

2021 Third Quarter Results (January–September) and 2021 Outlook

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SHISEIDO

In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

2021 Q3 Key Headlines

- **Global growth driven by Americas, EMEA, and Travel Retail offset challenges in Japan and China**
 - Like-for-like*1 Net Sales growth YoY: +13%
 - Like-for-like*1 Net Sales growth ex-Japan: +22%
- **Stepped up investments in line with market recovery, while solidifying foundation for profit through cost management and fixed cost reductions**
(Operating Profit: ¥26.3 bn, +¥17.3 bn YoY)
- **Global transformation on track**
 - Transfer of prestige makeup brands *bareMinerals*, *BUXOM*, and *Laura Mercier*
- **DX acceleration**
 - E-commerce (EC): +low 20% (ratio: 30%)
 - Shiseido Interactive Beauty, FOCUS
- **Free cash flow: +¥132.1 bn YoY**
 - Cash-in and inventory reductions from Personal Care (PC) business transfer outweighed continued investment in growth drivers (factories, DX, etc.)
- **FY outlook revised: Net Sales down (-2% vs previous outlook); Operating Profit up (+19%); Net Profit up like-for-like*2 (+¥11.0 bn)**

*1. Excluding the impact of Personal Care business transfer in Q3

*2. Excluding structural reform expenses

2021 Q3 YTD (January–September) Executive Summary

(Billion yen)	2020		2021 Existing businesses (A)				Transformation impacts (B)	2021 (A)+(B)		
	Results	% of Net Sales		YoY %	YoY FX-Neutral %	YoY Like-for-like*3 %		Results	% of Net Sales	YoY %
Net Sales	653.7	100%	745.4	+14%	+10%	+13%	–	745.4	100%	+14%
Operating Profit	8.9	1.4%	28.4	+218%			–2.1	26.3	3.5%	+195%
Extraordinary Profit (Loss)	–16.1	–2.5%	–2.6	-			35.3	32.7	4.4%	-
Income Taxes	1.9	0.3%	–0.3	-			24.3	24.0	3.3%	-
Net Profit ¹	–13.7	–2.1%	27.8	-			8.9	36.8	4.9%	-
EBITDA ²	43.4	6.6%						142.6	19.1%	+229%

Net Sales:

- **Growth in Americas, EMEA, and Travel Retail** offset the continuous weak momentum in Japan and slowdown in China due to the spread of new COVID-19 variants and torrential rains (Net Sales ex-Japan YoY, like-for-like*3: **+22%** vs 2019*3: **–10%**)
- Continued growth in EC, mainly in Prestige (Global EC: **+low 20%*3, ratio: 30%**)
- Skin beauty brands drove growth: sales **+11%*3**, skincare sales ratio: **63%**

Operating Profit: Positive impact from increased sales and effective cost management

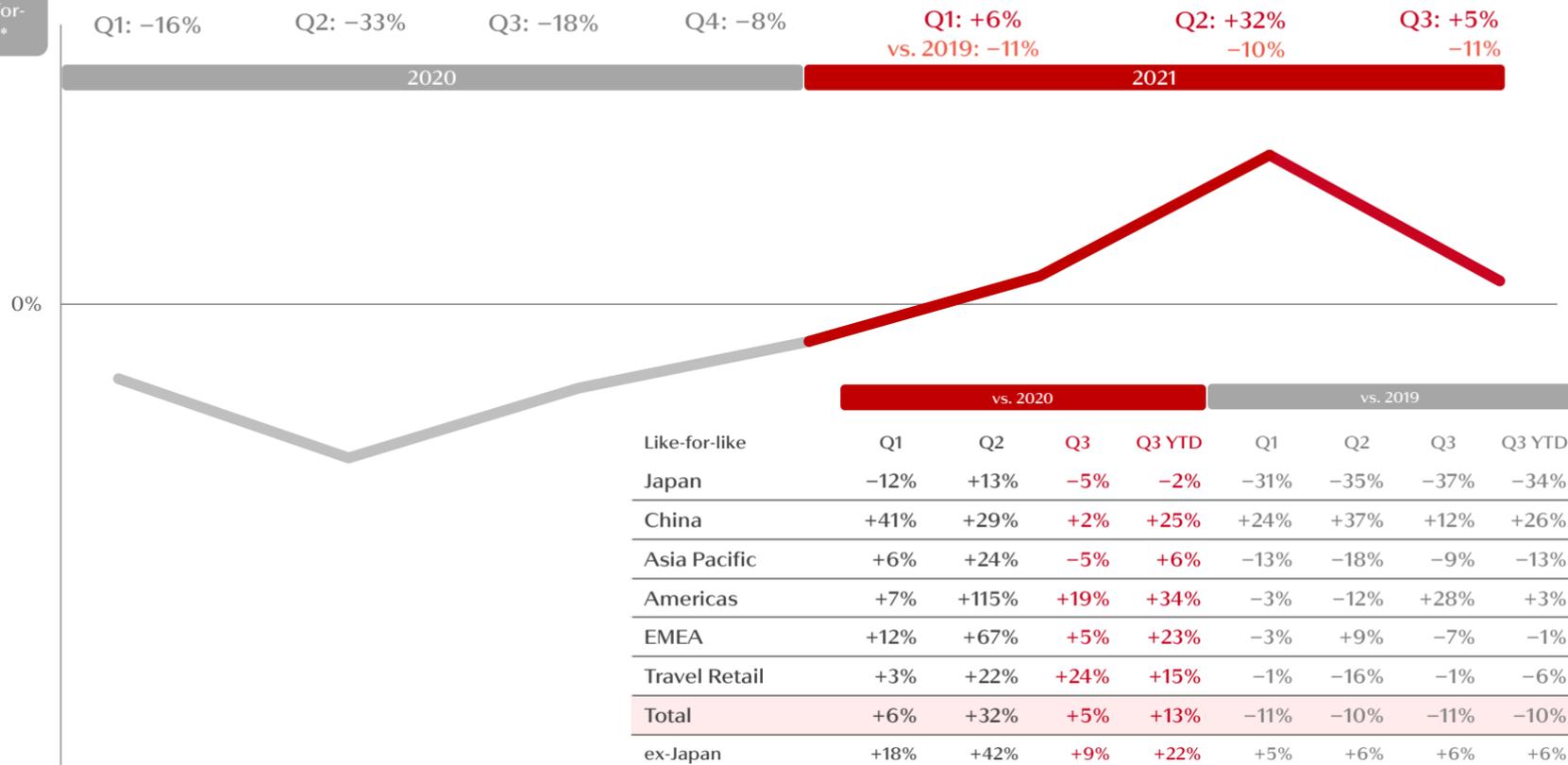
Extraordinary Profit (Loss):

- Proceeds from transfer of PC business: ¥86.2 bn, sale of idle assets and investment in securities: ¥1.2 bn, etc.
- Impairment loss: –¥26.2 bn (*Dolce&Gabbana*: –¥15.6 bn, makeup brands: –¥7.3 bn, etc.); other structural reforms: –¥24.6 bn

EBITDA: Margin improved (+12.5 pts YoY)

Net Sales YoY: Growth in Americas, EMEA, and Travel Retail Offset the Impacts from COVID-19 Variants and Other Factors in Japan, China, and Asia Pacific

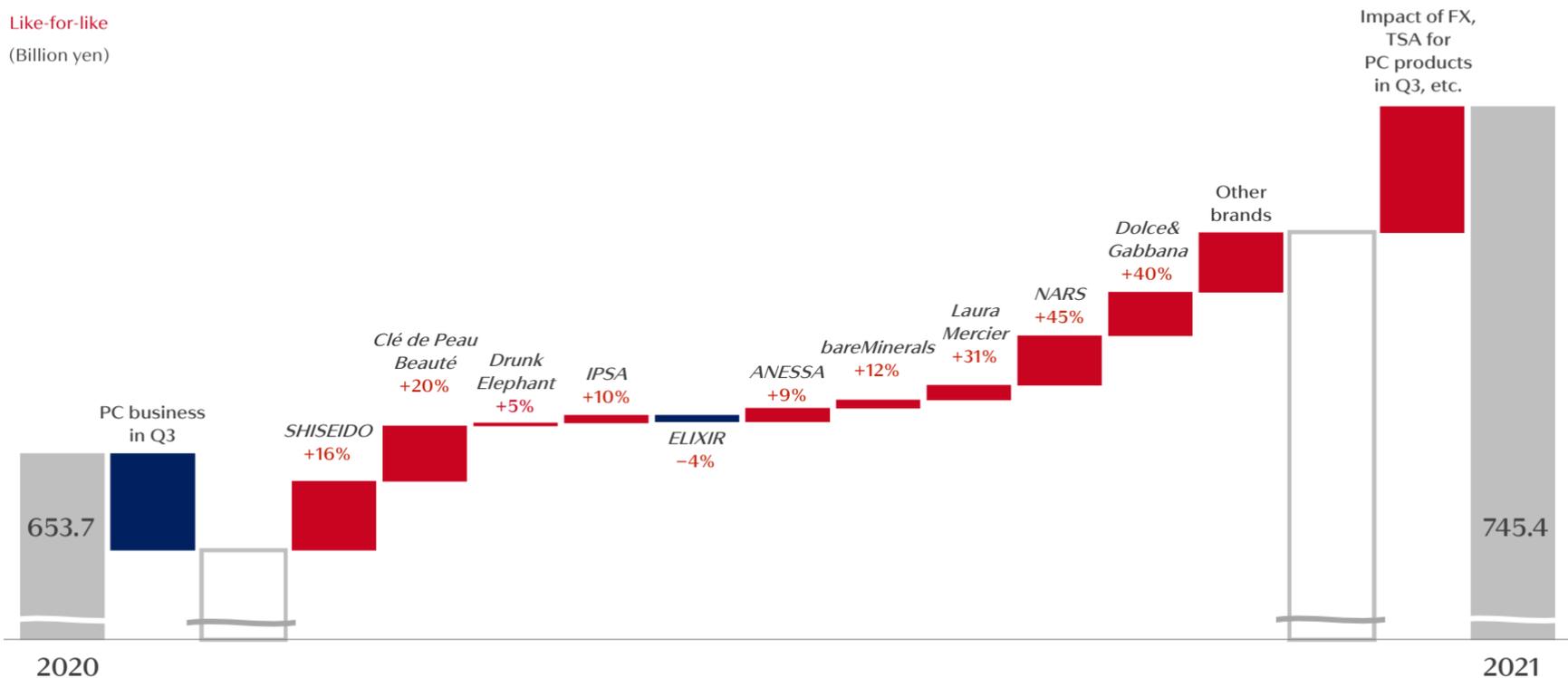
Like-for-like*



* Excluding the impact of Personal Care business transfer in Q3

2021 Q3 YTD Net Sales by Brand: Skin Beauty Brands Remained Strong; Makeup and Fragrance Recovered in EMEA and Americas

Like-for-like
(Billion yen)



* YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc.

Japan: Market Still Depressed Due to COVID-19 Variants and Extended State of Emergency

Local market like-for-like

● Market:

➤ Local consumers:

- Slow traffic under intermittent states of emergency
- Overall recovery behind expectations, albeit bottomed out in Aug
- Skincare growth decelerated; base and color makeup shrinking

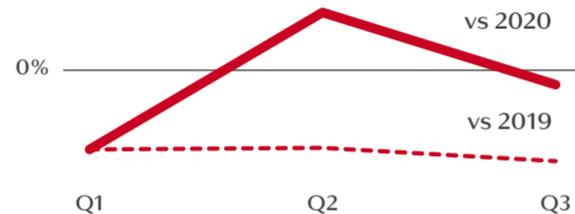
● Shiseido Consumer Purchases*:

Q3 YTD: -low single digit% / Q3: -mid-single digit%

➤ Local: -low single digit% / -mid-single digit%

- *HAKU*, *ANESSA* strong thanks to continuous year-round initiatives
- Base makeup: *MAQuillAGE* gained share
Speedy product development in line with new consumer needs
- EC: +high teen% / +low teen%
 - Growth in retailer EC; collaborations with partners

➤ Inbound: -high teen% / -high teen%



HAKU Melanofocus Z



ANESSA Brightening UV Sunscreen Gel



MAQuillAGE Mask-proof Dramatic Cover Jelly BB (launched in Aug)



Live commerce event at retailer platform

* Excluding the impact of Personal Care business transfer in Q3

Solidifying and leveraging digital foundation for personalized services in beauty

Deeper Consumer Insights for Personalized Experiences and Solutions

- “Hada-pasha” technology for photo-based skin analysis adds new brands



Products by HAKU, d program, and ELIXIR added to recommendations

- New function: mask simulation



- Ideal eyebrow makeup with AR



Digital Information Sharing and Engagement

- Full-fledged start of Omni BC activities
 - Started digital seminars on top of individual online counseling
 - Expansion to various platforms
- Leveraging department store accounts to maximize reach on social media



Japan: Strategic Actions in Q4 and Mid-Term Challenges

Brand Marketing

- **Skin beauty focus and profitability improvement**

- Focus investment on major skincare brands: *ELIXIR*, *PRIOR*, *HAKU*, etc.
- In-depth analysis of marketing ROI for optimal media investment

- **Strategic promotions**

- Enhance three lines of *BENEFIQUE*
- Launch holiday collections from *SHISEIDO* and *Clé de Peau Beauté*



Collaboration with Partners

- **Skin beauty focus**

- Maximize consumer reach and increase sales through linked marketing promotions at counters of 43 retailers across Japan



- **Grow hero products + loyal customers**

- *Clé de Peau Beauté*: Le Sérum;
- *SHISEIDO*: Ultimune; *BENEFIQUE*: Reset Clear

- **Omnichannel initiatives**

- Area-focused online seminars from September
- Enhanced online counseling and retailer EC
- Targeted product promotions on social media



Counter Activities

Prepared for traffic comeback post reopening: delivered 2.7 m additional testers and disposable makeup tools, 7,500 bottles of disinfectants to department stores and specialty stores for a safe and clean environment. Delivered 5.5 m additional product samples to drugstores to enhance in-store promotions.

Mid-Term Strategic Challenges

Toward a highly profitable business model focused on local consumers for sustainable growth

- Skin beauty-focused portfolio + gross margin improvement through increased productivity of the supply network
- Database development and improvement of digital capabilities + generation and maximization of market opportunities and improvement of marketing ROI through high-speed management cycle
- FOCUS deployment + operational reforms for productivity improvement

China: Online Continued Strong, Driven by Prestige; Offline Hit by COVID-19 Variants and Bad Weather

● Market:

- Partial retail closures due to unprecedented torrential rains and COVID-19 resurgence
- Competition: still intense
- Purchases sluggish ahead of promotions
- EC: driven by prestige and skincare

● Shiseido Consumer Purchases*:

Total: Q3 YTD +low 20% / Q3 flat

➤ **Mainland China:** +low 20% / flat

• **Prestige:** +high 20% / flat

• **EC:** +over 30% / +over 30%

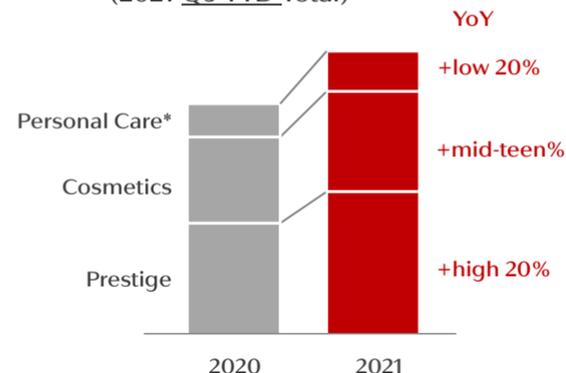
- **Prestige EC:** +over 50% / +over 30%

THE GINZA
launched in Sept
in Beijing and Shanghai



Consumer Purchases by Category

(2021 Q3 YTD Total)



* Excluding the impact of Personal Care business transfer in Q3

Asia Pacific

Grew Mainly in EC

Renewed lockdowns, mainly in South-East Asia

- Shiseido External Sales*1: Q3 YTD +6% / Q3 -5%
 - EC*2: +over 60% / +over 80%
 - Accelerated rollouts on major EC platforms
 - Increased share in Prestige

Travel Retail

Growth in Hainan Offset Traffic Slowdown

Mainland China:

decelerated due to COVID-19 variants and bad weather

- Shiseido Consumer Purchases:
 - Asia: Q3 YTD +low teen% / Q3 -low teen%
(Global: +high single digit% / -high single digit%)
 - *Drunk Elephant* launched in South Korean DFS in Sept
 - EC (Asia): +high 20% / flat

Americas

Grew in All Categories;

Drunk Elephant Opened New Doors at End-Sept

Makeup also bounced back with market recovery

- Shiseido External Sales: Q3 YTD +34% / Q3 +19%
 - EC: -low teen% / -low teen%
 - *Drunk Elephant**3
Consumer Purchases: -low teen% / -mid-teen%

EMEA

Gained Share in Makeup, Continued Growth in EC

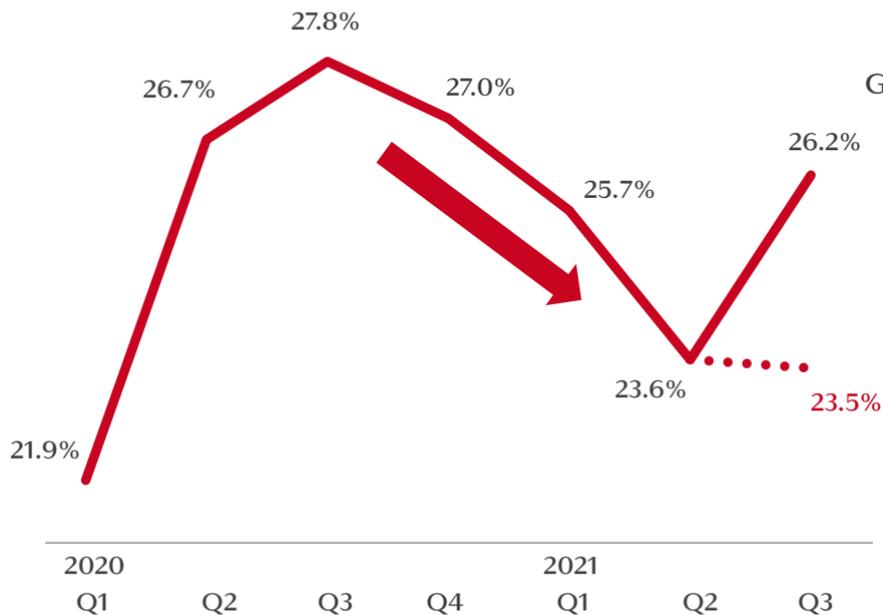
Recovery in makeup and fragrance continued

- Shiseido External Sales*1: Q3 YTD +23% / Q3 +5%
 - UK, Spain: gained share in skincare and makeup
 - France: gained share in makeup
 - EC: +high teen% / +high single digit%

COGs Ratio: Continued Improvement Excluding TSA for Personal Care Products

(Billion yen)
(% of Net Sales)

Quarterly COGs Ratio Trend



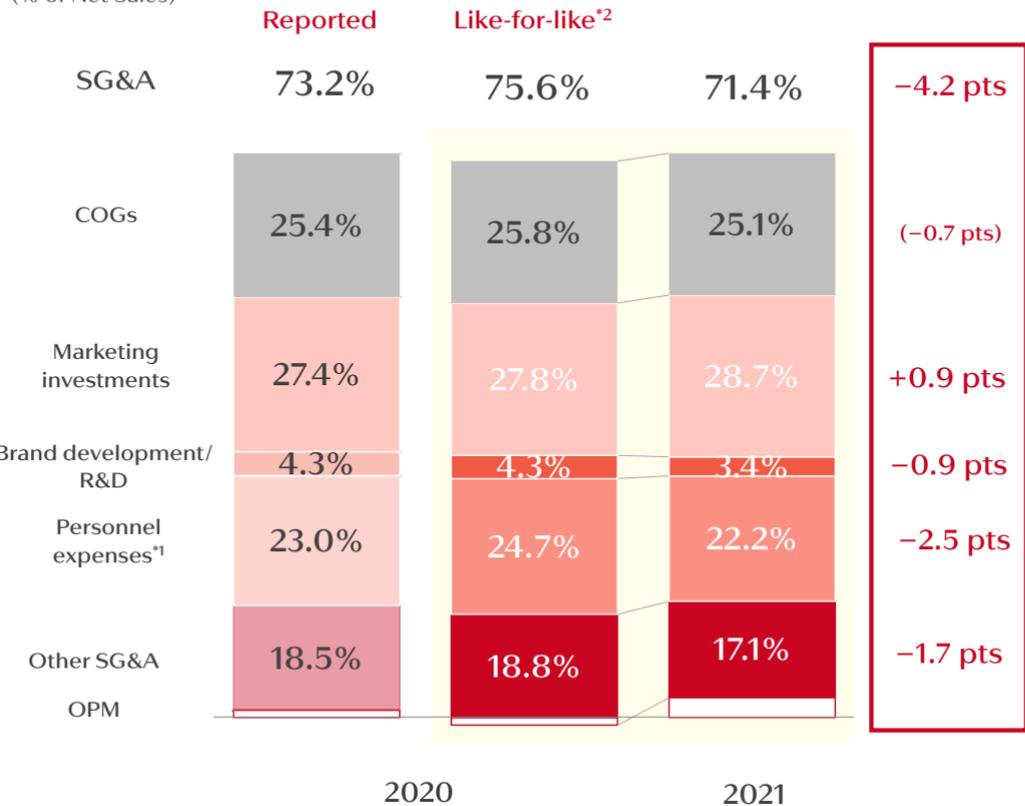
Q3 YTD	2020	2021	YoY Change	YoY Change %
Net Sales	653.7	745.4	+91.7	+14%
COGs	166.3 (25.4%)	187.2 (25.1%)	+20.9	+13%
Gross Profit	487.3 (74.6%)	558.1 (74.9%)	+70.8	+15%

Q3 COGs 23.5% excl. impact from TSA for PC products

- Lower inventory write-offs
- Lower provision for sales returns
- Higher productivity (fixed costs recovered due to shift to in-house manufacturing)
- Favorable product mix due to PC business transfer
- Negative impact on COGs ratio due to TSA for PC products
- Higher fixed costs due to launch of new factories

Cost Structure in Q3 YTD: Stepped Up Investments with Market Recovery While Reducing Fixed Costs

(% of Net Sales)



● Marketing investments

- Enhanced digital communication (global digital media ratio: 85%)
- Strategic investments in China and Travel Retail, including cross-border marketing

● Personnel expenses

- Mainly reduction in unprofitable counters and structural reforms in EMEA / Americas
- Cycling of provision for bonuses

● Other SG&A

- Decrease in allowance for doubtful accounts
- Revision of non-essential costs

*1. Including POS personnel expenses

*2. Excluding the impact of reclassification of extraordinary loss related to COVID-19, etc.

2021 Q3 YTD Operating Profit by Reportable Segment

Significant Improvement in EMEA and Americas Driven by Organizational Changes

Japan: ➤ Excluding impacts of PC business transfer and COVID-19-related reclassification of extraordinary loss, etc., **like-for-like OP declined** due to lower sales and increased investment ahead of market recovery

China: ➤ Excluding the impact of PC business transfer, etc., **like-for-like OP grew** despite aggressive marketing investments for share expansion

Asia Pacific: ➤ **OP grew, OPM improved** due to higher margins accompanying sales growth and effective marketing investments

Americas, EMEA: ➤ **OP improved significantly** thanks to higher commercial-based profitability and lower fixed costs benefiting from organizational and structural reforms

Travel Retail: ➤ **OP grew, OPM improved** thanks to favorable product mix and effective marketing investments

Other: ➤ Intercompany sales increased, mainly to China and Travel Retail. Higher COGs due to TSA for Personal Care products; higher fixed costs related to new factories; strengthened investment in DX

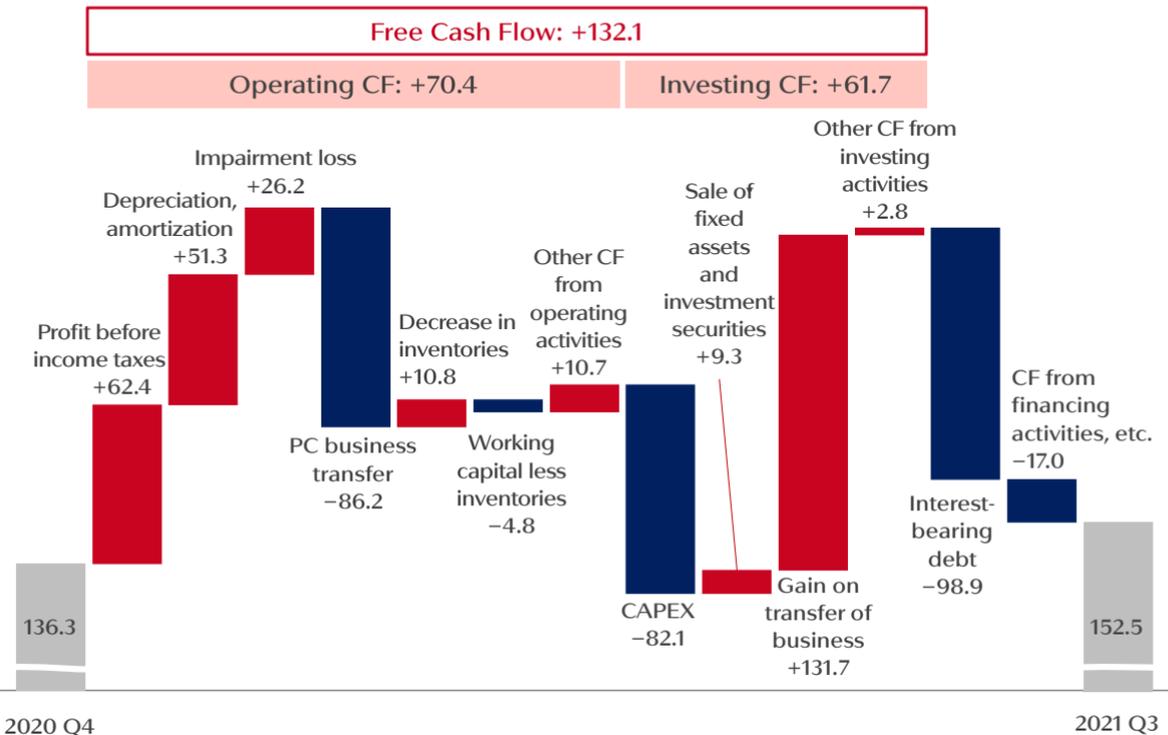
(Billion yen)

Operating Profit (OPM)	2020		2021		YoY
Japan	3.0	(1.2%)	8.6	(3.7%)	+5.6
China	11.4	(7.3%)	-7.6	(-3.9%)	-18.9
Asia Pacific	2.1	(4.8%)	3.4	(6.9%)	+1.3
Americas	-20.0	(-24.6%)	-9.7	(-8.7%)	+10.3
EMEA	-8.5	(-12.7%)	2.3	(2.7%)	+10.8
Travel Retail	12.0	(15.8%)	14.9	(16.8%)	+2.9
Other	13.5	(10.0%)	21.9	(13.5%)	+8.4
Total	8.9	(1.4%)	26.3	(3.5%)	+17.3

Cash Flow Management:

- Cash-in and inventory reductions from PC business transfer
- Continued investment for growth
- Improved financial position through reduction of interest-bearing debt

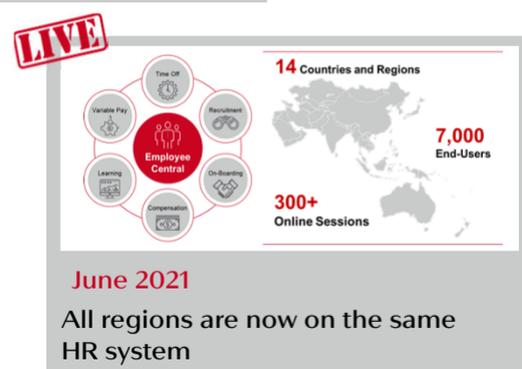
(Billion yen)



B/S KPIs	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Inventories (Billion yen)	170.0	167.2	165.5	149.0
DSI (Days)*	269	260	250	236
Net D/E	0.36	0.41	0.39	0.14

*Average for the past 12 months

Now live in three regions (Americas, Asia Pacific, and EMEA) using a single instance, in line with plan; on-going deployments planned until 2023



Market Assumptions for Q4 2021 and Onward

Consumption to recover gradually on the back of vaccination rollout; Japan to start recovering from November with lifting of state of emergency and drop in COVID-19 cases

Japan	<ul style="list-style-type: none">• State of emergency lifted from October 1st• Local: recovers from November• Inbound: -60-70% vs 2019 (unchanged from initial plan)
China	<ul style="list-style-type: none">• EC: intense competition continues, but EC grows substantially• Offline: recovers vs Q3 2021
Asia Pacific	<ul style="list-style-type: none">• Prestige in major markets mostly recovers to 2019 levels
Americas	<ul style="list-style-type: none">• Skincare, fragrance recover above 2019 levels• Makeup recovers steadily, albeit below 2019
EMEA	<ul style="list-style-type: none">• Continues steady recovery, albeit below 2019
Travel Retail	<ul style="list-style-type: none">• International flights still largely curbed; drop in travelers, mainly from China, continues (unchanged from initial plan)• Duty free sales in Asia, primarily Hainan, continue to grow; Americas and EMEA recover gradually with fragrance

Strategic Actions in Q4

Aggressive marketing investments in line with market recovery from COVID-19

➤ Q4 YoY: +¥15.0 bn* marketing investments

- **Japan: leverage consumer data to encourage store visits, maximize opportunities with counseling**
 - Offer personalized information and services both on- and offline
 - Increase trial opportunities with samples, grow loyal consumers in skincare, base makeup
 - Stimulate demand with launches of exclusive holiday collections
- **China: expand share with Singles' Day promotions and cross-border marketing**
- **Asia Pacific: strengthen EC promotions**
- **EMEA, Americas: deliver solid growth with exclusive holiday collections**
- **Hainan (Travel Retail): increase counters, strengthen EC offerings**
- **Accelerate growth with innovations in skin beauty**
 - Launch of "Second Skin"
 - Inner beauty brand *INRYU* to launch in Japan and China in 2022



Japan: Holiday collections



China: Singles' Day promotions



INRYU



EMEA: Cross-brand digital promotions

* Excluding impacts from FX and transfers of the Personal Care business and three makeup brands

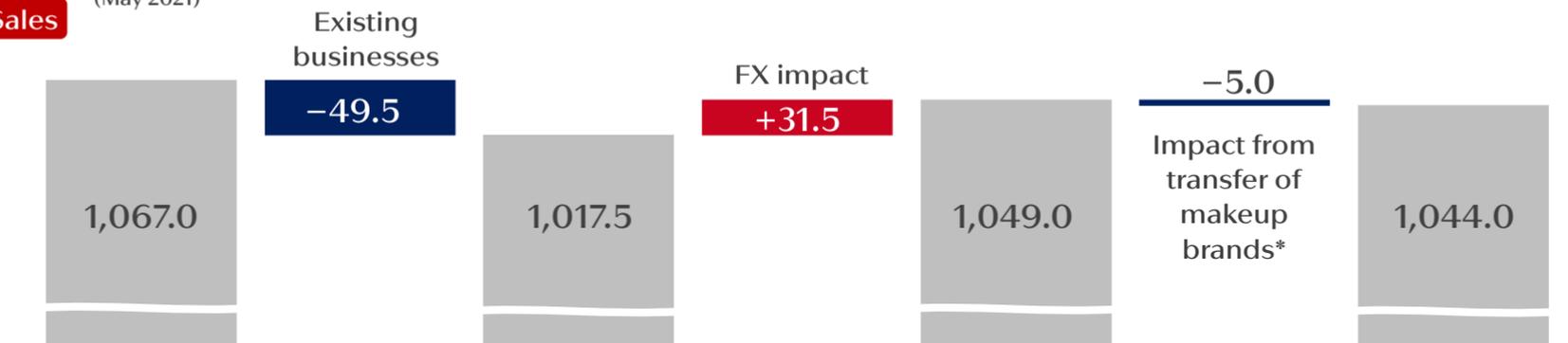
FY 2021 Outlook Revision

(Billion yen)

FY 2021
Previous
Outlook
(May 2021)

FY 2021
Latest
Outlook

Net Sales



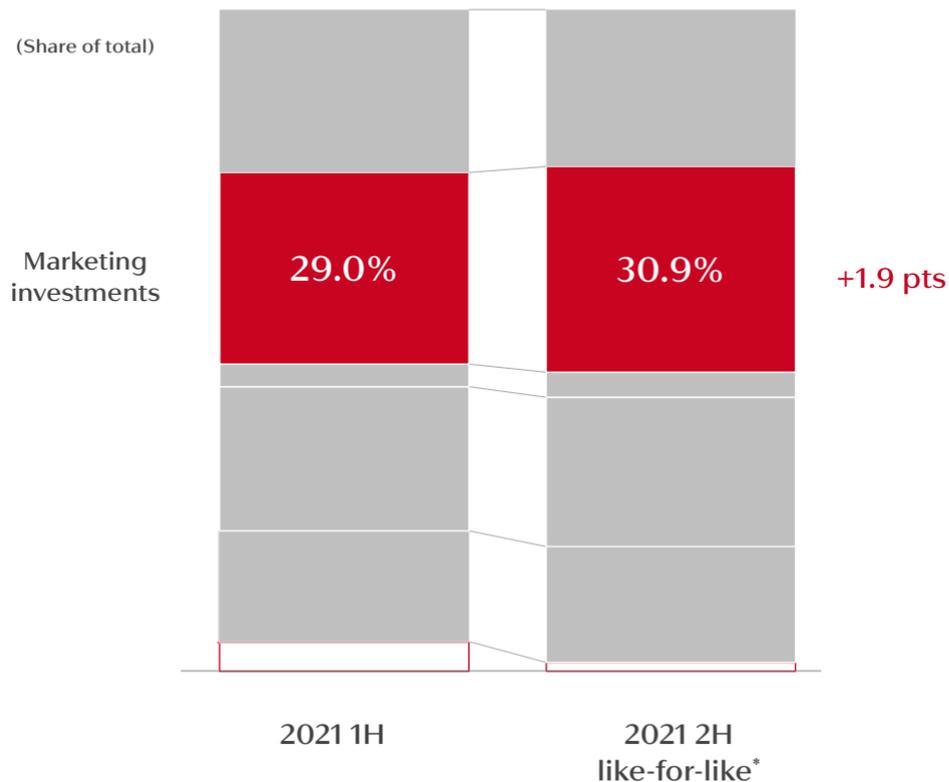
OP



*Planned transfer date: beg-Dec 2021

Aggressive Marketing Investments in Line with Market Recovery from COVID-19

Cost structure in 2021 1H and 2H



	1H	2H
Net Sales YoY, FX-neutral	+18%	<u>+9%*</u>
Marketing investments YoY, FX-neutral	+15%	<u>+21%*</u>

* Excluding impacts from transfers of the Personal Care business and three makeup brands

Global Transformation On Track

● Transfer and JV of Personal Care Business

➤ FY 2021 Extraordinary Profit: ¥86.2 bn, recorded in Q3

- July: Completed in Japan and China
- September: Completed asset transfers from fully owned subsidiaries in Hong Kong and Asia Pacific (excl. Vietnam)
- 2022: Asset transfers from JVs in Asia Pacific and subsidiary in Vietnam (planned)

● Termination of License with DOLCE&GABBANA S.R.L.

➤ FY 2021 Extraordinary Loss: -¥33.9 bn, recorded in 1H (incl. impairment loss on trademark rights: -¥15.6 bn)

- Planned termination date of global license agreement regarding the product development, manufacturing, distribution, and marketing of D&G's beauty products: December 31, 2021
- Plan to sign an agreement to continue global production and distribution of D&G's beauty products for a minimum 12-month period following the termination

● Transfer of Prestige Makeup Brands *bareMinerals*, *BUXOM*, and *Laura Mercier*

➤ FY 2021 Impairment loss on goodwill resulting from the business transfer: -¥7.3 bn, recorded in Q3

- Planned transfer date: beginning of December 2021

FY 2021 Outlook Revision: Like-for-Like Net Profit, Excl. Structural Reforms, Up by ¥11.0 Bn

Below figures reflect impacts from the transfer of prestige makeup brands *bareMinerals*, *BUXOM*, and *Laura Mercier* (disclosed on Aug 26, 2021).

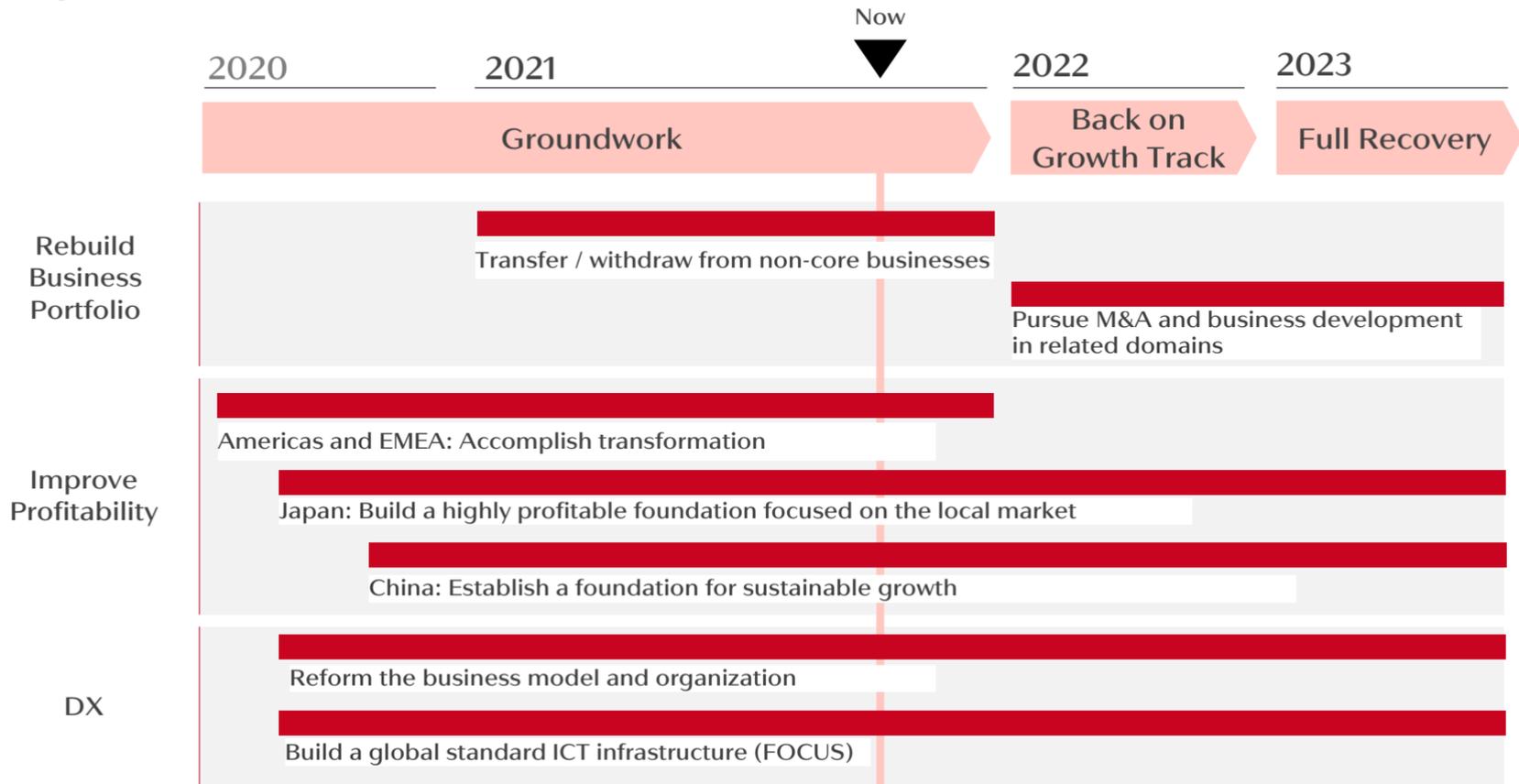
(Billion yen)	2020	FY 2021 Previous Outlook (May 2021)	FY 2021 Latest Outlook: Existing businesses		Transfer of makeup brands	Other transfor- mations, etc.	FY 2021 Latest Outlook	% of Net Sales	YoY Change	YoY Change %	Change vs. Previous
				Change for existing businesses							
Net Sales	920.9	1,067.0	1,049.0	-18.0	-5.0		1,044.0	100%	+123.1	+13% FX-Neutral*2 +13%	-23.0
Operating Profit	15.0	27.0	30.5	+3.5	+1.5		32.0	3.1%	+17.0	+114%	+5.0
Ordinary Profit	9.6	27.0	32.0	+5.0	+1.5		33.5	3.2%	+23.9	+248%	+6.5
Extraordinary Profit (Loss)	-11.7	45.0	44.0	-1.0	-10.7	-8.1	25.2	2.4%	+36.9	-	-19.8
Net Profit*1	-11.7	35.5	46.5	+11.0	-9.2	-7.3	30.0	2.9%	+41.7	-	-5.5
EBITDA	71.4	166.5					155.0	15%	+83.6	+117%	-11.5
Dividend (Yen/share)	40	50 Interim: 20 Year-end: 30					50 Interim: 20 Year-end: 30				

Exchange rate assumptions for 2021: USD 1 = JPY 110 (YoY change +3.0%), EUR 1 = JPY 130 (+6.8%), CNY 1 = JPY 17 (+9.8%)

*1 Net Profit Attributable to Owners of Parent

*2 Excluding the impacts from the transfers of the Personal Care business and three makeup brands on 2H results

Progress of Global Transformation



Voluntary Adoption of IFRS from FY 2022

Toward a Truly Global Company

● Disclosure schedule for voluntary adoption of IFRS (Planned)

- FY 2021: Japanese GAAP
Consolidated Settlement of Accounts, Consolidated Financial Statements, Annual Securities Report
- Q1–Q3 2022: IFRS
Consolidated Quarterly Settlements of Accounts, Quarterly Securities Reports
- FY 2022: IFRS
Consolidated Settlement of Accounts, Consolidated Financial Statements, Annual Securities Report

● Adoption of core operating profit

- Set a new business management KPI: core operating profit, which is calculated by deducting any non-recurrent items from operating profit as stipulated by IFRS

● Impact of adoption

- See Supplemental Data 11-1 and 11-2

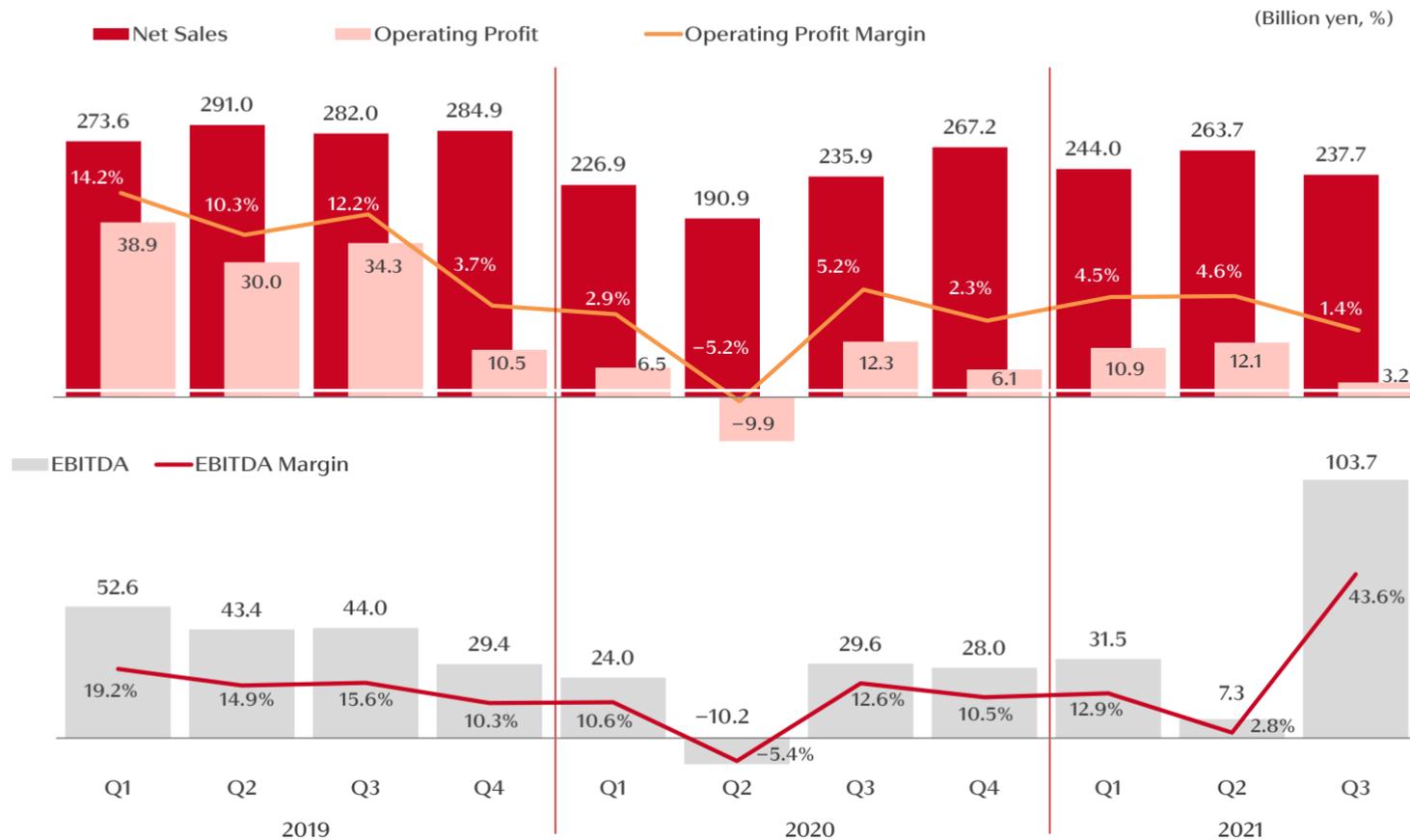


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Supplemental Data 1

KPI Trends



Supplemental Data 2

Summary of Q3 Results

(Billion yen)	2020		2021		YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like ^{*3} %
		% of Net Sales		% of Net Sales				
Net Sales	235.9	100%	237.7	100%	+1.8	+0.8%	-3.1%	+4.7%
Cost of Sales	65.5	27.8%	62.2	26.2%	-3.2	-4.9%		
Gross Profit	170.4	72.2%	175.5	73.8%	+5.1	+3.0%		
SG&A	158.1	67.0%	172.2	72.4%	+14.2	+9.0%		
Operating Profit	12.3	5.2%	3.2	1.4%	-9.1	-73.7%		
Non-operating Income (Expenses)	-0.4	-0.1%	-1.6	-0.7%	-1.2	-		
Extraordinary Income (Loss)	-0.0	-0.1%	77.3	32.5%	+77.3	-		
Tax Expenses	3.1	1.3%	24.2	10.2%	+21.2	+690.4%		
Net Profit ^{*1}	7.7	3.3%	54.0	22.7%	+46.3	+601.1%		
EBITDA ^{*2}	29.6	12.6%	103.7	43.6%	+74.1	+249.9%		

Exchange rates: USD 1 = JPY 110.1 (YoY +3.7%), EUR 1 = JPY 129.8 (+4.6%), CNY 1 = JPY 17.0 (+10.9%)

*1. Net Profit Attributable to Owners of Parent

*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

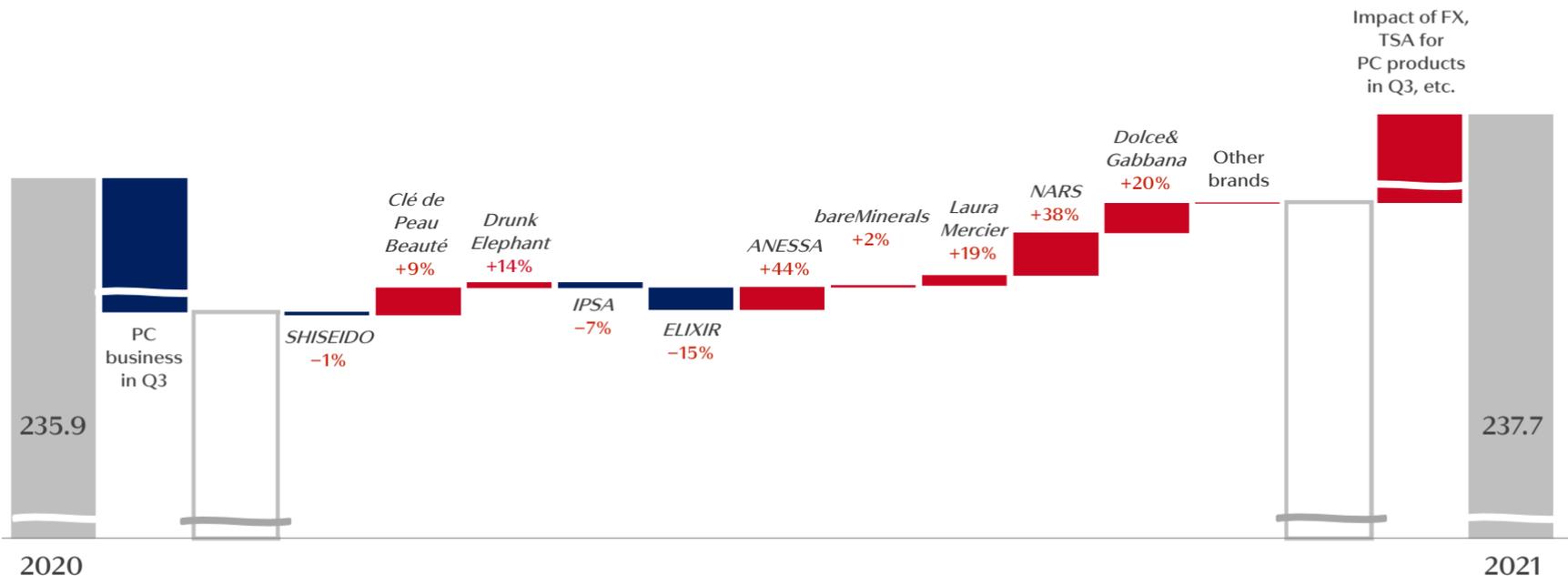
*3. Excluding the impact of the transfer of Personal Care business in Q3

Supplemental Data 3

2021 Q3 Net Sales by Brand

Like-for-like

(Billion yen)



* YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc.

Supplemental Data 4

2021 Q3 Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for- like %*2
	% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.					
Japan	76.3 -1.8	32.3% -2.2%	- -2.1%	61.5 -0.6	25.9% -0.9%	- -0.7%	-14.8 +1.2	-19.4% -	-19.4% -	-4.8% -
China	55.0 3.7	23.3% 6.7%	- 7.1%	46.7 -7.6	19.7% -16.3%	- -15.8%	-8.2 -11.3	-15.0% -	-22.7% -	+2.0% -
Asia Pacific	17.1 2.8	7.3% 15.7%	- 16.3%	16.8 2.2	7.1% 12.9%	- 13.5%	-0.3 -0.5	-1.9% -19.3%	-7.5% -	-5.5% -
Americas	29.1 -1.2	12.3% -3.4%	- -0.3%	35.9 -0.6	15.1% -1.3%	- 1.2%	+6.8 +0.6	+23.3% -	+19.1% -	+19.1% -
EMEA	25.3 1.4	10.7% 4.9%	- 7.0%	28.1 2.6	11.8% 8.7%	- 9.2%	+2.8 +1.3	+11.0% +96.1%	+5.8% -	+5.4% -
Travel Retail	23.9 4.5	10.1% 18.7%	- 19.4%	30.7 6.6	12.9% 21.4%	- 21.9%	+6.8 +2.1	+28.6% +46.9%	+23.8% -	+23.8% -
Professional	3.4 0.3	1.5% 7.1%	- 7.1%	3.9 0.4	1.6% 9.2%	- 9.2%	+0.5 +0.1	+15.6% +49.1%	+11.1% -	+11.1% -
Other	5.8 3.5	2.5% 7.9%	- 8.2%	14.0 7.5	5.9% 11.9%	- 12.1%	+8.3 +4.0	+143.8% +112.6%	+141.9% -	+1.6% -
Subtotal	235.9 13.1	100% 4.5%	- 5.3%	237.7 10.6	100% 3.5%	- 4.2%	+1.8 -2.5	+0.8% -19.0%	-3.1% -	+4.7% -
Adjustment	- -0.7	- -	- -	- -7.3	- -	- -	- -6.6	- -	- -	- -
Total	235.9 12.3	100% 5.2%	- 6.2%	237.7 3.2	100% 1.4%	- 2.2%	+1.8 -9.1	+0.8% -73.7%	-3.1% -	+4.7% -

Exchange rates: USD 1 = JPY 110.1 (YoY +3.7%), EUR 1 = JPY 129.8 (+4.6%), CNY 1 = JPY 17.0 (+10.9%)

*1. OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts. *2. Excluding the impact of Personal Care business transfer in Q3

Supplemental Data 5

2021 Q3 YTD Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for- like %*2
	% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.					
Japan	226.8 3.0	34.7% 1.2%	- 1.3%	210.3 8.6	28.2% 3.7%	- 3.8%	-16.5 +5.6	-7.3% +188.6%	-7.3% -	-2.2% -
China	155.0 11.4	23.7% 7.3%	- 7.7%	190.9 -7.6	25.6% -3.9%	- -3.6%	+35.9 -18.9	+23.1% -	+14.3% -	+25.1% -
Asia Pacific	43.3 2.1	6.6% 4.8%	- 5.5%	48.1 3.4	6.5% 6.9%	- 7.6%	+4.9 +1.3	+11.2% +61.4%	+5.4% -	+6.3% -
Americas	65.8 -20.0	10.1% -24.6%	- -19.8%	89.8 -9.7	12.0% -8.7%	- -5.8%	+23.9 +10.3	+36.3% -	+34.3% -	+34.3% -
EMEA	60.2 -8.5	9.2% -12.7%	- -10.2%	79.5 2.3	10.7% 2.7%	- 3.7%	+19.2 +10.8	+31.9% -	+22.8% -	+22.6% -
Travel Retail	75.6 12.0	11.6% 15.8%	- 16.5%	88.6 14.9	11.9% 16.8%	- 17.3%	+13.1 +2.9	+17.3% +24.2%	+15.5% -	+15.5% -
Professional	9.0 0.3	1.4% 2.8%	- 2.8%	11.4 1.1	1.5% 9.0%	- 9.0%	+2.3 +0.8	+25.8% +296.5%	+21.4% -	+21.4% -
Other	17.9 13.5	2.7% 10.0%	- 10.3%	26.8 21.9	3.6% 13.5%	- 13.8%	+9.0 +8.4	+50.2% +61.9%	+49.6% -	+4.4% -
Subtotal	653.7 13.8	100% 1.7%	- 2.6%	745.4 35.1	100% 3.8%	- 4.4%	+91.7 +21.3	+14.0% +153.9%	+10.2% -	+13.4% -
Adjustment	- -4.9	- -	- -	- -8.8	- -	- -	- -3.9	- -	- -	- -
Total	653.7 8.9	100% 1.4%	- 2.5%	745.4 26.3	100% 3.5%	- 4.4%	+91.7 +17.3	+14.0% +194.8%	+10.2% -	+13.4% -

Exchange rates: USD 1 = JPY 108.7 (YoY +1.1%), EUR 1 = JPY 129.9 (+7.5%), CNY 1 = JPY 16.8 (+9.2%)

*1. OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts. *2. Excluding the impact of Personal Care business transfer in Q3

Supplemental Data 6

2021 Q3 YTD Net Sales in Japan, China, and Asia Pacific by Category

Japan	(Billion yen)	2020		2021		YoY Change	YoY Change % / YoY Change FX-Neutral %*1	Like-for-like %*2
			% of Net Sales		% of Net Sales			
	Prestige	48.9	21.6%	49.5	23.5%	+0.6	+1.2%	
	Premium	123.3	54.3%	118.2	56.2%	-5.0	-4.1%	
	Lifestyle	36.8	16.2%	24.5	11.7%	-12.3	-33.5%	
	Others	17.9	7.9%	18.1	8.6%	+0.2	+1.2%	
	Total Japan Sales	226.8	100%	210.3	100%	-16.5	-7.3%	-2.2%

China

	Prestige	76.2	49.2%	105.0	55.0%	+28.8	+28.1%	
	Cosmetics	41.2	26.6%	53.6	28.0%	+12.3	+19.3%	
	Personal Care	35.7	23.0%	29.3	15.4%	-6.4	-23.0%	
	Others	1.9	1.2%	3.0	1.6%	+1.1	+51.3%	
	Total China Sales	155.0	100%	190.9	100%	+35.9	+14.3%	+25.1%

Asia Pacific

	Prestige	21.2	49.0%	25.1	52.2%	+3.9	+12.5%	
	Cosmetics	9.2	21.1%	8.6	17.8%	-0.6	-11.7%	
	Personal Care	9.2	21.3%	9.5	19.7%	+0.3	-2.3%	
	Others	3.7	8.6%	5.0	10.3%	+1.3	+25.8%	
	Total Asia Pacific Sales	43.3	100%	48.1	100%	+4.9	+5.4%	+6.3%

*1. YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific *2. Excluding the impact of Personal Care business transfer in Q3

Supplemental Data 7

2021 Q3 YTD SG&A

	(Billion yen)	2021		YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales	Change in % of Net Sales			
SG&A	531.9	71.4%	-1.8pts	+53.5	+11.2%	+7.8%
Marketing Investments*	283.2	38.0%	+1.2pts	+42.1	+17.5%	+12.8%
Brand Development/ R&D Investments	25.2	3.4%	-0.9pts	-2.6	-9.3%	-10.9%
Personnel Expenses	96.3	12.9%	-0.7pts	+7.6	+8.5%	+6.0%
Other SG&A Expenses	127.1	17.1%	-1.4pts	+6.4	+5.3%	+3.4%

* Including POS personnel expenses

Supplemental Data 8

2021 Q3 YTD Capital Expenditures; Depreciation and Amortization

(Billion yen)	2020 Actual	2021 Previous Outlook (Feb)	2021 Latest Outlook
Capital Expenditures*	97.9	95.0	92.5
Property, Plant and Equipment	71.8	58.0	62.5
Intangible Assets, etc.	26.1	37.0	30.0
Depreciation and Amortization	61.9	68.5	60.5
Property, Plant and Equipment	38.1		
Intangible Assets, etc.	23.7		

* Investments in capital expenditures; property, plant and equipment; intangible fixed assets (excl. goodwill, trademark rights, etc.); and long-term prepaid expenses

Supplemental Data 9

2021 Net Sales Outlook by Reportable Segment

(Billion yen)	2020	2021 Latest Outlook	YoY Change %	YoY Change FX-Neutral %	Like-for-like %*	2021 Previous Outlook (May)	
							Change
Total	920.9	1,044.0	+13.4%	+9%	+13%	1,067.0	-23.0
Japan	303.0	280.0	-7.6%	-8%	-0%	325.0	-45.0
China	235.8	281.5	+19.4%	+10%	+23%	282.5	-1.0
Asia Pacific	59.2	64.0	+8.2%	+5%	+5%	64.5	-0.5
Americas	91.4	121.0	+32.4%	+28%	+31%	116.5	+4.5
EMEA	94.3	116.5	+23.5%	+16%	+17%	106.0	+10.5
Travel Retail	98.5	120.0	+21.8%	+17%	+17%	106.5	+13.5
Professional	12.8	14.5	+13.9%	+14%	+14%	14.5	-
Other	25.9	46.5	+79.3%	+79%	-2%	51.5	-5.0

Exchange rates for 2021: USD 1 = JPY 110 (+3.0%), EUR 1 = JPY 130 (+6.8%), CNY 1 = JPY 17 (+9.8%)

* Excluding the impacts from the transfers of the Personal Care business and three makeup brands on 2H results

Supplemental Data 10: Extraordinary Income and Losses

(Billion yen)		2020			2021		
		1H	Q3	Q3 YTD	1H	Q3	Q3 YTD
Structural Reform Expenses		-	-	-	-42.3	77.7	35.3
Transfer and JV of PC business		-	-	-	-1.2	86.2	85.0
Termination of license with DOLCE&GABBANA S.R.L		-	-	-	-33.9	0.0	-33.9 Incl. impairment of trademark rights -15.6
Transfer of prestige makeup brands		-	-	-	-	-8.5	-8.5 Incl. impairment of goodwill -7.3
EMEA: Organizational reform		-	-	-	-3.3	-0.1	-3.4
Withdrawal from hyaluronic acid business		-	-	-	-3.3	-	-3.3
Other structural reform expenses		-	-	-	-0.5	-	-0.5
COVID-19-Related	Profit (Subsidy income)	1.8	3.4	5.2	1.1	0.6	1.7
	Loss (Salaries and allowances for employees, etc.)	-16.6	-1.5	-18.1	-3.2	-1.3	-4.5
Property, Plant and Equipment		-0.7	-1.8	-2.4	-0.5	-0.3	-0.8
Investment in Securities		0.3	-0.1	0.2	0.3	0.2	0.6
Other		-0.9	0.0	-0.9	-	0.3	0.3
Total		-16.1	-0.0	-16.1	-44.6	77.3	32.7

Supplemental Data 11-1: Transition to International Financial Reporting Standards (IFRS)

● Major Impacts of IFRS Transition on the Balance Sheet

Item	Japanese GAAP	IFRS	Details
Lease transactions	No recognition of assets or liabilities	Recognition of assets and liabilities	Under IFRS, right-of-use assets are recognized according to sales transactions, and corresponding debt is recorded as lease liabilities
Accumulated adjustments for retirement benefits	Recorded as "Other comprehensive income" and reflected in "Retained earnings" through "Net Profit" in the following 10 years	Remeasurement of defined benefit plan is transferred directly to "Retained earnings" from "Other comprehensive income"	Under IFRS, remeasurement of defined benefit plan is recognized as "Other comprehensive income" when it occurs, and transferred to "Retained earnings" directly
		Past service costs are recognized as net profit or loss	Under IFRS, past service costs are recognized as net profit or loss as they occur
Accrued paid leave	Not recognized	Recognized	Under IFRS, accrued paid leave is recognized as a liability
Assets held for sale	None	Yes	Under IFRS, "Assets held for sale" are presented separately in the consolidated balance sheet
Translation adjustments on foreign operations	None	Balance transferred to "Retained earnings"	Under IFRS, balance of cumulative translation adjustments is transferred to "Retained earnings" at the transition date

Supplemental Data 11-2: Transition to International Financial Reporting Standards (IFRS)

● Major Impacts of IFRS Transition on the Income Statement

Item	Japanese GAAP	IFRS	Details
Non-Operating Income/Loss and Extraordinary Income/Loss	Not included in Operating Profit	Included in Operating Profit	Under IFRS, Non-operating income/loss and Extraordinary income/loss are included in Operating Profit excluding finance service revenues/expenses and equity gains/losses of affiliates
Goodwill	Amortized	Not amortized	Under IFRS, Goodwill is not amortized
Revenue recognition (Rebates/Point programs for customer loyalty)	SG&A	Deducted from Sales	Under IFRS, Rebates are deducted from Sales. Point programs for customer loyalty are recognized as a liability calculated based on the selling price of the goods and services, and the amount of allowance is deducted from sales

● Major Impacts of IFRS Transition on the Cash Flow Statement

Item	Japanese GAAP	IFRS	Details
Principal payments for lease liabilities	Operating activities	Financing activities	Under IFRS, payments for lease transactions are presented as a repayment of lease liability in the financing activities section

SHISEIDO