



Consolidated Financial Results for the Nine Months Ended September 30, 2021 [Japanese GAAP]

November 12, 2021
Tokyo Stock Exchange, First Section

Name of registrant: Milbon Co., Ltd.
Code No.: 4919 URL <http://www.milbon.co.jp>
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Scheduled filing date for quarterly report: November 12, 2021
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 nine months ended September 30, 2021 (January 1, 2021 - September 30, 2021)

(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, 2021	29,718	17.9	5,758	33.7	5,227	36.1	3,725	36.0
Nine months ended September 30, 2020	25,214	(5.4)	4,307	(16.8)	3,842	(20.0)	2,740	(19.7)

(Note) Comprehensive income Nine months ended September 30, 2021: 3,828 million yen [133.6%] Nine months ended September 30, 2020: 1,639 million yen [(50.4)%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Nine months ended September 30, 2021	114.60	-	-	-
Nine months ended September 30, 2020	84.21	-	-	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of September 30, 2021	44,770	38,273	38,273	36,308	85.5	84.3
As of December 31, 2020	43,075	36,308	36,308	36,308	84.3	84.3

(Reference) Equity As of September 30, 2021: 38,273 million yen As of December 31, 2020: 36,308 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, 2020	-	27.00	-	29.00	56.00
Year ended December 31, 2021	-	30.00	-	-	-
Year ended December 31, 2021 (forecast)	-	-	-	33.00	63.00

(Note) Changes to latest dividends forecast: None

3. Consolidated operating forecasts for the fiscal year ending December 31, 2021 (January 1, 2021 - December 31, 2021)

(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	Yen
Year ending December 31, 2021	40,600	13.6	7,800	22.0	7,120	22.9	5,100	21.3	156.89	156.89

(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 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. : 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, 2021	33,117,234 shares	As of December 31, 2020	33,117,234 shares
As of September 30, 2021	605,759 shares	As of December 31, 2020	614,837 shares
Nine months ended September 30, 2021	32,508,129 shares	Nine months ended September 30, 2020	32,538,723 shares

*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 third quarter of the current fiscal year, the Japanese economy continued to face severe conditions due to the large limitations on socioeconomic activities resulting from the announcement of repeated emergency declaration accompanying the spread of COVID-19. Looking ahead, infectious diseases are heading toward a convergence against the backdrop of the prevalence of vaccines, and economic activity is expected to recover. However, the risk of a re-expansion of infectious diseases remains in the winter, and we cannot be optimistic about the situation.

In the beauty salon industry, despite the impact of COVID-19, customers are returning to the level before the COVID-19 crisis in the salon industry. However, some salons in central metropolitan areas continue to have insufficient customer returns.

Under these circumstances, in Fiscal Year 2021, we are working on "Change the Stage 18 Month Missions!" in order to lead us to a new stage of growth from Fiscal Year 2022.

In the third quarter of the fiscal year under review, the domestic market continued to receive a strong reputation for field activities that combine online and brick-and-mortar sales to salons amid COVID-19. In the hair care products segment, sales of premium brands Aujua and Global Milbon were strong, partly due to the introduction of new products and the impact of milbon:iD, an e-commerce platform that supports beauty salons in the sale of salon haircare products. In the hair coloring products category, sales of the fashion color Addicthy continue to be strong. In overseas markets, sales in China and South Korea continued to be steady, and sales in the U.S. also grew significantly.

As a result of the above, consolidated net sales for the third quarter of the current fiscal year were 29,718 million yen (up 17.9% year-on-year), operating income was 5,758 million yen (up 33.7% year-on-year), ordinary income was 5,227 million yen (up 36.1% year-on-year), and profit attributable to owners of parent was 3,725 million yen (up 36.0% year-on-year).

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, 2020		Nine months ended September 30, 2021		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Hair care products	14,654	58.1	17,086	57.5	2,431	16.6
Hair coloring products	9,148	36.3	10,954	36.9	1,806	19.7
Permanent wave products	1,036	4.1	1,077	3.6	40	3.9
Cosmetic products	223	0.9	416	1.4	193	86.3
Other	150	0.6	183	0.6	33	22.4
Total	25,214	100.0	29,718	100.0	4,504	17.9

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

	Nine months ended September 30, 2020		Nine months ended September 30, 2021		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	21,102	83.7	23,904	80.4	2,801	13.3
Overseas sales	4,111	16.3	5,814	19.6	1,703	41.4
Total	25,214	100.0	29,718	100.0	4,504	17.9

(2) Explanation on financial position

① Assets, liabilities and net assets

Total assets at the end of the third quarter under review increased 1,694 million yen from the end of the previous fiscal year, to 44,770 million yen.

Current assets decreased by 28 million yen from the end of the previous fiscal year to 22,093 million yen. The main factors for the change were increases of 1,084 million yen in merchandise and finished goods and 299 million yen in raw materials and supplies, and decreases of 940 million yen in cash and deposits and 714 million yen in notes and accounts receivable-trade.

Non-current assets increased by 1,723 million yen from the end of the previous fiscal year to 22,676 million yen. This was mainly due to an increase of 1,704 million yen in construction in progress, including a partial advance payment for the construction of a new factory in China and the expansion of a factory in Milbon Thailand, and a decrease of 686 million yen in investment securities due to the sale of a portion of investment securities held and a decrease in unrealized gains on the market value of listed shares.

Current liabilities decreased by 331 million yen from the end of the previous fiscal year to 5,768 million yen. The main factors for the change were increases of 473 million yen in accounts payable-trade and 429 million yen in provision for bonuses, and decreases of 918 million yen in accounts payable-other and 214 million yen in income taxes payable.

Non-current liabilities increased by 60 million yen from the end of the previous fiscal year to 727 million yen.

Net assets increased by 1,965 million yen from the end of the previous fiscal year to 38,273 million yen. The main factors for the change were increases of 1,807 million yen in retained earnings and 351 million yen in foreign currency translation adjustment due to the depreciation of the yen, and a decrease of 306 million yen in valuation difference on available-for-sale securities due to a decrease in unrealized gains on market value of listed stocks.

As a result, the equity ratio changed from 84.3% at the end of the previous fiscal year to 85.5%. Net assets per share based on the total number of shares issued at the end of the period were 1,177.24 yen, compared to 1,117.10 yen at the end of the previous fiscal year.

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

In terms of the full-year forecast there are no changes to the previous consolidated operating forecasts, which were announcement on August 6, 2021.

We cannot deny the possibility of unexpected fluctuations due to external factors, including the COVID-19. Therefore, we will promptly revise our earnings forecasts if significant fluctuations are anticipated.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2020)	Current Third Quarter (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	12,345,024	11,404,655
Notes and accounts receivable - trade	4,199,283	3,484,955
Merchandise and finished goods	3,991,946	5,076,671
Work in process	46,317	67,766
Raw materials and supplies	1,177,090	1,476,120
Other	366,288	586,982
Allowance for doubtful accounts	(3,648)	(3,351)
Total current assets	22,122,303	22,093,800
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,792,285	6,775,064
Machinery, equipment and vehicles, net	1,943,540	1,976,896
Land	4,995,014	4,990,009
Construction in progress	543,159	2,247,945
Other, net	591,796	700,653
Total property, plant and equipment	14,865,795	16,690,569
Intangible assets	1,318,478	1,504,962
Investments and other assets		
Investment securities	2,935,650	2,248,813
Long-term loans receivable	28,906	58,005
Net defined benefit asset	207,475	206,423
Deferred tax assets	395,087	685,842
Other	1,260,203	1,330,263
Allowance for doubtful accounts	(58,381)	(48,272)
Total investments and other assets	4,768,942	4,481,076
Total non-current assets	20,953,217	22,676,609
Total assets	43,075,520	44,770,409
Liabilities		
Current liabilities		
Accounts payable - trade	788,911	1,262,788
Accounts payable - other	2,730,817	1,812,182
Income taxes payable	1,104,850	890,626
Provision for bonuses	436,811	866,060
Other	1,038,850	937,169
Total current liabilities	6,100,241	5,768,827
Non-current liabilities		
Net defined benefit liability	5,216	4,989
Deferred tax liabilities	2,329	715
Asset retirement obligations	546,954	607,936
Other	112,427	114,188
Total non-current liabilities	666,928	727,830
Total liabilities	6,767,170	6,496,658

(Thousand yen)

	Previous fiscal year (As of December 31, 2020)	Current Third Quarter (As of September 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	222,490	246,299
Retained earnings	35,643,295	37,450,705
Treasury shares	(2,108,947)	(2,078,364)
Total shareholders' equity	35,756,838	37,618,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	405,396	98,960
Deferred gains or losses on hedges	(1,206)	44,583
Foreign currency translation adjustment	147,775	499,750
Remeasurements of defined benefit plans	(454)	11,817
Total accumulated other comprehensive income	551,511	655,111
Total net assets	36,308,349	38,273,751
Total liabilities and net assets	43,075,520	44,770,409

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

Quarterly Consolidated Statements of Earnings

Nine Months Ended September 30, 2020 and 2021

(Thousand yen)

	Nine months ended September 30, 2020 (January 1, 2020 - September 30, 2020)	Nine months ended September 30, 2021 (January 1, 2021 - September 30, 2021)
Net sales	25,214,042	29,718,991
Cost of sales	8,548,138	9,947,677
Gross profit	16,665,904	19,771,313
Selling, general and administrative expenses	12,358,616	14,012,600
Operating income	4,307,287	5,758,713
Non-operating income		
Interest income	20,307	17,359
Dividend income	32,363	16,972
Foreign exchange gains	-	13,728
Company house defrayment income	3,280	2,393
Subsidy income	39,674	42,530
Other	73,509	43,181
Total non-operating income	169,135	136,166
Non-operating expenses		
Sales discounts	462,842	534,921
Share of loss of entities accounted for using equity method	87,184	131,462
Foreign exchange losses	83,019	-
Other	1,223	1,228
Total non-operating expenses	634,270	667,611
Ordinary income	3,842,152	5,227,267
Extraordinary income		
Gain on sales of non-current assets	-	262
Gain on sales of investment securities	114,578	19,087
Total extraordinary income	114,578	19,349
Extraordinary losses		
Loss on retirement of non-current assets	15,454	388
Total extraordinary losses	15,454	388
Profit before income taxes	3,941,276	5,246,228
Income taxes - current	1,314,632	1,706,432
Income taxes - deferred	(113,562)	(185,528)
Total income taxes	1,201,069	1,520,904
Profit	2,740,206	3,725,324
Profit attributable to owners of parent	2,740,206	3,725,324

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended September 30, 2020 and 2021

(Thousand yen)

	Nine months ended September 30, 2020 (January 1, 2020 - September 30, 2020)	Nine months ended September 30, 2021 (January 1, 2021 - September 30, 2021)
Profit	2,740,206	3,725,324
Other comprehensive income		
Valuation difference on available-for-sale securities	(791,927)	(306,436)
Deferred gains or losses on hedges	(46,422)	45,790
Foreign currency translation adjustment	(283,071)	351,974
Remeasurements of defined benefit plans, net of tax	20,264	12,271
Total other comprehensive income	(1,101,156)	103,599
Comprehensive income	1,639,050	3,828,923
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,639,050	3,828,923
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