



# Consolidated Financial Results for the Three Months Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Name of registrant: Milbon Co., Ltd.  
Code No.: 4919 URL <https://www.milbon.com/en/>  
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Scheduled filing date for quarterly report: May 13, 2022  
Scheduled starting date of dividend payments: -  
Preparation of supplementary materials on the quarterly results: Yes  
Holding of an explanatory meeting on the quarterly results: Yes (Telephone briefing for institutional investors and analysts)

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(Amounts of less than one million yen have been omitted.)

## 1. Consolidated financial results for the three months ended March 31, 2022 (January 1, 2022 - March 31, 2022)

### (1) Consolidated operating results

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2022	9,635	-	1,496	-	1,633	8.7	1,166	6.9
Three months ended March 31, 2021	8,989	14.9	1,633	58.4	1,502	79.8	1,091	81.4

Note: Comprehensive income Three months ended March 31, 2022: 1,788 million yen [30.5%] Three months ended March 31, 2021: 1,370 million yen [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	35.89		-	
Three months ended March 31, 2021	33.57		-	

Note: From the beginning of the fiscal year, sales discounts, previously included as non-operating expenses, are deducted from net sales. As a result, the Company has determined that year-on-year comparisons of net sales and operating income may be misleading. Accordingly, the percentage of year-on-year changes in net sales and operating income are not indicated in the above table. (Ordinary income and profit attributable to owners of parent remain unchanged.) If the figures for the previous fiscal year were on the same basis as for the current fiscal year, net sales for the first quarter would increase 9.1% and operating income would increase 1.4%. Please refer to the Financial Results Presentation Materials for details.

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of March 31, 2022	47,321		40,750		86.1	
As of December 31, 2021	48,238		40,197		83.3	

(Reference) Equity As of March 31, 2022: 40,750 million yen As of December 31, 2021: 40,197 million yen

## 2. Payment of dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total
Year ended December 31, 2021	-	30.00	-	38.00	68.00
Year ended December 31, 2022	-				
Year ended December 31, 2022 (forecast)		34.00	-	46.00	80.00

Note: Changes to latest dividends forecast: None

## 3. Consolidated operating forecasts for the fiscal year ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending December 31, 2022	43,900	-	7,550	-	7,410	3.5	5,230	2.4	160.88

Note: Changes to latest performance forecast: None

Note: From the beginning of the fiscal year, sales discounts, previously included as non-operating expenses, are deducted from net sales. As a result, the Company has determined that year-on-year comparisons of net sales and operating income may be misleading. Accordingly, the percentage of year-on-year changes in net sales and operating income are not indicated in the above table. (Ordinary income, profit attributable to owners of parent, and basic earnings per share remain unchanged.) If the figures for the previous fiscal year were on the same basis as for the current fiscal year, net sales would increase 7.5% and operating income would increase 6.6%. Please refer to the Financial Results Presentation Materials for details.

\*Notes

(1) Significant changes in subsidiaries during the period

(changes in specified subsidiaries resulting in the change in the scope of consolidation) : None

New: 0 companies (Company name: ) Exclude: 0 companies (Company name: )

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

1) Changes in accounting policies due to amendment to the accounting standards, etc. : Yes

2) Changes in accounting policies other than those in 1) above : Yes

3) Changes in accounting estimates : None

4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	33,117,234 shares	As of December 31, 2021	33,117,234 shares
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2) Number of treasury shares at the end of the period

As of March 31, 2022	606,184 shares	As of December 31, 2021	606,080 shares
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3) Average number of shares during the period

Three months ended March 31, 2022	32,511,104 shares	Three months ended March 31, 2021	32,502,307 shares
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\*These financial statements are not subject to the review of the quarterly financial statements by a certified public accountant or an audit corporation.

\*Explanation on the appropriate use of operating forecasts and other special instructions

Operating forecasts and other statements regarding the future presented in these materials are based on information currently available and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

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## 1. Qualitative Information on Consolidated Results for the Current Period

### (1) Explanation on operating results

In the first quarter of the fiscal year, the Japanese economy remained in a severe situation as the previous recovery phase stagnated due to the spread of a new variant of COVID-19 from January onwards. Looking ahead, there are many risks and uncertainties, such as soaring raw material and energy prices, and Russia's invasion of Ukraine.

In the domestic market, the spread of COVID-19 in regional cities led to a decrease in store visits, which had an impact, although there were signs of a recovery in demand due to the resumption of events. Although there was no significant negative impact in urban areas, sales grew moderately compared to the previous fiscal year, when consumption for beauty was strong.

In the overseas markets, China continued to face a difficult situation, with sales declining on a local currency basis due to the impact of the zero-COVID policy lockdown. In other major countries such as the U.S. and South Korea, both hair care products and hair coloring products performed well.

As a result of the above, consolidated net sales for the first quarter of the current fiscal year were 9,635 million yen, operating income was 1,496 million yen, ordinary income was 1,633 million yen (up 8.7% year on year), and profit attributable to owners of parent was 1,166 million yen (up 6.9% year on year).

Note: From the beginning of the fiscal year, sales discounts, previously included as non-operating expenses, are deducted from net sales. As a result, the Company has determined that year-on-year comparisons of net sales and operating income may be misleading. Accordingly, the percentage of year-on-year changes in net sales and operating income are not indicated. (Ordinary income and profit attributable to owners of parent remain unchanged.) If the figures for the previous fiscal year were on the same basis as for the current fiscal year, net sales for the first quarter would increase 9.1% and operating income would increase 1.4%. Please refer to the Financial Results Presentation Materials for details.

Breakdown of net sales by product category and breakdown of net sales into domestic and overseas sales are shown below:  
[Breakdown of consolidated net sales by product category]

(Unit: Million yen)

Product category	Three months ended March 31, 2021		Three months ended March 31, 2022		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	4,975	55.4	5,333	55.4	-	-
Hair coloring products	3,495	38.9	3,800	39.4	-	-
Permanent wave products	318	3.5	314	3.3	-	-
Cosmetic products	147	1.6	137	1.4	-	-
Other	52	0.6	49	0.5	-	-
Total	8,989	100.0	9,635	100.0	-	-

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Three months ended March 31, 2021		Three months ended March 31, 2022		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	7,182	79.9	7,249	75.2	-	-
Overseas sales	1,807	20.1	2,385	24.8	-	-
Total	8,989	100.0	9,635	100.0	-	-

Note: From the beginning of the fiscal year, sales discounts, previously included as non-operating expenses, are deducted from net sales. As a result, the Company has determined that year-on-year comparisons of net sales and operating income may be misleading. Accordingly, changes in amounts and percentages are not indicated in the above table.

Please refer to the Financial Results Presentation Materials for details on the calculation of the figures for the previous fiscal year using the same method as for the current fiscal year.

(2) Explanation on financial position

Total assets at the end of the first quarter under review decreased 916 million yen from the end of the previous fiscal year, to 47,321 million yen.

Current assets decreased by 1,159 million yen from the end of the previous fiscal year to 23,741 million yen. The main factors for the change were decreases of 2,161 million yen in cash and deposits, and 503 million yen in notes and accounts receivable-trade, and increases of 1,192 million yen in merchandise and finished goods, and 346 million yen in raw materials and supplies.

Non-current assets increased by 242 million yen from the end of the previous fiscal year to 23,579 million yen. Current liabilities decreased by 1,473 million yen from the end of the previous fiscal year to 5,836 million yen. The main factors for the change were decreases of 1,251 million yen in accounts payable-other and 926 million yen in income taxes payable, and an increase of 530 million yen in accounts payable-trade.

Non-current liabilities increased by 3 million yen from the end of the previous fiscal year to 734 million yen.

Net assets increased by 552 million yen from the end of the previous fiscal year to 40,750 million yen. This was mainly due to an increase of 708 million in foreign currency translation adjustments resulting from the depreciation of the yen.

As a result, the equity ratio changed from 83.3% at the end of the previous fiscal year to 86.1%. Net assets per share based on the total number of shares issued at the end of the fiscal year were 1,253.42 yen, compared to 1,236.41 yen at the end of the previous fiscal year.

(3) Explanation on forward-looking statements including consolidated operating forecasts

There is no change from the previous forecast (announced on February 10, 2022) for the full fiscal year.

Due to the high degree of uncertainty regarding the impact of COVID-19, the Company will promptly announce revisions to its consolidated earnings forecasts in the event that future changes, such as delays in the timing of convergence, require revisions to its consolidated earnings forecasts.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Current 1st quarter (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	13,350,147	11,188,539
Notes and accounts receivable - trade	4,673,258	4,169,646
Securities	200,000	200,000
Merchandise and finished goods	4,537,613	5,729,851
Work in process	41,842	73,347
Raw materials and supplies	1,360,902	1,707,694
Other	740,268	675,925
Allowance for doubtful accounts	(3,271)	(3,297)
<b>Total current assets</b>	<b>24,900,761</b>	<b>23,741,708</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,957,598	9,033,625
Machinery, equipment and vehicles, net	2,840,613	2,885,565
Land	4,995,014	5,002,355
Construction in progress	269,654	340,092
Other, net	753,381	829,109
<b>Total property, plant and equipment</b>	<b>17,816,262</b>	<b>18,090,748</b>
Intangible assets	1,516,714	1,623,910
Investments and other assets		
Investment securities	1,610,607	1,589,658
Long-term loans receivable	32,527	19,355
Net defined benefit asset	438,540	438,677
Deferred tax assets	577,944	552,823
Other	1,393,519	1,312,996
Allowance for doubtful accounts	(48,387)	(48,387)
<b>Total investments and other assets</b>	<b>4,004,752</b>	<b>3,865,124</b>
<b>Total non-current assets</b>	<b>23,337,729</b>	<b>23,579,783</b>
<b>Total assets</b>	<b>48,238,490</b>	<b>47,321,491</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	936,108	1,466,223
Accounts payable - other	3,495,694	2,244,037
Income taxes payable	1,401,441	475,294
Provision for bonuses	511,612	452,022
Other	965,353	1,199,132
<b>Total current liabilities</b>	<b>7,310,210</b>	<b>5,836,711</b>
Non-current liabilities		
Net defined benefit liability	7,753	8,247
Deferred tax liabilities	595	628
Asset retirement obligations	608,139	609,338
Other	114,611	116,416
<b>Total non-current liabilities</b>	<b>731,099</b>	<b>734,632</b>
<b>Total liabilities</b>	<b>8,041,309</b>	<b>6,571,344</b>

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Current 1st quarter (As of March 31, 2022)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	246,299	246,299
Retained earnings	38,834,669	38,766,019
Treasury shares	(2,080,393)	(2,080,982)
Total shareholders' equity	39,000,575	38,931,336
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	100,262	85,791
Deferred gains or losses on hedges	68,821	-
Foreign currency translation adjustment	850,537	1,558,605
Remeasurements of defined benefit plans	176,984	174,413
Total accumulated other comprehensive income	1,196,605	1,818,810
Total net assets	40,197,181	40,750,147
Total liabilities and net assets	48,238,490	47,321,491

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
Quarterly Consolidated Statements of Earnings  
Three months ended March 31, 2021 and 2022

(Thousand yen)

	Three months ended March 31, 2021 (January 1, 2021 - March 31, 2021)	Three months ended March 31, 2022 (January 1, 2022 - March 31, 2022)
Net sales	8,989,268	9,635,091
Cost of sales	3,039,184	3,183,636
Gross profit	5,950,084	6,451,455
Selling, general and administrative expenses	4,316,199	4,954,643
Operating income	1,633,884	1,496,812
Non-operating income		
Interest income	3,811	4,048
Dividend income	220	7,441
Foreign exchange gains	46,338	98,404
Company house defrayment income	328	448
Subsidy income	31,505	27,799
Other	11,668	35,583
Total non-operating income	93,872	173,725
Non-operating expenses		
Sales discounts	157,513	-
Share of loss of entities accounted for using equity method	66,667	36,163
Other	1,025	798
Total non-operating expenses	225,205	36,961
Ordinary income	1,502,551	1,633,575
Extraordinary income		
Gain on sales of non-current assets	-	232
Gain on sales of investment securities	-	448
Total extraordinary income	-	681
Extraordinary losses		
Loss on retirement of non-current assets	117	564
Total extraordinary losses	117	564
Profit before income taxes	1,502,434	1,633,692
Income taxes - current	379,691	396,153
Income taxes - deferred	31,513	70,765
Total income taxes	411,204	466,918
Profit	1,091,229	1,166,773
Profit attributable to owners of parent	1,091,229	1,166,773

Quarterly Consolidated Statements of Comprehensive Income  
Three Months Ended March 31, 2021 and 2022

(Thousand yen)

	Three months ended March 31, 2021 (January 1, 2021 - March 31, 2021)	Three months ended March 31, 2022 (January 1, 2022 - March 31, 2022)
Profit	1,091,229	1,166,773
Other comprehensive income		
Valuation difference on available-for-sale securities	(100,931)	(14,470)
Deferred gains or losses on hedges	75,033	(68,821)
Foreign currency translation adjustment	301,346	708,068
Remeasurements of defined benefit plans, net of tax	4,090	(2,570)
Total other comprehensive income	279,538	622,205
Comprehensive income	1,370,768	1,788,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,370,768	1,788,979
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumption)

None

(Notes in case of any significant changes in shareholders' equity)

None

(Changes in accounting policies)

(Change in valuation method for inventories)

The Company used the first-in, first-out method for the valuation of merchandise; however, beginning in the first quarter of the current fiscal year, we have changed to the cost method based on the weighted average method. This change in the valuation method is aimed at realizing a more appropriate calculation of periodic profit and loss by smoothing out the impact of fluctuations in purchase prices, triggered by an increase in overseas product purchases, etc.

As the impact of this change is immaterial, it has not been applied retrospectively.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Standard") and other standards from the beginning of the first quarter of the current fiscal year, and under the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Fair Value Measurement Standard will be applied in the future.

There is no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

The Company omits segment information, as it operates just one business segment engaged in the manufacturing and sales of hair cosmetics

(Significant subsequent events)

(Disposal of treasury stock as restricted stock compensation)

On April 15 and 22, 2022, the Board of Directors resolved to dispose of treasury stock (the "Disposal of Treasury Stock" or "Disposal") as restricted stock compensation.

1. Overview of the Disposal of Treasury Stock

(1) Date of disposal	May 13, 2022
(2) Class and number of shares subject to disposal	14,787 shares of common stock of the Company
(3) Disposal price	5,340 yen per share
(4) Total value of disposal	78,962,580 yen
(5) Allottees and number of shares to be allotted	6 Directors (excluding Outside Directors) 10,480 shares 8 Executive Officers 4,307 shares
(6) Other	The Company has submitted a notice of securities in accordance with the Financial Instruments and Exchange Act for the disposal of treasury stock.

2. Purpose and Reasons for Treasury Stock Disposal

The Company has resolved to dispose of treasury stock in order to grant restricted stock to Directors (excluding Outside Directors) and executive officers with the aim of providing incentives to continuously improve the corporate value of the Company and further promoting the sharing of value with shareholders.

On February 12, 2020, the Board of Directors resolved to introduce a restricted stock compensation plan.