

# Milbon Co., Ltd.

**FY2021 Second Quarter (January 1, 2021 – June 30, 2021)  
Financial Results Presentation Materials**



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August 6, 2021

## Table of Contents

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P3	Consolidated Operating Results
P4	Consolidated Sales by Product Category
P15	Consolidated Statement of Earnings
P16	Consolidated Trends in Capital Expenditures and R&D Expenses
P17	Trends in Market Related Data, Trends in FPs
P18	Consolidated Net Sales in Japan and Overseas
P19	Consolidated Operating Income in Japan and Overseas
P20	Outlook of Overseas Subsidiaries
P22	Appendix
P23	Progress in FY2021 (62 <sup>th</sup> Term)

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

# **Milbon Group**

## **Financial Results for FY2021 (62<sup>th</sup> Term) Second Quarter**

**Masahiro Murai, Executive Director**

## Consolidated Operating Results (FY2021 6 months)

- ◆ Despite differences depending on the area, customers began to return to salons, and also due to an increase in store sales, compared to last year, which was significantly affected by COVID-19, sales increased significantly by 23.3%. Operating profit also rose 53.2% due to restrictions on activities following COVID-19, which has continued since last year, and the effect of higher sales.

(Unit: million yen)

	FY2020 6 months	% total	FY2021 6 months	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	15,869	100.0	19,558	100.0	3,689	23.3
Gross profit	10,540	66.4	12,907	66.0	2,367	22.5
SG&A expenses	8,151	51.4	9,248	47.3	1,097	13.5
Operating income	2,388	15.1	3,659	18.7	1,270	53.2
Ordinary income	2,102	13.3	3,355	17.2	1,252	59.5
Profit attributable to owners of parent	1,451	9.1	2,413	12.3	962	66.3

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

### Consolidated Sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
9,391	11,288	1,896	20.2

- Sales of premium brands grew significantly (+33.8% YoY) on the back of consumers' growing awareness of hair and salons' heightened awareness of store sales. Aujua rose 30.1% YoY, as the Hair Care Series Repairlity Line, launched in February, became a hit due to its response to damages to fashionable bleach hair and its high sensitivity. Global Milbon sales increased 46.6% YoY due to continued steady growth overseas, including in the U.S. and China. Expectations for future growth of PREMIUM Position launched in June.
- In professional brands, sales rose 11.9% YoY due to GRANDLINKAGE launched in February and the new Elujuda Bleach Care product, which captures breach care needs launched in June.

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

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

## New Products FY2021 6 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 6 months	Progress rate (%)
800	604	75.6



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 6 months	Progress rate (%)
1,200	456	38.0



February 9, 2021 Debut

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

## New Products FY2021 6 months

### Global Milbon PREMIUM Position

A new line of Global Millbon that pursues even higher quality and leads to “more beautiful hair” that is rich in moisture, shiny, and elasticity.

(Unit: million yen)

FY2021 target	FY2021 6 months	Progress rate (%)
400	51	12.8



June 10, 2021 Debut

### Elujuda Bleach Care

Oil-based leave-in treatments that give bleach designs a smooth movement and bundle.

(Unit: million yen)

FY2021 target	FY2021 6 months	Progress rate (%)
500	178	35.7



June 10, 2021 Debut

# A Premium Brand, Aujua

Strong performance of new product Hair Care Series Repairlity Lines

## Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
4,222	4,630	408	9.7

## Consolidated sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/Decrease	Increase/Decrease ratio (%)
3,330	4,332	1,002	30.1

## 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.

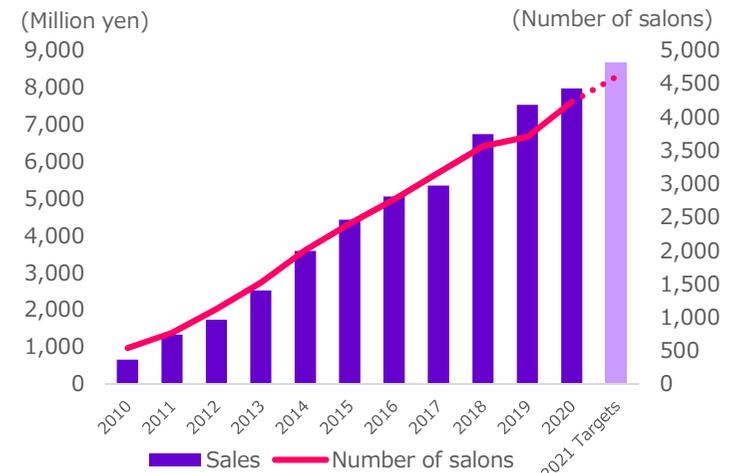
## Product range

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
- 15 lines
- 96 items



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.

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

# A Premium Brand, Global Milbon

Steady sales growth in line with an increase in the number of salons in each country

## Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
9,916	13,182	3,266	32.9

## Consolidated sales (FY2021 6 months)

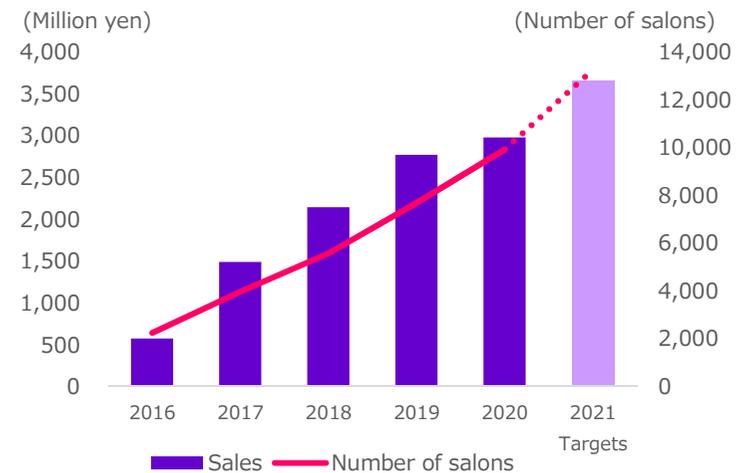
(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/Decrease	Increase/Decrease ratio (%)
1,188	1,741	553	46.6

## 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.

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

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

### Consolidated Sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
5,594	7,124	1,529	27.3

- Sales of hair coloring products in the quarter grew significantly compared to the previous fiscal year Second Quarter, when there was a large decline in salon treatment. However, sales were solid, rising 10.9% compared to 2019, prior to the impact of COVID-19.
- In particular, the sales of fashion colors increased by 40.7% from the previous fiscal year and by 25.6% compared to 2019, due to the strong popularity of bleaches. Ordeve Addicthy continues to drive sales.
- On the other hand, gray colors rose 11.8% YoY and declined 6.3% compared to 2019. There is also a need to enjoy the design colors using bleaches, even if they are gray hair, and there are more cases where fashion coloring agents are used.

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

## Core Product FY2021 6 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 6 months	FY2021 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
1,878	2,880	1,001	53.3



FY2017 Debut

# A Premium Organic Brand, Villa Lodola (1)

Steady increase in number of salons due to continuation of planning and sales activities

## Number of salons

(Unit: salons)

FY2020	FY2021	Increase/Decrease	Increase/Decrease ratio (%)
10,128	10,646	518	5.1

## Consolidated sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/Decrease	Increase/Decrease ratio (%)
500	567	67	13.5



## Brand concept

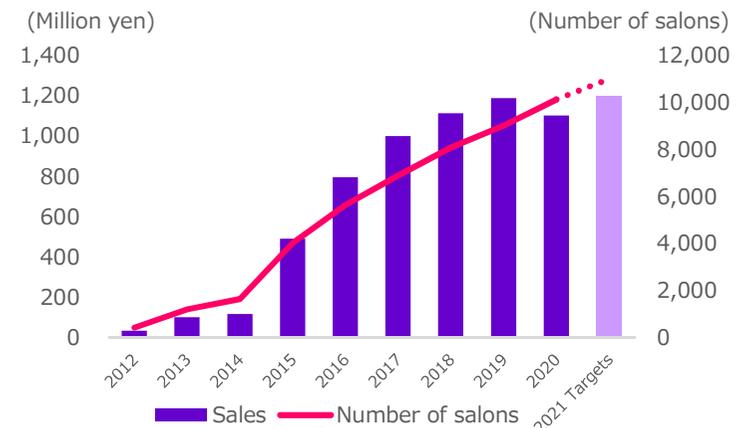
Nurtured in the soil of Italy, these gifts from nature bring out the authentic beauty of your hair and scalp.

## 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



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

## A Premium Organic Brand, Villa Lodola (2)

### Core Product

FY2021 6 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 6 months) (Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
385	440	54	14.2



FY2015 Debut

## Consolidated Sales by Product Category [Cosmetic Products]

### Consolidated Sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/ Decrease	Increase/ Decrease ratio (%)
136	293	156	114.6

- Sales exceeded the plan due to an increase in new salons, new product launches, and promotions.
- Additional sales of Imprea Cool Whitening Day Serum, which was sold out in March with limited sales volume, were made in June.

### New Products

#### FY2021 6 months

#### 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 6 months	Progress rate (%)
83	37	45.2



March 1, 2021 Debut

# A Premium Brand, Imprea

Sales increased due to growth in new salons since last year and the launch of new products.

## Number of salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/Decrease	Increase/Decrease ratio (%)
645	890	245	38.0

## Consolidated sales (FY2021 6 months)

(Unit: million yen)

FY2020 6 months	FY2021 6 months	Increase/Decrease	Increase/Decrease ratio (%)
136	293	156	114.6



## 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.

# Consolidated Statement of Earnings (FY2021 6 months)

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

	FY2020 6 months	% to sales	FY2021 6 months	% to sales
Sales	15,869	100.0	19,558	100.0
Cost of sales	5,329	33.6	6,650	34.0
Gross profit	10,540	66.4	12,907	66.0
SG&A expenses	8,151	51.4	9,248	47.3
Operating income	2,388	15.1	3,659	18.7
Ordinary income	2,102	13.3	3,355	17.2
Profit attributable to owners of parent	1,451	9.1	2,413	12.3

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

	FY2020 6 months	FY2021 6 months	% to sales	Increase/ Decrease	Increase/ Decrease ratio (%)
Hair care products	9,391	11,288	57.7	1,896	20.2
Hair coloring products	5,594	7,124	36.4	1,529	27.3
Permanent wave products	660	740	3.8	79	12.0
Cosmetic products	136	293	1.5	156	114.6
Others	85	111	0.6	26	31.3

## <Major factors for the increase/decrease>

- SG&A expenses rose year on year due to logistics expenses, but SG&A expenses ratio declined as sales growth absorbed
  - ✓ Logistics expenses: + 528M (Direct delivery products = Increase in sales of premium brands/Response to shortage airlift in the U.S.)
  - ✓ Personnel expenses: + 217M (increase in personnel, salary increase, etc.)
  - ✓ Market development expenses: +151 M (Education:iD/Digital Arena related)
  - ✓ Travel expenses: △16M (restriction activities in the aftermath of COVID-19)

## Consolidated Trends in Capital Expenditures and R&D Expenses

(Unit: million yen)

Category		FY2017	FY2018	FY2019	FY2020	FY2021 Jan.–Jun.	FY2021 Plan
Capital expenditures		1,570	1,149	1,605	1,917	2,292	7,488
Depreciation and amortization		1,272	1,370	1,453	1,562	832	1,819
R&D exp.	Amount	1,422	1,479	1,534	1,581	801	1,765
	% to sales	4.3	4.2	4.2	4.4	4.1	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

# 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 * <sup>1</sup>	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 * <sup>2</sup>	33	33	35	38	38
	31	37	39	34	-

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

(As of June 30, 2021)  
0 FPs joined in October 2020 no recruitment activities in autumn  
33 FPs joined in April 2021, and are currently in training

(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

# Consolidated Net Sales in Japan and Overseas

## FY2021 6 months

(Unit: million yen)

	FY2020 6 months		FY2021 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base *1 (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	15,869	100.0	19,558	100.0	3,689	23.3	21.8
JAPAN	13,373	84.3	15,742	80.5	2,368	17.7	17.7
Overseas	2,495	15.7	3,816	19.5	1,321	52.9	44.0
USA	189	1.2	406	2.1	216	114.0	114.8
CHINA	642	4.0	1,091	5.6	449	69.9	55.9
KOREA	1,165	7.3	1,609	8.2	443	38.1	26.9
Other *2	497	3.1	709	3.6	211	42.5	41.4

\*1 Figures are the rates of change in real terms on a local currency basis. Current exchange rates of 107.82 yen to the U.S. dollar, 16.75 yen to the Chinese yuan, and 0.0969 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

## FY2021 6 months

(Unit: million yen)

	FY2020 6 months		FY2021 6 months		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income	2,388	15.1	3,659	18.7	1,270	53.2
JAPAN	2,360	17.7	3,074	19.5	713	30.2
Overseas	27	1.1	585	15.3	557	2024.0
USA	(164)	(86.5)	(218)	(53.8)	(54)	-
CHINA	95	14.8	269	24.7	174	183.9
KOREA	275	23.7	544	33.9	268	97.4
Other *	(179)	(36.0)	(10)	(1.5)	168	-

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

# Outlook of Overseas Subsidiaries (1)

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Figures in the text are based on local currency.

## USA (Milbon USA)

- With lifting of the lock-down and restarting all activities, including visiting salons and business trips, the company worked vigorously to capture new salons through collaboration with distributors, and sales grew significantly by 114.8% YoY and 31.3% compared to the level Second Quarter 2019, prior to the impact of COVID-19. In hair care, Global Milbon contributed to growth in both the number of salons and sales.
- In addition to the excellent finish of Sophistone, hair coloring products for Europe and the U.S., its functionality of curbing odor and being easy to paint is highly valued, and the distributors aggressively roll out to new salon openings and start getting on track.

## CHINA (Milbon China)

- Educational activities, 1 of Milbon's strengths, have been accepted in the market, and the number of salons with which it does business has steadily increased. Over the past few years, the company has been expanding its geographical reach by increasing the number of contracted agencies. As a result, sales rose 55.9% YoY and grew 39.1% compared to 2019, prior to the impact of COVID-19.
- Milbon products are becoming the preferred choice due to heightened awareness of hair care and a growing sense of value, and hair care products are also growing steadily.

## Outlook of Overseas Subsidiaries (2)

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Figures in the text are based on local currency.

### **KOREA (Milbon Korea)**

- Second Quarter is continuing to be highly regarded by the marketplace for activities that make full use of digital marketing in conjunction with salons. In addition, collaboration with elite sales from nationwide distributors, which the company has been working on for some time, has led to results, and sales grew 26.9% YoY.
- Sales of hair coloring products continued to increase steadily, due in part to the strong response of promotional videos for the introduction of new colors of Ordeve Addicthy.
- In hair care, the creation of new salons for both Aujua and Global Milbon continues to proceed steadily.

# <Appendix> Hair Care Brand Positioning Map

## Premium brand



MILBON



Aujua



Villa Lodola  
PROFESSIONAL



GRAND  
LINKAGE



*jemile fran*



CRONNA



PLARMIA



*Elujuda*



DOOR

## Professional brands

# **Milbon Group**

## **Progress in FY2021 (62<sup>th</sup> Term)**

**Ryuji Sato, President and CEO**

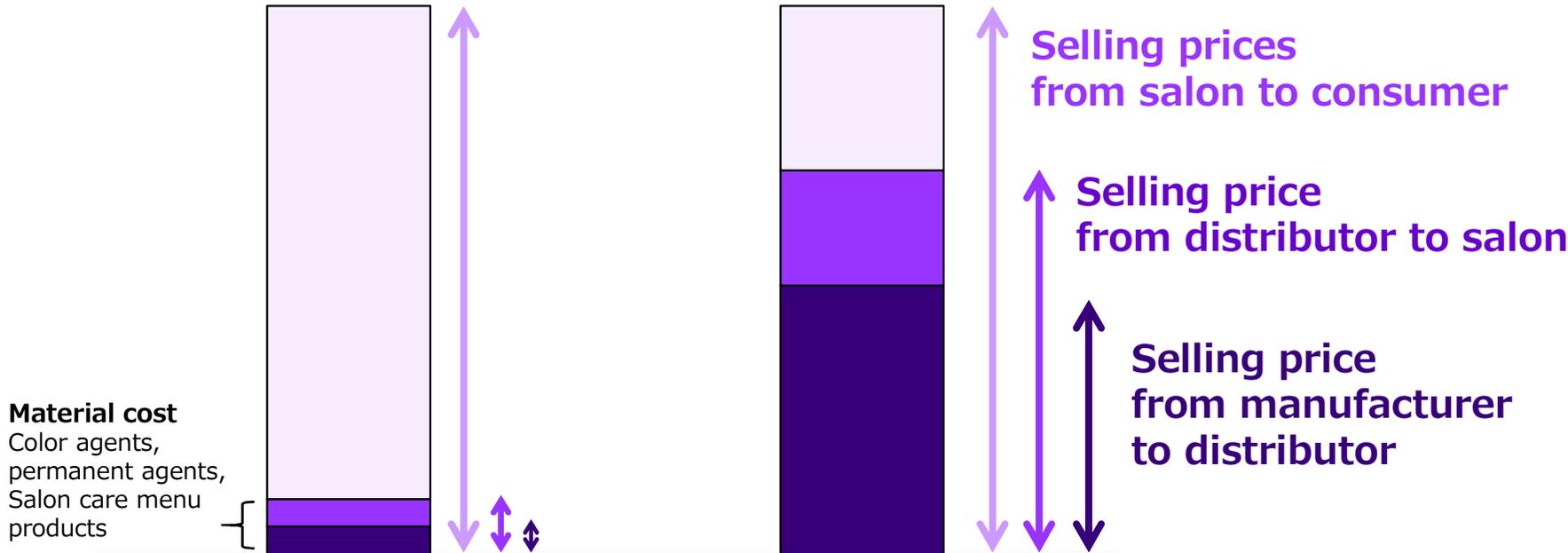
# Environment Surrounding Salons: Growing 3 Awareness

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# Environment Surrounding Salons: Salon Sales Composition

## Material Costs/Purchase Ratio as a Percentage of Salon Sales



### Technical sales

- Easy to be affected by a decrease in the number of customers

### Store sales

- Increasing consumers' awareness of hair through COVID-19
- Improve shop enthusiasm for salons that want to compensate for a reduction in the number of customers

## Environment Surrounding Salons: Accelerate of Suburban Consumption

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### Metropolitan area

Decrease in customer count by around 10-15%



Average spend per customer increased by around 10% due to multiple menu items and store sales

### Urban residential area

The number of customers and sales have been on the increase since before COVID-19 due to the impact of neighborhood consumption and the shift to a small commercial area.

### Local suburban areas

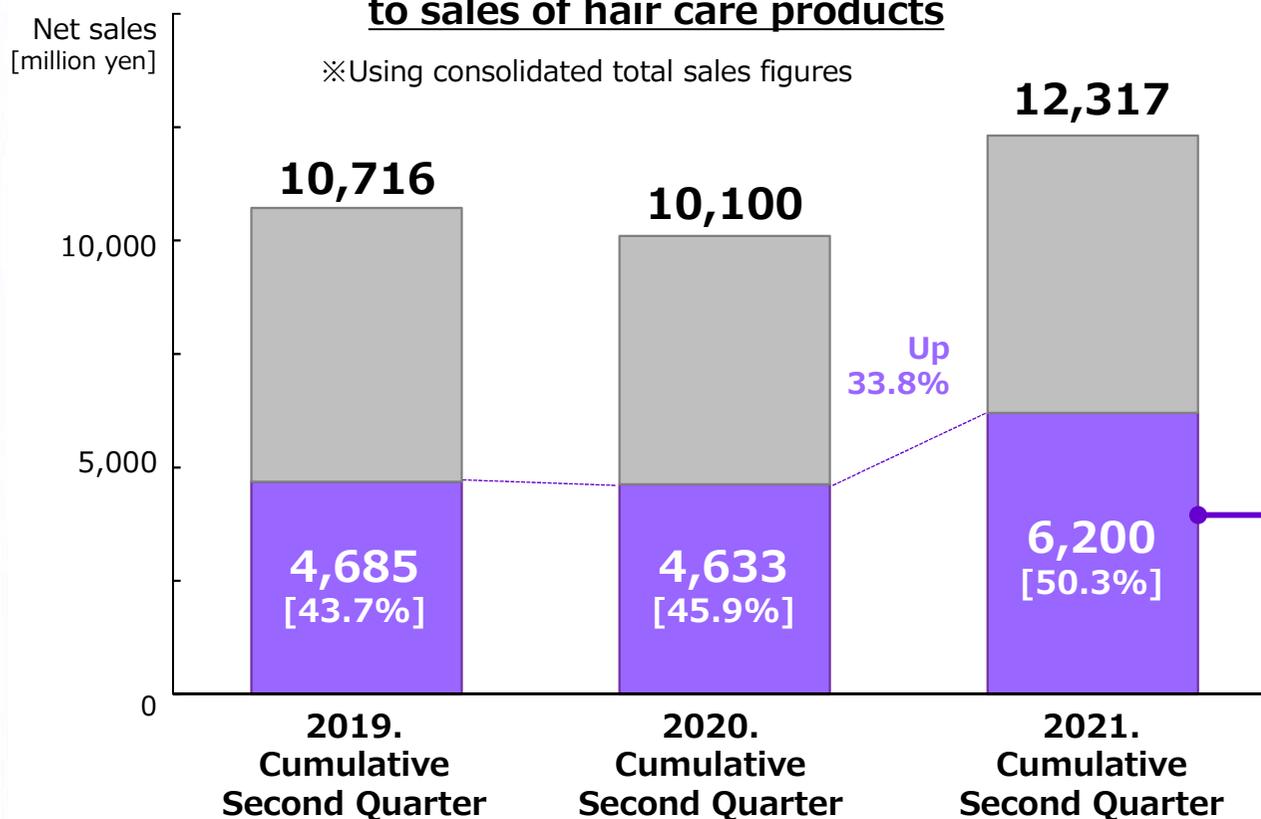
No significant impact of COVID-19, but population decline in the first place

# Growth of Premium Brands

**Growth in premium brands on the back of heightened awareness of store sales**

**Sales and ratio of premium brands to sales of hair care products**

※Using consolidated total sales figures



Grow into a scale that accounts for half of all hair care products

Hair care products  
Premium brand

**Aujua**

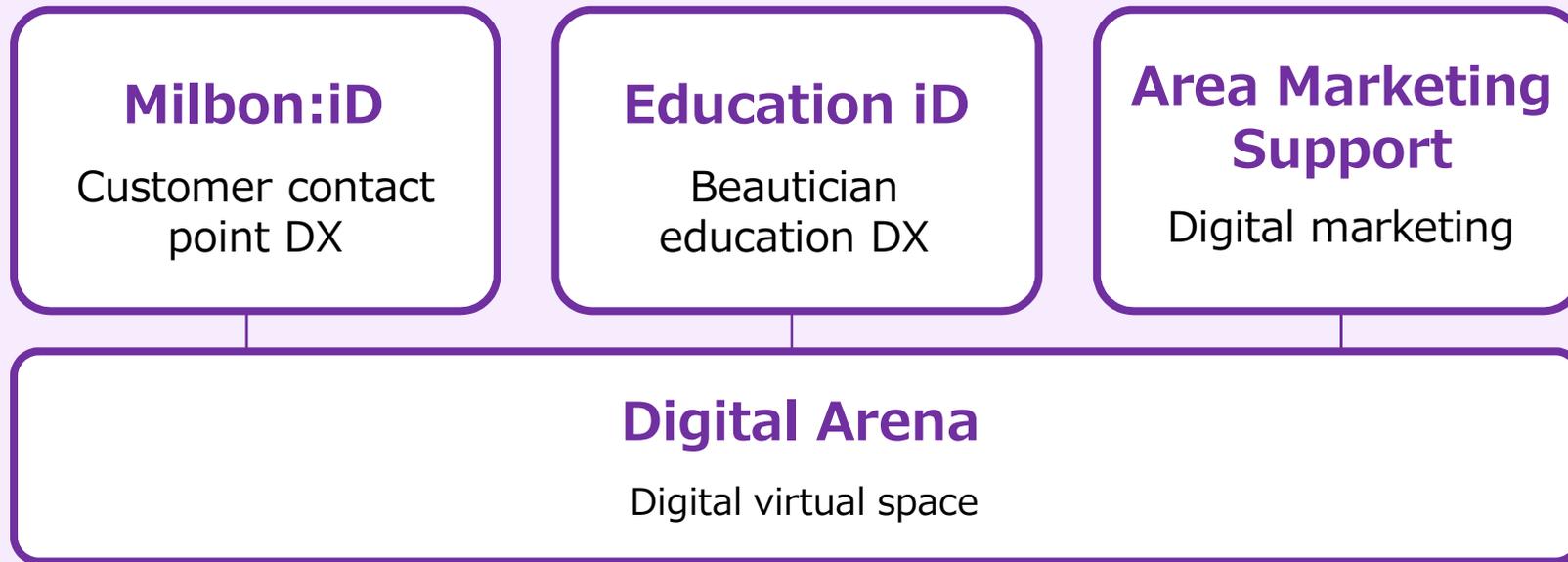
**MILBON**



PROFESSIONAL  
※Hair care only

# Milbon's DX Strategy

## DX strategy for Customers and Salons



## DX Strategy to Support

Aim to evolve and streamline the fieldperson system, 1 of Milbon's business models

# DX Strategy for Customers and Salons-① milbon: iD

**Expanded faster than expected since the service launch in June 2020**

\*Milbon: iD = Online shopping service for salon customers

## Number of registered stores



[End of 2020 years]

Approx. 1,300 stores

[End of 2021.6]

**Approx.  
2,000 stores**

## Number of members signed up



[End of 2020 years]

Approx. 27,000

[End of 2021.6]

**Approx.  
70,000**

**\*Initial plan:  
60000 at the end of 2021**

## E-commerce ratio



[End of 2020 years]

1.5%

[End of 2021.6]

**5.5%**

\*E-commerce ratio = The percentage of sales at milbon:iD to the sales of products handled at milbon:iD (excluding salon-care products and large-sized products)

# DX Strategy for Customers and Salons-② Education iD

## Launched Education iD in April and promoted digitization of beautician education activities

MILBON エデュケーションiD

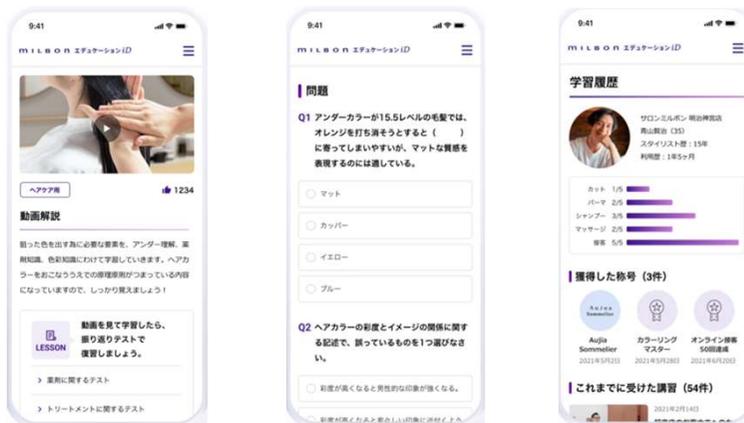
As of June 2021

- Online learning not constrained by time & location
  - Beauty Sommelier certification for multi-skilled human resource development
- ↓
- **Contributing to improving productivity of salon**
  - **Opportunity for more beauticians to touch Milbon's education**

Registered beauticians  
6,500

\* Number of domestic beauticians = approx. 0.5 million

Sommelier Participants  
2,600

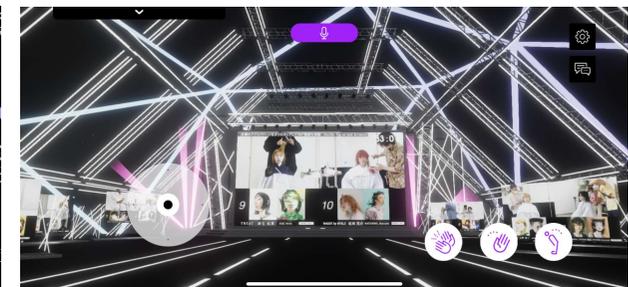


## DX Strategy for Customers and Salons-③ Digital Arena

Launched Milbon Digital Arena, a virtual event space, in June as a place for beauticians to learn hair design technology

- 6,800 downloads at the end of June (including 14% overseas)
- Launch event: 4,500 participants in 2 days
- DA-AWARD, a hair design contest for beauticians, was held in July using a digital arena for the first time  
⇒ More than 1,800 people from around the world participate in apps  
(\* Real implementation in 2019 ⇒ 850 participants)

\* DA(=Design Abilities): Milbon's educational event aimed at bringing beauticians to wake up their sensitivity and the design abilities of themselves

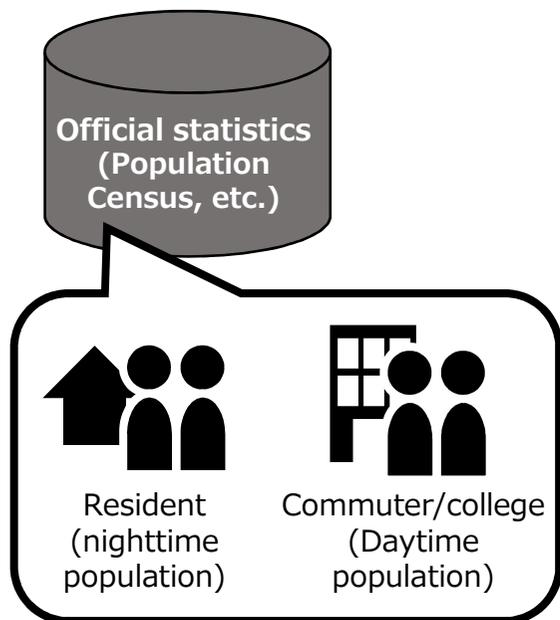


# DX Strategy for Customers and Salons-④ Area Marketing Support

## Using digital information to evolve salon's area marketing support

[Traditional Tools]

Utilization of resident information from public statistical data



Introduced a new tool that enables aggregation of information on visitors traveling/staying based on GPS information on smartphones

(Number of visitors to designated areas/age/residential areas, etc.)



Increase in the number of tools used by 1.5 times year-on-year

\* Using data processed in an unspecified way by millions of KDDI subscribers who received approval

# Progress in the Cosmetics Business

Against the backdrop of changes in consumers and shopping centers under the COVID-19 situation, the cosmetics business is working toward plans

## Consumer

Awareness of materials for skin and hair in mask lifestyles

## Buying place

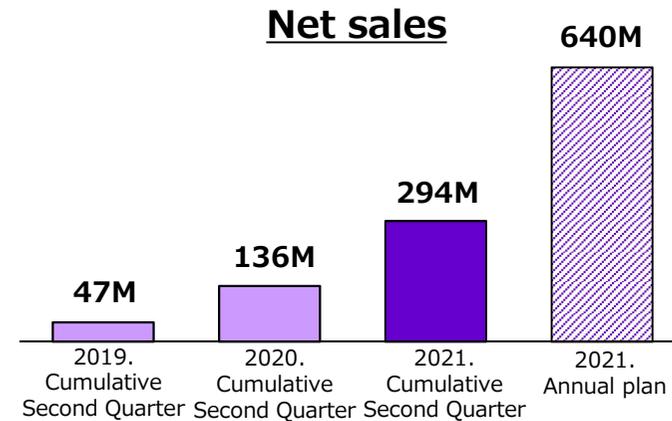
COVID-19's suspension of operations at department stores, etc. and a decrease in opportunities to go out to urban centers

## Salon

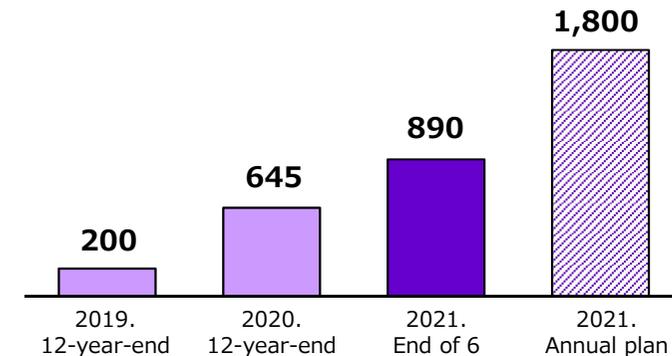
Increase in awareness of store sales due to decrease in customer visits and expectations for new products

## Merchandise

Beauticians can enjoy and recommend it in conjunction with hair colors (Eyebrow Mascara, Pencil)



## Introduction contact number of salons



# Growth of Overseas Subsidiaries

**Over 30% sales growth in each country compared to 2019 levels before the impact of COVID-19**

\* Figures in the text are based on local currency.



**Milbon USA**

**+31.3%**

[compared to 2019.1H]

(\*compared to 2020.1H:+114.8%)

- With the resumption of economic activities, the movement of agents and salons is becoming more active at once.
- Strong reputation for Sophistone's product appeal
- Effectiveness of Anh Co Tran, a global creative director
- Appointed hair color training personnel in collaboration with key distributors
- ▲ Loss of goods due to unexpected orders and temporary increase in logistics costs



**Milbon China**

**+39.1%**

[compared to 2019.1H]

(\*compared to 2020.1H:+55.9%)

- Expansion of distributors' areas of activity
- Plant: Scheduled completion of building within the year, progress toward test operation
- Preparation for R&D branch office
- ▲ COVID-19 re-expansion and typhoon damage



**Milbon Korea**

**+39.3%**

[compared to 2019.1H]

(\*compared to 2020.1H:+26.9%)

- Global Milbon Education Sales by Distributors
- Aqua Carl highly valued, expected to be a seed for new growth in the future

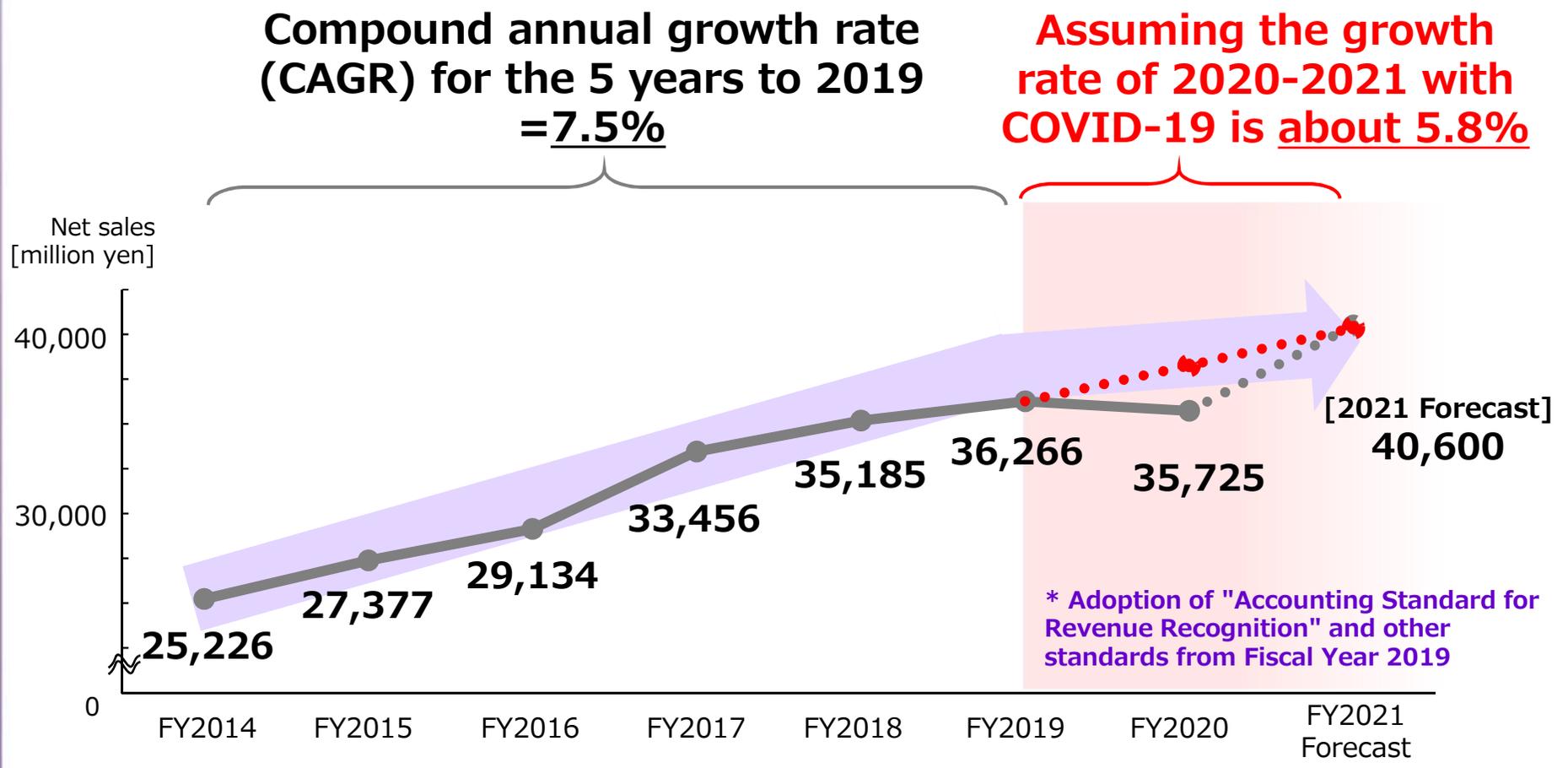
# Preannouncement for the Whole Financial

	FY2020 Results		[Before revision] FY2021 full year Targets		[After revision] FY2021 full year Targets			
	Amount	YoY change Increase/ Decrease ratio (%)	Amount (A)	YoY Increase/ Decrease ratio (%)	Amount (B)	Target before revision Increase/ Decrease (B-A)	Target before revision Increase/ Decrease ratio (%)	YoY Increase/ Decrease ratio (%)
(Unit: million yen)								
Net sales	35,725	(1.5)	38,200	6.9	40,600	2,400	6.3	13.6
Domestic	29,880	(1.7)	31,318	4.8	33,100	1,782	5.7	10.8
Overseas	5,844	(0.2)	6,882	17.8	7,500	618	9.0	28.3
Operating income	6,394	(5.3)	6,420	0.4	7,800	1,380	21.5	22.0
Ordinary income	5,791	(7.1)	5,710	(1.4)	7,120	1,410	24.7	22.9
Profit attributable to owners of parent	4,204	(6.9)	4,050	(3.7)	5,100	1,050	25.9	21.3

[Reference: Overseas sales ratio]  
2020 16.4% ⇒ 2021 Plan (revised) 18.5%

# Track of Sales Growth

In the 2021 forecast, the year-on-year growth rate was large when the COVID-19 impact was strong, but showed solid growth in line with the growth trajectory of the compound annual growth rate (CAGR) prior to COVID-19



## Revision of Full-Year Forecast (by Category)

(Unit: million yen)

	FY2020 Results		[Before revision] FY2021 full year Targets		[After revision] FY2021 full year Targets			
	Amount	YoY change Increase/ Decrease ratio (%)	Amount (A)	YoY Increase/ Decrease ratio (%)	Amount (B)	Target before revision Increase/ Decrease (B-A)	Target before revision Increase/ Decrease ratio (%)	YoY Increase/ Decrease ratio (%)
Hair care products	21,135	(0.9)	22,768	7.7	23,798	1,030	4.5	12.6
Hair coloring products	12,594	(3.1)	13,112	4.1	14,400	1,288	9.8	14.3
Permanent wave products	1,372	(9.4)	1,416	3.2	1,485	69	4.9	8.2
Cosmetic products	360	118.3	640	77.4	640	0	0.0	77.4
Others	262	(0.3)	264	0.7	277	13	4.9	5.6
<b>Total</b>	<b>35,725</b>	<b>(1.5)</b>	<b>38,200</b>	<b>6.9</b>	<b>40,600</b>	<b>2,400</b>	<b>6.3</b>	<b>13.6</b>

# Toward the Future

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[Capital Expenditures] ⇒ Increase in depreciation



**Established  
Aoyama Sales Office**



**Expansion of the Thai factory  
Factory construction in China**



**The new training center  
The Innovation Centre**



**Digital  
investment**

[About the status of expenses] ⇒ Higher costs due to resumption of activities and increased orders



**Expenses,  
travel expenses**



**Logistics costs**

# Formulation of New Medium-Term Business Plan

In this fiscal year, we will concentrate on the 18-Month Mission to develop our business foundation, and plan to announce a new medium-term business plan in February 2022.

## "18-Month Mission"

Initiatives for the 4 stages/25 missions of "store sales," "education," "products," and "in-house measures"

- Promote "365-Day Customer Concept," "Intellectual Sales," and "Multi-Skill Human Resources"
- Digital investments and overseas-related up-front investments

## 2022 February Formulation of New Medium-Term Business Plan (2022-2026)

Change the Stage 18 Month Missions!

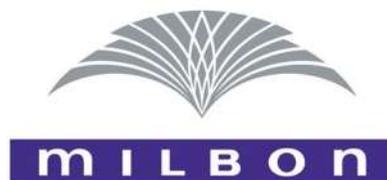
4 25  
ステージ ミッション

18カ月で創設する4つのステージの加速と25のミッション

## Interim Dividend Increase and Year-end Dividend Forecast Revision

(Unit: yen)	FY2019	FY2020	[Before revision] FY2021 Forecast	[After revision] FY2021 Forecast
End of 2Q	27	27	28	30
End of FY	29	29	28	33
Annual total	56	56	56	63
Consolidated dividend payout ratio	40.6%	43.3%	45.0%	40.2%

\* 2021 interim dividend finalized



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.