Milbon Co., Ltd.

FY2021 First Quarter (January 1, 2021 –March 31, 2021)
Financial Results Presentation Materials





May 11, 2021

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Find Your Beauty MILBON

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NOTE :Figures by brand are based on consolidated gross sales figures.

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Consolidated Operating Results (FY2021 3 months)

- Against the backdrop of heightened awareness of hair in mask lifestyles, the company collaborated with distributors to develop activities closely linked to salons. As a result, consolidated sales rose 14.9% YoY.
- Operating income increased year-on-year due to the absorption of fixed costs associated with the increase in sales and a significant decrease in activity costs such as travel expenses and event expenses under the Emergency Declaration.

(Unit: million yen)

	FY2020 3 months	% total	FY2021 3 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	7,825	100.0	8,989	100.0	1,163	14.9
Gross profit	5,233	66.9	5,950	66.2	716	13.7
SG&A expenses	4,202	53.7	4,316	48.0	114	2.7
Operating income	1,031	13.2	1,633	18.2	602	58.4
Ordinary income	835	10.7	1,502	16.7	666	79.8
Profit attributable to owners of parent	601	7.7	1,091	12.1	489	81.4

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Consolidated Sales by Product Category [Hair Care Products (1)]

Consolidated Sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
4,424	4,975	551	12.5

- Premium brands up 25.6% YoY. In Aujua, the new Hair Care Series Repairlity Line, which specializes in breach hair, which has increased in recent years, met market needs. As a result, Aujua brand as a whole grew 22.6% YoY. Sales of Global Milbon rose 35.3% YoY, driven by growth in sales abroad, particularly in the US and China.

- In February, the company launched GRANDLINKAGE, a new product that is expected to be a mainstay brand for professional brands. Expectations for the creation of a contact point in the future.

* Sales growth by brand is based on consolidated gross sales.

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Consolidated Sales by Product Category [Hair Care Products (2)]

New Products
FY2021 3 months

Aujua Hair care Series Repairlity Line

A hair care series that cares for hair damage due to bleach and makes a smooth hair from inside.

(Unit: million yen)

FY2021 target	FY2021 3 months	Progress rate (%)
800	221	27.7



February 10, 2021 Debut

GRANDLINKAGE

A new color care brand that sustains the colors and bundles immediately after salon color.

(Unit: million yen)

FY2021 target	FY2021 3 months	Progress rate (%)
1,200	251	20.9



February 9, 2021 Debut

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A Premium Brand, Aujua

Strong performance of new Hair Care Series Repairlity Lines launched in February

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
4,222	4,380	158	3.7

Consolidated sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
1,427	1,749	322	22.6

Brand concept

A hair care brand that nurtures the beauty of Japanese women's hair, born from the climate, culture and hair characteristics of Japan

What is Aujua?

Hair care that supports beauty, now and into the future, by addressing each individual's hair and skin concerns and choosing the most appropriate item for that time.
This is Aujua.

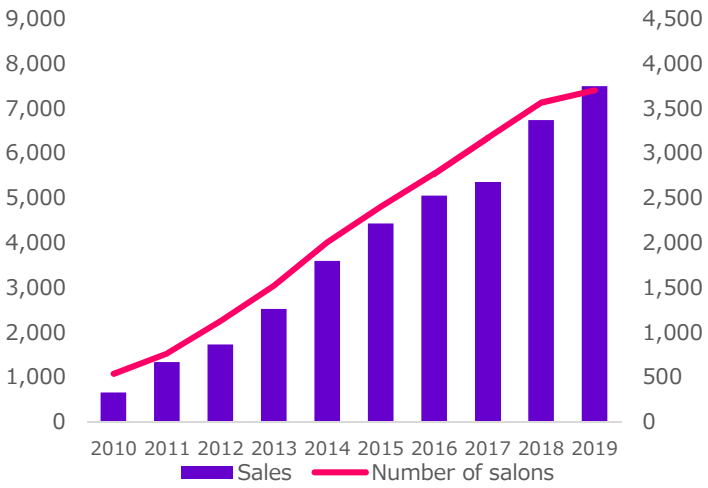
Product range

A wide-ranging line-up that suits the hair texture of individual customers

・5 series
Eternal stage series (new)
Aging care series
Hair care series
Scalp care series
Climatic care series
・14 lines
・89 items



Trends in sales & number of salons



* Graphs are based on individual figures.

* Calculated based on the past year's shipment results for both Japan and overseas.

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A Premium Brand, Global Milbon

Growth in sales fueled by an increase in the number of salons in each country

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
9,916	11,517	1,601	16.1

Consolidated sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
578	781	203	35.3

Brand concept

A system hair care brand that cultivates the “unique beauty” of each individual, with 360° shiny hair

Countries with salons

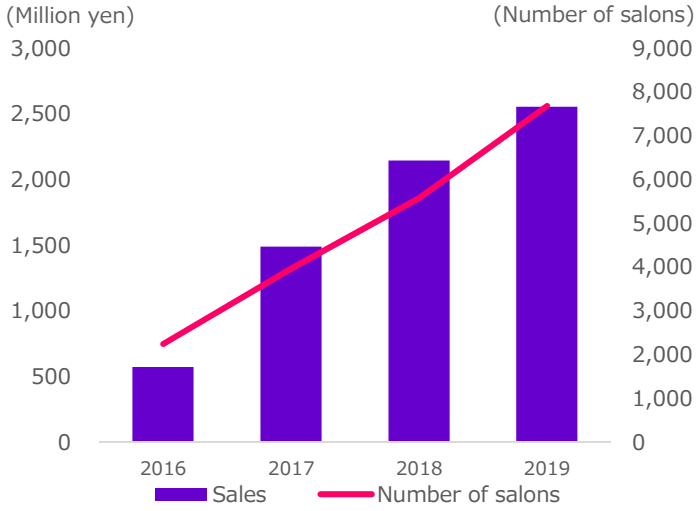
Japan, USA, Hong Kong, China, Thailand, Taiwan, Turkey, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, Germany

What is “Global Milbon”?

We conducted an in-depth analysis of the inner structure of the hair of women from 20 countries around the world, using our proprietary CT scanning technology, and discovered a universal form of hair damage. Accordingly, we developed a hair care line containing ingredients capable of repairing such damaged hair and increasing the density within each strand of hair.
“Global Milbon” is a system hair care product for developing shiny, beautiful hair from the core.



Trends in sales & number of salons



* Graphs are based on individual figures.

* Calculated based on the past year's shipment results for both Japan and overseas.

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Consolidated Sales by Product Category [Hair Coloring Products (1)]

Consolidated Sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
2,995	3,495	499	16.7

- Fashion color sales rose 23.6% year on year, reflecting rising demand for hair fashion in mask lifestyles and the popularity of bleach-on coloring products, which are dyed into a different color after a breach. In particular, Ordeve Addicthy continues to be popular, with a 33.6% YoY increase.

- On the other hand, while gray colors have increased compared to the previous fiscal year, they have decreased compared to 2019 before the impact of COVID-19, and we think that the company is continuing to struggle due to intensified competition.

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Consolidated Sales by Product Category [Hair Coloring Products (2)]

Core Product
FY2021 3 months

Ordeve Addicthy

Erases red-tinged brown with high saturation blue.
With clear and transparent color expression, it lets customers freely realize individual hair color designs.

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
1,039	1,388	349	33.6



FY2017 Debut

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A Premium Organic Brand, Villa Lodola (1)

Sales grew due to an increase in the number of salons from the end of last year.

Number of salons

(Unit: salons)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
10,128	10,339	211	2.1

Consolidated sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
257	271	14	5.5



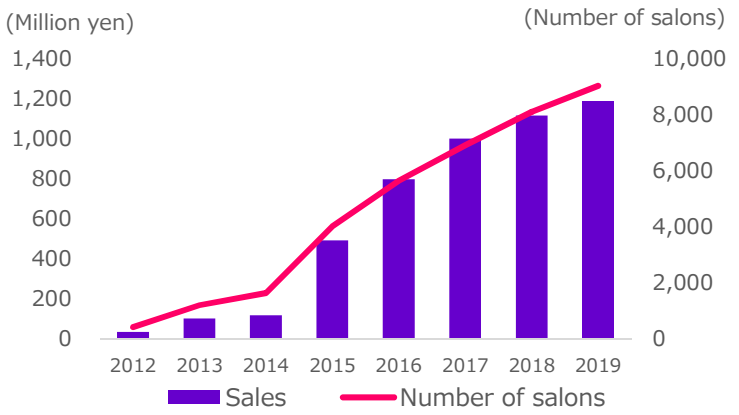
Brand concept

Nurtured in the soil of Italy, these gifts from nature bring out the authentic beauty of your hair and scalp.

What is Villa Lodola?

Based on the concept of “Beauty, the Organic Way,” Villa Lodola is a true organic brand that thoroughly cares about the natural environment not only for the product itself but also in its container, production phase and promotional tools.
All of the products are certified by ICEA, an Italian authority. Villa Lodola supports organic choices, with hair care products nurtured in the soil of Italy, bringing out true beauty.

Trends in sales & number of salons



* Graphs are based on individual figures.

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A Premium Organic Brand, Villa Lodola (2)

Core Product
FY2021 3 months

Villa Lodola Color

With 92% natural ingredients, the product's formulation utilizes the power of plants. It brings comfort of an organic product across all aspects, including during application, the finish and continued use.

Consolidated sales (FY2020 3 months) (Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
204	216	11	5.8



FY2015 Debut

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Consolidated Sales by Product Category [Cosmetic Products (1)]

Consolidated Sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
71	147	76	107.4

- Even in the aftermath of COVID-19, the number of salons increased due to the implementation of several small-scale seminars, and sales more than doubled compared to the previous fiscal year.

- The new product, Eyebrow Pencil & Mascara, launched in March, got off to a good start as product proposals linked to hair coloring are easier to gain acceptance by beauticians. The limited-time product "Cool Whitening Day Serum" is easy to introduce as a UV countermeasure in the salon, and it was sold out.

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Consolidated Sales by Product Category [Cosmetic Products (2)]

New Products
FY2021 3 months

Imprea Cool Whitening Day Serum (Limited Quantities)

A cold moussed daytime whitening cosmetic solution that suppresses the formation of melanin and prevents spots and freckles.

(Unit: million yen)

FY2021 target	FY2021 3 months	Progress rate (%)
18	18	100.0



March 1, 2021 Debut

Imprea Eyebrow Mascara・Eyebrow Pencil

Mascara for eyebrows with wide variety of color that can be chosen in line with hair color, and pencils for eyebrows that can be drawn smoothly and continue to have a natural finish.

(Unit: million yen)

FY2021 target	FY2021 3 months	Progress rate (%)
83	20	24.5



March 1, 2021 Debut

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A Premium Brand, Imprea

Significant growth in sales due to an increase in the number of salons and the introduction of new products

Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
645	795	150	23.3

Consolidated sales (FY2021 3 months)

(Unit: million yen)

FY2020 3 months	FY2021 3 months	Increase/ Decrease	Increase/ Decrease ratio (%)
71	147	76	107.4



Brand concept

The brand concept of Imprea is “Revolutionize Your Aura with your Professional Stylist”. We will provide new beauty value by leveraging Professional Stylists’ ability to provide solutions, which is one of the strengths of them.

What is Imprea?

Imprea is a salon exclusive brand created through joint research by KOSÉ, which specializes in skin research, and Milbon, which specializes in hair research. We will improve the complexion by establishing a good balance between the "corner-layer keratin" on the surface of the skin, which holds the key to complexion.

“Revolutionize Your Aura with your Professional Stylist”

Through communication that takes advantage of strength as a beautician, we propose impressions that comprehensively capture hair and face through beauticians, and deliver " Change Your Impression " to customers.

* Calculated based on the past year's shipment results.

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Consolidated Statement of Earnings (FY2021 3 months)

<Consolidated Statement of Earnings>

(Unit: million yen)

	FY2020 3 months	% to sales	FY2021 3 months	% to sales
Sales	7,825	100.0	8,989	100.0
Cost of sales	2,592	33.1	3,039	33.8
Gross profit	5,233	66.9	5,950	66.2
SG&A expenses	4,202	53.7	4,316	48.0
Operating income	1,031	13.2	1,633	18.2
Ordinary income	835	10.7	1,502	16.7
Profit attributable to owners of parent	601	7.7	1,091	12.1

<Breakdown of net sales by product category>

(Unit: million yen)

	FY2020 3 months	FY2021 3 months	% to sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	4,424	4,975	55.4	551	12.5
Hair coloring products	2,995	3,495	38.9	499	16.7
Permanent wave products	291	318	3.5	26	9.1
Cosmetic products	71	147	1.6	76	107.4
Others	42	52	0.6	10	23.8

<Major factors for the increase/decrease>

[Gross profit margin]

- Impact of the replacement of standard costs
- Increase in product attachments due to sales increase

【SG & A expenses】

- Logistics expenses: + 138M
  (Direct delivery products = Increase in sales of premium brands, etc.)
- Personnel expenses: + 82M (increase in personnel, salary increase, etc.)
- Travel expenses: △ 88M (restriction activities in the aftermath of COVID-19)
- Advertising expenses :△55 M
  (Stop of brick-and-mortar events and switch to online, etc.)

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Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2017	FY2018	FY2019	FY2020	FY2021 Jan.–Mar.	FY2021 Plan
Capital expenditures		1,570	1,149	1,605	1,917	852	7,488
Depreciation and amortization		1,272	1,370	1,453	1,562	408	1,819
R&D exp.	Amount	1,422	1,479	1,534	1,581	384	1,765
	% to sales	4.3	4.2	4.2	4.4	4.3	4.6

FY2021 CAPEX Main Items (Plan)

- Established Aoyama Sales Office
- Acquisition of land for of the new training center / the Innovation Centre
- Milbon Digital Arena (Digital virtual space system)
- Salon education video platform
- Expansion of the Thai factory
- Factory construction in China

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Trends in Fieldpersons (FPs), Market Related Data

Fieldpersons trends (by country)

(Number of FPs / As of January 1, the beginning of the fiscal year (As of December 21 for 2017 and before))

	2017 *1	2018	2019	2020	2021
JAPAN	258	269	279	297	328
	105	111	108	100	-
USA MILBON USA, INC.	12	13	13	17	17
	48	48	50	27	-
CHINA Milbon Trading (Shanghai) Co., Ltd.	19	22	21	30	30
	50	62	70	50	-
KOREA Milbon Korea Co., Ltd.	23	25	30	32	32
	84	82	77	79	-
Others *2	33	33	35	38	38
	31	37	39	34	-

Upper column: Number of FPs (persons)
Lower column: Sales per FP (million yen)

(As of March 31, 2021)
0 FPs joined in October 2020 no recruitment activities in autumn
33 FPs are scheduled to join in April 2021

(The above 33 FPs are not included in the left chart.)

Market Related Data (Japan)

	FY2016	Remarks
Number of business establishments (households)	172,304	Bureau economy census of ministry statistics of public management
Number of workers	443,241	
Number of beauty customers (thousand people)	37,023	Statistics Bureau, Ministry of Internal Affairs and Communications: Population statistics as of October 1st of each year Population statistics for females aged 15 to 64

* Data in the Ministry of Health, Labour and Welfare's Ministry of Health, Labour and Welfare administrative report, which had been used for the number of salons and beauticians in the "Market Trends,"until FY2020 Q1 was judged to differ greatly from the actual situation. Accordingly, the number of business establishments and number of workers are shown in the data from the Economy Census of the Statistics Bureau of the Ministry of Internal Affairs and Communications. The number of workers includes workers other than those with a beautician license.

*1 Because FY2017 was an irregular accounting period, performance is calculated with adjusted amounts for a 12-month period.
*2 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

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Consolidated Net Sales in Japan and Overseas

FY2021 3 months

(Unit: million yen)

	FY2020 3 months		FY2021 3 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base *1 (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	7,825	100.0	8,989	100.0	1,163	14.9	14.0
JAPAN	6,590	84.2	7,182	79.9	592	9.0	9.0
Overseas	1,235	15.8	1,807	20.1	571	46.2	40.9
USA	113	1.4	171	1.9	58	52.0	55.9
CHINA	291	3.7	552	6.1	260	89.6	79.9
KOREA	524	6.7	727	8.1	203	38.8	31.0
Other *2	307	3.9	355	4.0	48	15.7	15.3

*1 Figures are the rates of change in real terms on a local currency basis. Current exchange rates of 106.09 yen to the U.S. dollar, 16.45 yen to the Chinese yuan, and 0.0955 yen to the Korean won

*2 Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

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Consolidated Operating Income in Japan and Overseas

FY2020 3 months

(Unit: million yen)

	FY2020 3 months		FY2021 3 months		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income	1,031	13.2	1,633	18.2	602	58.4
JAPAN	1,061	16.1	1,310	18.3	249	23.5
Overseas	(30)	(2.5)	322	17.9	353	-
USA	(87)	(77.2)	(41)	(24.0)	46	-
CHINA	27	9.6	126	22.9	98	351.4
KOREA	104	19.9	230	31.7	126	120.9
Other *	(75)	(24.5)	7	2.0	82	-

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

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Outlook of Overseas Subsidiaries (1)

Figures in the text are based on local currency.

USA (MILBON USA)

- Increase in areas where restrictions on activities are relaxed due to the early popularization of vaccinations. Even when activities were restricted due to COVID-19, the company continued to contact distributors online and strengthened cooperation, and after the activities resumed, it collaborated to capture new salons. As a result, sales rose 55.9% YoY, leading to strong growth.

- The hair care business continued to be highly regarded and performing well, mainly for Global Milbon. Sales grew, supported by the repeat demand for take-home products.

- In hair coloring products, operating activities for Sophistone hair coloring products for the US and Europe progressed steadily due to the relaxation of activity restrictions. The number of salons is also increasing, and sales growth can be expected in the future.

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Outlook of Overseas Subsidiaries (2)

Figures in the text are based on local currency.

CHINA (Milbon China)

- There was a re-expansion of COVID-19 from the end of January, and the number of salon customers declined significantly in the period near Chinese new year, which is essentially the busy season. However, the activities closely linked to salons from the past were highly evaluated, and sales grew significantly by 79.9% YoY and by 29.6% compared to the level First Quarter 2019, prior to the impact of COVID-19.

- In particular, hair care sales were steady in conjunction with educational activities. The number of Global Milbon salons is steadily increasing, leading to sales growth.

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Outlook of Overseas Subsidiaries (3)

Figures in the text are based on local currency.

KOREA (Milbon Korea)

- Amid the re-expansion of infections from January to February, we effectively disseminated a new color introduction web video employing young influencer beauticians on SNS, etc. Sales were up 31.0% YoY, driven by sales of the mainstay hair coloring product Ordeve Addicthy through innovative activities.

- Hair care steadily grew due to rising demand for care at home. The premium brand remained robust, and Aujua began its first Korean version of Aujuasomlier and began to roll out. In addition, sales of Global Milbon, which was launched in July last year, grew significantly thanks to the involvement of selected elite sales from distributors nationwide.

- Launched Aqua Carl, a digital perm brand, in March. With the cooperation of its distributors, it developed the market through sample activities and other means, and as a result, it has been well received by its distributors and salons, and it is making a smooth start. Expectations for a new growth engine in the future.

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<Appendix> Hair Care Brand Positioning Map

Premium brand

MILBON



Aujua



Villa Lodola PROFESSIONAL



GRAND LINKAGE



jemile fran



CRONNA



PLARMIA





Elujuda



DOOR

Professional brands

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Statements concerning the future such as the earnings forecasts given in this document are based on information currently in the possession of the Company and on assumptions that the Company considers reasonable.

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