



Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Tokyo Stock Exchange, Prime Market

Name of registrant: Milbon Co., Ltd.
Code No.: 4919 URL <https://www.milbon.com/en/>
Representative: Hidenori Sakashita, President & CEO
Inquiries: Masahiro Murai, Managing Executive Director
Scheduled filing date for quarterly report: August 9, 2024
Scheduled starting date of dividend payments: August 23, 2024
Preparation of supplementary materials on the quarterly results: Yes
Holding of an explanatory meeting on the quarterly results: Yes (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 Six months ended June 30, 2024 (January 1, 2024 - June 30, 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	%
Six months ended June 30, 2024	24,526	8.0	3,178	2.8	3,324	6.3	2,280	3.9
Six months ended June 30, 2023	22,703	5.8	3,090	(19.2)	3,129	(24.4)	2,195	(23.6)

Note: Comprehensive income Six months ended June 30, 2024: 3,353 million yen [20.5%]

Six months ended June 30, 2023: 2,783 million yen [(28.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	70.06	-
Six months ended June 30, 2023	67.48	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	56,805	47,791	84.1
As of December 31, 2023	53,391	45,932	86.0

(Reference) Equity As of June 30, 2024: 47,791 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
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	-	40.00	-	48.00	88.00
Year ending December 31, 2024	-	40.00			
Year ending December 31, 2024 (forecast)			-	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)

As of June 30, 2024	33,117,234 shares	As of December 31, 2023	33,117,234 shares
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2) Number of treasury shares at the end of the period

As of June 30, 2024	554,946 shares	As of December 31, 2023	577,107 shares
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3) Average number of shares during the period

Six months ended June 30, 2024	32,549,746 shares	Six months ended June 30, 2023	32,531,869 shares
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*These financial statements are not subject to the review by a certified public accountant or an audit corporation.

*Explanation on the appropriate use of operating forecasts and other special instructions

Operating forecasts and other statements regarding the future presented in these materials are based on information currently available and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

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1. Qualitative Information on Consolidated Results for the Current Period

(1) Explanation on Operating Results

During the current interim consolidated accounting period, the Japanese economy continued to gradually recover, supported by improvements in employment and income, and it experienced increased inbound demand due to the depreciation of the yen. However, price increases outpaced wage growth, showing some signs of weakness in parts of the economy. The outlook remains uncertain due to the prolonged situations in Ukraine and the Middle East affecting energy prices, and the risk of a downturn in overseas economies due to the slowdown in the Chinese economy.

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 eyebrows as well as a high-value color service for adults featuring our organic brand, Villa Lodola.

Interim consolidated net sales amounted to 24,526 million yen (an 8.0% increase year-on-year). This growth was primarily driven by strong domestic performance of the premium haircare brand "Aujua" and new products from the cosmetics brands "iMPREA" and "IM." Internationally, sales in South Korea saw a significant boost due to enhanced activities in the haircare and perm markets, alongside a recovery in hair coloring product sales. Consequently, the sales growth rate remained high at 16.5% (7.5% excluding exchange rate effects), contributing to overall overseas sales growth.

Operating income was 3,178 million yen (a 2.8% increase year-on-year) due to higher sales and controlled SG&A expenses. Ordinary income was 3,324 million yen (a 6.3% increase year-on-year) mainly due to an increase in foreign exchange gains caused by the depreciation of the yen, and interim profit attributable to owners of parent was 2,280 million yen (a 3.9% increase year-on-year).

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

[Breakdown of consolidated net sales by product category]

(Unit: million yen)

Product category	Six months ended June 30, 2023		Six months ended June 30, 2024		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Haircare products	13,339	58.8	14,682	59.9	1,342	10.1
Hair coloring products	8,238	36.3	8,346	34.0	108	1.3
Permanent wave products	714	3.1	799	3.3	85	12.0
Cosmetic products	267	1.2	566	2.3	299	111.9
Other	144	0.6	131	0.5	(12)	(9.0)
Total	22,703	100.0	24,526	100.0	1,822	8.0

[Breakdown of net sales into domestic and overseas sales]

(Unit: million yen)

	Six months ended June 30, 2023		Six months ended June 30, 2024		Increase (decrease) amount	Year-on-year change (%)
	Amount	Ratio (%)	Amount	Ratio (%)		
Domestic sales	17,175	75.6	18,367	74.9	1,192	6.9
Overseas sales	5,528	24.4	6,159	25.1	630	11.4
Total	22,703	100.0	24,526	100.0	1,822	8.0

(2) Explanation on Financial Position

(i) Assets, liabilities and net assets

Total assets at the end of the current interim consolidated accounting period increased by 3,413 million yen from the end of the previous year to 56,805 million yen.

Current assets increased by 2,828 million yen from the end of the previous year to 29,006 million yen. The main factors for the change were increases of 1,612 million yen in Cash and deposits, 874 million yen in Merchandise and finished goods, and 431 million yen in Raw materials and supplies, and a decrease of 322 million yen in Notes and accounts receivable - trade.

Non-current assets increased by 585 million yen from the end of the previous year to 27,798 million yen.

Current liabilities increased by 1,570 million yen from the end of the previous year to 8,138 million yen. The main factors for the change were increases of 725 million yen in Accounts payable - trade and 756 million yen in Income taxes payable.

Non-current liabilities decreased by 15 million yen from the end of the previous year to 876 million yen.

Net assets increased by 1,859 million yen from the end of the previous year to 47,791 million yen. The main factors for the change were increases of 718 million yen in Retained earnings and 1,136 million yen 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 year to 84.1%. Net assets per share based on the total number of shares outstanding at the end of the fiscal year was 1,467.69 yen, compared with 1,411.56 yen at the end of the previous year.

(ii) Cash flows

Cash and cash equivalents ("funds") at the end of the current interim consolidated accounting period increased by 1,610 million yen from the end of the previous year to 12,902 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 4,030 million yen. This was mainly due to the recording of 3,305 million yen in Profit before income taxes, 1,117 million yen in Depreciation, 986 million yen in Increase in inventories, 658 million yen in Increase in trade payables, and 389 million yen in Income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 1,253 million yen. This was mainly due to Purchase of property, plant and equipment of 1,031 million yen and Purchase of intangible assets of 186 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,559 million yen. This was mainly due to Cash dividends paid to shareholders of 1,559 million yen.

(3) Explanation on 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.

2. Interim Consolidated Financial Statements and Main Notes

(1) Interim Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year As of December 31, 2023	Current 2nd quarter As of June 30, 2024
Assets		
Current assets		
Cash and deposits	11,337,201	12,950,136
Notes and accounts receivable – trade	5,345,669	5,023,642
Merchandise and finished goods	6,939,156	7,813,670
Work in process	36,838	53,832
Raw materials and supplies	2,072,829	2,504,343
Other	446,775	661,236
Total current assets	26,178,470	29,006,863
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,260,764	9,357,308
Machinery, equipment and vehicles, net	3,314,046	3,410,472
Land	6,461,904	6,469,913
Construction in progress	995,352	1,246,314
Other, net	967,392	922,810
Total property, plant and equipment	20,999,461	21,406,819
Intangible assets	1,930,204	1,834,793
Investments and other assets		
Investment securities	1,312,251	1,273,048
Long-term loans receivable	1,120	25,955
Net defined benefit asset	511,056	507,877
Deferred tax assets	909,850	1,013,772
Other	1,595,544	1,764,403
Allowance for doubtful accounts	(46,087)	(27,790)
Total investments and other assets	4,283,736	4,557,267
Total non-current assets	27,213,401	27,798,881
Total assets	53,391,872	56,805,744
Liabilities		
Current liabilities		
Accounts payable – trade	931,247	1,657,238
Accounts payable – other	3,665,522	3,573,238
Income taxes payable	410,988	1,167,896
Provision for bonuses	581,530	607,247
Other	978,650	1,132,470
Total current liabilities	6,567,940	8,138,092
Non-current liabilities		
Net defined benefit liability	14,620	15,470
Deferred tax liabilities	277	307
Asset retirement obligations	734,815	737,970
Other	141,919	122,420
Total non-current liabilities	891,633	876,169
Total liabilities	7,459,574	9,014,261

(Thousand yen)

	Previous fiscal year As of December 31, 2023	Current 2nd quarter (As of June 30, 2024)
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	306,957	298,667
Retained earnings	43,079,323	43,797,787
Treasury shares	(1,982,161)	(1,906,038)
Total shareholders' equity	43,404,119	44,190,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(106,728)	(133,935)
Foreign currency translation adjustment	2,373,812	3,510,019
Remeasurements of defined benefit plans	261,094	224,981
Total accumulated other comprehensive income	2,528,178	3,601,066
Total net assets	45,932,297	47,791,482
Total liabilities and net assets	53,391,872	56,805,744

(2) Interim Consolidated Statements of Earnings and Interim Consolidated Statements of Comprehensive Income
(Interim Consolidated Statements of Earnings)
(Interim Consolidated Accounting Period)

(Thousand yen)

	Six months ended June 30, 2023 (January 1, 2023 - June 30, 2023)	Six months ended June 30, 2024 (January 1, 2024 - June 30, 2024)
Net sales	22,703,504	24,526,319
Cost of sales	7,893,545	8,770,342
Gross profit	14,809,959	15,755,977
Selling, general and administrative expenses	11,719,136	12,577,227
Operating income	3,090,823	3,178,750
Non-operating income		
Interest income	8,561	12,076
Dividend income	8,800	8,763
Share of profit of entities accounted for using equity method	-	33,806
Foreign exchange gains	38,275	96,247
Company house defrayment income	1,428	1,699
Subsidy income	11,831	13,702
Other	25,304	11,568
Total non-operating income	94,201	177,865
Non-operating expenses		
Share of loss of entities accounted for using equity method	52,489	-
Provision of allowance for doubtful accounts	-	20,100
Other	3,444	11,669
Total non-operating expenses	55,934	31,769
Ordinary income	3,129,090	3,324,846
Extraordinary losses		
Loss on retirement of non-current assets	29,045	19,057
Total extraordinary losses	29,045	19,057
Profit before income taxes	3,100,045	3,305,788
Income taxes - current	974,809	1,100,004
Income taxes - deferred	(70,123)	(74,606)
Total income taxes	904,685	1,025,398
Profit	2,195,360	2,280,390
Profit attributable to owners of parent	2,195,360	2,280,390

(Interim Consolidated Statements of Comprehensive Income)
(Interim Consolidated Accounting Period)

(Thousand yen)

	Six months ended June 30, 2023 (January 1, 2023 - June 30, 2023)	Six months ended June 30, 2024 (January 1, 2024 - June 30, 2024)
Net income	2,195,360	2,280,390
Other comprehensive income		
Valuation difference on available-for-sale securities	(52,117)	(27,207)
Foreign currency translation adjustment	624,525	1,136,207
Remeasurements of defined benefit plans, net of tax	15,920	(36,112)
Total other comprehensive income	588,327	1,072,887
Interim Comprehensive income	2,783,688	3,353,278
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,783,688	3,353,278
Comprehensive income related to non-controlling interests	-	-

(3) Interim Consolidated Statements of Cash Flows

(Thousand yen)

	Six months ended June 30, 2023 (January 1, 2023 - June 30, 2023)	Six months ended June 30, 2024 (January 1, 2024 - June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	3,100,045	3,305,788
Depreciation	1,102,221	1,117,194
Increase (decrease) in allowance for doubtful accounts	(191)	(18,297)
Increase (decrease) in provision for bonuses	(69,309)	19,046
Decrease (increase) in net defined benefit asset	25,484	(48,856)
Interest and dividend income	(17,362)	(20,840)
Share of loss (profit) of entities accounted for using equity method	52,489	(33,806)
Foreign exchange losses (gains)	(66,423)	(95,773)
Loss on retirement of non-current assets	29,045	19,057
Decrease (increase) in trade receivables	345,513	362,209
Decrease (increase) in inventories	(2,052,173)	(986,181)
Increase (decrease) in trade payables	434,804	658,293
Other	(946,811)	119,612
Subtotal	1,937,332	4,397,446
Interest and dividend income received	18,343	22,569
Income taxes paid	(1,261,491)	(389,028)
Net cash provided by (used in) operating activities	694,184	4,030,987
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,199,276)	(1,031,859)
Purchase of intangible assets	(324,970)	(186,592)
Payments of loans receivable	(34,300)	-
Collection of loans receivable	5,535	180
Payments for guarantee deposits	(102,595)	(60,714)
Proceeds from collection of guarantee deposits	15,267	3,525
Other	(11,281)	21,496
Net cash provided by (used in) investing activities	(1,651,620)	(1,253,964)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(1,161)	58
Cash dividends paid	(1,494,854)	(1,559,927)
Net cash provided by (used in) financing activities	(1,496,015)	(1,559,868)
Effect of exchange rate change on cash and cash equivalents	197,729	393,008
Net increase (decrease) in cash and cash equivalents	(2,255,721)	1,610,163
Cash and cash equivalents at beginning of period	12,258,237	11,292,078
Cash and cash equivalents at end of period	10,002,515	12,902,241

(4) Note on Interim Consolidated Financial Statements

(Notes regarding going concern assumption)

None

(Notes in case of any significant changes in shareholders' equity)

None

(Notes on Segment Information)

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

(Significant subsequent events)

None