Find Your Beauty MILBON

# FY2026 Third Quarter Financial Results Presentation Q&A (Summary)

Friday, November 13, 2026, 16:00-16:40

Responses by:

Shinichiro Hyogo, Executive Officer

## ■ Domestic Business

**1. Regarding PRETOWA, the new color brand launched in September, what is the status of your response to demand for lighter shades?**

We also recognize the need to address lightness (color level) in order to expand sales going forward. Our R&D, marketing, and education departments are thoroughly examining countermeasures, and we are diligently implementing what we can. As for future development, we will disclose any progress as appropriate.

**2. Regarding the upside of PRETOWA, how far has it penetrated the market so far, and what is your outlook for next fiscal year and beyond?**

We do not disclose the number of salons carrying each product, so we are unable to answer that question. Following the September launch, some salons have already begun placing repeat orders, but we expect full-scale repeat orders to materialize toward December. We intend to finalize next fiscal year's budget after carefully assessing the situation. Since it has been only about two months since the launch, we believe more time and analysis are needed to identify trends, so we ask for your patience for a while.

**3. Regarding domestic sales, Q3 showed an increase of 5.4%, while it was also mentioned that growth in the domestic hair salon market has been sluggish. Apart from PRETOWA's strong start and the solid performance of new products, what do you consider to be the contributing factors?**

In discussions with our sales division, we have also heard that the market environment in Q3 was not very favorable. Due to various factors in August and September, such as unseasonable weather, prolonged rain, and extreme heat, we recognize that the business environment surrounding hair salons was by no means favorable. Under these circumstances, we believe this was a quarter in which Milbon's strengths in product development and sales execution paid off. That said, we are by no means optimistic about the outlook.

## ■ Overseas Business

**4. US sales in Q3 accelerated again, rising 33.8%, and it was mentioned that there was some pull-forward demand. Excluding such one-off demand factors, what do you consider the underlying growth rate in Q3 to be?**

First, in the US this year, sales grew significantly in Q1, benefiting from changes in other companies' distributor policies, followed by a slight correction in Q2. For Q3, we believe pull-forward demand occurred in September ahead of the 5% price increase effective October, and we cannot determine how much of it was pull-forward demand until we see sales trends from October onward.

5. **In the US, Q3 of last year included a reversal of Q2 SG&A expenses, so my understanding is that this year's year-on-year comparison faced a hurdle approximately 100 million yen higher. Is that correct? Even taking that into account, what do you consider to be the factors behind the strong profit?**

   The impact in the prior year was approximately JPY 99 million. Expenses that had been over-accrued in Q2 were reversed in Q3, resulting in a temporary increase in Q3 profit. Excluding this effect, we believe profitability improved significantly on a year-on-year comparable basis.

   In addition, from our discussions with local management, our impression is that they have been very cost-conscious since the beginning of the fiscal year. We see that, rather than making across-the-board cost cuts, they are managing efficiently by allocating expenses selectively according to priority. Furthermore, in this quarter, a one-time tariff refund of 100 million yen reduced the cost of sales, which boosted profit.

**■ Medium-Term Management Plan**

6. **It was mentioned that you plan to announce the figures of the Medium-Term Management Plan in advance in mid-January 2027. What is the background to this decision?**

   We judged that it would not be appropriate to hold this information internally for an extended period after the medium-term targets have been finalized, so we decided to make a timely disclosure at the same time as we share the figures with employees.

7. **Regarding strategic investments for growth from next fiscal year onward, I believe investments should be made proactively in rapidly growing areas such as overseas markets. On the other hand, I am concerned about the risk that strategic investments could distort reported earnings. How do you plan to approach strategic investments while taking this risk into consideration?**

   We will disclose the targets of our Medium-Term Management Plan next year, and we believe the initiatives undertaken in the first year will be critical to achieving those targets. In overseas markets, we intend to continue investing in areas that support future growth, such as ambassador contracts. At the same time, we are rigorously reviewing expenses and eliminating spending that is not essential. In doing so, we intend to proceed with strategic spending while seeking to deliver as much earnings growth as possible.

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