched in March, performed well, driven by strengthened sales activities by distributors. Meanwhile, in the hair coloring category, the gray-covering Villa Lodola Color continues to perform well.

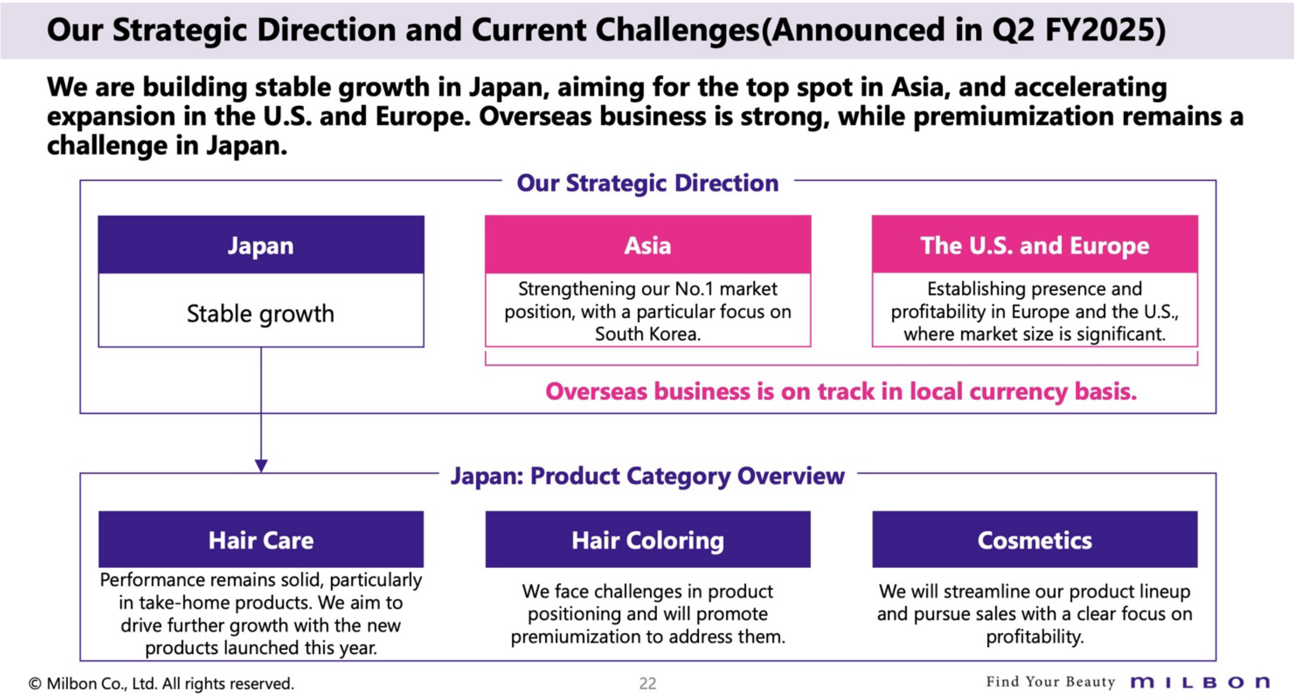
Meanwhile, in the fashion color segment, Villa Lodola Color successfully offset the impact of the delayed launch of the new PRETOWA, resulting in only a slight decline and a recovery to nearly flat levels. PRETOWA was originally scheduled for release on June 10, and we would have been able to share the initial sales figures with you in this update; however, the release has been postponed to September 10.

What I would like to emphasize regarding the domestic market this time is that, despite the postponement of the highly expected launch of PRETOWA, we were still able to meet our domestic sales targets for H1 as a whole.

Next is the overseas market. First, South Korea is performing well in terms of both sales and profits. Despite the sluggish market conditions, China is achieving solid growth through its own efforts. In the US, although the temporary surge in sales caused by a competitor's change in distributors has subsided, shipments from distributors to salons are progressing smoothly. As a result, we were able to significantly exceed our plan.

Through ambassador agreements with renowned colorists, high-quality hair color education has begun in the EU. Our hair color training program, which brings together a diverse group of local hairstylists, has officially begun, and as a result, both our hair care and hair color businesses are performing well.

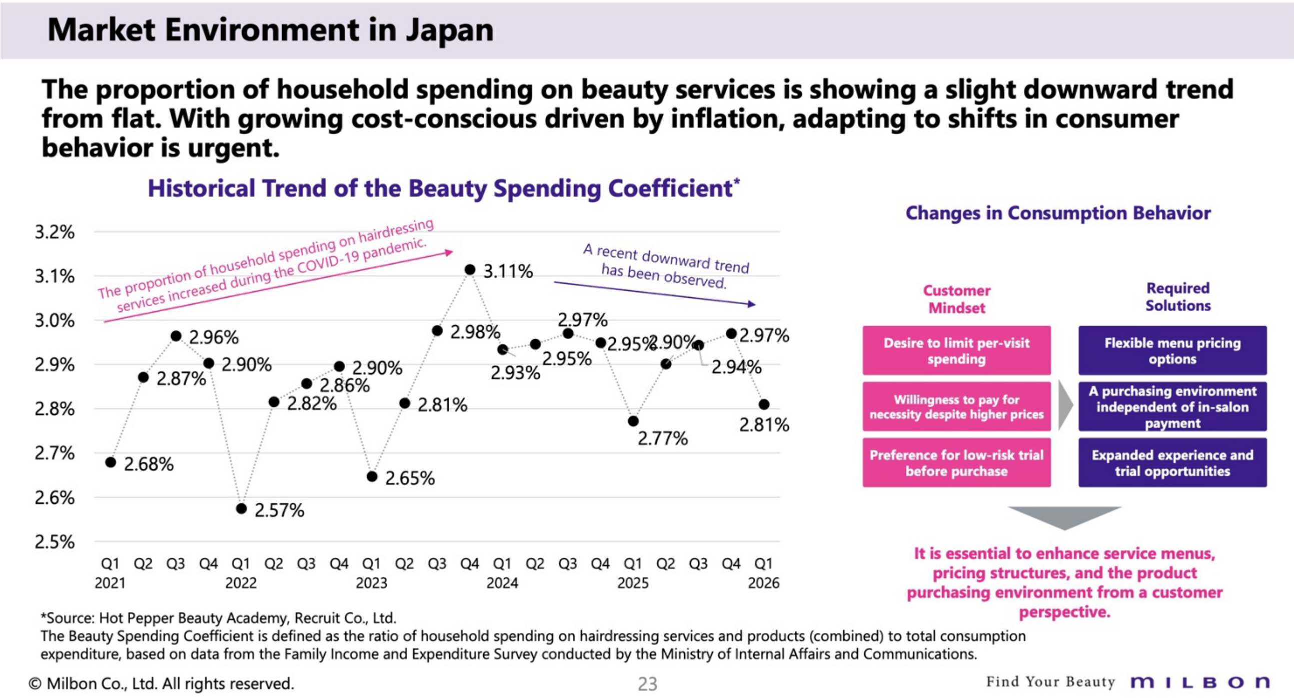
Furthermore, as I explained earlier, regarding shareholder returns, we have set the interim dividend at JPY40 as planned and announced a share buyback program capped at JPY1.8 billion, with a focus on capital efficiency. That concludes our general review of H1.



Now, let's take a look back at the direction we announced last year and the challenges we currently face. The top row lists Domestic, Overseas (Asia), and Europe and the Americas.

First, within Japan, we are focusing on hair care, hair color, and cosmetics to achieve sustainable and stable growth. As we announced at the time, our policy for hair care products is to raise the overall level by launching products tailored to specific needs, with Global Milbon as our core brand.

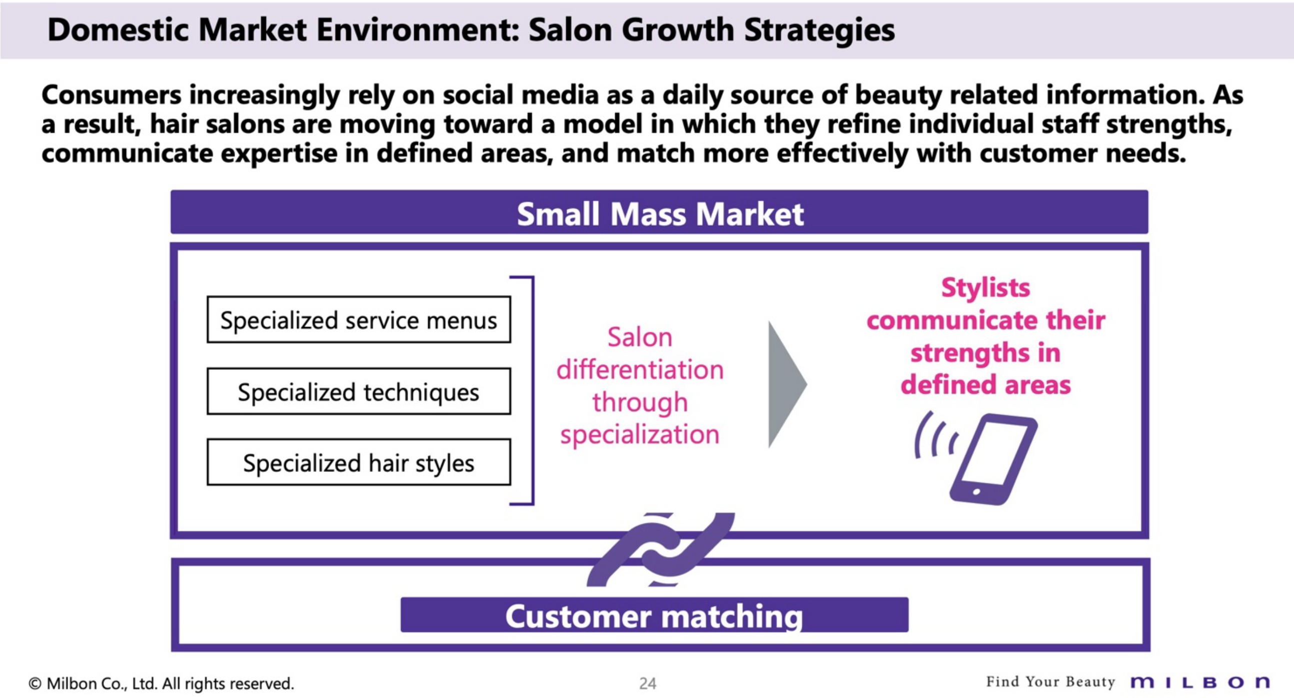
In a market polarized between low-cost and high-value-added hair color products, we are addressing the challenges of product positioning. Rather than expanding our cosmetics lineup broadly, we will carefully limit the number of new products and focus our efforts on carefully selected themes.



Let’s take a look back at the domestic market environment. Here is a chart showing the trend in the beauty consumption index that we have been publishing recently.

Although it fluctuates from quarter to quarter, it has been flat to slightly declining. As rising prices fuel a growing desire to save money, consumer behavior is changing, and it has become urgent to respond to this situation.

It states on the right that there have been changes in consumption patterns, and we believe it is even more important to adopt a customer-centric approach when refining the service menu, pricing, and product purchasing environment offered within the salon.



In this environment, this year we are focusing our efforts on the small-mass market, a segment created by matching specific consumer needs with the specialties of hairstylists. Our strategy for this year is to launch new products in this small-mass market.

These include the launch of PRETOWA, a highly expected new hair color brand; high-value-added offerings from the new Aujua line; and, as listed on the right, hair care products for young people with wavy hair, as well as hair sprays that recreate the latest glossy look. In H2, we will also launch Milbon's first styling products for men.

Hair Care Products in Japan

Amid continued inflationary pressures, sales of hair care products remained solid, increasing 4.4% year-on-year in the first half. In addition to strong performance of new products, we aim to drive further sales growth through ongoing educational activities.

Aujua

FY26H1 Gross Sales in Japan+2.5% YoY

milbon:iD has helped create a business structure that is less dependent on salon visit frequency. Sales remained solid, particularly for take-home products. Performance remained solid, driven primarily by take-home products, and Aujua increased 2.5% year-on-year in the first half, despite the Miragery sales period being two months shorter than previous year.

New Products

FY26H1 Gross Sales in Japan 450 million yen

Suwae, which launched in February, and Nigelle, which launched in March, are performing well. Our proposals targeting the small-mass market have been successful, and we plan to launch a new styling series for the men's market in the second half.

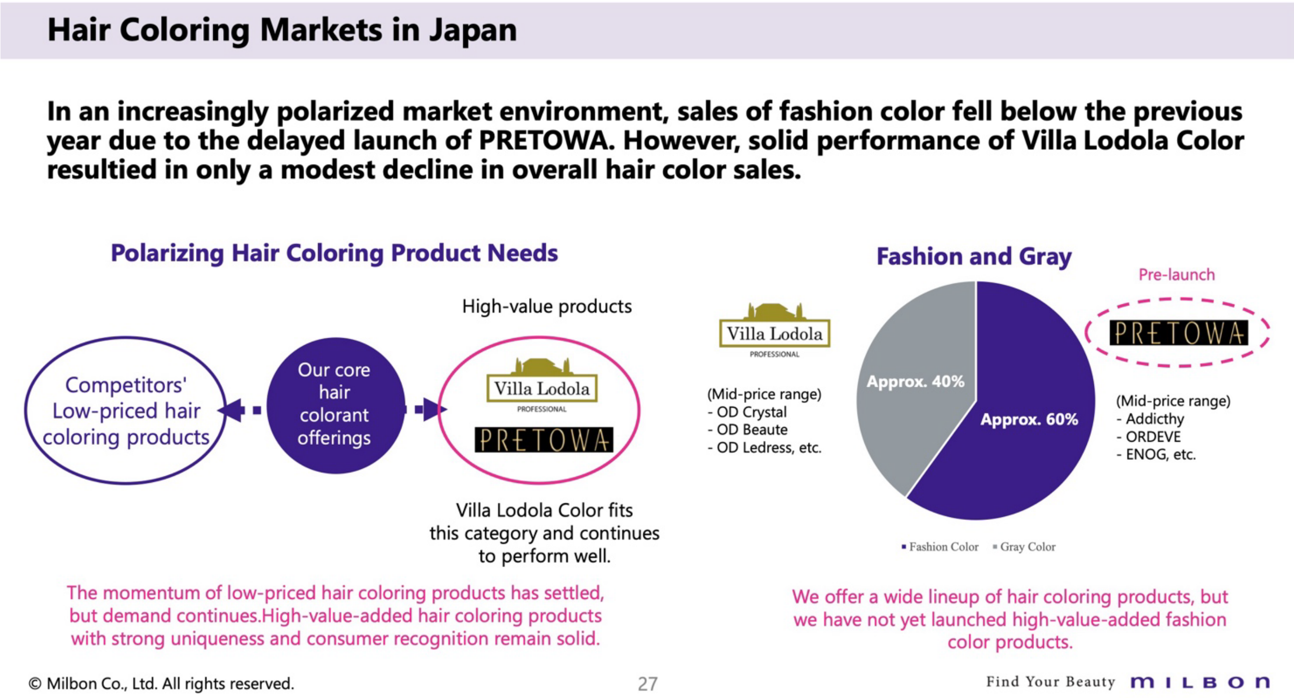
*Based on shipment value

Find Your Beauty milbon

As part of our report on the situation through H1, while PRETOWA has not yet been released, we have launched the new Aujua Miragery series. Sales are performing well, driven primarily by salon retail shampoos and hair treatments for home use. The Aujua brand as a whole has also seen a solid increase in revenue.

In addition, while it might be considered a niche market, we launched Suwae, a line of hair care products for the market addressing concerns about wavy hair and hair texture improvement, in February. In March, we launched Nigelle, a hair spray that recreates on real hair the unique atmosphere of trending hairstyles generated by AI, specifically, that glossy look as if viewed through a filter.

These two new products both accurately capture the characteristics of the small-mass market, fostering connections between hairstylists and customers and serving as a major driver of revenue growth.



Next, let's look at the hair coloring market in Japan.

As I have mentioned, the market is polarized between low-cost colors and high-value-added colors. Milbon hair color products fall into two categories: Gray Color for covering gray hair and Fashion Color for stylish coloring. In the gray color market, we have positioned Villa Lodola Color in the high-value-added segment, and sales are performing well.

Milbon’s current challenge is that its high-value-added brands in the fashion color segment are weak, which is holding the Company back. We had originally hoped to release the highly expected new color, PRETOWA, in June and share this good news with you, but due to the situation in the Middle East, we have postponed the release until September.

However, thanks to our sales efforts during H1, the extent of the decline in fashion color sales has been reduced. However, growth is still negative. Meanwhile, Villa Lodola Color has been growing, and we were able to bring the decline in overall hair color sales down to a slight decrease, keeping them nearly flat.

By introducing PRETOWA in September to address the challenge of fashion colors, we will have two complementary pillars in place by September on the high-value-added side of this polarized market, Villa Lodola Color for gray colors and PRETOWA for fashion colors.

PRETOWA was originally scheduled for release in June, with a sales target of JPY1 billion. Due to the postponement of the release to September, the sales period within 2026 will be shortened by three months, from seven months to four months. Therefore, we revised our sales target from JPY1 billion to JPY700 million; however, since we anticipate that sales will expand into the market faster than originally planned, we have factored that in and set the target at JPY700 million. Please understand that, because the sales periods differ significantly, this is not simply a reduction of JPY300 million.

We are currently conducting test marketing sales, with PRETOWA already available for early purchase at approximately 100 salons, and the response has been very positive. We have received feedback from our salons that the texture, feel, and shine are clearly a cut above the rest. There are also reports that salons have been able to raise the prices of their hair coloring services by JPY2,000 or JPY3,000. We have also received positive feedback saying that the beige-based shade is beautiful and perfectly on-trend.

We have also received feedback from consumers who were satisfied after having their hair colored with PRETOWA once and said they would like their hair to continue to be colored with PRETOWA. Some people who had given up on treating damage caused by hair aging have found that PRETOWA helped them achieve beautiful hair and become more positive. As you can see, we have received many kind words like these.

The way we communicate about hair color is undergoing innovation. A new era in hair color is beginning. Please stay tuned.

Next is overseas.

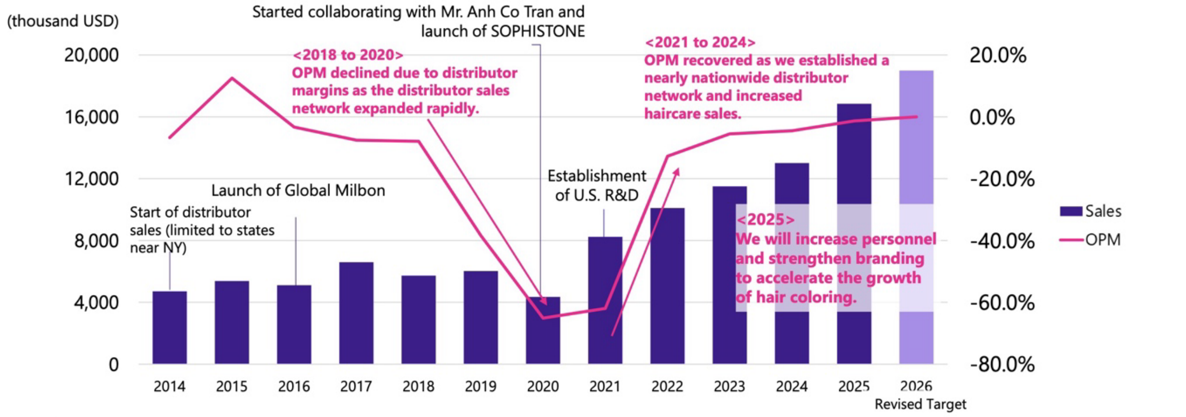
First, in Asia, we aim to become number one in each country, with a focus on South Korea. In Europe and the US, we will identify specific areas, establish a presence, and aim to generate revenue. This is our overall policy.

The US showed strong growth, and we have revised our full-year forecast upward this time. South Korea continues to grow while maintaining high profitability. China continues to support salon operations and is growing independently.

Now, let me explain each of the priority areas one by one.

USA: Review of Business Development to Date

We have been establishing a sales structure across the vast country and addressing hair types unique to Europe and North America, while developing distributor sales network and shift in product strategy. Growth has accelerated after the COVID-19 pandemic.



Sales ratio for direct sales to salons and distributors	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Direct*1	94	88	85	84	74	42	38	28	20	19	17	13
Distributor	6	12	15	16	26	58	62	72	80	81	83	87

*1 As of 2025, we conduct direct sales to salons only in the Manhattan area.
* Sales are in local currency, and OPM is in yen.

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This time, I have prepared a number of slides focusing specifically on the US, which I would like to share with you all. This table shows the trends in sales and operating income margin from 2014 to the present.

Originally, Milbon sold directly to salons and did not have any distributors. To expand across the US, we moved forward with the transition to a distributor-based sales structure. In addition, we revised our product strategy to compete on a global scale and launched Global Milbon, a hair care brand capable of competing worldwide.

As a result, the Company’s sales channels expanded, but the shift to a distributor system led to a decline in profit margins. After overcoming that situation, profit margins have been rising steadily since around 2022, when the distributor network began to take shape.

Recently, we have also entered into ambassador agreements as an investment to raise awareness and strengthen our brand in the beauty market, and we are laying the groundwork for growth one step at a time. This is the general trend from 2014 to the present.

I shared with everyone a retrospective covering the past 10 years or so, explaining how, while sales gradually increased through our distributor agreements, profit margins declined due to the margins involved, and how those margins subsequently improved as we continued to grow through this channel.

USA: Competitive Advantages of Global Milbon

In the U.S. market, the quality and performance of Global Milbon products are highly valued. These are two key factors that help salons differentiate themselves.

1. Professional Products to Enhance the Value of Salon Menus

Japanese-origin salon treatments that deliver both immediate and long-lasting results offer a competitive advantage through a diverse range of menu options, including take-home products. The combination of professional salon techniques and home care enhances customer satisfaction.

2. Take-home Products to Boost Salon Sales

The reliable results delivered by salon treatments strengthen trust between stylists and customers, leading to increased take-home product purchases. The high efficacy experienced through home care also encourages repeat purchases, contributing to higher salon revenue.

So, to address the question of why our sales have been performing so well, I would like to explain our competitive advantages today.

As a manufacturer, our growth is driven by our hair care brand, Global Milbon. Our products have two competitive advantages.

First, there is the uniqueness of our salon menu. Those of you who have already experienced this type of salon treatment at hair salons are likely familiar with how it works, but I would like to explain it again.

This salon treatment uses beauty techniques involving three to four different products to create beautiful hair. And the Milbon salon menu on the left includes free home care for you to use at home once a week. Not only will you be thrilled with the results, but you will also receive four free single-use home care products, one to use each week for four weeks. This makes for a salon menu with a highly unique product lineup that further enhances customer satisfaction.

Now, please look at the right side. Through our salon menu, the stylists’ expertise combined with our salon care results in beautiful hair, fostering a relationship of trust between the stylists and our customers. This business model is designed so that customers purchase shampoos and treatments for daily care to maintain that beautiful finish, which in turn further contributes to the salon’s revenue growth.

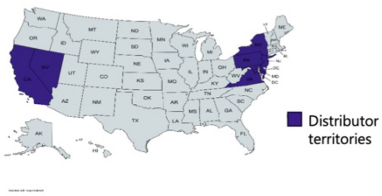
As I mentioned earlier, we start by using three or four different products to make the hair beautiful through beauty techniques. This is, in fact, a business model for salons that drives revenue and profit growth through beauty services. To support this model, our sales teams are focusing their efforts on training hairstylists.

It is not as simple as just applying three or four different products haphazardly to make the hair beautiful. Each product has its own specific application method, and Milbon conducts training activities one salon at a time in the field. I hope this helps you understand that it is precisely this that makes Milbon’s tried-and-true business model itself a source of competitive advantage.

USA：Distributor Network Driving Our Growth and Expanding In-Store Share

We have completed the establishment of sales structure across North America. Furthermore, we have achieved No.1 in-store share with major distributors in the Western and Eastern regions, and share expansion is also progressing with large distributors in the Central region.

FY2018
We sell directly to salons outside distributor sales areas.



Sales of Milbon (K USD)	5,730
Distributors	3
Distributor Sales Reps	50

FY2024
We have established a distributor network across North America.

Sales of Milbon (K USD)	13,013
Distributors	9
Distributor Sales Reps	312

FY2026(January-June)
Rising in-store share within distributors.

West	(Sweis/ Red) in-store share ranking No.1.
Central	(SSG/Blue) in-store share ranking No.2
East	(TRU/ Purple) in-store share ranking No.1. Direct sales return to growth.

Second is the distributor network we have built across North America over the course of about 10 years. Since we have our office and studio in Manhattan, New York, we continue to sell directly to customers there, but for all other areas, we have established a network of distributors.

Because the country is so vast, we have divided it into regions to establish our network of distributors. We currently do business with nine distributors, including Canada, and our products are now available throughout the US. The number of distributor sales representatives has also been steadily increasing, and we now have a sales force of over 300 people.

As a result, since 2025, Milbon has held the top spot in in-store share at Sweis, a California-based distributor. TruBeauty Concepts, the distributor handling our East Coast operations, has also secured the top spot in in-store share as of H1 of this fiscal year.

In addition, SSG, the distributor responsible for the Midwest, with a focus on the high-profile Texas market, has a sales force of over 100 people, making it the largest distributor we contract. There, too, Milbon has now risen to second place, and our presence is growing in every region.

To summarize Milbon's strengths in North America, our business model, which connects the professional salon services that support salons and hairstylists with product sales, is yielding tangible results.

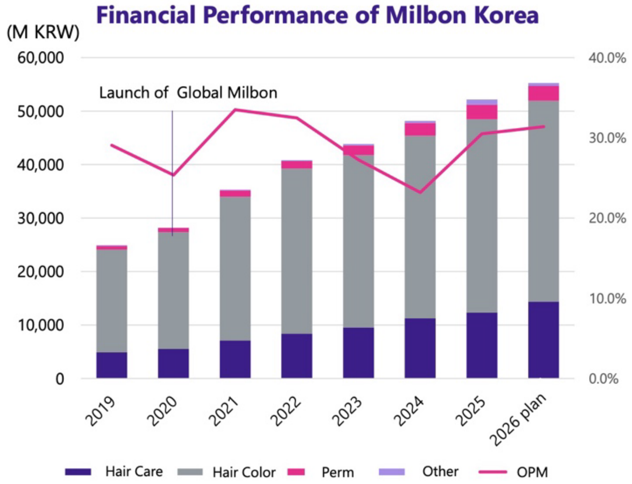
Naturally, the US market is the largest in the world, and as competitors continue to expand through various sales channels, the competitive environment will become even more intense going forward. However, we will continue to grow by building on our current strengths without losing sight of them. Our strengths include the relationships of trust we have built with distributors and hairstylists, the technical expertise and product quality we have cultivated in Japan, and the expansion and training of our distributor sales teams and Field Persons.

What I have said so far may make us sound quite strong, but of course, we have challenges as well. Although I have not included it in the slides this time, growth in hair color is likely to be a key theme for the US in the next medium-term period. There are challenges related to our products and hair color education system, so it will take some time. However, we intend to turn these challenges into strengths and aim for further growth.

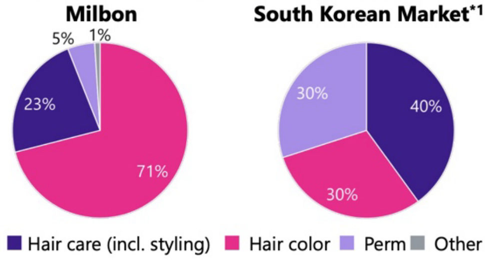
South Korea: Initiatives to Become No.1 in the South Korean Market

Estimated market share ranks No.2. While growth at the market leader is moderating, we continue to deliver strong growth. Driving growth through hair color and further expanding performance through growth in hair care and perm products.

Financial Performance of Milbon Korea



Sales and Market Composition by Product Category



Hair care: promoting cross-selling for hair color products, primarily Aujua and Global Milbon.
Perm: developing products specifically tailored to needs of South Korean market.

*1 The composition rate in the South Korean professional market is based on our own research.
* Sales are in local currency, and OPM is in yen.

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Next is the Korean market. Currently, we rank second in estimated market share.

This shows sales and operating income margin from 2019 to the present. If you look at the red line, you can see that the profit margin has remained very high.

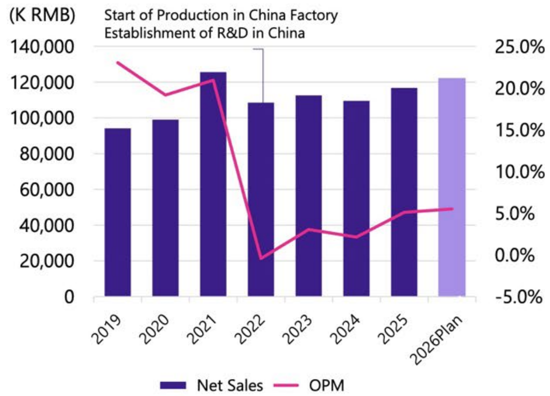
The pie chart on the right shows the breakdown by product category. Color products account for 70% of Milbon’s sales in South Korea. In contrast, the South Korean market has a similar breakdown, with hair care, hair color, and perms accounting for approximately 30%, 30%, and 40%, respectively.

In other words, Milbon’s areas for growth in the South Korean market are hair care and perms. Naturally, while continuing to build on our overwhelming strength in hair color, we will enhance our product portfolio and aim to become number one in South Korea.

China: Market Shifts and the Growing Traction of Milbon's Philosophy

Since the COVID-19 pandemic, the market has changed significantly, but our policy proposal activities have steadily gained traction. Our policy proposals, which support the growth of hair salons, have been well received, contributing to sales expansion and enhancing our market presence.

Financial Performance of Milbon China



Achievement

- **Estimated Market Share: Ranked #4**

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

→ Hairstylists in China are supportive of our initiatives.

* Net sales are shown on a local currency basis, operating income ratio is shown on a yen basis

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Next is the Chinese market. While consumers, particularly the affluent, continue to exercise caution in their spending, in a sense, this can be seen as a healthy shift toward buying only what is necessary, when it is needed, rather than purchasing unnecessary items. This means there is no going back. We do not hear the term "spending spree" as much anymore. This means that times have changed and we have entered a new era.

In this context, the key lies in whether Milbon and hair salons can share business strategies and policies that are in step with the times and grow together. Although we are currently estimated to rank fourth in market share, as shown in this photo, interest in the policies we announce in China is growing year by year.

By training each and every hairstylist, we are promoting policies centered on value-added proposal activities. As part of this, we hold educational events around the world based on the concept of developing designers and hairstylists who can generate sales. More than 300 hairstylists have entered from China, making it the country with the largest number of participants after Japan. As you can see, our business performance is steadily recovering, and our operating income margin is on an upward trend.

EU: Expansion into Growth Markets from Germany

The commission sales model is making steady progress, but we have not yet covered all of Germany, so we first aim to expand within Germany. Meanwhile, we are advancing expansion to other countries through distributors

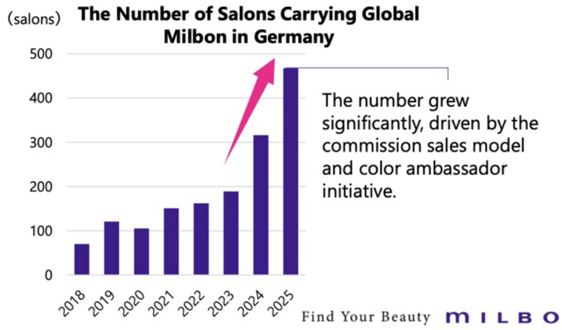
Expansion of Sales Channels within the EU and EEA

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

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

Sales Channel to Salons in Germany

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



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Finally, the EU. In Germany, we sell directly to customers, while in other countries, we plan to expand our sales channels by appointing one distributor per country. We plan to expand into one country at a time, in partnership with distributors that focus on training hairstylists. We have currently launched our business in Greece and Norway, but we are receiving inquiries from other countries as well and plan to expand gradually.

In Germany, our key market, our experienced commission-based sales structure is functioning well, and both hair care and hair color are performing well. We have entered into an ambassador agreement with a young but promising hair colorist, and high-quality hair color education has also begun.

Closing Summary

Domestic business exceeded planned progress despite the delayed launch of PRETOWA. In the second half, we aim to recover market share with the new color "PRETOWA." Overseas is performing well, including strong performance in the US; full-year forecast revised upward.

Achieve Stable Growth in Japan

Our mainstay hair care products are performing steadily.New products are performing well, and mainstay products such as Aujua are stable. In the second half, we will launch men's products.

Hair coloring products are benefiting from our ongoing initiatives, but have not yet returned to growth. Awaiting the launch of PRETOWA.

Market conditions remain challenging for cosmetics, but progress is being made in portfolio optimization and the concentration of sales activities.

Expand Overseas Sales and Enhance Profitability

The U.S. and EU: Strong overseas performance particularly in the U.S. drove the upward revision of the earnings forecast.

Asia: In South Korea, growth continues to be driven by both hair coloring and hair care products, supporting our progress toward becoming the No.1 player in the market. In China, policy proposals are gaining traction, providing a clearer path toward the next stage of growth.

Improving Capital Efficiency Strengthening Shareholder Returns

Maintained a dividend of 40 yen in the first half, continuing progressive dividends.

Resolved to acquire treasury shares worth up to 1.8 billion yen.

Here is a summary of today’s presentation. Although H1 was affected by the delayed launch of the new product, PRETOWA, domestic sales exceeded projections. In addition, our key overseas markets are performing well, and we have revised our full-year earnings forecast upward. We are pursuing a growth strategy based on two pillars: stable growth in Japan and the expansion of sales and profitability overseas. As previously reported, the interim dividend and share repurchase are as described.

Revision of Full-Year Earnings Forecast

(Unit: million yen)	FY2025	FY2026 Target	FY2026 Revised Target	Diff.	Diff. (%)
Net Sales	52,863	54,800	55,600	800	+1.5%
Japan	39,206	39,880	40,050	170	+0.4%
Overseas	13,657	14,920	15,550	630	+4.2%
Gross Profit	33,176	34,720	34,900	180	+0.5%
Gross Profit Margin	62.8%	63.4%	62.8%	–	–
SG&A Expenses	27,523	28,420	28,350	(70)	(0.2%)
Operating Income	5,652	6,300	6,550	250	+4.0%
Operating Margin	10.7%	11.5%	11.8%	–	–
Ordinary Income	5,455	6,180	6,740	560	+9.1%
Profit Attributable to Owners of Parent	3,437	4,300	4,600	300	+7.0%
ROE	7.0%	8.6%	9.3%	–	–

As you can see, we have revised our full-year earnings forecast; as I mentioned earlier, we have raised our projections by JPY800 million for net sales, JPY250 million for operating income, and JPY300 million for net income. We also expect ROE to be 9.3%.

Considerations for the Next Medium-Term Management Plan(2027-2031)

Changes in the External Environment

- Significant shifts in the business environment amid persistent low growth, normalized inflation, and changes in population and industrial structure
- Evolution of our growth strategy in light of structural changes in the domestic beauty market, intensifying global competition, and advances in AI

Toward the Next Growth Stage - Balancing Deepening Customer Value and Global Growth -

Domestic

- Profitability improvement through high-value-added proposals and productivity gains
- Competitive enhancement through strengthened salon education programs
- Marketing activities tailored to the diversification of salon business models

Overseas

- Growth in key markets, including the U.S., EU, South Korea, and China
- Accelerating overseas growth based on the highly profitable business model established in Japan

Management Foundation and Financial Policies Supporting Growth

- Improving productivity through DX and AI
- Strengthening our cash management capabilities
- Balancing growth investments and shareholder returns (including consideration of a DOE-based policy)
- Capital policies with awareness of ROE and ROIC

* Details will be explained in the next Medium-Term Management Plan starting from FY2027 (scheduled for disclosure in February 2027)

Now, Milbon will launch a new medium-term business plan starting next fiscal year. We are currently in the midst of conceptualizing and planning it, so there is not much we can share with you at this point, but I would like to say a few words.

As you can see, the external environment is changing; however, as we move toward the next stage of growth, key factors will be how we enhance the sustainability of stable growth in the domestic market and, within that context, how we improve productivity and profitability. To that end, while Milbon's productivity is certainly important, we believe it is even more important to further enhance the productivity of hair salons and stylists.

It is also important for Milbon to adapt its marketing activities to changes in the market environment. Salon management has also become quite diverse. This, in turn, leads to improvements in the Company's productivity and profitability.

Overseas, we plan to accelerate our growth by focusing on the four regions I mentioned earlier: the US, the EU, South Korea, and China. Furthermore, we will balance investments in future growth with shareholder returns and pursue a capital allocation strategy that prioritizes capital efficiency while focusing on ROE and ROIC.

We are still not satisfied with the current stock price. This fiscal year, we intend to deliver solid results that will satisfy all of you, and we plan to launch our new medium-term business plan starting next fiscal year.

Once again, I would like to express my sincere gratitude to everyone who came here today, as well as to the many people who joined us online.