

**m i l b o n**

---

**Financial Results for Q2 of FY2024  
(Ending December 31,2024)**

**Milbon Co., Ltd.**

**(TSE code : 4919)**

**August 9, 2024**

# Agenda

- 1. Consolidated Financial Results** ————— **P2**
- 2. Financial Results by Region** ————— **P7**
- 3. Progress in FY2024** ————— **P14**
- 4. Appendix** ————— **P31**
- 5. Outline of Milbon** ————— **P42**

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Today's Message

- Both sales and profits increased, surpassing the initial plan. Domestic haircare products and South Korean business drove growth. We are making steady progress toward achieving our full-year forecast.
- The gross profit margin is showing a recovery trend from the first to the second quarter, due to the mitigation of rising raw material costs.
- Operating profit exceeded the plan due to favorable sales and expense deferrals.
- Domestic sales and profits increased. Growth was driven by haircare products, including Aujua, sufficiently offsetting the delay in hair coloring products.
- Overseas sales and profits exceeded the plan. The weaker yen contributed to the sales increase. Additionally, strong performances in South Korea and the USA offset the weak sales in China, where market conditions continued to deteriorate.
- The FY2024 full-year forecasts remain unchanged.

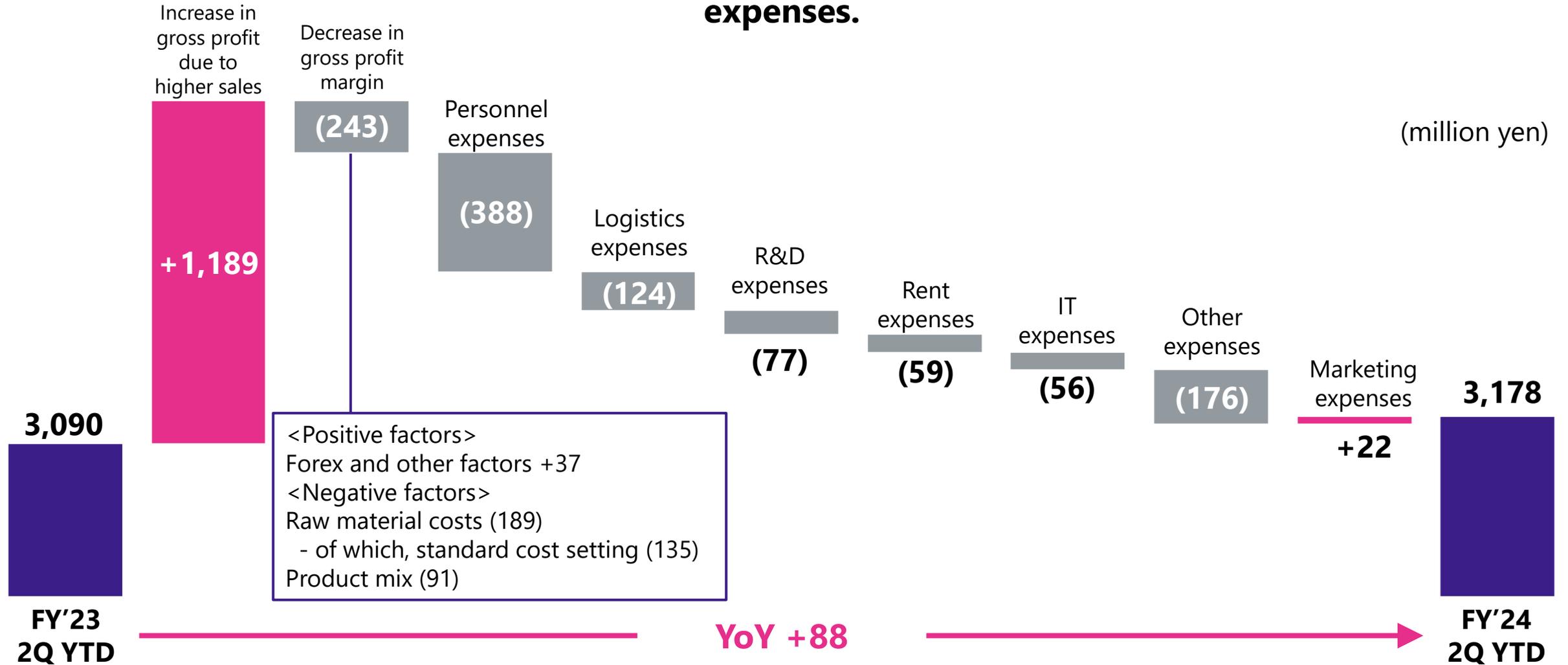
# Consolidated Statement of Earnings

**Both sales and profits surpassed the plan. Gross profit margin has improved from 63.0% in 1Q to 64.2% in 2Q, due to the mitigation of rising raw material costs.**

(Unit: million yen)	FY2023 2Q YTD	% Total	FY2024 2Q YTD	% Total	Gap	Gap (%)	FY2024 2Q YTD Plan	Vs. Plan (%)
Net Sales	22,703	100.0%	<b>24,526</b>	<b>100.0%</b>	1,822	8.0%	23,964	102.3%
Gross Profit	14,809	65.2%	<b>15,755</b>	<b>64.2%</b>	946	6.4%	15,453	102.0%
SG&A Expenses	11,719	51.6%	<b>12,577</b>	<b>51.3%</b>	858	7.3%	12,845	97.9%
Operating Income	3,090	13.6%	<b>3,178</b>	<b>13.0%</b>	87	2.8%	2,608	121.9%
Ordinary Income	3,129	13.8%	<b>3,324</b>	<b>13.6%</b>	195	6.3%	2,561	129.8%
Profit Attributable to Owners of Parent	2,195	9.7%	<b>2,280</b>	<b>9.3%</b>	85	3.9%	1,823	125.1%

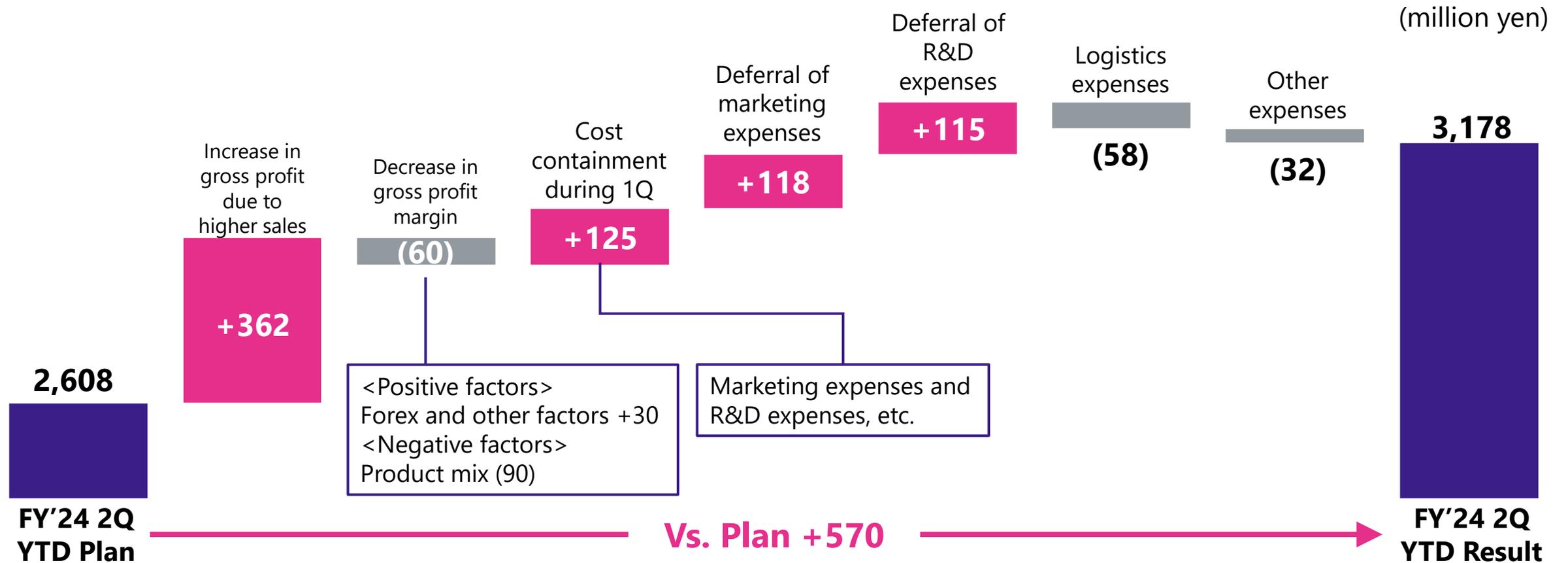
# Factors in YoY Changes in Consolidated Operating Income

**Operating income increased. The higher-than-expected revenue growth has offset the decrease in the gross profit margin due to higher raw material cost, etc., and higher expenses.**



# Factors in Vs. Plan Changes in Consolidated Operating Income

Operating profit exceeded the plan due to favorable sales and some cost deferrals.



# Agenda

1. Consolidated Financial Results ————— P2
2. Financial Results by Region ————— P7
3. Progress in FY2024 ————— P14
4. Appendix ————— P31
5. Outline of Milbon ————— P42

# Net Sales and Operating Income by Region

**Both domestic and overseas sales and profits exceeded the plan.  
The weak yen boosted overseas sales growth.**

(Unit: million yen)		FY2023 2Q YTD	FY2024 2Q YTD	Gap	Gap (%)	Actual gap Rate <sup>*1</sup> (%)	FY2024 2Q YTD Plan	Exchange Rate FY23 2Q	Exchange Rate FY24 2Q
Japan	Net Sales	17,175	<b>18,367</b>	1,192	6.9%	6.9%	18,135		
	Operating Income	2,411	<b>2,534</b>	123	5.1%	—	2,081	—	—
	Margin (%)	14.0%	<b>13.8%</b>	—	—	—	11.5%		
Overseas	Net Sales	5,528	<b>6,159</b>	630	11.4%	2.8%	5,828		
	Operating Income	679	<b>643</b>	(35)	(5.3%)	—	526	—	—
	Margin (%)	12.3%	<b>10.5%</b>	—	—	—	9.0%		
South Korea	Net Sales	2,286	<b>2,662</b>	376	16.5%	7.5%	2,333	KRW	KRW
	Operating Income	621	<b>743</b>	121	19.6%	—	554	0.104 yen	0.113 yen
	Margin (%)	27.2%	<b>27.9%</b>	—	—	—	23.8%		
China	Net Sales	1,171	<b>1,211</b>	40	3.5%	(6.0%)	1,222	RMB	RMB
	Operating Income	40	<b>77</b>	37	91.5%	—	87	19.54 yen	21.51 yen
	Margin (%)	3.5%	<b>6.4%</b>	—	—	—	7.2%		
USA	Net Sales	778	<b>922</b>	144	18.5%	5.0%	907	USD	USD
	Operating Income	(30)	<b>(71)</b>	(41)	—	—	(66)	136.54 yen	154.06 yen
	Margin (%)	(4.0%)	<b>(7.8%)</b>	—	—	—	(7.3%)		
Other <sup>*2</sup>	Net Sales	1,293	<b>1,362</b>	69	5.4%	1.1%	1,364		
	Operating Income	48	<b>(105)</b>	(153)	(316.8%)	—	(49)	—	—
	Margin (%)	3.7%	<b>(7.7%)</b>	—	—	—	(3.7%)		

<sup>\*1</sup> Figures are the rates of change in real terms on a local currency basis

<sup>\*2</sup> Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, Philippines, Singapore, and Germany

# Financial Results by Region: Japan

**Growth in haircare and cosmetics products led to increased sales and profits, compensating for the slower progress in hair coloring products.**

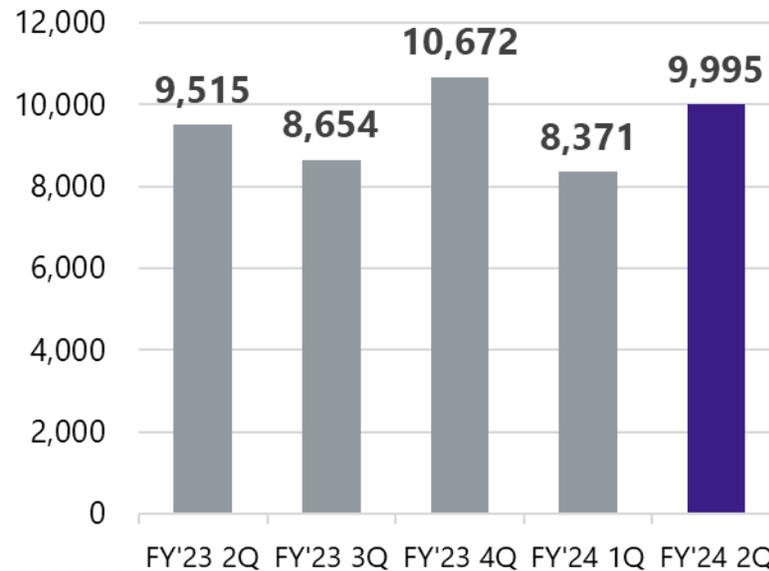
## YoY Growth Rate of Sales by Product Category\*

Haircare sales, led by "Aujua," remain robust. "IM" brand's new products significantly boosted cosmetics sales.

Change in Sales	FY2024	
	2Q	2Q YTD
Haircare	+8.9%	+9.0%
Hair Coloring	(0.5%)	+0.1%
Cosmetics	+40.4%	+114.4%
% to Sales	2Q	2Q YTD
Haircare	64.7%	63.1%
Hair Coloring	29.9%	30.9%
Cosmetics	1.8%	2.9%

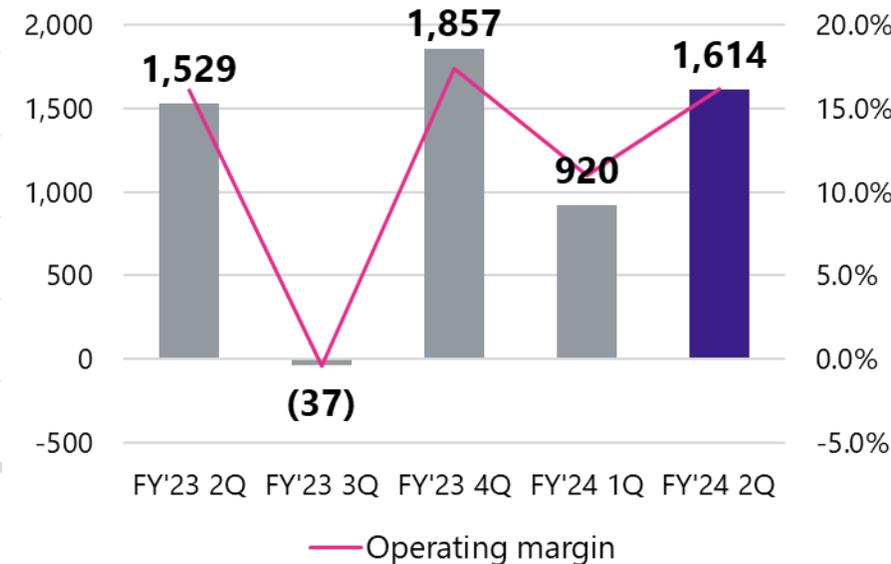
## Quarterly Net Sales (mil. yen)

Domestic sales tend to be higher in the second quarter due to seasonal factors.



## Quarterly Operating Income (mil. yen)

Domestic profits tend to be higher in the second quarter, driven by higher sales.



\* Based on shipment value

# Financial Results by Region: Japan / Progress of Key Strategies

Key Strategies		Progress up to 2Q	Results and Outlook			
Promoting Smart Salon	milbon:iD			<b>FY'23</b>	<b>FY'24 2Q YTD</b>	<b>FY'24 Plan</b>
			Members	670,000	<b>761,000</b>	870,000
			Salons	5,930	<b>6,292</b>	6,500
			EC Sales	1,640 mil. yen	<b>780 mil. Yen</b>	1,950 mil. yen
Smart Salon				<b>FY'23</b>	<b>FY'24 2Q YTD</b>	<b>FY'24 Plan</b>
	Smart Salon		Number of Smart Salons	23	<b>44</b>	100
Recovery of hair coloring products sales through promotion of high-value hair color			<p>The number of Smart Salons is increasing, particularly in rural areas. Existing Smart Salons have given high evaluations for the effectiveness in boosting product sales.</p> <ul style="list-style-type: none"> <li>The number of touchpoints for "Villa Lodola," our organic brand, increased due to intensified sales activities. Going forward, we will promote educational efforts for salons, with the aim of fostering repeat business.</li> <li>Despite our proposals linking hair and eyebrow color and enhancing salon education, we have not fully countered the intensifying competition. We will strengthen hair color branding for salon customers and gradually work to revitalize sales.</li> </ul>			

# Financial Results by Region: South Korea

**Sales have been robust, driven by strengthened haircare and perm sales initiatives. Operating income surpassed the plan due to sales growth and cost containment.**

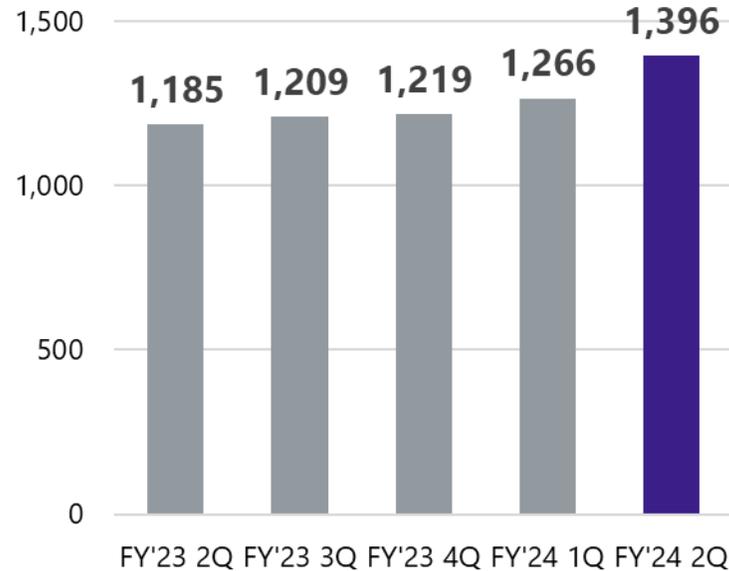
## YoY Growth Rate of Sales by Product Category\*

Growth in hair coloring products is showing signs of improvement due to our activities that capture changes in color trends.

Change in Sales	FY2024	
	2Q	2Q YTD
Haircare	+14.5%	+17.1%
Hair Coloring	+4.6%	+2.9%
Perm	+37.5%	+35.6%
% to Sales	2Q	2Q YTD
Haircare	23.0%	23.1%
Hair Coloring	71.3%	71.2%
Perm	4.8%	4.9%

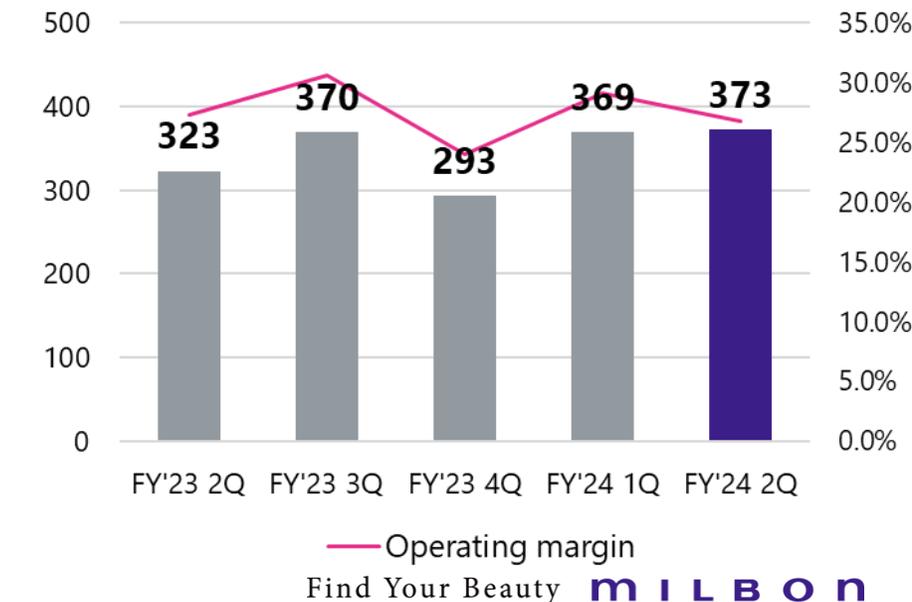
## Quarterly Net Sales (mil. yen)

Haircare and perm products are driving growth, with sales consistently rising.



## Quarterly Operating Income (mil. yen)

Although profit was expected to decrease due to higher expenses for increased staff, etc., the delay in hiring and higher-than-expected sales led to an increase in profit.



\* Based on local currency

© Milbon Co., Ltd. All right reserved.

# Financial Results by Region: China

**We have been impacted by the deteriorating market environment, including declining consumer confidence. In the second half of the fiscal year, we plan to recover by reassessing the salons on which we will focus our activities.**

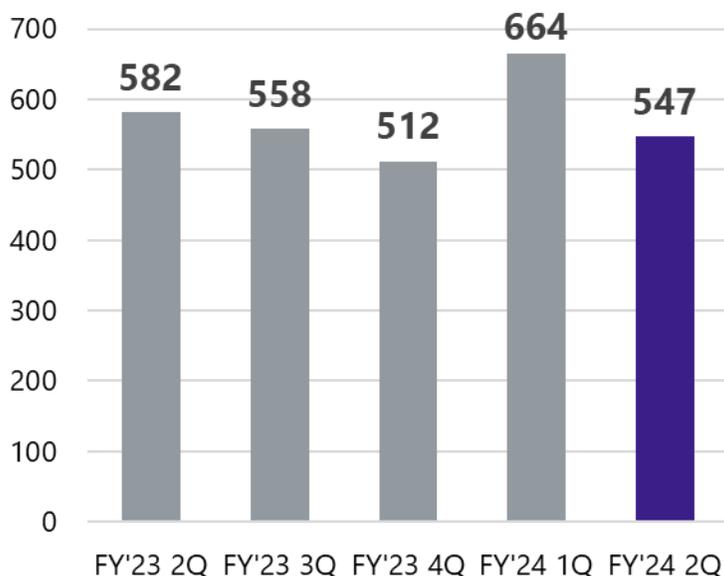
## YoY Growth Rate of Sales by Product Category\*

Haircare performance remained steady due to the introduction of brands, including "Global Milbon," to salons. Conversely, reduced frequency of hair coloring among salon customers has led to decreased sales of hair coloring products.

Change in Sales	FY2024	
	2Q	2Q YTD
Haircare	(3.3%)	+1.6%
Hair Coloring	(33.7%)	(17.4%)
% to Sales	2Q	2Q YTD
Haircare	62.0%	58.5%
Hair Coloring	33.1%	35.6%

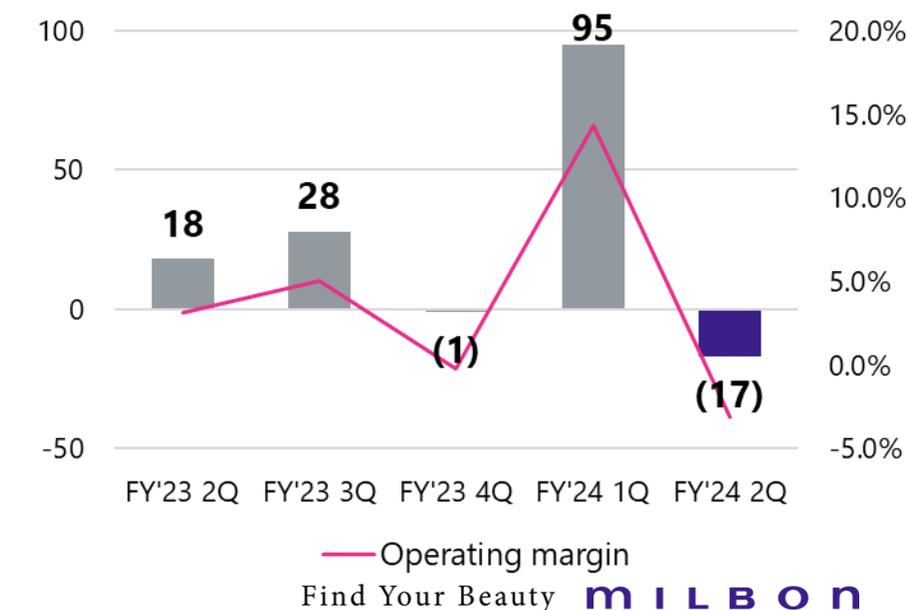
## Quarterly Net Sales (mil. yen)

Sales in the 1Q increased due to a rise in salon customers before the Lunar New Year. However, a decline in salon customers following it led to decreased sales in the 2Q.



## Quarterly Operating Income (mil. yen)

Although profits decreased in the second quarter due to lower sales, they increased in the first half overall.



\* Based on local currency  
© Milbon Co., Ltd. All right reserved.

# Financial Results by Region: USA

**Sales remained steady due to the stable growth of mainstay haircare products. Following our debut at one of the largest U.S. beauty trade fairs in June, we anticipate further growth in the second half of the year.**

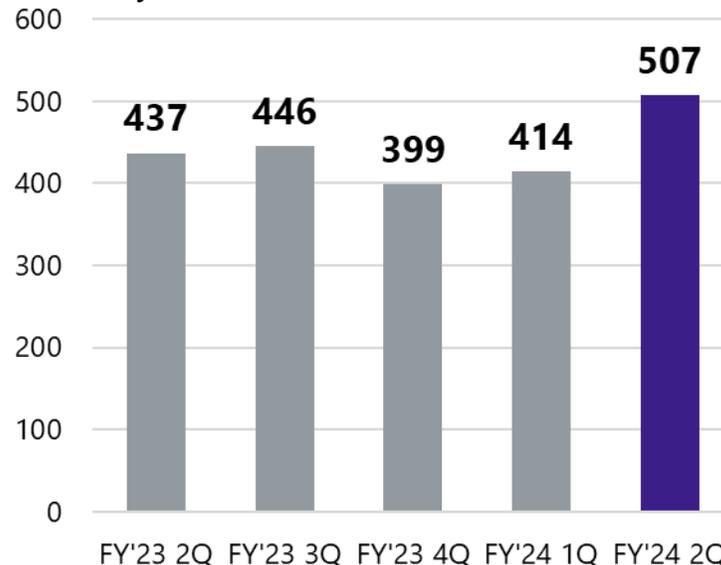
## YoY Growth Rate of Sales by Product Category\*

Haircare sales, led by "Global Milbon," remained firm. Although hair coloring product sales were lower due to an insufficient range of tones, we plan to launch additional tones in the 3Q and strengthen educational activities to encourage retention and increase repeat business in salons.

		FY2024	
Change in Sales	2Q	2Q YTD	
Haircare	+4.8%	+5.3%	
Hair Coloring	(6.2%)	+7.8%	
% to Sales	2Q	2Q YTD	
Haircare	85.9%	84.9%	
Hair Coloring	8.9%	9.7%	

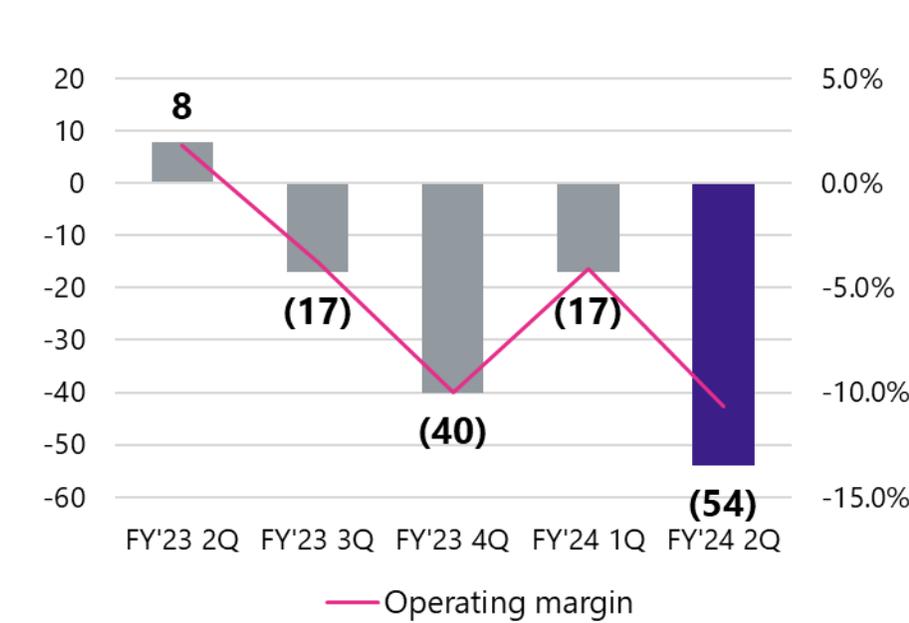
## Quarterly Net Sales (mil. yen)

Sales slightly fell in the 4Q of last year due to a decrease in shipments amid distributor transitions, yet they are showing signs of recovery.



## Quarterly Operating Income (mil. yen)

Marketing expenses increased in the second quarter due to participation in large trade fairs aimed at expanding brand recognition.



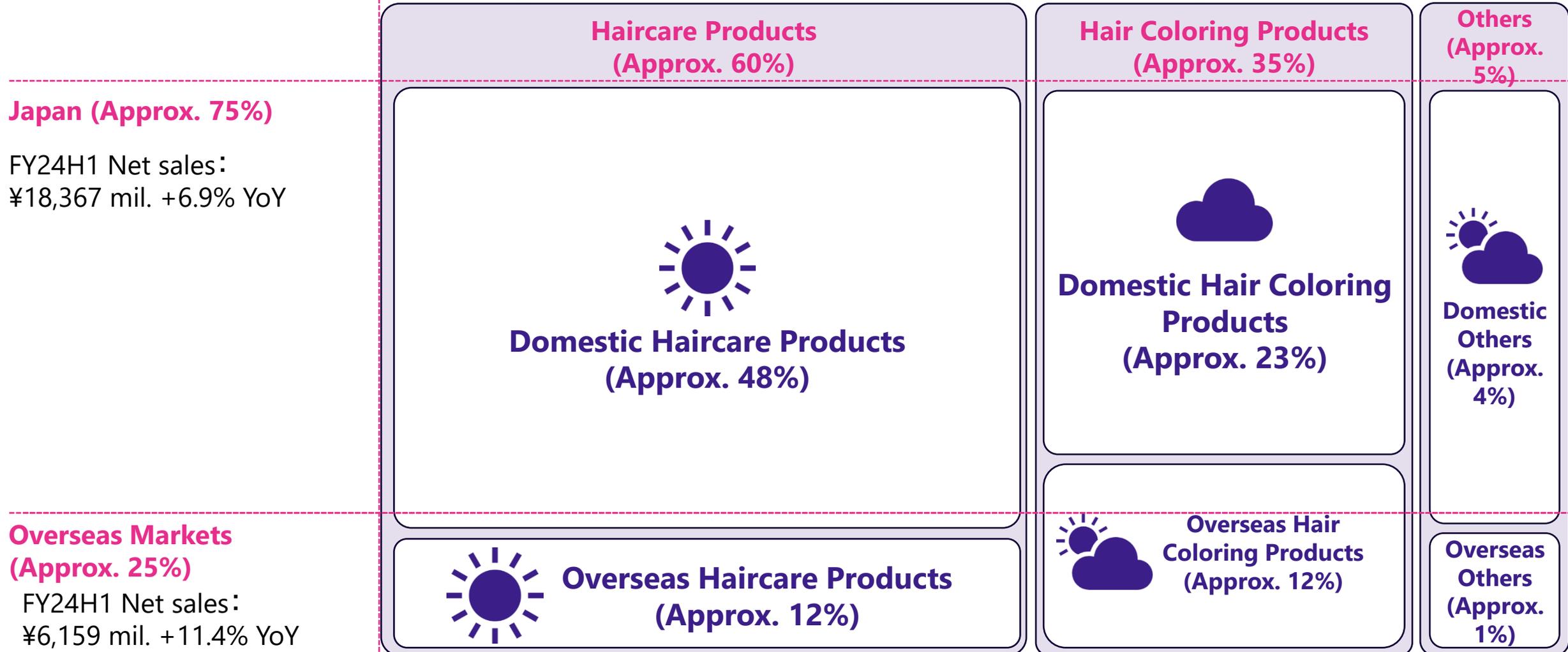
\* Based on local currency  
© Milbon Co., Ltd. All right reserved.

# Agenda

1. **Consolidated Financial Results** ————— P2
2. **Financial Results by Region**————— P7
3. **Progress in FY2024** ————— P14
4. **Appendix** ————— P31
5. **Outline of Milbon** ————— P42

# Our Sales Composition Ratio

Haircare products, accounting for over 60% of our consolidated net sales, are performing well both domestically and internationally.



# Domestic Market Environment

**The domestic hair salon market is estimated to be growing moderately and is showing a recovery trend from the slowdown caused by the COVID-19 reclassification in May last year.**

2020 ~ April 2023

May 2023 ~

~June 2024

**Hair  
Salon  
Market**

The overall market was growing steadily, with the negative impact of COVID-19 being more contained than in other industries.

Market growth slowed due to increased spending on travel and dining out following the COVID-19 reclassification.

**The overall market is holding steady.**

**Hair Color**

The practice of wearing masks diversified hair color trends and increased the popularity of hair bleaching.

The decline in the number of customers visiting hair salons led to a decrease in the consumption of hair colorants in salons.

**The hair colorant market is experiencing a slowdown. The anticipated long-term decline in population and workforce will present significant challenges to market growth.**

**Haircare**

The increased need for haircare to address damage from hair coloring drove the premiumization of haircare products.

The popularity of premium-priced haircare products continued.

**The haircare market environment remains favorable.**

# Financial Results in the Domestic Market

**Haircare and cosmetics products drove sales growth, offsetting delays in hair coloring products sales. The company is making steady progress toward achieving full-year forecasts.**

## Progress in Net Sales and Operating Profit

(Unit: million yen)	FY2023 2Q YTD	FY2024 2Q YTD	Gap	Gap (%)	FY2024 Plan	Progress Rate
Net Sales	17,175	<b>18,367</b>	1,192	+6.9%	38,620	47.6%
Operating Profit	2,411	<b>2,534</b>	123	+5.1%	5,522	45.9%
Margin (%)	14.0%	<b>13.8%</b>	—	—	14.3%	—

## Percentage Change and Composition of Sales by Product Category

	FY2023 2Q YTD	% to Sales	FY2024 2Q YTD	% to Sales
Net Sales	+3.3%	—	<b>+6.9%</b>	—
Haircare	+5.7%	62.2%	<b>+9.0%</b>	<b>63.1%</b>
Hair Coloring	(1.0%)	33.1%	<b>+0.1%</b>	<b>30.9%</b>
Perm	(13.3%)	2.7%	<b>+7.5%</b>	<b>2.7%</b>
Cosmetics	+6.6%	1.4%	<b>+114.4%</b>	<b>2.9%</b>
Others	+77.5%	0.6%	<b>(17.2%)</b>	<b>0.4%</b>

\*The figures for percentage change and composition of sales by product category are based on shipment value.

# Status of Domestic Haircare Products

## Sales remain strong, centered on Aujua and Elujuda

### Aujua

#### FY24H1 Gross Sales in Japan +7.8% YoY

The increase in the number of touchpoints and the new product "Aujua Scalp Care Series Presedia," launched in February, drove the growth of the entire brand.



### Elujuda

#### FY24H1 Gross Sales in Japan +24.5% YoY

The new product "Elujuda Frizz Fixer," launched in March, was praised for its effectiveness in making frizzy hair more manageable and drove the growth of the entire brand.



\*The figures are based on shipment value.

© Milbon Co., Ltd. All right reserved.

# Status of Domestic Haircare Products – Aiming for Mid- to Long-Term Profitability Improvement

To address the deterioration of the product mix due to the lower sales composition of hair coloring products, we will implement measures to enhance the profitability of haircare products.



## Pricing Strategy

### Price Revision of Existing Products

Starting in the first half of next year, we will revise the prices of certain mid-priced haircare products in line with rising manufacturing costs.

### Value-Based Pricing

We will continue to set prices for new products based on customer value and promote the turnover of new products.



## Measures for Raw Materials

### Reduction in the Use of Packaging Materials

Further promotion of refill specifications for professional in-salon treatments / standardization of packaging materials

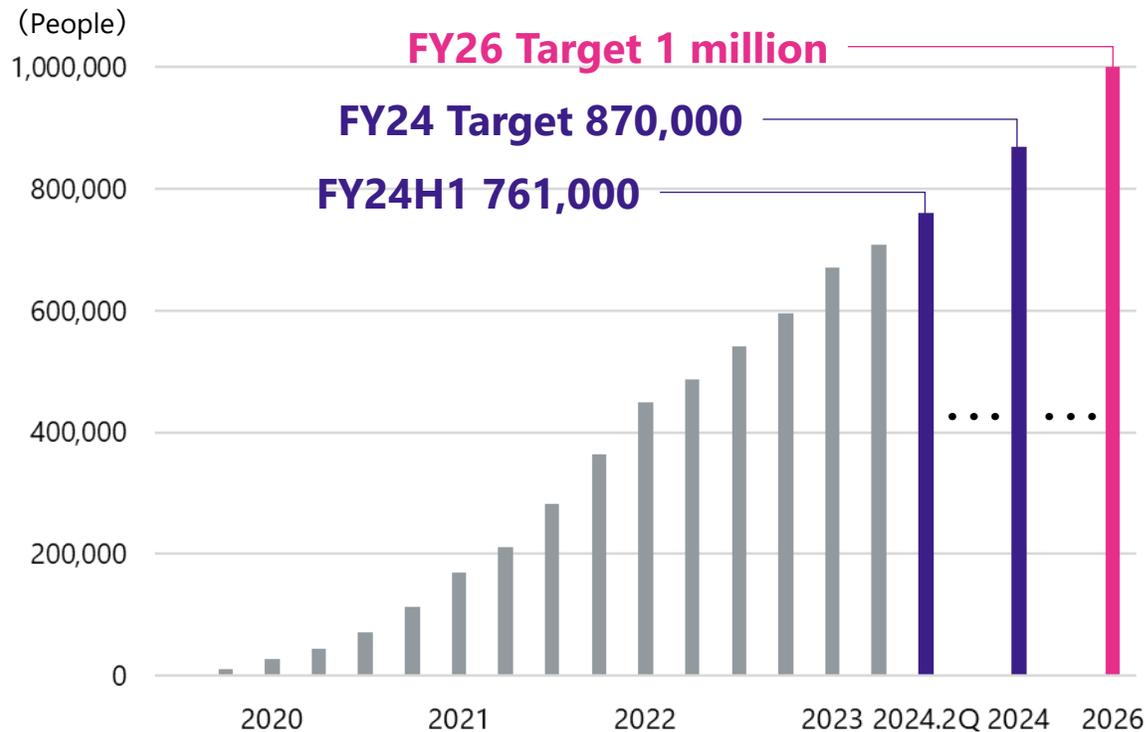
### Unified Procurement of Raw Materials Across Three Global Factories

We are leveraging economies of scale through collaboration among manufacturing bases in Japan, Thailand, and China for procurement.

# Smart Salon Strategy – milbon:iD

The milbon:iD membership is steadily advancing towards the milestone of 1 million members. To foster further growth, we are intensifying initiatives aimed at increasing the number of active purchasers.

## Progress of the milbon:iD Membership



## Initiatives to Increase the Active Purchasers

### Style Stock – Service will be launched in phases starting in Oct.

Style Stock promotes EC purchases by displaying in-salon-used and recommended home care products on each customer's milbon:iD My Page. This information is entered by the stylists.



### Live Commerce

We aim to enhance milbon:iD member engagement and create product purchase opportunities through streaming on both the official Milbon channel and each salon's original channel.

# Smart Salon Strategy – Brick-and-Mortar Smart Salons

The expansion of Smart Salons in various regions is progressing steadily with the cooperation of salons that support our concept.

**44 salons in Japan**

(as of June 30, 2024)



## A Success Story from One Salon

**Acquiring first-time retail customers through “DAGASHI”**



“DAGASHI” lets customers choose and buy a one-day supply of haircare sachets, lowering the barrier to purchasing retail products in salons.

**Converting samplers to full-size product buyers and fostering repeat business through customer nurturing**



Enhancing customer counseling through digital content and creating product purchase opportunities with milbon:iD increase touchpoints between retail products and salon customers.

**Result: Product Sales Increased**

**15% Products Sales Increase**

(compared to the same period last year)

\*Please refer to this link for the latest Smart Salon locations (Japanese only) : <https://www.milbon.co.jp/fyb-magazine/smartsalon/>

© Milbon Co., Ltd. All right reserved.

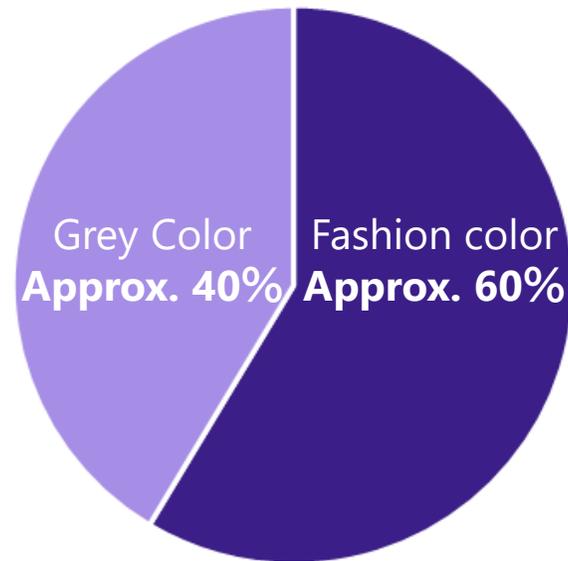
# Status of Domestic Hair Coloring Products

The growth rate of hair coloring products is currently below expectations. Strengthening fashion color products is essential for recovery, and we will gradually work to improve the situation towards next year.

## Sales Composition Ratio of Domestic Hair Coloring Products

### Sales of grey color increased 7% YoY for the first half

- Sales of "Ordeve Crystal High Bright," launched last year to align with the trend of brighter grey colors, have continued to perform well.
- Sales of "Villa Lodola Color," which focuses on darker tones, have stabilized. We plan to strengthen educational efforts to revitalize sales.



### Sales of fashion color decreased 4% YoY for the first half

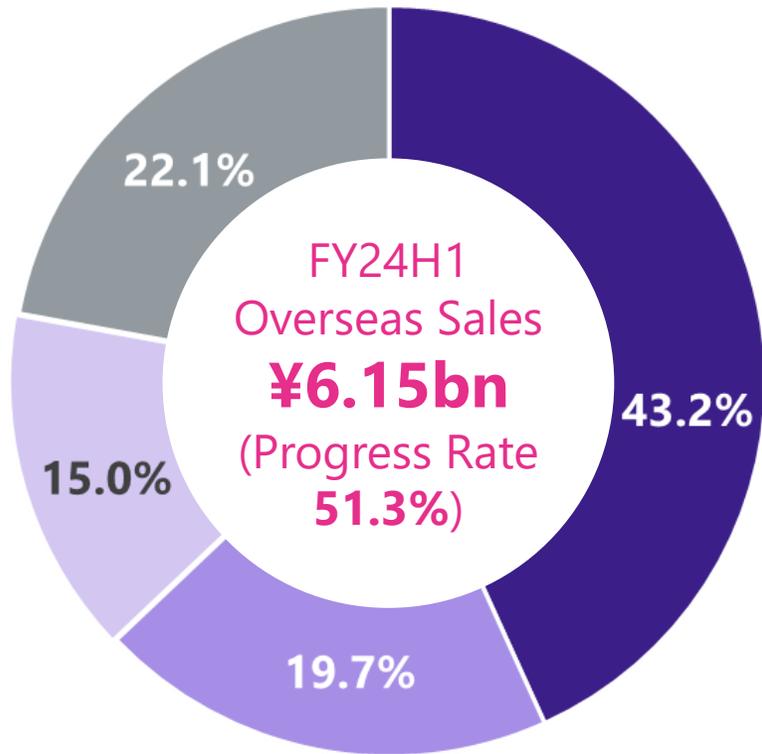
- Despite implementing strategies such as coordinated proposals with eyebrow colors, sales of our mainstay product "Ordeve Addicthy" have declined due to heightened competitive pressure.
- We are initiating **comprehensive reforms** in fashion colors, focusing on R&D, sales activities, and branding.

\*The figures are based on shipment value.

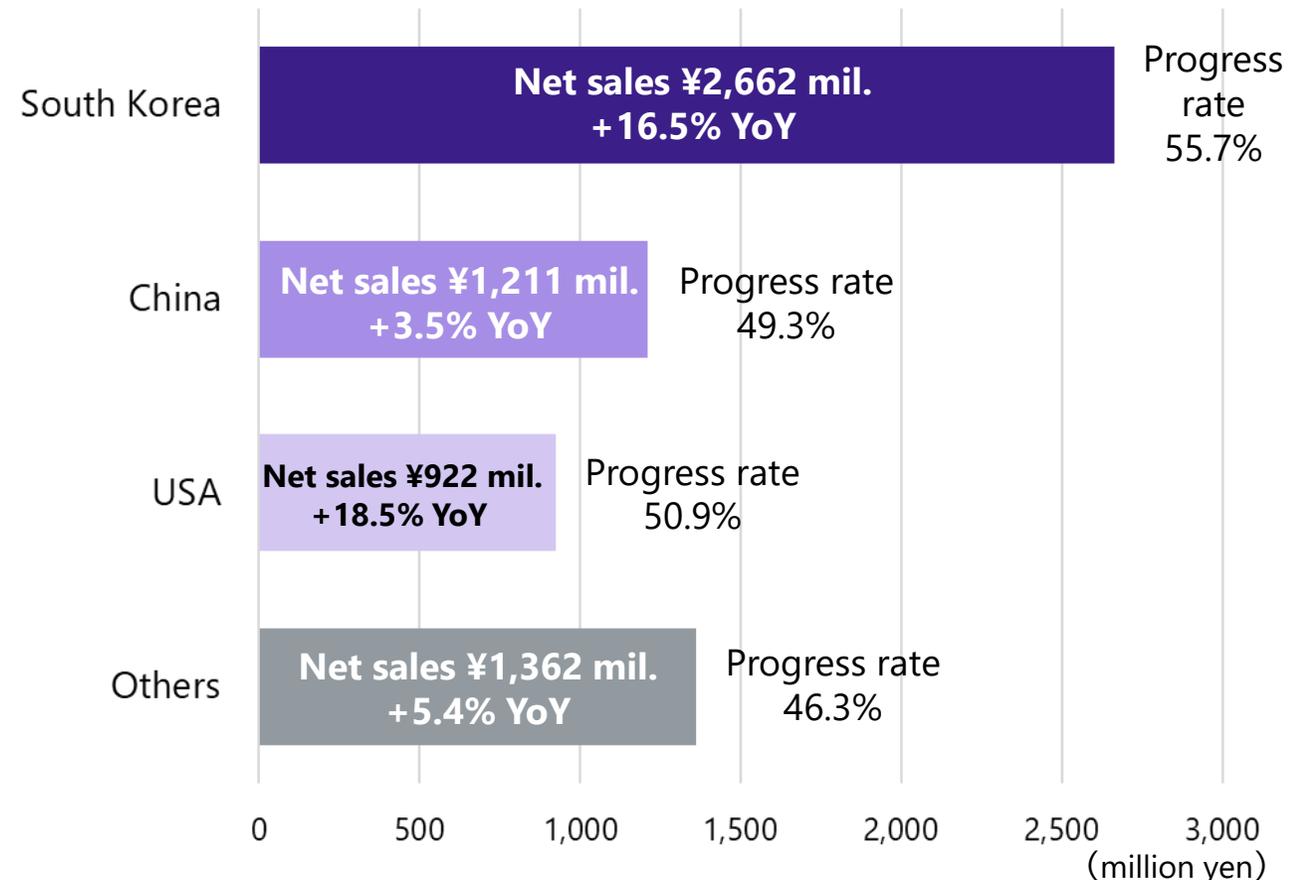
© Milbon Co., Ltd. All right reserved.

# Current Status of Overseas Market

**Our overall overseas business is making solid progress towards achieving the full-year forecast, although we have been impacted by a deteriorating market environment in China.**



■ South Korea ■ China ■ USA ■ Others



# Long-Term Growth Story for Overseas Markets

**Our mid- to long-term milestone is to achieve the No.1 position in Asia, excluding Japan, where black hair is predominant.**



## Phased Growth in the U.S. and European Markets

Expanding market presence through the prominence of hair color after establishing a foundation in haircare

## No. 1 in Asia, excluding Japan

Expanding influence in East Asia and ASEAN by strengthening our market presence in South Korea.

## Growth in Market Share in South Korea

Promoting haircare products based on a strong market presence in hair coloring

# Enhancement of ESG External Evaluation Agency's Ratings

**Our enhanced sustainability efforts have improved our FTSE ESG score. We also aim to improve ratings from other agencies through appropriate initiatives and disclosures.**

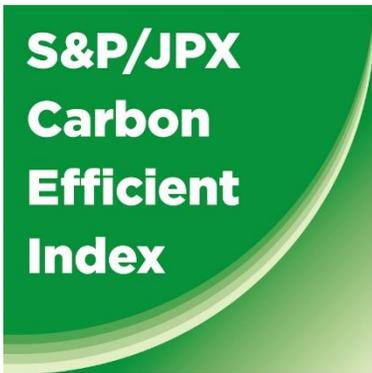
	2021	2022	2023	2024	Future Outlook
<b>FTSE</b>	1.1/5.0	1.5/5.0	2.3/5.0 FTSE Blossom Japan Sector Relative Index	<b>3.5/5.0</b> FTSE Blossom Japan Index / Sector Relative Index	We will continue to enhance our ratings through appropriate disclosures.
<b>MSCI</b>	CCC	B	B MSCI Empowering Woman Index	<b>B</b> MSCI Empowering Woman Index (WIN/ Select)	We will enhance our disclosures on "Chemical Safety" and "Packaging Materials & Waste." Having completed our Scope 3 emissions disclosure, we expect to improve our ratings
<b>CDP</b>	—	D	C	To be published at the end of 2024	We will enhance our disclosures on "Water" and promote initiatives on "Biodiversity" to improve our ratings.
<b>Ecovadis</b>	—	Silver	Gold	To be published at the end of 2024	We will continue to enhance our ratings through appropriate disclosures.

# Status of ESG Index Inclusion

**We have been designated as a constituent of several ESG indices by the GPIF. We are included in the FTSE Blossom Japan Index from this fiscal year.**

## ESG Indices We Are Included in

Since 2023



**2024** CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



**FTSE Blossom  
Japan Sector  
Relative Index**

Since 2024



**FTSE Blossom  
Japan Index**

THE INCLUSION OF Milbon Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Milbon Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Blossom Japan Index Series  
: <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

# Outlook for After 3Q

## Outlook for After 3Q

Sales	Japan	<ul style="list-style-type: none"><li>• Haircare products are expected to grow steadily due to consistent demand.</li><li>• The efforts regarding hair coloring products are expected to have some positive effects, but sales are not anticipated to meet our expectations.</li><li>• Strong performance in haircare and cosmetics products, including new eyebrow products, is expected to offset delays in hair coloring products.</li></ul>
	Over seas	<ul style="list-style-type: none"><li>• The negative impact of the deteriorating market environment in China is expected to persist.</li><li>• We will offset the negative impact from China with strong growth in South Korea and the US, especially in haircare products.</li></ul>
Profits		<ul style="list-style-type: none"><li>• The gross profit margin is recovering due to the alleviation of soaring raw material costs.</li><li>• We will utilize our expenses as planned.</li></ul>

# Outlook for Full-year Forecasts

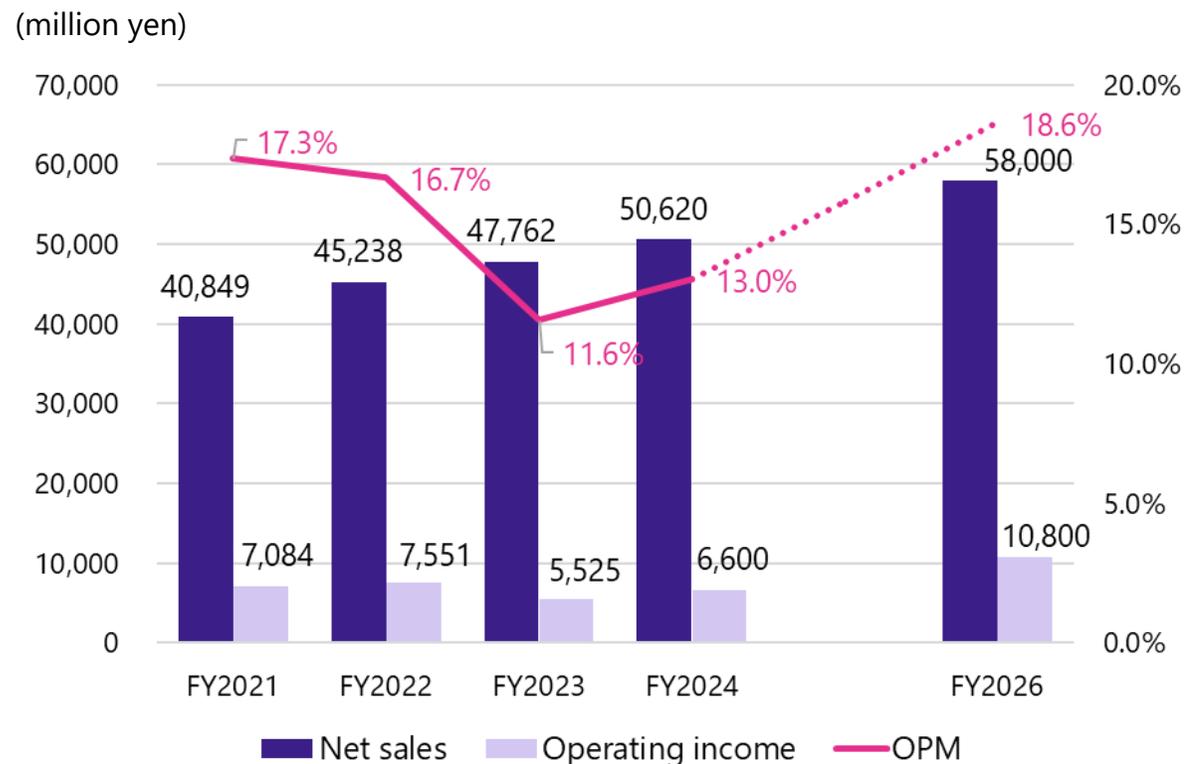
**Full-year forecasts remain unchanged. We have made solid progress toward achieving them.**

(unit: million yen)	FY2023	FY2024 Plan	Gap	Gap (%)	FY2024 2Q YTD	Progress Rate (%)
Net Sales	47,762	<b>50,620</b>	2,857	6.0%	24,526	48.5%
Gross Profit	29,525	<b>32,400</b>	2,874	9.7%	15,755	48.6%
Margin(%)	61.8%	<b>64.0%</b>			64.2%	
SG&A Expenses	24,000	<b>25,800</b>	1,799	7.5%	12,577	48.7%
SG&A Ratio(%)	50.2%	<b>51.0%</b>			51.3%	
Operating Income	5,525	<b>6,600</b>	1,074	19.5%	3,178	48.2%
Margin(%)	11.6%	<b>13.0%</b>			13.0%	
Ordinary Income	5,586	<b>6,560</b>	973	17.4%	3,324	50.7%
Margin(%)	11.7%	<b>13.0%</b>			13.6%	
Profit Attributable to Owners of Parent	4,001	<b>4,650</b>	648	16.2%	2,280	49.0%
Margin(%)	8.4%	<b>9.2%</b>			9.3%	

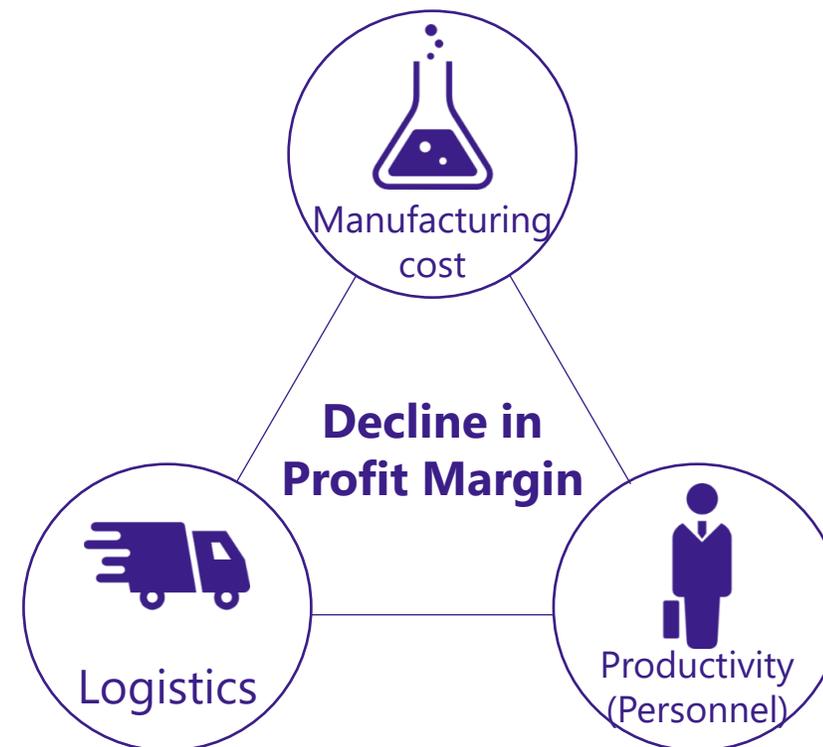
# Revision of the Medium-Term Management Plan (2022-2026)

**Sales are progressing well, but profit growth is delayed. We will disclose specific figures on the full-year financial results announcement next February.**

## Progress of Sales and Profits

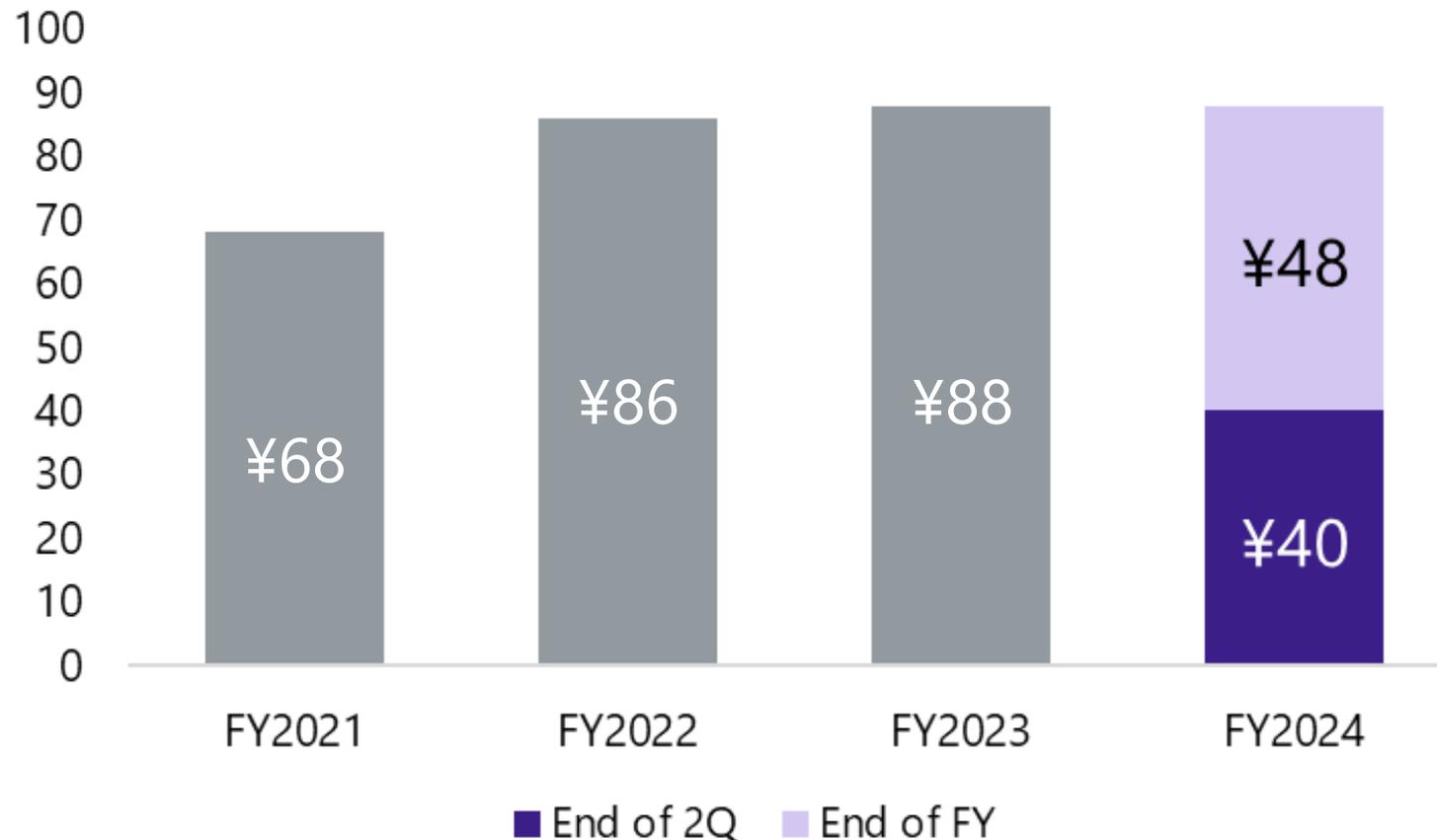


## Cost Issues to Address



## Return to Shareholders: Dividend

The interim dividend for FY2024 is set at 40 yen per share, with a projected year-end dividend of 48 yen. During the current Medium-Term Management Plan period, we will adhere to the policy of maintaining an annual dividend of at least 88 yen and will not reduce dividends, even after this period.

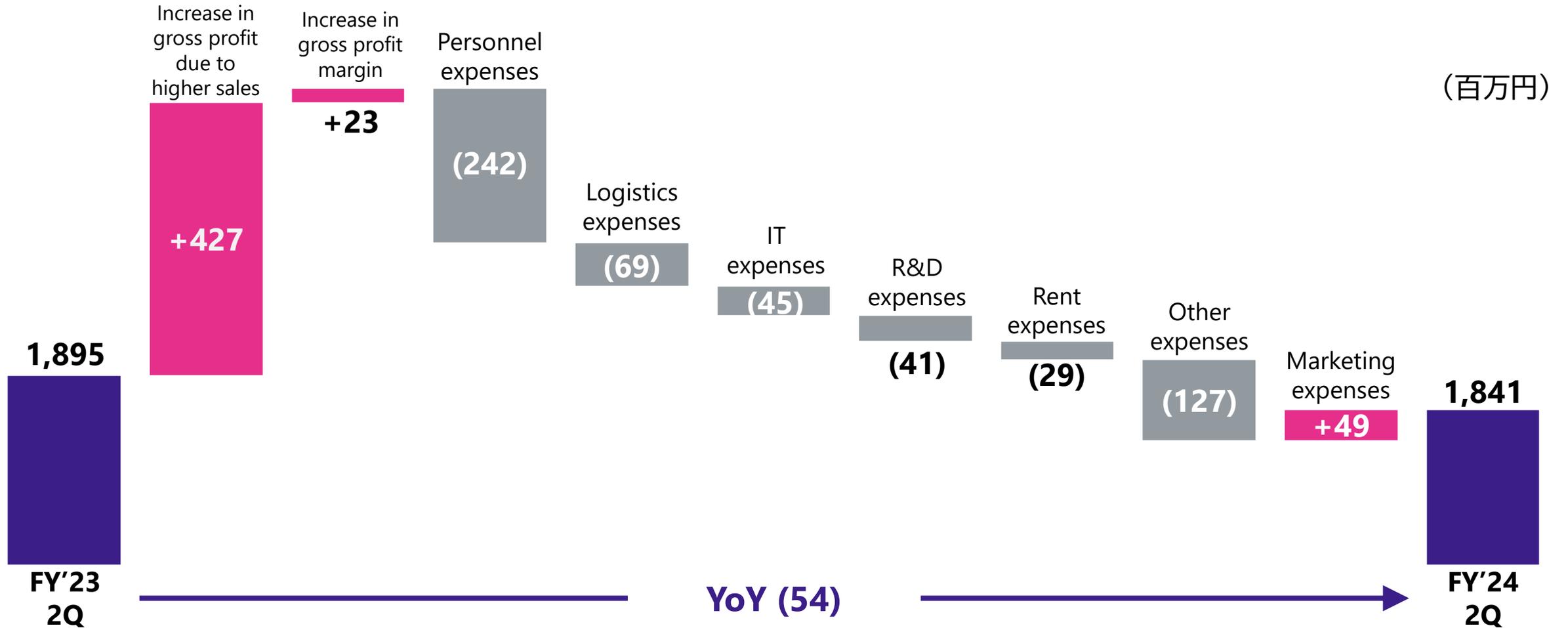


# Agenda

- 1. Consolidated Financial Results** ————— P2
- 2. Financial Results by Region** ————— P7
- 3. Progress in FY2024** ————— P14
- 4. Appendix** ————— P31
  - Factors in YoY Changes in Consolidated Operating Income (Quarterly Basis) — P32
  - Factors in vs. Plan Changes in Consolidated Operating Income (Quarterly Basis) — P33
  - Consolidated Net Sales and Sales Ratio by Product Category — P34
  - Status of Main Brands — P35
  - Sales Growth and Sales Ratio by Category in Japan and Overseas — P38  
(Local Currency Basis)
  - Status of Capital Expenditures, etc. — P40
  - The number of Field Persons (FP) — P41
- 5. Outline of Milbon** ————— P42

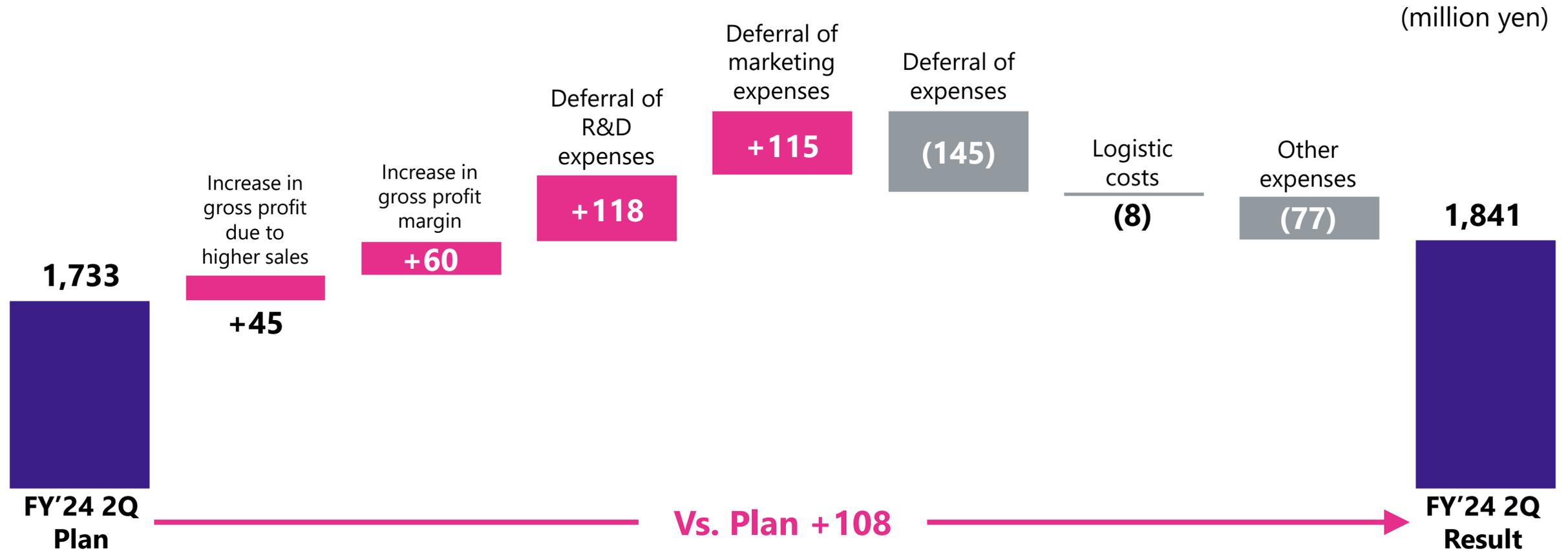
# Factors in YoY Changes in Consolidated Operating Income (Quarterly Basis)

The gross profit margin is improving on a QoQ basis due to cost reduction initiatives.



# Factors in Vs. Plan Changes in Consolidated Operating Income (Quarterly Basis)

Although a decrease in operating income was anticipated due to the soaring costs of raw materials, the actual results exceeded expectations with an increase in sales and deferral of expenses.



# (Appendix) Consolidated Net Sales and Sales Ratio by Product Category

(Unit: million yen)	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	10,340	12,362	11,446	13,612	47,762	11,508	<b>13,017</b>			24,526
Haircare	5,969	7,370	6,593	8,421	28,355	6,670	<b>8,012</b>			14,682
Hair Coloring	3,922	4,315	4,193	4,522	16,953	4,044	<b>4,301</b>			8,346
Perm	301	413	369	380	1,463	350	<b>448</b>			799
Cosmetics	126	140	154	149	571	369	<b>197</b>			566
Others	20	123	136	137	418	73	<b>57</b>			131
% to Sales										
Haircare	57.7%	59.6%	57.6%	61.9%	59.4%	58.0%	<b>61.6%</b>			59.9%
Hair Coloring	38.0%	34.9%	36.6%	33.2%	35.5%	35.1%	<b>33.0%</b>			34.0%
Perm	2.9%	3.4%	3.2%	2.8%	3.0%	3.1%	<b>3.5%</b>			3.3%
Cosmetics	1.2%	1.1%	1.4%	1.1%	1.2%	3.2%	<b>1.5%</b>			2.3%
Others	0.2%	1.0%	1.2%	1.0%	0.9%	0.6%	<b>0.4%</b>			0.5%

# (Appendix) Status of Haircare Products by Main Brands

## Haircare - Aujua

Robust sales centered on new scalp care product "Presedia". Touchpoints continued to expand in Japan and South Korea.

(Unit: mil. yen)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Gross Sales	2,877	4,999	<b>3,123</b>	<b>5,435</b>
Japan	2,807	4,864	<b>3,022</b>	<b>5,244</b>
South KR	70	135	<b>100</b>	<b>190</b>

(Unit: salons)	FY2023		FY2024	
Number of Salons	6,844		<b>7,311</b>	
Japan	6,556		<b>7,000</b>	
South KR	288		<b>311</b>	

## New Products

### Aujua Scalp Care Series Presedia (Debut on February 10)



(Unit: mil. yen)	FY2024	FY2024
	2Q YTD	Target
Gross sales	<b>316</b>	700

## Haircare – Global Milbon

Sales growth for the brand is being propelled by strong performance in overseas markets, especially in the USA.

(Unit: mil. yen)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Gross Sales	1,618	2,931	<b>1,777</b>	<b>3,322</b>
Japan	859	1,563	<b>855</b>	<b>1,580</b>
USA	355	638	<b>457</b>	<b>813</b>
China	125	220	<b>164</b>	<b>305</b>
South KR	54	99	<b>71</b>	<b>138</b>
Other	223	407	<b>227</b>	<b>483</b>

(Unit: salons)	FY2023		FY2024	
Number of Salons	13,381		<b>23,707</b>	
Japan	10,188		<b>10,555</b>	
USA	0		<b>9,618</b>	
China	430		<b>688</b>	
South KR	1,022		<b>1,134</b>	
Other	1,741		<b>1,712</b>	

\*Data for the number of salons in USA for the period from October to December became inaccessible due to the changeover of distributors, therefore, the figures of FY2023 displayed exclude USA.

\* Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

# (Appendix) Status of Hair Coloring Products by Main Brands

## Hair coloring – Ordeve Addicthy

In Japan, despite proposals linked with eyebrow mascara, shipment volumes decreased due to intensified competition.

(Unit: mil. yen)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Gross Sales	1,782	3,338	<b>1,682</b>	<b>3,173</b>
Japan	1,520	2,785	<b>1,400</b>	<b>2,593</b>
Overseas	262	553	<b>282</b>	<b>579</b>

## Hair coloring – Sophistone

Continued revenue growth due to strengthened sales and education activities for distributors and salons in the US.

(Unit: mil. yen)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Gross Sales	33	65	<b>47</b>	<b>91</b>

## Hair coloring – Villa Lodola Color

The rollout in Hong Kong began in April. In Japan, sales and educational efforts by Field Persons were intensified from April, leading to an increase in touchpoints.

(Unit: mil. yen)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Gross Sales	257	509	<b>288</b>	<b>545</b>
Japan	257	509	<b>277</b>	<b>530</b>
Overseas	0	0	<b>11</b>	<b>14</b>

(Unit: salons)	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
Number of Salons		9,702		<b>10,573</b>
Japan		9,702		<b>10,525</b>
Overseas		0		<b>48</b>

\* Sales figures are based on shipment value.

# (Appendix) Status of Cosmetics by Main Brands

## Cosmetics – Imprea

Sales decreased due to increased focus on cosmetics-related activities within “IM” brand.

	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
(Unit: mil. yen)				
Gross Sales	148	279	147	268

	FY2023		FY2024	
(Unit: salons)				
Number of Salons	1,970		2,055	

## New Products

### Imprea Cleansing Oil (Debut on February 10)



	FY2024	FY2024
(Unit: mil. yen)	2Q YTD	Target
Gross Sales	25	55

## Cosmetics – IM

New color mascara products, promoted in conjunction with hair color, performed well and exceeded annual plan.

	FY2023		FY2024	
	2Q	2Q YTD	2Q	2Q YTD
(Unit: mil. yen)				
Gross Sales	0	0	59	330

## New Products

### IM Brow & Lush Color Mascara (Debut on February 10)



	FY2024	FY2024
(Unit: mil. yen)	2Q YTD	Target
Gross Sales	259	150

\* Sales figures are based on shipment value. The number of the salons is calculated based on the past year's shipments for both Japan and overseas.

## (Appendix) Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

Japan	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+6.0%	+0.7%	+3.0%	+3.1%	+3.1%	+9.3%	<b>+5.0%</b>			+6.9%
Haircare	+9.5%	+2.9%	+4.0%	+4.6%	+4.9%	+9.1%	<b>+8.9%</b>			+9.0%
Hair Coloring	+1.9%	(3.5%)	(1.6%)	+0.3%	(0.8%)	+0.8%	<b>(0.5%)</b>			+0.1%
Perm	(6.5%)	(17.1%)	+7.6%	(7.0%)	(7.0%)	+2.9%	<b>+10.4%</b>			+7.5%
Cosmetics	(4.2%)	+18.4%	+25.5%	(12.7%)	+4.8%	+197.6%	<b>+40.4%</b>			+114.4%
Others	(13.2%)	+133.3%	+150.8%	+102.1%	+104.8%	+60.8%	<b>(35.0%)</b>			(17.2%)
% to Sales										
Haircare	61.2%	63.0%	61.0%	65.5%	62.9%	61.2%	<b>64.7%</b>			63.1%
Hair Coloring	34.7%	31.8%	33.5%	30.3%	32.4%	32.1%	<b>29.9%</b>			30.9%
Perm	2.3%	3.0%	2.8%	2.0%	2.5%	2.2%	<b>3.1%</b>			2.7%
Cosmetics	1.5%	1.3%	1.6%	1.3%	1.4%	4.1%	<b>1.8%</b>			2.9%
Others	0.3%	1.0%	1.1%	0.9%	0.8%	0.4%	<b>0.5%</b>			0.4%
South Korea	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+10.9%	+4.8%	+1.2%	+13.7%	+7.4%	+6.5%	<b>+8.4%</b>			+7.5%
Haircare	+14.4%	+13.5%	+1.1%	+29.0%	+13.9%	+20.1%	<b>+14.5%</b>			+17.1%
Hair Coloring	+9.2%	+1.4%	(0.0%)	+7.5%	+4.3%	+1.1%	<b>+4.6%</b>			+2.9%
Perm	+28.0%	+28.1%	+18.2%	+59.1%	+32.4%	+33.6%	<b>+37.5%</b>			+35.6%
% to Sales										
Haircare	20.7%	21.7%	21.4%	23.3%	21.8%	23.3%	<b>23.0%</b>			23.1%
Hair Coloring	74.9%	73.9%	73.6%	71.6%	73.5%	71.1%	<b>71.3%</b>			71.2%
Perm	4.0%	3.8%	4.2%	4.6%	4.1%	5.0%	<b>4.8%</b>			4.9%
Others	0.4%	0.6%	0.8%	0.5%	0.6%	0.6%	<b>0.9%</b>			0.8%

\* The figures for Japan are based on shipment value. The overseas figure are based on local currency.

© Milbon Co., Ltd. All right reserved.

## (Appendix) Sales Growth and Sales Ratio by Category in Japan and Overseas (Local Currency Basis)

China	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	(2.7%)	+22.4%	(6.1%)	+5.8%	+3.8%	+4.3%	<b>(16.5%)</b>			(6.0%)
Haircare	+11.0%	+35.7%	(7.3%)	+15.9%	+12.0%	+6.2%	<b>(3.3%)</b>			+1.6%
Hair Coloring	(14.0%)	+8.4%	(5.2%)	(8.5%)	(5.1%)	(0.6%)	<b>(33.7%)</b>			(17.4%)
Perm	(23.5%)	+25.8%	+0.4%	(0.7%)	(3.8%)	+19.0%	<b>(14.5%)</b>			+4.0%
% to Sales										
Haircare	54.8%	53.5%	53.9%	61.9%	55.8%	55.8%	<b>62.0%</b>			58.5%
Hair Coloring	39.3%	41.7%	40.0%	31.7%	38.4%	37.5%	<b>33.1%</b>			35.6%
Perm	5.9%	4.8%	6.1%	6.4%	5.8%	6.7%	<b>5.0%</b>			5.9%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	<b>0.0%</b>			0.0%

USA	FY2023					FY2024				
	1Q	2Q	3Q	4Q	YTD	1Q	2Q	3Q	4Q	YTD
Net Sales	+13.5%	+19.3%	+56.0%	(15.9%)	+13.9%	+8.5%	<b>+2.2%</b>			+5.0%
Haircare	+15.5%	+18.1%	+64.9%	(15.2%)	+15.7%	+6.0%	<b>+4.8%</b>			+5.3%
Hair Coloring	+10.6%	+27.0%	+59.8%	(4.5%)	+18.8%	+25.9%	<b>(6.2%)</b>			+7.8%
Perm	(1.5%)	+26.4%	+25.7%	(31.8%)	+1.0%	(19.6%)	<b>(21.3%)</b>			(20.6%)
% to Sales										
Haircare	85.7%	83.8%	87.3%	85.6%	85.6%	83.7%	<b>85.9%</b>			84.9%
Hair Coloring	9.1%	9.7%	7.8%	9.6%	9.0%	10.6%	<b>8.9%</b>			9.7%
Perm	4.2%	4.8%	3.3%	3.6%	4.0%	3.1%	<b>3.7%</b>			3.4%
Others	1.0%	1.7%	1.6%	1.2%	1.4%	2.6%	<b>1.5%</b>			2.0%

## (Appendix) Status of Capital Expenditures, etc.

(Unit: million yen)		FY2020	FY2021	FY2022	FY2023	FY2024 2Q YTD	FY2024 Plan
Capital Expenditures		1,917	4,644	4,097	3,151	<b>929</b>	4,258
Depreciation and Amortization		1,562	1,777	2,026	2,213	<b>1,117</b>	2,404
R&D exp.	Amount	1,581	1,741	2,074	2,334	<b>1,139</b>	2,649
	% to Sales	4.4	4.2	4.6	4.9	<b>4.6</b>	5.2

### FY2024 CAPEX Main Items

#### Sales offices, studios

- Establishment and maintenance of business locations (Expansion of Seoul Office)
- HR Development Center

#### Digital

- milbon:iD
- Education:iD
- Smart Salon (Digital Marketing)
- Internal infrastructure
- Production equipment

#### Production system

- Technical Center
- Yumegaoka Factory (Machinery and equipment)
- Thailand Factory (Machinery and equipment)

#### Others

# (Appendix) The number of Field Persons (FP)

The number of FPs increased moderately in each country.

## The Number of FPs by Country

Upper column: Average number of FPs during the period (persons)

Lower column: Net sales per FP (million yen)

	FY2021	FY2022	FY2023	FY2024
Japan	328.2	335.4	350.2	<b>363.0</b>
	102	105	104	—
South Korea	26.0	32.8	33.4	<b>33.0</b>
	130	126	141	—
China	29.8	31.6	34.3	<b>34.3</b>
	72	66	65	—
USA	13.2	13.0	13.2	<b>15.0</b>
	68	102	123	—
Other*	36.0	36.2	38.2	<b>39.5</b>
	41	63	70	—

## FP Recruitment and Training Status in Japan

9 FPs joined in October 2023 and are currently on-site OJT

45 FPs joined in April 2024 and are in training

(The above 54 FPs are not included in the left chart.)

\*Thailand, Vietnam, Malaysia, Taiwan, Hong Kong, Turkey, Indonesia, Philippines, Singapore, Germany

# Agenda

1. **Consolidated Financial Results** ————— P2
2. **Financial Results by Region** ————— P7
3. **Progress in FY2024** ————— P14
4. **Appendix** ————— P31
5. **Outline of Milbon** ————— P42

## (Appendix) Outline Of Milbon

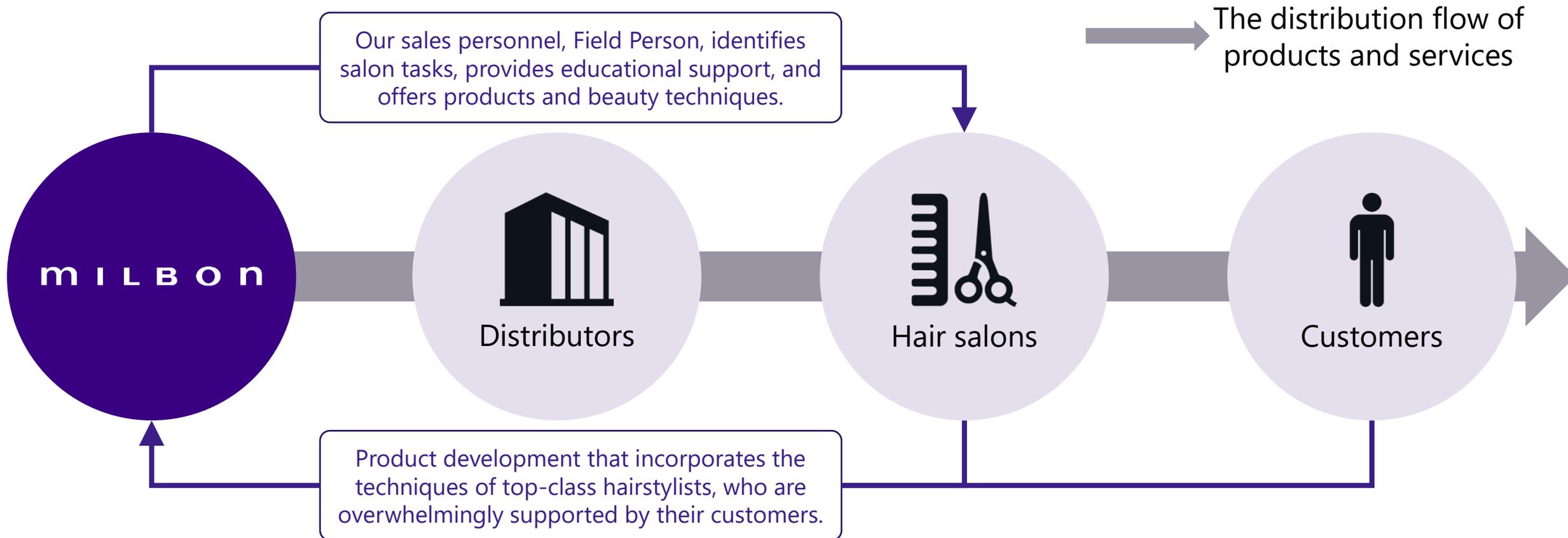
**Milbon is a cosmetics manufacturer that produces and sells haircare products including treatments and hair coloring products exclusively to hair salons.**



\*Source: Fuji Keizai(2023) haircare products only

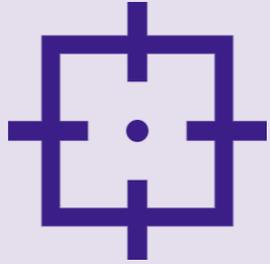
# (Appendix) Outline Of Milbon: Business Model

We have established solid trust with hair salons by offering our products and services that contribute to enhance their sales and profits.



\*We sale product directly to hair salons in some overseas area.

# (Appendix) Outline Of Milbon: Three Key Points of Our Business Model



## Consistent focus on hair salons and hair stylists

Since our founding in 1960, we have sustained continuous growth by steadfastly narrowing our business focus to hair salons, with the strategy of increasing sales and profits of hair salons at the forefront of all its initiatives.



## Field Person (FP) System – Sales and educational support to hair salons

This is our unique sales and education system that contributes to greater sales and profit for hair salons. Our Field Person (FP), who acquire beauty techniques through an intensive 9-month training program after joining the company, identifies areas for improvement for each hair salon. FPs support these salons by providing not just products, but also additional value through associated beauty techniques.



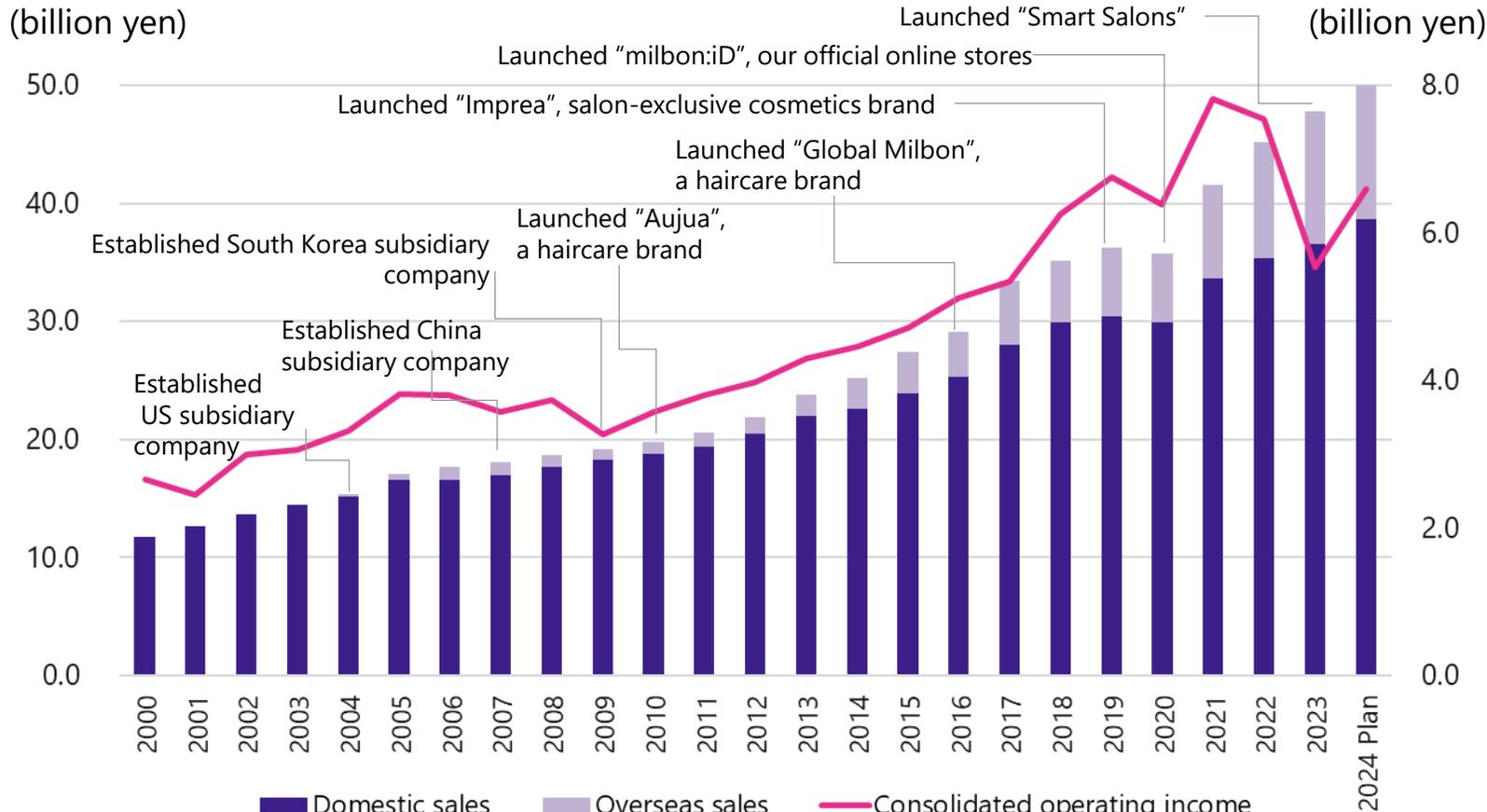
## TAC Product Development System – Standardization of top-class hair stylist's technique

This system seeks out hair stylists with exceptional skills and knowledge, encourages the sharing of their expertise and techniques, and enables our researchers to scientifically decode this knowledge for product development. We aim to commercialize sophisticated beauty techniques in a way that can be broadly replicated across general hair salons.

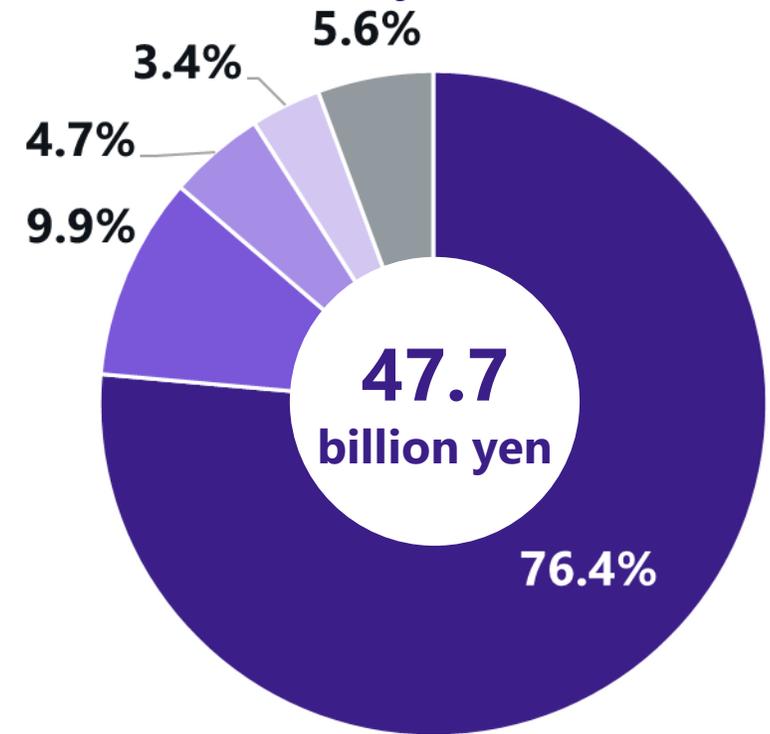
# (Appendix) Outline Of Milbon: Our Growth Trajectory

## Steady growth through business expansion in Japan and overseas

### Net Sales and Operating Income



### Composition of Sales by Country (FY2023)



■ Japan   
 ■ South Korea   
 ■ China   
 ■ USA   
 ■ Other

\* FY2017 is an irregular accounting period due to a change in the fiscal year-end date.

\* The "Accounting Standard for Revenue Recognition," etc., has been adopted since FY2019.

# (Appendix) Outline Of Milbon: Our Main Products

Haircare and hair coloring products are the mainstay of our sales. In recent years, we have expanded our business to include cosmetics, etc.

Composition of Sales by Product Category (FY2023)

**Cosmetics (only available in Japan)**

Products sold for retail in hair salons

**Main Brand**

Imprea



IM



**Hair coloring**

Items used for in-salon hair coloring

**Main Brand**

Ordeve Series

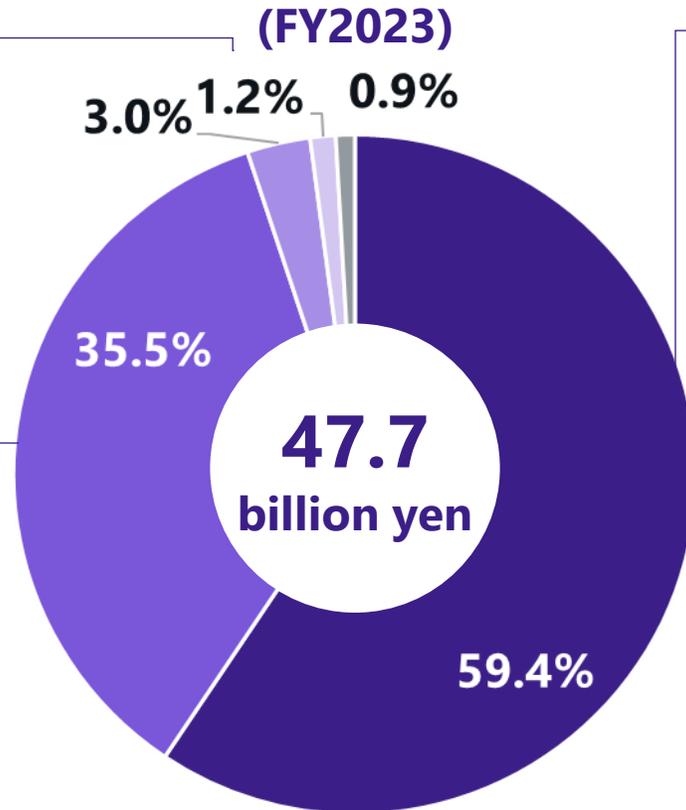


Villa Lodola Color



Sophistone

(Hair color brand exclusive for Europe and North America)



**Haircare**

Products sold for retail in hair salons and items used for in-salon treatments

**Main Brand**

Aujua (Only available in Japan and South Korea)



Global Milbon



Elujuda



■ Haircare ■ Hair coloring ■ Perm ■ Cosmetics ■ Other

# (Appendix) Outline Of Milbon: Domestic Hair Salon Market Conditions

**Hair salons have the potential for further growth despite the medium- to long term decrease in the number of customers due to declining birth rate and aging population.**

## Challenges and Growth of Aging Population with Low Fertility

Although the number of customers at hair salons is expected to decrease over the medium to long term, the promotion of premium-priced services and retail products is expected to drive further improvements in salon productivity and customer spend.



## Community Characteristics Unique to Salons

A visit to a hair salon is necessary to receive its services. Additionally, hair salons hold a place as an indispensable part of people's lives.

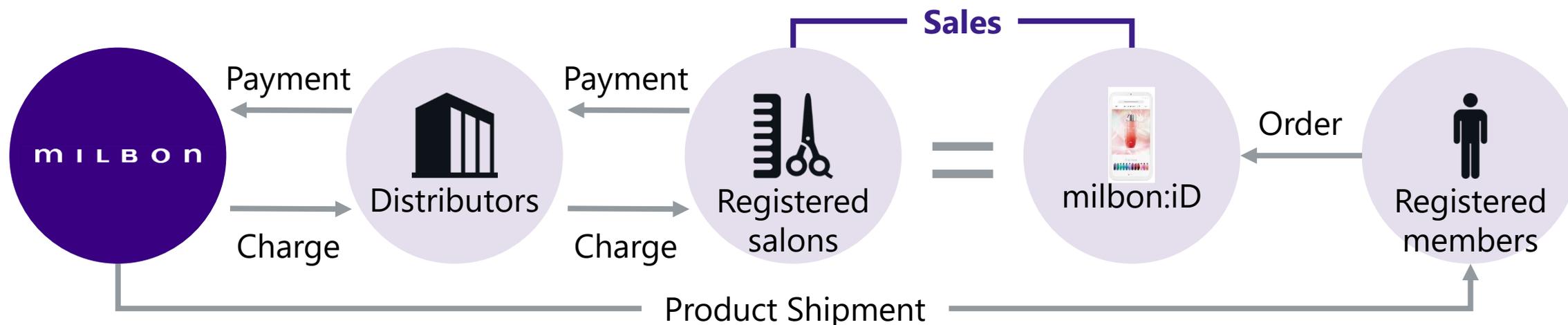
The need for in-person service	The need for repeated, periodic visits	The need for an extended stay
Average rate of use in the past year	Average number of visits per year	Average time spent per visit
Women	Women	Women
<b>80.3%</b>	<b>4.32times</b>	<b>84min</b>
Men	Men	Men
<b>33.9%</b>	<b>5.25times</b>	<b>52min</b>

Source: Beauty Industry Census, First Half of FY2023 (Hair Salons), Recruit Co., Ltd.

## (Appendix) Outline Of Milbon: Our Recent Initiatives in Japan, milbon:iD

We launched milbon:iD, an EC platform, in 2020 to support productivity enhancement of hair salons. This platform allows salon customers to purchase retail products online.

How milbon:iD Works – Revenue is attributed to salons in the BtoBtoC sales channel



### Progress of milbon:iD (as of the end of FY2023)

Number of registered salons

**5,930**

Number of registered members

**670,000**

EC sales (Gross sales)

**1,640 million yen**

# (Appendix) Outline Of Milbon: Our Recent Initiatives in Japan, Two Major Strategies

We aim to maximize the inherent value of hair salons, which enables frequent and extended in-person visits, by enhancing our Smart Salon concept and broadening the range of products available for in-salon purchase.

## Smart Salon Strategy – Enhancing the Salon Customer Experience

The Smart Salon system is implemented in hair salons that have embraced the concept. It aims to enhance salon productivity by eliminating the challenges customers face when purchasing retail products.

**Styling station** to provide face-to-face consultation

**Tester station** to raise product awareness and offer trial opportunities

Generating synergies through the integration of three sales areas

**EC service milbon:iD** to enhance convenience of products purchase

See our corporate website for more details.:  
<https://www.milbon.com/en/ir/management/business.html>

## Lifetime Beauty Care Strategy – Broadening the Range of Products

We collaborate with other companies to extend salon services and product sales beyond haircare to include skincare and beauty health care.

### Cosmetics (Collaborated with KOSÉ)

IMPREA



### Beauty Supplements

ALANOUS



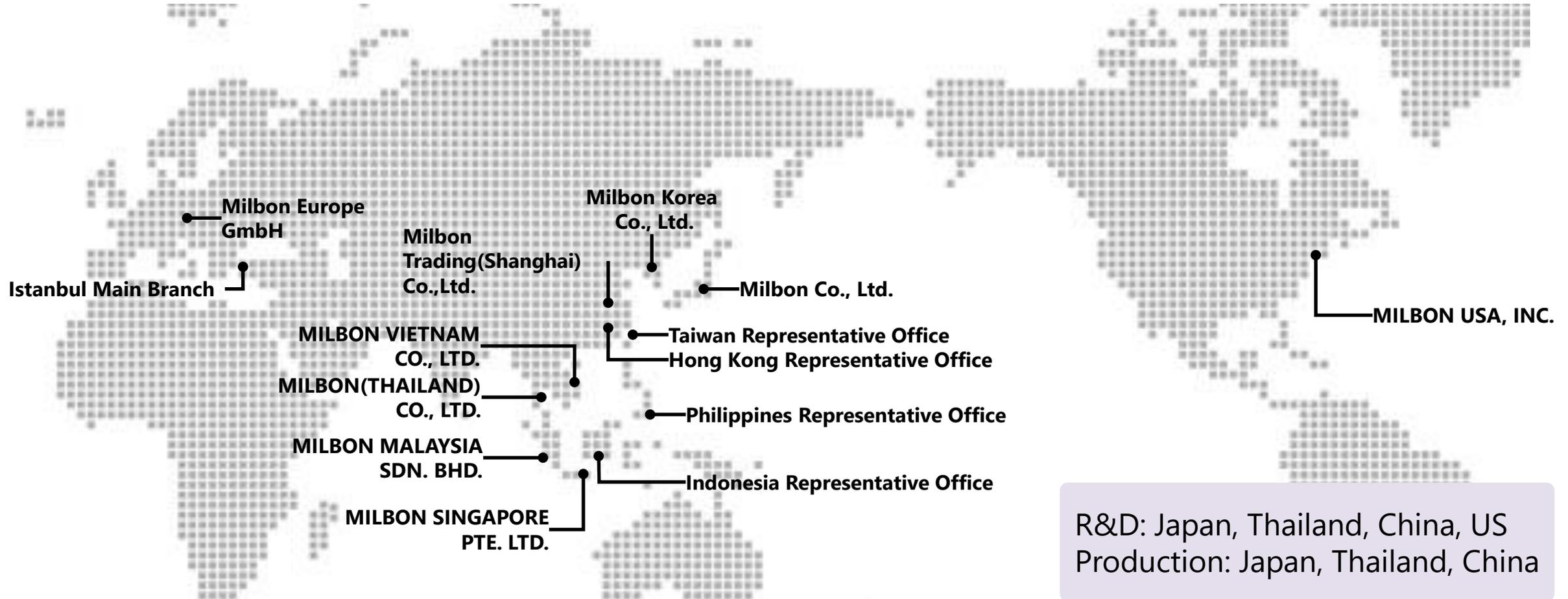
### Beauty Equipment (Collaborated with Panasonic)

Panasonic x MILBON  
ELMISTA



# (Appendix) Outline Of Milbon: Status of Overseas Expansion

We conduct business across 14 countries and regions, and have recently expanded our international bases for R&D as well as production.

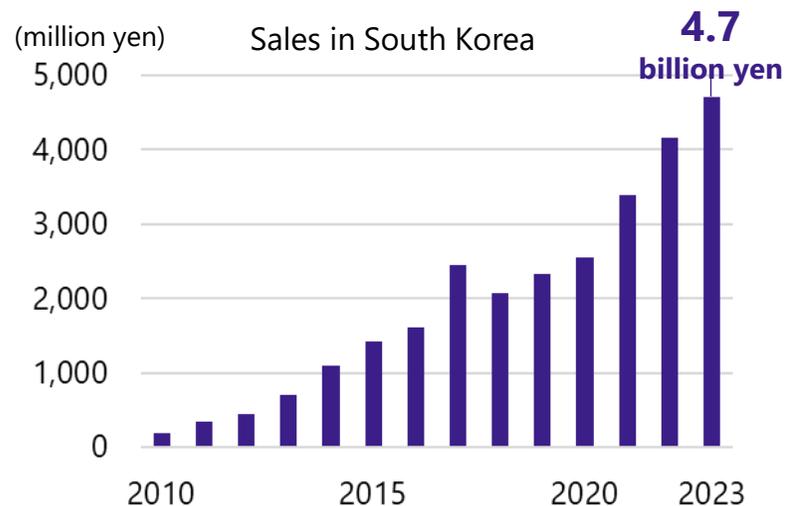


# (Appendix) Outline Of Milbon: Our Three Major Overseas Countries

## Three major countries, South Korea, China, and the US account for nearly 80% of overseas sales

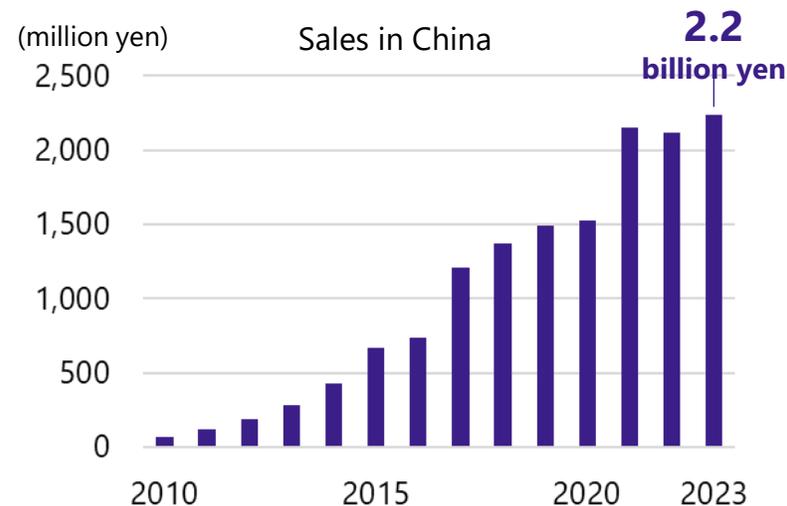
### South Korea

Our educational initiatives focused on hair coloring are highly regarded, contributing to a strong market presence in South Korea. In recent years, we have been strengthening our haircare business, working to transform ourselves into a comprehensive manufacturer.



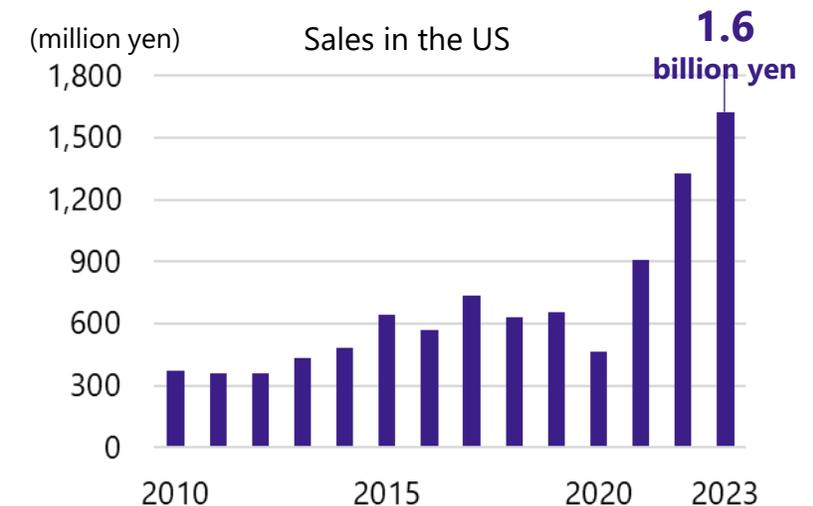
### China

Subsequent to COVID-19, activities for hair salons have gained traction amid market changes, such as decreased frequency of customer visits to salons, leading to a sustained increase in our sales. The local factory commenced operations in 2022.



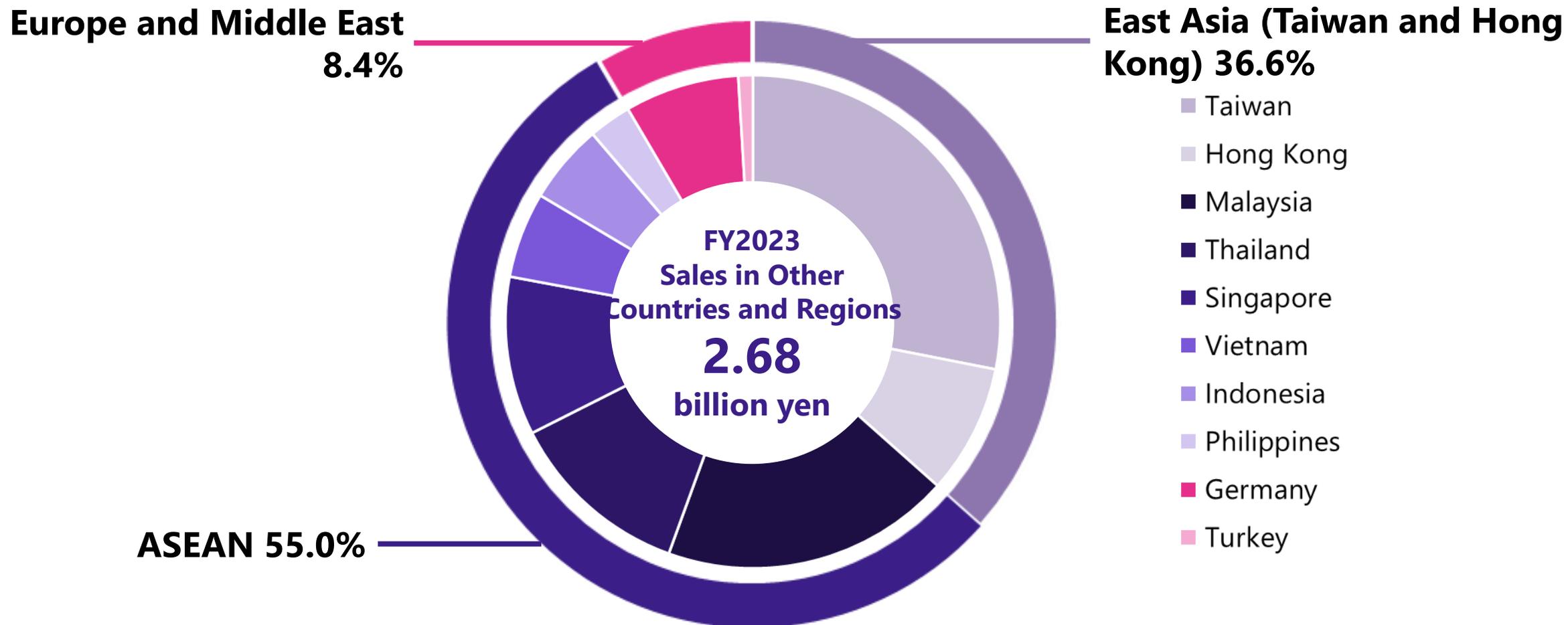
### US

We have enjoyed rapid growth triggered by launch of the Global Milbon haircare line and shift in sales structure (from direct sales to distributor ship). With the launch of hair coloring products exclusive for the European and North American markets, further growth is anticipated.



## (Appendix) Outline Of Milbon: Other Countries and Regions

Our sales are particularly significant in East Asia and ASEAN, and we have recently expanded into Europe.



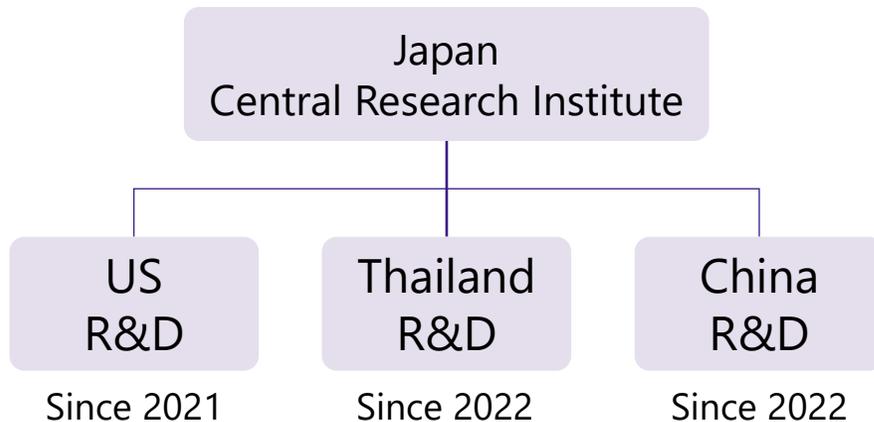
# (Appendix) Outline Of Milbon: Our Global R&D and Production

**We aim to minimize geopolitical risks and to align ourselves with the diverse values of beauty unique to each locality, by establishing R&D and production systems in each region.**

## R&D—

### Collaboration Among our Four Global R&D Bases

Through collaboration with R&D bases in each country, we aim to develop global products that captures beauty needs shared worldwide, as well as localized products tailored to each country and region's unique climate, beauty customs, and laws and regulations.



## Production—

### Collaboration Among our Three Global Factories

We respond flexibly to regulatory and trade risks and ensure stable supply both domestically and internationally through collaboration among factories in each country.



Japan: Yumegaoka Factory  
Products for Japan and overseas



Thailand Factory  
Products for overseas



China Factory  
Products for Greater China

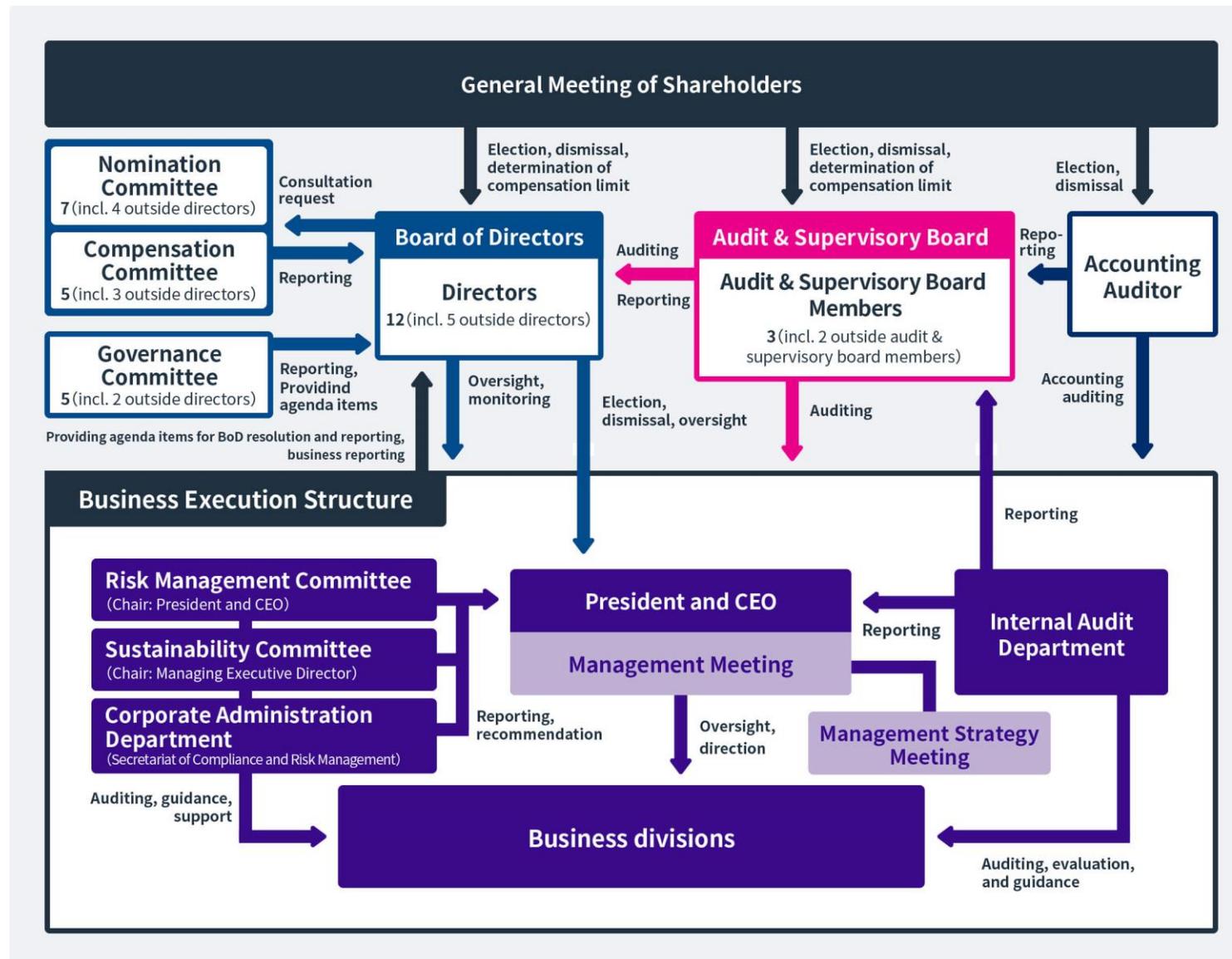
Find Your Beauty **MILBON**

# (Appendix) Outline Of Milbon: Shareholder Returns

**We have set a dividend payout ratio target of 50% from FY2022, aiming for steady and continuous shareholder returns.**



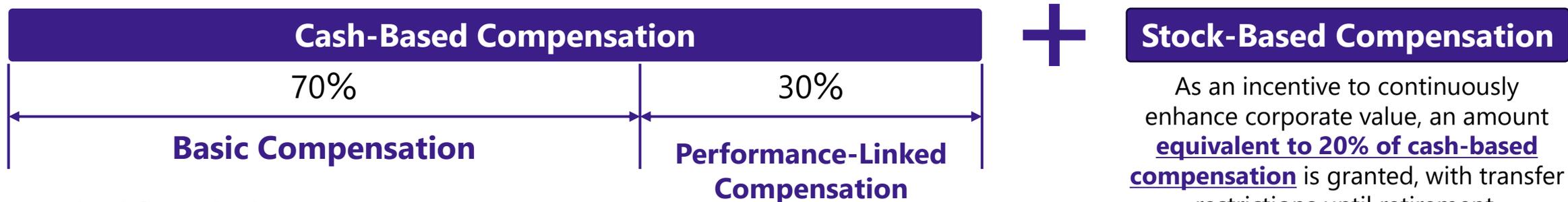
# (Appendix) Outline Of Milbon: Corporate Governance Structure



See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

# Appendix Outline of Milbon: Compensation for Board Members

Compensation for board directors (excluding external board directors) shall consist of cash and stock-based compensation as an incentive to continuously increase corporate value, in order to encourage each board director to perform their duties with an awareness of business performance and sustainable improvement of corporate value.



## Method for calculating performance-linked compensation

1. Calculating the percentage of achievements of targets

It is calculated by applying a weighted average to the percentage of full-year targets achieved for each performance metric, based on their respective weighting ratios.

Performance Metric	Consolidated Net Sales	Consolidated Operating Income	Consolidated Profit Attributable to Owners of Parent
Weighting	40%	50%	10%

2. Performance-linked coefficient × Standard amount

The performance-linked compensation amount is determined by multiplying the performance-linked coefficient, based on the achievement percentage, by the standard amount corresponding to the director's position.

Achievement of Targets	≥ 120%	< 120% ≥ 115%	< 115% ≥ 110%	< 110% ≥ 105%	< 105% ≥ 100%	< 100% ≥ 95%	< 95% ≥ 90%	< 90%
Performance-linked coefficient	200%	175%	150%	125%	100%	80%	50%	0%

See our Integrated Report for more details : <https://www.milbon.com/en/ir/library/report.html>

# (Appendix) Outline Of Milbon: ESG Investment Index and External Assessments

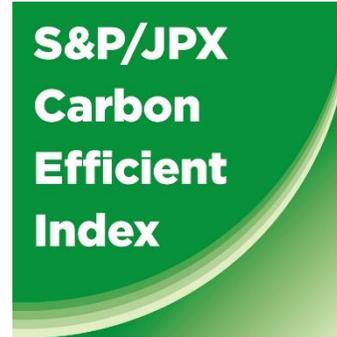
## ESG investment index to be selected



**FTSE Blossom  
Japan Index**



**FTSE Blossom  
Japan Sector  
Relative Index**



## 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Milbon Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Milbon Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Blossom Japan Index Series  
: <https://www.lseg.com/en/ftse-russell/indices/blossom-japan>

## External assessments



MILBON CO LTD (YUMEGAOKA SITE)



2024  
健康経営優良法人  
Health and productivity



### **Disclaimer**

With respect to the business forecasts included in this document, any statement that is not historical fact is a forward-looking statement based on information available and certain premises that are judged to be rational at the time of the announcement. Please be aware that actual results may differ from any forward-looking statements due to risks, uncertainties, and a number of other factors.