Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022 Name of registrant: Milbon Co., Ltd. Tokyo Stock Exchange, Prime Market https://www.milbon.com/en/ Code No.: 4919 URL Representative: Ryuji Sato, Representative Director, President & CEO TEL: +81-3-3517-3915 Inquiries: Masahiro Murai, Managing Executive Director Scheduled filing date for quarterly report: August 10, 2022

Scheduled starting date of dividend payments: August 16, 2022

Preparation of supplementary materials on the quarterly results: Yes

Holding of an explanatory meeting on the quarterly results: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the six months ended June 30, 2022 (January 1, 2022 - June 30, 2022)

	(1) Consolidated operating results (Percentages show year-on-year changes (1) Consolidated operating results (Percentages show year-on-year changes (1) Consolidated operating results (Percentages show year-on-year changes (1) Consolidated operating results (1)							n-year changes.)	
		Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%
	Six months ended June 30, 2022	21,467	-	3,824	-	4,137	23.3	2,875	19.1
	Six months ended June 30, 2021	19,558	23.3	3,659	53.2	3,355	59.5	2,413	66.3
]	Note: Comprehensive income Six months ended June 30, 2022: 3,883 million yen [35.0%] Six months ended June 30, 2021: 2,875 million yen [458.0%]						58.0%]		

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	88.42	-
Six months ended June 30, 2021	74.24	-

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 second quarter would increase 11.7%, and operating income would increase 15.3%. 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 June 30, 2022	51,361	43,114	83.9
As of December 31, 2021	48,238	40,197	83.3

(Reference) Equity As of June 30, 2022: 43,114 million yen As of December 31, 2021: 40,197 million yen

2. Payment of dividends

		Annual dividends					
	End of 1st quarter	End of fiscal year	Total				
	Yen	Yen	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: Yes

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	lote: 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) : 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

- Changes in accounting policies due to amendment to the accounting standards, etc.
 Changes in accounting policies other than those in 1) above
 Yes
- 3) Changes in accounting pointers during under an 17 above 1 105 3) 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 June 30, 2022	33,117,234 shares	As of December 31, 2021	33,117,234 shares
d	As of June 30, 2022	591,417 shares	As of December 31, 2021	606,080 shares
	Six months ended June 30, 2022	32,517,278 shares	Six months ended June 30, 2021	32,506,423 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 factor.

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1. Qualitative Information on Consolidated Results for the Current Period

(1) Explanation on operating results

In the second quarter of the fiscal year, the Japanese economy showed a gradual recovery trend, mainly in consumer spending, amid the normalization of economic activities, despite the continuing impact of COVID-19. 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, sales of hair coloring products grew significantly due to a recovery in regional cities compared to the first quarter, when the spread of infections affected the flow of people and an increase in the number of customers who enjoy multi-tonal hair coloring. In addition, sales of hair care products grew steadily due to increased awareness of the need to care for the damage from hair coloring and make hair designs enjoyable longer.

In the overseas markets, China continues to be affected by the lockdown due to the zero-corona policy. Although the situation remains in a severe condition, the impact is minimal with the Company's continuous efforts. In other major countries, the U.S. and South Korea, sales of hair care products and hair coloring products were significantly steady, contributing to growth in consolidated sales.

As a result of the above, consolidated net sales for the second quarter were 21,467 million yen, operating income was 3,824 million yen, ordinary income was 4,137 million yen (up 23.3% year on year), and profit attributable to owners of parent was 2,875 million (up 19.1% 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 second quarter would increase 11.7%, and operating income would increase 15.3%. 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]

					(1	Jint. Minnon yen)
Product category	Six months er 202	,	Six months er 202	,	Increase (decrease)	Year-on-year
Troduct category	Amount	Ratio (%)	Amount	Ratio (%)	amount	change (%)
Hair care products	11,288	57.7	12,218	56.9	-	-
Hair coloring products	7,124	36.4	8,148	38.0	-	-
Permanent wave products	740	3.8	751	3.5	-	-
Cosmetic products	293	1.5	262	1.2	-	-
Other	111	0.6	87	0.4	-	-
Total	19,558	100.0	21,467	100.0	-	-

[Breakdown of net sales into domestic and overseas sales]

(Unit: Million yen)

(Unit: Million ven)

	Six months er 20			Six months ended June 30, 2022 (decrease)		Year-on-year
	Amount	Ratio (%)	Amount	Ratio (%)	amount	change (%)
Domestic sales	15,742	80.5	16,627	77.5	-	-
Overseas sales	3,816	19.5	4,839	22.5	-	-
Total	19,558	100.0	21,467	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

(i) Assets, liabilities, and net assets

Total assets at the end of the second quarter increased by 3,122 million yen from the end of the previous fiscal year to 51,361 million yen.

Current assets increased by 2,134 million yen from the end of the previous fiscal year to 27,035 million yen. The main factors for the change were a decrease of 844 million yen in cash and deposits, and an increase of 1,969 million yen in merchandise and finished goods, 581 million yen in raw materials and supplies, and 306 million yen in notes and accounts receivable-trade.

Non-current assets increased by 987 million yen from the end of the previous fiscal year to 24,325 million yen.

Current liabilities increased by 180 million yen from the end of the previous fiscal year to 7,490 million yen. Major factors for the change were decreases of 461 million yen in accounts payable-other and an increase of 719 million yen in accounts payable-trade.

Non-current liabilities increased by 25 million yen from the end of the previous fiscal year to 756 million yen.

Net assets increased by 2,917 million yen from the end of the previous fiscal year to 43,114 million yen. The main factors for the change were increases of 1,830 million yen in retained earnings and 1,148 million yen in foreign currency translation adjustment 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 83.9%. Net assets per share based on the total number of shares issued and outstanding at the end of the fiscal year were 1,325.54 yen, compared to 1,236.41 yen at the end of the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents ("funds") at the end of the second quarter of the current fiscal year decreased by 847 million yen from the end of the previous fiscal year to 12,465 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,201 million yen. This was mainly due to the recording of quarterly profit before income taxes of 4,138 million yen, depreciation and amortization of 1,014 million yen, an increase in inventories of 2,202 million yen, an increase in notes and accounts receivable-trade of 261 million yen, and income taxes paid of 1,304 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,322 million yen. This was mainly due to expenditures of 811 million yen for the purchase of tangible fixed assets, 393 million yen for the purchase of intangible fixed assets, and 148 million yen for payments for guarantee deposits.

(Cash flows from financing activities)

Net cash used in financing activities was 1,234 million yen. This was mainly due to dividends paid to shareholders of 1,233 million yen.

(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

	Previous fiscal year (As of December 31, 2021)	Current 2nd quarter (As of June 30, 2022)
•	(As of December 51, 2021)	(As of Julie 30, 2022)
Assets		
Current assets	13,350,147	12 505 22
Cash and deposits Notes and accounts receivable - trade	4,673,258	12,505,22 4,979,73
Securities	4,075,238	4,979,73
Merchandise and finished goods	4,537,613	6,506,96
Work in process	41,842	60,39
Raw materials and supplies	1,360,902	1,942,28
Other	740,268	843,06
Allowance for doubtful accounts	(3,271)	(2,009
Total current assets	24,900,761	27,035,66
Non-current assets	24,900,701	27,035,00
Property, plant and equipment		
Buildings and structures, net	8,957,598	9,161,61
Machinery, equipment and vehicles, net	2,840,613	2,942,36
Land	4,995,014	5,009,02
Construction in progress	269,654	332,57
Other, net	753,381	857,14
Total property, plant and equipment	17,816,262	18,302,71
		1,680,38
Intangible assets Investments and other assets	1,516,714	1,000,50
Investment securities	1,610,607	1 524 1
Long-term loans receivable	32,527	1,524,14
Net defined benefit asset	438,540	440,32
Deferred tax assets	577,944	800,81
Other	1,393,519	1,619,60
Allowance for doubtful accounts	(48,387)	
Total investments and other assets		(46,08)
	4,004,752	4,342,49
Total non-current assets	23,337,729	24,325,59
Total assets	48,238,490	51,361,26
Liabilities		
Current liabilities	02 (100	1 (55.0)
Accounts payable – trade	936,108	1,655,39
Accounts payable – other	3,495,694	3,033,96
Income taxes payable	1,401,441	1,490,78
Provision for bonuses	511,612	508,50
Other The last of the life	965,353	802,03
Total current liabilities	7,310,210	7,490,68
Non-current liabilities		0.77
Net defined benefit liability	7,753	8,69
Deferred tax liabilities	595	67
Asset retirement obligations	608,139	613,28
Other	114,611	133,59
Total non-current liabilities	731,099	756,23
Total liabilities	8,041,309	8,246,92

		(Thousand yen)
	Previous fiscal year (As of December 31, 2021)	Current 2nd quarter (As of June 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	40,665,030
Treasury shares	(2,080,393)	(2,030,365)
Total shareholders' equity	39,000,575	40,909,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	100,262	40,328
Deferred gains or losses on hedges	68,821	-
Foreign currency translation adjustment	850,537	1,999,478
Remeasurements of defined benefit plans	176,984	165,322
Total accumulated other comprehensive income	1,196,605	2,205,129
Total net assets	40,197,181	43,114,332
Total liabilities and net assets	48,238,490	51,361,260

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

Quarterly Consolidated Statements of Earnings

Six Months Ended June 30, 2021 and 2022

Cost of sales $6,650,862$ $7,198,250$ Gross profit 12,907,935 14,269,00 Selling, general and administrative expenses $9,248,793$ 10,444,920 Operating income $3,659,142$ $3,824,081$ Non-operating income 12,871 10,452 Interest income 12,871 10,452 Dividend income 16,944 $7,543$ Company house defrayment income 1,193 1,522 Gain on surrender of insurance $5,499$ 18,066 Subsidy income 32,019 28,68 Other 26,6787 56,555 Total non-operating income 341,758 Share of loss of entities accounted for using equity method 94,542 64,511 Other 1,356 2,122 Total non-operating expenses 3355,300 4,137,557 Sales discounts - 922 Gain on sales of non-current assets - 922 Gain on sales of investment securities 19,087 444 7,137 Cottal extraordinary income 19,087 444 1,37 <th></th> <th></th> <th>(Thousand yen)</th>			(Thousand yen)
- June 30, 2021) - June 30, 2022) Net sales 19,558,798 21,467,255 Cost of sales 6,650,862 7,198,255 Gross profit 12,907,935 14,269,00 Selling, general and administrative expenses 9,248,793 10,444,920 Operating income 3,659,142 3,824,080 Non-operating income 12,871 10,455 Dividend income 12,871 10,455 Origin exchange gains 38,501 257,288 Company house defayment income 1,193 1,521 Gain on surrender of insurance 5,499 18,666 Subsidy income 32,019 28,68 Other 26,787 56,555 Total non-operating income 133,816 380,111 Non-operating expenses 341,758 555 Share of loss of entities accounted for using equity method 94,542 64,51' Other 1,336 2,127,555 56,555 Catia no asles of inon-current assets - 922 Gain on sales of finore streset -			
Net sales 19,558,798 21,467,253 Cost of sales 6,650,862 7,198,25 Gross profit 12,907,935 14,269,00 Selling, general and administrative expenses 9,248,793 10,444,920 Operating income 3,659,142 3,824,080 Non-operating income 12,871 10,445 Interest income 12,871 10,445 Dividend income 16,944 7,543 Gain on surrender of insurance 5,499 18,066 Subsidy income 32,019 28,68 Other 26,787 56,555 Total non-operating income 133,816 380,111 Non-operating expenses 341,758 5499 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 341,758 5400 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 753 Total non-operating expenses 922			
Gross profit 12,907,935 14,269,00 Selling, general and administrative expenses 9,248,793 10,444,920 Operating income 3,659,142 3,824,080 Non-operating income 12,871 10,445 Interest income 12,871 10,445 Dividend income 16,944 7,543 Foreign exchange gains 38,501 257,288 Company house defrayment income 1,193 1,523 Gain on surender of insurance 5,499 18,066 Subsidy income 32,019 28,687 Other 26,787 56,555 Total non-operating income 133,816 380,111 Non-operating expenses 341,758 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 3355,300 4,137,555 Extraordinary income - 922 G4,517 56,664 Ordinary income - 922 G4,517 56,664 7,555 604 Total esto	Net sales		21,467,252
Selling, general and administrative expenses $9,248,793$ $10,444,920$ Operating income $3,659,142$ $3,824,080$ Non-operating income $12,871$ $10,452$ Interest income $16,944$ $7,543$ Foreign exchange gains $38,501$ $257,280$ Company house defrayment income $1,193$ $1,522$ Gain on surrender of insurance $5,499$ $18,066$ Subsidy income $32,019$ $28,68$ Other $26,787$ $56,555$ Total non-operating income $133,816$ $380,111$ Non-operating expenses $341,758$ $56,552$ Sales discounts $341,758$ $56,552$ Total non-operating expenses $341,758$ $56,552$ Share of loss of entities accounted for using equity method $94,542$ $64,511^2$ Other $1,356$ $2,122^2$ $64,644,511^2$ Other $1,356$ $2,122^2$ $64,511^2$ Other $1,356$ $2,122^2$ $64,511^2$ Other $1,356$ $2,122^2$ $744,924^2$ Other $1,356^2$ $2,122^2$ $744,924^2$ Interesting income $3,357,000^2$ $4,137,554^2$ Extraordinary income $19,087^2$ $443,755^2$ <t< td=""><td>Cost of sales</td><td>6,650,862</td><td>7,198,250</td></t<>	Cost of sales	6,650,862	7,198,250
Operating income 3,659,142 3,824,088 Non-operating income 12,871 10,455 Dividend income 16,944 7,543 Foreign exchange gains 38,501 257,288 Company house defrayment income 1,193 1,520 Gain on surrender of insurance 5,499 18,060 Subsidy income 26,787 56,555 Total non-operating expenses 341,758 381,01 Share of loss of entities accounted for using equity method 94,542 64,51' Other 1,356 2,122 Total non-operating expenses 341,758 555 Share of loss of entities accounted for using equity method 94,542 64,51' Other 1,356 2,122 Total non-operating expenses 945,657 66,644 Ordinary income 922 64,51' Cain on sales of non-current assets 920 64,51' Total extraordinary income 19,087 1,37,55 Extraordinary income 19,087 1,37,55 Cain on sales of non-current assets	Gross profit	12,907,935	14,269,001
Non-operating income 12,871 10,452 Dividend income 16,944 7,543 Foreign exchange gains 38,501 257,280 Company house defrayment income 1,193 1,522 Gain on surrender of insurance 5,499 18,066 Subsidy income 32,019 28,687 Other 26,787 56,555 Total non-operating income 133,816 380,111 Non-operating expenses 341,758 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,555 530 4,137,555 Extraordinary income 19,087 444 444 Total extraordinary income 19,087 444 Total extraordinary income 13,55 600	Selling, general and administrative expenses	9,248,793	10,444,920
Interest income 12,871 10,452 Dividend income 16,944 7,543 Foreign exchange gains 38,501 257,286 Company house defrayment income 1,193 1,520 Gain on surrender of insurance 5,499 18,066 Subsidy income 32,019 28,68 Other 26,787 56,555 Total non-operating income 133,816 380,113 Non-operating expenses 341,758 3816 380,113 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,555 Extraordinary income 922 64,517 Gain on sales of investment securities 19,087 444 Total extraordinary income 19,087 444 Total extraordinary income 3355 600 Total extraordinary losses 355 600 Total extraordinary losses 355 <t< td=""><td>Operating income</td><td>3,659,142</td><td>3,824,080</td></t<>	Operating income	3,659,142	3,824,080
Dividend income 10,944 7,543 Foreign exchange gains 38,501 257,286 Company house defrayment income 1,193 1,520 Gain on surrender of insurance 5,499 18,060 Subsidy income 32,019 28,687 Other 26,787 56,555 Total non-operating income 133,816 380,118 Non-operating expenses 341,758 58 Sales discounts 341,758 54 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,553 Extraordinary income 90,087 444 Total extraordinary income 19,087 1,377 Extraordinary income 19,087 1,377 Loss on retirement of non-current assets 355 600 Total extraordinary losses 355 600 Profit before income taxes 3,374,032 4,138,320 <td>Non-operating income</td> <td></td> <td></td>	Non-operating income		
Foreign exchange gains 38,501 257,280 Company house defrayment income 1,193 1,520 Gain on surrender of insurance 5,499 18,066 Subsidy income 32,019 28,687 Other 26,787 56,559 Total non-operating income 133,816 380,114 Non-operating expenses 341,758 341,758 Share of loss of entities accounted for using equity method 94,542 64,511 Other 1,356 2,122 Total non-operating expenses 341,758 341,758 Share of loss of entities accounted for using equity method 94,542 64,511 Other 1,356 2,122 Total non-operating expenses 3,355,300 4,137,553 Extraordinary income - 922 Gain on sales of non-current assets - 922 Total extraordinary losses		12,871	10,452
Company house defrayment income 1,193 1,520 Gain on surrender of insurance 5,499 18,060 Subsidy income 32,019 28,68'' Other 26,787 56,55' Total non-operating income 133,816 380,118 Non-operating expenses 341,758 380,118 Share of loss of entities accounted for using equity method 94,542 64,51'' Other 1,356 2,12' Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,55' Extraordinary income 90,087 444 Total extraordinary income 355 604 Total extraordinary income 355 604 Total extraordinary losses 355 604 Total extraordinary losses 355 604 <td>Dividend income</td> <td>16,944</td> <td>7,543</td>	Dividend income	16,944	7,543
Gain on surrender of insurance 5,499 18,060 Subsidy income 32,019 28,687 Other 26,787 56,559 Total non-operating income 133,816 380,118 Non-operating expenses 341,758 341,758 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,558 Extraordinary income 90,087 444 Total extraordinary income 90,087 444 Total extraordinary income 19,087 1,377 Extraordinary income 355 600 Total extraordinary losses 355 600 Loss on retirement of non-current assets 355 600 Total extraordinary losses 355 600 Income taxes - current 1,125,498 1,418,444 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 <td>Foreign exchange gains</td> <td>38,501</td> <td>257,286</td>	Foreign exchange gains	38,501	257,286
Subsidy income 32,019 28,68 Other 26,787 56,559 Total non-operating income 133,816 380,118 Non-operating expenses 341,758 58 Sales discounts 341,758 54 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,551 Extraordinary income 99,087 444 Total extraordinary income 19,087 1,377 Gain on sales of non-current assets - 922 Gain on sales of non-current assets - 922 Gain on sales of investment securities 19,087 1,377 Extraordinary income 19,087 1,377 Extraordinary losses 355 600 Total extraordinary losses 355 600 Total extraordinary losses 355 600 Profit before income taxes 3,374,032 4,138,320	Company house defrayment income	1,193	1,520
Other 26,787 56,559 Total non-operating income 133,816 380,118 Non-operating expenses 341,758 341,758 Share of loss of entities accounted for using equity method 94,542 64,517 Other 1,356 2,122 Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,555 Extraordinary income 90,87 444 Gain on sales of non-current assets 19,087 1,377 Gain on sales of non-current assets 19,087 1,377 Extraordinary income 19,087 1,377 Extraordinary losses 19,087 1,377 Loss on retirement of non-current assets 355 600 Total extraordinary losses 355 600 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196	Gain on surrender of insurance	5,499	18,068
Total non-operating income133,816 $380,118$ Non-operating expensesSales discounts $341,758$ Share of loss of entities accounted for using equity method $94,542$ $64,517$ Other $1,356$ $2,122$ Total non-operating expenses $437,657$ $66,644$ Ordinary income $3,355,300$ $4,137,558$ Extraordinary income $3,355,300$ $4,137,558$ Gain on sales of non-current assets $ 922$ Gain on sales of non-current assets $ 922$ Gain on sales of investment securities $19,087$ 443 Total extraordinary income $19,087$ $1,372$ Extraordinary losses 355 604 Loss on retirement of non-current assets 355 604 Profit before income taxes $3,374,032$ $4,138,320$ Income taxes - current $1,125,498$ $1,418,444$ Income taxes - deferred $(164,663)$ $(155,275)$ Total income taxes $960,835$ $1,263,17$ Profit $2,413,196$ $2,875,154$	Subsidy income	32,019	28,687
Non-operating expenses Sales discounts341,758Share of loss of entities accounted for using equity method94,54264,517Other1,3562,122Total non-operating expenses437,65766,644Ordinary income3,355,3004,137,558Extraordinary income922Gain on sales of non-current assets19,087443Total extraordinary income19,0871,372Extraordinary losses355604Loss on retirement of non-current assets355604Total extraordinary losses355604Income taxes - current1,125,4981,418,444Income taxes - deferred(164,663)(155,275Total income taxes960,8351,263,17Profit2,413,1962,875,154	Other	26,787	56,559
Sales discounts 341,758 Share of loss of entities accounted for using equity method 94,542 64,51' Other 1,356 2,12' Total non-operating expenses 437,657 66,644 Ordinary income 3,355,300 4,137,556 Extraordinary income 3,355,300 4,137,556 Gain on sales of non-current assets - 92' Gain on sales of investment securities 19,087 1,377 Extraordinary income 19,087 1,377 Extraordinary losses - 92' Loss on retirement of non-current assets 355 604 Total extraordinary losses - 355 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,444 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,155	Total non-operating income	133,816	380,118
Share of loss of entities accounted for using equity method $94,542$ $64,51'$ Other $1,356$ $2,122$ Total non-operating expenses $437,657$ $66,644$ Ordinary income $3,355,300$ $4,137,558$ Extraordinary income $3,355,300$ $4,137,558$ Gain on sales of non-current assets- 922 Gain on sales of investment securities $19,087$ 444 Total extraordinary income19,087 $1,377$ Extraordinary losses- 355 604 Loss on retirement of non-current assets 355 604 Total extraordinary losses 3355 604 Income taxes - current $1,125,498$ $1,418,444$ Income taxes - deferred $(164,663)$ $(155,275)$ Total income taxes $960,835$ $1,263,17$ Profit $2,413,196$ $2,875,154$	Non-operating expenses		
method 94,342 64,51 Other 1,356 2,122 Total non-operating expenses 437,657 66,640 Ordinary income 3,355,300 4,137,553 Extraordinary income 922 6ain on sales of non-current assets - 922 Gain on sales of non-current assets 19,087 444 Total extraordinary income 19,087 1,372 Extraordinary income 19,087 1,372 Extraordinary income 19,087 1,372 Extraordinary losses 355 604 Loss on retirement of non-current assets 355 604 Total extraordinary losses 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Sales discounts	341,758	-
Total non-operating expenses 437,657 66,640 Ordinary income 3,355,300 4,137,556 Extraordinary income - 922 Gain on sales of non-current assets - 922 Gain on sales of investment securities 19,087 444 Total extraordinary income 19,087 1,372 Extraordinary losses 19,087 66,640 Loss on retirement of non-current assets 355 604 Total extraordinary losses 355 604 Income taxes - current 1,125,498 1,418,444 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154		94,542	64,517
Ordinary income 3,355,300 4,137,558 Extraordinary income 922 922 922 922 922 922 922 922 922 922 922 923	Other	1,356	2,122
Extraordinary income - 922 Gain on sales of non-current assets - 922 Gain on sales of investment securities 19,087 444 Total extraordinary income 19,087 1,372 Extraordinary losses 355 604 Total extraordinary losses 355 604 Income taxes - current 1,125,498 1,418,440 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Total non-operating expenses	437,657	66,640
Gain on sales of non-current assets - 922 Gain on sales of investment securities 19,087 444 Total extraordinary income 19,087 1,372 Extraordinary losses 355 604 Total extraordinary losses 355 604 Profit before income taxes 355 604 Income taxes - current 1,125,498 1,418,444 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Ordinary income	3,355,300	4,137,558
Gain on sales of investment securities 19,087 444 Total extraordinary income 19,087 1,372 Extraordinary losses 355 604 Total extraordinary losses 355 604 Total extraordinary losses 355 604 Profit before income taxes 3,374,032 4,138,324 Income taxes - current 1,125,498 1,418,444 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Extraordinary income		
Total extraordinary income 19,087 1,372 Extraordinary losses 355 604 Loss on retirement of non-current assets 355 604 Total extraordinary losses 355 604 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Gain on sales of non-current assets	-	923
Extraordinary losses 355 604 Loss on retirement of non-current assets 355 604 Total extraordinary losses 355 604 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Gain on sales of investment securities	19,087	448
Loss on retirement of non-current assets 355 604 Total extraordinary losses 355 604 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Total extraordinary income	19,087	1,372
Total extraordinary losses 355 604 Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275) Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Extraordinary losses		
Profit before income taxes 3,374,032 4,138,320 Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,177 Profit 2,413,196 2,875,154	Loss on retirement of non-current assets	355	604
Income taxes - current 1,125,498 1,418,440 Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Total extraordinary losses	355	604
Income taxes - deferred (164,663) (155,275 Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Profit before income taxes	3,374,032	4,138,326
Total income taxes 960,835 1,263,17 Profit 2,413,196 2,875,154	Income taxes - current	1,125,498	1,418,446
Profit 2,413,196 2,875,154	Income taxes - deferred	(164,663)	(155,275)
Profit 2,413,196 2,875,154	Total income taxes	960,835	1,263,171
	Profit	2,413,196	2,875,154
	Profit attributable to owners of parent	2,413,196	2,875,154

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30, 2021 and 2022

		(Thousand yen)
	Six months ended June 30, 2021	Six months ended June 30, 2022
	(January 1, 2021 - June 30, 2021)	(January 1, 2022 - June 30, 2022)
Profit	2,413,196	2,875,154
Other comprehensive income		
Valuation difference on available-for-sale securities	11,378	(59,934)
Deferred gains or losses on hedges	106,841	(68,821)
Foreign currency translation adjustment	336,325	1,148,941
Remeasurements of defined benefit plans, net of tax	8,180	(11,661)
Total other comprehensive income	462,726	1,008,524
Comprehensive income	2,875,923	3,883,679
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,875,923	3,883,679
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(January 1, 2021 - June 30, 2021)(January 1, 2022 - June 30, 2022)Cash flows from operating activities-Profit before income taxes3,374,0324,13Depreciation856,8531,10Increase (decrease) in allowance for doubtful accounts(10,519)(2)Increase (decrease) in provision for bonuses20,453(6)Decrease (increase) in net defined benefit asset12,805(11)Interest and dividend income(29,815)(11)Share of loss (profit) of entities accounted for using equity method94,5426Interest expensesForeign exchange losses (gains)(20,161)(60)Loss (gain) on sales of non-current assets355-Decrease (increase) in trade receivables(163,281)(266)Decrease (increase) in trade receivables(164,281)(266)Decrease (increase) in trade payables515,89759Other(33,3458)(748)Subtotal3,608,2932,48Income taxes paid(1,049,930)(1,30)Income taxes paid(1,649,930)(1,32)Purchase of investing activities(30,5339)(392)Paynetts of loss receivable(48,000)(20,202)Cash flows from investing activities(12,150)(11)Proceeds from sales of property, plant and equipment-Purchase of investing activities(13,24,80)(448)Proceeds from sales of property ble(43,53,602,79)(21,202)Paynetts of l			
Cash flows from operating activities3,374,0324,13Profit before income taxes3,374,0324,13Depreciation856,8531,01Increase (decrease) in allowance for doubtful accounts(10,519)(3Increase (decrease) in rovision for bonuses20,433(6Decrease (increase) in terd defined benefit asset12,805(18Interest and dividend income(29,815)(17Share of loss (profit) of entities accounted for using equity method94,5426Interest expensesForeign exchange losses (gains)(20,161)(60Loss (gain) on sales of non-current assetsLoss (gain) on sales of non-current assetsLoss on retirement of non-current assets355-Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade receivables(163,281)(264)Income taxes paid(1/049,930)(1/300)Net cash provided by (used in) operating activities2,589,3271,200Cash flows from investing activities(1635,322)(811)Proceeds from sales of investment securities(11,635,322)(812)Proceeds from sales of investment securities(12,150)(12)Purchase of investment securities(12,150)(12)Purchase of investment securities(12,150)(12)Proceeds from sales of property, plant and equipment(1,635,322)(84)Proceeds from sales of investment securities(1,621)(12)<			
Profit before income taxes3,374,0324,13Depreciation856,8531,01Increase (decrease) in allowance for doubtful accounts(10,519)(3)Increase (decrease) in net defined benefit asset12,805(18)Interest and dividend income(29,815)(11)Share of loss (profit) of entities accounted for using equity method94,54266Interest and dividend income(20,161)(60)Loss (gain) on sales of investment securities(4,586)6Loss (gain) on sales of non-current assets3550Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade receivables(163,281)(262)Increase (decrease) in trade payables515,58759Other(33,458)(745)(2,202)Increase (decrease) in trade payables515,58759Other(30,68,2932,48)(1,304)Income taxes paid(1,049,930)(1,304)Net cash provided by (used in) operating activities2,589,3271,202Cash flows from investing activities(163,532)(811)Proceeds from sales of property, plant and equipment(1,635,322)(811)Proceeds from collection of guarantee deposits(1,21,50)(12)Payments of loans receivable96312Proceeds from collection of guarantee deposits(2,4,380)(148)Proceeds from collection of guarantee deposits(2,4,380)	Cash flows from operating activities		<i>cuite c 0, 2022)</i>
Depreciation\$56,8531,01Increase (decrease) in provision for bonuses204,53(3)Increase (decrease) in provision for bonuses204,53(1)Decrease (increase) in net defined benefit asset12,805(18)Interest and dividend income(29,815)(17)Share of loss (profit) of entities accounted for using equity method94,5426Interest expensesForeign exchange losses (gains)(20,161)(60)Loss (gain) on sales of investment securities(163,281)(26)Decrease (increase) in trade receivables(163,281)(26)Decrease (increase) in inventories(704,825)(2,200)Increase (decrease) in inventories515,89759Other(333,458)(744)Subtotal3,608,2932,448Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,300)Net cash provided by (used in) operating activities2,589,3271,200Cash flows from investing activities(16,35,322)(811)Proceeds from sales of property, plant and equipmentPurchase of instant excurities(12,150)(12)Payemist of investment securities(12,150)(12)Proceeds from sales of investment securities(24,380)(148)Proceeds from sales of investment securities(2,1,62)(23)Proceeds from sales of investment securities(2,1,62)(12)Proceeds from sales of investment securities <td>· ·</td> <td>3,374,032</td> <td>4,138,326</td>	· ·	3,374,032	4,138,326
Increase (decrease) in provision for bonuses 20,453 (G) Increase (decrease) in provision for bonuses 20,453 (G) Interest and dividend income (29,815) (17) Share of loss (profit) of entities accounted for using equity method 94,542 6 Interest expenses - - Foreign exchange losses (gains) (20,161) (66) Loss (gain) on sales of non-current assets 355 - Loss on retirement of non-current assets 355 - Decrease (increase) in trade receivables (163,281) (260) Increase (decrease) in trade receivables (163,283) (746) Subtotal 3,608,293 2,484 Interest and dividend income received 3,0963 1 Increase and for investing activities 2,589,327 1,200 Cash flows from investing activities 2,589,327 1,200 Cash flows from investing activities (16,35,329) (392 Purchase of property, plant and equipment (1,635,322) (811 Proceeds from sales of investment securities (11,621 100	Depreciation		1,014,981
Increase (decrease) in provision for bonuses20,453(9)Decrease (increase) in net defined benefit asset12,805(11)Share of loss (profit) of entities accounted for using equity method94,5426Interest expensesForeign exchange losses (gains)(20,161)(60)Loss (gain) on sales of investment securities(4,586)-Loss on retirement of non-current assetsLoss on retirement of non-current assets355-Decrease (increase) in trade receivables(163,281)(26)Increase (decrease) in inventories(704,825)(2,200)Increase (decrease) in one received30,0631Income taxes paid(1,049,930)(1,304)Subtotal3,608,2932,48Income taxes paid(1,049,930)(1,304)Procease for property, plant and equipment(1,635,322)(811)Procease for sales of property, plant and equipment(1,635,322)(811)Procease from sales of investment securities(11,21,50)(12)Purchase of intaglibe asets(305,389)(392)Payments of loans receivable963-Purchase of investment securities(1,21,50)(12)Proceeds from sales of investment securities(1,21,50)(12)Proceeds	-	(10,519)	(3,995)
Interest and dividend income(29,815)(17Share of loss (profit) of entities accounted for using equity method94,5426Interest expensesForeign exchange losses (gains)(20,161)(60Loss (gain) on sales of investment securities(4,586)-Loss (gain) on sales of non-current assets355-Decrease (increase) in trade receivables(163,281)(261Decrease (increase) in trade payables515,89759Other(333,458)(749Subtotal3,608,2932,48Interest and dividend income received30,9631Increase (decrease) in trade payables2,589,3271,20Subtotal(1,649,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipment(1,635,389)(393Purchase of investment securities(114,000)(124Purchase of investment securities11,6211Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,6214Other4,052(2Cash flows from collection of guarantee deposits(2,086,889)(1,322Payments for guarante deposits(2,086,889)(1,322Cash flows from financing activities(1,130)(123Payments for usales of investment securities(1,130)(1232	Increase (decrease) in provision for bonuses		(9,376)
Share of loss (profit) of entities accounted for using equity method94,5426Interest expenses-Foreign exchange losses (gains)(20,161)(60Loss (gain) on sales of non-current assets-Loss on retirement of non-current assets-Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in trade payables515,89759Other(333,458)(744)Subtotal3,608,2932,448Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304)Net cash provided by (used in) operating activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811)Proceeds from sales of property, plant and equipment(1635,339)(392)Payments of loans receivable9631Purchase of investment securities(11,48,000)(124)Proceeds from sales of investment securities(11,61)4Other4,052(2Cash flows from sult of used receivable9631Payments of uses receivable9631Proceeds from sales of investment securities(1,130)(148)Proceeds from sales of investment securities(1,130)1Cosh flows from financing activities(24,380)(1,232)Cash flows from financing activities <td>Decrease (increase) in net defined benefit asset</td> <td>12,805</td> <td>(18,584)</td>	Decrease (increase) in net defined benefit asset	12,805	(18,584)
equity method94,9420Interest expenses-Foreign exchange losses (gains)(20,161)(60Loss (gain) on sales of investment securities(4,586)Loss (gain) on sales of non-current assets355Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in inventories(704,825)(2,202)Increase (decrease) in trade payables515,89759Other(333,458)(748)Subtotal3,608,2932,48Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304)Net cash provided by (used in) operating activities2,589,3271,202Cash flows from investing activities(1635,322)(811)Purchase of property, plant and equipmentPurchase of intragible assets(305,389)(392)Payments of loans receivable(148,000)(148,000)Collection of loans receivable(148,000)(148,000)Purchase of investment securities11,621-Payments of ougarantee deposits(24,380)(148)Proceeds from sales of investment securities11,621-Payments of uses of investment securities(1,130)(132)Cash flows from nollection of guarantee deposits(20,86,889)(1,232)Cash flows from financing activities(2,086,889)(1,232)Net cash provided by (used in) investing activities(1,130)(235,679)Cash flows from financing activities <td>Interest and dividend income</td> <td>(29,815)</td> <td>(17,995)</td>	Interest and dividend income	(29,815)	(17,995)
Foreign exchange losses (gains) (20,161) (60 Loss (gain) on sales of investment securities (4,586) (4,586) Loss on retirement of non-current assets 355 (163,281) (261) Decrease (increase) in trade receivables (163,281) (261) (262) Decrease (increase) in trade payables 515,897 59 (163,283) (744) Other (333,458) (744) (749) (749) (743) (749) Subtotal 3,608,293 2,448 (1,049,930) (1,304)		94,542	64,517
Loss (gain) on sales of investment securities(4,586)Loss (gain) on sales of non-current assets355Loss on retirement of non-current assets355Decrease (increase) in trade receivables(163,281)Decrease (increase) in inventories(704,825)(2,202Increase (decrease) in inventories(704,825)Other(333,458)Other(333,458)Subtotal3,608,293Increast and dividend income received30,963Increast and dividend income received30,963Income taxes paid(1,049,930)Net cash provided by (used in) operating activities2,589,327Purchase of property, plant and equipment(1,635,322)Purchase of property, plant and equipment(1,635,389)Purchase of intagible assets(305,389)Other(305,389)Other(1,2150)Other(1,2150)Purchase of investment securities(1,21,50)Purchase of investment securities(1,21,50)Purchase of investment securities(1,21,50)Proceeds from sales of investment securities(1,21,50)Proceeds from selles of investment securities(1,21,50)Proceeds from collection of guarantee deposits(2,086,889)Other(2,086,889)Net decrease (increase) in treasury shares(1,130)Cash dividends paid(935,679)Net cash provided by (used in) investing activities(936,810)Cash dividends paid(936,810)Cash dividends paid(22,553<	Interest expenses	-	(198)
Loss (gain) on sales of non-current assets-Loss on retirement of non-current assets355Decrease (increase) in trade receivables(163,281)Decrease (increase) in trade payables515,897Other(333,458)Subtotal3,608,293Increase decrease) in trade payables31,608,293Subtotal3,608,293Increase queries(1,049,930)Net cash provided by (used in) operating activities2,589,327Purchase of property, plant and equipment(1,635,322)Proceeds from sales of property, plant and equipment(148,000)Purchase of investment securities(12,150)Purchase of investment securities(12,150)Purchase of investment securities(12,150)Purchase of investment securities(12,150)Purchase of investment securities(12,150)Purceeds from sales of novestment securities(12,150)Purceeds from sales of investment securities(12,150)Purceeds from sales of investment securities(1,322)Retree from collection of guarantee deposits(2,086,889)Other4,052Queries(2,086,889)Net decrease (increase) in trasury shares(1,130)Cash provided by (used in) financing activities(936,810)Net cash provided by (used in) financing activities(2,086,810)Net cash provided by (used in) financing activities(231,819)Ket increase (decrease) in cash and cash equivalents(231,819)	Foreign exchange losses (gains)	(20,161)	(60,592)
Loss on retirement of non-current assets355Decrease (increase) in trade receivables(163,281)(261)Decrease (increase) in inventories(704,825)(2,202)Increase (decrease) in trade payables515,89759Other(333,458)(744)Subtotal3,608,2932,48Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304)Net cash provided by (used in) operating activities2,589,3271,200Cash flows from investing activities2,589,3271,200Purchase of property, plant and equipment(1,635,322)(811)Proceeds from sales of property, plant and equipment(1,635,389)(392)Purchase of intagible assets(305,389)(392)Purchase of investment securities11,6211Purchase of investment securities11,6211Payments of loans receivable(24,380)(148)Proceeds from sales of investment securities11,6211Payments for guarantee deposits(2,4380)(148)Proceeds from sales of investing activities(2,086,889)(1,322)Cash flows from financing activities(1,130)(2,34,510)(1,234)Cash flows from financing activities(1,130)(1,234)Cash flows from financing activities(1,130)(2,353)50Net cash provided by (used in) financing activities(2,353)50Cash flows from financing activities(2,353)50Refer to f exchange	Loss (gain) on sales of investment securities	(4,586)	(448)
Decrease (increase) in trade receivables $(163,281)$ (261) Decrease (increase) in inventories $(704,825)$ $(2,202)$ Increase (decrease) in trade payables $515,897$ 59 Other $(333,458)$ (749) Subtotal $3,608,293$ $2,48$ Interest and dividend income received $30,963$ 11 Income taxes paid $(1,049,930)$ $(1,304)$ Net cash provided by (used in) operating activities $2,589,327$ $1,200$ Cash flows from investing activities $2,589,327$ $1,200$ Purchase of property, plant and equipment $(1,635,322)$ (811) Proceeds from sales of property, plant and equipment $(1,635,329)$ (393) Purchase of intagible assets $(305,389)$ (393) Payments of loans receivable 963 $116,211$ Purchase of investment securities $11,621$ $11,621$ Purchase of investment securities $21,716$ 44 Other $4,052$ $(23,80)$ $(148,900)$ Cash flows from financing activities $21,716$ 44 Other $4,052$ $(23,80)$ $(148,900)$ Cash flows from financing activities $(1,130)$ $(235,679)$ $(1,232)$ Net acash provided by (used in) investing activities $(2,086,889)$ $(1,232)$ Cash dividends paid $(935,679)$ $(1,232)$ $(23,810)$ Net acash provided by (used in) financing activities $(231,819)$ (847)	Loss (gain) on sales of non-current assets	-	(923)
Decrease (increase) in inventories $(704,825)$ $(2,202)$ Increase (decrease) in trade payables $515,897$ 599 Other $(333,458)$ (746) Subtotal $3,608,293$ $2,48$ Interest and dividend income received $30,963$ 11 Income taxes paid $(1,049,930)$ $(1,304)$ Net cash provided by (used in) operating activities $2,589,327$ $1,20$ Purchase of property, plant and equipment $(1,635,322)$ (811) Proceeds from sales of property, plant and equipment $ -$ Purchase of intangible assets $(305,389)$ (393) Payments of loans receivable 963 $-$ Purchase of investing activities $(12,150)$ (12) Proceeds from sales of investinent securities $(11,621)$ $-$ Purchase of investinent securities $(12,150)$ (12) Proceeds from sales of investinent securities $(12,150)$ (12) Proceeds from collection of guarantee deposits $(24,380)$ (148) Proceeds from collection of guarantee deposits $(2,086,889)$ $(1,322)$ Cash flows from financing activities $(935,679)$ $(1,232)$ Net decrease (increase) in treasury shares $(1,130)$ $(1,234)$ Effect of exchange rate change on cash and cash equivalents $202,553$ 50 Net increase (decrease) in cash and cash equivalents $(231,819)$ (847)	Loss on retirement of non-current assets	355	604
Increase (decrease) in trade payables515,89759Other(333,458)(745)Subtotal3,608,2932,48Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304)Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811)Proceeds from sales of property, plant and equipmentPurchase of intagible assets(305,389)(393)Payments of loans receivable963-Purchase of investment securities(1148,000)-Proceeds from sales of investment securities(11,621)-Proceeds from sales of investment securities11,621-Proceeds from collection of guarantee deposits(24,380)(148)Proceeds from collection of guarantee deposits(2,086,889)(1,322)Cash flows from financing activities(1,130)-Cash dividends paid(935,679)(1,232)Net decrease (increase) in treasury shares(1,130)-Cash dividends paid(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	Decrease (increase) in trade receivables	(163,281)	(261,967)
Other(333,458)(749Subtotal3,608,2932,48Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities(1,635,322)(811Purchase of property, plant and equipment(1,635,389)(393Purchase of intragible assets(305,389)(393Payments of loans receivable(148,000)(148,000)Collection of loans receivable963(148,000)Purchase of investment securities11,621(148,000)Proceeds from sales of investment securities11,621(148,000)Proceeds from sales of investment securities(12,150)(12Proceeds from collection of guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits(2,086,889)(1,322)Cash flows from financing activities(1,130)(23,1716Net cash provided by (used in) investing activities(1,130)(1,232)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (increase) in cash and cash equivalents(231,819)(847)	Decrease (increase) in inventories	(704,825)	(2,202,624)
Subtotal3,608,2932,48Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipmentPurchase of intangible assets(305,389)(393Payments of loans receivable963(148,000)Collection of loans receivable963(12,150)Proceeds from sales of investment securities11,621(148Proceeds from sales of investment securities11,621(148Proceeds from sales of investment securities11,621(148Proceeds from collection of guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits(24,380)(148Other4,052(23Net cash provided by (used in) investing activities(2,086,889)(1,322Cash dividends paid(935,679)(1,233Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (increase) in cash and cash equivalents(231,819)(847	Increase (decrease) in trade payables	515,897	595,929
Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities(1,635,322)(811Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipment(1,635,389)(393Purchase of intangible assets(305,389)(393Payments of loans receivable963(148,000)Collection of loans receivable963(12,150)Proceeds from sales of investment securities11,621(148,000)Proceeds from sales of investment securities11,621(148,000)Proceeds from sales of investment securities(12,150)(12Proceeds from sales of investment securities11,621(148,002)Proceeds from collection of guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits(2,086,889)(1,322)Other4,052(2(2Net decrease (increase) in treasury shares(1,130)(1,234Cash dividends paid(935,679)(1,233Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents(202,55350Net increase (increase) in cash and cash equivalents(231,819)(847	Other	(333,458)	(749,068)
Interest and dividend income received30,9631Income taxes paid(1,049,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipmentPurchase of intangible assets(305,389)(393Payments of loans receivable963-Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621-Proceeds from sales of investment securities11,621-Proceeds from sales of investment securities(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(2Net cash provided by (used in) investing activities(1,130)(1,234Cash flows from financing activities(936,810)(1,234Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (increase) in cash and cash equivalents(231,819)(847	Subtotal	3,608,293	2,488,583
Income taxes paid(1,049,930)(1,304Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities2,589,3271,20Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipmentPurchase of intangible assets(305,389)(393Payments of loans receivable963-Collection of loans receivable963-Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621-Payments for guarantee deposits21,7164Other4,052(2Net decrease (increase) in treasury shares(1,130)-Cash dividends paid(935,679)(1,233Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847	Interest and dividend income received		17,426
Net cash provided by (used in) operating activities2,589,3271,20Cash flows from investing activities(1,635,322)(811Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipmentPurchase of intangible assets(305,389)(393Payments of loans receivable(148,000)(148,000)Collection of loans receivable963(12,150)Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621(24,380)Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(1,130)(1,232Cash dividends paid(935,679)(1,233Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847	Income taxes paid	(1,049,930)	(1,304,328)
Cash flows from investing activities(1,635,322)(811Purchase of property, plant and equipment-Purchase of intangible assets(305,389)(393Payments of loans receivable(148,000)Collection of loans receivable963Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(1,130)(1232)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)			1,201,680
Purchase of property, plant and equipment(1,635,322)(811Proceeds from sales of property, plant and equipmentPurchase of intangible assets(305,389)(393Payments of loans receivable(148,000)-Collection of loans receivable963-Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621-Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(1,130)-Cash dividends paid(935,679)(1,234Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847			
Proceeds from sales of property, plant and equipment-Purchase of intangible assets(305,389)(393Payments of loans receivable(148,000)Collection of loans receivable963Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)(148Other4,052(3Net cash provided by (used in) investing activities(1,130)(1,233)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	-	(1.635.322)	(811,174)
Purchase of intangible assets(305,389)(393)Payments of loans receivable(148,000)Collection of loans receivable963Purchase of investment securities(12,150)Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)Proceeds from collection of guarantee deposits21,716Other4,052Net cash provided by (used in) investing activitiesNet decrease (increase) in treasury shares(1,130)Cash dividends paid(935,679)Net cash provided by (used in) financing activitiesEffect of exchange rate change on cash and cash equivalents202,553Net increase (decrease) in cash and cash equivalents(231,819)Net increase (decrease) in cash and cash equivalents(231,819)		-	977
Payments of loans receivable(148,000)Collection of loans receivable963Purchase of investment securities(12,150)Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)Proceeds from collection of guarantee deposits21,716Other4,052Net cash provided by (used in) investing activities(1,130)Cash flows from financing activities(1,130)Cash dividends paid(935,679)Net cash provided by (used in) financing activities(22,553)Steffect of exchange rate change on cash and cash equivalents202,553Net increase (decrease) in cash and cash equivalents(231,819)(847)		(305,389)	(393,579)
Collection of loans receivable963Purchase of investment securities(12,150)Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)Proceeds from collection of guarantee deposits21,716Other4,052Net cash provided by (used in) investing activities(2,086,889)Cash flows from financing activities(1,130)Cash dividends paid(935,679)Net cash provided by (used in) financing activities(1,232)Reflect of exchange rate change on cash and cash equivalents202,553Net increase (increase) in cash and cash equivalents(231,819)(847)			
Purchase of investment securities(12,150)(12Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)(1,232Net decrease (increase) in treasury shares(1,130)(1,234Net cash provided by (used in) financing activities(936,810)(1,234Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847	-		1,755
Proceeds from sales of investment securities11,621Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)(1,232Cash dividends paid(935,679)(1,233Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847	Purchase of investment securities	(12,150)	(12,681)
Payments for guarantee deposits(24,380)(148Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)(1,233)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	Proceeds from sales of investment securities		546
Proceeds from collection of guarantee deposits21,7164Other4,052(3Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)(1,233)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)		-	(148,947)
Other4,052(3Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)(1,233)Net decrease (increase) in treasury shares(1,130)(1,233)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)			43,258
Net cash provided by (used in) investing activities(2,086,889)(1,322Cash flows from financing activities(1,130)Net decrease (increase) in treasury shares(1,130)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	Other		(3,146)
Cash flows from financing activitiesNet decrease (increase) in treasury sharesCash dividends paidCash dividends paidNet cash provided by (used in) financing activitiesEffect of exchange rate change on cash and cashequivalentsNet increase (decrease) in cash and cash equivalents(231,819)(847)	Net cash provided by (used in) investing activities		(1,322,990)
Net decrease (increase) in treasury shares(1,130)Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	Cash flows from financing activities		
Cash dividends paid(935,679)(1,233)Net cash provided by (used in) financing activities(936,810)(1,234)Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	-	(1.130)	(696)
Net cash provided by (used in) financing activities(936,810)(1,234Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)	· · ·		(1,233,982)
Effect of exchange rate change on cash and cash equivalents202,55350Net increase (decrease) in cash and cash equivalents(231,819)(847)			(1,234,679)
Net increase (decrease) in cash and cash equivalents(231,819)(847)	Effect of exchange rate change on cash and cash		508,609
	•	(231.819)	(847,379)
Cash and cash equivalents at beginning of period 12,507,571 15,51			13,312,634
Cash and cash equivalents at end of period 12,075,771 12,46			12,465,255

(4) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumption) None

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(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