

FY2024 First Quarter Financial Results Presentation Q&A (Summary)

Tuesday, May 14, 2024, 15:30-16:10

Responses by:

Masahiro Murai, Managing Executive Director

■ Domestic Hair Coloring Products

1. How would you describe the current state of growth in the domestic hair coloring products market?

We estimate that the growth rate of the domestic hair coloring products market has experienced a slight decline from January to March, based on the data provided by the industry association.

2. Could you provide an update on the status of inventory adjustments for hair coloring products by the distributors?

The volumes of shipments, both sell-in—from us to the distributors—and sell-out—from the distributors to the salons—are nearly equivalent. Based on this equilibrium, we surmise that the inventory adjustments have likely been completed.

3. Is there an observable trend indicating a shift in consumer behavior in Japan regarding hair coloring, such as a decrease in frequency?

There has not been a noticeable decrease in the frequency of hair coloring. Nonetheless, it is anticipated that market growth may decelerate owing to the demographic decline.

4. Could you provide an update on the current status of the “ENOG” hair coloring brand?

Since its launch in June 2022, sales have continued to grow. The domestic year-on-year growth rate for Q1 of FY2024 is +24%.

5. Could you outline the strategies for domestic hair coloring product growth?

We aim to contribute to increase the spend per customer of hair salons by promoting the high-value hair coloring, such as “Villa Lodola Color.” Starting in the Q2, we plan to intensify our marketing and sales efforts for it, which we anticipate will drive faster growth in the hair coloring product category. Another strategic initiative involves linking hair color with eyebrow color. This approach has been highly regarded by hair salons, and the new eyebrow products under the “IM” brand have achieved robust sales. However, this has not translated into the anticipated level of adoption for our hair coloring products. Among various initiatives to address this, we plan to utilize tools such as an assessment sheet* to propose solutions for challenges related to hair coloring in salons.

*The assessment sheet is a tool designed to identify and analyze issues in salons related to hair

coloring and the skills of salon staff. Utilizing the insights gained, Field Persons offer educational support for hair coloring and leverage these interactions to introduce our hair coloring products to salons.

■ **Cosmetics**

6. What is the primary factor contributing to the robust sales of the new eyebrow products from “IM”?

The marketing initiatives that synergize with hair color, along with the product’s vibrant color quality, have received high acclaim.

■ **SG&A Expenses**

7. Will you use all the deferred SG&A expenses by the end of FY2024?

Yes. We will consume it from Q2 onward.

8. Some cost-saving measures are in place. Could you elucidate on the context or factors driving this initiative?

As highlighted in our FY2023 ending December financial results presentation, we are in the process of revising our medium-term management plan. Concurrently, our company’s cost structure is under thorough review.

Disclaimer

This document is a summary of the views of Milbon Co., Ltd. based on questions and answers during the financial results presentation. Milbon Co., Ltd. makes no guarantee that this information is accurate or complete and may revise this information without prior notice.

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.