

Milbon Co., Ltd.

FY2020 Financial Results

Presentation Materials



February 12, 2021

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Consolidated Operating Results

- ◆ Although sales for the full year were lower than the year before due to COVID-19, the revised sales figures for both domestic and overseas were achieved. Sales in China and South Korea were positive year-on-year.
- ◆ Profits declined due to a decrease in sales volume and an increase in fixed costs such as personnel expenses.

(Unit: million yen)

	FY2019	% total	FY2020	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	36,266	100.0	35,725	100.0	(541)	(1.5)
Gross profit	23,711	65.4	23,385	65.5	(326)	(1.4)
SG&A expenses	16,959	46.8	16,990	47.6	30	0.2
Operating income	6,751	18.6	6,394	17.9	(357)	(5.3)
Ordinary income	6,231	17.2	5,791	16.2	(440)	(7.1)
Profit attributable to owners of parent	4,517	12.5	4,204	11.8	(313)	(6.9)

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

Consolidated Net Sales

(Unit: million yen)

FY2019	FY2020	Increase/ Decrease	Increase/ Decrease ratio (%)
21,328	21,135	(192)	(0.9)

- Even in COVID-19 crisis, sales of hair care products remained almost unchanged, down 0.9% YoY, supported by needs for take-home products. Domestically, salons' heightened awareness of take-home product sales due to the prolonged customer visit cycle and the launch of milbon:iD, an e-commerce website launched in June, helped to create new channels.
- In the premium brands, sales of "Aujua" grew due to increased sales of take-home products, mainly repeat customers. The number of salons of "Global Milbon" increased due to introducing a new small-lot bundle. As a result, sales of premium brands grew 5.8% YoY.
- In the professional brands, sales of the "Cronna" brand increased due to the popularity of the "Cronna Ice Spa Shampoo Orange" launched in March, but new products of other brands were not introduced as expected due to restrictions on activities during the period of restraint, resulting in a 6.8% YoY decline in the overall professional brand.

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

New Products FY2020

Aujua Scalpcare Series Fortice Line

A scalp care series that approaches Ageing Bacteria present on the scalp to curb complex aging damage of the hair and scalp.

(Unit: million yen)

FY2020 target *	FY2020 *	Progress rate (%)
-	374	-



February 7, 2020 Debut

Cronna Ice Spa Shampoo Orange

A carbonated foam shampoo below the freezing point that continues to cool while eliminating the summer-specific worries of smell and stickiness of the scalp.

(Unit: million yen)

FY2020 target *	FY2020 *	Progress rate (%)
-	139	-



March 10, 2020 Debut

* From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

Consolidated Net Sales by Product Category [Hair Care Products (3)]

New Products FY2020

Door

A new hair styling brand that meets the desire of the social media native*¹ (Gen Z) to express themselves freely that they want at that time.

(Unit: million yen)

FY2020 target * ²	FY2020 * ²	Progress rate (%)
-	106	-



September 10, 2020 Debut

*¹ Today's young people have grown up in an environment surrounded by smartphones, PCs, and other devices since their birth.

*² From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

A Premium Brand, Aujua

Steady growth due to continuing popularity even in the Covid crisis

Number of salons

(Unit: salons)

FY2019 *1	FY2020 *1	Increase/ Decrease	Increase/ Decrease ratio (%)
3,698	4,222	524	14.2

Consolidated gross sales

(Unit: million yen)

FY2019 *2	FY2020 *2	Increase/ Decrease	Increase/ Decrease ratio (%)
7,519	7,960	441	5.9

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?

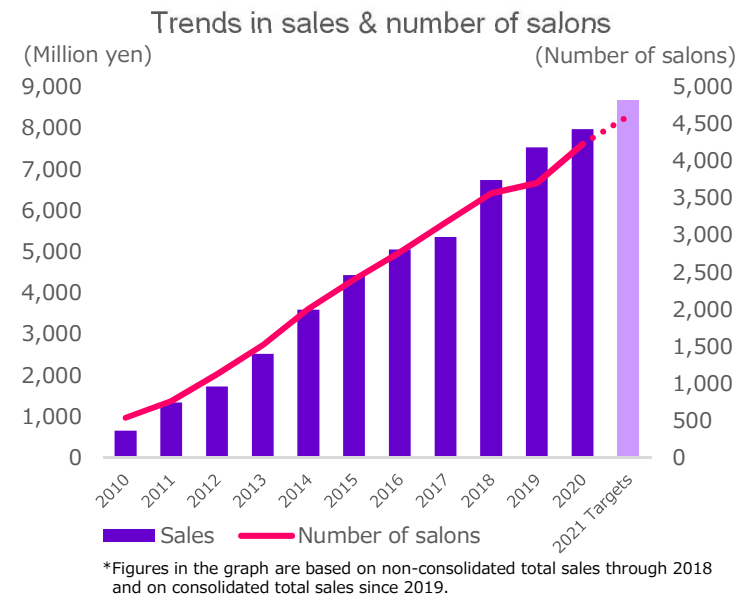
Hair care that supports beauty, now and into the future, by addressing each individual's hair and skin concerns and choosing the most appropriate item for that time.

This is Aujua.

Product range

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

- 5 series
 - Eternal stage series
 - Aging care series
 - Hair care series
 - Scalp care series
 - Climatic care series
- 15 lines
- 96 items



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

*2 From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

A Premium Brand, Global Milbon

Sales grew along with the expansion of the number of salons in each country.

Number of salons

(Unit: salons)

FY2019 *1	FY2020 *1	Increase/ Decrease	Increase/ Decrease ratio (%)
7,674	9,916	2,242	29.2

Consolidated gross sales

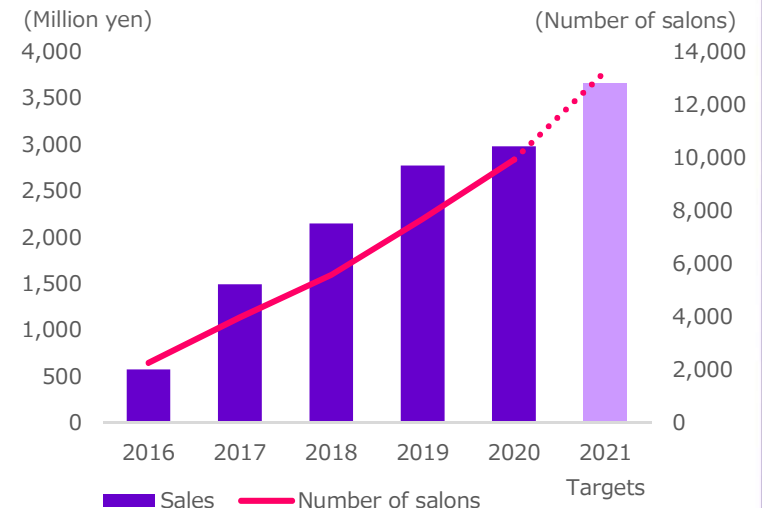
(Unit: million yen)

FY2019 *2	FY2020 *2	Increase/ Decrease	Increase/ Decrease ratio (%)
2,769	2,975	205	7.4

MILBON



Trends in sales & number of salons



*Figures in the graph are based on non-consolidated total sales through 2018 and on consolidated total sales since 2019.

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, Korea

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.

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

*2 From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

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

Consolidated Net Sales

(Unit: million yen)

FY2019	FY2020	Increase/ Decrease	Increase/ Decrease ratio (%)
12,994	12,594	(400)	(3.1)

- The fashion color product “Ordeve Addicthy”, which has been growing since its launch in 2017, continues to perform well. Design colors that can only be done at salons are popular, and the need for bleach colors is becoming established, and there is also a tendency for gray hair to enjoy designs using bleach agents. Despite the continued decline in fashion color product “Ordeve”, the popularity of “Addicthy” contributed to the growth in sales of fashion color products as a whole, resulting in a 3.0% increase YoY.
- The gray color product “Ordeve Seedil”, launched in 2019, was specialized in cold colors. Although addition of new warmer colors to broaden the range of responses in FY2020, adequate proposals could not be done stemming from restricted activities and continuing fierce competition. As a result, sales of gray color products as a whole decreased in 10.7% YoY.

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

Core Product FY2020

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)

FY2019 *	FY2020 *	Increase/ Decrease	Increase/ Decrease ratio (%)
4,029	4,630	601	14.9



FY2017 Debut

Ordeve Seedil

A gray-hair coloring product for gentle dyeing. Does not irritate
the scalp, allowing adult women who have repeatedly used gray-
hair coloring products to continue enjoying and feel secure about
hair coloring.

(Unit: million yen)

FY2019 *	FY2020 *	Increase/ Decrease	Increase/ Decrease ratio (%)
382	641	259	-



June 6, 2019 Debut

* From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

A Premium Organic Brand, Villa Lodola (1)

While steady growth in the number of salons, sales declined

Number of salons

(Unit: salons)

FY2019	FY2020	Increase/ Decrease	Increase/ Decrease ratio (%)
9,015	10,128	1,113	12.3



Consolidated gross sales (FY2020 9 months) (Unit: million yen)

FY2019 *	FY2020 *	Increase/ Decrease	Increase/ Decrease ratio (%)
1,187	1,101	(85)	(7.2)

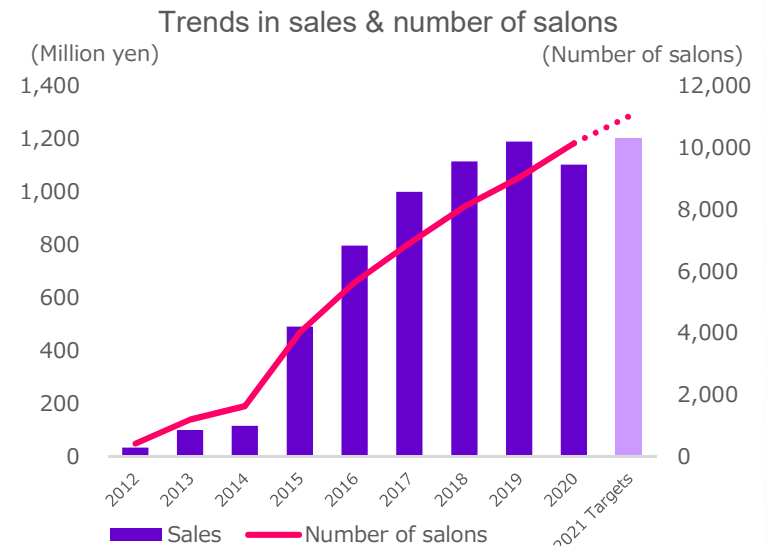
Brand concept

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.



*Figures in the graph are based on non-consolidated total sales through 2018 and on consolidated total sales since 2019.

* From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

A Premium Organic Brand, Villa Lodola (2)

Core Product

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 gross sales

(Unit: million yen)

FY2019 *	FY2020 *	Increase/ Decrease	Increase/ Decrease ratio (%)
882	827	(55)	(6.3)



FY2015 Debut

* From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

Consolidated Net Sales by Product Category [Cosmetic Products]

Consolidated Net Sales

(Unit: million yen)

FY2019	FY2020	Increase/ Decrease	Increase/ Decrease ratio (%)
165	360	195	-

- Due to limitations on activities, such as the inability to carry out large-scale events, sales promotion activities were not sufficiently carried out, and sales did not reach the expected level.
- Due to implementation such as questionnaire surveys on cosmetics to salon customers and reviewed lineup of starter kits, number of salons were expanded and greatly exceeded the annual target of 500.

New Products

Imprea Whitening Laser Shot

A whitening solution that directly approaches the origin of spots, like targeted by a laser. It suppresses the formation of melanin and prevents spots and freckles. (Unit: million yen)

FY2020 target*	FY2020*	Progress rate (%)
-	52	-



February 7, 2020 Debut

* From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

A Cosmetics Brand, Imprea

Progress in creating new channels while activities were restricted

Number of salons

(Unit: salons)

FY2019 *1	FY2020 *1	Increase/ Decrease	Increase/ Decrease ratio (%)
200	645	445	222.5

Consolidated gross sales

(Unit: million yen)

FY2019 *2	FY2020 *2	Increase/ Decrease	Increase/ Decrease ratio (%)
165	360	195	-



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.

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

*2 From the first quarter of FY2020, consolidated gross sales figures are used. Figures for the first quarter of FY2019 have also been retroactively applied.

Consolidated Statement of Earnings (FY2020)

<Consolidated Statement of Earnings> (Unit: million yen)

	FY2019	% to sales	FY2020	% to sales
Sales	36,266	100.0	35,725	100.0
Cost of sales	12,554	34.6	12,339	34.5
Gross profit	23,711	65.4	23,385	65.5
SG&A expenses	16,959	46.8	16,990	47.6
Operating income	6,751	18.6	6,394	17.9
Ordinary income	6,231	17.2	5,791	16.2
Profit attributable to owners of parent	4,517	12.5	4,204	11.8

<Breakdown of net sales by product category> (Unit: million yen)

	FY2019	FY2020	% to sales	Increase/Decrease	Increase/Decrease ratio (%)
Hair care products	21,328	21,135	59.2	(192)	(0.9)
Hair coloring products	12,994	12,594	35.3	(400)	(3.1)
Permanent wave products	1,515	1,372	3.8	(142)	(9.4)
Cosmetic products	165	360	1.0	195	118.3
Others	263	262	0.7	(0)	(0.3)

<Major factors for the increase/decrease>

【SG & A expenses】

- Travel expenses and market development expenses temporarily decreased due to COVID-19
- Increase in personnel expenses due to new hiring, salary increase, etc.
- Increase in logistics costs due to an increase in sales of direct delivery products (premium brands)

Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2016	FY2017	FY2018	FY2019	FY2020
Capital expenditures		4,262	1,570	1,149	1,605	1,917
Depreciation and amortization		1,077	1,272	1,370	1,453	1,562
R&D exp.	Amount	1,232	1,422	1,479	1,534	1,581
	% to sales	4.2	4.3	4.2	4.2	4.4

FY2020 CAPEX Main Items (Plan)

- Establishment of sales office in Niigata
- Plant equipment: compounding and filling (vacuum emulsification, etc.)
- Part of expenditure for establishment of a plant in China

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))

	2016	2017 * ¹	2018	2019	2020
JAPAN	249	258	269	279	297
	102	105	111	108	100
USA	9	12	13	13	17
MILBON USA, INC.	63	48	48	50	27
CHINA	18	19	22	21	30
Milbon Trading (Shanghai) Co., Ltd.	40	50	62	70	50
KOREA	20	23	25	30	32
Milbon Korea Co., Ltd.	80	84	82	77	79
Others * ²	25	33	33	35	38
	37	31	37	39	34

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

(As of December 31, 2020)
10 FPs joined in October 2019, and are assigned on site
40 FPs joined in April 2020, and are currently in training
0 FPs joined in October 2020 no recruitment activities in autumn

(The above 50 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

Consolidated Net Sales in Japan and Overseas

FY2020

(Unit: million yen)

	FY2019		FY2020		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base ^{*1} (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	36,266	100.0	35,725	100.0	(541)	(1.5)	(1.1)
JAPAN	30,409	83.8	29,880	83.6	(528)	(1.7)	(1.7)
Overseas	5,857	16.2	5,844	16.4	(12)	(0.2)	2.4
USA	657	1.8	464	1.3	(192)	(29.3)	(27.8)
CHINA	1,488	4.1	1,528	4.3	39	2.7	5.2
KOREA	2,334	6.4	2,543	7.1	209	9.0	13.2
Other ^{*2}	1,377	3.8	1,307	3.7	(69)	(5.1)	(4.7)

^{*1} Figures are the rates of change in real terms on a local currency basis. Current exchange rates of 106.76 yen to the U.S. dollar, 15.44 yen to the Chinese yuan, and 0.0901 yen to the Korean won

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

Consolidated Operating Income in Japan and Overseas

FY2020

(Unit: million yen)

		FY2019		FY2020		Increase/ Decrease	Increase/ Decrease ratio (%)
		Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income		6,751	18.6	6,394	17.9	(357)	(5.3)
	JAPAN	6,177	20.3	5,989	20.0	(188)	(3.0)
	Overseas	574	9.8	405	6.9	(168)	(29.4)
	USA	(252)	(38.4)	(302)	(65.1)	(50)	-
	CHINA	343	23.0	292	19.2	(50)	(14.6)
	KOREA	678	29.1	645	25.4	(33)	(4.9)
	Other *	(195)	(14.2)	(230)	(17.6)	(34)	-

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

Outlook of Overseas Subsidiaries (1)

Figures in the text are based on local currency.

USA (MILBON USA)

- Although economic activity resumed around June, several regions conduct lockdown again in the fourth quarter (October to December). As a result, annual sales decreased 27.8% YoY.
- “Global Milbon” was especially popular for take-home product.
(Take-home product : In-store use = 73%: 27% in 2019, 83%: 17% in 2020)
- Strengthen communication with salons by holding 301 online seminars only in the second half of the fiscal year (July to December) under the circumstances of COVID-19
- Achieved the annual target of 300 salons with a total of 517 salons for the hair coloring product “Sophistone”

Outlook of Overseas Subsidiaries (2)

Figures in the text are based on local currency.

CHINA (Milbon China)

- In China, the impact of COVID-19 began in January, earlier than in other countries. In February, sales declined by more than 80% YoY, but recovered rapidly, achieving a 5.2% YoY increase in sales for the full fiscal year.
- During the period when the salon activities were restricted, Milbon's activities, such as conducting education on basic coloring skills and study sessions on proposal abilities as a beauty professional, are well appreciated by salons and hair designers, and gain the deep trust.
- Styling products, which have been used in many seminars held by top designers and have become popular, continue to perform well. Hair care sales increased steadily (+25.5% YoY) in conjunction with salon education activities, thanks to improved awareness among general customers and strong product reputation.

Outlook of Overseas Subsidiaries (3)

Figures in the text are based on local currency.

KOREA (Milbon Korea)

- Sales of the hair coloring products, which account for more than 70% of sales in Milbon Korea, continued to be strong, rising 13.7% YoY. In addition, sales of hair care products also grew strongly, rising 13.1% YoY, resulting in an overall increase in sales of 13.2% YoY.
- In hair coloring products, “Ordeve Addicthy” is particularly popular, and it has strong support from young beauticians who make full use of digital, such as video distribution services and SNS.
- In hair care products, the company held workshops for distributor sales prior to the launch of “Global Milbon” in July. As a result, the company steadily acquired the number of salons and sales of other products grew. “Aujua” also performed well, and the growth of these products contributed to sales expansion in hair care products.
- For the first time, Milbon Korea tries new graduate recruitment from a non-beauty school, and plans to conduct new employee training over a 6-month period. Develop human resources and diversify human resources as the foundation for future growth.

Milbon Group Initiatives for FY2021 (62st term)

Ryuji Sato, President and CEO

- I. Last year's review and market environment
- II. 3 perspectives and market policy
- III. Measure for Fiscal Year 2021
- IV. Consolidated target for Fiscal Year 2021



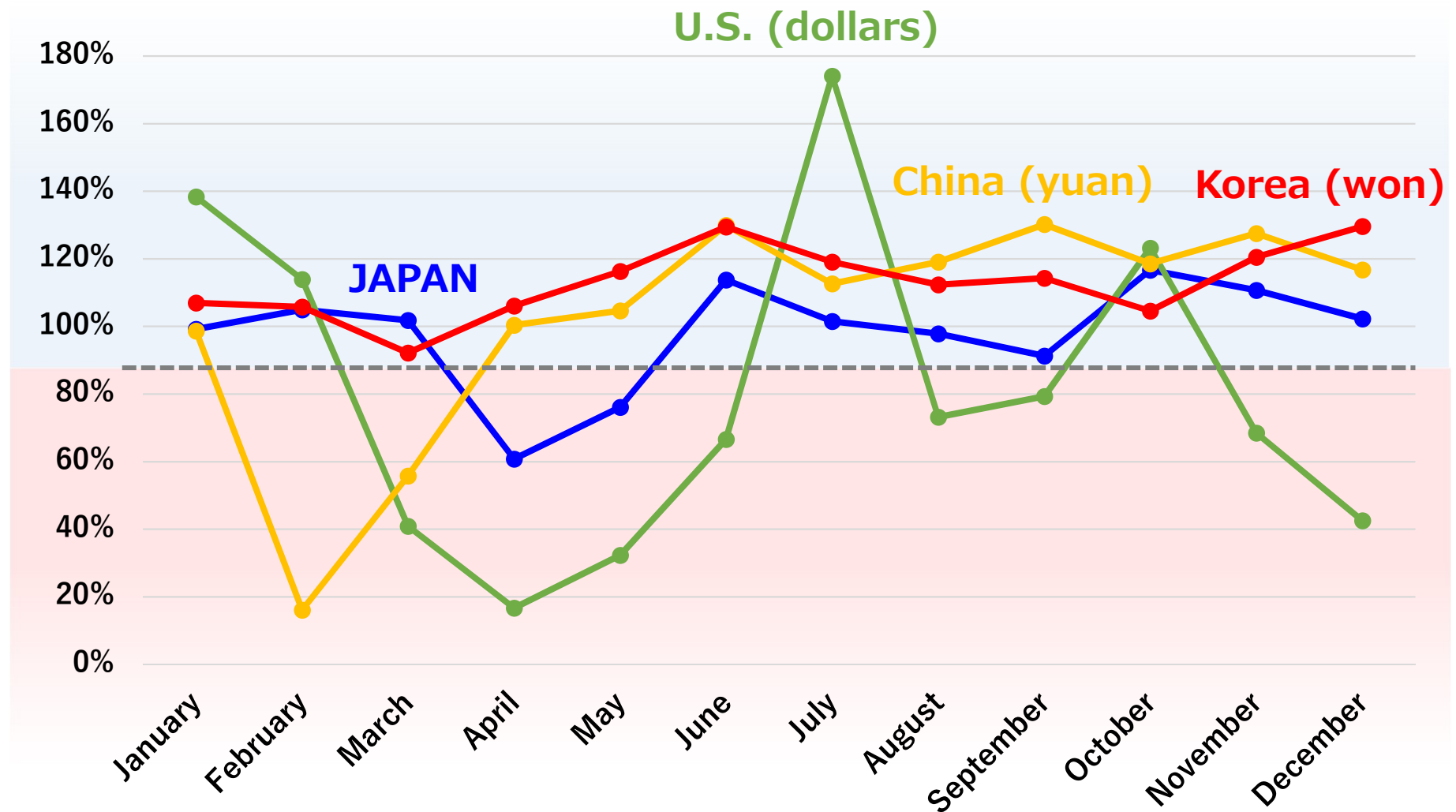
I. Last year's review and market environment

II. 3 perspectives and market policy

III. Measures for Fiscal Year 2021

IV. Consolidated target for Fiscal Year 2021

Looking back at the 2020 COVID-19 crisis –Monthly changes in sales YoY



Looking back on the 2020 COVID-19 crisis

1

Practicing the Milbon ISM, Milbon Way, strong point of the organizational climate that supports beauticians and beauty salons

2

Cosmetics industry and beauty industry are similar but different, that is considered to be our advantage

3

Already taken the initiative toward structural challenges in industry existed even before coronavirus crisis (providing digital educational infrastructure, EC platform, etc.)

Market economy environment - Crises and trials are opportunities -

In making crises and trials opportunities for transformation



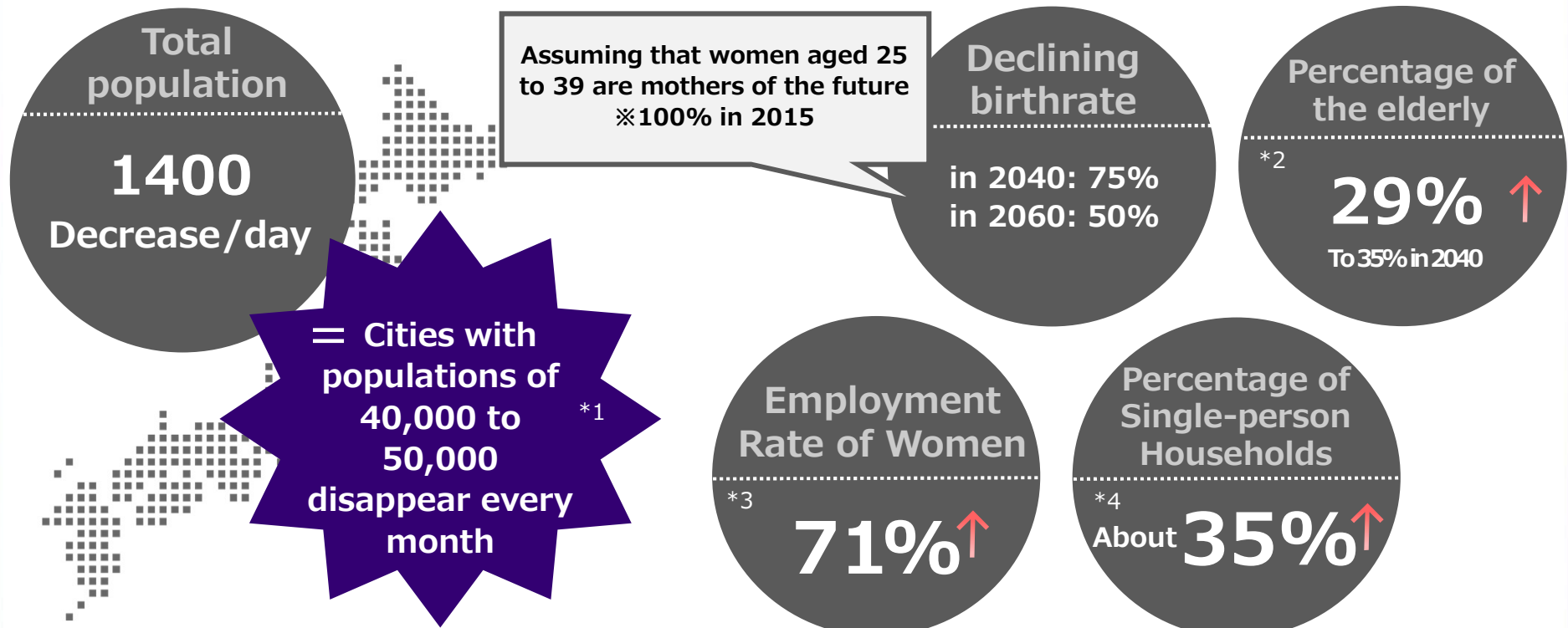
By COVID-19
New changes

By COVID-19
Surfacing and
accelerating
structural issues
existing in industry
before COVID-19

Overwhelmingly
large

**It is important to concentrate on the
essential without being confused by the
temporary trend by COVID-19**

Market economic environment - Japan's top priority issues -



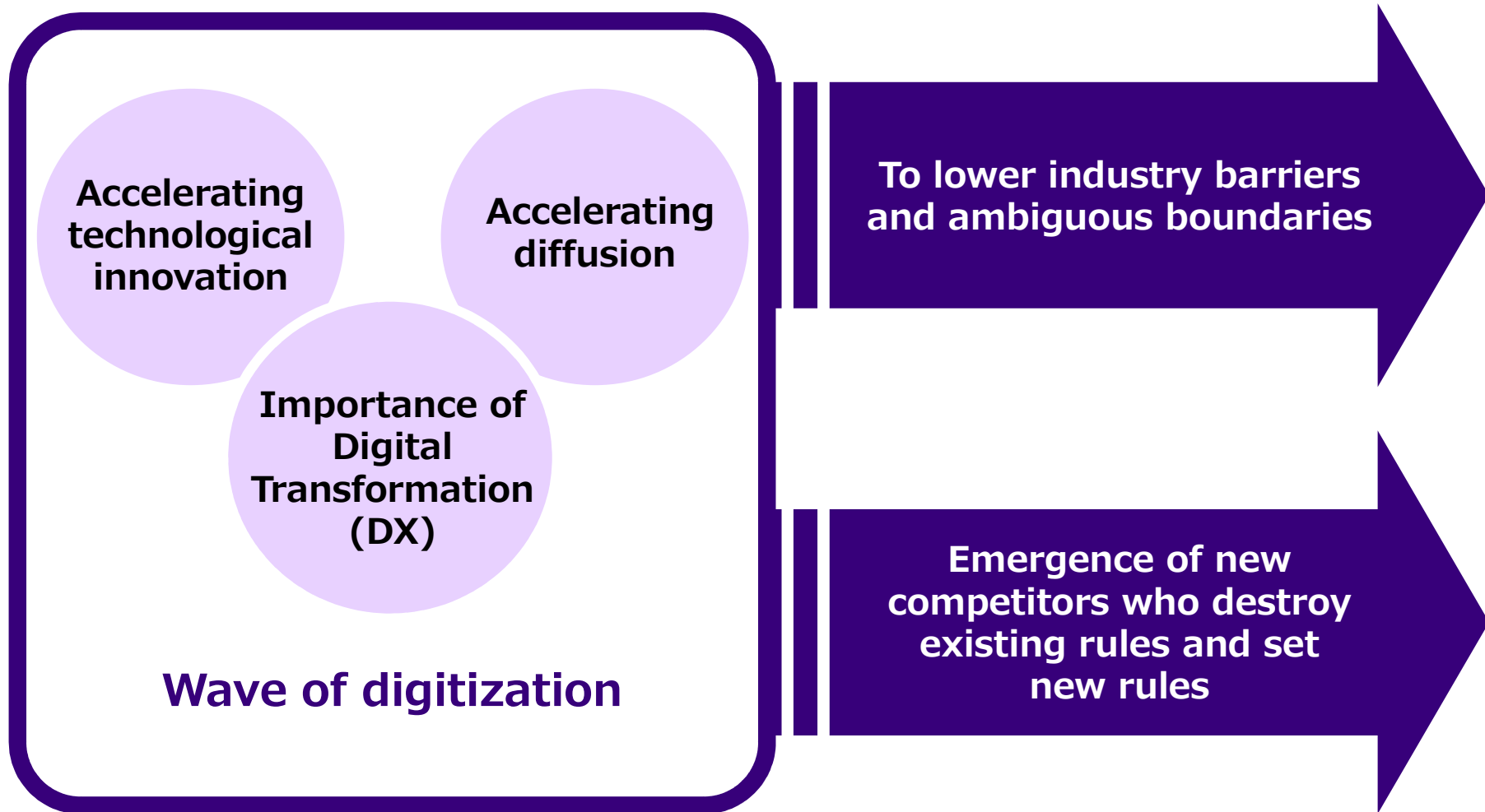
*1 Average natural increase/decrease in Japan's total population [Based on data from Statistics Bureau, Ministry of Internal Affairs and Communications] 2019 to May 2020

*2 The population of the elderly aged over 65 is 28.7% [Ministry of Internal Affairs and Communications estimate] As of September 15, 2020

*3 Employment rate of women aged 15 to 64 is 71.1% [Based on data from Statistics Bureau, Ministry of Internal Affairs and Communications] FY2019

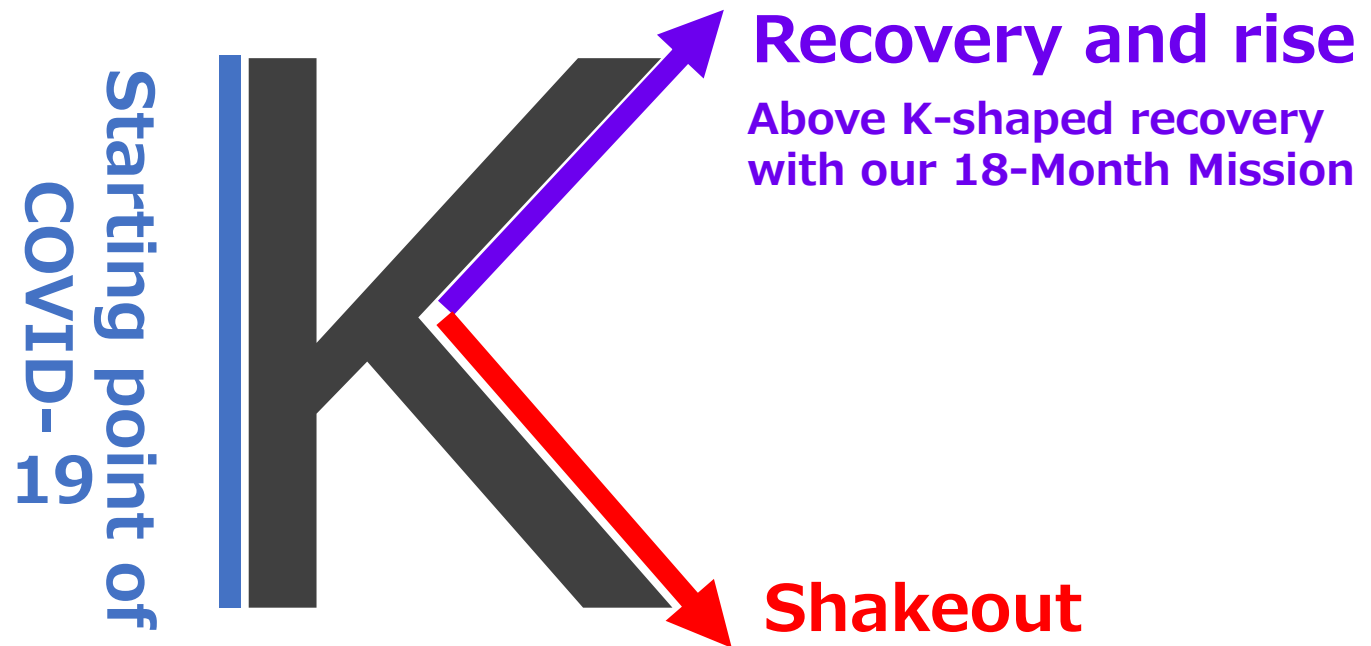
*4 Percentage of single-person households is 35.7% [based on future estimates of the number of households in Japan] 2020 estimates

Market economy environment - The wave of digitization (Business model reform) -



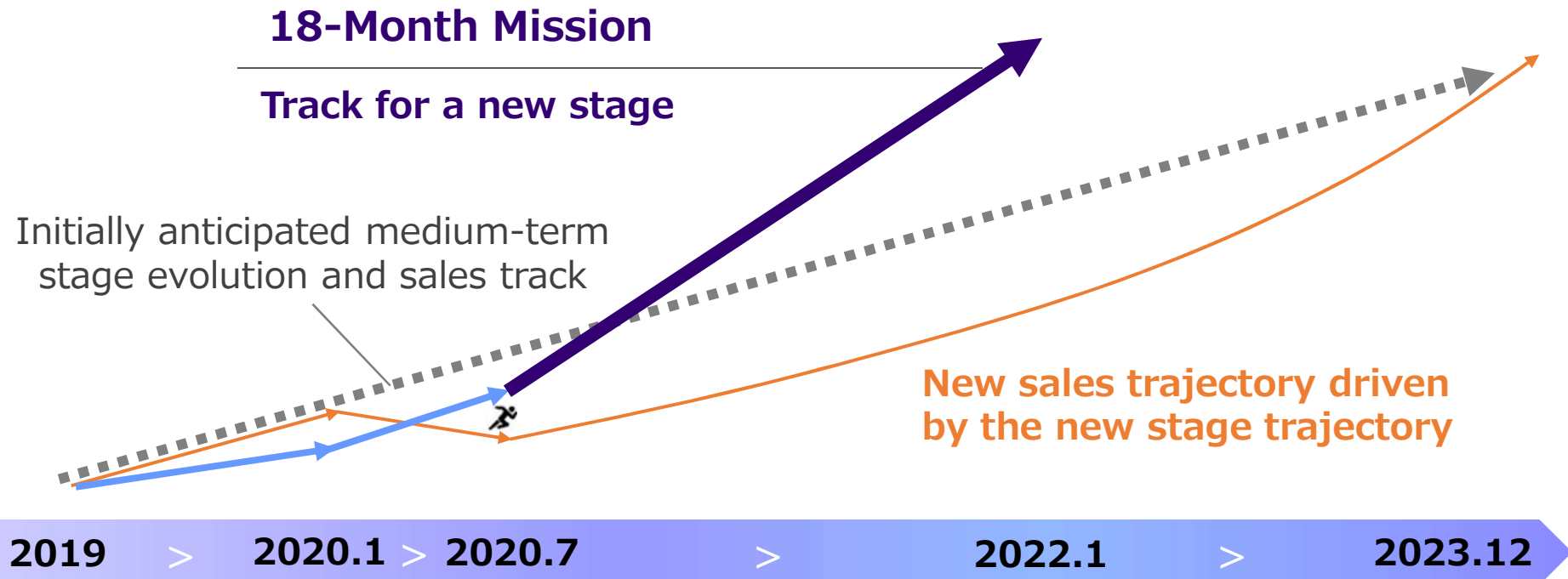
Market economy environment - Transformation period -

Transformation period with K-shaped recovery or shakeout



**We continue to recover and grow by
advancing our 18-Month Mission.**

Medium-term business plan: Toward a new stage with an 18-Month Mission



**Targeting for the 18-month period ending December 2021
and linking it to the next stage of growth**

Efforts for 18-Month Mission

The company is promoting efforts for 25 missions in 4 stages: store sales, education, products, and in-house measures.

Change the Stage 18 Month Missions!

4 ステージ

25 ミッション

18カ月で創造する4つのステージの加速と25のミッション

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Completion of medium-term business plan (2019-2023)

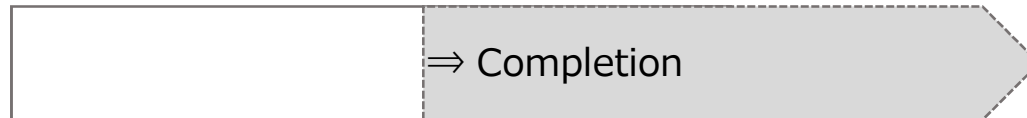
The current medium-term business plan(2019-2023) was terminated in Fiscal Year 2020.



In Fiscal Year 2021, we will concentrate on our 18-Month Mission to lay the foundation, and schedule to formulate a new medium-term business plan (2022-2026).



Medium-term business plan (2019 - 2023)



Response to
challenges
surfaced/accelerated
by COVID-19



18-Month
Mission

(planned)

New medium-term business plan (2022-2026)

I. Last year's review and market environment



II. 3 perspectives and market policy

III. Measures for Fiscal Year 2021

IV. Consolidated target for Fiscal Year 2021

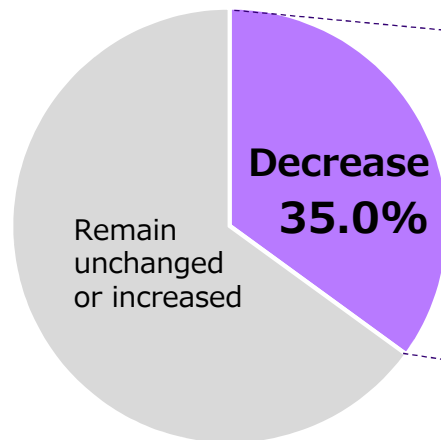
Fiscal Year 2021 Market policy concept

Respond to surfaced and accelerated changes/issues from social perspectives/customer perspectives

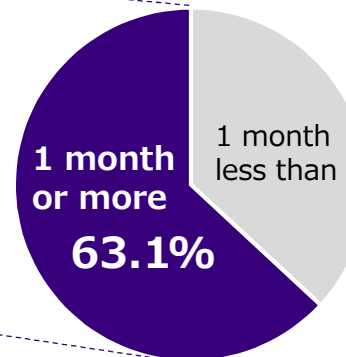
Life Time Beauty Innovation for NEXT100

Perspective 1 → Lengthening of the salon visit cycle

Q:How many times do you go to a beauty salon in the future due to the COVID-19 crisis?



Q:How long do you think the salon visit cycle will be extended?



1 in 5

(22.0% of the total)

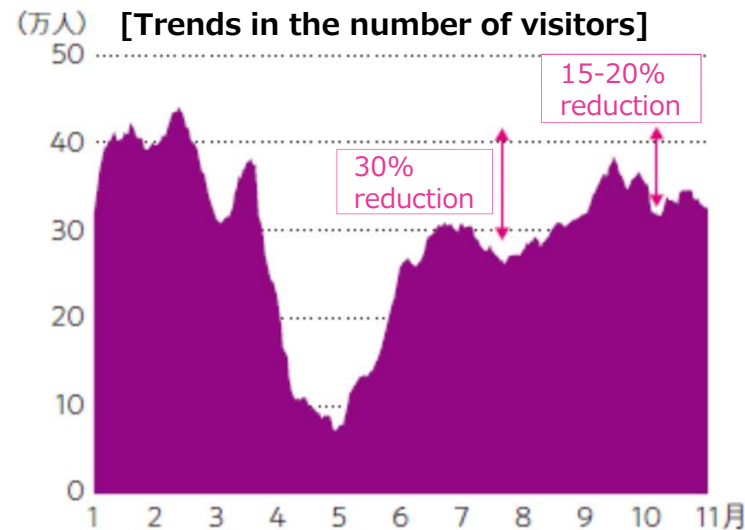
has a prolonged salon visit cycle of more than 1 month

N 2103 (women in 20s to 60s) Milbon survey (October 2, 2020)

Fiscal Year 2021 Market policy concept

Perspective 2 Acceleration of neighborhood consumption

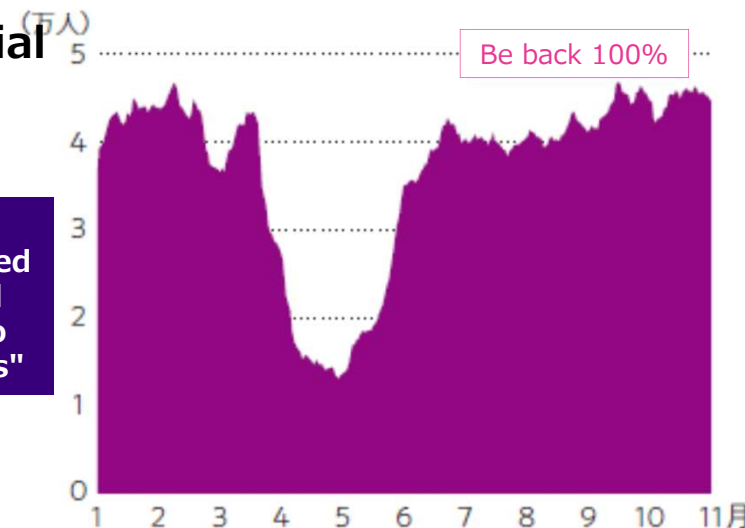
Metropolitan areas [Ginza Station]



[Rate of recovery by residence] * Comparison between 2019 and 2020

	Recovery rate (%)*		% total (%)	
	Jul.	Oct.	Jul.	Oct.
Less than 10 km	84.3	88.8	39.1	37.3
Less than 10-20 km	72.8	88.0	33.2	32.6
Less than 20-30 km	65.9	76.8	14.7	14.9
More than 30 km	40.5	58.3	13.0	15.2
	Average	Average	Total	Total
	68.3	80.3	100.0	100.0

Near residential areas [Kichijoji Station]



The visitor population recovered in "Near residential areas" compared to "Metropolitan areas"

	Recovery rate (%)*		% total (%)	
	Jul.	Oct.	Jul.	Oct.
Less than 10 km	94.1	108.1	75.9	74.6
Less than 10-20 km	99.2	112.5	14.9	15.4
Less than 20-30 km	96.3	106.3	6.3	6.4
More than 30 km	51.5	76.3	2.9	3.5
	Average	Average	Total	Total
	92.8	107.1	100.0	100.0

KDDI Location Analyzer

Fiscal Year 2021 Market policy concept

Perspective 3 Increased the value & expectations for buying-place

Needs for buying-place

Cosmetics shopping areas in COVID-19 crisis

Buying-place stress

	Total	Unit price 5,000 yen ~	Unit price 7,000 yen ~	20s
Having trouble with where to buy cosmetics	9.3%	10.6%	9.2%	19.3%
Difficult to purchase for counseling cosmetics	15.9%	19.2%	20.7%	23.3%

Cosmetics proposals by salons in COVID-19 crisis

Expectations for buying places

	Total	Unit price 5,000 yen ~	Unit price 7,000 yen ~	20s
Expectations as a place to receive advice on cosmetics	12.2%	16.3%	15.2%	19.3%
feeling easy to purchase cosmetics due to closeness	9.6%	9.8%	9.5%	13.2%

N 1794 (women in 20s to 60s) Milbon survey (September 15, 2020)

Needs for 1-stop shopping

Q:What is the change in the importance in shopping?

Want to purchase at 1 location, as much as possible
77.6%

Want to shorten shopping time
78.7%

N 1794 (women in 20s to 60s) Milbon survey (September 15, 2020)

Line of market policy

Link to lifetime beauty salon 1.5, a community of beauty and mind, through lifelong beauty

Initiatives for 18-Month Mission

Promoting the 3 keywords with optimal balance between real and digital

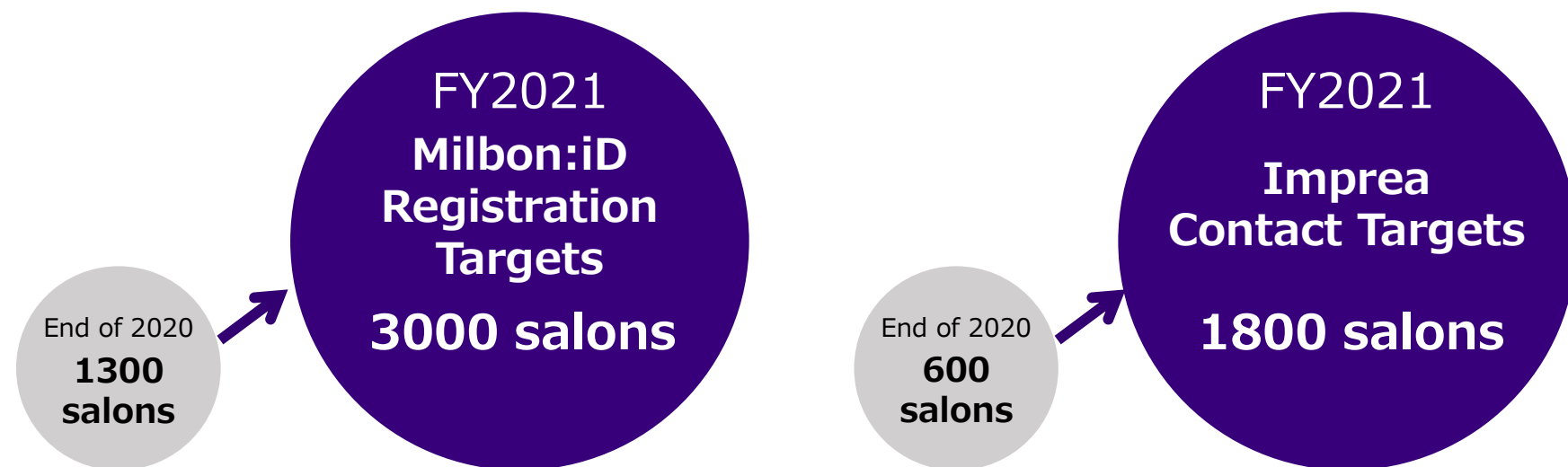


Beauty Somlier plan = Education: iD
Digital DA = DA Inspire & Award



**Lifetime
Beauty Salon 1.5**

① Accelerate digitization/milbon: iD



②Education: iD/Beauty Sommelier plan

Education:iD

Setting up a new platform that enables self-learning without being constrained by time and location

Digital learning content



Progress check



Share/Collaborate Support

Hair designer

Salon

Milbon

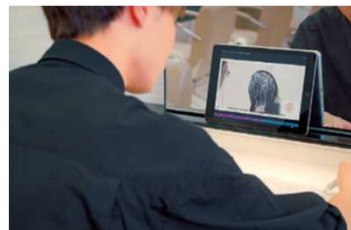
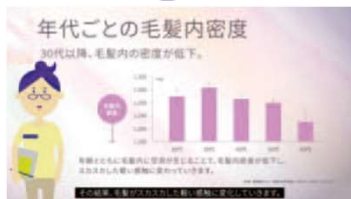
Beauty Sommelier Training System

Using Education: iD to learn about 4 beauty categories

Knowledge power

Beauticians' skill

Counseling capabilities



In 4 categories
Somlier certification

Hair care
Sommelier

Cosmetics
Sommelier

Hair color
Sommelier

Design logic
Sommelier

Beauty
Somlier
Certification



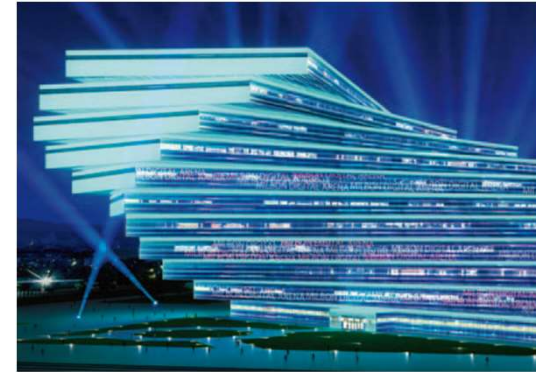
MILBON
BEAUTY
SOMMELIER

- *Be certified under the following conditions
- 3 or more somlier certifications
 - Acquisition of counseling by MCM (Milbon Counseling Method)
 - Repeat & knowledge sales ratio and sales results

③Milbon Digital Arena/Digital DA

Digital virtual space "Milbon Digital Arena"

Planning to open near-future platforms where design data can be experienced in 3DCG spaces at any time, anywhere, such as various seminars, hair shows, and photo galleries



Digital education event "Digital DA"

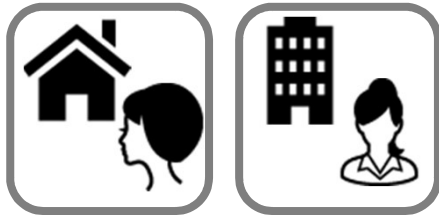


Planning to digitize the Milbon's yearly educational event (DA), which is one of Asia's largest educational events to inspire beauticians' design capabilities

④ Digital marketing



Traditional marketing data



Public Statistics (Census, etc.)

- Population of residents
- Working/commuting population

(Number of people, age, annual household income, consumption amount, etc.)

New digital marketing data



Introduction of a tool that can estimate the visitor population based on GPS information on mobile phone handsets

⇒ **Information on current visiting/staying population become available**

Data by time for designated areas, facilities, and road units

(Number, age, residential/work/visit distinction, place of residence, distance to place of residence)

Data processed in a manner that cannot be specified by individuals is used for telecommunications subscribers approved by mobile phone companies.

Using digital to develop more accurate support for salons

⑤Find Your Beauty PJ [Strengthen awareness of milbon:iD]

Approach to Premium Brand Users

SNS

**You
Tube**

**Advertising
Media**

⑤Find Your Beauty PJ【Why we go to a salon】



milbon Brand Movie 「私たちが美容室へいく理由」

Provide professional beauty value and various information

Toward the Lifetime Beauty Salon Next Plan

Early 2000

Transforming of the salon management, from perm-centred to hair color-centred

And now

➔ **New transformation happens
= K-shaped starting point**

Changing from technique sales-centred to balance between technique sales and knowledge sales becomes the foundation of salon management

= Optimal balance between real and digital

Toward the Lifetime Beauty Salon Next Plan

Changing from technique sales-centred to balance between technique sales and knowledge sales becomes the foundation of salon management

~Toward a New Way of Becoming a Salon~
Community of beauty and mind, and the platforms of the cities



Transition period of Lifetime Beauty Salon 1.5

Social Innovation

➤ **Toward the Lifetime Beauty Salon Next Plan**

I. Last year's review and market environment

II. 3 perspectives and market policy



III. Measures for Fiscal Year 2021

IV. Consolidated target for Fiscal Year 2021

Posture of Domestic FP

To strengthen studio education through
the establishment of new bases

New Aoyama Sales Office and Studio

Scheduled in July 2021

Osaka 3F Studio Renovation

Scheduled in July 2021

Milbon e-Studio Tokyo

March 2021 (planned)

Candidates for new establishment

Chiba Sales Office and Studio

Transfer extension candidates

Saitama Sales Office and Studio

Fukuoka Sales Office and Studio

Kanazawa Sales Office and Studio

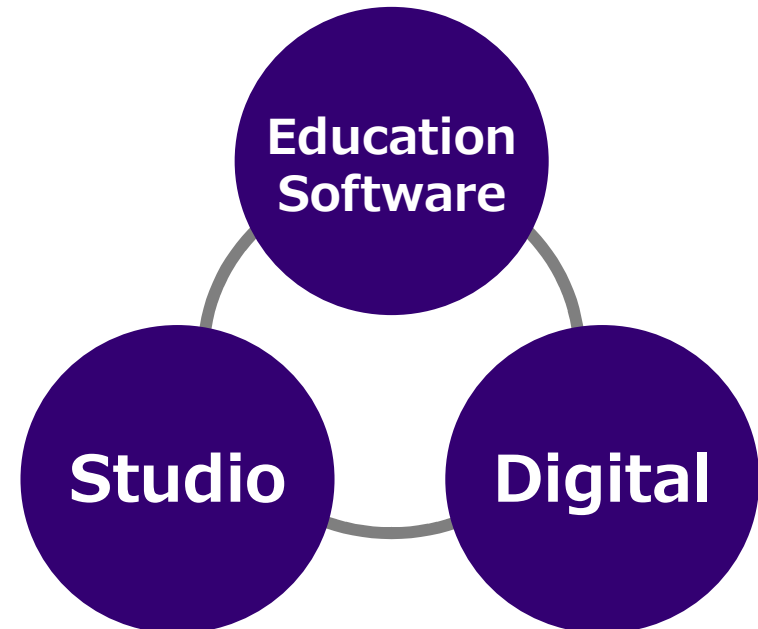
19 Domestic Sites

Posture of Domestic FP

Strengthening Education Strategy (Real × Digital)

**Establishment of Education
Promotion Office**

7 branches nationwide



New mainstay products in the first half of 2021

(Unit: million yen)

Category	Product name	Launch month	Target amount
Premium Brand	Aujua Hair Care Series Repairlity Line	February	800
	Villa Lodola Color Interval Re:Care	January	50
	Global Milbon Premium Positions	June	400
Professional Brand	Grand Linkage	February	1,200
	Door Fade Veil	April	50
	Cronna Ice Spa Shampoo Orange Extra Cool	April	80
	Elujuda treatment for breach hair	June	500
Technical Brand	[Exclusive for International] Neo Liscio Aqua Curl	March	75
	Ordeve Lucent Line	March	350
Cosmetic products	Imprea Eyebrow Mascara (7 colors) & Pencil	March	83

Aujua
Hair Care Series
Repairlity Line



Villa Lodola Color
Interval Re:Care



Grand Linkage



Door
Fade veil



Cronna
Ice Spa Shampoo
Orange Extra Cool



Ordeve
Lucent line



Imprea
Eyebrow Mascara & Pencil

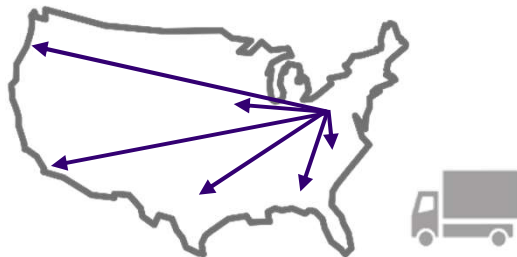


Posture of International FP, Specific measures

Consider distribution bases in Western Markets

US

Establishment of a logistics system in the US



EU

Establishment of import and EU logistics system

(Under consideration in the Netherlands)



Posture of International FP, Specific measures

Establishment of new bases and studios in Asian markets

KOREA

Gwangju
[Full-scale launch in 2021]

VIETNAM

Ho Chi Minh
Preparations for the
establishment of the studio
[Scheduled to start in 2022]



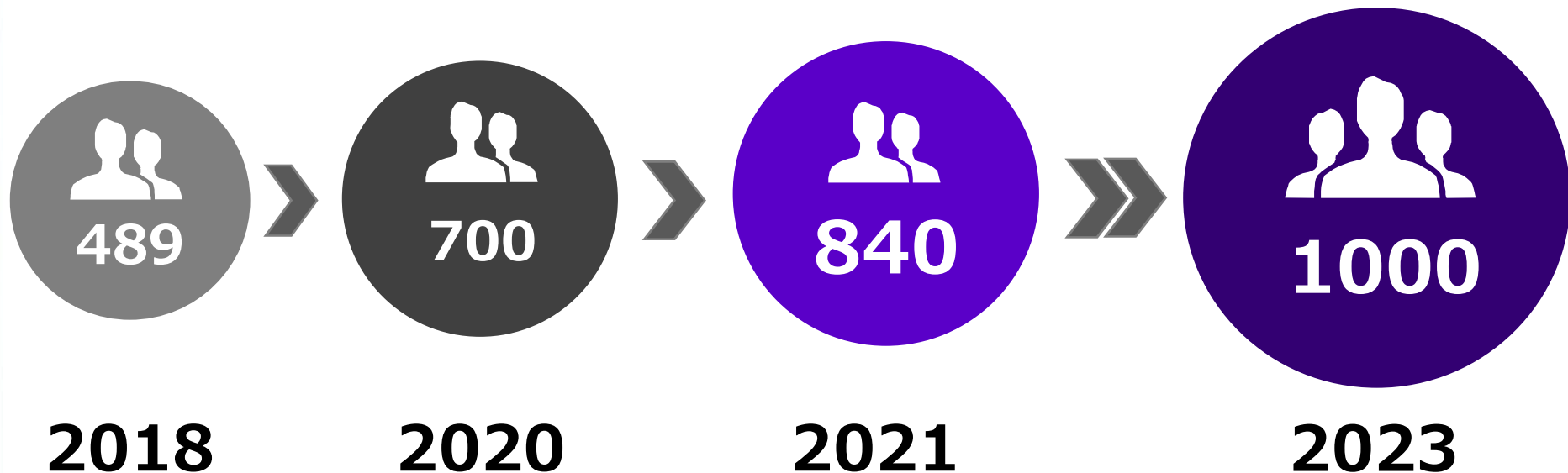
Seoul (Gangnam)
Seoul (Gangbuk)
Daejeon
Busan
Gwangju
Shanghai
Beijing
Chengdu
Hong Kong
Taipei
Hanoi
Ho Chi Minh
Kuala Lumpur
Singapore
Bangkok
Manila
Jakarta
New York
Düsseldorf
Istanbul

Toward a Structure of
20 Overseas Bases

Posture of International FP, Specific measures

Doubling the number of sales reps of distributors

Increase the quality and quantity of human resources for market activities centered on the Milbonway



Posture of International FP, Specific measures

Development of localized brands



**Europe
and
the US**

**Launch of permanent color
Creation of 1800 Sophistone fans**

Asia

**Digital Permanent Brand "Aqua Curl"
Expansion from South Korea to Asian markets**

Posture of R&D and Production, Specific measures

Establishment of a Central × Regional R&D system

Evolve as Central Research Laboratory

Platform,
Prescriptions, human resources and
information

Response to gobal (regional) needs

U.S. R&D (completed in April),
China (completed at the end of October),
Tokyo metropolitan area, Thailand



Posture of R&D and Production, Specific measures

Establishment of a global production system

Expansion of the Thai factory

- system for 100 employees, 1.5~2.0 crew shifts
- expansion scheduled [December 2021]

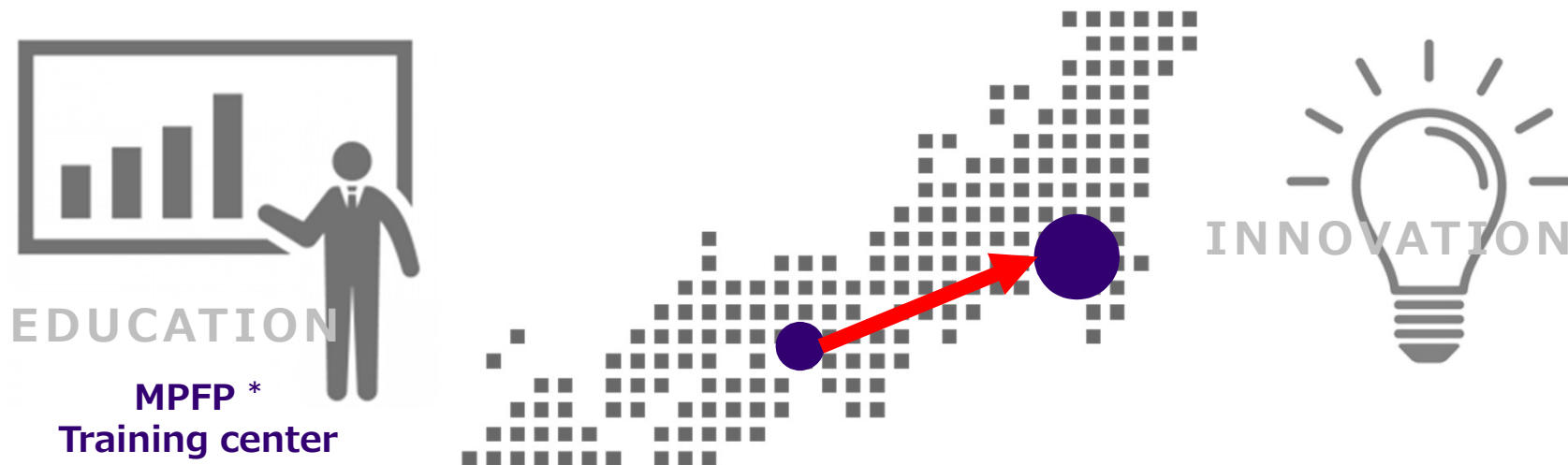
Establish a plant in China

- building scheduled [October 2021]
- hair care operation scheduled [2022]
- hair color operation scheduled [after 2023]

Promote with the cooperation of each division

Establishment of the Innovation Center

Establishment of the Innovation Center
that will lead to the creation of the future

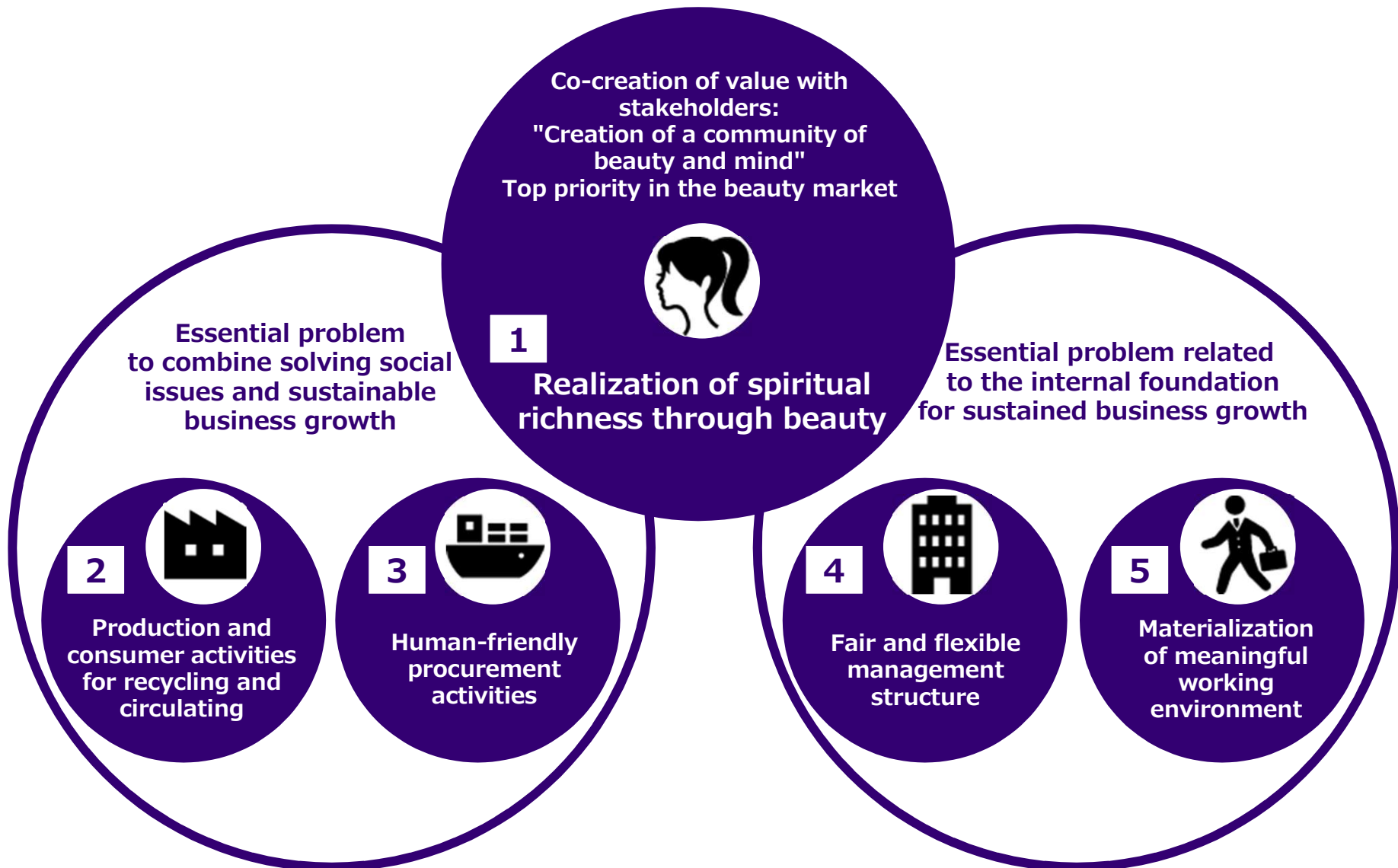


Creating the future, through Relocation of MPFP* training to Tokyo metropolitan area, and Management Strategy × Basic Research(branch offices)






*MP: Milbon Person (Milbon employees)

FP: Field Person (a Milbon salesperson who acquires beauty techniques as well as product knowledge and supports the prosperity of salons)

Selection of 5 most important sustainability issues



Priority initiatives in SDGs's priority issues

Essential problem	Priority Initiatives	Indicators	Ambitious targets
Co-creation of value with stakeholders: "Creation of a community of beauty and mind" Top priority in the beauty market			
1 	Development of Lifetime Beauty Partner	Fostering beauticians with expertise (Beauty Sommeliers)	1,000 people (FY 2025)
Realization of spiritual richness through beauty	Improved beauty accessibility	Number of registered stores and customers of official online stores "milbon: iD"	3,000 stores/60,000 people (End of 2021)
Essential problem to combine solving social issues and sustainable business growth			
2 	Realization of recycling-oriented production activities	Develop brands to realize sustainable production processes	* Sequential disclosure
Production and consumer activities for recycling and circulating	Supporting recycling-oriented consumption activities	Development of hair care recycling program	Test marketing at 100 salons (FY 2021)
3 	Contributing to improving productivity of baobab oil producers	Sustainability-conscious quality management methods, and progress in educational support for productivity improvement	• To be released (End of 2022)
Human-friendly procurement activities	Ensure traceability of materials to identify issues for next improvement activities	Risk assessment rate for suppliers	100% implementation (By 2030)
Essential problem related to the internal foundation for sustained business growth			
4 	Diversification of composition of the board members and their skills	Progress in appointing outside directors more than a third, and woman executive	Achieved in FY 2021
Fair and flexible management structure	Improving the effectiveness of the board of directors	Progress in selecting of important issues, and improvement activities, through third-party evaluation	* Selected through evaluation results for FY 2021
5 	Building a personnel system that can realize diverse workstyles	Employee survey ratings, Turnover rate	*Set through survey results in "Job pride/satisfaction" "Acceptance of diversity", and Turnover Rate
Materialization of meaningful working environment			

4 Structural reform themes for sustainable growth

1

**Enhance resilience to
uncertain business
environment**

- Reducing fixed costs
- Improve cash positions
- Sustainability of the supply chain

2

**Digital utilization
(including internal and
external companies)**

- Collaboration among companies
 - Beauty Sommelier plan
= Education: iD
 - Digital DA
= DA Inspire & Award
 - Milbon : iD

4 Structural reform themes for sustainable growth

3

To evolve customer relationships

➤ Beauty Sommelier plan
= Education: iD

➤ Evolving milbon: iD

How to support consumers, from experience to repeat, and how to increase points of contact with customers

4

Realization of social innovation

➤ Lifetime Beauty Salon,
a community of beauty and mind

➤ Healthcare domain

➤ Promoting sustainability

I. Last year's review and market environment

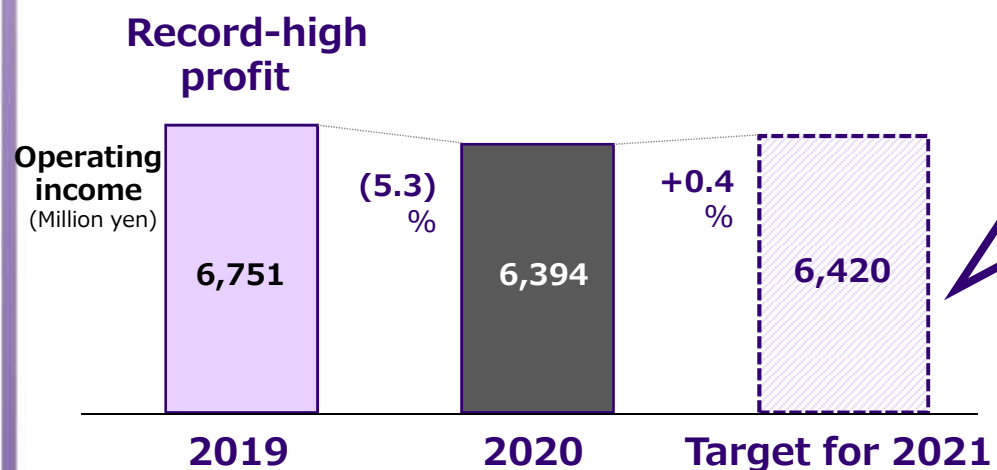
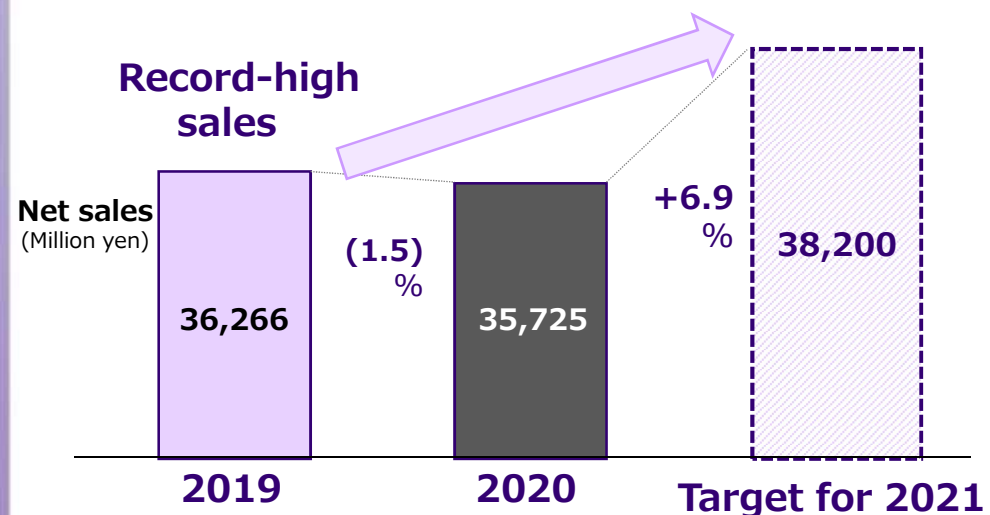
II. 3 perspectives and market policy

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Target setting for Fiscal Year 2021



Forward-looking investment for future growth

■ 18-Month Mission: Cost for new growth stage

Digitalization cost = 300 million yen

- Digital DA held (+150 million yen)
- Increase in depreciation due to DX investment (+100 million yen)
- Digital DA/EC/ training videos, etc.
- IT environment improvement (+50 million yen)

Overseas expenses = 200 million yen

- China factory (+100 million yen)
- U.S. R&D (+100 million yen)

■ Activity expenses, which had temporarily declined by COVID-19

Market development expenses, travel expenses, etc.

Consolidated Targets for Fiscal Year 2021

■ Statement of Earnings

(Unit: million yen)

	FY 2020 Results	FY 2020 % total sales	FY 2021 Target	FY 2021 % total sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	35,725	100.0	38,200	100.0	2,474	6.9
Domestic	29,880	83.6	31,318	82.0	1,437	4.8
Overseas	5,844	16.4	6,882	18.0	1,037	17.8
Gross profit	23,385	65.5	25,310	66.3	1,924	8.2
SG & A expenses	16,990	47.6	18,890	49.5	1,899	11.2
Operating income	6,394	17.9	6,420	16.8	25	0.4
Ordinary income	5,791	16.2	5,710	14.9	(81)	(1.4)
Profit attributable to owners of parent	4,204	11.8	4,050	10.6	(154)	(3.7)

Consolidated Targets for Fiscal Year 2021

■ Net Sales by Business Segment (Consolidated Net Sales)

(Unit: million yen)

	FY 2020	FY 2021 target	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	21,135	22,768	1,632	7.7
Hair coloring products	12,594	13,112	517	4.1
Permanent wave products	1,372	1,416	43	3.2
Cosmetic products	360	640	279	77.4
Others	262	264	1	0.7

■ Premium brand sales (consolidated total sales), number of salons

(Unit: million yen)

		FY2019	FY2020 target	Increase/ Decrease	Increase/ Decrease ratio (%)
Aujua	Sales	7,960	8,655	694	8.7
	Number of salons* (salons)	4,222	4,600	378	9.0
Milbon	Sales	2,975	3,659	683	23.0
	Number of salons Domestic* (salons)	5,306	6,420	1,114	21.0
	Number of salons Overseas* (salons)	4,610	6,831	2,221	48.2
Villa Lodola	Sales	1,101	1,200	98	9.0
	Number of salons (salons)	10,128	11,000	872	8.6

* Number of salons: Figures for both Japan and overseas are calculated based on yearly shipments.

Consolidated Targets for Fiscal Year 2021

■ Capital expenditures and others

(Unit: million yen)

Classification		FY 2020	FY 2021 Planned
Capital expenditures		1,917	7,488
Depreciation and amortization		1,562	1,819
R&D exp.	Amount	1,581	1,765
	% to sales	4.4%	4.6%

FY 2021 CAPEX Main Items

- 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

Return to shareholders

■ Shareholder Returns <Dividend Forecast>

(Unit: yen)

	FY2019	FY 2020	FY 2021 Forecast
End of 2Q	27	27	28
End of FY	29	29	28
Total	56	56	56



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.