



Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

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
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 Scheduled date of ordinary general meeting of shareholders: March 27, 2025
 Scheduled filing date for securities report: March 27, 2025
 Preparation of supplementary materials on financial results: Yes
 Holding of an explanatory meeting on financial results: Yes (For institutional investors and analysts)

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Scheduled starting date of dividend payments: March 28, 2025

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

1. Consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 - December 31, 2024)

(1) Consolidated operating results

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 31, 2024	51,316	7.4	6,839	23.8	6,968	24.7	5,017	25.4
Year ended December 31, 2023	47,762	5.6	5,525	(26.8)	5,586	(28.6)	4,001	(28.3)

Note: Comprehensive income

Year ended December 31, 2024: 5,681 million yen [22.0%]

Year ended December 31, 2023: 4,657 million yen [(25.5)%]

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating income ratio
	Yen	Yen	%	%	%
Year ended December 31, 2024	154.12	-	10.6	12.4	13.3
Year ended December 31, 2023	122.99	-	8.9	10.5	11.6

(Reference) Equity gains (losses) of affiliated companies

Year ended December 31, 2024: (11) million yen

Year ended December 31, 2023: (110) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	58,899	48,817	82.9	1,499.20
As of December 31, 2023	53,391	45,932	86.0	1,411.56

(Reference) Equity

As of December 31, 2024: 48,817 million yen

As of December 31, 2023: 45,932 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended December 31, 2024	7,625	(2,531)	(2,862)	13,778
Year ended December 31, 2023	4,765	(3,109)	(2,797)	11,292

2. Payment of dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividends on equity (DOE) (Consolidated)
	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	2,863	71.6	6.4
Year ended December 31, 2024	-	40.00	-	48.00	88.00	2,865	57.1	6.0
Year ending December 31, 2025 (forecast)	-	40.00	-	48.00	88.00		55.1	

3. Consolidated operating results forecasts for the fiscal year ending December 31, 2025 (January 1, 2025 - December 31, 2025)

(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, 2025	54,250	5.7	7,000	2.3	7,000	0.5	5,200	3.6	159.69

*Notes

(1) Significant changes in the scope of consolidation during the period : None
 New: 0 company (Company name:) Exclude: 0 companies (Company name:)

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- 1) Changes in accounting policies due to amendment to the accounting standards, etc. : None
- 2) Changes in accounting policies other than those in 1) above : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatements : None

(4) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period (including treasury shares)
- 2) Number of treasury shares at the end of the period
- 3) Average number of shares during the period

As of December 31, 2024	33,117,234 shares	As of December 31, 2023	33,117,234 shares
As of December 31, 2024	555,070 shares	As of December 31, 2023	577,107 shares
Year ended December 31, 2024	32,556,014 shares	Year ended December 31, 2023	32,536,033 shares

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 - December 31, 2024)

(1) Non-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	%
Year ended December 31, 2024	45,598	7.2	6,119	30.2	6,385	30.1	4,775	47.7
Year ended December 31, 2023	42,520	1.8	4,701	(36.5)	4,906	(38.4)	3,233	(41.6)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
As of December 31, 2024	146.68	-	-	-
As of December 31, 2023	99.37	-	-	-

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of December 31, 2024	52,567	43,131	43,131	41,444	82.1	1,324.60	1,273.65	
As of December 31, 2023	48,400	41,444	41,444	41,444	85.6	1,273.65	1,273.65	

(Reference) Equity As of December 31, 2024: 43,131 million yen As of December 31, 2023: 41,444 million yen

*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 of Operating Results

(i) Overview

During the current consolidated fiscal year, the Japanese economy saw a moderate recovery, supported by improvements in employment and income conditions, despite some stagnation in consumer spending due to inflation. However, the outlook remains uncertain due to the prolonged geopolitical risks in Ukraine and the Middle East, as well as a clear slowdown in the Chinese economy.

In light of this situation, during the third year of the Medium-term Management Plan (2022-2026), we promoted the Smart Salon initiative to strengthen the infrastructure for hair salon customers to purchase take-home products at salons and expanded the user base of milbon:iD. We also implemented strategies targeting the domestic hair color market, such as proposing a total color service for hair and eyebrows unique to salons, and offering high-value-added in-salon coloring menus for adults featuring the organic brand, Villa Lodola.

Consolidated net sales for the fiscal year were 51,316 million yen (up 7.4% year-on-year). This growth was primarily driven by the strong domestic performance of the premium haircare brand Aujua and the professional brand Elujuda. Additionally, the proposal of high-value-added in-salon coloring menus led to an increase in hair salons introducing Villa Lodola, which shows signs of recovery in domestic sales of hair coloring products. The total color proposal for hair and eyebrows also contributed to sales growth, with the new product from the cosmetics brand IM exceeding sales expectations. Internationally, sales in South Korea saw a significant boost due to enhanced activities in the haircare and perm markets, along with a recovery in hair coloring product sales. As a result, the sales growth rate remained high, driving an overall growth in overseas sales.

Regarding profits, the gross profit margin improved due to the rebound from inventory valuation losses on hair dryers recorded the previous year. Additionally, profit levels recovered through decreased SG&A expense ratios due to higher sales and enhanced control of SG&A expenses. Consequently, operating income amounted to 6,839 million yen (up 23.8% year-on-year), ordinary income was 6,968 million yen (up 24.7% year-on-year), and net income attributable to owners of the parent was 5,017 million yen (up 25.4% year-on-year).

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

[Breakdown of net sales by product category]

(Unit: million yen)

Item	Fiscal year ended December31, 2023		Fiscal year ended December31, 2024		Increase/ Decrease	Increase/ Decrease ratio (%)
	Amount	% to sales	Amount	% to sales		
Haircare products	28,355	59.4	31,324	61.1	2,969	10.5
Hair coloring products	16,953	35.5	17,200	33.5	247	1.5
Permanent wave products	1,463	3.0	1,547	3.0	83	5.7
Cosmetic products	571	1.2	868	1.7	296	51.9
Other	418	0.9	375	0.7	(42)	(10.1)
Total	47,762	100.0	51,316	100.0	3,553	7.4

[Breakdown of net sales into domestic and overseas sales]

(Unit: million yen)

	Fiscal year ended December31, 2023		Fiscal year ended December31, 2024		Increase/ Decrease	Increase/ Decrease ratio (%)
	Amount	% to sales	Amount	% to sales		
Domestic sales	36,502	76.4	38,684	75.4	2,182	6.0
Overseas sales	11,260	23.6	12,631	24.6	1,371	12.2
Total	47,762	100.0	51,316	100.0	3,553	7.4

(ii) Outlook for fiscal year 2025

While continued price increases may impact consumer spending, we expect a moderate recovery in the domestic economy to continue, supported by ongoing improvements in employment and income environments. On the other hand, we need to remain cautious about trends in overseas markets, particularly in China and the United States. We anticipate continued uncertainty due to prolonged inflation in the United States, ongoing conflicts and geopolitical risks, and their impact on consumer sentiment.

The Company will enter the fourth year of the Medium-term Management Plan (2022-2026) in fiscal year 2025. Considering the current cost structure, we have announced a downward revision of our profit targets in fiscal year 2026, as well as the development and implementation of measures to improve profitability. Under such circumstances, we will reassess investment priorities in the seven regions of the overseas market, focusing on the United States., the EU, and South Korea, where we see significant growth opportunities, and strengthen our activities in these areas. In fiscal year 2025, we particularly plan to focus on strengthening personnel and product branding in the United States.

In the domestic market, we will continue promoting Smart Salon initiatives and milbon:iD to realize the Beauty Platform Plan, which aims to create a new normal for hair salons, thereby strengthening the infrastructure for purchasing take-home products. Furthermore, to achieve high-value-added and high-priced service menus in salons, we will continue the high-value-added hair color strategy and promote technical training support based on entry-level training and Sommelier education to enhance the expertise of hair stylists. By advancing high-value-added and high-priced services in salons, we will maximize the effectiveness of Smart Salon and milbon:iD. By advancing high-value-added and high-priced services in salons, we will maximize the effectiveness of Smart Salon and milbon:iD.

For the next fiscal year, we forecast consolidated net sales of 54,250 million yen (up 5.7% year-on-year), operating income of 7,000 million yen (up 2.3% year-on-year), ordinary income of 7,000 million yen (up 0.5% year-on-year), and net income attributable to owners of the parent of 5,200 million yen (up 3.6% year-on-year).

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

Total assets at the end of the fiscal year increased 5,507 million yen from the end of the previous fiscal year to 58,899 million yen.

Current assets increased by 4,757 million yen from the end of the previous fiscal year to 30,935 million yen. The main factors for the change were increases of 2,492 million yen in Cash and deposits, 692 million yen in Notes and accounts receivable - trade, and 876 million yen in Merchandise and finished goods.

Non-current assets increased by 749 million yen from the end of the previous fiscal year to 27,963 million yen.

Current liabilities increased by 2,640 million yen from the end of the previous fiscal year to 9,208 million yen. The main factors for the change were increases of 880 million yen in Accounts payable - other and 818 million yen in Income taxes payable.

Non-current liabilities decreased by 17 million yen from the end of the previous fiscal year to 873 million yen.

Net assets increased by 2,884 million yen from the end of the previous fiscal year to 48,817 million yen. The main factors for the change were increases of 2,153 million yen in Retained earnings and 865 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 fiscal year to 82.9%. Net assets per share based on the total number of shares outstanding at the end of the fiscal year was 1,499.20 yen, up from 1,411.56 yen at the end of the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year increased by 2,486 million yen from the end of the previous fiscal year to 13,778 million yen.

The status of cash flows during the current fiscal year and the factors responsible are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 7,625 million yen. This was mainly attributable to Profit before income taxes of 6,968 million yen, Depreciation of 2,289 million yen, an increase in notes and accounts receivable-trade of 646 million yen, an increase in inventories of 1,053 million yen, and Income taxes paid of 1,112 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,531 million yen. This was mainly due to Purchase of property, plant and equipment of 2,194 million yen and Purchase of intangible assets of 346 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,862 million yen. This was mainly due to Dividends per share payments to

shareholders of 2,861 million yen.

(Reference) Cash flow-related indicators

	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Equity ratio	84.3	83.3	83.4	86.0	82.9
Equity ratio based on market value (%)	495.7	384.2	352.6	225.1	193.8
Interest-bearing debt to cash flows ratio (%)	1.6	1.7	1.5	1.6	1.0

(Note) Equity ratio: Equity capital/Total assets

Equity ratio based on market value: Total market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flows

* All indicators were calculated using consolidated financial statements.

* Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of outstanding shares at the end of the period (excluding treasury shares).

* Cash flows were shown as an operating cash flow in the consolidated statements of cash flows.

* Interest-bearing debt refers to all debt posted in the balance sheets upon which interest is paid. The amount of interest paid in the consolidated statements of cash flows was treated as an interest payment in the calculations above.

* Interest-coverage ratio is not shown due to the fact that there were no interest payments.

(3) Basic policy on the distribution of profit and dividends for the fiscal year under review and the following fiscal year

The Group places high importance on returning profits to shareholders and has a policy of paying dividends in accordance with operating results. We also maintain internal reserves to improve earnings in the future. In addition, we have set a target payout ratio of 50%. The Board of Directors determines interim dividends, while year-end dividends are determined by the General Shareholders' Meeting. We aim to pay dividends twice each fiscal year.

For the current fiscal year, we have decided to pay a year-end dividend of 48 yen per share, based on a comprehensive consideration of factors including our financial position and profit level. As a result, the total annual dividend per share will be 88 yen per share, including the interim dividend of 40 yen per share already paid, the same as in the previous year.

Looking ahead, for the next fiscal year, we plan to pay an annual dividend of 88 yen per share, which is the same amount as for the current fiscal year.

2. Basic Rationale for Selecting the Accounting Standards

The Milbon Group currently prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP), taking into consideration the comparability of consolidated financial statements over different periods and among other companies.

With regard to adoption of International Financial Reporting Standards (IFRS), it is the Group's policy to respond to this issue appropriately based on consideration of various domestic and international circumstances.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year As of December 31, 2023	Current fiscal year As of December 31, 2024
Assets		
Current assets		
Cash and deposits	11,337,201	13,829,730
Notes and accounts receivable - trade	5,345,669	6,037,963
Merchandise and finished goods	6,939,156	7,815,306
Work in process	36,838	58,436
Raw materials and supplies	2,072,829	2,430,008
Other	446,775	778,634
Allowance for doubtful accounts	-	(14,103)
Total current assets	26,178,470	30,935,977
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,206,867	17,331,993
Accumulated depreciation	(6,946,103)	(7,605,692)
Buildings and structures, net	9,260,764	9,726,301
Machinery, equipment and vehicles	9,889,933	10,592,607
Accumulated depreciation	(6,575,887)	(7,115,423)
Machinery, equipment and vehicles, net	3,314,046	3,477,183
Land	6,461,904	6,478,922
Construction in progress	995,352	1,634,978
Other	3,850,747	4,158,351
Accumulated depreciation	(2,883,355)	(3,167,933)
Other, net	967,392	990,417
Total property, plant and equipment	20,999,461	22,307,804
Intangible assets	1,930,204	1,675,032
Investments and other assets		
Investment securities	1,312,251	875,480
Long-term loans receivable	1,120	28,565
Net defined benefit asset	511,056	739,025
Deferred tax assets	909,850	940,314
Other	1,595,544	1,422,145
Allowance for doubtful accounts	(46,087)	(25,290)
Total investments and other assets	4,283,736	3,980,240
Total non-current assets	27,213,401	27,963,077
Total assets	53,391,872	58,899,055

(Thousand yen)

	Previous fiscal year As of December 31, 2023	Current fiscal year As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	931,247	1,444,264
Accounts payable - other	3,665,522	4,545,685
Income taxes payable	410,988	1,229,121
Provision for bonuses	581,530	612,819
Other	978,650	1,376,179
Total current liabilities	6,567,940	9,208,070
Non-current liabilities		
Net defined benefit liability	14,620	17,278
Deferred tax liabilities	277	-
Asset retirement obligations	734,815	737,191
Other	141,919	119,425
Total non-current liabilities	891,633	873,895
Total liabilities	7,459,574	10,081,966
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	306,957	298,667
Retained earnings	43,079,323	45,232,474
Treasury shares	(1,982,161)	(1,906,453)
Total shareholders' equity	43,404,119	45,624,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(106,728)	(398,009)
Foreign currency translation adjustment	2,373,812	3,239,389
Remeasurements of defined benefit plans	261,094	351,021
Total accumulated other comprehensive income	2,528,178	3,192,401
Total net assets	45,932,297	48,817,089
Total liabilities and net assets	53,391,872	58,899,055

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

(Thousand yen)

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Net sales	47,762,432	51,316,414
Cost of sales	18,237,124	18,718,804
Gross profit	29,525,308	32,597,609
Selling, general and administrative expenses	24,000,097	25,758,091
Operating income	5,525,210	6,839,518
Non-operating income		
Interest income	20,044	24,198
Dividend income	17,247	17,227
Company house defrayment income	3,604	4,737
Subsidy income	20,949	32,938
Surrender value of insurance	86,359	-
Foreign exchange gains	-	70,268
Other	38,247	22,459
Total non-operating income	186,454	171,830
Non-operating expenses		
Share of loss of entities accounted for using equity method	110,704	11,052
Foreign exchange losses	6,375	-
Provision of allowance for doubtful accounts	-	17,600
Other	7,934	14,268
Total non-operating expenses	125,014	42,921
Ordinary income	5,586,650	6,968,427
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on sales of investment securities	-	19,568
Total extraordinary income	1	19,568
Extraordinary losses		
Loss on retirement of non-current assets	39,568	19,339
Loss on sale of investment securities	-	284
Compensation for damages	115,000	-
Total extraordinary losses	154,568	19,623
Profit before income taxes	5,432,083	6,968,372
Income taxes - current	1,533,874	1,892,009
Income taxes - deferred	(103,419)	58,794
Total income taxes	1,430,455	1,950,803
Profit	4,001,627	5,017,568
Profit attributable to owners of parent	4,001,627	5,017,568

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Profit	4,001,627	5,017,568
Other comprehensive income		
Valuation difference on available-for-sale securities	(321,656)	(291,281)
Foreign currency translation adjustment	607,772	865,576
Remeasurements of defined benefit plans, net of tax	369,425	89,927
Total other comprehensive income	655,541	664,222
Comprehensive income	4,657,169	5,681,791
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,657,169	5,681,791
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Shareholder's Equity
 Previous fiscal year (January 1, 2023 - December 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000,000	274,537	41,875,487	(2,030,911)	42,119,113
Changes of items during period					
Dividends of surplus			(2,797,792)		(2,797,792)
Profit attributable to owners of parent			4,001,627		4,001,627
Acquisition of treasury shares				(2,148)	(2,148)
Disposal of treasury shares		32,420		50,898	83,319
Net changes of items other than shareholders' equity					
Total changes of items during period	-	32,420	1,203,835	48,749	1,285,005
Balance at end of period	2,000,000	306,957	43,079,323	(1,982,161)	43,404,119

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total other comprehensive income	
Balance at beginning of period	214,928	1,766,040	(108,331)	1,872,637	43,991,750
Changes of items during period					
Dividends of surplus					(2,797,792)
Profit attributable to owners of parent					4,001,627
Acquisition of treasury shares					(2,148)
Disposal of treasury shares					83,319
Net changes of items other than shareholders' equity	(321,656)	607,772	369,425	655,541	655,541
Total changes of items during period	(321,656)	607,772	369,425	655,541	1,940,547
Balance at end of period	(106,728)	2,373,812	261,094	2,528,178	45,932,297

Current fiscal year (from January 1, 2024 - December 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000,000	306,957	43,079,323	(1,982,161)	43,404,119
Changes of items during period					
Dividends of surplus			(2,864,417)		(2,864,417)
Profit attributable to owners of parent			5,017,568		5,017,568
Acquisition of treasury shares				(414)	(414)
Disposal of treasury shares		(8,290)		76,123	67,832
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(8,290)	2,153,151	75,708	2,220,568
Balance at end of period	2,000,000	298,667	45,232,474	(1,906,453)	45,624,687

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total other comprehensive income	
Balance at beginning of period	(106,728)	2,373,812	261,094	2,528,178	45,932,297
Changes of items during period					
Dividends of surplus					(2,864,417)
Profit attributable to owners of parent					5,017,568
Acquisition of treasury shares					(414)
Disposal of treasury shares					67,832
Net changes of items other than shareholders' equity	(291,281)	865,576	89,927	664,222	664,222
Total changes of items during period	(291,281)	865,576	89,927	664,222	2,884,791
Balance at end of period	(398,009)	3,239,389	351,021	3,192,401	48,817,089

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	5,432,083	6,968,372
Depreciation	2,275,209	2,289,076
Increase (decrease) in allowance for doubtful accounts	(197)	(6,693)
Increase (decrease) in provision for bonuses	(12,545)	26,956
Decrease (increase) in net defined benefit asset	77,437	(98,391)
Increase (decrease) in net defined benefit liability	3,135	793
Interest and dividend income	(37,292)	(41,425)
Share of (profit) loss of entities accounted for using equity method	110,704	11,052
Foreign exchange losses (gains)	(48,215)	(135,585)
Loss (gain) on sales of investment securities	-	(19,284)
Loss (gain) on sales of non-current assets	(1)	-
Loss on retirement of non-current assets	39,568	19,339
Loss on compensation for damages	115,000	-
Decrease (increase) in notes and accounts receivable - trade	(63,545)	(646,187)
Decrease (increase) in inventory	(469,541)	(1,053,494)
Increase (decrease) in notes and accounts payable - trade	(251,803)	474,355
Surrender value of insurance	(86,359)	-
Other	188,547	908,661
Subtotal	7,272,184	8,697,545
Interest and dividend income received	36,613	40,369
Cash compensation for damage paid	(115,000)	-
Income taxes paid	(2,428,110)	(1,112,055)
Net cash provided by (used in) operating activities	4,765,687	7,625,859
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,598,241)	(2,194,486)
Proceeds from sales of property, plant and equipment	1	-
Purchase of intangible assets	(612,051)	(346,085)
Payments of loans receivable	(75,200)	-
Collection of loans receivable	5,661	460
Proceeds from sales of investment securities	-	36,342
Payments for guarantee deposits	(179,032)	(64,768)
Proceeds from collection of guarantee deposits	101,153	16,199
Proceeds from cancellation of insurance funds	286,368	-
Other	(38,350)	21,220
Net cash provided by (used in) investing activities	(3,109,692)	(2,531,118)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(1,669)	(356)
Cash dividends paid	(2,796,096)	(2,861,730)
Net cash provided by (used in) financing activities	(2,797,765)	(2,862,086)

(Thousand yen)

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Effect of exchange rate change on cash and cash equivalents	175,610	253,852
Net increase (decrease) in cash and cash equivalents	(966,159)	2,486,505
Cash and cash equivalents at beginning of period	12,258,237	11,292,078
Cash and cash equivalents at end of period	11,292,078	13,778,584

(5) Notes regarding consolidated financial statements

(Notes regarding going concern assumption)

Not applicable.

(Significant matters that serve as the basis for preparation of consolidated financial statements)

1 Matters regarding the scope of consolidation

Number of consolidated subsidiaries: 9

Name of consolidated subsidiaries

MILBON USA, INC.

Milbon Trading (Shanghai) Co., Ltd.

Milbon Korea Co., Ltd.

MILBON (THAILAND) CO., LTD.

MILBON MALAYSIA SDN. BHD.

MILBON VIETNAM CO., LTD.

MILBON SINGAPORE PTE. LTD.

Milbon (Zhejiang) Cosmetics Co., Ltd.

Milbon Europe GmbH

2 Matters regarding application of equity method

Number of associates accounted for by the equity method: 1

Names of companies, etc.

KOSÉ Milbon Cosmetics Co., Ltd.

3 Matters regarding the fiscal year, etc. of consolidated subsidiaries

The account closing date of consolidated subsidiaries are the same as the consolidated account closing date.

4 Matters regarding accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities

Other than shares, etc. without market price

Stated at market value (unrealized gains and losses are reported as a separate component of net assets, and cost of sales is calculated by the moving-average method)

Stocks, etc. without market price

Stated at cost using the moving-average method

(ii) Inventories

Merchandise, Finished goods and work in process, Raw materials, and Supplies

Stated primarily at cost using the weighted average method (the balance sheet value is calculated using the inventory write-down method based on decreased profitability)

(2) Depreciation and amortization methods for important depreciable assets

(i) Property, plant and equipment

They are depreciated using the straight-line method.

Estimated useful lives of major asset items are as follows:

Buildings and structures 2-50 years

Machinery, equipment and vehicles 2-17 years

(ii) Intangible assets

They are amortized using the straight-line method.

Software for internal use is amortized using the straight-line method over the estimated period of internal use (2 to 5 years).

(3) Accounting standards for major allowances

(i) Allowance for doubtful accounts

To prepare for losses arising from uncollectible receivables, the Company and its overseas consolidated subsidiaries record an allowance for doubtful accounts at an estimated uncollectible amount based on the historical rate of credit losses with respect to general receivables, and in consideration of individual collectability with respect to doubtful accounts and other specific receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees (including those for employees also serving as executive officers), the Company and its overseas consolidated subsidiaries record a provision for bonuses based on the estimated payment amount.

(4) Accounting method for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year based on the benefit formula basis.

(ii) Method of amortizing actuarial differences and past service costs

Actuarial differences are amortized using the straight-line method over a certain number of years (5 years) within the average remaining period of service of the corresponding employees at the time of the occurrence, starting from the fiscal year following the occurrence.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (5 years) within the average remaining years of service of the eligible employees at the time of occurrence, starting from the fiscal year following the occurrence.

(iii) Adoption of simplified method in small companies, etc.

Certain overseas consolidated subsidiaries apply a simplified method to calculate net defined benefit liability and retirement benefit expenses based on the method where the amount of retirement benefits to be paid for voluntary retirement at the end of the fiscal year represents the amount of retirement benefit obligations.

(5) Accounting standards for significant revenue and expenses

The principal performance obligations relating to revenue from contracts with customers of the Company, as well as the standard point at which such obligations are satisfied (i.e., the point at which revenue is recognized) are explained as follows. The Group is engaged in the manufacturing and sale of cosmetic products. In terms of the sale of such goods or products, revenue is recognized upon delivery of the goods or products to customers. However, revenue is recognized at the time of shipment if the period from the time of shipment to the point at which control of the goods or products is transferred to the customer is the standard period.

Revenue is measured by the amount of consideration promised in the contract with the customer, less any applicable rebates and returns.

The transaction consideration is typically received within one month of the fulfillment of the performance obligation and does not contain any significant financial elements.

(6) Translation standards of significant assets and liabilities denominated in foreign currencies into Japanese yen

Foreign currency denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated closing date, and foreign exchange gains and losses from translation are recognized as profit or loss. The assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate on the local account closing dates of overseas consolidated subsidiaries, while revenue and expenses are translated into Japanese yen at the average exchange rate for the period, and foreign exchange gains and losses from translation are recorded in foreign currency translation adjustment under net assets.

(7) Scope of funds in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash on hand, deposits available for withdrawal as needed and short-term investments due for redemption within three months from the date of acquisition, which

are easily cashable and are subject to minimal risk of fluctuation in value.

(Note on segment information, etc.)

Segment information

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

(Per share information)

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Net assets per share (yen)	1,411.56	1,499.20
Basic earnings per share (yen)	122.99	154.12

(Notes) 1. Diluted earnings per share are not presented because there are no dilutive shares.

2. The basis for calculating basic earnings per share is as follows:

	Previous fiscal year (January 1, 2023 - December 31, 2023)	Current fiscal year (January 1, 2024 - December 31, 2024)
Profit attributable to owners of parent (thousand yen)	4,001,627	5,017,568
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common shares Amount (thousand yen)	4,001,627	5,017,568
Average number of outstanding shares of common stock during the period (shares)	32,536,033	32,556,014

(Significant subsequent events)

Not applicable.