



# Consolidated Financial Results for the Nine Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Tokyo Stock Exchange, Prime Market

Name of registrant: Milbon Co., Ltd.  
Code No.: 4919 URL <https://www.milbon.com/en/>  
Representative: Ryuji Sato, President & CEO  
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Scheduled filing date for quarterly report: November 10, 2023  
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, 2023 (January 1, 2023 - September 30, 2023)

### (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, 2023	34,150	5.4	3,416	(39.7)	3,502	(42.0)	2,489	(42.3)
Nine months ended September 30, 2022	32,407	-	5,662	-	6,042	15.6	4,310	15.7

Note: Comprehensive income Nine months ended September 30, 2023: 3,087 million yen [(43.1)%] Nine months ended September 30, 2022: 5,429 million yen [41.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	76.52	-
Nine months ended September 30, 2022	132.56	-

Note: Since the beginning of the previous fiscal year, sales discounts, previously categorized 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 with the same period of the previous year may be misleading. Accordingly, the percentage of year-on-year changes in net sales and operating income from the same period of the two fiscal years are not indicated in the above table. (Ordinary income and profit attributable to owners of parent remain unchanged.) If the figures of FY2021 were calculated on the same basis as FY2022, net sales and operating income would increase by 11.0% and 8.4%, respectively, in the third quarter of FY2022. For more details, please see the FY2022 Financial Results Presentation Materials.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	51,010	44,353	86.9
As of December 31, 2022	52,760	43,991	83.4

(Reference) Equity As of September 30, 2023: 44,353 million yen As of December 31, 2022: 43,991 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	Yen	Yen
Year ended December 31, 2022	-	40.00	-	46.00	86.00
Year ending December 31, 2023	-	40.00	-		
Year ending December 31, 2023 (forecast)				48.00	88.00

Note: Changes to latest dividends forecast: None

## 3. Consolidated operating results forecasts for the fiscal year ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(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, 2023	47,820	5.7	6,000	(20.5)	6,160	(21.3)	4,260	(23.6)	130.94

Note: Changes to latest performance forecast: Yes

\*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 company (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. : None

2) Changes in accounting policies other than those in 1) above : None

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)

2) Number of treasury shares at the end of the period

3) Average number of shares during the period

As of September 30, 2023	33,117,234 shares	As of December 31, 2022	33,117,234 shares
As of September 30, 2023	577,135 shares	As of December 31, 2022	591,511 shares
Nine months ended September 30, 2023	32,534,663 shares	Nine months ended September 30, 2022	32,520,144 shares

\*These financial statements are not subject to the review 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 third quarter of this fiscal year, the Japanese economy saw a moderate recovery, primarily in consumer spending and demand from foreign visitors. This was spurred by the reclassification of COVID-19 as Class 5, which led to increased economic activities. However, the outlook remains uncertain due to concerns about a global economic slowdown due to monetary policy tightening around the world and decrease in domestic consumer confidence due to rising prices.

In light of this situation, our Group has been promoting the 2022-2026 Medium-Term Management Plan with the vision of “becoming 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.” In FY 2023, which marks the second year of the plan, the Group will carry out key initiatives to achieve the Beauty Platform Plan, which introduces new form of salons. This includes developing Smart Salons and launching the Beauty Health Care business.

Consolidated net sales for the cumulative third quarter was 34,150 million yen (a 5.4% increase year-on-year). One of the main contributing factors was that within the haircare products category, the new Inmmetry Line launched from the Premium Brand, Aujua, continued to perform well, and that the touchpoints of Global Milbon were steadily expanding mainly in the U.S., which resulted in strong sales. In terms of profit, gross profit declined due to inventory write-downs on hairdryers introduced in Japan and the impact of high raw material prices. Regarding SG&A expenses, expenses increased mainly due to the resumption of activities, including increased promotion expenses and market development expenses resulting from active holding of large-scale events and seminars. Travel expenses also increased due to an increase in domestic and overseas business trips. As a result, operating income was 3,416 million yen (a 39.7% decrease year-on-year), ordinary income was 3,502 million yen (a 42.0% decrease year-on-year), and the quarterly net income attributable to owners of parent was 2,489 million yen (a 42.3% decrease year-on-year).

Net sales by item and Net sales by domestic and foreign country are as follows.

[Breakdown of consolidated net sales by product category]

(Unit: Million yen)

Product category	Nine months ended September 30, 2022		Nine months ended September 30, 2023		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	18,415	56.8	19,933	58.4	1,517	8.2
Hair coloring products	12,333	38.1	12,431	36.4	97	0.8
Permanent wave products	1,096	3.4	1,083	3.2	(13)	(1.2)
Cosmetic products	391	1.2	421	1.2	30	7.7
Other	169	0.5	280	0.8	110	65.2
Total	32,407	100.0	34,150	100.0	1,742	5.4

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Nine months ended September 30, 2022		Nine months ended September 30, 2023		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	25,062	77.3	25,829	75.6	767	3.1
Overseas sales	7,345	22.7	8,320	24.4	975	13.3
Total	32,407	100.0	34,150	100.0	1,742	5.4

(2) Explanation on Financial Position

Total assets at the end of the third quarter of the current fiscal year decreased by 1,749 million yen from the end of the previous fiscal year to 51,010 million yen.

Current assets decreased by 2,724 million yen from the end of the previous fiscal year to 23,974 million yen. The main factors for the change were decreases of 3,411 million yen in Cash and deposits and 1,264 million yen in Notes and accounts receivable - trade, and increases of 1,706 million yen in Merchandise and finished goods and 315 million yen in Raw materials and supplies.

Non-current assets increased by 974 million yen from the end of the previous fiscal year to 27,036 million yen.

Current liabilities decreased by 2,168 million yen from the end of the previous fiscal year to 5,827 million yen. The main factors for the change were decreases of 1,733 million yen in Accounts payable - other and 1,112 million yen in Income taxes payable.

Non-current liabilities increased by 57 million yen from the end of the previous fiscal year to 830 million yen.

Net assets increased by 361 million yen from the end of the previous fiscal year to 44,353 million yen. The main factors for the change were an increase of 871 million yen in Foreign currency translation adjustment due to the depreciation of the yen and a decrease of 317 million yen in Retained earnings.

As a result, the equity ratio changed from 83.4% at the end of the previous fiscal year to 86.9%. Net assets per share based on the total number of shares issued and outstanding at the end of the fiscal year were 1,363.04 yen, compared with 1,352.52 yen at the end of the previous fiscal year.

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

With regard to the full-year earnings forecast, the previous forecast (announced on August 10, 2023) has been revised, taking into account the most recent earnings and other factors. For details, please refer to the "Notice Regarding Revisions to Consolidated Earnings Forecasts" announced on November 10, 2023.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year As of December 31, 2022	Current 3rd quarter As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,300,053	8,888,866
Notes and accounts receivable - trade	5,255,686	3,991,377
Merchandise and finished goods	6,319,121	8,025,579
Work in process	39,927	69,489
Raw materials and supplies	1,999,103	2,314,864
Other	784,924	684,203
Allowance for doubtful accounts	(185)	-
Total current assets	26,698,631	23,974,381
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,014,115	9,238,143
Machinery, equipment and vehicles, net	3,082,059	3,304,203
Land	6,452,228	6,460,236
Construction in progress	453,754	776,235
Other, net	817,742	912,910
Total property, plant and equipment	19,819,899	20,691,730
Intangible assets	1,902,217	1,882,904
Investments and other assets		
Investment securities	1,775,734	1,346,994
Long-term loans receivable	7,425	10,704
Net defined benefit asset	56,180	52,725
Deferred tax assets	826,583	1,241,982
Other	1,719,802	1,855,604
Allowance for doubtful accounts	(46,087)	(46,087)
Total investments and other assets	4,339,639	4,461,924
Total non-current assets	26,061,755	27,036,560
Total assets	52,760,387	51,010,941
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,133,259	1,261,116
Accounts payable - other	4,022,247	2,289,027
Income taxes payable	1,334,496	221,629
Provision for bonuses	591,582	977,131
Other	914,619	1,078,359
Total current liabilities	7,996,205	5,827,263
Non-current liabilities		
Net defined benefit liability	10,628	11,292
Deferred tax liabilities	610	646
Asset retirement obligations	643,317	695,146
Other	117,875	123,198
Total non-current liabilities	772,431	830,284
Total liabilities	8,768,636	6,657,548

(Thousand yen)

	Previous fiscal year As of December 31, 2022	Current 3rd quarter As of September 30, 2023
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	274,537	306,922
Retained earnings	41,875,487	41,558,050
Treasury shares	(2,030,911)	(1,982,231)
Total shareholders' equity	42,119,113	41,882,741
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	214,928	(82,616)
Foreign currency translation adjustment	1,766,040	2,637,719
Remeasurements of defined benefit plans	(108,331)	(84,450)
Total accumulated other comprehensive income	1,872,637	2,470,651
Total net assets	43,991,750	44,353,393
Total liabilities and net assets	52,760,387	51,010,941

## (2) Quarterly Consolidated Statements of Earnings and Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Earnings

Nine Months Ended September 30, 2022 and 2023

(Thousand yen)

	Nine months ended September 30, 2022 (January 1, 2022 - September 30, 2022)	Nine months ended September 30, 2023 (January 1, 2023 - September 30, 2023)
Net sales	32,407,657	34,150,359
Cost of sales	11,050,529	13,126,445
Gross profit	21,357,128	21,023,914
Selling, general and administrative expenses	15,694,981	17,607,443
Operating income	5,662,147	3,416,470
Non-operating income		
Interest income	15,625	12,899
Dividend income	15,980	17,247
Foreign exchange gains	258,178	64,906
Company house defrayment income	2,707	2,438
Subsidy income	80,774	15,150
Other	91,787	31,390
Total non-operating income	465,053	144,033
Non-operating expenses		
Share of loss of entities accounted for using equity method	82,962	56,824
Other	1,995	856
Total non-operating expenses	84,958	57,680
Ordinary income	6,042,241	3,502,823
Extraordinary income		
Gain on sales of non-current assets	938	-
Gain on sales of investment securities	448	-
Total extraordinary income	1,386	-
Extraordinary losses		
Loss on sales of non-current assets	-	18
Loss on retirement of non-current assets	604	29,045
Total extraordinary losses	604	29,064
Profit before income taxes	6,043,023	3,473,759
Income taxes - current	2,011,458	1,286,296
Income taxes - deferred	(279,417)	(301,934)
Total income taxes	1,732,041	984,362
Profit	4,310,982	2,489,397
Profit attributable to owners of parent	4,310,982	2,489,397



Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended September 30, 2022 and 2023

(Thousand yen)

	Nine months ended September 30, 2022 (January 1, 2022 - September 30, 2022)	Nine months ended September 30, 2023 (January 1, 2023 - September 30, 2023)
Profit	4,310,982	2,489,397
Other comprehensive income		
Valuation difference on available-for-sale securities	153,032	(297,545)
Deferred gains or losses on hedges	(68,821)	-
Foreign currency translation adjustment	1,051,799	871,679
Remeasurements of defined benefit plans, net of tax	(17,492)	23,880
Total other comprehensive income	1,118,518	598,014
Comprehensive income	5,429,500	3,087,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,429,500	3,087,411
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

(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