

# Milbon Co., Ltd.

## FY2021 Financial Results



February 10, 2022

# Table of Contents

---

P2	Consolidated Operating Results
P3	Consolidated Sales by Product Category
P14	Consolidated Statement of Earnings
P15	Consolidated Trends in Capital Expenditures and R&D Expenses
P16	Trends in Fieldpersons (FPs), Market Related Data
P17	Consolidated Net Sales in Japan and Overseas
P18	Consolidated Operating Income in Japan and Overseas
P19	Outlook of Overseas Subsidiaries
P21	Appendix
P22	Milbon Group Medium-Term Management Plan for 2022–2026 New Stage for the Future

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

# Consolidated Operating Results

- ◆ As a result of continuing to work closely with salons in cooperation with distributors even amidst the COVID-19 pandemic, our sales remained robust, with a 14.7% increase compared to 2019, prior to the impact of the pandemic. As for overseas sales, all 3 major countries remained strong despite China being impacted by the regulations placed due to the pandemic.
- ◆ Operating income grew significantly due to the absorption of fixed costs resulting from the effects of higher sales and the curtailment of activity costs due to COVID-19.

(Unit: million yen)

	FY2020	% total	FY2021	% total	Increase/ Decrease	Increase/ Decrease ratio (%)
Net sales	35,725	100.0	41,582	100.0	5,857	16.4
Gross profit	23,385	65.5	27,498	66.1	4,113	17.6
SG&A expenses	16,990	47.6	19,681	47.3	2,690	15.8
Operating income	6,394	17.9	7,817	18.8	1,422	22.3
Ordinary income	5,791	16.2	7,158	17.2	1,367	23.6
Profit attributable to owners of parent	4,204	11.8	5,109	12.3	905	21.5

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

### Consolidated Net Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
21,135	24,466	3,331	15.8

- Premium brands were up 25.6% YoY, driving growth in the overall hair care sales. For Aujua, the Hair Care Series Repairlity Line, launched in February, exceeded the annual target by 60%. For Global Milbon, in addition to progress in creating customer touchpoints in each country, the newly launched Premium Position grew steadily, although it did not achieve the target.
- The target number of registered members of milbon:iD largely exceeded the revised target. There are 3,254 salons registered with a total of approximately 170,000 registered members.
- Professional brands were up 8.9%. The brand overall saw strong sales of the newly launched Elujuda Bleach Care with high popularity and SNS-based exposure to customers. GRANDLINKAGE was largely in line with the plan, despite delays in switching from existing items.

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

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

### New Products FY2021

#### 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	Progress rate (%)
800	1,292	161.5



February 10, 2021 Debut

#### Global Milbon Premium Position

A new line of Global Milbon that pursues even higher quality and leads to "more beautiful hair" that is shiny, bouncy and rich in moisture.

(Unit: million yen)

FY2021 target	FY2021	Progress rate (%)
400	387	96.8



June 10, 2021 Debut

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

### GRANDLINKAGE

A new color care brand that sustains the colors and hair becomes easy to manage after coloring at the salon.  
(Unit: million yen)

FY2021 target	FY2021	Progress rate (%)
1,200	1,165	97.1



February 9, 2021 Debut

### Elujuda Bleach Care

Oil-based leave-in treatments that make bleached hair move smoothly and clump well.  
(Unit: million yen)

FY2021 target	FY2021	Progress rate (%)
500	501	100.3



June 10, 2021 Debut

### Cronna Sparkling Scalp Essence

Carbonated solution for the scalp that eliminates complex scalp distress and leads to healthy hair.  
(Unit: million yen)

FY2021 target	FY2021	Progress rate (%)
30	62	207.5



September 9, 2021 Debut



# A Premium Brand, Aujua

Launch of new products and increase in milbon:iD registered members contribute to sales growth

## Number of Salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
4,222	4,946	724	11.7

## Consolidated Gross Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
7,960	9,700	1,740	21.9

## Brand concept

A premium hair care brand born in consideration of Japan's social climate, culture, and characteristics of the hair of the Japanese people.

## What is Aujua?

A wide range of product lineups offering personalized treatment for each individual's needs and hair type

## Product range

Aujua supports diverse perspectives on beauty, now and into the future, by addressing each individuals' hair and skin concerns and offering the most appropriate item for that time.

• 5 series / 15 lines / 96 items

Eternal stage series

Aging care series

Hair care series

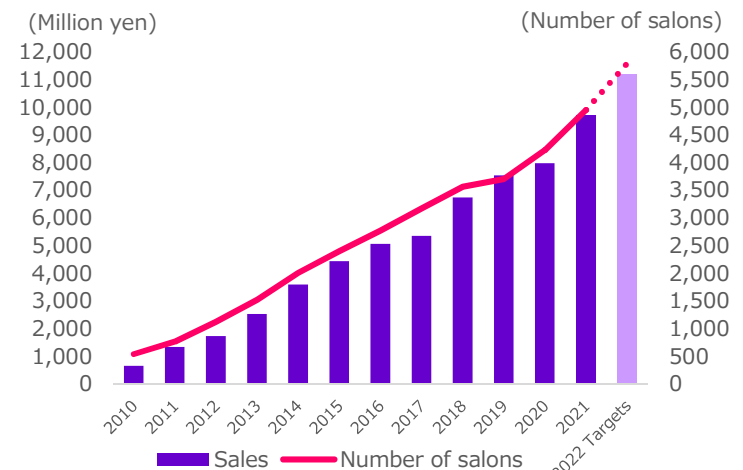
Scalp care series

Climatic care series

# Aujua



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

Growth driven by the further creation of customer touchpoints, as well as by the sales of the new Premium Position Line

## Number of Salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
9,916	14,575	4,659	47.0

## Consolidated Gross Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
2,975	4,082	1,106	37.2

## Brand concept

A system hair care brand that cultivates the "unique beauty" of each individual, achieving "360 Degree Beautiful Hair."

## Countries with salons

The brand is available in the following countries and regions:  
Japan, USA, Hong Kong, China, Thailand, Taiwan, Turkey, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, Germany, Korea

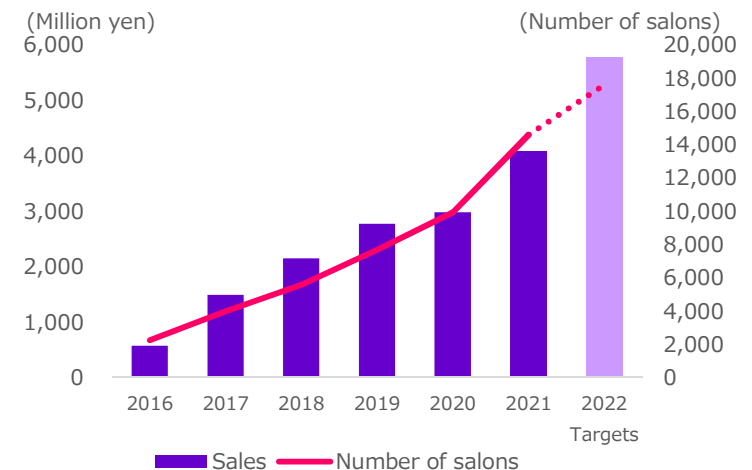
## What is "Global Milbon"?

Based on the hair research technology we have cultivated since our founding, we analyzed diverse hair characteristics from 20 countries. Our analysis broke down the factors for common hair damage phenomena derived from our research, leading to the establishment of a new hair care system. This line contains ingredients that penetrates the shaft with its high affinity to repair hair's inner porosity and to improve hair's overall integrity, from the inside out.

# 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.

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



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

### Consolidated Net Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
12,594	14,813	2,219	17.6

- Demand for design color continues to be strong, and sales of Ordeve Addicthy grew strongly in response to the trend of hair bleaching. This is the driving force behind the 25.4% YoY increase in fashion color.
- As for Ordeve Seedil, a hair coloring line for gray hair, although the creation of the touchpoints progressed, sales did not reach expectations.

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

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

### Core Product FY2021

#### 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	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
4,630	6,212	1,582	34.2



FY2017 Debut

# A Premium Organic Brand, Villa Lodola (1)

A steady increase in the number of touchpoints and sales as a result of consistent activities centered on the collaboration with distributors

## Number of Salons

(Unit: salons)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
10,128	11,317	1,189	11.7

## Consolidated Gross Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
1,101	1,222	121	11.0

## Brand concept

Organic brand that proposes lifestyles that fulfill the beauty of people and the environment

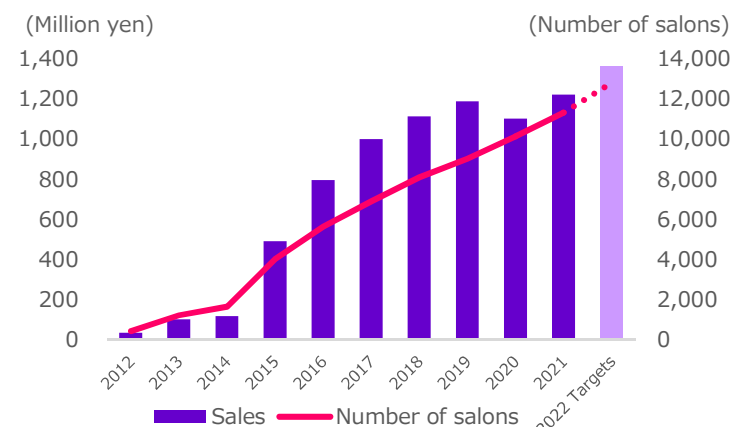
## What is Villa Lodola?

Based on the philosophy 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

#### Villa Lodola Color

With 92% natural ingredients, the product's formulation utilizes the power of plants. It enables consumers to experience the comfort of an organic product across all aspects of hair care, from application, to finish, and continued use.

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
827	921	93	11.3



FY2015 Debut

## Consolidated Sales by Product Category [Cosmetic Products]

### Consolidated Net Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
360	579	218	60.6

- Cosmetics sales grew significantly by 60.6% YoY, but fell short of the annual target of 640 million yen due in part to the impact of limited referral activities such as touch-up due to COVID-19. We will promote initiatives among all staff members in salon to expand the market by revitalizing existing salons.

### New Products

#### FY2021

#### 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	Progress rate (%)
83	61	74.4



March 1, 2021 Debut

# A Premium Brand, Imprea

Both the number of salons and sales increased, but did not reach the target.

## Number of Salons

(Unit: salons)

FY2020 *	FY2021 *	Increase/ Decrease	Increase/ Decrease ratio (%)
645	1,104	459	71.2

## Consolidated Gross Sales

(Unit: million yen)

FY2020	FY2021	Increase/ Decrease	Increase/ Decrease ratio (%)
360	579	218	60.6



## 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 of moisture in 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

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

	FY2020	% to sales	FY2021	% to sales
Sales	35,725	100.0	41,582	100.0
Cost of sales	12,339	34.5	14,083	33.9
Gross profit	23,385	65.5	27,498	66.1
SG&A expenses	16,990	47.6	19,681	47.3
Operating income	6,394	17.9	7,817	18.8
Ordinary income	5,791	16.2	7,158	17.2
Profit attributable to owners of parent	4,204	11.8	5,109	12.3

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

	FY2020	FY2021	% to sales	Increase/Decrease	Increase/Decrease ratio (%)
Hair care products	21,135	24,466	58.8	3,331	15.8
Hair coloring products	12,594	14,813	35.6	2,219	17.6
Permanent wave products	1,372	1,449	3.5	76	5.6
Cosmetic products	360	579	1.4	218	60.6
Others	262	273	0.7	11	4.3

## <Major factors for the increase/decrease>

- SG&A expenses rose due to higher personnel expenses from an increase in the number of employees and salary increases, and due to an increase in logistics from strong sales increase. Even so, the operating income margin grew significantly due to the reduction of expenses as a result of activity restrictions (events, etc.) imposed in light of COVID-19.

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

(Unit: million yen)

Category		FY2017	FY2018	FY2019	FY2020	FY2021
Capital expenditures		1,570	1,149	1,605	1,917	4,644
Depreciation and amortization		1,272	1,370	1,453	1,562	1,777
R&D exp.	Amount	1,422	1,479	1,534	1,581	1,741
	% to sales	4.3	4.2	4.2	4.4	4.2

### FY2021 CAPEX Main Items

- Established Aoyama Sales Office
- Milbon Digital Arena (A virtual space system)
- An online platform for salon education
- Expansion of the Thai Plant
- Construction of China Plant

# 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	102
USA	12	13	13	17	17
MILBON USA, INC.	48	48	50	27	53
CHINA	19	22	21	30	30
Milbon Trading (Shanghai) Co., Ltd.	50	62	70	50	71
KOREA	23	25	30	32	32
Milbon Korea Co., Ltd.	84	82	77	79	106
Others * <sup>2</sup>	33	33	35	38	38
	31	37	39	34	39

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

(As of December 31, 2021)  
0 FPs joined in October 2020 no recruitment activities in autumn  
31 FPs joined in April 2021, and are currently in OJT on site  
9 FPs are joined in October 2021

(The above 40 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

(Unit: million yen)

	FY2020		FY2021		Increase/ Decrease	Increase/ Decrease ratio (%)	Changes in Local currency base <sup>*1</sup> (%)
	Net Sales	% to sales	Net Sales	% to sales			
Consolidated Net Sales	35,725	100.0	41,582	100.0	5,857	16.4	15.1
JAPAN	29,880	83.6	33,643	80.9	3,762	12.6	12.6
Overseas	5,844	16.4	7,938	19.1	2,094	35.8	27.9
USA	464	1.3	905	2.2	440	94.9	89.3
CHINA	1,528	4.3	2,148	5.2	619	40.5	26.9
KOREA	2,543	7.1	3,396	8.2	853	33.5	25.1
Other <sup>*2</sup>	1,307	3.7	1,487	3.6	180	13.8	12.9

<sup>\*1</sup> Figures are the rates of change in real terms on a local currency basis. Current exchange rates of 109.90 yen to the U.S. dollar, 17.10 yen to the Chinese yuan, and 0.0962 yen to the Korean won

<sup>\*2</sup> Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, the Philippines, Singapore, Germany and others

# Consolidated Operating Income in Japan and Overseas

(Unit: million yen)

	FY2020		FY2021		Increase/ Decrease	Increase/ Decrease ratio (%)
	Operating Income	Operating income ratio(%)	Operating Income	Operating income ratio(%)		
Consolidated Operating Income	6,394	17.9	7,817	18.8	1,422	22.3
JAPAN	5,989	20.0	6,811	20.2	822	13.7
Overseas	405	6.9	1,006	12.7	600	148.1
USA	(302)	(65.1)	(561)	(62.0)	(258)	-
CHINA	292	19.2	449	20.9	156	53.6
KOREA	645	25.4	1,138	33.5	492	76.4
Other *	(230)	(17.6)	(20)	(1.4)	209	-

\* 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)

- As a result of actively expanding the collaboration with distributors, the sales grew significantly by 89.3% YoY. It was up 36.7% compared to 2019, the time prior to the impact of COVID-19.
- Expansion of the touchpoints for Global Milbon has increased our brand recognition, which has also led to the opportunities to introduce the new hair coloring products. Developed exclusively for the European and North American markets, Sophistone is highly praised for its superior finishing features, including shine, texture, and less damage, as well as its less odor and ease of application, and further growth can be expected in the future.
- In 2022, we are planning a full-scale rollout of Sophistone's permanent color, and launch of Global Milbon Premium Position.



## Outlook of Overseas Subsidiaries (2)

---

### **CHINA (Milbon China)**

- In China, sales grew steadily, rising 26.9% YoY and 33.5% compared to 2019. However, due to the repeated tightening of regulations imposed as a result of the pandemic, the Company was unable to carry out its activities as expected. This was caused by various factors such as a significant decrease in the number of salon customers, restrictions on travel, and the cancellation of large-scale events.
- In the hair care section, Global Milbon continues to perform well, and the Company plans to launch Premium Position in July 2022.
- For hair coloring products, Ordeve Addicthy was launched in December. The company will respond to the growing demand for color at our successful salons in China through meticulous educational activities.

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

- The company actively developed new touchpoints in collaboration with elite sales at distributors nationwide, leading to a 25.1% YoY increase in sales.
- Hair coloring product Ordeve Addicthy continues to be strong, with the contribution of young stylist influencers, widely admired on SNS.
- In the hair care section, sales of Aujua grew steadily due to the success of training the Aujua Sommelier at each salon.

---

Figures in the text are based on local currency.

## <Appendix> Hair Care Brand Positioning Map

### Premium brands



MILBON



Aujua



Villa Lodola  
PROFESSIONAL

GRAND  
LINKAGE



*jemile fran*



CRONNA



PLARMIA



*Elujinda*



DOOR



### Professional brands

# **Milbon Group Medium-Term Management Plan for 2022–2026 New Stage for the Future**

**Ryuji Sato,**  
**Representative Director, President and CEO**

**I . An Overview:**

**“Change the Stage” 18-Month Missions!**

# Change the Stage 18-Month Missions!

**Changes in social values**

Accelerated sharply due to the COVID-19 pandemic

**New values** that have originated amid the COVID-19 pandemic

**Changes in social and customer values and structures** predicted in the previous Medium-Term Management Plan

**Establishing a path towards a new stage of growth**

< Post-COVID Market Policy > \* Announced in June 2020

~ **“Change the Stage” 18-Month Missions!** ~

# Change the Stage 18-Month Missions!

## 18-Month Missions!

### Path toward a new stage

Initially projected path of stage evolution and sales growth during the current medium term

A new sales-growth path that will be carved by the path toward a new stage

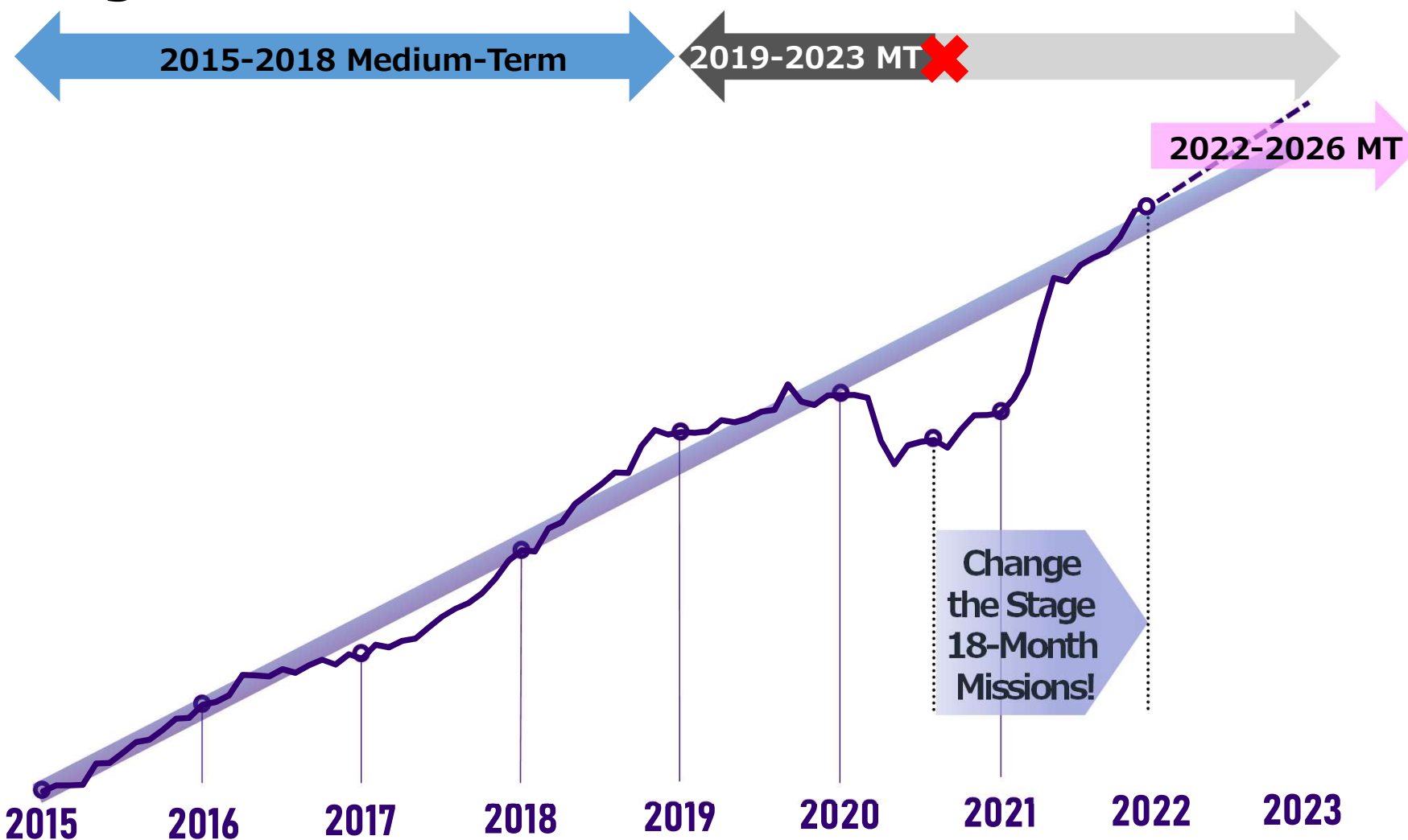
2019 > 2020.1 > 2020.7 > 2022.1 > 2023.12

Making thorough preparations during the 18-month period ending in December 2021 for the next stage of new growth



# Change the Stage 18-Month Missions!

## Moving Total of Consolidated Net Sales



## Progress in the Accomplishment of the “Change the Stage” 18-Month Missions!

25 missions to be accomplished in four stages of accelerated evolution during 18 months



### Foundation for a shift from digitalization to a digital transformation (DX) strategy

1. Promotion of milbon:iD [170,000 registered members and 3,254 registered salons in 2021]
2. Promotion of DX in education activities [8,975 education:iD registrants]
3. Promotion of DX in education events [9,600 downloads for the Milbon Digital Arena app]

### Promptly responding to changes

~THE MILBON WAY to build a solid company that won't collapse~

## **II . Structural Changes in the Economy**

---

# Business Conditions

## Industries severely affected by the pandemic



The situation varies depending on the industry

Soaring costs of oils, commodities, grains,  
and logistics

# Essence of Factors and Problems

## Two direct factors

- (1) Impacts of the states of emergency and priority preventive measures
- (2) Impacts of decreased international tourists visiting Japan

»» Factors that will improve

## Five essential factors

- (3) Shrinking market due to the decrease and aging of the Japanese population
- (4) Rapid decline in the working population and a consequent labor shortage  
(An approximately 14% decline from 2000)
- (5) Long-standing structural problems in the industry
- (6) Acceleration of technological innovation and digitalization
- (7) Emergence of new technologies and new business models

»» Factors that will last

# Arrival of the New Normal Era

---

1



## Changes in people's lifestyles and values

---

- ☑ Experience of living amid the COVID-19 pandemic (accelerated trends toward consumption in the vicinity)
- ☑ Heightened public awareness of self healthcare (value of a consumer perspective)

2



## Accelerated digital transformation

---

- ☑ Balance between remote digital contacts and in-person contacts  
(Improvement of man-hour productivity = improvement of salary)



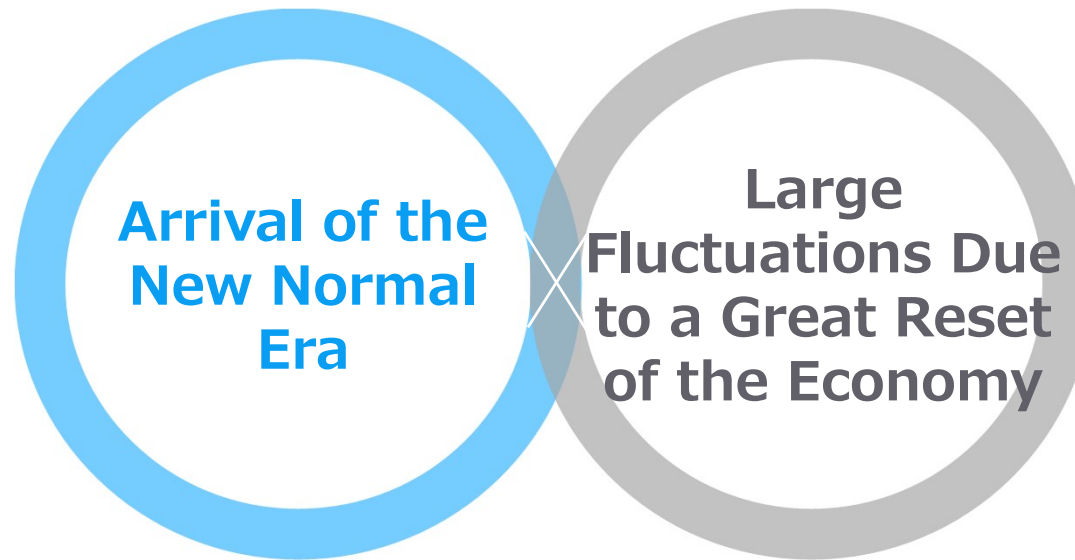
# Large Fluctuations Due to a Great Reset of the Economy

---

- |          |  |  |
|----------|--|--|
| <b>1</b> | Changes in consumption as a foundation for the economy           | Major shift from the consumption of materials to the consumption of value  |
| <b>2</b> | Action toward sustainability and carbon neutrality               | Heightened public awareness of climate change  |
| <b>3</b> | Return of an era of elevated geopolitical risks                  | Shift of the focus of U.S.-China conflict from ideology to hegemony, and the possible result thereof: the division of the world into two different worlds<br>(Risks surrounding the Taiwan Strait) |
| <b>4</b> | Changes in cities due to the decrease in the Japanese population | Change of large and medium-sized cities into smart cities, and of small cities into compact cities; accelerated depopulation of already depopulated areas  |
| <b>5</b> | Fluctuation of the status of middle-class people                 | Reduced power of the middle class<br>A product of innovation in digital technology   |

# Start of Structural Changes from the Economy Coexisting with COVID-19 to the Post-COVID-19 Economy: Summary

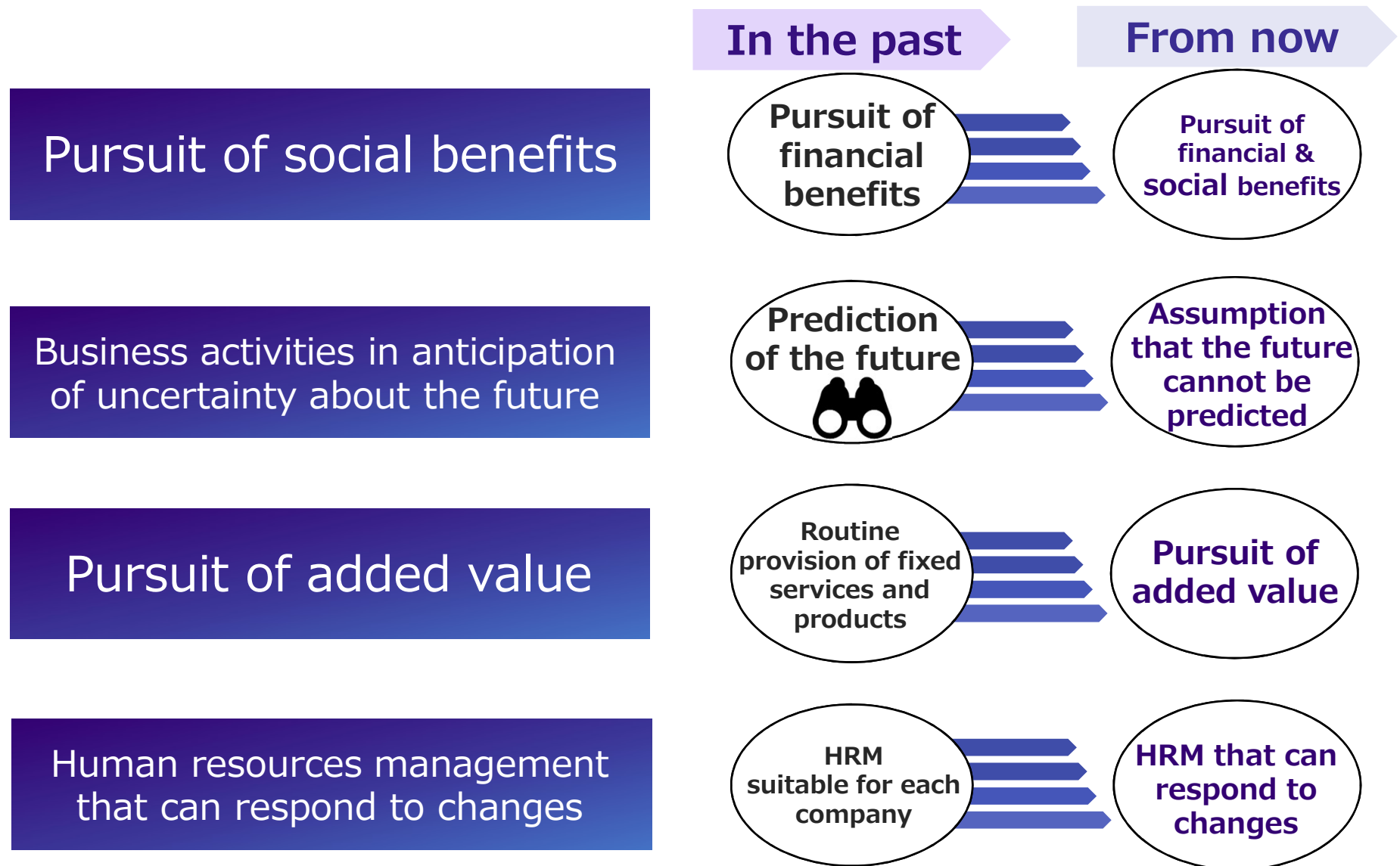
---



Emergence of a new, unprecedented business environment that revolves around uncertainties about the future

- It is said that 2022 will mark a turning point toward the coming decade of the “economy of life”, a society and environment unique to humanity

# Four Paradigm Shifts in the Business Environment



# Five Strategic Actions

Redefine the direction we should take

- Our essential purpose in society = the essence of the needs of society and consumers × our long-developed strengths

Improve our cash management capabilities

- Improve our cash management capabilities
- Build better and more enduring relationships with the supply chain

Increase our ability to construct scenarios

- Prepare for flexible responses to unexpected events
- Pay attention to both risk management and the creation of new value at the same time

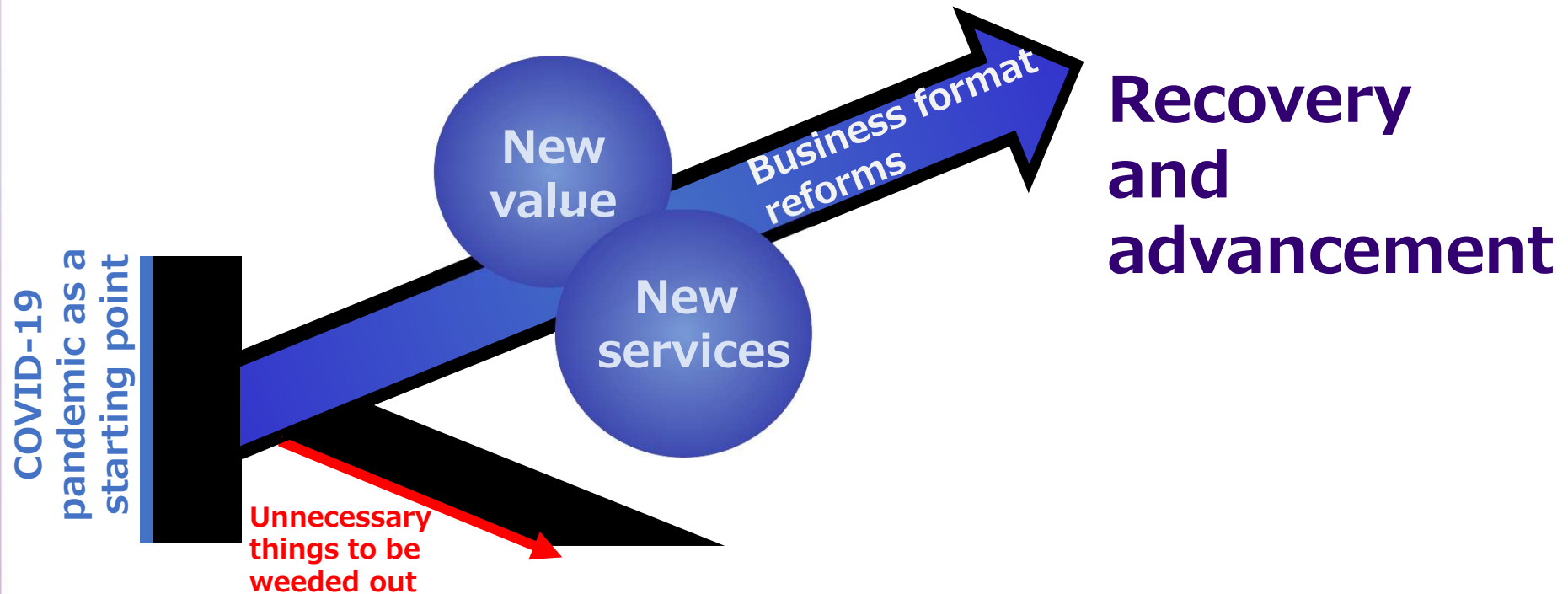
Strengthen our digital foundation for responses to situational changes

- Strengthen our data foundation (data management)
- Create comprehensive added value from the consumer's perspective
- Build an organizational structure whereby value is created from data

Increase employee engagement  
(their deep involvement in the Company  
= their love for the Company)

- Set explicit goals for employees to achieve, clearly show what rewards, tangible or intangible, they can earn through their work, and support employees who continue to improve themselves

## How to Address Structural Changes in the Economy: Summary



The key will be a shift to new value and new services. This means that **business format reformation** will be the essence of a K-shaped economic recovery.

# **Toward a Bright Future of the Beauty Industry**

# Toward a Bright Future of the Beauty Industry: Problems

Structural problems in the  
Japanese beauty **market**

Decrease in  
the Japanese  
population

Accelerated  
population  
aging  
combined  
with a  
declining  
birthrate

Acceleration  
of the  
downsizing of  
trading areas  
(trends  
toward  
consumption

Social  
insurance  
and labor  
(working  
hours)

Recruitment  
and salary

Education  
(time for  
education)

Structural problems in the Japanese  
beauty **industry**

Countermeasures are  
still in progress.

## Toward a Bright Future of the Beauty Industry: Two Potentials

### 1. Beauty salons' potential ▶ Their strengths as real communities

#### Characteristics of beauty salons as communities



Beauty salons' potential as "real" communities (relationships and places) created with customers, the regions, and society



## Toward a Bright Future of the Beauty Industry: Two Potentials

---

### 1. Beauty salons' potential ▶ Customer expectations for not only haircare and skincare but also healthcare and beauty salons' value as places for shopping



**Beyond  
hair**

**From beauty  
and health  
counseling to  
places for  
shopping**

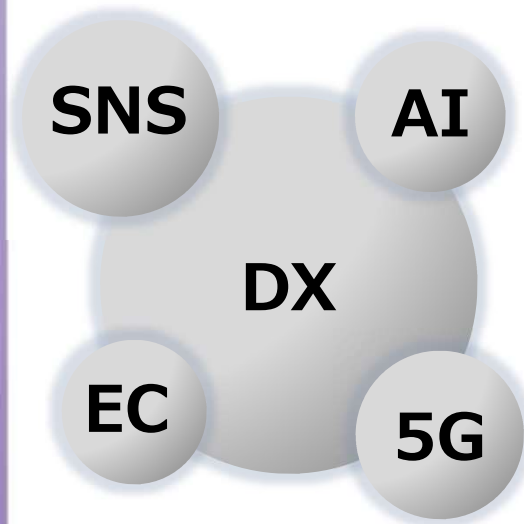
Taking an advantage of in-person, community-based business, salons have the potential to perform a wider range of functions, from knowledge-based product sales\* and beauty services to healthcare services, by meeting consumer expectations

\*Knowledge-based product sales: Sales that add value to customers' "knowledge" and "expertise".

## Toward a Bright Future of the Beauty Salon Industry: Two Potentials

### 2 DX's potential

► Dramatic changes in digital technology and the digital environment



Changes in services

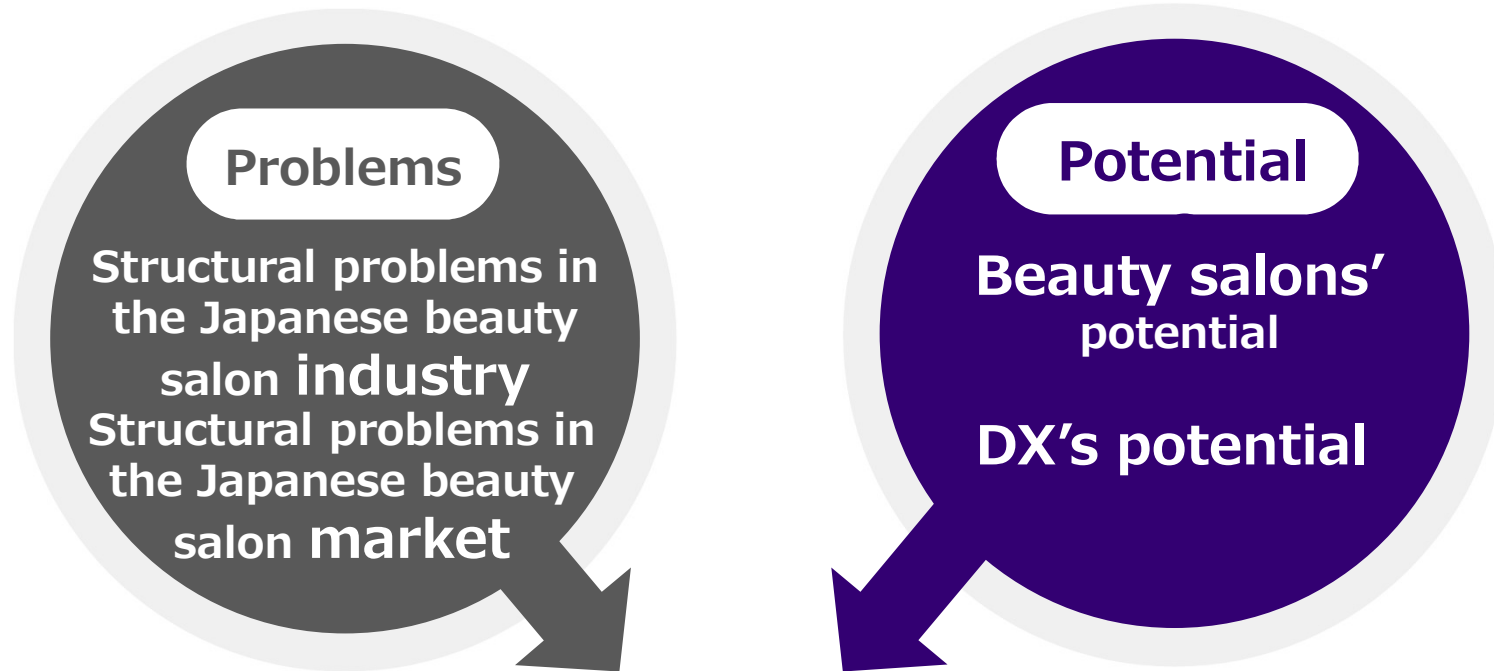
Utilization of data

Increased productivity

Potential for DX to help reform existing business formats and create new value by integrating the digital and the real

## Toward a Bright Future of the Beauty Salon Industry: Summary

---



The current condition of beauty salons should be reformed to match the new era by strengthening the business foundation.

# **III . Medium-Term Management Plan:New Stage for the Future**

---

## Medium-Term Milestone

---

**We aim to become the leading manufacturer in Asia and top 5 in the world by elevating the value of industry professionals in the eyes of consumers and society at large.**

## 2026 Medium-Term Sales / Operating Income Target

### Sales Target

**Consolidated sales target**

**¥58.0 bn**  
(CAGR 7.3%)  
<Product shipment  
value: ¥64.0 bn>

- Domestic sales target: ¥43.7 bn  
· Domestic share (on a net sales basis): 19.2%
- Overseas sales target: ¥14.3 bn  
· Overseas sales ratio: 24.7 %

### Operating Income Target

**Consolidated operating income target**

**¥10.8 bn**  
( Operating margin:  
18.6%)

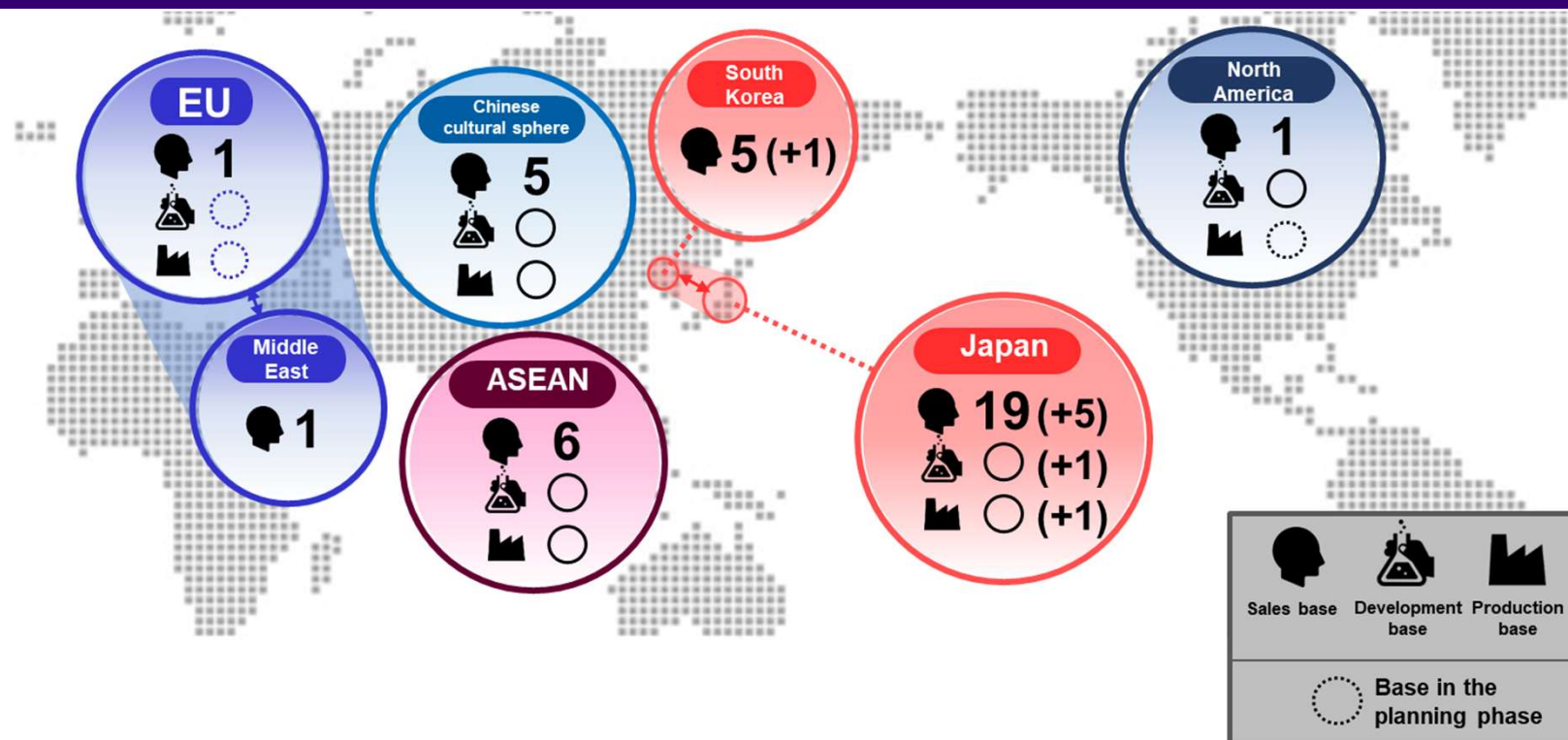
- Domestic operating income target: ¥8.2 bn
- Overseas operating income target: ¥2.6 bn

# **Long-Term Global Strategy**

## **7 Regions**

## Seven Regions Making Up the Overall Global Market: Promotion of Local Production for the Local Market

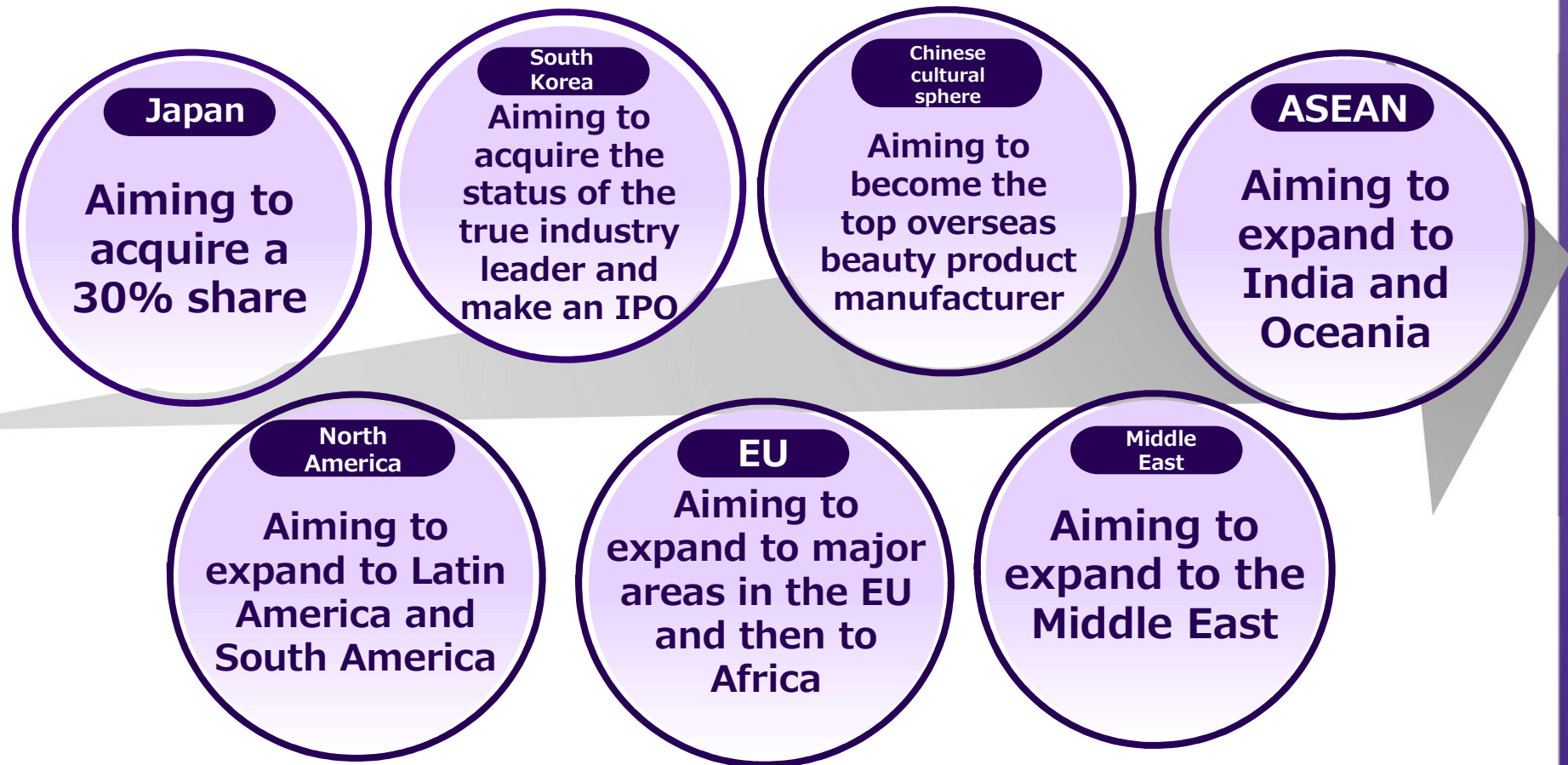
We divide the overall global market into seven regions, and build regional structures for development and production to respond appropriately to diversity in hair quality, culture and values, and contribute to the local beauty industry across the globe.





## Long-term Expansion of the Seven Regions in the Global Market

---



## Specific Measures: Distributor Strategy

We will establish a global organizational system and expand our overseas business to achieve the target of doubling our sales in overseas markets.

We will share the regional Medium-Term Management Plan with local distributors, and strengthen our system for collaboration by managing and sharing progress toward the four targets.

### 4 Target Indicators for FY 2026

1

Net sales  
target

**¥27.5bn**  
(181%)

2

Target  
number of  
sales outlets

**49,307**  
(177%)

3

Number of  
salespersons

**1,172**  
(164%)

4

Productivity  
Net sales ÷ no. of  
salespersons

**¥23.43 mn**  
(111%)

## Specific Strategies for Overseas Markets

### 4 Target Indicators for FY 2026

	North America	China	Korea	Others	Overseas Total (Growth Rate)
①Sale-out target (million yen)	2,576	6,181	12,700	6,005	27,500
②Number of contacts	12,000	7,030	17,379	12,898	49,300 salons
③Number of sales agents	250	153	470	299	1,172 people
④Productivity * (million yen)	10	40	27	20	23

\* Sale-out/Number of contacts

## Specific Measures: Global Product Development, Production, Logistics

Establishment of a global product development,  
production, and logistics system  
~Establishing "Made by Milbon"~



### Product Development

- Build a product development system that contributes to the development of each region through collaboration with our Central Research Institute (Japan) and overseas R&D (US/China/Thailand)
- Promotion of local planning and development system
- Establishment of Innovation Center



### Production & Logistics

- Strengthen production and shipment systems for local production and local consumption suitable for the region
- Structure and Expansion of the Yumegaoka Plant as the Mother Plant
- Restructuring the global logistics system to realize the "two-week delivery" plan
- Establishment of Technical Center

# Global Strategy -Group Human Resources-

## **Basic Policy on Human Resources Strategy: Each employee becomes a driving force of Milbon**

As part of Milbon's sustainable growth, we will foster a corporate culture that enables every employee to continue to work with a spirit of independence and a feeling of satisfaction.



## **Human Resources**

- Develop global human resources
- Introduce engagement indicators to foster a corporate culture that allows employees to continue working
- Develop leaders who can respond promptly to changes
- Training Center (to be relocated to the Kanto region)

## Toward a Bright Future of the Beauty Salon Industry: Summary

Same as page 42

### Problems

Structural problems in  
the Japanese beauty  
salon **industry**  
Structural problems in  
the Japanese beauty  
salon **market**

### Potential

Beauty salons'  
potential  
DX's potential

The current condition of beauty salons should be reformed to match the new era by strengthening the business foundation.

**Reformation: Realizing the New Form of Hair Salons**  
**Salon-based Social Innovation**

# Salon-based Social Innovation

---

**Beauty Platform Plan to pioneer new functions of beauty salons in the eyes of consumers and society at large.  
(= Salon-based Social Innovation)**



# Salon-based Social Innovation

## Salon-based Social Innovation

### Beauty Platform Plan

Two major strategies

1

**Smart Salon Strategy**

2

**Lifetime Beauty Care Strategy**

Foundation for the strategy

Milbon's DX pivotal in building a stronger bond with customers

TAC Product Development System at a next level Customer-oriented perspective of BtoBtoC

**Sustainability Commitment:  
Five Key Challenges**

I

II

III

IV

V

# Salon-based Social Innovation

---

## Salon-based Social Innovation × Sustainability Commitment

**Milbon strives to achieve a sustainable community and society for people to live beautifully, through collaboration with salons.**

# Smart Salon Strategy

The new form of salons characterized by the customer experience with the fusion of digital and reality



**Digital**

**Development of knowledge-based product sales software**

- (1) Knowledge-based product sales Management Method
- (2) Knowledge-based product sales Education System



**Real**

**Development of salons as places for customers to experience all kinds of beauty services**

We will create an exciting future for the knowledge-based product sales business by providing customers with stress-free and seamless experiences from a consumer perspective, and building an innovative business model for salon-exclusive product sales.

# Smart Salon Strategy

Business project through collaboration with salons that aspire innovation of their functions

## **PHASE1** Development of flagship Smart Salons

Develop model salons in iconic spots in commercial areas in collaboration with the salons

Positioned as salons where new customer experiences will be verified and created

## **PHASE2** Expansion to major cities throughout Japan

Open approximately 500 to 1,000 Smart Salons in 100 cities

Application of the Milbon Knowledge-based product sales Management Method

We will develop spots for beauty experiences of a new era by collaborating with the partner salons to provide special customer experiences.

# Smart Salon Strategy



# Milbon's Digital Transformation

## Vision of Milbon's DX strategy



With the aim to build even stronger bonds with salons and customers, we provide services through the fusion of real world and digital technologies

### DX strategy for building a stronger bond with customers



**milbon:iD**

(Purchase what you want,  
when you want it)



**education:iD**

(Learn from anywhere,  
unbound by time or place)



**Data  
marketing**

(Management of  
knowledge-based product  
sales)

**Digital Arena** ► New contact point linking hair salons and consumers



### DX strategy as a foundation

## DX in field activities

Digitalization leading to the promotion of enhanced service in offering personalized solutions to customers

# DX Strategy for Building a Stronger Bond with Customers

**milbon:iD**

**Target of exceeding 1 million registered members**

**3 commerce strategies to increase attractiveness**

- E-Commerce
- Live Commerce
- Non-Verbal Commerce

**Raise awareness and create referral opportunities**

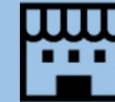
- Pop-ups designed to introduce customers to visit salons
- Limited Promotion

**200**  
Number of  
registered  
members per salon



×

**5,000**  
Number of  
registered salons



In 2026, the number of registered salons will exceed **1 million**, and the site will grow to become the unrivaled place to buy products, creating a virtuous cycle of sustainably increasing the number of registered salons and members.

# DX Strategy for Building a Stronger Bond with Customers

## education: iD

\*Number of  
hairstylists  
in Japan: 440,000

Current number of  
registered stylists

About  
9,000

100,000  
Plan

- Education related to knowledge-based product sales
- Training of beauty sommeliers
- Attracting beauty students

(\*Bureau economy census of ministry statistics of public management in 2016)

## Salon data marketing support

Store sales + EC sales



**Knowledge-based  
product sales  
management**

Keep track of  
<who> bought <what>,  
and <when>.

- Proposal activities utilizing the Milbon Knowledge-based product sales Method based on the Smart Salon Strategy

## Utilizing the Digital Arena

A virtual space connecting the world's hairstylists and hosting various events that inspire the ability of hairstylists.



**Improve design skills**  
[based on career level]

**DA-FIT-** (Suitability×Practical ability)

**DA-NEXT-** (Field of expertise×  
Trend-setting ability)

**DA-PRO-** (Producing customers×  
Ability to respond to individual needs)

**DA-AD-** (Photo Work : Creativity ×  
Directional skills)

**To improve beauty  
knowledge**

New event : **KA**(Knowledge Abilities)

**Comprehensive Beauty  
Events**

To be held for the first time this year :  
**Milbon Beauty Fest**



# DX Strategy as a Foundation

## DX in Field Activities

Support FP's various indirect operations with DX



Improvement of various sales data management



Sales-related data



Sales promotion-related data



Cloud computing for market referral materials



Brochure Sales promotion tools



POP



Samples

By enhancing productivity of field activities, we aim to further pursue our strength to offer personalized solutions to each salon.

# Lifetime Beauty Care Strategy



We will realize the Beauty Platform Plan with a strong focus on the three fields of "care", through exploring the new medium- to long-term challenge of expanding into the healthcare field.

# Lifetime Beauty Care Strategy

## Hair care

Hair care in a broad sense, which refers to haircare services in general

### Hair care

- (1) Further improving the premium brands AJ and GM
- (2) Launching new brands to enhance the organic brand business Development of the second brand following Villa Lodora

### Hair coloring

- (1) Launching ENOG, a brand with the concept of offering ultimate hair coloring tools for haircare professional
- (2) Strengthening the portfolio that drives hair coloring market(centered on products for gray hair with wide price ranges)

We will strengthen the haircare and hair coloring portfolios (by maintaining the solid haircare business and increasing the market share of hair color).

# Lifetime Beauty Care Strategy

## Skincare

Skincare in a broad sense, including makeup

IMPREA

Education and  
deep-engagement  
type



Launching luxury-line and items  
with wide color variations

KOSÉ  
MILBON

Wide-area and  
mass-market  
type



Multipurpose items: All-in-one serums  
Edgy and cool items: Makeup products

MILBON

Wide-area and  
mass-market  
type



Launching a brand of in-house  
developed products

We aim to become the No. 1 company in the beauty industry in 2026 and make the cosmetics business our second pillar.

# Lifetime Beauty Care Strategy

## Beauty Healthcare

Providing healthcare that helps people to live beautifully, centered on oral supplements

**Kao Corporation**

**5-ALA**

- Providing accurate healthcare services based on sebum RNA testing
- Leveraging vast knowledge and evidence
- Development of 5-ALA supplements
- Provide support for skincare, immune system, prevention of infectious diseases, and stimulation of hair growth.

We will develop oral “beauty healthcare” supplements for sale at salons.

# Evolution of the TAC Product Development System for BtoBtoC

Change in the percentage of haircare and cosmetics product sales

46.4% (2000) → 60.2% (2020)



Knowledge-based sales product have been becoming the business core.

## Definition of "C" in the development system

### <Development model for business-use products>

#### "C" for "cosmeticians"

- Discovery of successful cosmeticians' techniques and know-how

### <Development model for knowledge-based sales product >

#### "C" for "consumers"

- Creation of successful techniques and know-how together with cosmeticians

- "C" in TAC product development is defined as "C" for both "cosmeticians" and "consumers." We will evolve the customer-oriented TAC Product Development System for BtoBtoC from a consumer perspective.

# Specific Measures for the Japanese Market

## 【Salon Strategy】 (Share Prioritization Policy)

### Three layers of the expected beauty market and field activities

	Percentage of total	Examples of similar salons	Suitable sales activities
Large salon chain with 301 or more staffs	5% or lower	10%	
Medium-sized salons in a broad sense with 3 to 300 staffs	35%	60%	Layer where field activities are effective (the core of our share)
Privately-run or family-run salons with one or two staffs	60%	30%	

# Specific Measures for the Japanese Market

## Distributor Strategy

**Prioritization Policy**  
(Allocation of Resources through  
New Priority Categories)

Priority  
classification

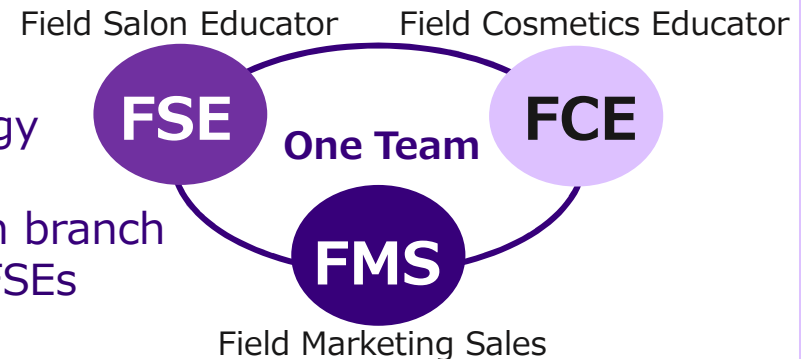
**Net Sales**

Agreement with our policy×  
Policy implementation

**Influence  
in the region**

## Start of FP Unit Activities

- Place units in line with the distributor strategy
- Enhance education activities for salons
- Establish Education Promotion Office at each branch
- Operate an early training program for new FSEs



## Development of studio bases

- Satellite Studios (Chiba / Fujisawa / Nara)
- New locations (Osaka Umeda / Kagoshima)
- Relocated locations (Fukuoka/ Kanazawa /  
Kobe / Saitama)

Open satellite studios that  
match the market and  
activities in metropolitan  
area = Tokyo metropolitan  
area/Kansai area



## Basic Guideline for Sustainability

---

### <Basic Guideline for Sustainability>

**We are committed to achieving a sustainable society through our collaboration with haircare professionals.**

# Sustainability Commitment: Five Key Challenges

**Most important challenge in the beauty salon market:  
"Creating Communities of Beauty and Soul"**

## **I Realize spiritual richness through beauty**

From the development of hair stylists who can build close relationships with customers to the creation of sustainable local communities

Target 1: Achieving one million milbon:iD registered members

Target 2: Training lifetime beauty partners

Educating a total of 335,000 people every year and attracting 100,000 education:iD members

Target 3: Opening Smart Salons (using the Milbon Knowledge-based product sales Method) in 100 cities across Japan

# Sustainability Commitment: Five Key Challenges

## Achieving both sustainable business growth and solving social issues

### **II** Promote recycling in manufacturing and consumption activities

Carbon neutrality as a countermeasure against the climate change crisis

Target 1: Building a carbon-neutral production system by 2030

Target 2: Reducing the use of plastics (per unit net sales) by 30% by 2030

### **III** Practice people-friendly procurement

Establishment of a fair supply chain (responsible material procurement)

Target 1: Increasing our use of palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) to 100% (for new products and products with changed formulas)

Target 2: Reducing the number of human rights violation cases to as close to zero as possible through human rights due diligence

# Sustainability Commitment: Five Key Challenges

## Building a foundation for the Company's sustainable business growth

**IV**

### Construct a fair and flexible management structure

#### A fair and flexible management structure

Indicator 1: Outside directors accounting for one-third or more of the Board members

Indicator 2: Appointing women as directors and executive officers

**V**

### Realize work environments with enhanced job satisfaction

#### Establishment of a personnel system that enables diverse working styles

Indicator 1: Turnover rate of 6% among young employees (from new graduates to third-year employees) [2030]

Indicator 2: 80% of paid-leave days taken [2030]

Indicator 3: Indicator in the employee engagement survey (on pride and job satisfaction)

# Salon-based Social Innovation

Same as page 56

## Salon-based Social Innovation

### Beauty Platform Plan

Two major strategies

**1**  
**Smart Salon Strategy**

**2**  
**Lifetime Beauty Care Strategy**

Foundation for the strategy

Milbon's DX pivotal in building a stronger bond with customers

TAC Product Development System at a next level  
Customer-oriented perspective of BtoBtoC

**Sustainability Commitment:  
Five Key Challenges**

**I**

**II**

**III**

**IV**

**V**

# **New Medium-Term Financial Targets & Targets for Fiscal Year 2022**

## NOTE :Addition of Sales Deduction Items

---

Previously, sales discounts for cash-settled customers were treated as financial expenses (non-operating expenses) from the viewpoint of materiality. However, in light of recent interest rate conditions, such expenses will be treated in the same manner as rebates, and from Fiscal Year 2022, they will be deducted from sales.

Figures labeled "Fiscal Year 2021 Reference\*" in the subsequent briefing materials for comparison with future fiscal years are calculated as sales in Fiscal Year 2021 after deducting sales discounts, and differ from actual financial results.

# Medium-Term Financial Targets

(Unit: million yen)	FY2021 Adjustments*		New Mid-Term End FY2026		Increase/ Decrease over mid- term plan	CAGR (%)	FY2021	
	Results	% total sales	Target	% total sales			Results	% total sales
Net sales	40,849	100.0	58,000	100.0	7.3	100.0	41,582	100.0
Domestic	32,938	80.6	43,700	75.3	5.8	80.6	33,643	80.9
Overseas	7,910	19.4	14,300	24.7	12.6	19.4	7,938	19.1
Gross profit	26,765	65.5	38,160	65.8	7.4	65.5	27,498	66.1
SG & A expenses	19,681	48.2	27,360	47.2	6.8	48.2	19,681	47.3
Operating income	7,084	17.3	10,800	18.6	8.8	17.3	7,817	18.8
Ordinary income	7,158	17.5	10,810	18.6	8.6	17.5	7,158	17.2
Profit	5,109	12.5	7,670	13.2	8.5	12.5	5,109	12.3

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)



# Medium-term Financial Targets -Sales Targets by Country-

## ■ Consolidated Net Sales in Japan and Overseas

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)

(Unit: million yen)	FY2021 Adjustments*	FY2026 Target	CAGR (%)	Forex rates FY2021 (Unit: yen)	Forex rates FY2026 (Unit: yen)	FY2021 Results
Japan	32,938	43,700	5.8	-	-	33,643
Overseas	7,910	14,300	12.6	-	-	7,938
USA	905	1,850	15.4	USD 109.9	112.0	905
CHINA	2,148	4,740	17.1	CNY 17.1	17.0	2,148
KOREA	3,368	5,200	9.1	KRW 0.0962	0.0930	3,396
OTHER	1,487	2,510	11.0	-	-	1,487

## ■ Consolidated Operating Income in Japan and Overseas

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)

(Unit: million yen)	FY2021 Adjustments*		FY2026 Target		CAGR (%)	FY2021 Results
	Operating Income Adjustments*	Operating income ratio(%)	Operating Income Target	Operating income ratio (%)		
Japan	6,106	18.5	8,200	18.8	6.1	6,811
Overseas	977	12.4	2,600	18.2	21.6	1,006
USA	(561)	(62.0)	(64)	(3.5)	(35.1)	(561)
CHINA	449	20.9	1,084	22.9	19.2	449
KOREA	1,109	32.9	1,528	29.4	6.6	1,138
OTHER	(20)	(1.4)	51	2.1	(220.4)	(20)

# Medium-Term Financial Strategy

	Initial plan: previous medium-term (2019-2023) : 5 years	Results: previous medium-term&18 month missions (2019-2021) : 3 years
営業CF	Over 26 billion yen	17.7 billion yen

Use:	12 billion yen	8.2 billion yen
Capital Investment	Establishment of integrated education center in Aoyama	⇒ (Considering where to relocate the training center in Kanto region.)
	Establishment of new bases	⇒ Matsuyama, Niigata, Aoyama, Korea ( Gwangju, Gangbuk)
	Relocation and expansion of existing bases	–
	Expansion of Thai Plant	⇒Expansion in 2021
	Launch of cosmetic business	⇒Launch of IMPREA in 2019
	Creation of Villa Lodola division as business company	⇒ (Continued consideration)
	System investments	⇒Digital investment(Digital Arena, milbon:iD, etc. )
	Establishing a system to supply products to China	⇒China Plant construction(Scheduled to start operation in 2022)
Return to Shareholders	10 billion yen	5.9 billion yen
	Stable dividend payout ratio target of 40%	Dividend payout ratio FY2019 40.6% FY2020 43.3% FY2021 42.6%
Maintain financial base	4 billion yen	3.6 billion yen

Cash Position		FY2021 13.3 billion yen
ROE		FY2019 13.1% FY2020 11.6% FY2021 13.4%
ROIC		FY2021 12.9%

Target: new mid-term (2022-2026) : 5 years
Over 44 billion yen

23 billion yen
----------------

See next page for details

16 billion yen
----------------

Stable and continuous dividend payout ratio target of **50%**

5 billion yen
---------------

18.3 billion yen
------------------

13.9%
-------

13.6%
-------

# Medium-term Capital Expenditures

## New Medium-Term Capital Expenditure Plan (2022-2026): 5 Years

Unit: billion yen

Sales Offices, Studios	1.9	Japan (11 locations)	1.8
		Overseas (5 locations)	0.1
Production system	9.8	Yumegaoka Plant(Machinery and equipment circulation equipment investment, implementation)	3.8
		Yumegaoka Plant(Expansion of production system, new building)	4.0
		Yumegaoka Plant(closed-loop manufacturing system, solar panels)	0.2
		Technical Center	1.4
		Overseas Plants (Thailand, China)	0.4
Training	4.8	Training Center (Land)	2.0
		Training Center (Buildings and structures)	2.5
		Innovation Center (Buildings and structures)	0.3
Digital	1.7	milbon:iD	0.4
		education:iD	0.3
		Digital Arena	0.4
		Smart Salon (Store development)	0.3
		Smart Salon (Digital marketing)	0.2
		DX in field activities	0.1
Others	4.8	Updating core systems /internal infrastructure, research equipment, etc.	4.8
Total	23.0		

## Consolidated Targets for Fiscal Year 2022 (Income Statement)

### ■ Consolidated Statement of Earnings (\*As in Fiscal Year 2022, the amount after deducting sales discounts)

(Unit: million yen)	FY2021 Adjustments*	FY2021 Reference % total sales	FY2022 Target	FY2022 % total sales	Increase / Decrease	Increase / Decrease ratio(%)	FY2021 Results	FY2021 % total sales
Net sales	40,849	100.0	43,900	100.0	3,050	7.5	41,582	100.0
Domestic	32,938	80.6	35,150	80.1	2,211	6.7	33,643	80.9
Overseas	7,910	19.4	8,750	19.9	839	10.6	7,938	19.1
Gross profit	26,765	65.5	29,140	66.4	2,374	8.9	27,498	66.1
SG& A expenses	19,681	48.2	21,590	49.2	1,908	9.7	19,681	47.3
Operating income	7,084	17.3	7,550	17.2	465	6.6	7,817	18.8
Ordinary income	7,158	17.5	7,410	16.9	251	3.5	7,158	17.2
Profit attributable to owners of parent	5,109	12.5	5,230	11.9	120	2.4	5,109	12.3

# Consolidated Targets for Fiscal Year 2022 (Sales and Operating Income by Country)

## ■ Consolidated Net Sales in Japan and Overseas

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)

(Unit: million yen)	FY2021 Adjustments*	FY2022 Target	Increase / Decrease	Increase / Decrease ratio (%)	Forex rates FY2021 (Unit : yen)	Forex rates FY2022 (Unit : yen)	FY2021 Results
Japan	32,938	35,150	2,211	6.7	-	-	33,643
Overseas	7,910	8,750	839	10.6	-	-	7,938
USA	905	1,052	146	16.2	USD 109.9	112.0	905
CHINA	2,148	2,487	338	15.8	CNY 17.1	17.0	2,148
KOREA	3,368	3,604	235	7.0	KRW 0.0962	0.0930	3,396
OTHER	1,487	1,607	119	8.0	-	-	1,487

## ■ Consolidated Operating Income in Japan and Overseas

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)

(Unit: million yen)	FY2021		FY2022 Target		Increase / Decrease	Increase / Decrease ratio (%)	FY2021 Results
	Operating Income Adjustments*	Operating income ratio(%)	Operating Income Target	Operating income ratio(%)			
Japan	6,106	18.5	6,706	19.1	600	9.8	6,811
Overseas	977	12.4	843	9.6	(134)	(13.8)	1,006
USA	(561)	(62.0)	(260)	(24.7)	301	-	(561)
CHINA	449	20.9	206	8.3	(243)	(54.2)	449
KOREA	1,109	32.9	1,055	29.3	(53)	(4.8)	1,138
OTHER	(20)	(1.4)	(158)	(9.9)	(138)	-	(20)

# Consolidated Targets for Fiscal Year 2022 (Sales/Premium Brands by Segment)

## ■ Reference: Net Sales by Product Category (Consolidated Net Sales)

(Unit : million yen)	FY2021 Adjustments*	FY2022 Target	Increase / Decrease	Increase / Decrease ratio (%)	FY2021 Results
Hair care products	24,029	25,570	1,540	6.4	24,466
Hair coloring products	14,549	15,570	1,020	7.0	14,813
Permanent wave products	1,424	1,510	85	6.0	1,449
Cosmetic products	579	900	320	55.3	579
Others	266	350	83	31.2	273

(\*As in Fiscal Year 2022, the amount after deducting sales discounts)

## ■ Premium Brand Sales (consolidated Gross Sales), number of salons

(Unit : million yen)		FY2021	FY2022 target	Increase / Decrease	Increase / Decrease ratio (%)
Aujua	Sales	9,700	11,195	1,494	15.4
	Number of salons (salons)	4,946	5,790	844	17.1
milbon	Sales	4,082	5,781	1,698	41.6
	Number of salons Domestic (salons)	6,821	7,680	859	12.6
	Number of salons Overseas (salons)	7,754	9,890	2,136	27.5
Villa Lodola	Sales	1,222	1,360	137	11.2
	Number of salons (salons)	11,317	12,800	1,483	13.1

# Capital Expenditures in Fiscal Year 2022

## ■ Capital expenditures, Depreciation and R&D expenses

Classification		FY 2021	FY 2022 Planned
Capital expenditures		4,644	5,080
Depreciation and amortization		1,777	2,296
R&D exp.	Amount	1,741	1,874
	% to sales	4.2%	4.3%

## FY 2022 CAPEX Main Items

### Sales Offices, Studios

- Establishment and maintenance of business locations  
(Relocation of Kobe Sales Office, etc.)

### Production system

- Yumegaoka Plant (Machinery and equipment circulation equipment investment, implementation)
- Thai Plant machinery and equipment

### Training

- Training Center (Land)

### Digital

- Digital Arena
- education: iD
- milbon: iD
- DX in field activities
- Smart Salon  
(Store development, digital marketing)

### Others

- Internal infrastructure, research equipment, etc.

# Return to Shareholders

## ■ Shareholder Return <Dividend Forecast>

	FY2020	[Before revision] FY2021	[After revision] FY2021	FY2022 Forecast
(Unit : yen)				
End of 2Q	27	30	30	34
End of FY	29	33	38	46
Total	56	63	68	80
Consolidated dividend payout ratio	43.3%	39.4%	42.6%	49.7%





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