

m i l b o n

**Financial Results for Q1 of FY2025
(Ending December 31, 2025)**

Milbon Co., Ltd.

(TSE code: 4919)

May 13, 2025

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Today's Message

FY2025 1Q YTD Results

Net Sales by Region

Operating Income

FY2025 Outlook

Sales and profits declined due to reactionary effects and temporary factors. While the financial results have fallen short of our Q1 target, there has been a recovery trend in both domestic and overseas markets since March.

- Despite the solid performance of hair care products, domestic sales declined due to the sluggish performance of hair coloring products and a reactionary decrease following strong sales of new cosmetic products launched last year.
- Strong performance in the United States. South Korea experienced a temporary setback, and China faced exceptionally higher net sales last year, leading to sales declines in both countries. However, we anticipate recovery from the second quarter onward.
- Operating income declined due to sales decline and increased SG&A expenses, falling short of our target mainly due to lower-than-expected net sales.

The full-year forecast remains unchanged. Given the steady progress in both domestic and overseas markets since March, we will closely monitor market trends and the impact of price revisions in the domestic market from Q2 onward.

Consolidated Statement of Earnings

Sales and profits declined due to reactionary effects and temporary factors. The shortfall in profits was mainly driven by sales not meeting our target.

(Unit: million yen)	FY2024 1Q YTD	% Total	FY2025 1Q YTD	% Total	Diff.	Diff. (%)	FY2025 1Q YTD Target	Vs. Target (%)
Net Sales	11,508	100.0%	11,180	100.0%	(327)	(2.8%)	12,030	92.9%
Gross Profit	7,246	63.0%	7,057	63.1%	(188)	(2.6%)	7,653	92.2%
SG&A Expenses	5,909	51.3%	6,345	56.7%	435	7.4%	6,567	96.6%
Operating Income	1,337	11.6%	712	6.4%	(624)	(46.7%)	1,086	65.6%
Ordinary Income	1,390	12.1%	625	5.6%	(765)	(55.0%)	1,097	57.0%
Profit Attributable to Owners of Parent	973	8.5%	462	4.1%	(510)	(52.5%)	792	58.4%

Factors Behind the Shortfall in Consolidated Net Sales

Domestic sales faced challenges due to market and internal factors, yet have improved since March. As we move forward, we will closely monitor the impact of the price revisions starting in May.

Overseas sales in January and February were impacted by temporary factors and reactionary declines, but also have improved since March.

Status in January and February

Market Factor

- The decline in the frequency of salon visits, among other factors, negatively impacted our performance.

Internal Factors

- Sales of new cosmetics products did not meet our target.
- Hair coloring sales were sluggish due to market stagnation and intensified price competition.

South Korea: Temporary Factor

- The frequency of salon visits declined due to political turmoil in South Korea, and inventory adjustments were carried out by distributors
- Stronger yen and weaker won

Other: Reactionary Decline

- In "Other" regions, a surge in demand ahead of price hike boosted sales in FY2024.

Status From March Onwards

Market Factor

- Frequency of salon visits returned to normal levels.

Internal Factors

- Hair care products have driven sales growth, offsetting the low sales in other categories.
- Sales of Villa Lodola Color have continued to grow steadily.

South Korea: Temporary Factor

- Inventory adjustments have been completed. While the outlook for political turmoil remains uncertain, the frequency of salon visits has been recovering.
- While the trend of a stronger yen and weaker won has continued, the yen has been depreciating recently.

Other: Reactionary Decline

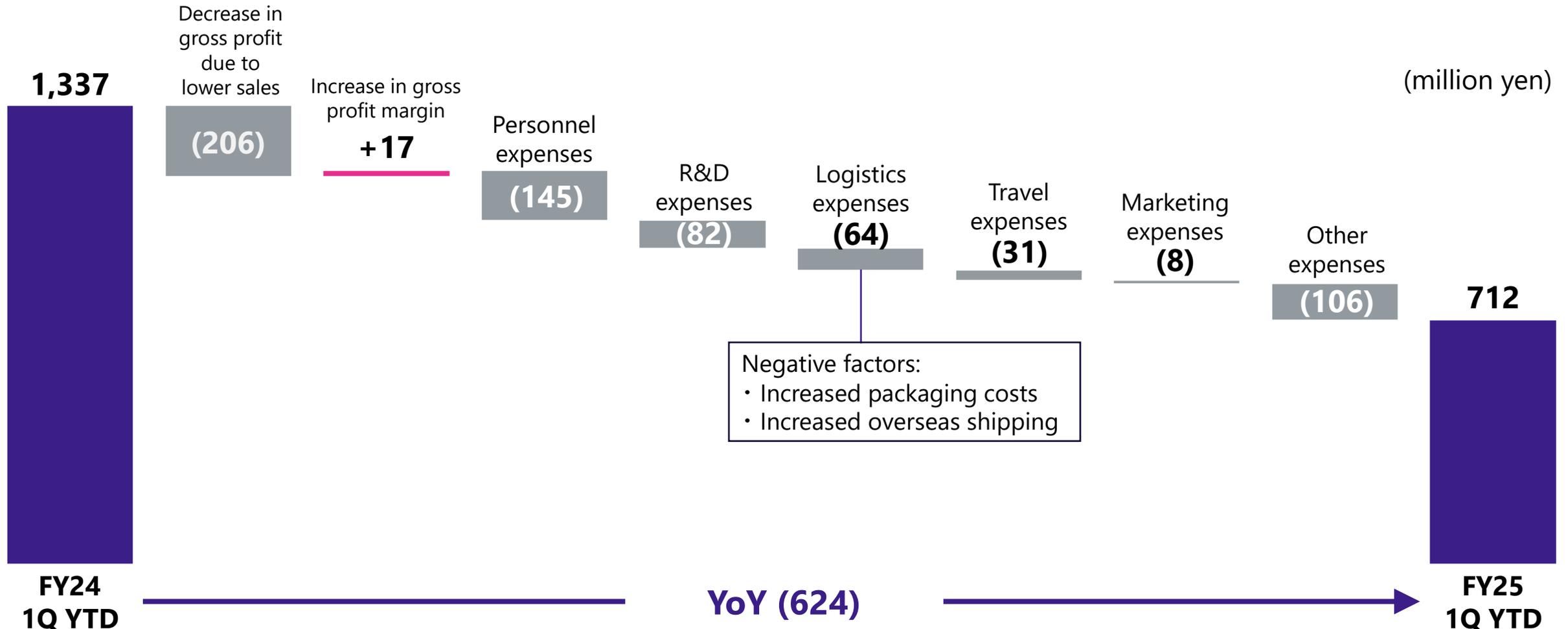
- The reactionary sales decline following the surge in demand was greater than anticipated. However, we expect it to normalize over the full year.

Domestic Sales
Negative Variance:
730 mil. yen

Overseas Sales
Negative Variance:
120 mil. yen

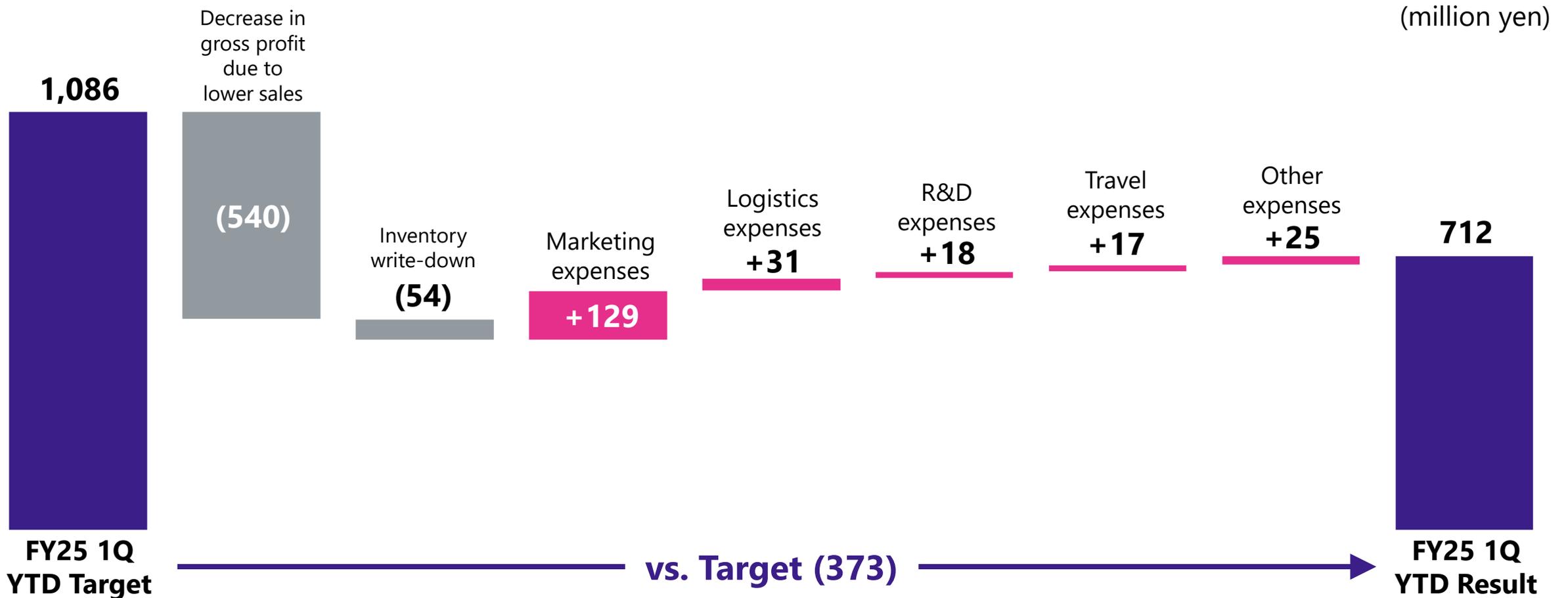
Consolidated Operating Income – Factors Behind YoY Changes

In addition to sales decline, operating income fell due to a planned increase in SG&A expenses.



Consolidated Operating Income – Factors Behind Difference vs. Target

Operating income fell short of our target due to the decline in net sales, which were below our target. Although a portion of marketing expenses remained unspent, SG&A expenses were generally in line with the full-year budget.



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Net Sales and Operating Income by Region

Both net sales and operating income experienced declines across domestic and overseas markets. In South Korea, net sales were negatively impacted by the appreciation of the yen.

(Unit: million yen)		FY2024 1Q YTD	FY2025 1Q YTD	Diff.	Diff. (%)	Actual Diff. Rate ^{*1} (%)	FY2025 1Q YTD Target	Exchange Rate FY24 1Q	Exchange Rate FY25 1Q
Japan	Net Sales	8,371	8,165	(206)	(2.5%)	(2.5%)	8,897		
	Operating Income	920	566	(353)	(38.4%)	—	901	—	—
	Margin (%)	11.0%	6.9%	—	—	—	10.1%		
Overseas	Net Sales	3,136	3,014	(121)	(3.9%)	(1.6%)	3,132		
	Operating Income	417	145	(271)	(65.0%)	—	184	—	—
	Margin (%)	13.3%	4.8%	—	—	—	5.9%		
South Korea	Net Sales	1,266	1,189	(76)	(6.1%)	0.8%	1,336	KRW	KRW
	Operating Income	369	250	(118)	(32.2%)	—	342	0.1121 yen	0.1045 yen
	Margin (%)	29.2%	21.1%	—	—	—	25.6%		
China	Net Sales	664	637	(26)	(4.0%)	(3.9%)	563	RMB	RMB
	Operating Income	95	47	(47)	(50.1%)	—	(7)	21.00 yen	20.98 yen
	Margin (%)	14.3%	7.5%	—	—	—	(1.3%)		
USA	Net Sales	414	495	80	19.5%	18.4%	460	USD	USD
	Operating Income	(17)	(59)	(41)	—	—	(113)	149.88 yen	151.21 yen
	Margin (%)	(4.2%)	(11.9%)	—	—	—	(24.6%)		
Other ^{*2}	Net Sales	791	692	(98)	(12.5%)	(13.9%)	771		
	Operating Income	(30)	(93)	(62)	—	—	(37)	—	—
	Margin (%)	(3.8%)	(13.4%)	—	—	—	(4.9%)		

*1 Figures are the rates of change in real terms on a local currency basis.

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

Financial Results by Region: Japan

Solid hair care sales could not offset declines in hair coloring and cosmetics, resulting in overall decreases in sales and operating income. Net sales trend was sluggish in January and February, but has been improving since March. Consequently, the full-year target remains unchanged.

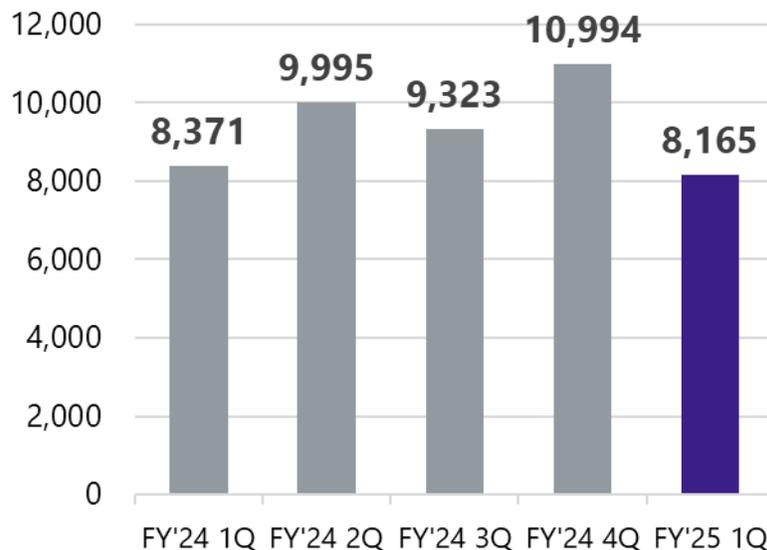
YoY Growth Rate of Sales by Product Category*

Hair care sales have remained solid since last year. While gray coverage hair colorants sales have been relatively stable, fashion colorants sales have been impacted by market slowdown and intense competition. Cosmetics sales declined due to a reactionary drop following the strong performance of new products launched last year.

FY2025		
Change in Sales	1Q	1Q YTD
Hair Care	+6.6%	+6.6%
Hair Coloring	(7.9%)	(7.9%)
Cosmetics	(57.5%)	(57.5%)
% to Sales	1Q	1Q YTD
Hair Care	66.2%	66.2%
Hair Coloring	30.0%	30.0%
Cosmetics	1.8%	1.8%

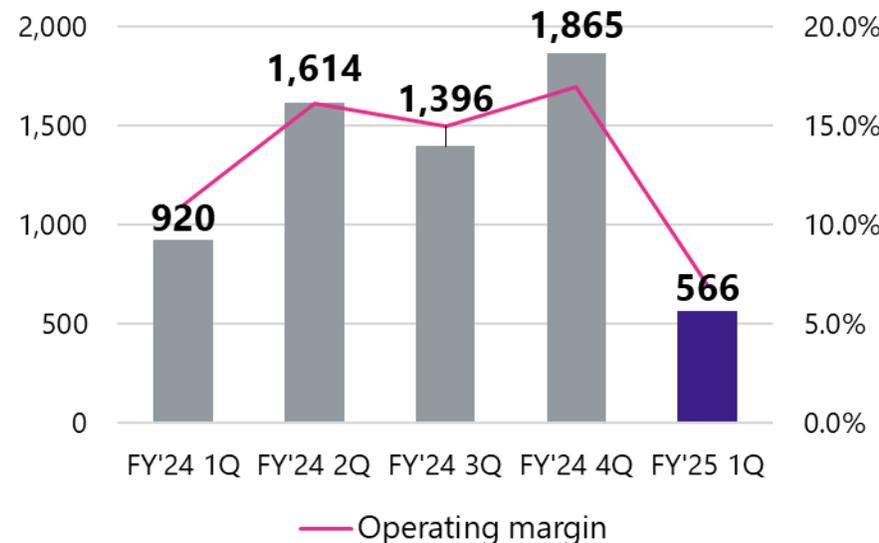
Quarterly Net Sales (mil. yen)

Due to seasonal factors, Q1 sales tend to be lower compared to other quarters.



Quarterly Operating Income (mil. yen)

Income declined due to lower sales. However, we anticipate improvement from the second quarter onward, following the price revision implemented in May.



*Based on shipment value
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Financial Results by Region: South Korea

Sales faced headwinds in the first quarter due to temporary setbacks, including declining consumer spending amid political turmoil and inventory adjustments related to a distributor's warehouse relocation. However, we anticipate improvement from the second quarter onward.

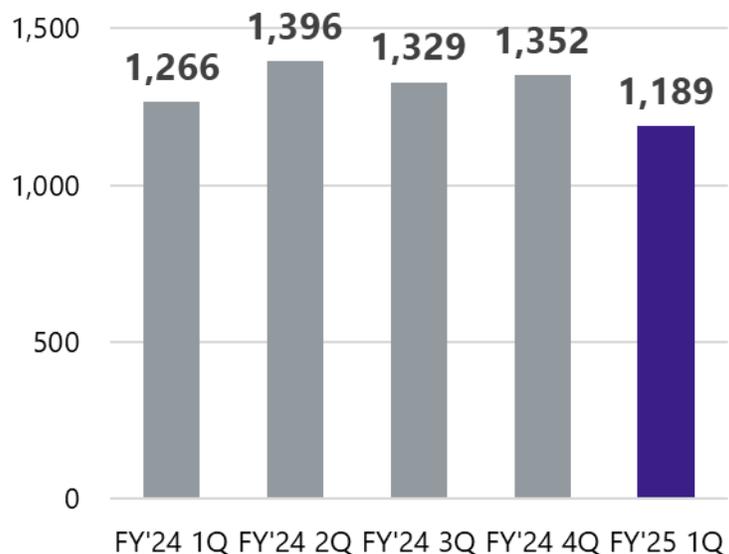
YoY Growth Rate of Sales by Product Category*

Although sales in our core hair coloring category declined, we anticipate increased demand due to the market exit of a major competitor. In the hair care category, growth was driven by Aujua and Global Milbon.

Change in Sales	FY2025	
	1Q	1Q YTD
Hair Care	+5.0%	+5.0%
Hair Coloring	(2.9%)	(2.9%)
Perm	+10.2%	+10.2%
% to Sales	1Q	1Q YTD
Hair Care	24.3%	24.3%
Hair Coloring	68.5%	68.5%
Perm	5.5%	5.5%

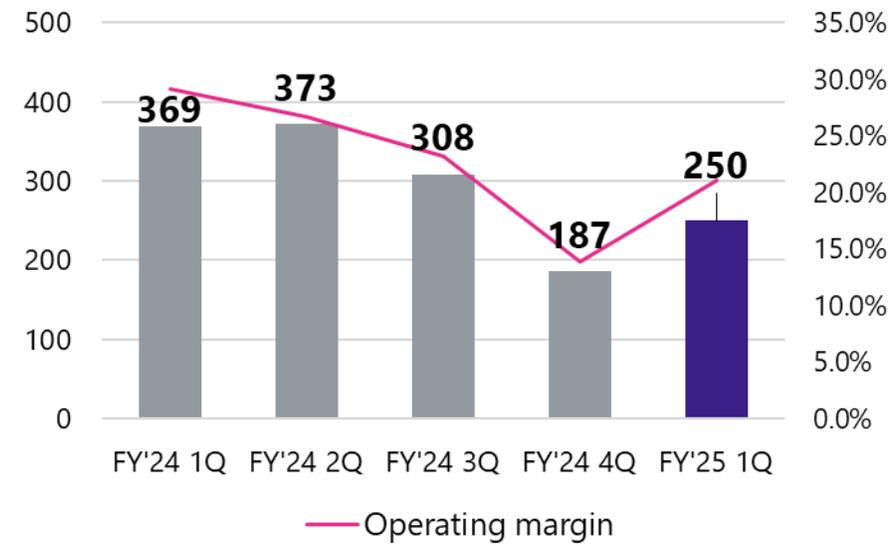
Quarterly Net Sales (mil. yen)

Sales declined in January on a yen basis due to political turmoil and inventory adjustments by a distributor. However, performance has been improving since February.



Quarterly Operating Income (mil. yen)

Income declined due to reduced sales and the hiring of additional Field Person .



*Based on local currency

Financial Results by Region: China

Both net sales and operating income remain stable and are progressing ahead of our target, despite a year-on-year decline due to the high benchmark set by the surge in salon visits in January last year preceding the Chinese Lunar New Year.

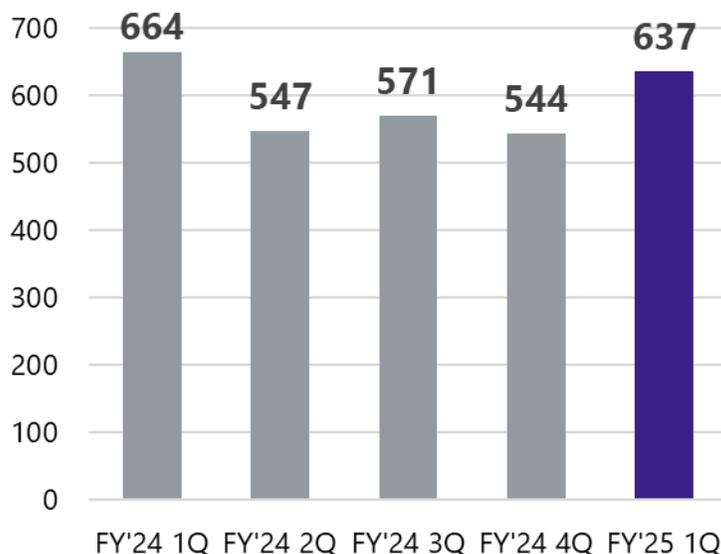
YoY Growth Rate of Sales by Product Category*

We support hair salons in offering services that cater to customers' needs for high-value added experiences. Despite overall sales decline due to the exceptionally higher net sales last year, hair care products sales were relatively stable.

		FY2025	
Change in Sales	1Q	1Q YTD	
Hair Care	(0.6%)	(0.6%)	
Hair Coloring	(7.0%)	(7.0%)	
% to Sales	1Q	1Q YTD	
Hair Care	57.8%	57.8%	
Hair Coloring	36.3%	36.3%	

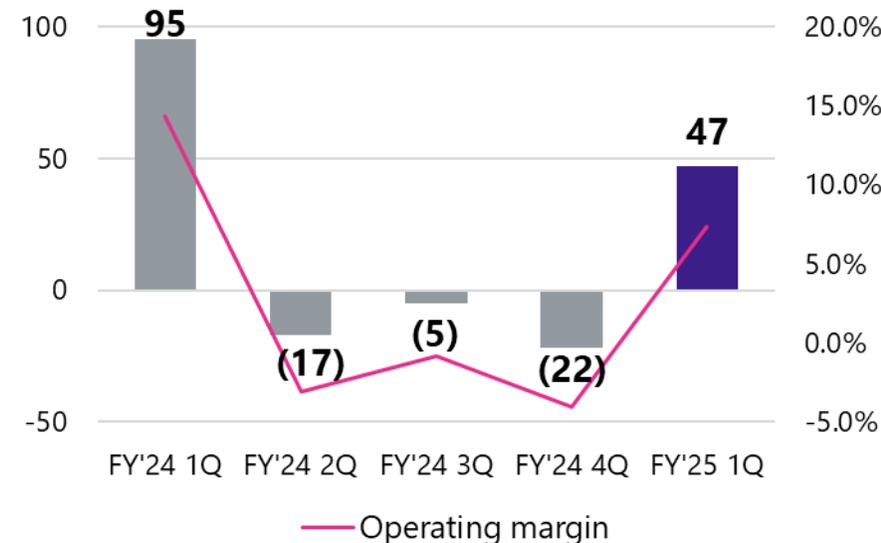
Quarterly Net Sales (mil. yen)

Sales declined in January due to a reactionary drop following the surge in salon visits in January last year preceding the Chinese Lunar New Year. However, performance has been stable since February.



Quarterly Operating Income (mil. yen)

With the recovery in sales levels, operating income has turned positive. We will strategically invest in marketing expenses to stimulate demand for hair coloring products, while carefully monitoring market trends.



*Based on local currency
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Financial Results by Region: United States

While consumer sentiment in the US hair salon market has been worse, our hair care products have shown strong growth. Although the increase in headcount has led to a decrease in operating income compared to the previous year, both sales and income have exceeded our target.

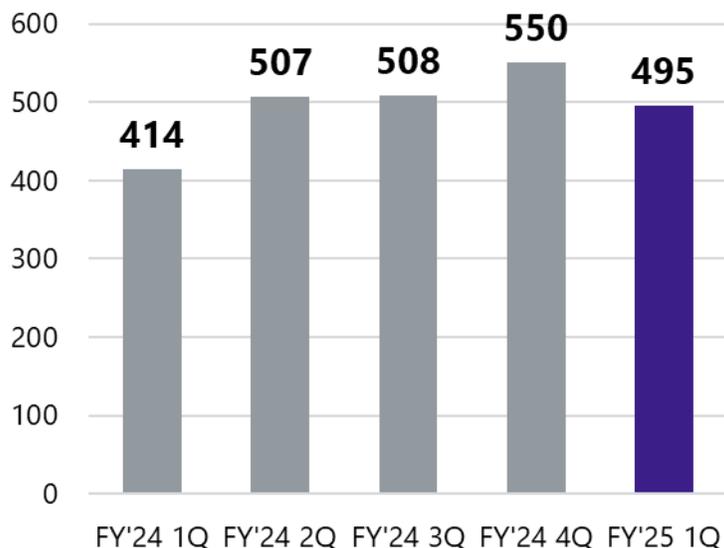
YoY Growth Rate of Sales by Product Category*

Hair care products continued to perform well, driving overall sales growth, with an increasing number of salons introducing Global Milbon. However, sales of hair coloring products declined due to a delay in educational activities, as efforts were focused on meeting the rising demand for hair care products.

Change in Sales	FY2025	
	1Q	1Q YTD
Hair Care	+22.9%	+22.9%
Hair Coloring	(7.2%)	(7.2%)
% to Sales	1Q	1Q YTD
Hair Care	86.8%	86.8%
Hair Coloring	8.3%	8.3%

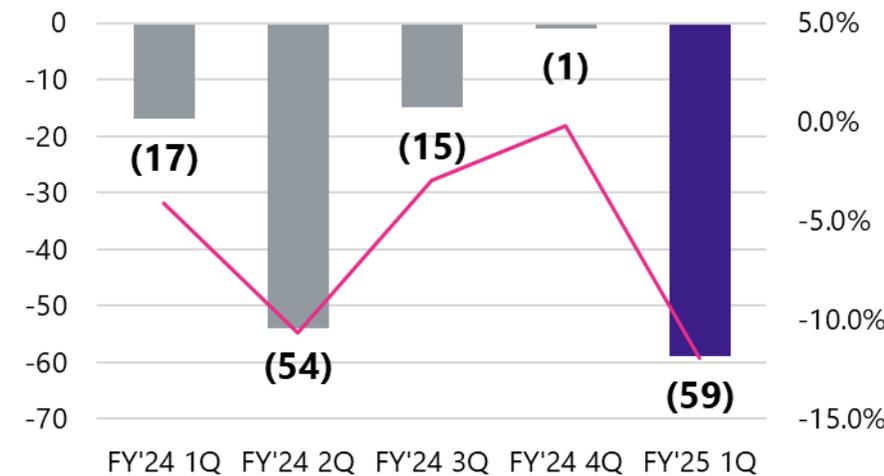
Quarterly Net Sales (mil. yen)

While consumer sentiment in the US hair salon market has been deteriorating due to tariff policies, our sales remain strong, particularly in the hair care category.



Quarterly Operating Income (mil. yen)

Operating income declined due to the increase of Field Person but remains ahead of our target.



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The Impact of US Tariffs on Our Financial Results

The impact of additional US tariffs was not considered in our full-year target announced in February. The anticipated impact on our financial results as of May 13 is as follows:

Production Facility for Products Sold in the United States

Approximately 70% of our US sales come from products manufactured in Japan , with the remaining 30% produced in Thailand.

Impact on Results in FY2025: Negative Factor of Approx. 70 Million Yen in Operating Income

Assumption:

- 10% tariff rate from April 1 to December 31
- US sales are expected to meet the full-year target.
- Volume reductions due to weakened consumer sentiment caused by tariff policies are not considered.

Countermeasure: Considering Price Revisions

Monitor the tariff policy and hair salon market trends closely, and revise prices as needed.

Outlook After Q2

The full-year target remains unchanged. We aim to achieve this target through various sales strategies and cost-reduction initiatives.

Outlook After Q2

Net Sales	Japan	<ul style="list-style-type: none">We anticipate that the demand for our hair care products will remain strong and steady.In the hair coloring products, gray coverage colorants, which are highly regarded for their product features, are anticipated to perform relatively well. We will leverage our official social media channels and salon booking services to enhance customer appointments.
	Overseas	<ul style="list-style-type: none">Although Q1 net sales experienced a decline due to exceptionally higher net sales last year and temporary factors, full-year sales are generally expected to progress in line with our target.Our initial target did not consider US tariffs and the rapid appreciation of the yen, which we acknowledge as uncertain factors.
Operating Income		<ul style="list-style-type: none">Current raw material prices may negatively affect our profitability compared to our target, but we aim to offset this through cost-reduction initiatives.As initially planned, we have increased the prices of hair care products in Japan for shipments starting May 1 to secure operating income.We will review and optimize SG&A expenses to achieve our full-year operating income target.

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Review of Policy for Capital Allocation

We are considering further utilizing interest-bearing debt for the expansion of the Yumegaoka Factory, given the recent financial market conditions and improving capital efficiency. Consequently, we will revise our capital allocation from 2025 to 2026.

Capital Allocation Policy Announced in February*

Financial Strategy – Long-term Capital Allocation Policy

- ✓ Prioritizing investment in growth, we will add a fundamental policy of progressive dividends to our existing target dividend payout ratio of 50% to enhance shareholder returns.
- ✓ We will allocate surplus funds to share buybacks with the aim of achieving a total payout ratio of 50% or more over the long term.
- ✓ Growth investments will primarily be funded through operating cash flow and cash on hand, but we will also consider the utilizing interest-bearing debt.

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

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Review of Capital Allocation Policy

- We plan to invest approximately 10 billion yen in expanding the Yumegaoka Factory in Japan by 2026.
- Initially, we planned to fund the investment primarily with cash and deposits, supplemented by some debt. However, given recent financial market conditions and our goal to improve capital efficiency, we are now considering using more interest-bearing debt.



- **We will disclose our revised capital allocation plan for the current Medium-Term Management Plan once it is finalized.**

*For more details, please refer to the Consolidated Financial Results for the Fiscal Year Ended December 31, 2024:

https://www.milbon.com/en/ir/uploads/docs/20241231en_65s4q_presentation_material.pdf

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Consolidated Net Sales and Sales Ratio by Product Category

(Unit: million yen)	FY2024					FY2025					FY2025
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD	Target
Net Sales	11,508	13,017	12,467	14,322	51,316	11,180				11,180	54,250
Hair Care	6,670	8,012	7,560	9,080	31,324	6,938				6,938	33,830
Hair Coloring	4,044	4,301	4,308	4,545	17,200	3,706				3,706	17,100
Perm	350	448	348	398	1,547	287				287	1,570
Cosmetics	369	197	151	150	868	159				159	1,200
Others	73	57	97	147	375	89				89	550
% to Sales											
Hair Care	58.0%	61.6%	60.6%	63.4%	61.1%	62.1%				62.1%	62.4%
Hair Coloring	35.1%	33.0%	34.6%	31.7%	33.5%	33.1%				33.1%	31.5%
Perm	3.1%	3.5%	2.8%	2.8%	3.0%	2.6%				2.6%	2.9%
Cosmetics	3.2%	1.5%	1.2%	1.1%	1.7%	1.4%				1.4%	2.2%
Others	0.6%	0.4%	0.8%	1.0%	0.7%	0.8%				0.8%	1.0%

Status of Main Brands – Hair Care Products

Hair Care – Aujua

The number of salons introducing Aujua continued to expand both in Japan and South Korea.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	2,312	2,312	2,405	2,405
Japan	2,222	2,222	2,303	2,303
South KR	90	90	102	102

(Unit: salons)	FY2024		FY2025	
Salons		7,625		7,784
Japan		7,278		7,401
South KR		347		383

New Products

Aujua Aging Hair Care Series Altiell (Debut on February 11)



(Unit: mil. yen)	FY2025	FY2025 Target
	Gross Sales	185

Hair Care – Global Milbon

Sales growth is being propelled by our strong performance in overseas markets, especially in the United States.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	1,545	1,545	1,678	1,678
Japan	725	725	735	735
US	355	355	449	449
China	141	141	149	149
South KR	67	67	73	73
Other	255	255	270	270

(Unit: salons)	FY2024		FY2025	
Salons		22,584		27,820
Japan		10,840		11,128
US*		7,449		12,231
China		814		983
South KR		1,371		1,443
Other		2,110		2,035

*Due to the distributor changeover at the end of FY2024, data on the number of salons in some US regions was unavailable, leading to lower figures for FY2024 compared to FY2024 Q3.

*Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

Status of Main Brands – Hair Coloring Products

Hair Coloring – Ordeve Addicthy

The domestic fashion color market continues to face a slowdown and heightened competition. We aim to boost sales by supporting salons in attracting customers with Addicthy.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	1,490	1,490	1,369	1,369
Japan	1,192	1,192	1,102	1,102
Overseas	297	297	266	266

Hair Coloring – Sophistone

Sales increased due to strengthened sales and educational initiatives for distributors and salons in the US and the EU.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	43	43	59	59

*Sales figures are based on shipment value.

Hair Coloring – Villa Lodola Color

The number of salons introducing Villa Lodola Color has increased both domestically and internationally, as the functionality and added value of the organic hair colorant have been highly evaluated. Additionally, intensified educational activities have promoted repeat business, leading to increased sales.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	256	256	323	323
Japan	253	253	298	298
Overseas	3	3	24	24

(Unit: salons)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Salons		12,934		13,021
Japan		12,271		12,077
Overseas		663		944

Status of Main Brands – Cosmetics

Cosmetics – Imprea

Both our mainstay product, Lotion, and the new launch, Balance Tuner, have received strong market recognition.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	120	120	129	129

(Unit: salons)	FY2024		FY2025	
	2,083		2,169	
Salons	2,083		2,169	

New Products

Imprea Balance Tuner (Debut on February 8)



(Unit: mil. yen)	FY2025	FY2025 Target
Gross Sales	30	100

Cosmetics – IM

Sales declined due to the slow adoption by salons of the newly added eyebrow mascara items launched in Q1 last year.

(Unit: mil. yen)	FY2024		FY2025	
	1Q	1Q YTD	1Q	1Q YTD
Gross Sales	271	271	36	36

New Products

IM Brow & Lash Color Mascara (New Shades, Debut on February 8)



(Unit: mil. yen)	FY2025	FY2025 Target
Gross Sales	24	140

*Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

Japan	FY2024					FY2025				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+9.3%	+5.0%	+7.7%	+3.0%	+6.0%	(2.5%)				(2.5%)
Hair Care	+9.1%	+8.9%	+13.4%	+7.1%	+9.4%	+6.6%				+6.6%
Hair Coloring	+0.8%	(0.5%)	+1.1%	(0.5%)	+0.2%	(7.9%)				(7.9%)
Perm	+2.9%	+10.4%	(11.0%)	+3.3%	+1.6%	(23.3%)				(23.3%)
Cosmetics	+197.6%	+40.4%	(2.5%)	+0.4%	+52.8%	(57.5%)				(57.5%)
Others	+60.8%	(35.0%)	(53.9%)	(35.6%)	(34.9%)	(32.7%)				(32.7%)
% to Sales										
Hair Care	61.2%	64.7%	64.3%	67.3%	64.6%	66.2%				66.2%
Hair Coloring	32.1%	29.9%	31.5%	28.9%	30.4%	30.0%				30.0%
Perm	2.2%	3.1%	2.3%	2.0%	2.4%	1.7%				1.7%
Cosmetics	4.1%	1.8%	1.5%	1.2%	2.1%	1.8%				1.8%
Others	0.4%	0.5%	0.4%	0.6%	0.5%	0.2%				0.2%
South Korea	FY2024					FY2025				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+6.5%	+8.4%	+11.2%	+13.3%	+9.9%	+0.8%				+0.8%
Hair Care	+20.1%	+14.5%	+23.6%	+13.0%	+17.6%	+5.0%				+5.0%
Hair Coloring	+1.1%	+4.6%	+6.2%	+12.2%	+6.0%	(2.9%)				(2.9%)
Perm	+33.6%	+37.5%	+30.1%	+25.1%	+31.3%	+10.2%				+10.2%
% to Sales										
Hair Care	23.3%	23.0%	23.8%	23.2%	23.3%	24.3%				24.3%
Hair Coloring	71.1%	71.3%	70.3%	70.9%	70.9%	68.5%				68.5%
Perm	5.0%	4.8%	4.9%	5.1%	5.0%	5.5%				5.5%
Others	0.6%	0.9%	1.0%	0.8%	0.8%	1.7%				1.7%

*The figures for Japan are based on shipment value. The overseas figure are based on local currency.

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Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

China	FY2024					FY2025				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+4.3%	(16.5%)	+0.0%	+2.0%	(2.7%)	(3.9%)				(3.9%)
Hair Care	+6.2%	(3.3%)	+8.3%	+3.4%	+3.6%	(0.6%)				(0.6%)
Hair Coloring	(0.6%)	(33.7%)	(9.1%)	(3.5%)	(12.7%)	(7.0%)				(7.0%)
Perm	+19.0%	(14.5%)	(13.8%)	+14.8%	+2.1%	(14.7%)				(14.7%)
% to Sales										
Hair Care	55.8%	62.0%	58.4%	62.8%	59.5%	57.8%				57.8%
Hair Coloring	37.5%	33.1%	36.3%	30.0%	34.5%	36.3%				36.3%
Perm	6.7%	5.0%	5.3%	7.2%	6.0%	5.9%				5.9%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				0.0%

USA	FY2024					FY2025				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+8.5%	+2.2%	+12.0%	+31.1%	+13.1%	+18.4%				+18.4%
Hair Care	+6.0%	+4.8%	+12.7%	+32.6%	+13.8%	+22.9%				+22.9%
Hair Coloring	+25.9%	(6.2%)	+3.2%	+22.4%	+10.4%	(7.2%)				(7.2%)
Perm	(19.6%)	(21.3%)	(8.7%)	+22.3%	(8.7%)	(17.7%)				(17.7%)
% to Sales										
Hair Care	83.7%	85.9%	87.8%	86.5%	86.1%	86.8%				86.8%
Hair Coloring	10.6%	8.9%	7.1%	9.0%	8.8%	8.3%				8.3%
Perm	3.1%	3.7%	2.7%	3.4%	3.2%	2.2%				2.2%
Others	2.6%	1.5%	2.4%	1.1%	1.9%	2.7%				2.7%

Progress on milbon:iD and Smart Salon Initiatives

milbon:iD

Although the number of salons decreased due to the exclusion of closed locations following a change in the counting method, user registrations have steadily increased. Starting in June, we will connect milbon:iD to the LINE messaging app to facilitate easier communication with users and improve the ratio of active purchasers.

	FY24	FY25	FY25 Target
Users	881,000	915,000	1,070,000
Salons (reference)	6,566	6,259	7,000
EC Sales* ¹	1,970 mil. yen	420 mil. yen	2,300 mil. yen

Number of Smart Salons

	FY'24	FY'25
Salons	62	69

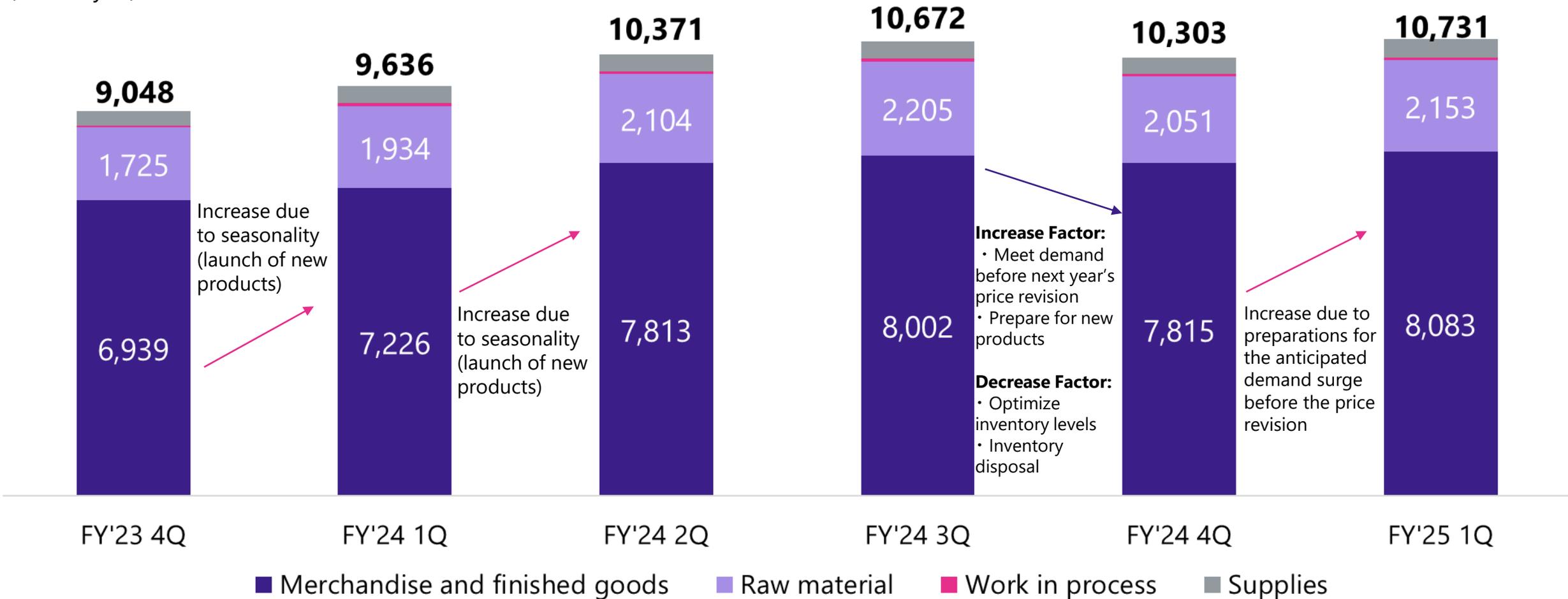
*Results for the Japan market

*1 EC sales are based on shipment value.

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Status of Inventory

(million yen)



Status of Capital Expenditures, etc.

(Unit: million yen)		FY2021	FY2022	FY2023	FY2024	FY2025 1Q YTD	FY2025 Target
Capital Expenditures		4,644	4,097	3,151	2,865	890	2,611
Depreciation and Amortization		1,777	2,026	2,213	2,288	567	2,354
R&D exp.	Amount	1,741	2,074	2,334	2,452	631	2,829
	% to Sales	4.2	4.6	4.9	4.8	5.6	5.2

FY2025 CAPEX Main Items

Sales Offices, Studios

- HR Development Center
- Establishment and maintenance of sales offices

Digital

- milbon:iD
- Smart Salon (Digital Marketing)
- Education:iD

Production System

- Yumegaoka Factory (Machinery and equipment)
- Technical Center
- Thailand Factory (Machinery and equipment)

Others

- Internal infrastructure
- Production equipment

The Number of Field Person (FP)

The Number of FP by Country

Upper column: Average number of FPs during the period (persons)

Lower column: Net sales per FP (million yen)

	FY2022	FY2023	FY2024	FY2025
Japan	335.4	350.2	361.4	368.5
	105	104	107	—
South Korea	32.8	33.4	33.2	34.0
	126	141	160	—
China	31.6	34.3	33.8	32.5
	66	65	68	—
USA	13.0	13.2	15.8	19.5
	102	123	125	—
Other*	36.2	38.2	43.0	44.5
	63	70	69	—

*Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, Philippines, Singapore, Germany

FP Recruitment and Training Status in Japan

As of March 31, 2025

10 FPs joined in October 2024 and are currently on-site OJT

As of April 1, 2025

35 FPs joined in April 2025 and are in training

(The above 45 FPs are not included in the left chart.)

Forex Assumption and Sensitivities

(million yen)

	FY2025 Assumption	Impact on Consolidated Net Sales	Impact on Consolidated Operating Income
KRW	0.108 yen	±0.001 yen → 51	±0.001 yen → 38
RMB	20.5 yen	±0.1 yen → 11	±0.1 yen → 2
USD	145.0 yen	±1 yen → 15	±1 yen → 4

Contents

- 1. Consolidated Financial Results ————— P2**
- 2. Financial Results by Region and Outlook After Q2 ————— P8**
- 3. Change in Policy for Capital Allocation ————— P16**
- 4. Appendix ————— P18**
- 5. Overview of Milbon ————— P30**

Overview of Milbon

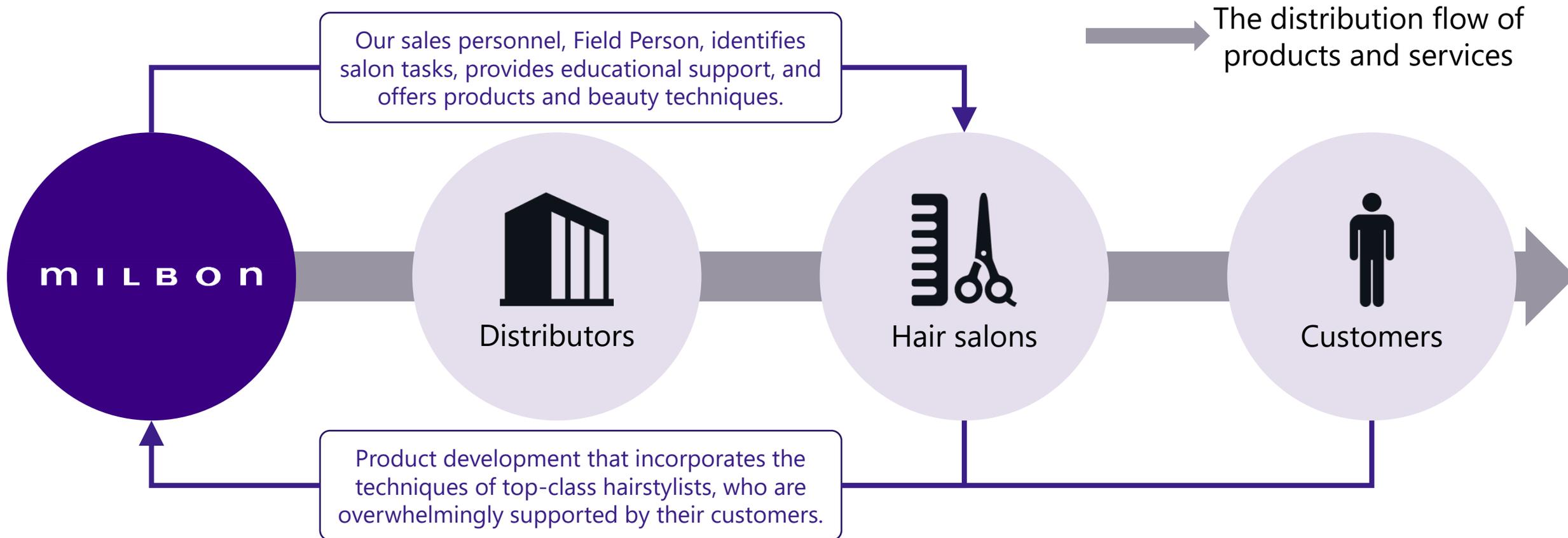
Milbon is a cosmetics manufacturer that produces and sells haircare products including treatments and hair coloring products exclusively to hair salons.



*Source: Fuji Keizai(2023) haircare products only

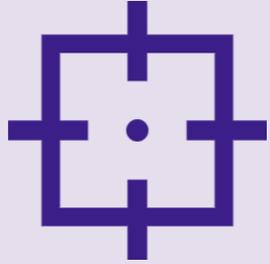
Overview of Milbon: Business Model

We have established solid trust with hair salons by offering our products and services that contribute to enhance their sales and profits.



*We sale product directly to hair salons in some overseas area.

Overview of Milbon: Three Key Points of Our Business Model



Consistent focus on hair salons and hair stylists

Since our founding in 1960, we have sustained continuous growth by steadfastly narrowing our business focus to hair salons, with the strategy of increasing sales and profits of hair salons at the forefront of all its initiatives.



Field Person (FP) System – Sales and educational support to hair salons

This is our unique sales and education system that contributes to greater sales and profit for hair salons. Our Field Person (FP), who acquire beauty techniques through an intensive 9-month training program after joining the company, identifies areas for improvement for each hair salon. FPs support these salons by providing not just products, but also additional value through associated beauty techniques.



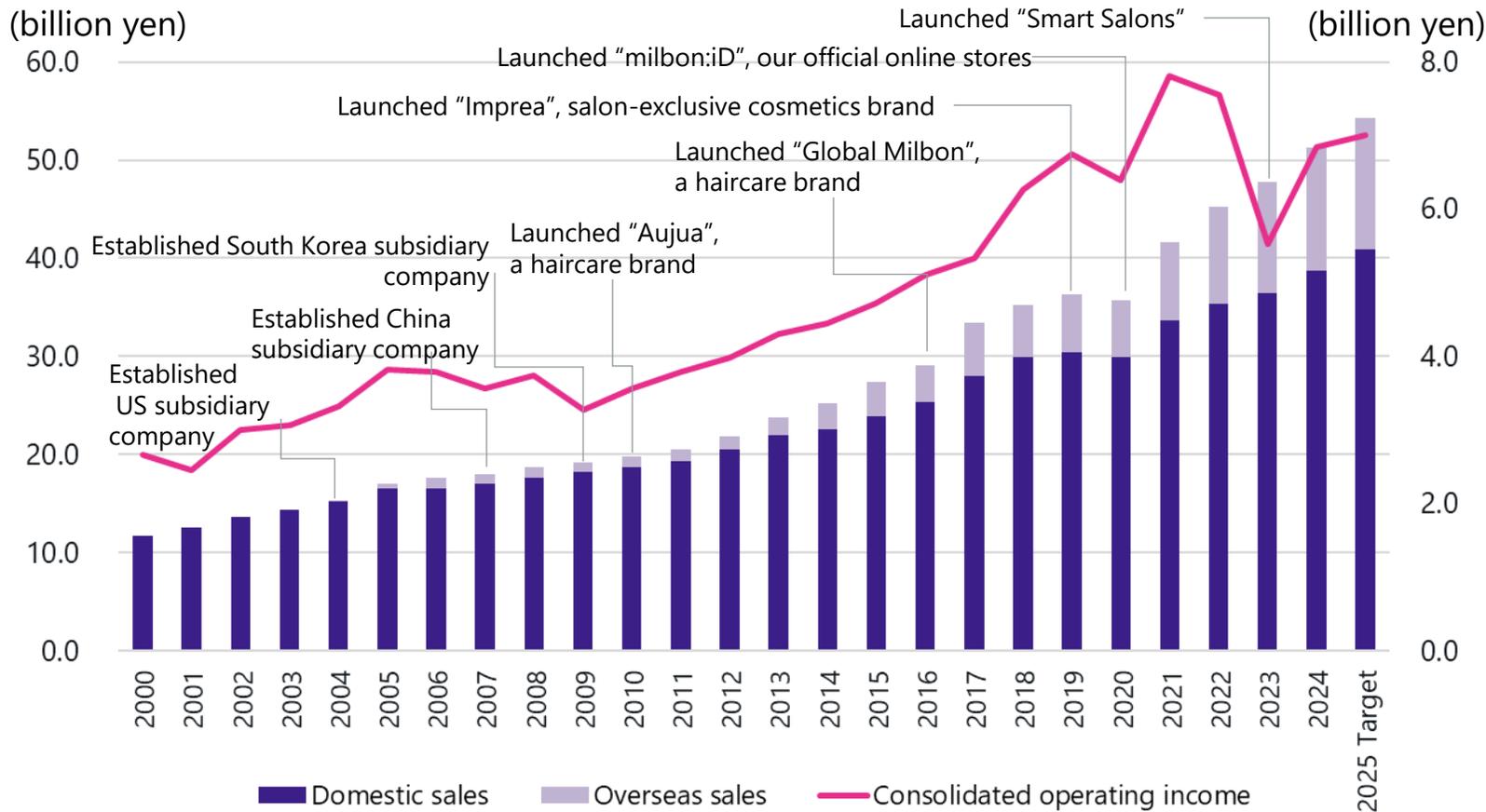
TAC Product Development System – Standardization of top-class hair stylist's technique

This system seeks out hair stylists with exceptional skills and knowledge, encourages the sharing of their expertise and techniques, and enables our researchers to scientifically decode this knowledge for product development. We aim to commercialize sophisticated beauty techniques in a way that can be broadly replicated across general hair salons.

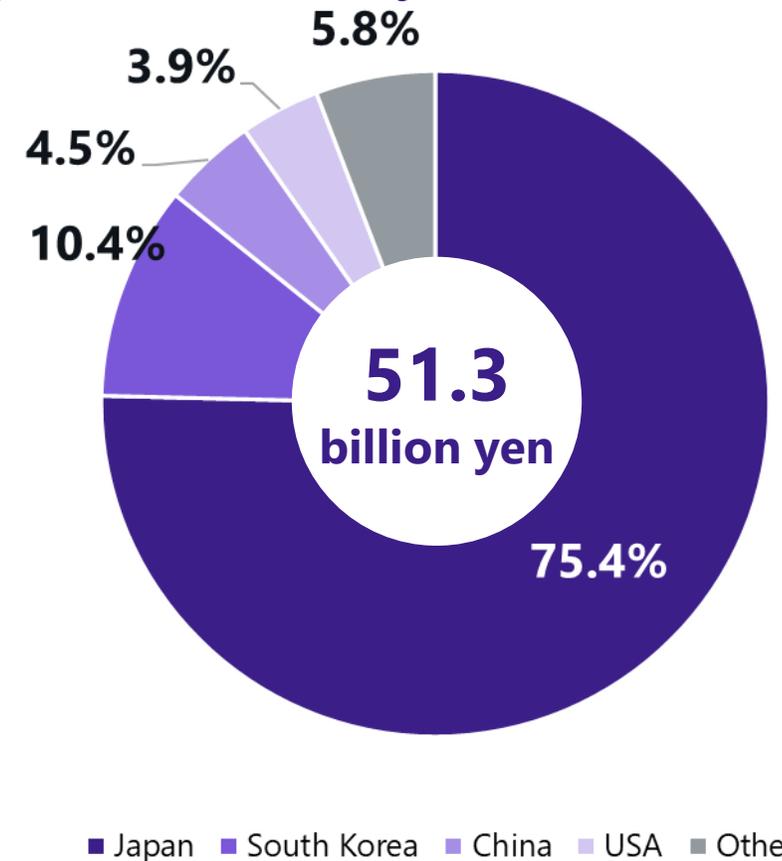
Overview of Milbon: Our Growth Trajectory

Steady growth through business expansion in Japan and overseas

Net Sales and Operating Income



Composition of Sales by Country (FY2024)



* FY2017 is an irregular accounting period due to a change in the fiscal year-end date.

* The "Accounting Standard for Revenue Recognition," etc., has been adopted since FY2019.

Overview of Milbon: Our Main Products

Haircare and hair coloring products are the mainstay of our sales. In recent years, we have expanded our business to include cosmetics, etc.

Composition of Sales by Product Category (FY2024)

Cosmetics (only available in Japan)

Products sold for retail in hair salons

Main Brand

Imprea



IM



Hair coloring

Items used for in-salon hair coloring

Main Brand

Ordeve Series



Villa Lodola Color

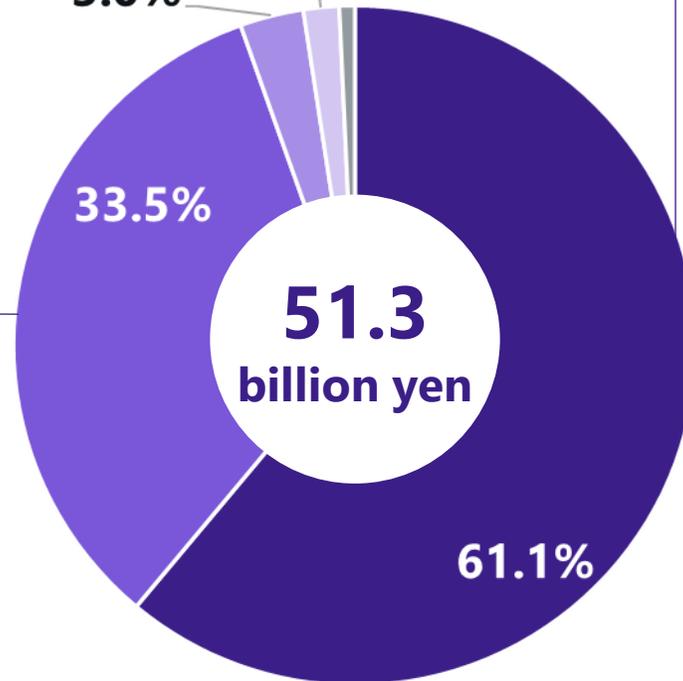


Sophistone

(Hair color brand exclusive for Europe and North America)



3.0% 1.7% 0.7%



■ Haircare ■ Hair coloring ■ Perm ■ Cosmetics ■ Other

Haircare

Products sold for retail in hair salons and items used for in-salon treatments

Main Brand

Aujua (Only available in Japan and South Korea)



Global Milbon



Elujuda



Overview of Milbon: Domestic Hair Salon Market Conditions

Hair salons have the potential for further growth despite the medium- to long term decrease in the number of customers due to declining birth rate and aging population.

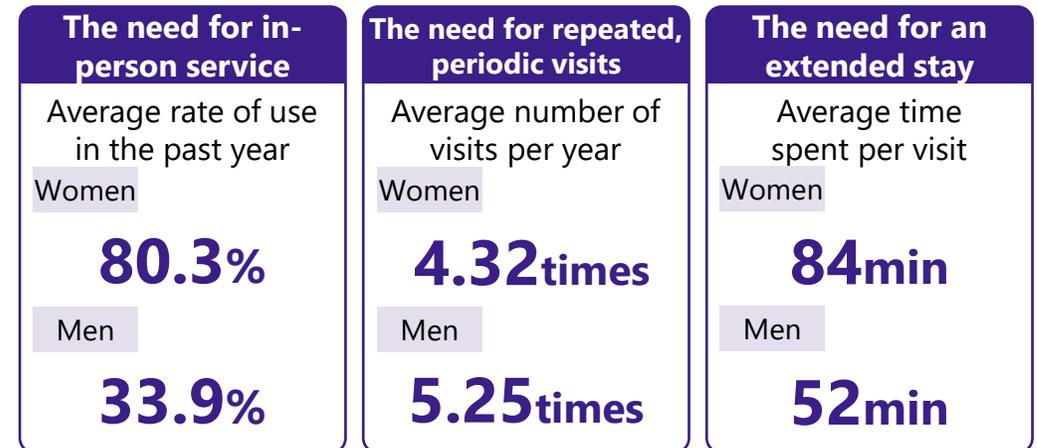
Challenges and Growth of Aging Population with Low Fertility

Although the number of customers at hair salons is expected to decrease over the medium to long term, the promotion of premium-priced services and retail products is expected to drive further improvements in salon productivity and customer spend.



Community Characteristics Unique to Salons

A visit to a hair salon is necessary to receive its services. Additionally, hair salons hold a place as an indispensable part of people's lives.

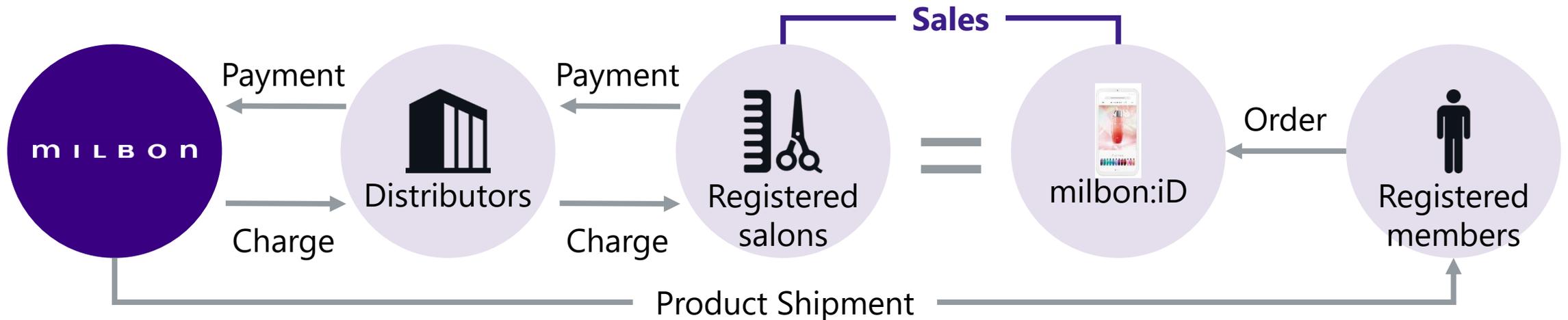


Source: Beauty Industry Census, First Half of FY2023 (Hair Salons), Recruit Co., Ltd.

Overview of Milbon: Our Recent Initiatives in Japan, milbon:iD

We launched milbon:iD, an EC platform, in 2020 to support productivity enhancement of hair salons. This platform allows salon customers to purchase retail products online.

How milbon:iD Works – Revenue is attributed to salons in the BtoBtoC sales channel



Progress of milbon:iD (as of the end of FY2024)

Number of registered salons
6,566

Number of registered members
880,000

EC sales (Gross sales)
1,970 million yen

Overview of Milbon: Our Recent Initiatives in Japan, Two Major Strategies

We aim to maximize the inherent value of hair salons, which enables frequent and extended in-person visits, by enhancing our Smart Salon concept and broadening the range of products available for in-salon purchase.

Smart Salon Strategy – Enhancing the Salon Customer Experience

The Smart Salon system is implemented in hair salons that have embraced the concept. It aims to enhance salon productivity by eliminating the challenges customers face when purchasing retail products.

Styling station to provide face-to-face consultation

Tester station to raise product awareness and offer trial opportunities

Generating synergies through the integration of three sales areas

EC service milbon:iD to enhance convenience of products purchase

See our corporate website for more details.:
<https://www.milbon.com/en/ir/management/business.html>

Lifetime Beauty Care Strategy – Broadening the Range of Products

We collaborate with other companies to extend salon services and product sales beyond haircare to include skincare and beauty health care.

Cosmetics (Collaborated with KOSÉ)

IMPREA



Beauty Supplements

ALANOUS



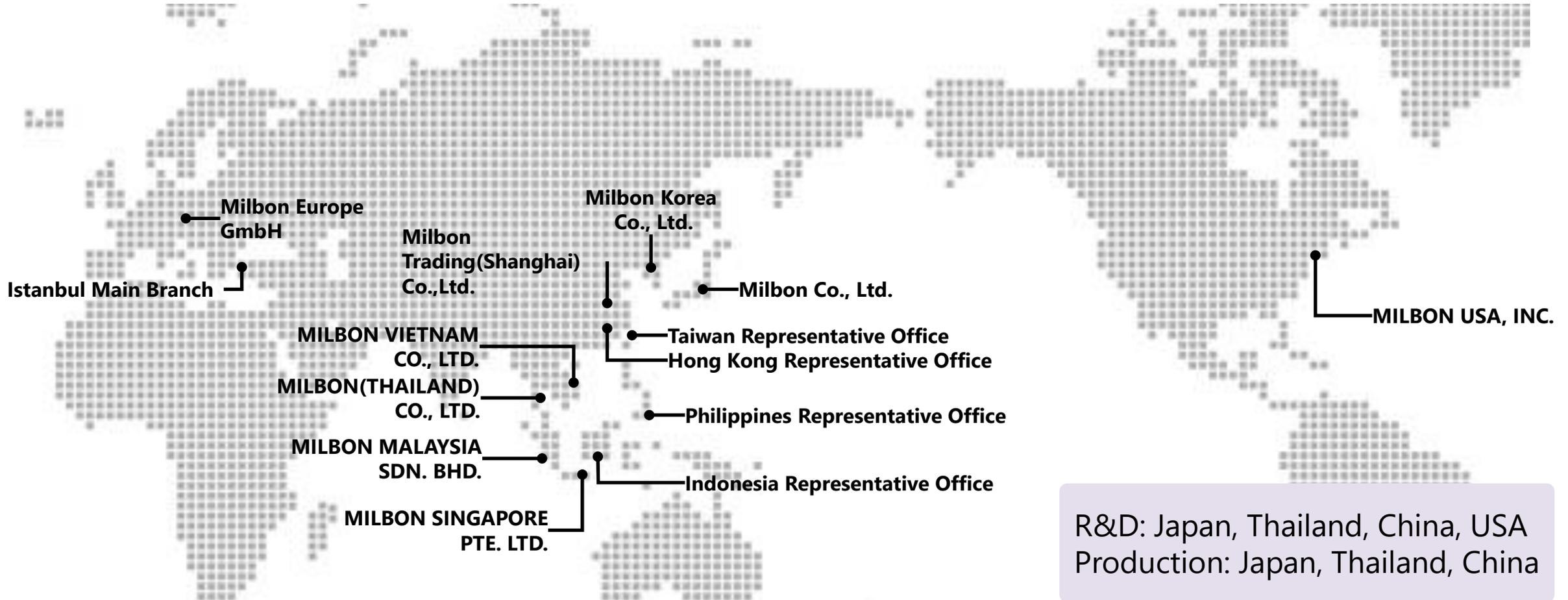
Beauty Equipment (Collaborated with Panasonic)

Panasonic x MILBON
ELMISTA



Overview of Milbon: Status of Overseas Expansion

We conduct business across the world, and have recently expanded our international bases for R&D as well as production.

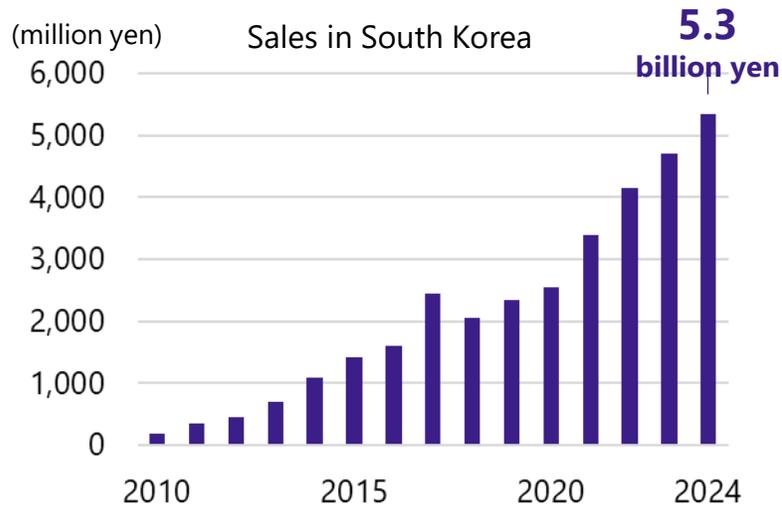


Overview of Milbon: Our Three Major Overseas Countries

Three major countries, South Korea, China, and the USA account for nearly 80% of overseas sales

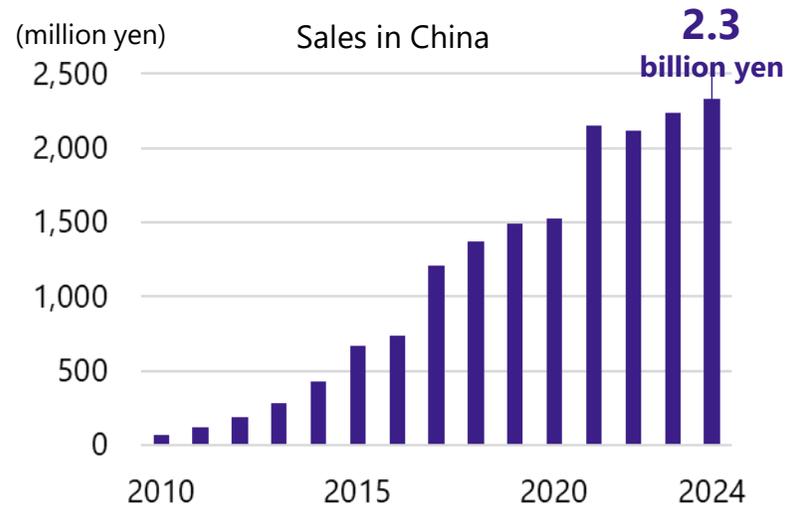
South Korea

Our educational initiatives focused on hair coloring are highly regarded, contributing to a strong market presence in South Korea. In recent years, we have been strengthening our haircare business, working to transform ourselves into a comprehensive manufacturer.



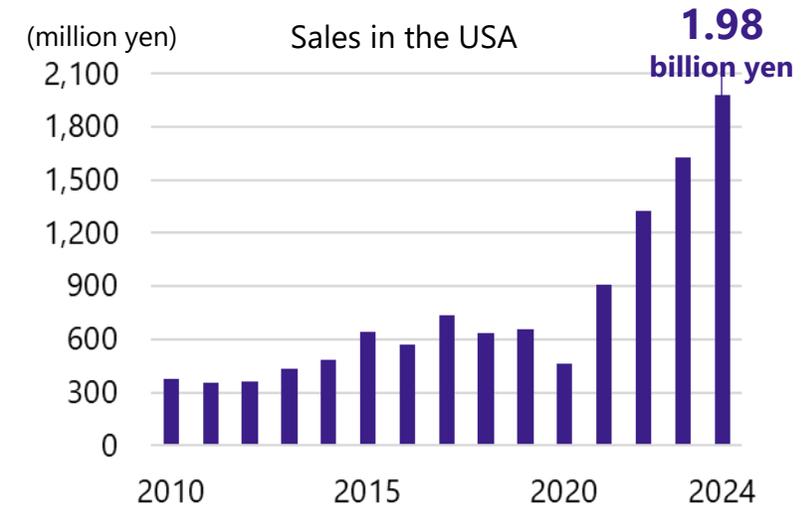
China

Subsequent to COVID-19, activities for hair salons have gained traction amid market changes, such as decreased frequency of customer visits to salons, leading to a sustained increase in our sales. The local factory commenced operations in 2022.



USA

We have enjoyed rapid growth triggered by launch of the Global Milbon haircare line and shift in sales structure (from direct sales to distributor ship). With the launch of hair coloring products exclusive for the European and North American markets, further growth is anticipated.

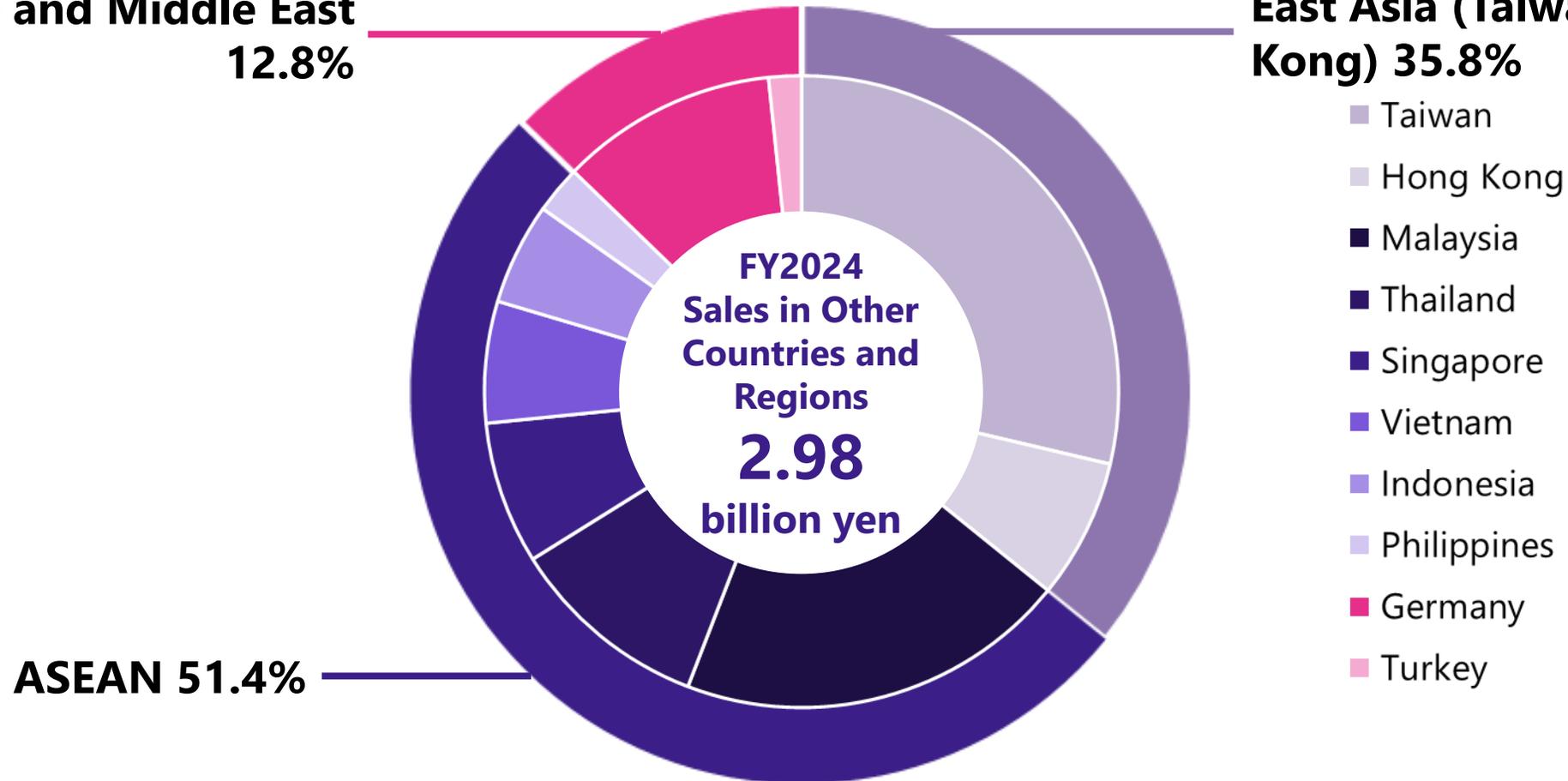


Overview of Milbon: Other Countries and Regions

Our sales are particularly significant in East Asia and ASEAN, and we have recently expanded into Europe.

Europe and Middle East
12.8%

East Asia (Taiwan and Hong Kong)
35.8%



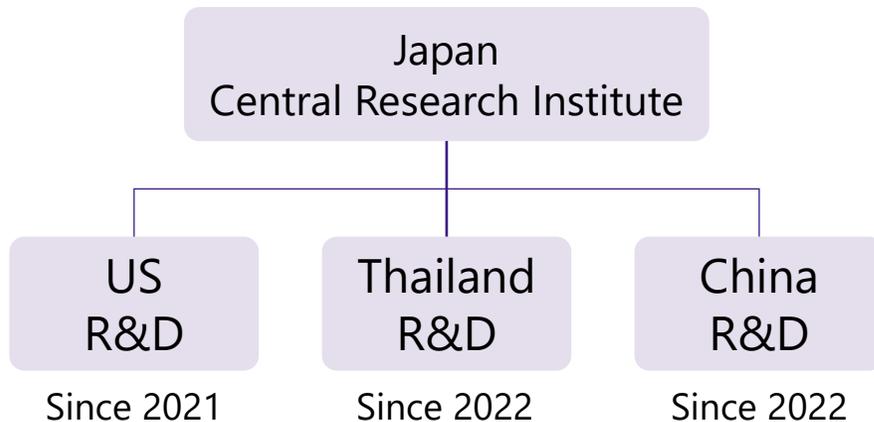
Overview of Milbon: Our Global R&D and Production

We aim to minimize geopolitical risks and to align ourselves with the diverse values of beauty unique to each locality, by establishing R&D and production systems in each region.

R&D—

Collaboration Among our Four Global R&D Bases

Through collaboration with R&D bases in each country, we aim to develop global products that captures beauty needs shared worldwide, as well as localized products tailored to each country and region's unique climate, beauty customs, and laws and regulations.



Production—

Collaboration Among our Three Global Factories

We respond flexibly to regulatory and trade risks and ensure stable supply both domestically and internationally through collaboration among factories in each country.



Japan: Yumegaoka Factory
Products for Japan and overseas



Thailand Factory
Products for overseas

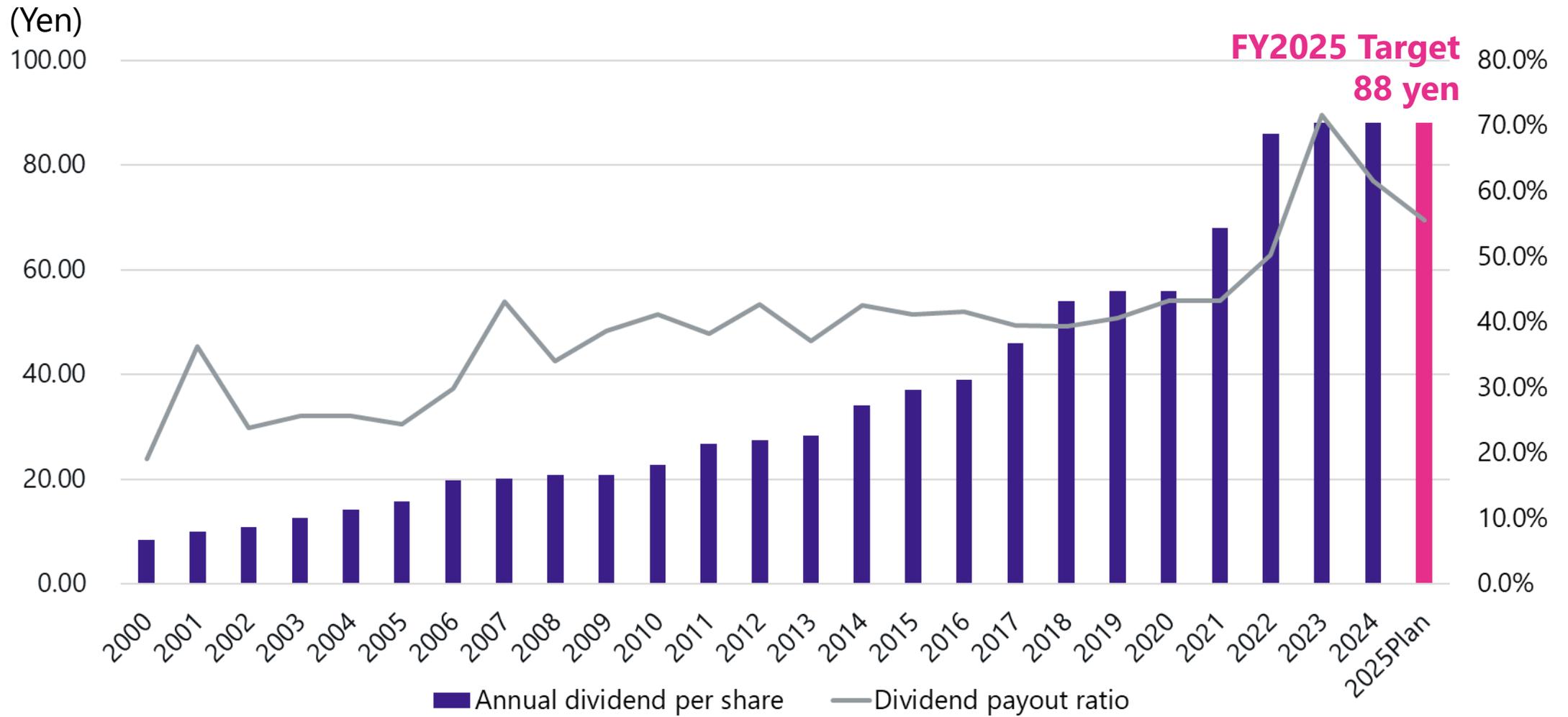


China Factory
Products for Greater China

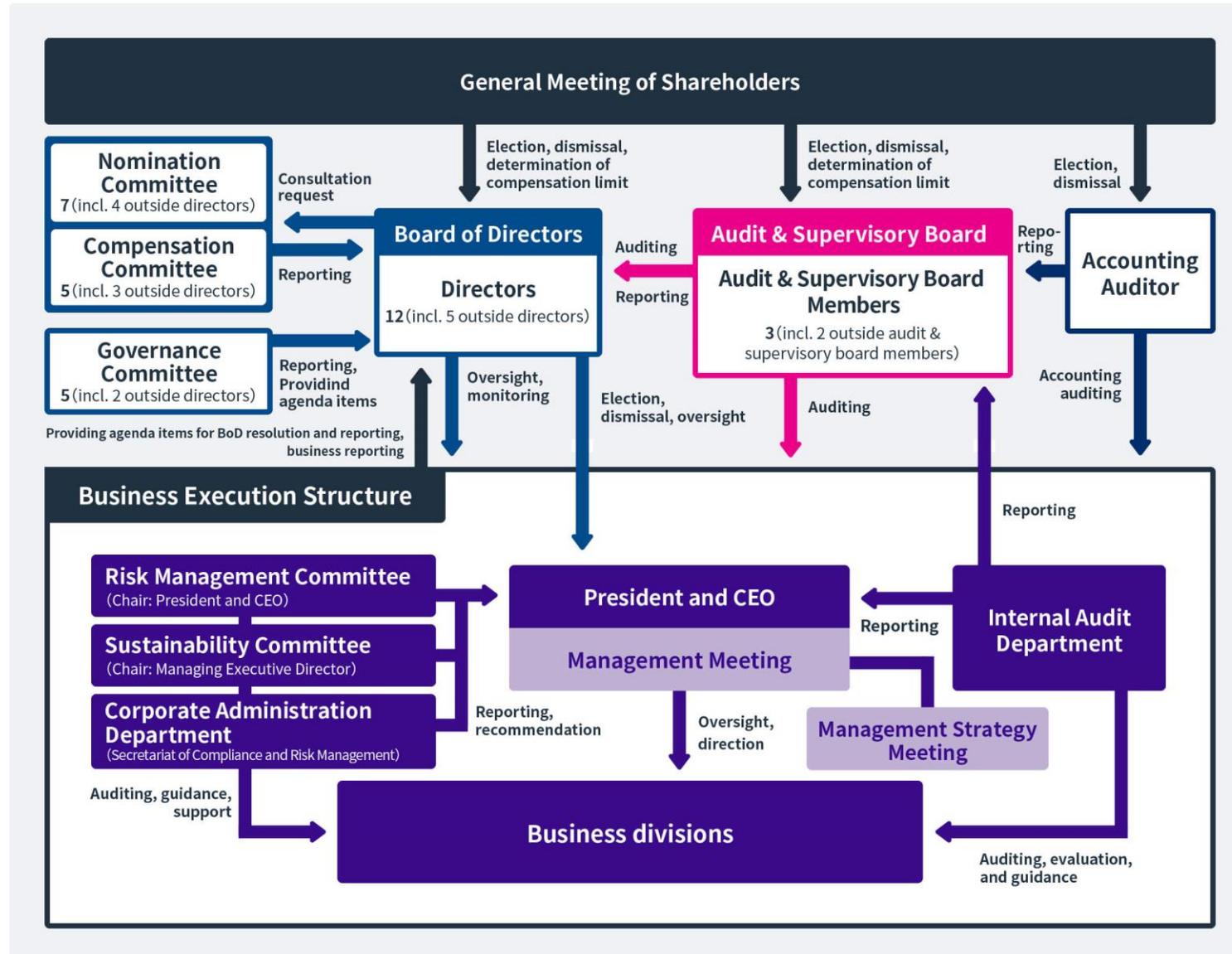
Find Your Beauty **MILBON**

Overview of Milbon: Shareholder Returns

We have set a dividend payout ratio target of 50% and will increase or maintain dividends without reducing them, aiming for higher dividends in line with profit growth.



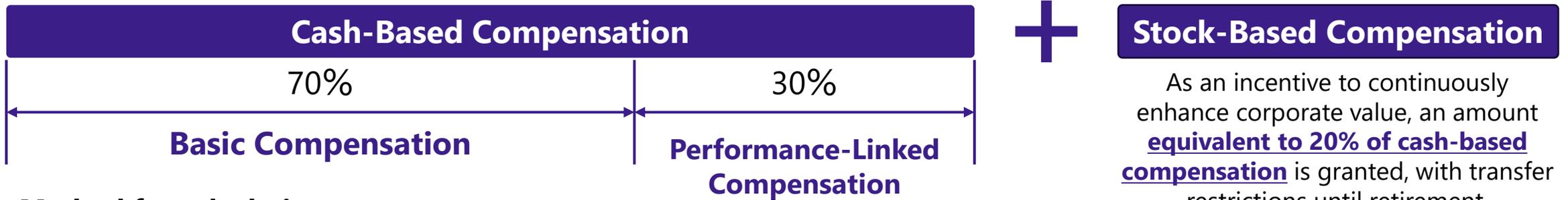
Overview of Milbon: Corporate Governance Structure



See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

Overview of Milbon: Compensation for Board Members

Compensation for board directors (excluding external board directors) shall consist of cash and stock-based compensation as an incentive to continuously increase corporate value, in order to encourage each board director to perform their duties with an awareness of business performance and sustainable improvement of corporate value.



Method for calculating performance-linked compensation

- Calculating the percentage of achievements of targets
It is calculated by applying a weighted average to the percentage of full-year targets achieved for each performance metric, based on their respective weighting ratios.

Performance Metric	Consolidated Net Sales	Consolidated Operating Income	Consolidated Profit Attributable to Owners of Parent
Weighting	40%	50%	10%

- Performance-linked coefficient × Standard amount
The performance-linked compensation amount is determined by multiplying the performance-linked coefficient, based on the achievement percentage, by the standard amount corresponding to the director's position.

Achievement of Targets	≥ 120%	< 120% ≥ 115%	< 115% ≥ 110%	< 110% ≥ 105%	< 105% ≥ 100%	< 100% ≥ 95%	< 95% ≥ 90%	< 90%
Performance-linked coefficient	200%	175%	150%	125%	100%	80%	50%	0%

See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

Overview of Milbon: Status of Dialogues with Shareholders (FY2024)

We held a total of 163 meetings throughout the year, led primarily by the Managing Executive Director in charge of Finance and IR. During interim and year-end results reporting, the President and CEO actively participated in IR meetings. Additionally, External Board Directors took part in meetings as needed.

Meeting Overview

The number of meetings with institutional investors and securities analysts: 163 in total

*Includes 6 overseas meetings in New York in June 2024

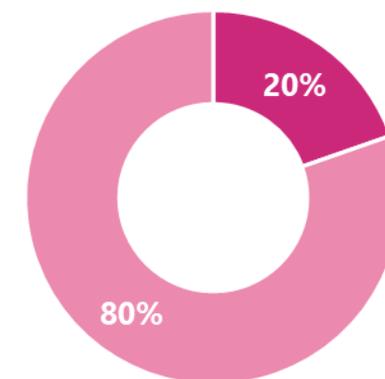
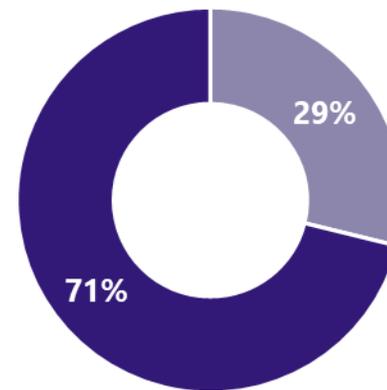
Main Participants from Milbon for IR Meetings

IR Meetings	President and CEO Managing Executive Director (in charge of Finance, Corporate Communication, and Sustainability Promotion) External Board Directors Manager of IR Division
Financial Results Presentations	President and CEO Chairperson Managing Executive Director
General Meeting of Shareholders	All Board Directors and Auditors

Profile of Shareholders and Investors We Met

Overseas Japan

Sell Side Buy Side



Status of Feedback to the Board of Directors

[Quarterly] Submitting IR Reports

- Reporting on market feedback to the Board of Directors immediately after quarterly financial results presentation

- Shareholder input and issues to be addressed are also reported

[As Needed] Sharing Comments and Letters from Shareholders and Institutional Investors

- The Director in charge reports to the Board of Directors as needed.

Overview of Milbon: Status of Dialogues with Shareholders (FY2024)

In response to the various opinions and requests from institutional investors and other shareholders, we outlined the main examples of changes in our actions and disclosures resulting from these dialogues.

■ Incorporation of Feedback From Shareholders and Investors

Main Input from Dialogue	Our Action
In training the next generation of leaders, it would be beneficial to strengthen their perspectives on the stock market.	We began a training program for Executive Officers in 2024 with the cooperation of institutional investors.
Since overseas operations are having a greater impact on the company's performance, it is necessary to disclose the company's foreign exchange sensitivity.	We will disclose the foreign exchange sensitivity of sales and profits starting in 2025.
Requests for further disclosure of the shareholder return policy and the policy for appropriate balance sheet management.	We have disclosed a more proactive shareholder returns policy and approach to cost of capital in conjunction with the release of "Management Approach with a Focus on Capital Costs and Stock Prices."

Overview of Milbon: ESG Investment Index and External Assessments

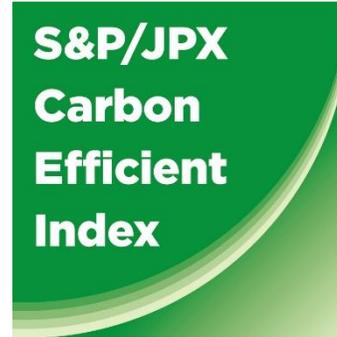
ESG investment index to be selected



**FTSE Blossom
Japan Index**



**FTSE Blossom
Japan Sector
Relative Index**



2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Milbon Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Milbon Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Blossom Japan Index Series

: <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

External assessments



MILBON CO LTD (YUMEGAOKA SITE)



Disclaimer

With respect to the business forecasts included in this document, any statement that is not historical fact is a forward-looking statement based on information available and certain premises that are judged to be rational at the time of the announcement. Please be aware that actual results may differ from any forward-looking statements due to risks, uncertainties, and a number of other factors.