

2022 Results (January–December)

February 10, 2023

Shiseido Company, Limited

Takayuki Yokota

Chief Financial Officer

The Shiseido logo, featuring a stylized red 'S' symbol followed by the word 'SHISEIDO' in a bold, red, sans-serif font.

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.

2022 Key Headlines

Core Operating Profit improved by ¥8.8 bn

Strategic Additional Investments for Mid- to Long-Term growth implemented

Prepared for demand recovery with structural reforms completed
and solid production network built

- **Like-for-like (LfL)* Net sales YoY: +1%**
 - Still sluggish market in China covered by strong TR and EMEA
 - Japan: Mid price range on a recovery trend with FY performance affected by sluggish 1H
 - *Clé de Peau Beauté*, *NARS* and fragrance remained strong
- **EC sales ratio: 33%, sales* YoY: +1%**
 - Achieved overall growth despite Double 11 market slowdown
 - China high prestige category: resilient
- **Core operating profit: +¥8.8 bn YoY**
 - Strategic additional investments implemented as planned for the mid- to long-term growth
 - Company-wide agile cost management, structural reforms, FX, etc.
- **Steadfast progress of transformation**
 - Transfer of manufacturing business for personal care products, transfer of professional business
- **Sound financial position for growth**
 - Net D/E ratio: 0.05x

* Like-for-like increase (decrease) excludes the impact from FX and all business transfers in FY2022 and FY2021 as well as the impact of all related transfer agreements (“business transfer impacts”).

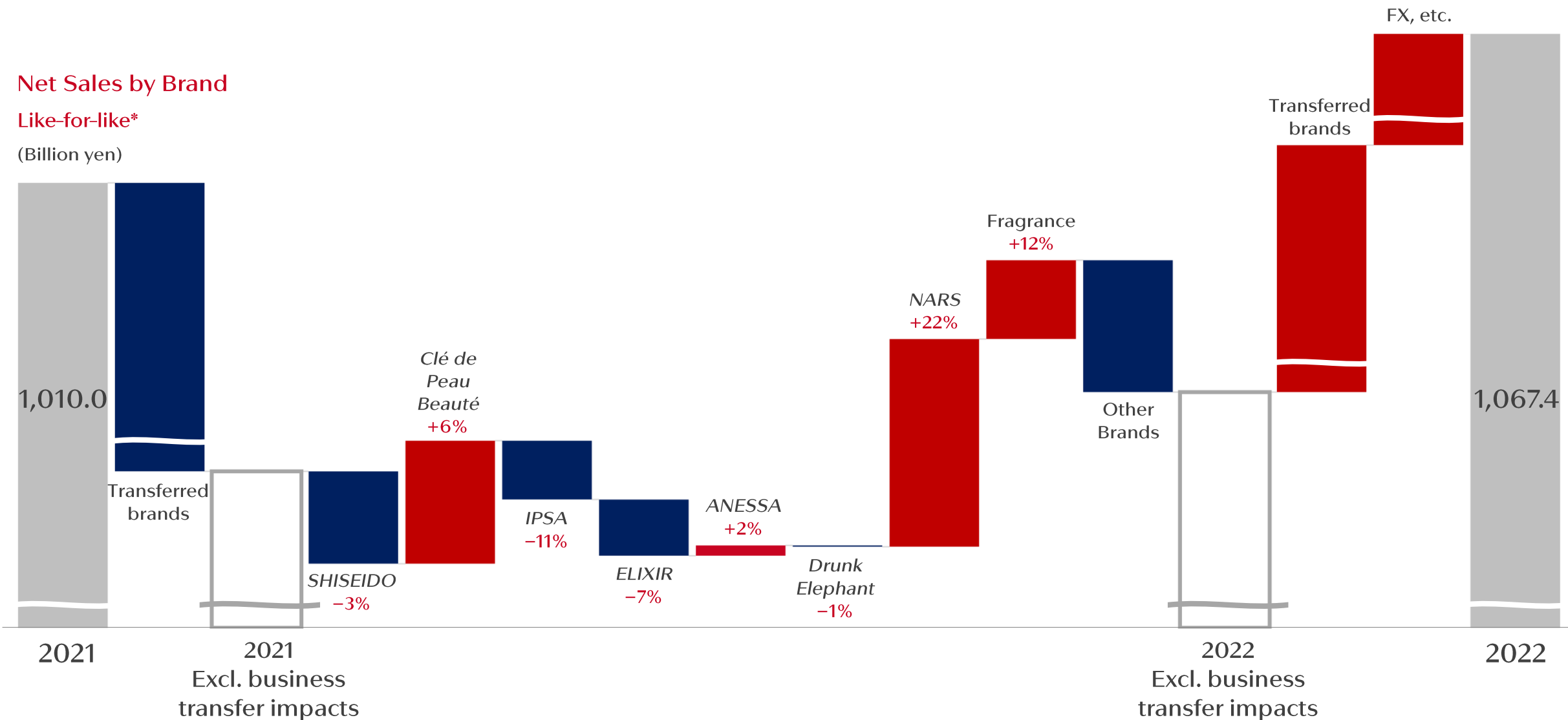
FY2022 (January–December): Executive Summary

| (Billion yen) | 2021 | % of Net Sales | 2022 | % of Net Sales | YoY Change | YoY Change% | YoY Fx-Neutral% | YoY LfL*2% |
|---|---------|----------------|---------|----------------|------------|-------------|-----------------|------------|
| Net Sales | 1,010.0 | 100% | 1,067.4 | 100% | +57.4 | +5.7% | -3.9% | +0.9% |
| Core Operating Profit | 42.6 | 4.2% | 51.3 | 4.8% | +8.8 | +20.6% | | |
| Non-recurrent items | 58.0 | 5.7% | -4.8 | -0.4% | -62.8 | - | | |
| Operating Profit | 100.6 | 10.0% | 46.6 | 4.4% | -54.0 | -53.7% | | |
| Profit Before Tax | 99.1 | 9.8% | 50.4 | 4.7% | -48.7 | -49.1% | | |
| Income Tax Expense | 49.7 | 4.9% | 12.8 | 1.2% | -36.8 | -74.1% | | |
| Profit Attributable to Owners of Parent | 46.9 | 4.6% | 34.2 | 3.2% | -12.7 | -27.1% | | |
| EBITDA*1 | 94.5 | 9.4% | 102.4 | 9.6% | +7.9 | +8.3% | | |

*1 Core Operating Profit + Depreciation and Amortization (excl. amortization of right of use) *2 Excludes FX and business transfer impacts

- Net Sales:** ➤ China increased market share despite a decline in sell-in due to sluggish market, Japan on a gradual recovery trend in mid price range from 1H challenges
- TR and EMEA remained strong, Asia Pacific on a recovery trend from pandemic, positive impact of yen depreciation
- Core Operating Profit:** ➤ Profit increased thanks to agile cost management, structural reforms and FX impacts, etc.
- Non-recurrent items:** ➤ 2021; profit on transfer of personal care business: ¥132.0 bn, impairment loss and structural reform expense related to *Dolce&Gabbana*: -¥36.5bn
- 2022; impairment loss on transfer of personal care production business: -¥13.6 bn, profit on Professional business transfer: ¥10.9 bn
- Profit Before Tax:** ➤ Finance income: +¥1.8 bn, share of profit of investments accounted for using equity method: +¥3.3 bn
- EBITDA:** ➤ Achieved 9.6% EBITDA margin

Clé de Peau Beauté, NARS and Fragrance Showed Strong Growth While Most Skincare Brands Struggled amid Headwinds in Japan and China Markets



* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions as of Feb 2022 and excludes exchange rate differences etc.

Net Sales YoY:

Japan Mid Price Range on a Recovery with FY Results Affected by Sluggish 1H
 China Q4 Negative Growth Widened due to Double 11 Market Decline
 Other Regions Remained Strong

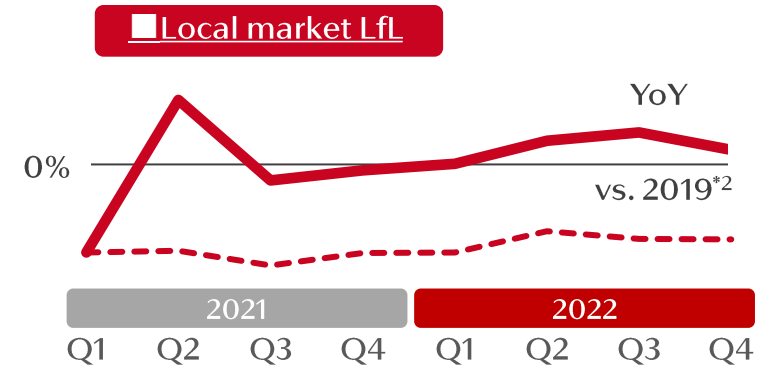
| Like-for-like | 2022 | | | | | | | | | |
|---------------|----------|------|------|------|------|----------|------|------|------|------|
| | vs. 2019 | | | | | vs. 2021 | | | | |
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
| Japan | -37% | -35% | -31% | -25% | -32% | -3% | -2% | +9% | -3% | +0% |
| China | +14% | +19% | +16% | +43% | +24% | -14% | -14% | -2% | -8% | -10% |
| Asia Pacific | -13% | -8% | -5% | +16% | -3% | -0% | +20% | +12% | +21% | +13% |
| Americas | +29% | +28% | +31% | +19% | +26% | +7% | +15% | +3% | +12% | +9% |
| EMEA | +7% | +5% | +7% | -23% | -4% | +9% | +1% | +21% | -9% | +4% |
| Travel Retail | +29% | +3% | +15% | +18% | +16% | +21% | +15% | +9% | +11% | +14% |
| Total | -9% | -9% | -7% | +2% | -6% | -1% | -1% | +7% | -1% | +1% |
| ex-Japan | +15% | +11% | +13% | +19% | +14% | +0% | -0% | +6% | -1% | +1% |

* Excluding FX and business transfer impacts

Japan: Share Increased in Prestige, Mid Price Range Market Continued to Recover

- Q4 local market:

- Low price range continued to grow, driving entire market growth
- Mid price range modest recovery trend continued
- All channels grew YoY except for specialty stores



- Shiseido Consumer Purchases*1: FY +low single digit% / Q4 +low single digit%,

- Local: +low single digit% / +low single digit%

- *Clé de Peau Beauté*: +high single digit%,
- SHISEIDO*: +low single digit%

Holiday Collection and new products drove the growth

- *ELIXIR*: +high single digit% Recovery momentum through successful renewal

PRIOR: +high single digit% Continued strong with new product launches

- EC: +high single digit% / -low single digit%

- Inbound: -mid single digit% / +low teen%



SHISEIDO Holiday Collection



ELIXIR

PRIOR

*1 Excluding business transfer impacts *2 Adjusted for the effects of consumption tax hike in 2019

China: Share Increased amid Significant Decline in Double 11 Market

- Q4 Market:
 - Tough competitive environment, impact of pandemic still ongoing
 - Intermittent lockdowns in many cities, logistics
 - Significant decline in Double 11

- Shiseido Consumer Purchases*

Business total: FY –mid single digit% / Q4 –high single digit%

➤ Mainland China: –high single digit% / –high single digit%

- Prestige: –mid single digit% / –low single digit%

- *Clé de Peau Beauté* Supreme Series,
 - SHISEIDO* Future Solution showed strong sales

- EC: +high single digit% / –low single digit%

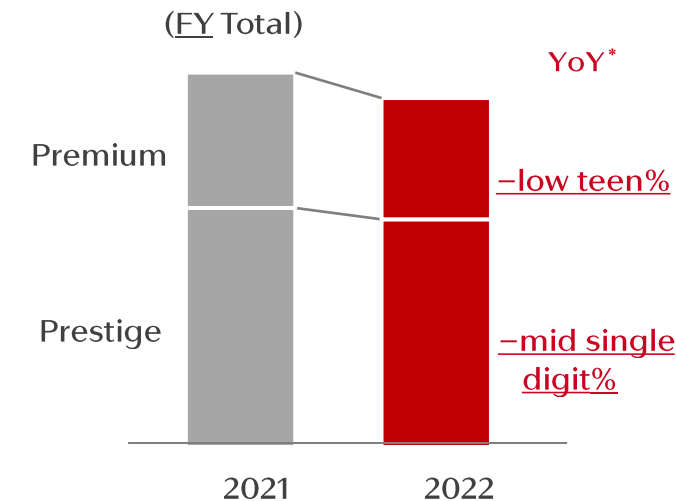


Clé de Peau Beauté
TikTok



SHISEIDO
Future Solution LX

Consumer Purchases by Category



*Excluding FX and business transfer impacts

All Four Regional Segments Showed Solid Performance

Q4 Market

Americas

Growth continued, driven by *NARS*

Growth and market expansion in all categories

- Shiseido External Sales *1: FY +9% / Q4 +12%
 - *NARS*: continued to gain share, climbed 4 ranks *2
 - EC: + low single digit% / + low single digit%

EMEA

Strong momentum continued

Growth continued in all categories

- Shiseido External Sales *1: FY +4% / Q4 -9%
 - ex-Russia: +12% / +4%
 - *narciso rodriguez*: Musc Noir series excelled
 - EC: - low single digit% / + low single digit%
 - Customer traffic to real stores recovered

Travel Retail

Recovery trend in Americas, EMEA and Japan, despite slight slowdown of Hainan island

Global traffic continued to recover

- Shiseido Consumer Purchases *1:
 - Asia FY + low single digit% / Q4 + low single digit%
(Global + high single digit% / + high single digit%)
 - EC (Asia): - mid single digit% / + low single digit%

Asia Pacific

Strong growth in Q4 with Taiwan's recovery

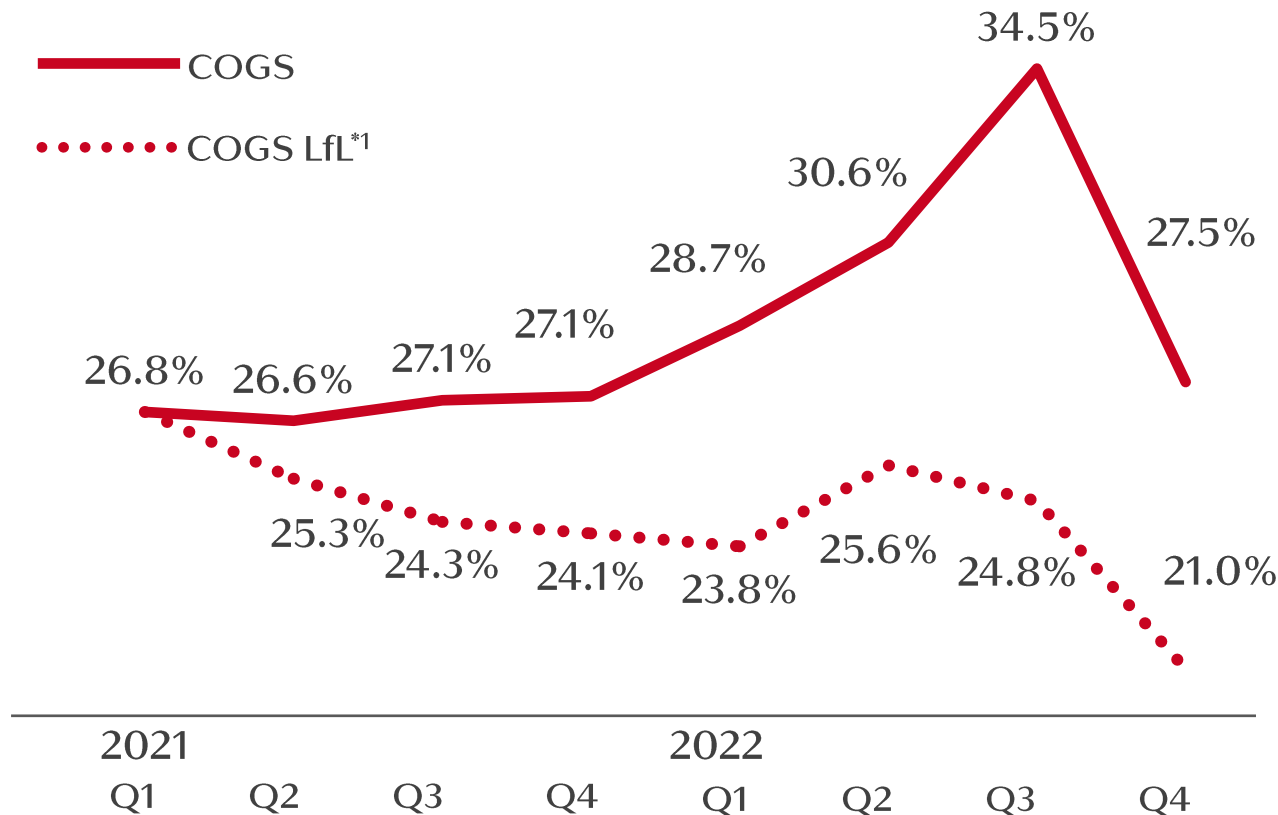
Market recovered in all countries and regions

- Shiseido External Sales *1: FY +13% / Q4 +21%
 - *ANESSA*: renewed Gold series strong
 - EC *3: + mid single digit% / + high single digit%

COGS: Impacted by MSA^{*2} and Impairment Loss on Business Transfers

LfL: Improved thanks to Favorable Product Mix from Business Transfers, etc.

| | 2021 | 2022 |
|------------------------------|--------------|--------------|
| COGS | 26.9% | 30.3% |
| <u>COGS LfL^{*1}</u> | <u>25.1%</u> | <u>23.6%</u> |



FY Factors for increases/decreases

- (+) Favorable product mix from business transfers
- (+) Lower inventory write-offs
- (+) Higher productivity
(lower fixed costs due to shift to in-house manufacturing)
- (+) Impairment loss from withdrawal from hyaluronic acid business in 2021
- (-) Higher fixed costs due to launch of new factories
- (-) Higher raw materials and logistics costs
- (-) Impairment loss of factories on transfer of PC production business in 2022
- (-) Negative impact from MSA^{*2} for business transfers
(5.4 pts)

*1 Excludes impacts from product supply due to business transfer and from impairment loss *2 Manufacturing Service Agreement

FY2022 Core Operating Profit by Reportable Segment: Agile Cost Management, Americas, EMEA and TR Drove Profit Improvement

Japan: Declined mainly due to the impact of PC business transfer

China: Declined mainly due to lower margins coming from decline in sales

Asia Pacific: Maintained due to increase in expenses despite higher margins from increased sales

Americas, EMEA: Increased thanks to higher margins coming from sales growth and lower fixed costs due to structural reforms, etc.

Travel Retail: Increased thanks to higher margins coming from sales growth

Other: Enhanced investment in new factories and DX

Adjustments: Controlled inventory and sample production in line with changes in the market conditions

| Core Operating Profit (Core OPM) | 2021 | | 2022 | | YoY | (Billion yen) |
|----------------------------------|-------------|---------------|-------------|---------------|-------------|---------------|
| Japan | 6.5 | (2.3%) | -13.1 | (-5.4%) | -19.6 | |
| China | 4.1 | (1.5%) | -3.9 | (-1.5%) | -8.0 | |
| Asia Pacific | 5.0 | (7.7%) | 4.7 | (6.6%) | -0.3 | |
| Americas | 1.6 | (1.3%) | 7.7 | (5.4%) | +6.0 | |
| EMEA | 2.7 | (2.1%) | 6.9 | (5.0%) | +4.2 | |
| Travel Retail | 22.7 | (18.8%) | 37.7 | (23.0%) | +14.9 | |
| Professional | 0.7 | (4.5%) | 0.8 | (7.7%) | +0.0 | |
| Other | 14.1 | (5.2%) | 6.1 | (2.0%) | -8.0 | |
| Adjustments | -15.0 | - | 4.6 | - | +19.5 | |
| Total | 42.6 | (4.2%) | 51.3 | (4.8%) | +8.8 | |

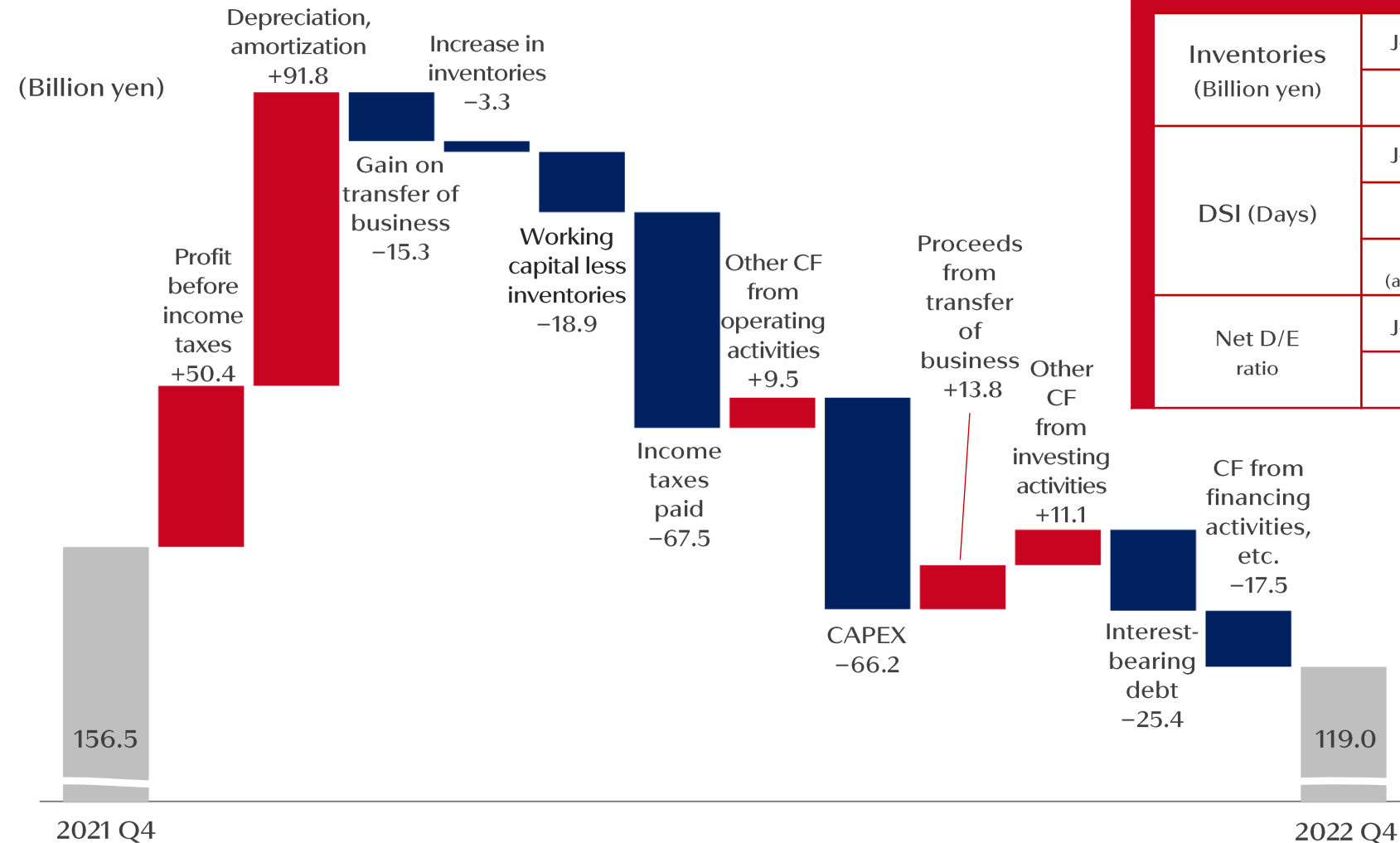
Cash Flow Management:

Continued CAPEX for Future Growth while Maintaining Sound Financial Position

Free Cash Flow: +5.4

Operating CF: +46.7

Investing CF: -41.3



| KPI | | 2021 Q4 | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 |
|---------------------------|------------------|---------|---------|---------|---------|---------|
| Inventories (Billion yen) | J-GAAP | 143.8 | - | - | - | - |
| | IFRS | 134.1 | 139.6 | 151.6 | 148.2 | 130.9 |
| DSI (Days) | J-GAAP | 218 | - | - | - | - |
| | IFRS | 200 | 185 | 185 | 163 | 150 |
| | IFRS (adjusted*) | 220 | - | - | - | 210 |
| Net D/E ratio | J-GAAP | 0.03 | - | - | - | - |
| | IFRS | -0.02 | 0.09 | 0.11 | 0.11 | 0.05 |

*Excludes impacts from product supply due to business transfer and from impairment loss (estimation)



SHIFT 2025 and Beyond Medium-Term Strategy

Masahiko Uotani

Chairman and CEO

Kentaro Fujiwara

President and COO

February 10, 2023

SHISEIDO

WIN 2023 Achievements

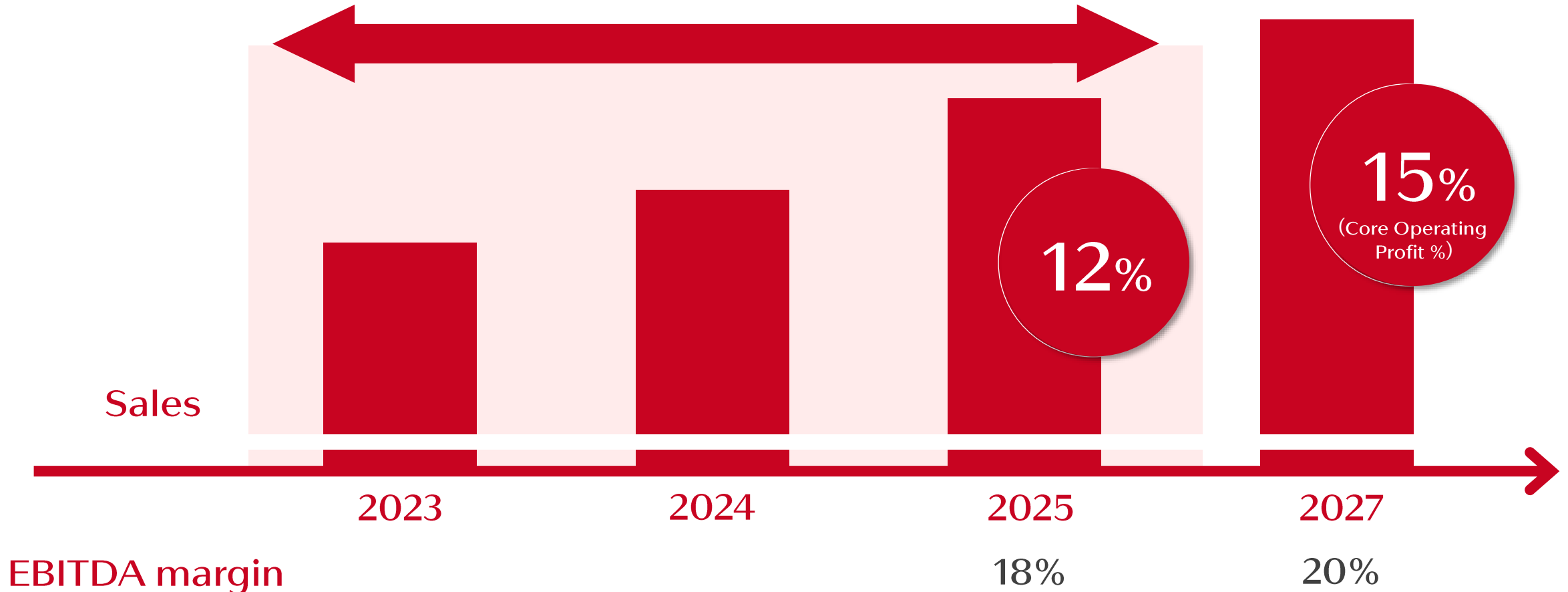
- **Selection and Concentration for profitability improvement**
 - Brand portfolio reorganization through divestitures
 - Improvement of Americas/EMEA profitability
 - Skin beauty brands sales ratio expansion
- **DX acceleration and FOCUS implementation**
- **Establishment of cutting-edge factories and logistics network**
- **Establishment of a strong financial base**

WIN 2023 Outstanding Points to be Tackled

- Considerable delay in Japan Business growth recovery
 - Recovery from prolonged impact from Covid infection and mask wearing habits
 - Revamp brands, executional capabilities, organizations, and PL Structure
- ➔ Through fundamental reforms during 2023-25, achieve core operating profit exceeding ¥50 bn in 2025, and realize sound business structure
- China economic recovery from Covid impact
- Global inflation and surge in material costs
- Geopolitical risks such as Ukraine etc.

Implement Reforms in the Next 3 Years (2023-25) to Achieve Sustainable Sales Growth and Profitability

Retarget Core Operating Profit of 15%



To Become Personal Skin Beauty & Wellness Company



Digital Platform

NARS

Success in Light Reflecting Foundation

NARS



SHIFT from Defense to Offense for New Growth

Strategic Investment in Focus Areas to Ensure Mid-to-Long Term Growth



Additional ¥100+ bn (3-year cumulative total) in 2023-25 to Enhance Brand Equity

Global Brands



Asian Brands

Fragrance Brands



Strategic New Brands



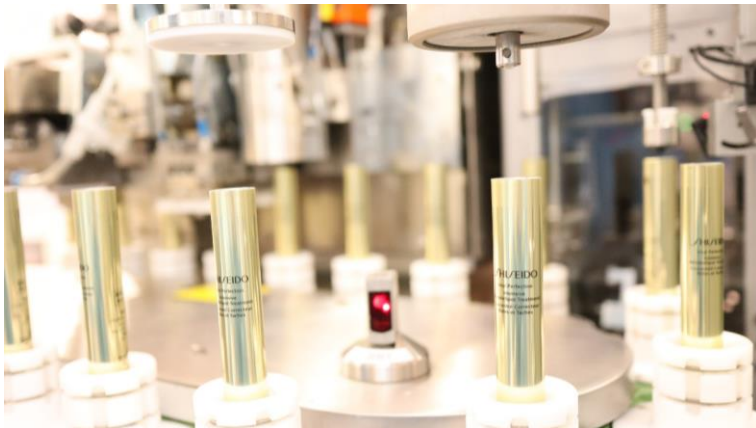
Men's Brands



3% of Sales in R&D to Accelerate Innovations



Solid Supply Network which Enables High Quality and Productivity



Nasu Factory
(Start of operations: Dec. 2019)



Osaka Ibaraki Factory,
West Japan Distribution Center
(Dec. 2020)



Fukuoka Kurume Factory
(May 2022)

Shiseido Future University



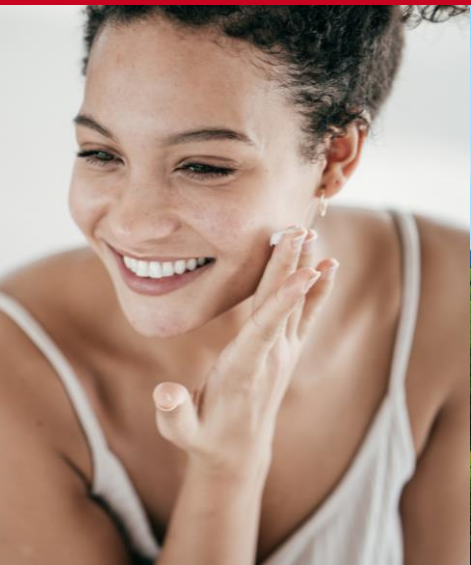
Open in the autumn of 2023





**DYNAMIC
HARMONY**

BEAUTY INNOVATIONS FOR A BETTER WORLD



To Be the Most Trusted Beauty Company

CO₂ Reduction (vs. 2019)

– 46.2% / – 55%

by 2030

Sustainable Packaging

100%

by 2025

Water Consumption

– 40%

by 2026
(vs. 2014)

New circulation model of plastic packaging
In collaboration with POLA ORBIS HOLDINGS



* CO₂ emissions reduction – 46.2% our sites (Scope1+2), – 55% Entire value chain excluding our sites (Scope3), see Supplemental Data 13 for sustainability related targets

DE&I

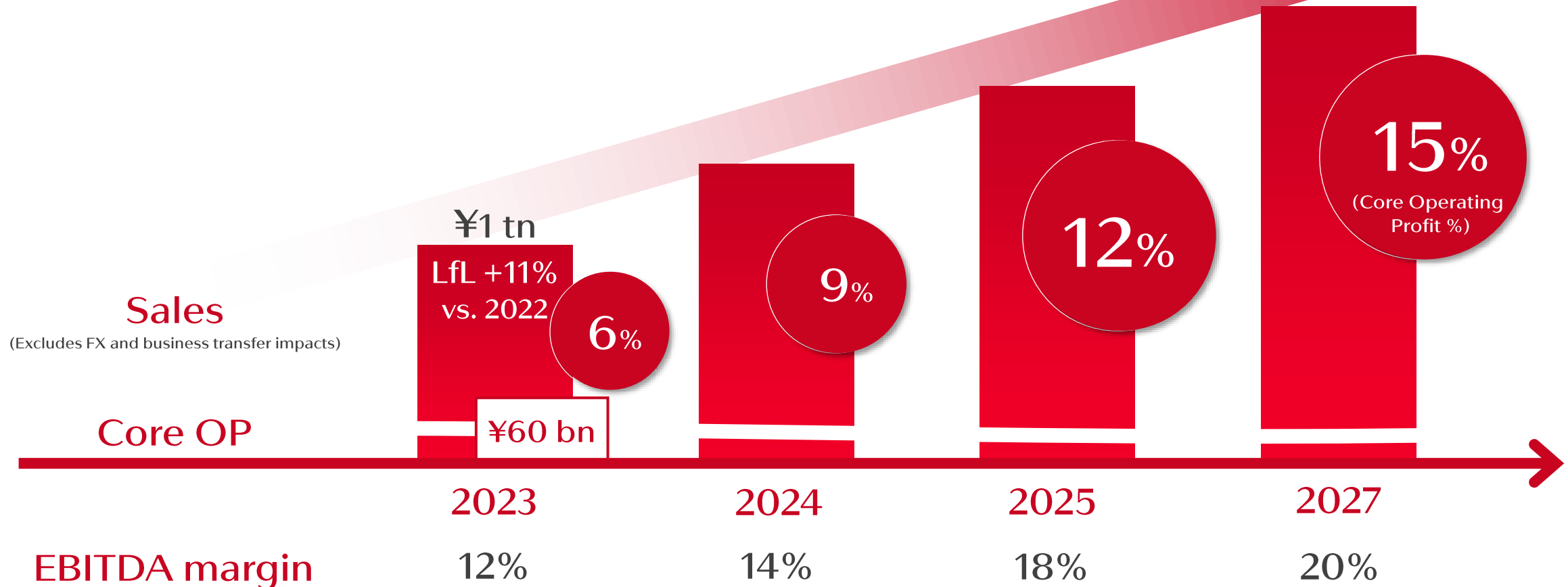
Women at Mgmt Level
50%
In Japan
by 2030



SHIFT 2025 and Beyond Medium-Term Strategy

Retarget Core Operating Profit of 15%

Concentrate on core business growth
Establish value-added base management model



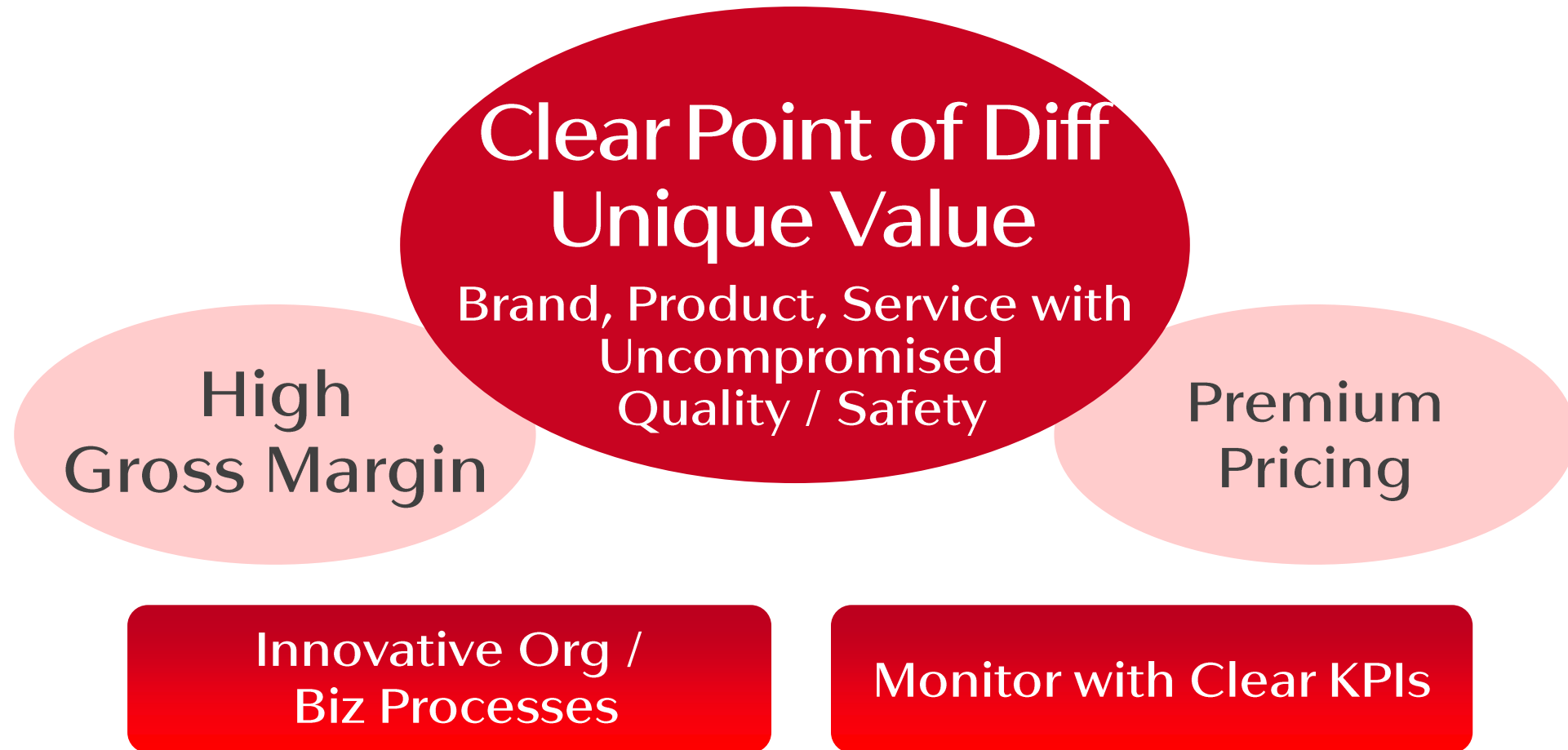
**Achieve steady growth through aggressive investments
and realize a profitable business structure**

For Further Global Growth Acceleration

- Rebuild earnings base by bringing back growth in Japan
- Win in China (China Business, Travel Retail Asia)
- Build a foundation for growth in Americas as the next growth pillar
- Develop new markets for the future

For Further Value Enhancement

Build a value-added base management model



Changes in the market

While the local market growth will be moderate in the longer term due to decline in population and disposable income;

2023 presents opportunities:

- Expansion of high price range market and recovery of middle price range market
- Recovery of inbound
- Mask wearing to be eased
- Further diversification of consumer sentiment/ buying behavior

Further business transformation

<Growth>

- Shift to aggressive marketing
 - Strategic investment in skin beauty category
 - Expand loyal users / sales / market share through strengthening innovation & value communication
 - Create business opportunities from consumer changes

<Profitability>

- Brand / channel mix management
- Stable profit structure by achieving SG&A ratio of low 60%
- Review entire cost structure for fundamental reform
- Acquire opportunities of inbound market recovery

Japan: Growth Acceleration Initiatives in 2023

Premium brands

Continuous innovations that realize the value beyond price capturing changes in consumer habits



Prestige brands

Increase loyal users through core skin care innovations and enhancement of makeup



- New brightening serum (Feb)
- New cushion foundation (Mar)
- New lipstick (Apr)



- New Eudermine (Mar)
- New lipstick (May)



Unparalleled No.1 in the brightening market

Establish an unparalleled #1 share through innovation that uses latest research results



Japan: Achieve Sustainable Growth with Improved Profitability

Changes in consumer sentiments/ behaviors

| |
|---|
| Pursuit of essence and functional effectiveness |
| Increased opportunities to go out / increased awareness of makeup |
| Expanding demand for lifelong youth among seniors |
| "Health-conscious and personal beauty" oriented |
| Acceleration of e-commerce and evolution of technology |



Initiatives

Continuous product innovations

Enhancement of growth areas:
Pure & Derma category
New market creation: Inner beauty

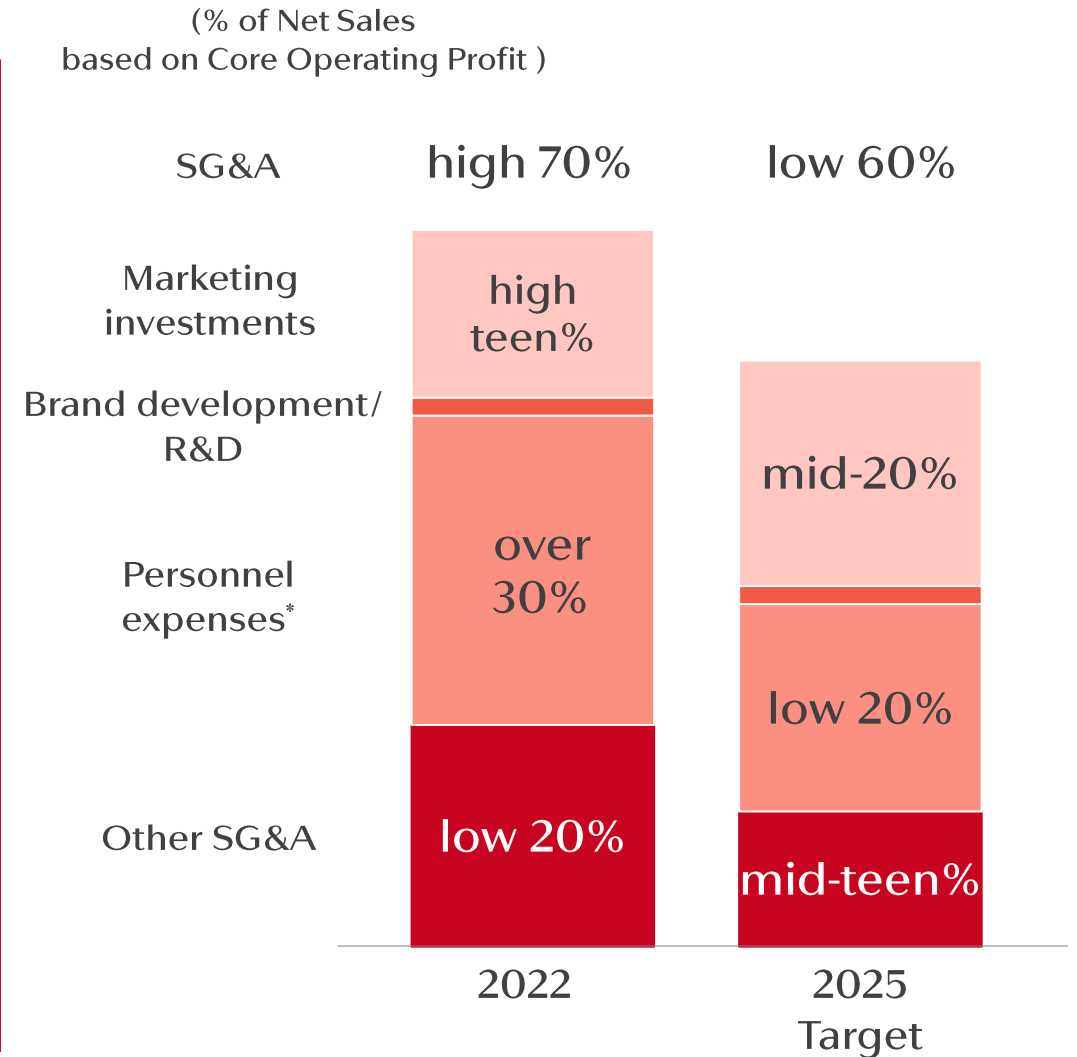
Expand PBP advice into overall wellness

Evolution of consumer experience
through OMO

Japan: Cost Structural Reforms

Realize Fundamental Cost Structure Reforms

- Skin beauty strategy
 - Improve mix by raising skin beauty sales ratio (COGS ↓)
- For a sustainable society
 - Review returns, excess reduction, and logistics costs (COGS ↓ Other SG&A ↓)
- For maximization of human capital
 - Office reorganization in line with new working style (Other SG&A ↓)
 - Streamline IT investment after FOCUS go-live (Other SG&A ↓)
 - Realize optimal organizational structure
- Further Cost Structure Reforms
 - Selection and oncentration of consumer touchpoints (SG&A ↓)
 - Focus investments upon growth channel (marketing investments ↑)



* Including POS personnel expenses

Changes in the market

- Market growth stabilization (from high growth to stable growth)
- Changes and diversification of consumer values
- Continuous intensification of competitive environment including price competition
- Diversification of digital platforms
- Rise of local brands

Further Transformation

<Growth>

- Marketing reform from quantity to quality for sustainable growth
- Brand portfolio expansion and development of new areas

<Profitability>

- Profitability improvement through Chinese consumer targeting across regions (China, Travel Retail, Japan)
- Cost reduction / efficiency that generate source of investment

China: Marketing Reforms

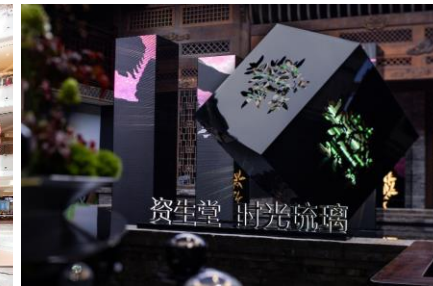
In the past

- Focus on traffic generation / net sales
- Overreliance on top products
- High sales ratio of large promotions
- Price promotion sales



From 2022 2H

- Brand building for the sustainable growth
 - Strengthen brand experience
 - Develop #2 and #3 products in addition to hero products
 - Develop products exclusively for China
 - Strengthen CRM utilizing Company's own customer data pool



China: Profitability Improvement

- Improve COGS

- Improve mix by trading up to high price range skin care products
- Reduce COGS by strengthening refill products

- Strengthen DX

- Optimize consumer journey by utilizing data
- Further enhancement of targeted marketing
- Improve forecast accuracy and reduce COGS by centralized management and reduction of inventories leveraging FOCUS

- Personnel Expenses

- Optimize offline bases and stores
- Improve Beauty Consultant productivity by digitization, etc.

- Other SG&A expenses

- Improve logistics costs by consolidating distribution centers, etc.
- Centralize indirect procurement



2025 Target

+5pts*

of Core Operating
Profit
vs. 2022

* Excluding the impact of changes in transfer price

China: Brand Portfolio Expansion and Development of New Areas

Nurture brands that were launched
2021 onward



BAUM



ESTD 2012
DRUNK ELEPHANT™



INRYU



New areas

- Medical Beauty
- Sensitive Skin
- Inner Beauty



Asia Pacific

Build business foundation in future promising markets

Changes in the market

- Growth acceleration of Southeast Asian Economy
- Increase in market size and growth potential in India
- E-commerce market size expansion

Growth strategy

- Strengthen prestige brand portfolio
- Develop business which captures regional needs
- Build business foundation in India, launch *NARS* (2023 2H)



Travel Retail

Build unique values for travelers

Changes in the market

- Global recovery in traveler numbers
- Hainan Island market size expansion

Growth strategy

- Increase investment in prestige brands in Hainan Island
- Strengthen brand appeal
- Differentiate brands / products, with limited-edition products, etc.



Americas

Build foundation as the next growth pillar and drive local innovation

Changes in the market

- Growth of skincare and makeup markets continues
- Prestige beauty market resilient despite recession risks

Growth strategies

- Continue to enhance *NARS*, *SHISEIDO*, and *Drunk Elephant* as core brands
- Promote local innovations
- Evolve consumer engagement using digital technologies



EMEA

Achieve profitable growth by strengthening pillar brands and fuel new brand development

Changes in the market

- Entire EMEA strong and steady
- Growing demands for sustainability


Growth strategies

- Continue to enhance *SHISEIDO* and *NARS* as core brands, increase contribution from *Drunk Elephant* and *Clé de Peau Beauté*
- Expand profits from fragrance
- Explore new skin care domains with *Ulé* and *Gallinée*, for potential global roll-out



Continuous DX Acceleration

To become the Global No. 1 Data-Driven Personal Skin Beauty and Wellness Company

| | E-commerce Sales Ratio | Digital Media Ratio | Digital Talent Upskilling |
|-------------|------------------------|---------------------|---|
| 2025 Target | 40% | 90% |  40% |
| 2022 | 33%* | 84% | 8,300 employees 20% |

Employees in the Digital Academy

- First Party Data Strategy Focus
 - Consumer data growth, Customer Relationship Marketing (CRM) programs that drive personalization and increase LTV (lifetime value)
- Innovation
 - Continued innovation in Beauty Tech experiences. Skin diagnostics leveraging AI delivers omnichannel service globally
 - Develop new personalized wellness platform supporting skin and inner beauty
- Organization of the Future
 - In addition to upskilling employees, strengthen brands and regional employees with digital and data subject matter expertise
 - Global Web 3 Steering Committee to support Regions in leveraging latest technologies for marketing and brand building
 - Organize for success, establish regional metaverse team in Americas Region, and expand into other regions

* Excludes FX and business transfer impacts

Improvement of Profitability and Productivity through FOCUS Implementation



FOCUS 1.0
(Global ERP implementation)

FOCUS to go live in all regions by 2023 Q4-24 1H
Standardize data, processes and systems globally

Implementation status

| | |
|------|----------|
| ✓ | Americas |
| ✓ | APAC |
| ✓ | China |
| 2023 | HQ |
| 2023 | Japan |
| 2023 | EMEA |
| 2023 | TR |

FOCUS 2.0
(Production/ R&D areas)

FOCUS to go live in all factories and R&D facilities by end of 2025
Streamline processes through standardizing data

Profitability Improvement

Gross profit increase, cost reduction and working capital efficiency increase.
Productivity to be improved across finance, supply network, and marketing areas

Global One IT Organization

Realize and expand Global One IT organization in 2024
Enhance in-house development capabilities

Financial Targets

| | <u>2022</u> | <u>2023 Plan</u> | | <u>2025 Target</u> | | <u>2027 Target</u> |
|------------------------------|-----------------------|------------------|---|----------------------|---|---------------------|
| Net Sales | ¥0.9 tn* (¥1.1 tn) | ¥1 tn | > | vs. 2022* CAGR+8% | > | vs. 2025 CAGR+6% |
| Core Operating Profit Margin | 4.8% | 6% | > | 12% | > | 15% |
| EBITDA Margin | 9.6% | 12% | > | 18% | > | 20% |

* Excludes impact of foreign exchange translation and business transfers

The starting point of CAGR +8% is the 2022 Net Sales excluding impact of foreign exchange translation and business transfers

Financial Targets

| | | 2022 | 2025 |
|--|----------------|--------------------------|--------------|
| Return on capital improvement | ROIC | 5.2% | 12% |
| | ROE | 6.0% | 14% |
| Cash generation capability improvement | Free Cash Flow | ¥5.4 bn | ¥100 bn*1 |
| | DSI | 150 days (210 days*2) | 180 days |
| Sound financial position | Net D/E | 0.05× | 0.2× or less |
| | Net D/EBITDA | 0.31× | 0.5× or less |

*1 Excluding cash-out related to M&A *2 Excluding impacts from product supply due to business transfer and from impairment loss (estimation)

Accelerate Investments for Growth

Profitability improvement from investments for growth

- **Brands**

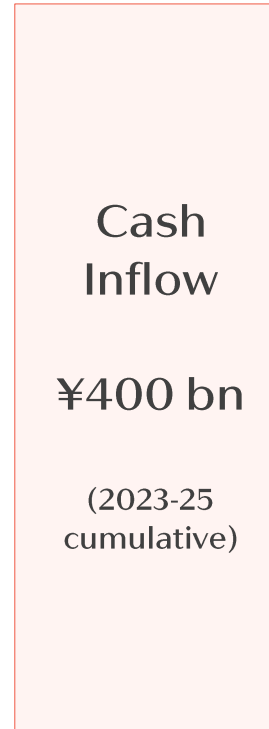
Marketing investment
2023-25 cumulative
¥100bn+*

- **Innovations**

Invest ca. 3% of net
sales in R&D

- **People**

Reskilling/education,
compensation/ incentive,
etc.



1 CAPEX

- FOCUS, IT, store/ counter-related, factory and logistics center DX, ESG investments, etc.

2 Investment in M&A and new business areas

3 Continuous enhancement of shareholder returns

- Increased dividend in line with core EPS growth resulting from business growth
- Agile stock buy-back in line with business environment and market climate

4 Appropriate financial leverage

- Active use of debt and sustainability linked bonds
- Single A debt rating



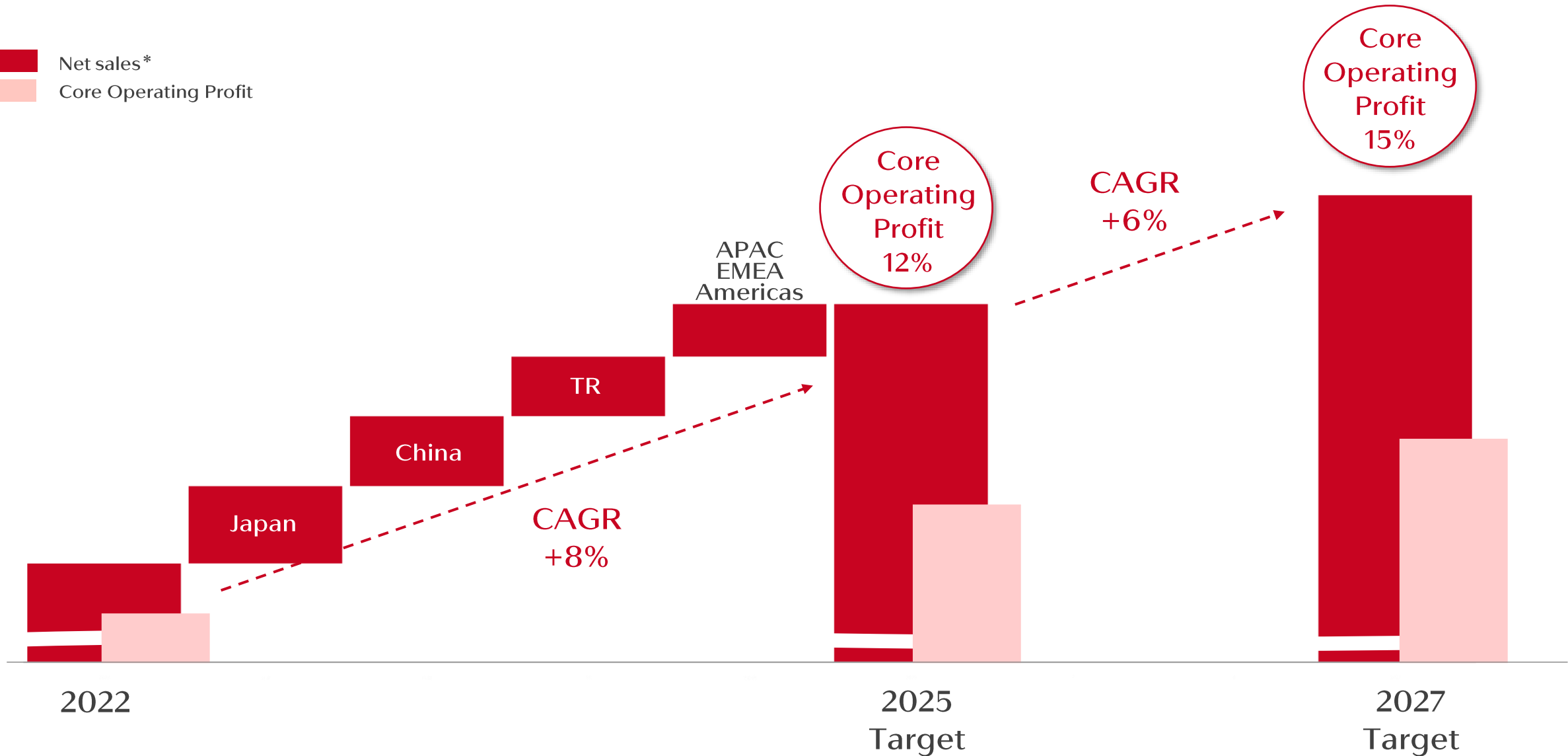
Corporate value
maximization



* Total increased amount vs. 2022,
Marketing investments include POS personnel expenses and are recorded as expenses

Japan, China and Travel Retail Drive Growth

Net sales*
 Core Operating Profit



* Excludes impact of foreign exchange translation and business transfers

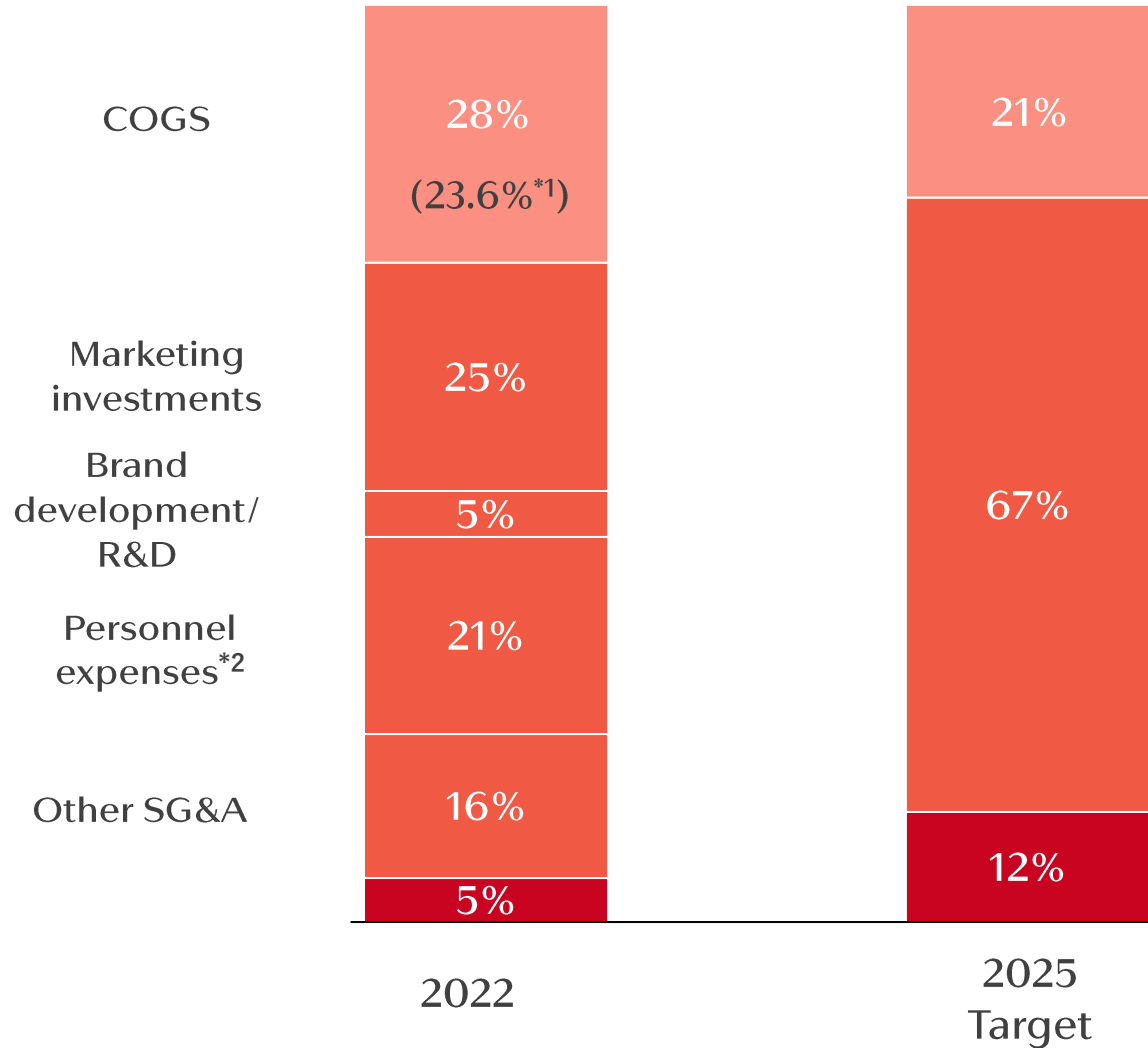
The starting point of CAGR +8% is the 2022 Net Sales excluding impact of foreign exchange translation and business transfers

2023-25 Market Assumptions

| | |
|---------------|--|
| Japan | Local: Recovers from pandemic in 2023 onwards and shows growth Inbound: Recovers gradually from 2023 |
| China | Recovers gradually from 2023 Q2 Market growth stabilizes |
| APAC | Mature markets (countries and regions) such as Taiwan and South Korea continue to grow Economic growth of Southeast Asia drives regional growth |
| Americas | Remains strong |
| EMEA | Remains strong |
| Travel Retail | Hainan Island market continues to grow, drives entire business growth Growth slows down from 2024 onwards |
| Other | Geopolitical risks and global recession risks are not incorporated |

Cost Structure

(% of Net Sales based on Core Operating Profit)



- COGS

- Product mix improvement
- Reduction in return and write-offs through demand forecast accuracy
- Productivity improvement with cutting edge facilities, outsourcing ratio reduction
- Supply network reorganization

- SG&A

- Strengthening marketing investments, ROI improvement
- Productivity and efficiency improvement with FOCUS go-live
- Reduction of % of personnel expenses, productivity improvement
- Fixed cost reduction and conversion to variable costs
- Cost structure reforms

*1 Excludes impacts from product supply due to business transfer and from impairment loss *2 * Including POS personnel expenses

2023 Outlook

With enhanced marketing investments and **outperform the market**, increase market share in each region
 Improve medium-term profitability through ambitious growth and cost optimization primarily in Japan and China

| (Billion yen) | 2022 | 2023 Outlook | % of Net Sales | YoY Change | YoY Change% | YoY Change FX-neutral% | YoY Change LfL%*1 |
|---|---|------------------------------------|----------------|------------|-------------|------------------------|-------------------|
| Net Sales (Like-for-Like)*1 | 1,067.4 (880.0) | 1,000.0 (980.0) | 100% | -67.4 | -6.3% | -6% | +11% |
| Core Operating Profit | 51.3 | 60.0 | 6.0% | +8.7 | +16.9% | | |
| Profit before Tax | 50.4 | 47.0 | 4.7% | -3.4 | -6.8% | | |
| Profit Attributable to Owners of Parent | 34.2 | 28.0 | 2.8% | -6.2 | -18.1% | | |
| EBITDA*2 | 102.4 | 120.0 | 12.0% | +17.6 | +17.2% | | |
| Dividend (Yen/Share) (Forecast) | Ordinary 50 Interim (paid) 25, year-end 25 150th anniversary commemorative 50 | 60 Interim 30, year-end 30 - | | | | | |

Exchange rates for 2023 USD 1 = JPY 130 (YoY-1.1%), EUR1 = JPY 140 (+1.4%), CNY = JPY 19 (-2.6%)

*1 Excludes impact of foreign exchange translation and business transfers (estimation) *2 Core Operating Profit + Depreciation and Amortization (excl. amortization of right of use)



SHISEIDO

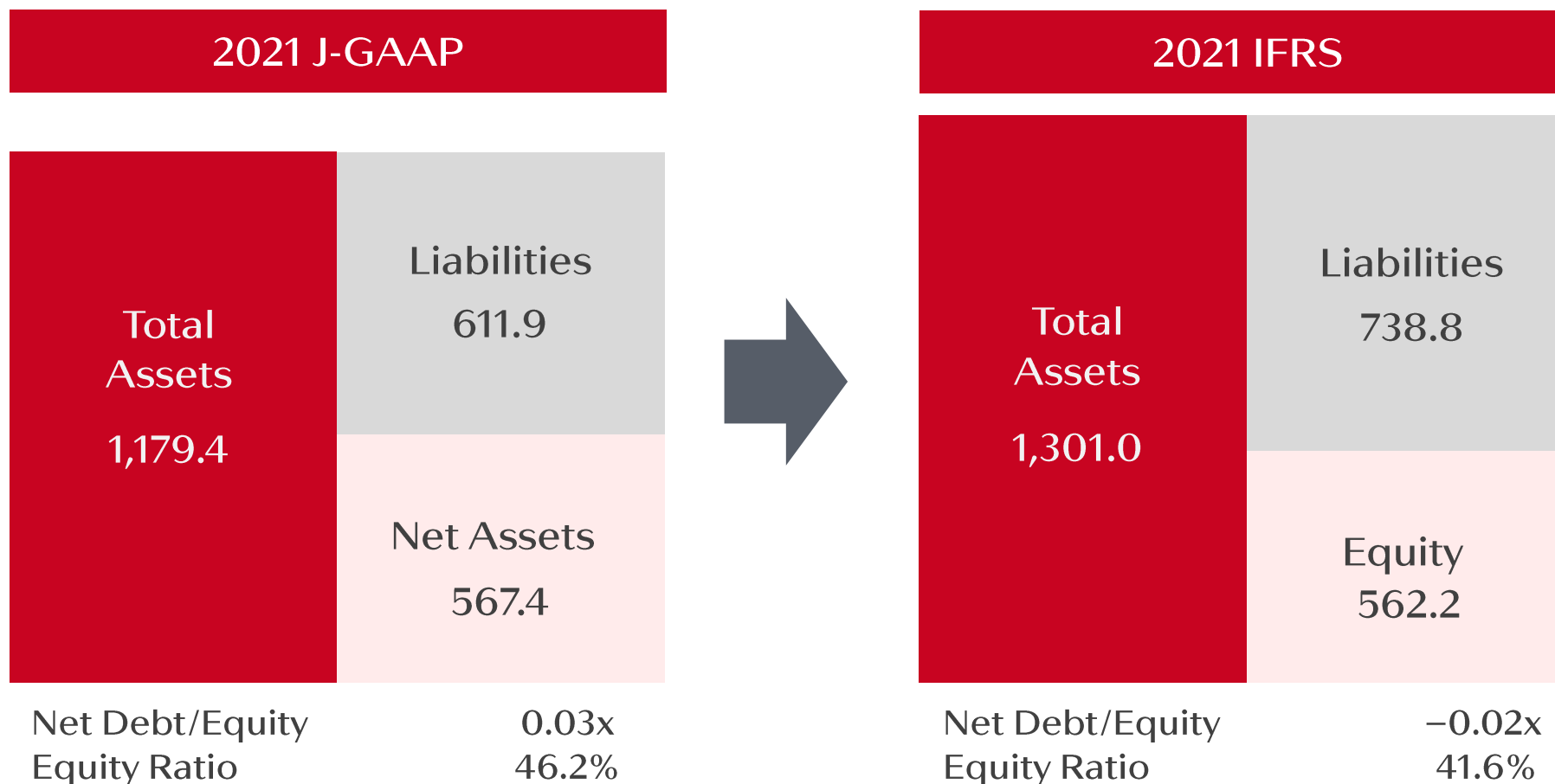
Be a Global Winner
with Our Heritage

Supplemental Data 1-1 Impacts of Transition from J-GAAP to IFRS

2021 Consolidated Financial Position

- Total Assets +121.6 : Right-of-use assets reflected on the balance sheet +98.8, Impacts of investments accounted for using equity method +19.3, etc.
- Liabilities +126.9 : Lease liabilities reflected on the balance sheet +114.9, Increase in liabilities due to increased retirement benefits +22.7, etc.
- Equity -5.3 : Remeasurements of defined benefit plans -13.2, Measurements of financial instruments +3.9, Differences in P/L due to changes in accounting standards +1.6, etc.

(Billion yen)



Supplemental Data 1-2 Impacts of Transition from J-GAAP to IFRS

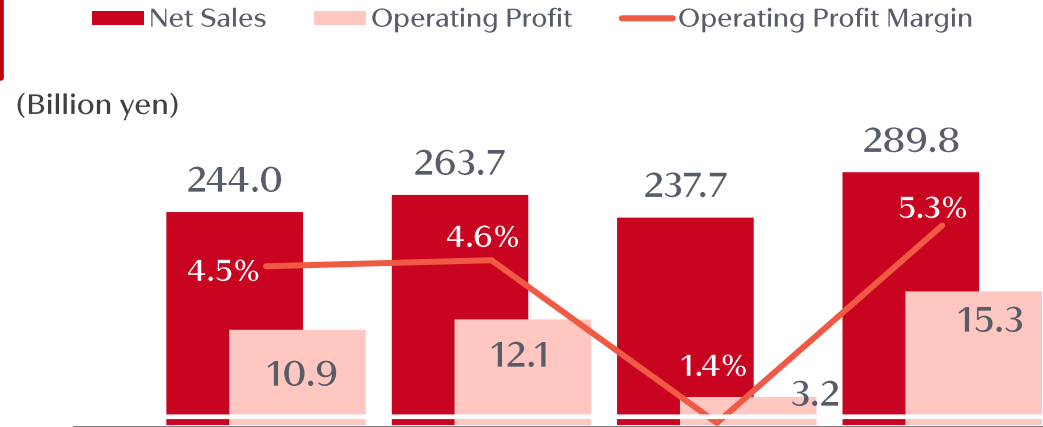
2021 Consolidated Statement of Profit and Loss

| (Billion yen) | J-GAAP | IFRS | Major impacts of transition from J-GAAP to IFRS |
|---|---------|--|--|
| Net Sales | 1,035.2 | Net Sales 1,010.0 | Differences -25.2 |
| Cost of Sales SG&A Part of SG&A | | Part of SG&A Cost of Sales SG&A | <ul style="list-style-type: none"> • Deduction of rebates from Net Sales -21.1 • Deduction of provision for points from Net Sales, changes in accounting items related to returns, etc. -4.1 |
| Operating Profit | 41.6 | Core Operating Profit 42.6 | Differences +1.0 |
| Non-Operating Income (Expenses) Finance Income (Expenses) Profit (Loss) of Investments Accounted for Using Equity Method Other Operating Income (Expenses) Extraordinary Profit (Loss) | | Non-recurrent items Finance Income (Costs) Profit (Loss) of Investments Accounted for Using Equity Method | <ul style="list-style-type: none"> • Non-amortization of goodwill +6.9 • Partial expensing of samples -0.9 • Recording of post-retirement benefits -3.0 • Deferral of subsidies -1.4 • Accrued paid absences recorded as liability -0.3 |
| Profit before Tax | 73.3 | Profit before Tax 99.1 | Differences +4.5 |
| Income Taxes Net Profit Attributable to Non-Controlling Interests | | Income Tax Expense Profit Attributable to Non-Controlling Interests | <p><u>Profit before Tax +25.8</u></p> <ul style="list-style-type: none"> • Gain on transfer of business +45.4, Impairment-related GAAP differences -15.6, Elimination of gain on sale of financial instruments -2.7 <p><u>Income Tax -21.3</u></p> <ul style="list-style-type: none"> • Tax effects related to gain on transfer of business resulting from accounting standard differences -14.9 • Tax effects related to elimination of unrealized gains on inventories, etc. -6.5 |
| Net Profit Attributable to Owners of Parent | 42.4 | Profit Attributable to Owners of Parent 46.9 | |

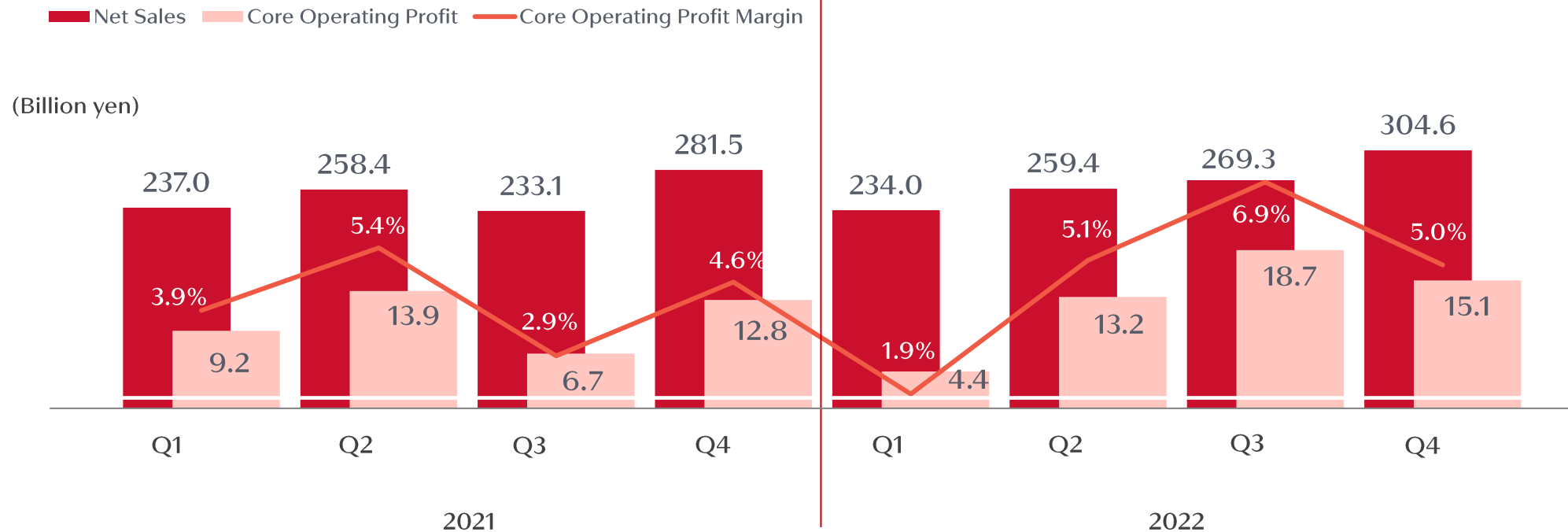
Supplemental Data 2

KPI Trends

J-GAAP



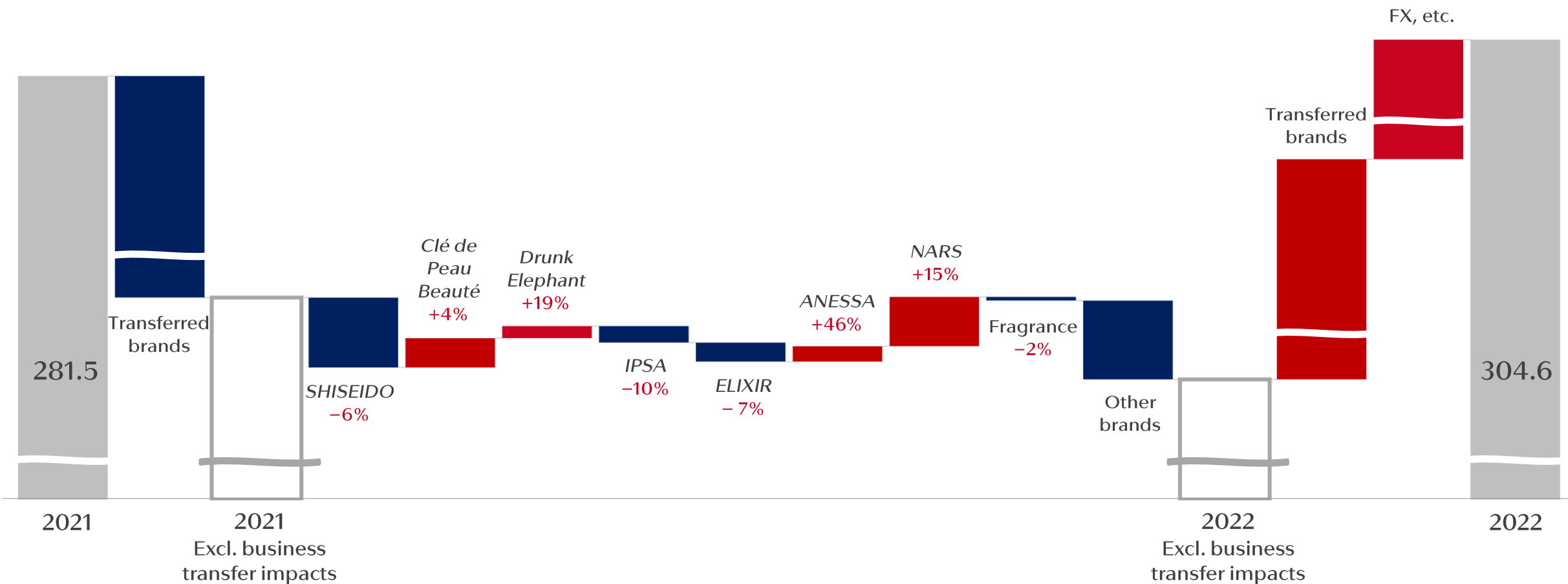
IFRS



Supplemental Data 3

2022 Q4 Net Sales by Brand

Like-for-like*1
(Billion yen)



*1. 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

2022 Q4 Net Sales and Core Operating Profit by Reportable Segment

| Top: Net Sales Bottom: Core OP (Billion yen) | 2021 | % of Net Sales / Core OPM % ^{*1} | 2022 | % of Net Sales / Core OPM % ^{*1} | YoY Change | YoY Change % | YoY Change FX-Neutral % | Like-for-like % ^{*2} |
|--|---------------|--|---------------|--|---------------|-------------------|-------------------------------|-------------------------------|
| Japan | 60.7 -1.0 | 21.6% -1.6% | 59.0 -7.1 | 19.4% -11.7% | -1.7 -6.1 | -2.8% - | -2.8% - | -2.7% - |
| China | 83.8 9.3 | 29.8% 11.1% | 86.3 4.7 | 28.4% 5.4% | +2.5 -4.6 | +3.0% -49.5% | -9.7% - | -7.9% - |
| Asia Pacific | 16.5 0.9 | 5.8% 5.5% | 19.3 0.6 | 6.3% 3.1% | +2.8 -0.3 | +17.2% -31.7% | +4.1% - | +20.6% - |
| Americas | 31.6 0.3 | 11.2% 1.0% | 40.0 0.9 | 13.1% 2.2% | +8.4 +0.5 | +26.6% +160.2% | +2.7% - | +11.7% - |
| EMEA | 37.6 -0.0 | 13.4% -0.1% | 38.7 -1.7 | 12.7% -4.2% | +1.2 -1.6 | +3.1% - | -6.3% - | -9.2% - |
| Travel Retail | 31.9 7.2 | 11.3% 22.8% | 43.5 10.9 | 14.3% 25.0% | +11.6 +3.6 | +36.4% +50.0% | +11.7% - | +11.4% - |
| Professional | 4.3 -0.4 | 1.5% -8.5% | 1.0 -0.6 | 0.3% -59.0% | -3.3 -0.2 | -77.7% - | -79.7% - | - - |
| Other | 15.2 1.5 | 5.4% 2.0% | 16.8 0.4 | 5.5% 0.4% | +1.6 -1.2 | +10.2% -76.5% | +8.5% - | -16.4% - |
| Subtotal | 281.5 18.0 | 100% 5.1% | 304.6 8.1 | 100% 2.1% | +23.1 -9.9 | +8.2% -55.0% | -3.2% - | -1.5% - |
| Adjustment | - -5.1 | - - | - 7.0 | - - | - +12.1 | - - | - - | - - |
| Total | 281.5 12.8 | 100% 4.6% | 304.6 15.1 | 100% 5.0% | +23.1 +2.3 | +8.2% +17.7% | -3.2% - | -1.5% - |

*1. Core OPM is calculated using total sales including intersegment sales and internal transfers between segments. *2. Excluding FX and business transfer impacts

Supplemental Data 5

2022 Net Sales and Core Operating Profit by Reportable Segment

| Top: Net Sales Bottom: Core OP (Billion yen) | 2021 | % of Net Sales / Core OPM % ^{*1} | 2022 | % of Net Sales / Core OPM % ^{*1} | YoY Change | YoY Change % | YoY Change FX-Neutral % | Like-for-like % ^{*2} |
|--|---------|--|---------|--|---------------|-----------------|-------------------------------|-------------------------------|
| Japan | 258.8 | 25.6% | 237.6 | 22.3% | -21.3 | -8.2% | -8.2% | +0.3% |
| | 6.5 | 2.3% | -13.1 | -5.4% | -19.6 | - | - | - |
| China | 274.7 | 27.2% | 258.2 | 24.2% | -16.5 | -6.0% | -18.3% | -9.8% |
| | 4.1 | 1.5% | -3.9 | -1.5% | -8.0 | - | - | - |
| Asia Pacific | 63.6 | 6.3% | 68.0 | 6.4% | +4.4 | +7.0% | -3.7% | +13.0% |
| | 5.0 | 7.7% | 4.7 | 6.6% | -0.3 | -6.6% | - | - |
| Americas | 121.4 | 12.0% | 137.9 | 12.9% | +16.5 | +13.6% | -4.7% | +8.8% |
| | 1.6 | 1.3% | 7.7 | 5.4% | +6.0 | +371.6% | - | - |
| EMEA | 117.0 | 11.6% | 128.4 | 12.0% | +11.4 | +9.8% | +3.3% | +4.0% |
| | 2.7 | 2.1% | 6.9 | 5.0% | +4.2 | +155.9% | - | - |
| Travel Retail | 120.6 | 12.0% | 163.7 | 15.3% | +43.1 | +35.7% | +15.3% | +14.2% |
| | 22.7 | 18.8% | 37.7 | 23.0% | +14.9 | +65.7% | - | - |
| Professional | 15.3 | 1.5% | 9.3 | 0.9% | -5.9 | -38.9% | -43.1% | - |
| | 0.7 | 4.5% | 0.8 | 7.7% | +0.0 | +5.0% | - | - |
| Other | 38.6 | 3.8% | 64.2 | 6.0% | +25.6 | +66.4% | +64.5% | -3.4% |
| | 14.1 | 5.2% | 6.1 | 2.0% | -8.0 | -57.0% | - | - |
| Subtotal | 1,010.0 | 100% | 1,067.4 | 100% | +57.4 | +5.7% | -3.9% | +0.9% |
| | 57.5 | 4.5% | 46.8 | 3.5% | -10.8 | -18.7% | - | - |
| Adjustment | - | - | - | - | - | - | - | - |
| | -15.0 | - | 4.6 | - | +19.5 | - | - | - |
| Total | 1,010.0 | 100% | 1,067.4 | 100% | +57.4 | +5.7% | -3.9% | +0.9% |
| | 42.6 | 4.2% | 51.3 | 4.8% | +8.8 | +20.6% | - | - |

*1. Core OPM is calculated using total sales including intersegment sales and internal transfers between segments. *2. Excluding FX and business transfer impacts

Supplemental Data 6

2022 Net Sales by Category

(Billion yen)

| Japan | 2021 | % of Net Sales | 2022 | % of Net Sales | YoY Change | YoY Change % / YoY Change FX-Neutral % ^{*1} | Like-for-like ^{*2} |
|--------------------------|--------------|----------------|--------------|----------------|--------------|--|-----------------------------|
| Prestige | 64.4 | 24.9% | 69.3 | 29.2% | +5.0 | +7.7% | |
| Premium | 142.3 | 55.0% | 141.3 | 59.5% | -1.0 | -0.7% | |
| Lifestyle | 24.0 | 9.2% | - | - | -24.0 | - | |
| Others | 28.2 | 10.9% | 26.9 | 11.3% | -1.3 | -4.5% | |
| Total Japan Sales | 258.8 | 100% | 237.6 | 100% | -21.3 | -8.2% | +0.3% |

| China | 2021 | % of Net Sales | 2022 | % of Net Sales | YoY Change | YoY Change % / YoY Change FX-Neutral % ^{*1} | Like-for-like ^{*2} |
|--------------------------|--------------|----------------|--------------|----------------|--------------|--|-----------------------------|
| Prestige | 166.5 | 60.6% | 175.6 | 68.0% | +9.1 | -8.4% | |
| Premium | 80.6 | 29.4% | 74.0 | 28.7% | -6.6 | -20.1% | |
| Personal Care | 25.5 | 9.3% | - | - | -25.5 | - | |
| Others | 2.0 | 0.7% | 8.6 | 3.3% | +6.6 | +269.6% | |
| Total China Sales | 274.7 | 100% | 258.2 | 100% | -16.5 | -18.3% | -9.8% |

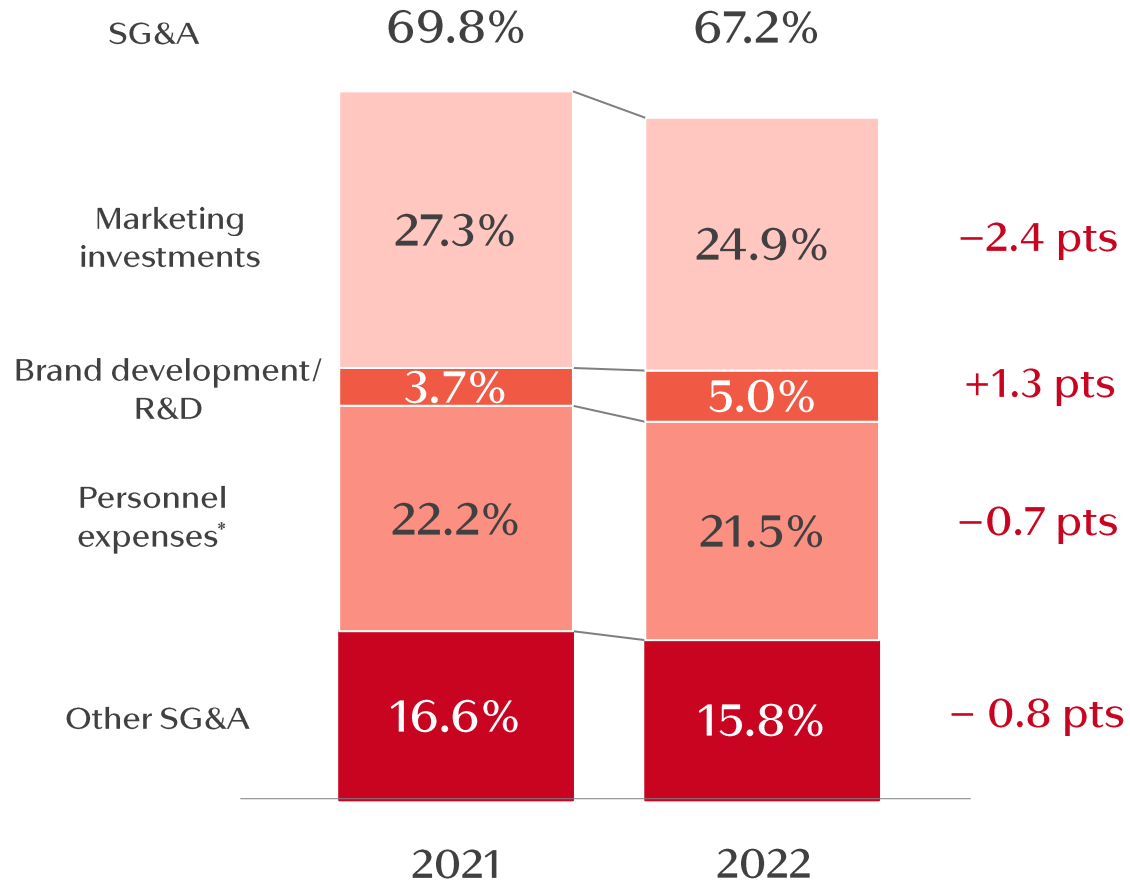
| Asia Pacific | 2021 | % of Net Sales | 2022 | % of Net Sales | YoY Change | YoY Change % / YoY Change FX-Neutral % ^{*1} | Like-for-like ^{*2} |
|---------------------------------|-------------|----------------|-------------|----------------|-------------|--|-----------------------------|
| Prestige | 34.9 | 54.8% | 41.3 | 60.8% | +6.5 | +6.3% | |
| Premium | 10.5 | 16.5% | 12.7 | 18.6% | +2.2 | +8.0% | |
| Personal Care | 11.6 | 18.2% | 2.3 | 3.4% | -9.3 | -82.8% | |
| Others | 6.7 | 10.5% | 11.7 | 17.2% | +5.1 | +62.4% | |
| Total Asia Pacific Sales | 63.6 | 100% | 68.0 | 100% | +4.4 | -3.7% | +13.0% |

*1. YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific *2. Excluding FX and business transfer impacts

Supplemental Data 7

Cost Structure in 2022

(% of Net Sales
based on Core Operating Profit)



- Marketing investments
 - Lower costs thanks to business transfers
 - Agile cost management
 - Strengthened investments for brand equity improvement
- Brand development / R&D
 - Higher DX-related investments
- Personnel expenses
 - Optimization of personnel expenses by structural reforms, etc.
 - Strengthened investments in people resources
- Other SG&A
 - Higher DX-related investments (FOCUS, etc.)

* Including POS personnel expenses

Supplemental Data 8

2022 SG&A

| (Billion yen) | 2021 | % of Net Sales | 2022 | % of Net Sales | YoY Change | YoY Change % | YoY Change FX-Neutral % |
|-------------------------------------|-------|----------------|-------|----------------|------------|--------------|-------------------------|
| Marketing Investments ^{*1} | 369.5 | 36.6% | 367.0 | 34.4% | -2.4 | -0.7% | -8.8% |
| Brand Development / R&D Investments | 37.5 | 3.7% | 53.7 | 5.0% | +16.2 | +43.2% | +37.5% |
| Personnel Expenses | 130.0 | 12.9% | 128.3 | 12.0% | -1.6 | -1.2% | -8.3% |
| Other SG&A Expenses | 168.1 | 16.6% | 168.3 | 15.8% | +0.2 | +0.1% | -5.8% |
| SG&A (Core OP-based) | 705.1 | 69.8% | 717.4 | 67.2% | +12.3 | +1.7% | -5.5% |
| Non-recurrent items ^{*2} | 62.0 | - | 4.4 | - | -57.6 | - | - |
| SG&A | 767.0 | 75.9% | 721.7 | 67.6% | -45.3 | -5.9% | -12.6% |

*1 Including POS personnel expenses

*2 Non-recurrent items attributable to SG&A

Supplemental Data 9

2022 Non-recurrent Items

| | 2021 | | | 2022 | | | |
|--|---------------|--------|------|-------|--------|------|-------|
| | (Billion yen) | Q3 YTD | Q4 | FY | Q3 YTD | Q4 | FY |
| Core Operating Profit | | 29.7 | 12.8 | 42.6 | 36.2 | 15.1 | 51.3 |
| Gain on Transfer of Business | | 132.2 | 1.7 | 133.8 | 15.2 | 0.1 | 15.3 |
| Gain on Sales of Fixed Assets | | - | - | - | 3.7 | -0.0 | 3.6 |
| Structural Reform Revenue / Expenses | | -24.6 | -4.2 | -28.8 | -3.4 | -3.2 | -6.6 |
| Impairment Loss | | -38.9 | -5.6 | -44.5 | -14.8 | -1.1 | -15.9 |
| Structural Reforms-Related | | 68.7 | -8.1 | 60.6 | 0.6 | -4.2 | -3.5 |
| Profit (Subsidy income) | | 1.6 | 0.3 | 1.9 | 0.6 | 0.0 | 0.6 |
| Loss (Salaries and allowances for employees, etc.) | | -4.4 | - | -4.4 | -1.8 | -0.0 | -1.8 |
| COVID-19-Related | | -2.8 | 0.3 | -2.5 | -1.2 | -0.0 | -1.2 |
| Non-recurrent items | | 65.9 | -7.9 | 58.0 | -0.6 | -4.2 | -4.8 |
| Operating Profit | | 95.6 | 5.0 | 100.6 | 35.7 | 10.9 | 46.6 |

Supplemental Data 10

Capital Expenditures; Depreciation and Amortization

| (Billion yen) | 2021 | 2022 | 2023 Outlook |
|-------------------------------|------|------|-----------------|
| Property, Plant and Equipment | 51.8 | 31.3 | 38.0 |
| Intangible Assets, etc. | 26.6 | 28.6 | 37.0 |
| Capital Expenditures* | 78.4 | 59.8 | 75.0 |
| Property, Plant and Equipment | 35.3 | 36.3 | |
| Intangible Assets, etc. | 20.6 | 14.7 | |
| Depreciation and Amortization | 56.0 | 51.0 | 60.0 |

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

Supplemental Data 11

2023 Net Sales Outlook by Reportable Segment

| (Billion yen) | 2022 | 2023 Outlook | YoY Change % | YoY Change FX-Neutral % | Like-for-like % ^{*1} |
|---------------------|----------------|----------------|--------------|-------------------------|-------------------------------|
| Japan | 237.6 | 273.5 | +15.1% | +15% | +16% |
| China | 258.2 | 265.0 | +2.6% | +5% | +8% |
| Asia Pacific | 68.0 | 62.5 | -8.1% | -8% | +11% |
| Americas | 137.9 | 94.5 | -31.5% | -31% | +10% |
| EMEA | 128.4 | 98.5 | -23.3% | -24% | +11% |
| Travel Retail | 163.7 | 168.0 | +2.7% | +4% | +10% |
| Other ^{*2} | 73.5 | 38.0 | -48.3% | -48% | +20% |
| Total | 1,067.4 | 1,000.0 | -6.3% | -6% | +11% |

Exchange rates for 2023: USD 1 = JPY 130 (-1.1%), EUR 1 = JPY 140 (+1.4%), CNY 1 = 19 (-2.6%)

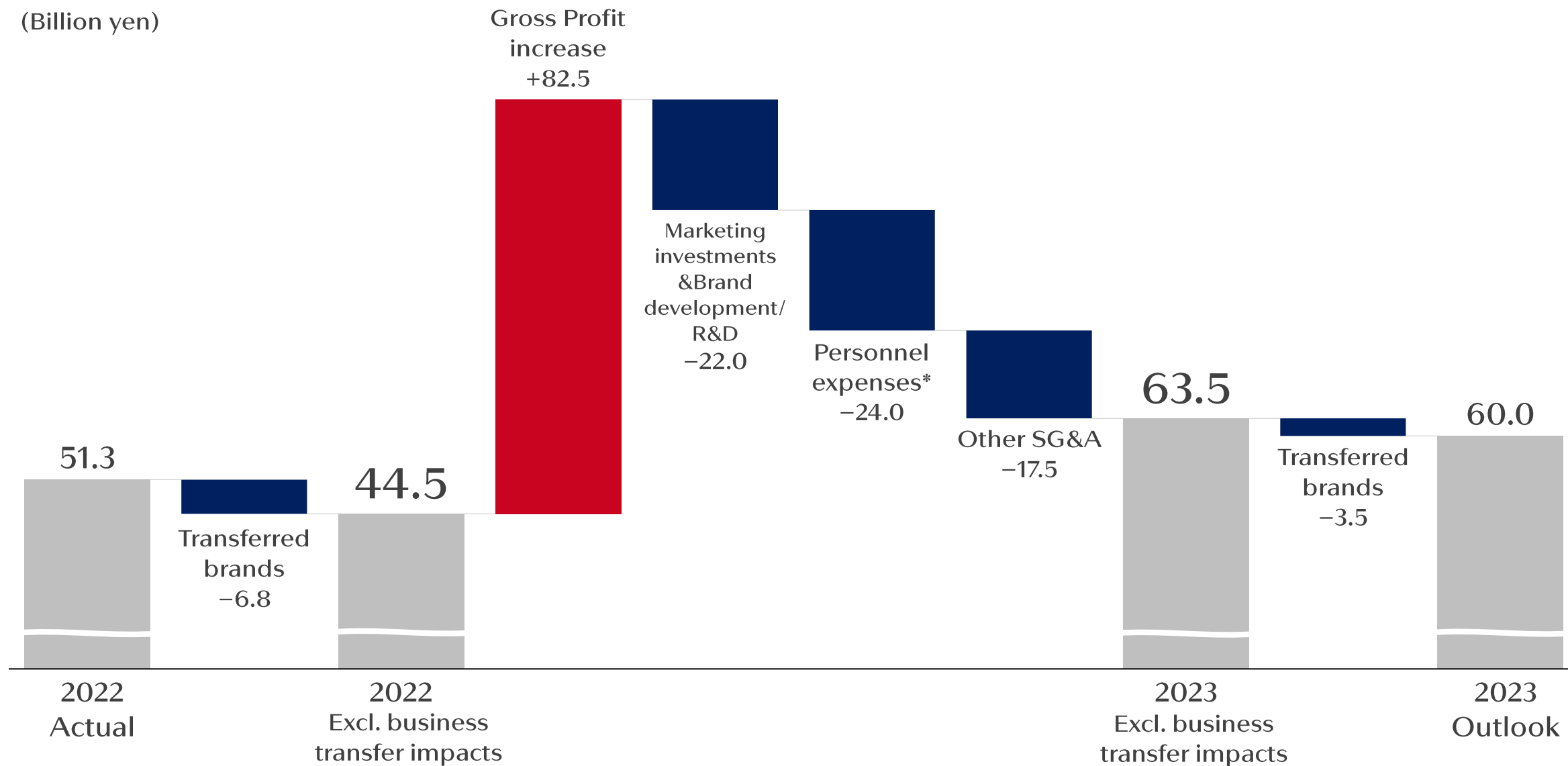
*1 Excluding FX and business transfer impacts

*2 The Group has revised its reportable segment classifications from the fiscal year ending December 31, 2023. The business results of Shiseido Professional Inc., which were previously included in the Professional Business, are now included in the Other Business. The results for the fiscal year ended December 31, 2022 (After reclassification) present business results after the abovementioned segment reclassification.

Supplemental Data 12

2023 Core Operating Profit

(Billion yen)



* Including POS personnel expenses

Supplemental Data 13

Sustainability-related Targets

| Environment | Targets | | Target Year | Target set in |
|---------------------------|---|---------|-------------|---------------|
| CO ₂ Emissions | Carbon neutral*1 | | 2026 | 2020 |
| | CO ₂ emission reduction <SBTi> | 46.2%*1 | 2030 | 2022 |
| | CO ₂ emission reduction <SBTi> | 55%*2 | 2030 | 2022 |
| Water | Water consumption | 40%*3 | 2026 | 2020 |
| Packaging | Sustainable Packaging | 100%*4 | 2025 | 2020 |
| Palm Oil | Sustainable palm oil | 100%*5 | 2026 | 2020 |
| Paper | Sustainable paper | 100%*6 | 2023 | 2020 |

| D&I | Targets | | Target Year | Target set in |
|--|--|---|-------------|---------------|
| (in Shiseido) Women at management level | (Japan) 50% women leaders at all levels | 50% | 2030 | 2021 |
| (in Society) Advancing Gender Equality | <ul style="list-style-type: none"> Empower women at workplace in Japan Support education and the independence for socially vulnerable women | 1 million people (to reach directly) | 2030 | 2023 |
| (in Society) Improvement of Social Inclusion through the Power of Beauty | <ul style="list-style-type: none"> Cultivate Self-Efficacy through Shiseido Life Quality Beauty activities Foster Self-Esteem through respect for the diverse beauty | 1 million people (to reach directly) | 2030 | 2023 |

*1 At all our sites (Scope1+2) *2 At all our sites, entire value chain excluding our sites (Scope3) *3 At all our sites, For all our sites, intensity per sale (compared with 2014)

*4 For plastic packaging *5 Physical supply chain options: Identity preserved, segregation, and /or mass balance *6 Such as certified paper, recycled paper

SHISEIDO