



# Consolidated Financial Results for the Nine Months Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

Tokyo Stock Exchange, Prime Market

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: November 11, 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 (Online streaming 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 nine months ended September 30, 2022 (January 1, 2022 - September 30, 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	%
Nine months ended September 30, 2022	32,407	-	5,662	-	6,042	15.6	4,310	15.7
Nine months ended September 30, 2021	29,718	17.9	5,758	33.7	5,227	36.1	3,725	36.0

Note: Comprehensive income Nine months ended September 30, 2022: 5,429 million yen [41.8%] Nine months ended September 30, 2021: 3,828 million yen [133.6%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	132.56		-	
Nine months ended September 30, 2021	114.60		-	

Note: Effective from the beginning of the current fiscal year, sales discounts, which were previously 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 previous fiscal year's figures were calculated using the same method as the current fiscal year, net sales and operating income would have increased by 11.0% and 8.4%, respectively, in the third quarter. 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 September 30, 2022	50,178		43,358		86.4	
As of December 31, 2021	48,238		40,197		83.3	

(Reference) Equity As of September 30, 2022: 43,358 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
	Yen		Yen		Yen
Year ended December 31, 2021	-	30.00	-	38.00	68.00
Year ended December 31, 2022	-	40.00	-		
Year ended December 31, 2022 (forecast)			-	46.00	86.00

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: Effective from the beginning of the current fiscal year, sales discounts, which were previously 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, profit attributable to owners of parent, and basic earnings per share remain unchanged.) If the previous fiscal year's figures were calculated using the same method as the current fiscal year, net sales and operating income would have increased by 7.5% and 6.6%, respectively. 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) : Yes  
New: 1 company (Company name: Milbon Europe GmbH) 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 September 30, 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 September 30, 2022	591,481 shares	As of December 31, 2021	606,080 shares
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3) Average number of shares during the period

Nine months ended September 30, 2022	32,520,144 shares	Nine months ended September 30, 2021	32,508,129 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 of Operating Results

In the third quarter of the fiscal year, the Japanese economy recovered moderately, mainly in consumer spending, as economic activities continued to normalize despite the continuing impact of COVID-19. On the other hand, corporate performance was affected by soaring raw material prices and the rapid depreciation of the yen. The future outlook remains uncertain.

Although there was a decrease in salon visits in the domestic market due to the re-spreading of infections in July, overall sales remained firm. Hair coloring products grew significantly due to the continuing popularity of multi-tonal hair coloring, and hair care products centered on Premium Brands with highly perceived effectiveness also performed well.

In the overseas market, China continued to be affected by widespread activity restrictions and the resulting impact on the economy. However, overall sales grew significantly, due to robust performance in South Korea and the U.S., as well as the positive effect of a weaker yen boosting sales at overseas subsidiaries.

As a consequence of the above, consolidated net sales for the third quarter were 32,407 million yen, operating income was 5,662 million yen, ordinary income was 6,042 million yen (up 15.6% year on year), and profit attributable to owners of parent was 4,310 million yen (up 15.7% year on year).

Note: Effective from the beginning of the current fiscal year, sales discounts, which were previously 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 previous fiscal year's figures were calculated using the same method as the current fiscal year, net sales and operating income would have increased by 11.0% and 8.4%, respectively, in the third quarter. 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	Nine months ended September 30, 2021		Nine months ended September 30, 2022		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	17,086	57.5	18,415	56.8	-	-
Hair coloring products	10,954	36.9	12,333	38.1	-	-
Permanent wave products	1,077	3.6	1,096	3.4	-	-
Cosmetic products	416	1.4	391	1.2	-	-
Other	183	0.6	169	0.5	-	-
Total	29,718	100.0	32,407	100.0	-	-

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Nine months ended September 30, 2021		Nine months ended September 30, 2022		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	23,904	80.4	25,062	77.3	-	-
Overseas sales	5,814	19.6	7,345	22.7	-	-
Total	29,718	100.0	32,407	100.0	-	-

Note: Effective from the beginning of the current fiscal year, sales discounts, which were previously 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 of Financial Position

(i) Assets, liabilities and net assets

Total assets at the end of the third quarter increased by 1,940 million yen from the end of the previous fiscal year to 50,178 million yen.

Current assets decreased by 714 million yen from the end of the previous fiscal year to 24,185 million yen. The main factors for the change were a decrease of 3,325 million yen in cash and deposits and 786 million yen in notes and accounts receivable - trade, and an increase of 2,458 million yen in merchandise and finished goods and 679 million yen in raw materials and supplies.

Non-current assets increased by 2,655 million yen from the end of the previous fiscal year to 25,992 million yen. The main factor for the change was an increase of 1,456 million yen in Land associated with the purchase of land for the construction of Training Centers.

Current liabilities decreased by 1,234 million yen from the end of the previous fiscal year to 6,076 million yen. The main factors for the change were a decrease of 1,629 million in accounts payable - other and an increase of 430 million in accounts payable - trade.

Non-current liabilities increased by 12 million yen from the end of the previous fiscal year to 743 million yen.

Net assets increased by 3,161 million yen from the end of the previous fiscal year to 43,358 million yen. The main factors for the change were increases of 1,965 million yen in retained earnings and 1,051 million yen in foreign currency translation adjustment due to the weaker yen.

As a result, the equity ratio changed from 83.3% at the end of the previous fiscal year to 86.4%. Net assets per share based on the total number of shares issued at the end of the fiscal year were 1,333.06 yen, compared to 1,236.41 yen at the end of the previous fiscal year.

(3) Explanation of 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.

Since there is a high degree of uncertainty regarding the impact of COVID-19, if it becomes necessary to revise the consolidated earnings forecast due to future changes in circumstances, such as delays in the time of convergence, the Company will announce such revisions promptly.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Current 3rd quarter (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	13,350,147	10,024,686
Notes and accounts receivable - trade	4,673,258	3,886,884
Securities	200,000	200,000
Merchandise and finished goods	4,537,613	6,995,708
Work in process	41,842	74,992
Raw materials and supplies	1,360,902	2,040,865
Other	740,268	963,120
Allowance for doubtful accounts	(3,271)	(419)
<b>Total current assets</b>	<b>24,900,761</b>	<b>24,185,837</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,957,598	9,048,360
Machinery, equipment and vehicles, net	2,840,613	2,828,982
Land	4,995,014	6,451,227
Construction in progress	269,654	292,789
Other, net	753,381	811,089
<b>Total property, plant and equipment</b>	<b>17,816,262</b>	<b>19,432,448</b>
Intangible assets	1,516,714	1,774,482
Investments and other assets		
Investment securities	1,610,607	1,831,017
Long-term loans receivable	32,527	35,409
Net defined benefit asset	438,540	442,018
Deferred tax assets	577,944	832,648
Other	1,393,519	1,690,878
Allowance for doubtful accounts	(48,387)	(46,087)
<b>Total investments and other assets</b>	<b>4,004,752</b>	<b>4,785,886</b>
<b>Total non-current assets</b>	<b>23,337,729</b>	<b>25,992,818</b>
<b>Total assets</b>	<b>48,238,490</b>	<b>50,178,655</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	936,108	1,366,772
Accounts payable - other	3,495,694	1,866,071
Income taxes payable	1,401,441	998,653
Provision for bonuses	511,612	955,113
Other	965,353	889,570
<b>Total current liabilities</b>	<b>7,310,210</b>	<b>6,076,181</b>
Non-current liabilities		
Net defined benefit liability	7,753	8,562
Deferred tax liabilities	595	674
Asset retirement obligations	608,139	612,198
Other	114,611	122,276
<b>Total non-current liabilities</b>	<b>731,099</b>	<b>743,711</b>
<b>Total liabilities</b>	<b>8,041,309</b>	<b>6,819,892</b>

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Current 3rd quarter (As of September 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	246,299	274,537
Retained earnings	38,834,669	40,799,825
Treasury shares	(2,080,393)	(2,030,723)
Total shareholders' equity	39,000,575	41,043,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	100,262	253,295
Deferred gains or losses on hedges	68,821	-
Foreign currency translation adjustment	850,537	1,902,336
Remeasurements of defined benefit plans	176,984	159,491
Total accumulated other comprehensive income	1,196,605	2,315,124
Total net assets	40,197,181	43,358,763
Total liabilities and net assets	48,238,490	50,178,655

(2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income  
Quarterly Consolidated Statements of Earnings  
Nine Months Ended September 30, 2021 and 2022

(Thousand yen)

	Nine months ended September 30, 2021 (January 1, 2021 - September 30, 2021)	Nine months ended September 30, 2022 (January 1, 2022 - September 30, 2022)
Net sales	29,718,991	32,407,657
Cost of sales	9,947,677	11,050,529
Gross profit	19,771,313	21,357,128
Selling, general and administrative expenses	14,012,600	15,694,981
Operating income	5,758,713	5,662,147
Non-operating income		
Interest income	17,359	15,625
Dividend income	16,972	15,980
Foreign exchange gains	13,728	258,178
Company house defrayment income	2,393	2,707
Subsidy income	42,530	80,774
Other	43,181	91,787
Total non-operating income	136,166	465,053
Non-operating expenses		
Sales discounts	534,921	-
Share of loss of entities accounted for using equity method	131,462	82,962
Other	1,228	1,995
Total non-operating expenses	667,611	84,958
Ordinary income	5,227,267	6,042,241
Extraordinary income		
Gain on sales of non-current assets	262	938
Gain on sales of investment securities	19,087	448
Total extraordinary income	19,349	1,386
Extraordinary losses		
Loss on retirement of non-current assets	388	604
Total extraordinary losses	388	604
Profit before income taxes	5,246,228	6,043,023
Income taxes - current	1,706,432	2,011,458
Income taxes - deferred	(185,528)	(279,417)
Total income taxes	1,520,904	1,732,041
Profit	3,725,324	4,310,982
Profit attributable to owners of parent	3,725,324	4,310,982

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended September 30, 2021 and 2022

(Thousand yen)

	Nine months ended September 30, 2021 (January 1, 2021 - September 30, 2021)	Nine months ended September 30, 2022 (January 1, 2022 - September 30, 2022)
Profit	3,725,324	4,310,982
Other comprehensive income		
Valuation difference on available-for-sale securities	(306,436)	153,032
Deferred gains or losses on hedges	45,790	(68,821)
Foreign currency translation adjustment	351,974	1,051,799
Remeasurements of defined benefit plans, net of tax	12,271	(17,492)
Total other comprehensive income	103,599	1,118,518
Comprehensive income	3,828,923	5,429,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,828,923	5,429,500
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

(Change in the scope of consolidation or scope of the application of the equity method)

The newly established Milbon Europe GmbH was included in the scope of consolidation in the second quarter of the current fiscal year.

(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)

None