



Consolidated Financial Results for the Three Months Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Name of registrant: Milbon Co., Ltd.
Code No.: 4919 URL <https://www.milbon.com/en/>
Representative: Hidenori Sakashita, President & CEO
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Scheduled filing date for quarterly report: May 14, 2024
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 three months ended March 31, 2024 (January 1, 2024 - March 31, 2024)

(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, 2024	11,508	11.3	1,337	11.9	1,390	19.2	973	10.3
Three months ended March 31, 2023	10,340	7.3	1,195	(20.1)	1,167	(28.6)	882	(24.4)

Note: Comprehensive income Three months ended March 31, 2024: 1,244 million yen [18.3%] Three months ended March 31, 2023: 1,052 million yen [(41.2)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	29.91	-
Three months ended March 31, 2023	27.13	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of March 31, 2024	53,183		45,615		85.8	
As of December 31, 2023	53,391		45,932		86.0	

(Reference) Equity As of March 31, 2024: 45,615 million yen As of December 31, 2023: 45,932 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, 2023	-	40.00	-	48.00	88.00
Year ending December 31, 2024	-	-	-	-	-
Year ending December 31, 2024 (forecast)	-	40.00	-	48.00	88.00

Note: Changes to latest dividends forecast: None

3. Consolidated operating results forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(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, 2024	50,620	6.0	6,600	19.5	6,560	17.4	4,650	16.2	142.92

Note: Changes to latest performance forecast: None

*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 March 31, 2024	33,117,234 shares	As of December 31, 2023	33,117,234 shares
As of March 31, 2024	577,107 shares	As of December 31, 2023	577,107 shares
Three months ended March 31, 2024	32,540,127 shares	Three months ended March 31, 2023	32,525,662 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.

○Accompanying Materials - Contents

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1. Qualitative Information on Consolidated Results for the Current Period

(1) Explanation of Operating Results

During the first quarter of this consolidated fiscal year, the Japanese economy has seen a modest recovery, backed by an increase in capital expenditure, employment and income, despite some signs of weaknesses due to the impact of rising prices. On the other hand, the outlook remains uncertain due to the prolonged situation in Ukraine, the impact of tensions in the Middle East affecting energy prices, and further concerns about price increases due to the depreciation of the yen.

In light of this situation, the third year of our Medium-Term Management Plan (2022-2026), Fiscal Year 2024, will see a full-scale promotion of the "Smart Salon" proposal, which expanded to 23 salons in 2023, aiming for 100 salons by the end of 2024. Additionally, we will implement measures such as proposing a unique salon-exclusive total color service for both hair and eyebrow and proposing a high-value color service for adults featuring our organic brand, Villa Lodola.

Consolidated net sales for the first quarter amounted to 11,508 million yen (an 11.3% increase year-on-year). The main factors behind this growth in Japan were the continued strong sales of the premium haircare brand Aujua, and new products of the cosmetics brand "IM" achieving sales that exceeded the fiscal year plan as of the end of the first quarter, driving growth.

Overseas, strengthening activities in the haircare and perm market in South Korea contributed to an increase in sales, achieving double-digit growth. In terms of profit, an increase in sales and control of SG&A expenses led to a reduction in the SG&A-to-sales ratio. As a result, operating income increased 11.9% to 1,337 million yen, ordinary income increased 19.2% to 1,390 million yen, and profit attributable to owners of parent increased 10.3% to 973 million yen.

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	Three months ended March 31, 2023		Three months ended March 31, 2024		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Haircare products	5,969	57.7	6,670	58.0	700	11.7
Hair coloring products	3,922	38.0	4,044	35.1	122	3.1
Permanent wave products	301	2.9	350	3.1	49	16.6
Cosmetic products	126	1.2	369	3.2	242	191.1
Other	20	0.2	73	0.6	52	255.3
Total	10,340	100.0	11,508	100.0	1,167	11.3

[Breakdown of net sales into domestic and overseas sales]

(Unit: million yen)

	Three months ended March 31, 2023		Three months ended March 31, 2024		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	7,659	74.1	8,371	72.7	712	9.3
Overseas sales	2,681	25.9	3,136	27.3	455	17.0
Total	10,340	100.0	11,508	100.0	1,167	11.3

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year decreased by 208 million yen from the end of the previous fiscal year to 53,183 million yen.

Current assets decreased by 290 million yen from the end of the previous fiscal year to 25,887 million yen. The main factors for the change were decreases of 341 million yen in Cash and deposits and 806 million yen in Notes and accounts receivable - trade, and increases of 287 million yen in Merchandise and finished goods and 268 million yen in Raw materials and supplies.

Non-current assets increased by 82 million yen from the end of the previous fiscal year to 27,295 million yen.

Current liabilities increased by 102 million yen from the end of the previous fiscal year to 6,670 million yen. The main factors for the change were a 964 million yen decrease in Accounts payable - other and a 582 million yen increase in Accounts payable - trade.

Non-current liabilities increased by 6 million yen from the end of the previous fiscal year to 897 million yen.

Net assets decreased by 316 million yen from the end of the previous fiscal year to 45,615 million yen. The main factors for the change were a 588 million yen decrease in Retained earnings, a 216 million yen decrease in Valuation difference on available-for-sale securities due to a decrease in unrealized gains on marketable equity securities, and a 506 million yen increase in Foreign currency translation adjustment due to the depreciation of the yen,

As a result, the equity ratio changed from 86.0% at the end of the previous fiscal year to 85.8%. Net assets per share based on the total number of shares outstanding at the end of the period was 1,401.82 yen, down from 1,411.56 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 14, 2024) for the full-year performance forecast, as the results progressed generally as planned in the first quarter of the current fiscal year.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: thousand yen)

	Previous fiscal year (As of December 31, 2023)	Current 1st quarter (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	11,337,201	10,995,207
Notes and accounts receivable - trade	5,345,669	4,539,501
Merchandise and finished goods	6,939,156	7,226,538
Work in process	36,838	69,155
Raw materials and supplies	2,072,829	2,341,169
Other	446,775	716,335
Total current assets	26,178,470	25,887,908
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,260,764	9,267,018
Machinery, equipment and vehicles, net	3,314,046	3,400,498
Land	6,461,904	6,462,572
Construction in progress	995,352	1,186,354
Other, net	967,392	944,152
Total property, plant and equipment	20,999,461	21,260,595
Intangible assets	1,930,204	1,890,090
Investments and other assets		
Investment securities	1,312,251	999,935
Long-term loans receivable	1,120	1,030
Net defined benefit asset	511,056	508,388
Deferred tax assets	909,850	925,883
Other	1,595,544	1,717,451
Allowance for doubtful accounts	(46,087)	(7,690)
Total investments and other assets	4,283,736	4,144,999
Total non-current assets	27,213,401	27,295,686
Total assets	53,391,872	53,183,595
Liabilities		
Current liabilities		
Accounts payable – trade	931,247	1,513,989
Accounts payable – other	3,665,522	2,700,730
Income taxes payable	410,988	434,005
Provision for bonuses	581,530	527,481
Other	978,650	1,494,281
Total current liabilities	6,567,940	6,670,489
Non-current liabilities		
Net defined benefit liability	14,620	14,691
Deferred tax liabilities	277	287
Asset retirement obligations	734,815	736,321
Other	141,919	146,484
Total non-current liabilities	891,633	897,785
Total liabilities	7,459,574	7,568,275

(Unit: thousand yen)

	Previous fiscal year (As of December 31, 2023)	Current 1st quarter (As of March 31, 2024)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	306,957	306,957
Retained earnings	43,079,323	42,490,832
Treasury shares	(1,982,161)	(1,982,161)
Total shareholders' equity	43,404,119	42,815,628
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(106,728)	(323,475)
Foreign currency translation adjustment	2,373,812	2,880,128
Remeasurements of defined benefit plans	261,094	243,038
Total accumulated other comprehensive income	2,528,178	2,799,690
Total net assets	45,932,297	45,615,319
Total liabilities and net assets	53,391,872	53,183,595

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

Quarterly Consolidated Statements of Earnings

Three Months Ended March 31, 2023 and 2024

(Unit: thousand yen)

	Three months ended March 31, 2023 (January 1, 2023 - March 31, 2023)	Three months ended March 31, 2024 (January 1, 2024 - March 31, 2024)
Net sales	10,340,911	11,508,323
Cost of sales	3,590,354	4,261,765
Gross profit	6,750,556	7,246,558
Selling, general and administrative expenses	5,555,345	5,909,248
Operating income	1,195,211	1,337,310
Non-operating income		
Interest income	3,380	4,748
Dividend income	8,687	8,639
Foreign exchange gains	-	39,040
Company house defrayment income	455	415
Subsidy income	1,829	-
Other	8,648	3,539
Total non-operating income	23,001	56,383
Non-operating expenses		
Share of loss of entities accounted for using equity method	18,265	2,934
Foreign exchange losses	31,498	-
Other	1,260	25
Total non-operating expenses	51,024	2,959
Ordinary income	1,167,188	1,390,734
Extraordinary losses		
Loss on retirement of non-current assets	1,504	0
Total extraordinary losses	1,504	0
Profit before income taxes	1,165,683	1,390,734
Income taxes - current	242,352	329,607
Income taxes - deferred	41,017	87,690
Total income taxes	283,369	417,298
Profit	882,314	973,435
Profit attributable to owners of parent	882,314	973,435

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended March 31, 2023 and 2024

(Unit: thousand yen)

	Three months ended March 31, 2023 (January 1, 2023 - March 31, 2023)	Three months ended March 31, 2024 (January 1, 2024 - March 31, 2024)
Profit	882,314	973,435
Other comprehensive income		
Valuation difference on available-for-sale securities	104,113	(216,747)
Foreign currency translation adjustment	57,626	506,316
Remeasurements of defined benefit plans, net of tax	7,960	(18,056)
Total other comprehensive income	169,700	271,512
Comprehensive income	1,052,014	1,244,947
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,052,014	1,244,947
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.)

(Segment information)

This information is omitted since the Group has a single segment of manufacture and sales of cosmetic products.

(Significant subsequent events)

(Disposal of treasury stock as restricted stock compensation)

On April 12, 2024, 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 10, 2024
(2) Class and number of shares subject to disposal	22,141 shares of common stock of the Company
(3) Disposal price	3,061 yen per share
(4) Total value of disposal	67,773,601 yen
(5) Allottees and number of shares to be allotted	7 Board Directors (excluding Outside Board Directors) 16,300 shares 6 Executive Officers 5,841 shares

2. Purpose and Reasons for Treasury Stock Disposal

The Company has resolved to dispose of treasury stock in order to grant restricted stock to Board Directors (excluding Outside Board 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.