May 11 2022

Consolidated Business Results
(April 1, 2021 through March 31, 2022: Japanese Standards)

Corporate Name: Mandom Corporation
Listed Exchange: TSE Prime Market
Code Number: 4917
URL: https://www.mandom.co.jp
Representative: Ken Nishimura, President Executive Officer & Director
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Annual General Shareholders' Meeting: June 24, 2022
Dividend Payout: June 27, 2022
Financial Statements Issued: June 27, 2022
Documents Providing Supplemental Information: Yes
Financial Briefing: Yes (for institutional investors and analysts)

(Figures rounded down to the nearest million yen)

1. Consolidated Earnings for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Financial Highlights(cumulative)

(% = Changes from the same period in the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE March 2022	57,361	△9.4	△2,308	–	△1,856	–	△621	–
FYE March 2021	63,310	△22.6	△793	–	△273	–	860	△80.7

Note: Comprehensive Income
FYE March 2022 ¥820million (–%) FYE March 2021 ¥1,393million (–%)

	Earnings per Share	Diluted Earnings per Share	Return on Equity	Ordinary Income/Total Assets	Operating Income/Net Sales
	yen	yen	%	%	%
FYE March 2022	△13.84	–	△1.0	△2.1	△4.0
FYE March 2021	19.17	–	1.3	△0.3	△1.3

Reference: Income (loss) in minority interests
FYE March 2022 ¥162million FYE March 2021 ¥95million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	¥ millions	¥ millions	%	yen
FYE March 2022	85,767	69,051	73.8	1,407.65
FYE March 2021	87,911	69,713	73.1	1,431.42

Reference: Shareholders' Equity
FYE March 2022 ¥63,321million FYE March 2021 ¥64,222million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
	¥ millions	¥ millions	¥ millions	¥ millions
FYE March 2022	7,693	△185	△5,385	16,015
FYE March 2021	6,208	△5,680	1,125	13,040

2. Dividends

	Annual Dividend					Total Dividend (total)	Dividend Payout Ratio (consolidated)	Dividend on Equity Ratio (consolidated)
	First Quarter End	Second Quarter End	Third Quarter End	Year End	Total			
	yen	yen	yen	yen	yen	¥ millions	%	%
FYE March 2021	–	16.00	–	16.00	32.00	1,435	166.9	2.2
FYE March 2022	–	18.00	–	18.00	36.00	1,619	–	2.5
FYE March 2023 (forecast)	–	19.00	–	19.00	38.00		228.0	

3. Forecasts of consolidated operating results for fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% = change vs. same period in prior year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Earnings per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	yen
Second Quarter (cumulative)	32,000	9.2	800	–	1,000	–	680	108.0	15.12
Full Year	65,000	13.3	1,000	–	1,350	–	750	–	16.67

* Notes

(1) Changes in significant consolidated subsidiaries during the period (changes in consolidation of specific subsidiaries): None

(2) Changes in accounting estimates, methods, or presentation
  a. Changes in accounting methods in connection with changes in accounting standards: Yes
  b. Changes in accounting methods other than a.: None
  c. Changes in accounting estimates: None
  d. Changes in presentation: None

(3) Issued shares (common stock)
  a. Shares outstanding, end of year (including treasury stock)

FYE March 2022	48,269,212 shares
FYE March 2021	48,269,212 shares

  b. Treasury stock, end of period

FYE March 2022	3,285,292 shares
FYE March 2021	3,403,164 shares

  c. Average outstanding shares during the period

FYE March 2022	44,936,458 shares
FYE March 2021	44,870,094 shares

(Reference) Summary of Non-Consolidated Business Results

1. Business Results, FYE March 2022 (April 1, 2021 to March 31, 2022)

(1) Sales and Income

(% = change vs PY)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE March 2022	36,102	△13.6	△1,266	–	369	△55.1	1,344	△25.1
FYE March 2021	41,787	△17.1	116	△96.5	822	△79.9	1,796	△42.4

	Earnings per Share	Earnings per Share (diluted)
	yen	yen
FYE March 2022	29.92	–
FYE March 2021	40.03	–

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	¥ millions	¥ millions	%	yen
FYE March 2022	63,661	54,661	85.9	1,215.14
FYE March 2021	67,525	56,094	83.1	1,250.27

(Reference) Treasury Stock FYE March 2022 ¥54,661 million
FYE March 2021 ¥56,094 million

2. FYE March 2023 Forecast (April 1, 2022 to March 31, 2023)

(% = change vs. same period in prior year)

	Net Sales		Ordinary Income		Net Income		Earnings per Share
	¥ millions	%	¥ millions	%	¥ millions	%	yen
Second Quarter (cumulative)	21,000	7.4	1,000	△21.0	750	△58.7	16.67
Full Year	39,000	8.0	870	135.7	650	△51.7	14.45

*** These quarterly financial statements are exempt from quarterly review procedures**

*** Appropriate Use of Business Forecasts; Other Special Items**

Information in this report concerning future performance is based on information available and certain assumptions deemed reasonable. Forecasts are not promises of future performance. Actual earnings may differ significantly from forecasts due to a number of factors.

1. Overview of Results of Operations, etc.

(1) Results of Operations

(Financial Highlights)

(¥ millions)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss) Attributable to Owners of Parent
FYE March 2022	57,361	(2,308)	(1,856)	(621)
FYE March 2021	63,310	(793)	(273)	860
Change	(9.4%)	－	－	－

During the consolidated fiscal year, corporate activities and consumer spending were stagnant in Japan as a result of the redeclaration of a state of emergency and implementation of semi-emergency coronavirus measures in conjunction with the resurgence of coronavirus infections. Although there were signs of an economic recovery with progress on vaccinations, uncertainty with respect to the future grew due to the rapid spread of the new variant and the Russian invasion of Ukraine.

The economies throughout Asia – our main sphere of international operations – dealt with repeated quarantines as a result of the spread of the coronavirus, but for the worst part of the pandemic is mostly over.

Under these economic conditions, the Group launched its three-year plan, positioning it as a period of reformation and challenge for achieving VISION 2027. The basic management policies are as follows:

Basic Management Policies

・Company-wide marketing innovation for thorough advancement and pursuit of category strategies and improvement of brand value in the midst of a new normal

・Quick completion of restructuring of the business in Indonesia and business model innovation in the overseas business

・Transformation into a company that creates new value through digitalization and open innovation

・Improvement of corporate value and usefulness centered on sustainable management

During the consolidated fiscal year, net sales were down 9.4% year on year to ¥57.361 billion. This was due primarily to sluggish demand for summer products as a result of poor weather conditions such as lower summer temperatures and long periods of rain in Japan and the impact of the spread of coronavirus infections both in Japan and overseas. There has also been an impact from the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) in Japan starting from the beginning of the consolidated fiscal year.

An operating loss of ¥2.308 billion was posted (compared to ¥793 million the previous year), primarily due to the impact of the decrease in sales. As a result, an ordinary loss of ¥1.856 billion (compared to ¥273 million the previous year) was posted. A gain on sales of investment securities was also recorded, but a net loss attributable to owners of parent of ¥621 million was posted (compared to net income of ¥860 million the previous year).

Group earnings by segment are as provided below. (Net sales refers to sales to external customers.)

(Performance by Segment)

(¥ millions)

Location	Net Sales			Operating Income (Loss)		
	Prior Year	Current Year	Change	Prior Year	Current Year	Change
Japan	38,847	32,595	(16.1%)	(255)	(1,473)	—
Indonesia	12,102	11,751	(2.9%)	(899)	(1,204)	—
Overseas, Other	12,360	13,015	5.3%	361	369	2.2%

Net sales in Japan amounted to ¥32.595 billion, which was a 16.1% year-on-year decrease. This was primarily due to sluggish demand for summer products as a result of poor weather conditions such as lower summer temperatures and long periods of rain, which in turn led to a decrease in Gatsby brand sales in the men's business. In addition, in conjunction with the application of the Accounting Standard for Revenue Recognition as of the beginning of the consolidated fiscal year, sales incentives and other costs, which were previously recorded under SG&A and non-operating expenses, are now subtracted from net sales. Operating loss was ¥1.473 billion (compared to ¥255 million the previous year) mainly due to the impact of decreased sales.

Net sales in Indonesia reached ¥11.751 billion, representing a 2.9% year-on-year decrease. This was mainly due to sluggish consumption resulting from the continued spread of the coronavirus in Indonesia, which was particularly rapid from July to August. Operating loss was ¥1.204 billion (compared to ¥899 million the previous year), primarily due to the impact of the decrease in sales.

Net sales in Overseas, Other amounted to ¥13.015 billion, representing a 5.3% year-on-year increase. This was mainly a result of net sales recovering in several countries despite the coronavirus continuing to spread. Operating income was up 2.2% year on year to ¥369 million mainly due to the impact of increased sales.

(2) Financial Position

(Assets)

Current assets as of the end of the consolidated fiscal year amounted to ¥42.868 billion, representing a ¥3.092 billion increase compared to the end of the prior consolidated fiscal year. This increase was mainly due to a ¥3.874 billion increase in cash and deposits. Noncurrent assets amounted to ¥42.899 billion, representing a decrease of ¥5.236 billion compared to the end of the prior consolidated fiscal year. This was mainly due to a ¥3.035 billion decrease in investments and other assets as a result of sales of investment securities and a ¥1.727 billion decrease in tangible fixed assets as a result of depreciation.

As a result, total assets amounted to ¥85.767 billion, representing a decrease of ¥2.143 billion compared to the end of the prior consolidated fiscal year.

(Liabilities)

Current liabilities as of the end of the consolidated fiscal year amounted to ¥11.233 billion, representing a ¥1.064 billion decrease compared to the end of the prior consolidated fiscal year. This was mainly due to a ¥3.467 billion decrease in short-term borrowings despite a ¥1.814 billion increase in notes and accounts payable-trade. Noncurrent liabilities amounted to ¥5.482 billion, representing a decrease of ¥416 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a ¥535 million decrease in deferred tax liabilities.

As a result, total liabilities amounted to ¥16.716 billion, representing a decrease of ¥1.481 billion compared to the end of the prior consolidated fiscal year.

(Net assets)

Net assets as of the end of the consolidated fiscal year amounted to ¥69.051 billion, representing a ¥662 million decrease compared to the end of the prior consolidated fiscal year. This was mainly due to a ¥1.477 billion decrease in the valuation difference on available-for-sale securities from sales of investment securities and a ¥2.149 billion decrease in retained earnings as a result of recording a net loss attributable to owners of parent and payment of dividends, despite a ¥2.377 billion increase in foreign currency translation adjustments.

As a result, shareholders' equity ratio was 73.8% (compared to 73.1% at the end of the prior consolidated fiscal year).

(3) Cash Flows

Cash and cash equivalents (Cash) as of the end of the consolidated fiscal year amounted to ¥16.015 billion. This represents a ¥2.974 billion increase compared to the end of the prior consolidated fiscal year.

The following discusses the factors that affected cash flows during the consolidated fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥7.693 billion (compared to ¥6.208 billion the previous year). Increasing factors mainly included ¥5.337 billion in depreciation, a ¥1.743 billion increase in accounts payable, and a ¥964 million decrease in inventories.

(Cash Flows from Investing Activities)

Net cash used in financing activities was ¥185 million (compared to ¥5.680 billion the previous year). Increasing factors mainly included ¥2.462 billion in proceeds from sales and redemptions of investment securities, while decreasing factors mainly included ¥1.741 billion in outlays for the acquisition of tangible fixed assets and a net increase of ¥586 million in time deposits.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥5.385 billion (compared to ¥1.125 billion provided by financing activities the previous year). This was mainly a decrease resulting from a net decrease in short-term borrowings of ¥3.476 billion and dividend payments of ¥1.525 billion.

(4) Future Outlook

(¥ millions)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss) Attributable to Owners of Parent
FYE March 2023	65,000	1,000	1,350	750
FYE March 2022	57,361	(2,308)	(1,856)	(621)
Change	13.3%	—	—	—

As for the global economy, going forward, the novel coronavirus, the situation in Ukraine, and fluctuations in the financial markets are expected to continue having a major impact on demand for cosmetics and procurement of resources in each country.

Under these economic conditions, we believe that it will be very important to continue to propose new value addressing changes in the cosmetics culture brought about by the new normal and changes in consumer values. We will continue to implement Group-wide marketing reform and other efforts to thoroughly improve brand value based on our Basic Management Policies. We will also work on initiatives to reduce costs in order to address the impact of increased resource prices worldwide on our costs.

We forecast net sales of ¥65.000 billion (13.3% year-on-year increase), operating income of ¥1.000 billion (compared to operating loss of ¥2.308 billion the previous year), ordinary income of ¥1.350 billion (compared to ordinary loss of ¥1.856 billion the previous year), and net income attributable to owners of parent of ¥750 million (compared to net loss attributable to owners of parent of ¥621 million the previous year) for the next fiscal year.

We calculated our forecasts assuming major foreign exchange rates of ¥120 to the U. S. dollar, 14,500 rupiah to the U. S. dollar, and ¥0.0083 to the rupiah.

2. Basic Thinking on Selection of Accounting Standards

For the foreseeable future, the policy of the Mandom Group is to prepare consolidated financial statements according to Japanese accounting standards in consideration of comparability of consolidated financial statements between periods and between companies.

We will address the application of the International Financial Reporting Standards as appropriate, taking into account the situations in Japan and other countries.