



Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 [Japanese GAAP]

February 13, 2026

Tokyo Stock Exchange, Prime Market

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Scheduled date of ordinary general meeting of shareholders: March 27, 2026

Scheduled starting date of dividend payments: March 30, 2026

Scheduled filing date for securities report: March 27, 2026

Preparation of supplementary materials on financial results: Yes

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

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

1. Consolidated financial results for the fiscal year ended December 31, 2025 (January 1, 2025 - December 31, 2025)

(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, 2025	52,863	3.0	5,652	(17.4)	5,455	(21.7)	3,437	(31.5)
Year ended December 31, 2024	51,316	7.4	6,839	23.8	6,968	24.7	5,017	25.4

Note: Comprehensive income

Year ended December 31, 2025: 5,022 million yen [(11.6)%]

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

	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, 2025	106.26	-	7.0	9.3	10.7
Year ended December 31, 2024	154.12	-	10.6	12.4	13.3

(Reference) Equity gains (losses) of affiliated companies

Year ended December 31, 2025: (29) million yen

Year ended December 31, 2024: (11) 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, 2025	57,801	49,058	84.9	1,543.67
As of December 31, 2024	58,899	48,817	82.9	1,499.20

(Reference) Equity

As of December 31, 2025: 49,058 million yen

As of December 31, 2024: 48,817 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, 2025	5,383	(3,014)	(4,865)	11,513
Year ended December 31, 2024	7,625	(2,531)	(2,862)	13,778

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	Million yen	%	%
Year ended December 31, 2024	-	40.00	-	48.00	88.00	2,865	57.1	6.0
Year ended December 31, 2025	-	40.00	-	48.00	88.00	2,829	82.3	5.8
Year ending December 31, 2026 (forecast)	-	40.00	-	48.00	88.00		65.0	

3. Consolidated operating results forecasts for the fiscal year ending December 31, 2026 (January 1, 2026 - December 31, 2026)

(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, 2026	54,800	3.7	6,300	11.4	6,180	13.3	4,300	25.1	135.30

*Notes

(1) Significant changes in the scope of consolidation during the period : None

New: 0 company (Company name:)

Exclude: 0 companies (Company name:)

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

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

(3) 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, 2025	32,305,534 shares	As of December 31, 2024	33,117,234 shares
As of December 31, 2025	524,904 shares	As of December 31, 2024	555,070 shares
Year ended December 31, 2025	32,354,379 shares	Year ended December 31, 2024	32,556,014 shares

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2025 (January 1, 2025 - December 31, 2025)

(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, 2025	46,970	3.0	4,981	(18.6)	5,523	(13.5)	3,082	(35.4)
Year ended December 31, 2024	45,598	7.2	6,119	30.2	6,385	30.1	4,775	47.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
As of December 31, 2025	95.27		-	
As of December 31, 2024	146.68		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share
	Million yen		Million yen		%	Yen
As of December 31, 2025	49,798		41,831		84.0	1,316.26
As of December 31, 2024	52,567		43,131		82.1	1,324.60

(Reference) Equity As of December 31, 2025: 41,831 million yen As of December 31, 2024: 43,131 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. For the assumptions underlying the forecasts and important notes regarding the use of these forecasts, please refer to page 2 of the attached materials, "1. Qualitative Information on Consolidated Results for the Current Period (1) Explanation of Operating Results."

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1. Qualitative Information on Consolidated Results for the Current Period

(1) Explanation of Operating Results

(i) Overview

In the current consolidated fiscal year, the Japanese economy remained on a moderate recovery path, underpinned by improvements in employment and income conditions. However, some weaknesses persisted in the economy, due to ongoing consumer belt-tightening in response to rising prices. In addition, further price increases and elevated geopolitical uncertainties remain risk factors that could impact the Japanese economy.

In light of this situation, during the fourth year of the Medium-Term Management Plan (2022–2026), fiscal year 2025, we promoted the Smart Salon initiative and milbon:iD in the domestic market to strengthen the infrastructure that enables customers to purchase take-home products more conveniently from salons. This effort is part of our broader goal of realizing the Beauty Platform Plan, which aims to create new value for hair salons. Notably, since its June 2020 launch, milbon:iD has grown its registered membership faster than planned, reaching one million members in November 2025, ahead of the initial 2026 target. To promote higher value-added, higher-priced service menus, we continued to execute our high-value hair color strategy and advanced stylist capability-building through in-salon technical training and “Sommelier” programs to enhance expertise.

As a result of these initiatives, the professional brand Elujuda maintained solid sales in the domestic market, even after the price revision in May. Sales of take-home products were solid alongside the expansion of milbon:iD membership, and sales of hair care products continued to grow steadily. By contrast, hair color products faced persistent competition amid a stagnant overall color market and switching by some salons to lower-priced brands to control material costs. Under these conditions, we continued to advance our high value-added color strategy. Sales of Villa Lodola Color, certified by ICEA, an organic certification authority, maintained robust growth; however, sales of fashion colors such as Ordeve Addicthy declined, and sales of hair coloring products decreased in aggregate.

In overseas markets, we reassessed investment priorities across the seven regions where we operate. We focused on strengthening field activities in the United States, the European Union, and South Korea, markets with strong market potential and growth prospects. In the United States, we increased headcount, strengthened product branding, and deepened collaboration with distributors, accelerating growth in both hair care and hair color. In the European Union, a large market with high technical standards among stylists, we sustained strong sales growth, led by Germany. In South Korea, political turbulence weighed on first-quarter performance; however, subsequent government consumption-stimulus measures supported a recovery to steady sales growth.

As a result, consolidated net sales for the fiscal year amounted to 52,863 million yen, a year-on-year increase of 3.0%. Growth was driven by hair care on a product basis and by overseas markets on a regional basis, with particularly strong growth in the United States and steady sales in South Korea, while domestic sales rose only slightly.

On the profit side, the gross margin declined due to sluggish domestic sales, mainly in hair color, along with inventory valuation losses recognized in the first half associated with the decline in cosmetics sales. SG&A expenses increased due to higher personnel expenses from headcount additions and base pay increases, higher advertising expenses related to the Expo, and higher logistics costs accompanying the expansion of overseas sales. As a result, operating income decreased by 17.4% to 5,652 million yen, ordinary income decreased by 21.7% to 5,455 million yen, and profit attributable to owners of the parent decreased by 31.5% to 3,437 million yen.

Net sales by product category and net sales by domestic and overseas markets are as follows.
[Breakdown of net sales by product category]

(Unit: million yen)

Item	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025		Increase/ Decrease	Increase/ Decrease ratio (%)
	Amount	% to sales	Amount	% to sales		
Hair care products	31,324	61.1	33,466	63.3	2,142	6.8
Hair coloring products	17,200	33.5	16,896	31.9	(304)	(1.8)
Permanent wave products	1,547	3.0	1,435	2.7	(111)	(7.2)
Cosmetic products	868	1.7	664	1.3	(204)	(23.5)
Other	375	0.7	401	0.8	25	6.7
Total	51,316	100.0	52,863	100.0	1,546	3.0

[Breakdown of net sales into domestic and overseas sales]

(Unit: million yen)

	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025		Increase/ Decrease	Increase/ Decrease ratio (%)
	Amount	% to sales	Amount	% to sales		
Domestic sales	38,684	75.4	39,206	74.2	521	1.3
Overseas sales	12,631	24.6	13,657	25.8	1,025	8.1
Total	51,316	100.0	52,863	100.0	1,546	3.0

(ii) Outlook for fiscal year 2026

We expect the domestic economy to remain on a moderate recovery trajectory. We anticipate continued improvement in employment and income conditions, although persistent inflation may weigh on personal consumption. For overseas markets, including the United States and China, we expect uncertainty to remain elevated, given prolonged inflation in the United States, ongoing conflicts and geopolitical risks, and their potential impact on consumer sentiment.

In the domestic market, hair care products, including the premium brand Aujua and the professional brand Elujuda, continue to deliver stable sales growth, led by take-home products, while addressing the competitive environment for professional-use products, particularly hair color, remains a priority. To drive sales growth and support higher sales and profits at partner salons, we will further expand offerings tailored to diverse customer needs and strengthen education programs. In the increasingly competitive hair color market, we plan to restore sales by introducing a new high value-added brand. We will also address the expansion of the small mass market by proposing products with value and price points aligned to the target customer, pursuing growth together with salons and distributors. We will enhance efficiency to improve the productivity of our Field Person, including through the use of digital transformation and AI.

In overseas markets, we have reassessed investment priorities across the seven regions and intensified focused activities, which have helped maintain strong growth momentum. We expect overseas sales to increase by 9.2% year-on-year in the next fiscal year, and our plan positions overseas as the primary driver of sales growth. We also intend to improve profitability across the overseas business.

Reflecting significant changes in the cost structure and a substantial shortfall in domestic sales relative to the forecast in the previous consolidated fiscal year, we have revised down the growth outlook for consolidated net sales and operating income for the next fiscal year, the final year of the Medium-Term Management Plan, compared with the plan announced in February of last year. For the next fiscal year, we forecast consolidated net sales of 54,800 million yen, up 3.7% year-on-year, operating income of 6,300 million yen, up 11.4%, ordinary income of 6,180 million yen, up 13.3%, and profit attributable to owners of the parent of 4,300 million yen, up 25.1%.

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

Total assets at the end of the fiscal year decreased 1,097 million yen from the end of the previous fiscal year to 57,801

million yen.

Current assets decreased by 1,834 million yen from the end of the previous fiscal year to 29,101 million yen. The main factors for the change were an increase of 186 million yen in Merchandise and finished goods and a decrease of 2,013 million yen in Cash and deposits.

Non-current assets increased by 737 million yen from the end of the previous fiscal year to 28,700 million yen.

Current liabilities decreased by 1,522 million yen from the end of the previous fiscal year to 7,685 million yen. The main factors for the change were decreases of 555 million yen in Accounts payable - other and 793 million yen in Income taxes payable.

Non-current liabilities increased by 183 million yen from the end of the previous fiscal year to 1,057 million yen.

Net assets increased by 241 million yen from the end of the previous fiscal year to 49,058 million yen. The main factors for the change were a decrease of 413 million yen in Treasury shares (an increase in net assets) due to the retirement of Treasury shares, and increases of 687 million yen in Remeasurements of defined benefit plans and 498 million yen in Foreign currency translation adjustment, while decreases of 1,656 million yen in Retained earnings due to Purchase of treasury shares and 398 million yen in Valuation difference on available-for-sale securities (an increase in net assets).

As a result, the equity ratio changed from 82.9% at the end of the previous fiscal year to 84.9%. Net assets per share based on the total number of shares outstanding at the end of the fiscal year was 1,543.67 yen, compared with 1,499.20 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 decreased by 2,264 million yen from the end of the previous fiscal year to 11,513 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 5,383 million yen. This was mainly due to Profit before income taxes of 4,926 million yen, Depreciation of 2,317 million yen, Investment securities valuation loss of 806 million yen, and Income taxes paid of 2,112 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 3,014 million yen. This was mainly due to Purchase of property, plant and equipment of 2,948 million yen, Proceeds from sales of property, plant and equipment of 400 million yen and Purchase of intangible assets of 385 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 4,865 million yen. This was mainly due to Purchase of treasury shares of 2,000 million yen and Cash dividends paid of 2,864 million yen.

(Reference) Cash flow-related indicators

	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
Equity ratio	83.3	83.4	86.0	82.9	84.9
Equity ratio based on market value (%)	384.2	352.6	225.1	193.8	133.9
Interest-bearing debt to cash flows ratio (%)	1.7	1.5	1.6	1.0	1.3

(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 Current Fiscal Year 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, 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, 2024	Current fiscal year As of December 31, 2025
Assets		
Current assets		
Cash and deposits	13,829,730	11,816,180
Notes and accounts receivable - trade	6,037,963	5,956,056
Merchandise and finished goods	7,815,306	8,001,451
Work in process	58,436	48,022
Raw materials and supplies	2,430,008	2,490,061
Other	778,634	851,367
Allowance for doubtful accounts	(14,103)	(62,082)
Total current assets	30,935,977	29,101,056
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,331,993	18,983,235
Accumulated depreciation	(7,605,692)	(8,014,204)
Buildings and structures, net	9,726,301	10,969,030
Machinery, equipment and vehicles	10,592,607	10,972,904
Accumulated depreciation	(7,115,423)	(7,719,600)
Machinery, equipment and vehicles, net	3,477,183	3,253,304
Land	6,478,922	6,449,665
Construction in progress	1,634,978	1,236,647
Other	4,158,351	4,463,366
Accumulated depreciation	(3,167,933)	(3,462,290)
Other, net	990,417	1,001,076
Total property, plant and equipment	22,307,804	22,909,724
Intangible assets	1,675,032	1,538,722
Investments and other assets		
Investment securities	875,480	642,800
Long-term loans receivable	28,565	49,671
Net defined benefit asset	739,025	1,861,677
Deferred tax assets	940,314	283,973
Other	1,422,145	1,667,338
Allowance for doubtful accounts	(25,290)	(253,193)
Total investments and other assets	3,980,240	4,252,267
Total non-current assets	27,963,077	28,700,715
Total assets	58,899,055	57,801,771

(Thousand yen)

	Previous fiscal year As of December 31, 2024	Current fiscal year As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,444,264	1,436,502
Accounts payable - other	4,545,685	3,990,075
Income taxes payable	1,229,121	435,172
Provision for bonuses	612,819	627,958
Other	1,376,179	1,195,536
Total current liabilities	9,208,070	7,685,245
Non-current liabilities		
Net defined benefit liability	17,278	21,949
Asset retirement obligations	737,191	917,672
Other	119,425	118,143
Total non-current liabilities	873,895	1,057,765
Total liabilities	10,081,966	8,743,011
Net assets		
Shareholders' equity		
Capital stock	2,000,000	2,000,000
Capital surplus	298,667	199,120
Retained earnings	45,232,474	43,576,061
Treasury shares	(1,906,453)	(1,493,326)
Total shareholders' equity	45,624,687	44,281,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(398,009)	-
Foreign currency translation adjustment	3,239,389	3,738,003
Remeasurements of defined benefit plans	351,021	1,038,902
Total accumulated other comprehensive income	3,192,401	4,776,906
Total net assets	48,817,089	49,058,760
Total liabilities and net assets	58,899,055	57,801,771

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

Consolidated Statements of Earnings

(Thousand yen)

	Fiscal year ended December 31, 2024 (1 January 2024 - December 31, 2024)	Fiscal year ended December 31, 2025 (January 1, 2025 - December 31, 2025)
Net sales	51,316,414	52,863,291
Cost of sales	18,718,804	19,686,901
Gross profit	32,597,609	33,176,390
Selling, general and administrative expenses	25,758,091	27,523,586
Operating income	6,839,518	5,652,803
Non-operating income		
Interest income	24,198	19,940
Dividend income	17,227	10,692
Insurance claim income	-	22,561
Company house defrayment income	4,737	4,003
Subsidy income	32,938	24,639
Foreign exchange gains	70,268	-
Other	22,459	54,373
Total non-operating income	171,830	136,209
Non-operating expenses		
Share of loss of entities accounted for using equity method	11,052	29,639
Foreign exchange losses	-	54,267
Provision of allowance for doubtful accounts	17,600	223,379
Other	14,268	26,013
Total non-operating expenses	42,921	333,300
Ordinary income	6,968,427	5,455,712
Extraordinary income		
Gain on sales of non-current assets	-	291,704
Gain on sales of investment securities	19,568	-
Total extraordinary income	19,568	291,704
Extraordinary losses		
Loss on retirement of non-current assets	19,339	14,750
Loss on sales of non-current assets	-	0
Loss on sale of investment securities	284	-
Valuation loss on investment securities	-	806,180
Total extraordinary losses	19,623	820,931
Profit before income taxes	6,968,372	4,926,485
Income taxes - current	1,892,009	1,323,187
Income taxes - deferred	58,794	165,386
Total income taxes	1,950,803	1,488,573
Profit	5,017,568	3,437,911
Profit attributable to owners of parent	5,017,568	3,437,911

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Fiscal year ended December 31, 2024 (1 January 2024 - December 31, 2024)	Fiscal year ended December 31, 2025 (January 1, 2025 - December 31, 2025)
Profit	5,017,568	3,437,911
Other comprehensive income		
Valuation difference on available-for-sale securities	(291,281)	398,009
Foreign currency translation adjustment	865,576	498,614
Remeasurements of defined benefit plans, net of tax	89,927	687,880
Total other comprehensive income	664,222	1,584,504
Comprehensive income	5,681,791	5,022,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,681,791	5,022,415
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Shareholder's Equity
Previous fiscal year (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
Purchase 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	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
Purchase 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

Current fiscal year (January 1, 2025 - December 31, 2025)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000,000	298,667	45,232,474	(1,906,453)	45,624,687
Changes of items during period					
Dividends of surplus			(2,866,679)		(2,866,679)
Profit attributable to owners of parent			3,437,911		3,437,911
Purchase of treasury shares				(2,000,372)	(2,000,372)
Disposal of treasury shares		(17,945)		104,252	86,306
Retirement of Treasury shares		(81,601)	(2,227,644)	2,309,245	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(99,547)	(1,656,413)	413,126	(1,342,833)
Balance at end of period	2,000,000	199,120	43,576,061	(1,493,326)	44,281,854

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income	
Balance at beginning of period	(398,009)	3,239,389	351,021	3,192,401	48,817,089
Changes of items during period					
Dividends of surplus					(2,866,679)
Profit attributable to owners of parent					3,437,911
Acquisition of treasury shares					(2,000,372)
Disposal of treasury shares					86,306
Retirement of Treasury shares					-
Net changes of items other than shareholders' equity	398,009	498,614	687,880	1,584,504	1,584,504
Total changes of items during period	398,009	498,614	687,880	1,584,504	241,671
Balance at end of period	-	3,738,003	1,038,902	4,776,906	49,058,760

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous fiscal year (1 January 2024 - December 31, 2024)	Current fiscal year (January 1, 2025 - December 31, 2025)
Cash flows from operating activities		
Profit before income taxes	6,968,372	4,926,485
Depreciation and amortization	2,289,076	2,317,284
Increase (decrease) in allowance for doubtful accounts	(6,693)	275,882
Increase (decrease) in provision for bonuses	26,956	13,265
Decrease (increase) in net defined benefit asset	(98,391)	(118,446)
Increase (decrease) in net defined benefit liability	793	3,246
Interest and dividend income	(41,425)	(30,632)
Share of (profit) loss of entities accounted for using equity method	11,052	29,639
Foreign exchange losses (gains)	(135,585)	(41,627)
Loss (gain) on sales of investment securities	(19,284)	-
Loss (gain) on investment securities	-	806,180
Loss (gain) on sales of non-current assets	-	(291,704)
Loss on retirement of non-current assets	19,339	14,750
Decrease (increase) in notes and accounts receivable - trade	(646,187)	101,483
Decrease (increase) in inventory	(1,053,494)	(123,484)
Increase (decrease) in notes and accounts payable - trade	474,355	(47,682)
Other	908,661	(367,699)
Subtotal	8,697,545	7,466,942
Interest and dividend income received	40,369	29,183
Income taxes paid	(1,112,055)	(2,112,165)
Net cash provided by (used in) operating activities	7,625,859	5,383,960
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,194,486)	(2,948,364)
Proceeds from sales of property, plant and equipment	-	400,625
Purchase of intangible assets	(346,085)	(385,996)
Payments of loans receivable	-	(1,300)
Collection of loans receivable	460	970
Payments into time deposits	-	(228,747)
Proceeds from sales of investment securities	36,342	-
Payments for guarantee deposits	(64,768)	(39,553)
Proceeds from collection of guarantee deposits	16,199	27,324
Other	21,220	160,740
Net cash provided by (used in) investing activities	(2,531,118)	(3,014,300)
Cash flows from financing activities		
Purchase of treasury shares	(414)	(2,000,372)
Proceeds from disposal of treasury shares	58	124
Cash dividends paid	(2,861,730)	(2,864,786)
Net cash provided by (used in) financing activities	(2,862,086)	(4,865,034)
Effect of exchange rate change on cash and cash equivalents	253,852	230,392
Net increase (decrease) in cash and cash equivalents	2,486,505	(2,264,982)
Cash and cash equivalents at beginning of period	11,292,078	13,778,584
Cash and cash equivalents at end of period	13,778,584	11,513,601

(5) Notes Regarding Consolidated Financial Statements

(Notes regarding going concern assumption)

None

(Changes in accounting policies)

(Application of the Accounting Standard for Income taxes - current, etc.)

"Accounting Standard for Income taxes - current, etc." (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") has been applied from the beginning of the current fiscal year.

This change in accounting policy had no impact on the quarterly consolidated financial statements.

(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 is 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 prepare 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.
Past service costs 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.
 - (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 claims and liabilities are translated into yen at the spot exchange rate on the consolidated account closing date, and translation differences are accounted for as profit or loss. The assets and liabilities of overseas consolidated subsidiaries are translated into yen at the spot exchange rate on the local account closing dates of overseas consolidated subsidiaries, while revenue and expenses are translated into yen at the average exchange rate for the period, and translation differences 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.

(Notes 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, 2024 - December 31, 2024)	Current fiscal year (January 1, 2025 - December 31, 2025)
Net assets per share (Yen)	1,499.20	1,543.67
Basic earnings per share (Yen)	154.12	106.26

(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, 2024 - December 31, 2024)	Current fiscal year (January 1, 2025 - December 31, 2025)
Profit attributable to owners of parent (thousand yen)	5,017,568	3,437,911
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent related to common shares (thousand yen)	5,017,568	3,437,911
Average number of outstanding shares of common stock during the period (shares)	32,556,014	32,354,379

(Significant subsequent events)

None

4. Other

(1) Changes in Directors and Audit & Supervisory Board Members (As of March 27, 2026)

- Retiring Directors
Masahiro Murai, Managing Executive Director
Taizo Hamaguchi, Outside Board Director
- Candidate for New Director
Akihisa Nabeshima, Outside Board Director (former Senior Executive Officer, Representative Director of the Board of TEIJIN LIMITED)
- Candidate for New Auditor
Daisuke Umemoto, Outside Audit & Supervisory Board Member (current attorney at law)

(Note) Mr. Daisuke Umemoto, a new Audit & Supervisory Board Member candidate, was appointed as temporary Audit & Supervisory Board Member by the Osaka District Court on December 23, 2025, following the passing of Mr. Takashi Hirano, Audit & Supervisory Board Member, on December 2, 2025.