2023 First Quarter Results
(January–March)

May 12, 2023

Shiseido Company, Limited
Takayuki Yokota
Chief Financial Officer

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.

2023 Q1 Key Headlines

Expansion Trend in Japan Primarily from High Price Range
Strong Americas and EMEA Drove Overall Sales,
Recovering YoY Decline in China and Travel Retail
Profit Increased from Higher Sales and Agile Cost Management

- **Like-for-like (LfL)* sales:+7%**
  - High price range drove the steady growth in Japan, continued strong in Americas and EMEA
    Sales declined in China due to infection re-expansion in January, and in Travel Retail due to retailer inventory adjustments
  - *SHISEIDO, Clé de Peau Beauté, NARS and Drunk Elephant* delivered stellar results driving the overall sales growth
- **E-commerce (EC) sales ratio: 34%**
  - Company-wide EC sales grew despite market slowdown of Women's Day promotion in China
- **Core operating profit: ¥12.5 bn, +¥8.2 bn YoY, +186% YoY**
  - Increased thanks to higher gross profit from increased sales and agile cost management
- **Steadfast progress of transformation**
  - Transfer of Kuki Factory completed

* Like-for-like increase (decrease) excludes the impact from FX and all business transfers in the first 3 months of 2023 and first 3 months of 2022 as well as the impact of all related transfer agreements ("business transfer impacts")

2023 Q1 (January–March): Executive Summary

(Billion yen)	2022 Q1	% of Net Sales	2023 Q1	% of Net Sales	YoY Change	YoY Change%	YoY Fx-Neutral%	YoY LfL*2 %
Net Sales	234.0	100%	240.0	100%	+6.0	+2.6%	−3.6%	+6.6%
Core Operating Profit	4.4	1.9%	12.5	5.2%	+8.2	+186.3%		
Non-recurrent Items	−0.0	−0.0%	−2.0	−0.8%	−2.0	-		
Operating Profit	4.4	1.9%	10.5	4.4%	+6.1	+140.5%		
Profit Before Tax	8.2	3.5%	10.3	4.3%	+2.2	+26.5%		
Income Tax Expense	2.5	1.1%	1.1	0.5%	−1.3	−54.4%		
Profit Attributable to Owners of Parent	4.4	1.9%	8.7	3.6%	+4.3	+97.3%		
EBITDA*1	17.1	7.3%	24.9	10.4%	+7.8	+45.3%		

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

Net Sales:
- ➢ Japan on expansion trend mainly in strong high price range
- ➢ Americas and EMEA continued strong, driving overall sales, recovering decline in China and Travel Retail

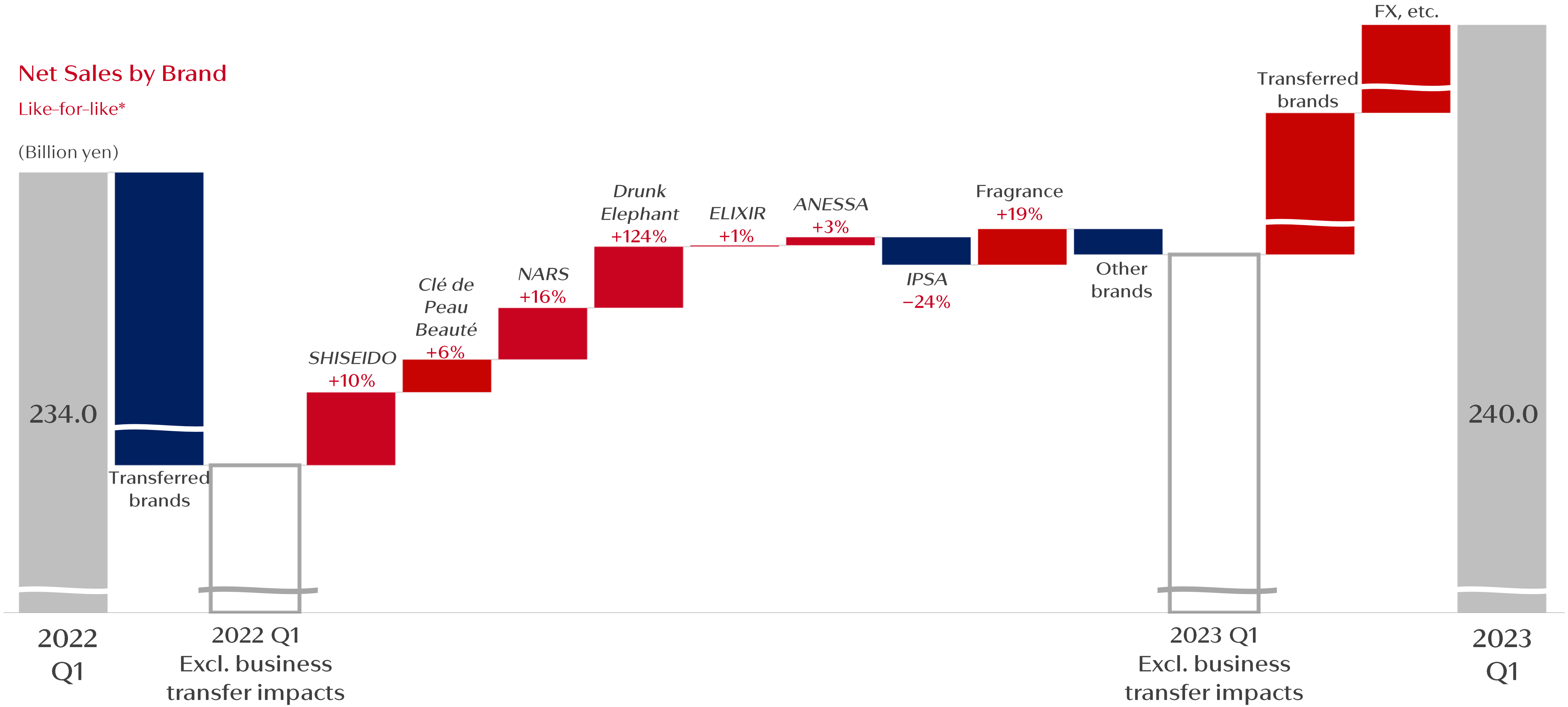
Core Operating Profit : ➢ Increased thanks to higher sales and continued agile cost management

Non-recurrent Items: ➢ Impairment losses and structural reform expenses related to Kuki Factory transfer in 2023, etc.

Profit Before Tax: ➢ Finance income/costs: declined by ¥3.8 bn

EBITDA: ➢ EBITDA margin: 10.4%

Global Brands *SHISEIDO, Clé de Peau Beauté, NARS,* and *Drunk Elephant* Delivered Outstanding Results, Leading the Entire Sales Growth



* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions as of Feb 2023 and excludes exchange rate differences etc.

Net Sales Trend: Steady Recovery in Japan, Americas & EMEA Remained Strong, China on a Recovery Trend after January Bottom, Travel Retail Impacted by Retailer Inventory Adjustments

Like-for-like

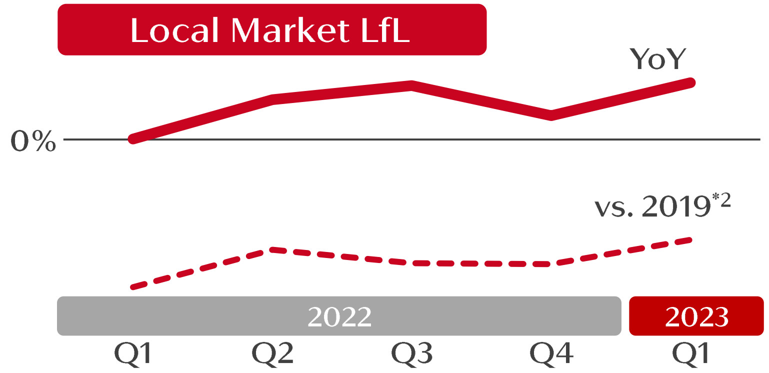
	2022					2023	
	vs. 2021					vs. 2019	vs. 2022
	Q1	Q2	Q3	Q4	FY	Q1	Q1
Japan	−3%	−2%	+9%	−3%	+0%	−32%	+8%
China	−14%	−14%	−2%	−8%	−10%	+10%	−3%
Asia Pacific	−0%	+20%	+12%	+21%	+13%	+1%	+16%
Americas	+7%	+15%	+3%	+12%	+9%	+67%	+30%
EMEA	+9%	+1%	+21%	−9%	+4%	+30%	+22%
Travel Retail	+21%	+15%	+9%	+11%	+14%	+30%	−4%
Total	−1%	−1%	+7%	−1%	+1%	+0%	+7%

* Excluding FX and business transfer impacts

Japan: Steady Sales Recovery Driven by High Price Range

- Q1 market:
  - Local:
    - Growth rate improved each month
    - Low and high price ranges drove the market, while mid price range remained flat YoY
    - All channels and all categories grew
  - Inbound: Recovery trend from increase in travelers from Asia excluding China, Europe and the U.S.

- Shiseido Consumer Purchases[*1]: <u>Q1 +high single digit%</u>
  - Local: <u>+mid single digit%</u>
    - *Clé de Peau Beauté* : <u>+mid teen%</u> and *SHISEIDO* : <u>+high single digit%</u> Loyal users steadily increased
    - *ELIXIR* : <u>+mid single digit%</u> Successful product renewal
    - EC: <u>+high single digit%</u>
  - Inbound: <u>+high teen%</u>




Clé de Peau Beauté
Brand Experience Event for Influencers


SHISEIDO
Eudermine POP-UP event


ELIXIR

HAKU


Clé de Peau Beauté

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

China: Recovery in February - March from January Affected by Infection Cases
Offline Sales Turned to Growth after Six Quarters

- Q1 Market:
  - ➢ Offline: Weak in January, recovered in February - March
  - ➢ EC: Women’s Day promotion weak

- Shiseido Consumer Purchases*

  Business total: Q1 −low single digit%
  - Offline: +low single digit% Significant improvement from full year 2022; YoY −mid teen%
  - EC: −high single digit%

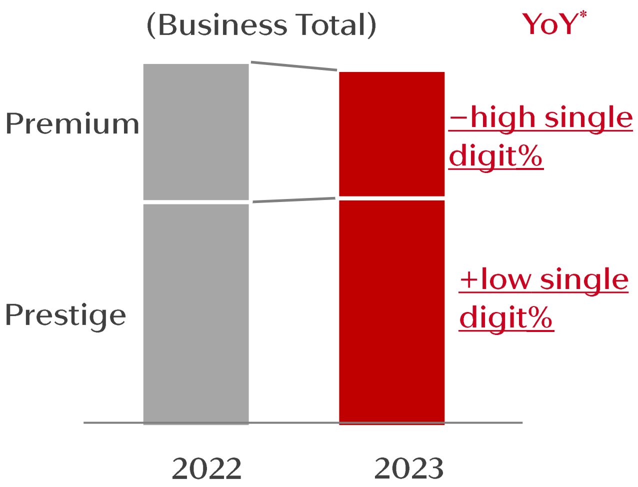
➢ Mainland China: −mid single digit%
  - Prestige: −low single digit%
    - *Clé de Peau Beauté* : +high single digit% Strong in EC
    - *SHISEIDO* : +low single digit% Future Solution excellent growth

➢ Hong Kong: +low 20%

Clé de Peau Beauté
Women’s Day Promotion

SHISEIDO
Offline Promotion

Consumer Purchases by Category



* Excluding FX and business transfer impacts

Americas, EMEA, and Asia Pacific Continued Strong, Driving Entire Sales

Q1 Market

Americas

Strong growth driven by *Drunk Elephant* and *NARS*

Growth in all categories, market expansion

- Shiseido External Sales*1: Q1 +30%
  - *Drunk Elephant*: +over 2x
  - EC: +low 20%

EMEA

Strong momentum continued

Growth continued in all categories

- Shiseido External Sales*1: Q1 +22%
  - ex-Russia: +31%
  - *SHISEIDO, NARS, Drunk Elephant*: growth accelerated
  - EC: +mid 20%

Travel Retail

Enhanced brand and customer experiences in stores to capture market recovery

South Korea weak, global traffic on a recovery trend

- Shiseido Consumer Purchases*1:
  Asia Q1 +low single digit%
  (Global +low single digit%)
  - EC (Asia): +low 20%

Asia Pacific

Powerful growth by enhanced strategic promotions

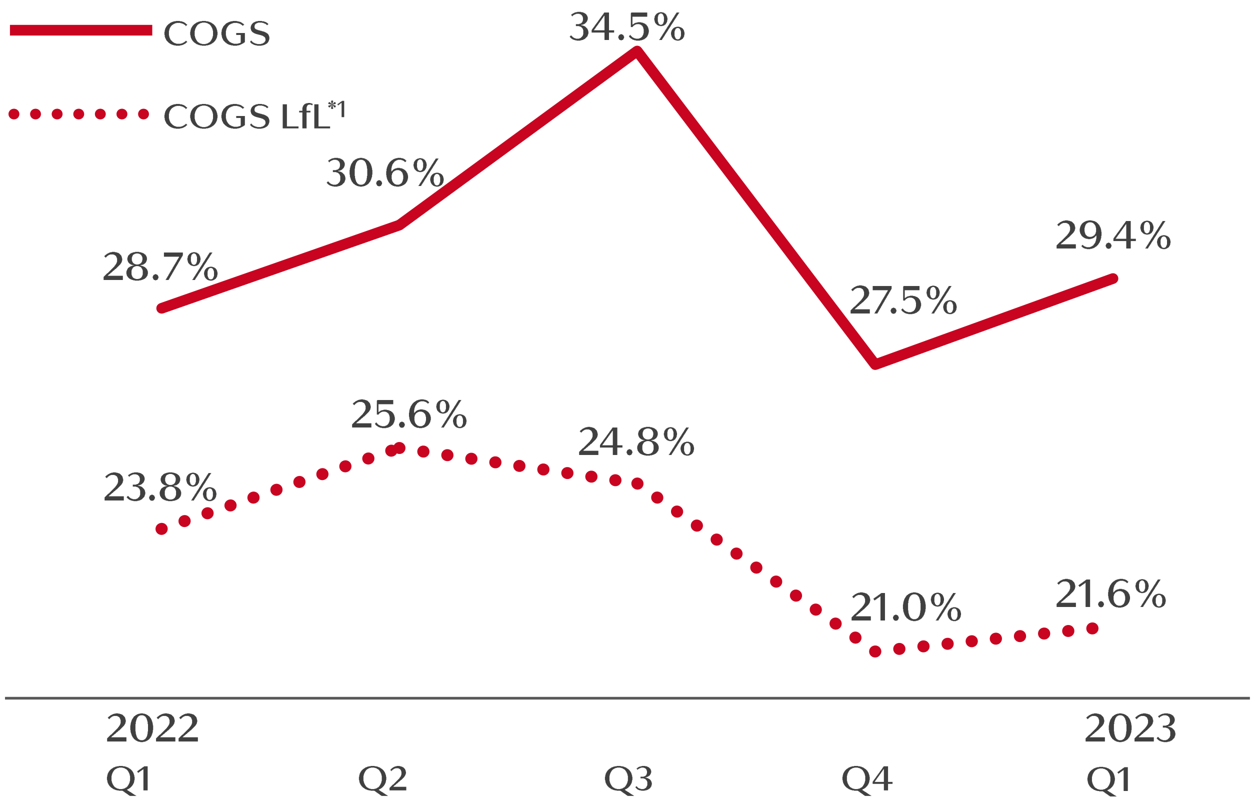
Market grew in all countries and regions other than Taiwan

- Shiseido External Sales*1: Q1 +16%
  - *NARS*: continued strong
  - *ANESSA*: limited edition products successful
  - EC*2: +high single digit%

*1 Excluding FX and business transfer impacts *2 Prestige brands only

COGS Ratio: Steadily Improved on a Like-for-like Basis, despite the Impact of Kuki Factory Transfer in 2023 Q1

	2022 Full Year	2023 Q1
COGS	30.3%	29.4%
COGS LfL[*1]	23.6%	21.6%



Q1 YoY COGS analysis

(+) Favorable product mix from business transfers

(+) Less impact from logistics costs increase

(+) Higher productivity (lower fixed costs from in-house manufacturing shift)

(−) Higher allowance for excess inventory write-offs

(−) Higher fixed costs from new factory launches

(−) Impairment losses and structural reform expenses on transfer of Kuki Factory (1.8pts)

(−) Negative impact from MSA[*2] for business transfers (5.9pts)

*1 Excludes impacts from product supply due to business transfer and from impairment loss

*2 Manufacturing Service Agreement

Core Operating Profit by Reportable Segment: Profit Improved thanks to Higher Sales and Continued Agile Cost Management

Japan :	Increased thanks to higher margins coming from sales growth, and cost efficiency initiatives
China :	Increased thanks to cost management, etc., despite lower margins coming from decline in sales
Asia Pacific :	Declined due to enhanced marketing spending, despite higher margins coming from sales growth
Americas, EMEA :	Increased thanks to higher margins coming from sales growth, etc.
Travel Retail:	Declined due to lower margins coming from decline in sales, etc.
Other:	Increased due to FX and cost management, despite an increase in DX-related investments

(Billion yen)

Core Operating Profit (Core OPM)	2022 Q1		2023 Q1		YoY
Japan	−4.1	(−7.0%)	−1.5	(−2.3%)	+2.6
China	−2.8	(−5.4%)	−2.1	(−4.0%)	+0.7
Asia Pacific	1.2	(7.1%)	0.4	(2.3%)	−0.9
Americas	1.1	(4.2%)	1.5	(5.5%)	+0.4
EMEA	2.0	(6.2%)	2.6	(8.8%)	+0.6
Travel Retail	8.1	(21.8%)	7.5	(19.4%)	−0.6
Other	−1.8	(−2.5%)	3.4	(4.3%)	+5.3
Adjustments	0.8	-	0.8	-	+0.0
Total	4.4	(1.9%)	12.5	(5.2%)	+8.2

Japan: Expand the Skincare User Base and Strengthen Activities to Capture the Consumer Demand post Mask Removal

clé de peau BEAUTÉ



SHISEIDO GINZA TOKYO



ELIXIR


©Fujiko-Pro,Shogakukan, TV-Asahi,Shin-ei,and ADK

MAQuillAGE



ANESSA

China: Brand Equity Enhancement and Sustained Profitability Improvement
Accelerate Offline Growth, Enhance Response to Online Platform Diversification

clé de peau BEAUTÉ

Acquiring Luxury Users

- Strengthen the Supreme Series
- "Height of Radiance" campaign
- Mother's Day & 5.20 promotion: gift boxes roll out



SHISEIDO GINZA TOKYO

Rebuilding Brand Equity

- Strengthen brand experiences through offline events with the high prestige lines
- Focus on high-functional products, and expand effect and efficacy appeal, to stimulate demand for 6.18 promotion

NARS

Further Expansion of Sales

- Strengthen and expand foundation category
- Develop new product categories
- Travel seasons: launch limited-edition packages







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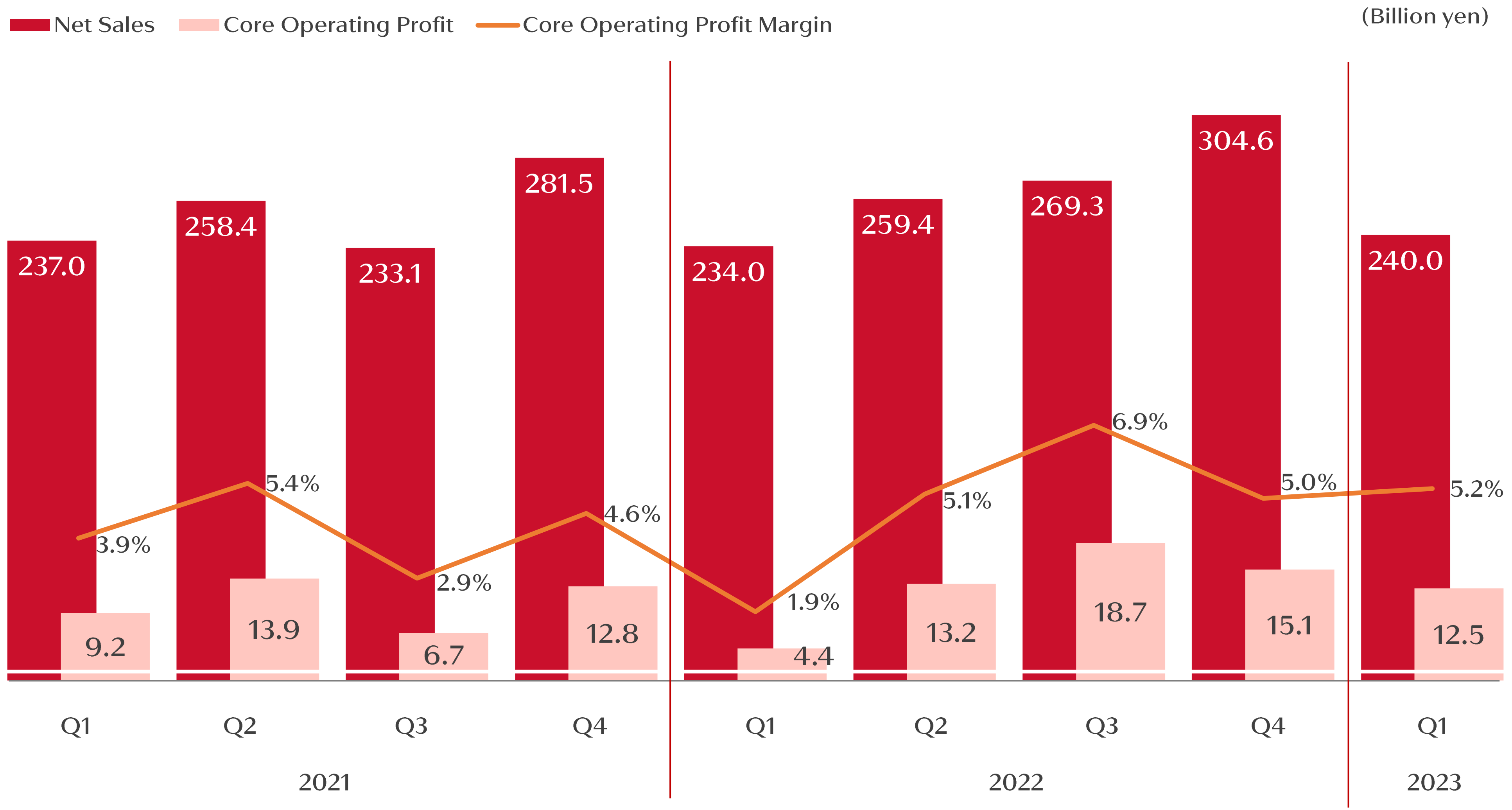
Be a Global Winner with Our Heritage

Supplemental Data 1
KPI Trends



Supplemental Data 2
Net Sales and Core Operating Profit by Reportable Segment

Top: Net Sales Bottom: Core OP (Billion yen)	2022 Q1	% of Net Sales / Core OPM %[*1]	2023 Q1	% of Net Sales / Core OPM %[*1]	YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like %[*2]
Japan	57.1	24.4%	61.7	25.7%	+4.6	+8.0%	+8.0%	+8.4%
	−4.1	−7.0%	−1.5	−2.3%	+2.6	-	-	-
China	51.9	22.2%	53.2	22.2%	+1.3	+2.6%	−3.9%	−2.9%
	−2.8	−5.4%	−2.1	−4.0%	+0.7	-	-	-
Asia Pacific	15.4	6.6%	15.4	6.4%	−0.0	−0.2%	−8.0%	+15.7%
	1.2	7.1%	0.4	2.3%	−0.9	−70.4%	-	-
Americas	25.2	10.7%	26.0	10.8%	+0.8	+3.2%	−8.9%	+29.9%
	1.1	4.2%	1.5	5.5%	+0.4	+36.2%	-	-
EMEA	28.5	12.2%	27.8	11.6%	−0.7	−2.5%	−10.5%	+22.1%
	2.0	6.2%	2.6	8.8%	+0.6	+32.2%	-	-
Travel Retail	37.2	15.9%	38.6	16.1%	+1.4	+3.8%	−8.3%	−3.7%
	8.1	21.8%	7.5	19.4%	−0.6	−7.7%	-	-
Other[*3]	18.7	8.0%	17.4	7.2%	−1.4	−7.3%	−7.8%	−1.3%
	−1.8	−2.5%	3.4	4.3%	+5.3	-	-	-
Subtotal	234.0	100%	240.0	100%	+6.0	+2.6%	−3.6%	+6.6%
	3.6	1.2%	11.7	3.8%	+8.1	+223.7%	-	-
Adjustment	-	-	-	-	-	-	-	-
	0.8	-	0.8	-	+0.0	-	-	-
Total	234.0	100%	240.0	100%	+6.0	+2.6%	−3.6%	+6.6%
	4.4	1.9%	12.5	5.2%	+8.2	+186.3%	-	-

*1. Core OPM is calculated using total sales including intersegment sales and internal transfers between segments. *2. Excluding FX and business transfer impacts
*3. The business results previously included in the Professional Business segment, are now included in the Other segment.

Supplemental Data 3
Net Sales by Category

(Billion yen)

Japan

Japan	2022 Q1	% of Net Sales	2023 Q1	% of Net Sales	YoY Change	YoY Change % / YoY Change FX-Neutral %*1	Like-for-like*2
Prestige	16.1	28.2%	18.1	29.3%	+2.0	+12.3%	
Premium	34.5	60.3%	36.7	59.4%	+2.2	+6.4%	
Others	6.6	11.5%	6.9	11.3%	+0.4	+5.9%	
Total Japan Sales	57.1	100%	61.7	100%	+4.6	+8.0%	+8.4%

China

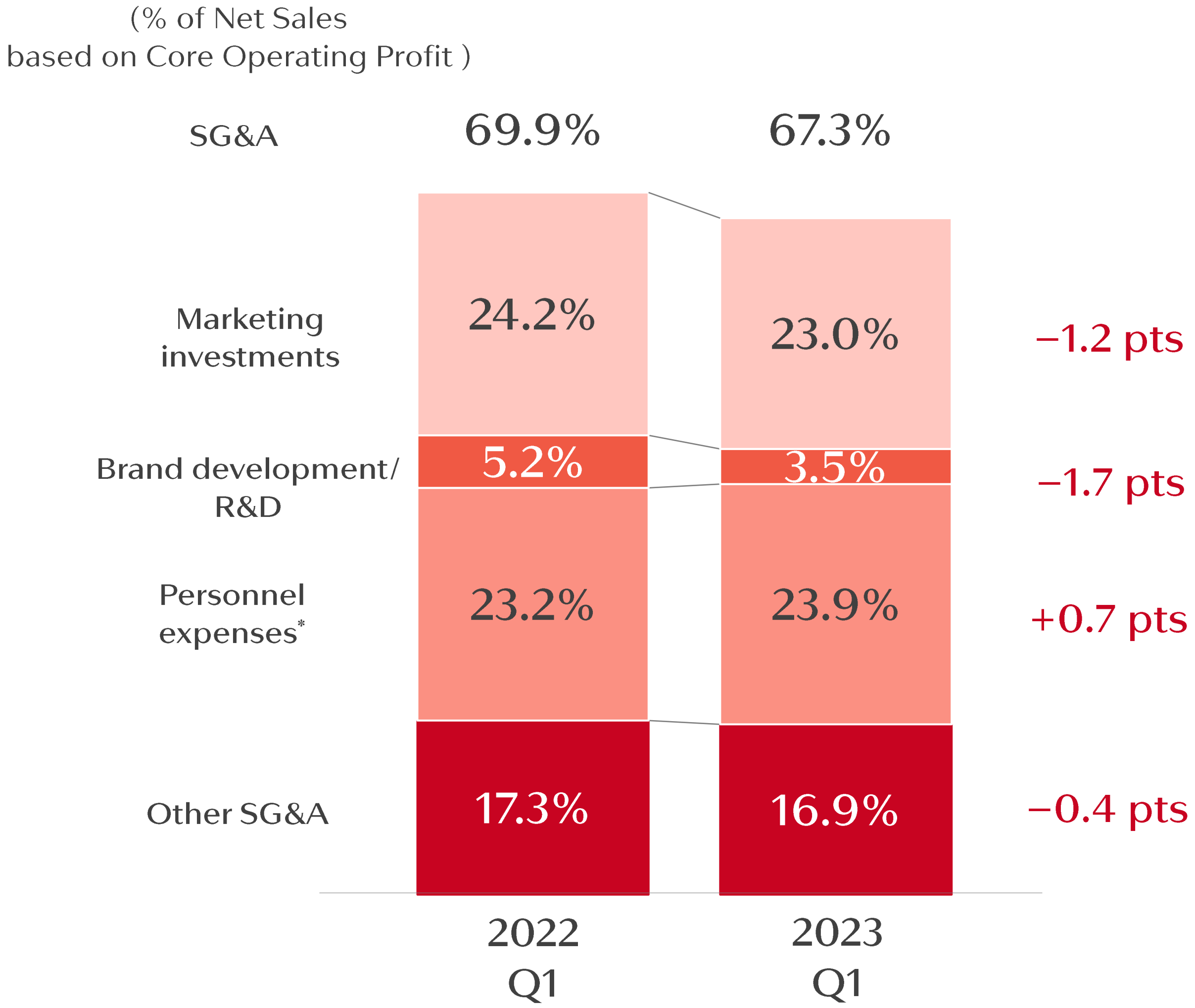
China	2022 Q1	% of Net Sales	2023 Q1	% of Net Sales	YoY Change	YoY Change % / YoY Change FX-Neutral %*1	Like-for-like*2
Prestige	32.4	62.3%	36.7	68.8%	+4.3	+5.8%	
Premium	18.7	36.0%	15.8	29.7%	−2.9	−20.2%	
Others	0.9	1.7%	0.8	1.5%	−0.1	−19.1%	
Total China Sales	51.9	100%	53.2	100%	+1.3	−3.9%	−2.9%

Asia Pacific

Asia Pacific	2022 Q1	% of Net Sales	2023 Q1	% of Net Sales	YoY Change	YoY Change % / YoY Change FX-Neutral %*1	Like-for-like*2
Prestige	9.0	58.7%	10.3	66.9%	+1.2	+4.4%	
Premium	2.7	17.9%	3.3	21.7%	+0.6	+13.3%	
Personal Care	1.1	7.4%	-	-	−1.1	-	
Others	2.5	16.0%	1.7	11.4%	−0.7	−34.7%	
Total Asia Pacific Sales	15.4	100%	15.4	100%	−0.0	−8.0%	+15.7%

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

Supplemental Data 4
Cost Structure



- <u>Marketing investments</u>
  - Lower costs thanks to business transfers
  - Agile cost management
  - Strengthened investments for brand equity improvement
- <u>Brand development / R&D</u>
  - Lower costs thanks to business transfers
- <u>Personnel expenses</u>
  - Inflation impact
  - Optimization by structural reforms, etc.
- <u>Other SG&A</u>
  - Lower freight
  - Higher DX-related investments (FOCUS, etc.)

* Including POS personnel expenses

Supplemental Data 5
SG&A

(Billion yen)	2022 Q1	% of Net Sales	2023 Q1	% of Net Sales	YoY Change	YoY Change %	YoY Change FX-Neutral %
Marketing Investments*1	80.9	34.6%	79.2	33.0%	−1.7	−2.1%	−7.1%
Brand Development / R&D Investments	12.2	5.2%	8.4	3.5%	−3.8	−31.3%	−32.5%
Personnel Expenses	29.9	12.8%	33.3	13.9%	+3.4	+11.4%	+5.8%
Other SG&A Expenses	40.5	17.3%	40.6	16.9%	+0.1	+0.3%	−4.2%
SG&A (Core OP-based)	163.5	69.9%	161.6	67.3%	−2.0	−1.2%	−5.9%
Non-recurrent items*2	1.1	-	1.0	-	−0.1	-	-
SG&A	164.6	70.3%	162.6	67.7%	−2.0	−1.2%	−5.9%

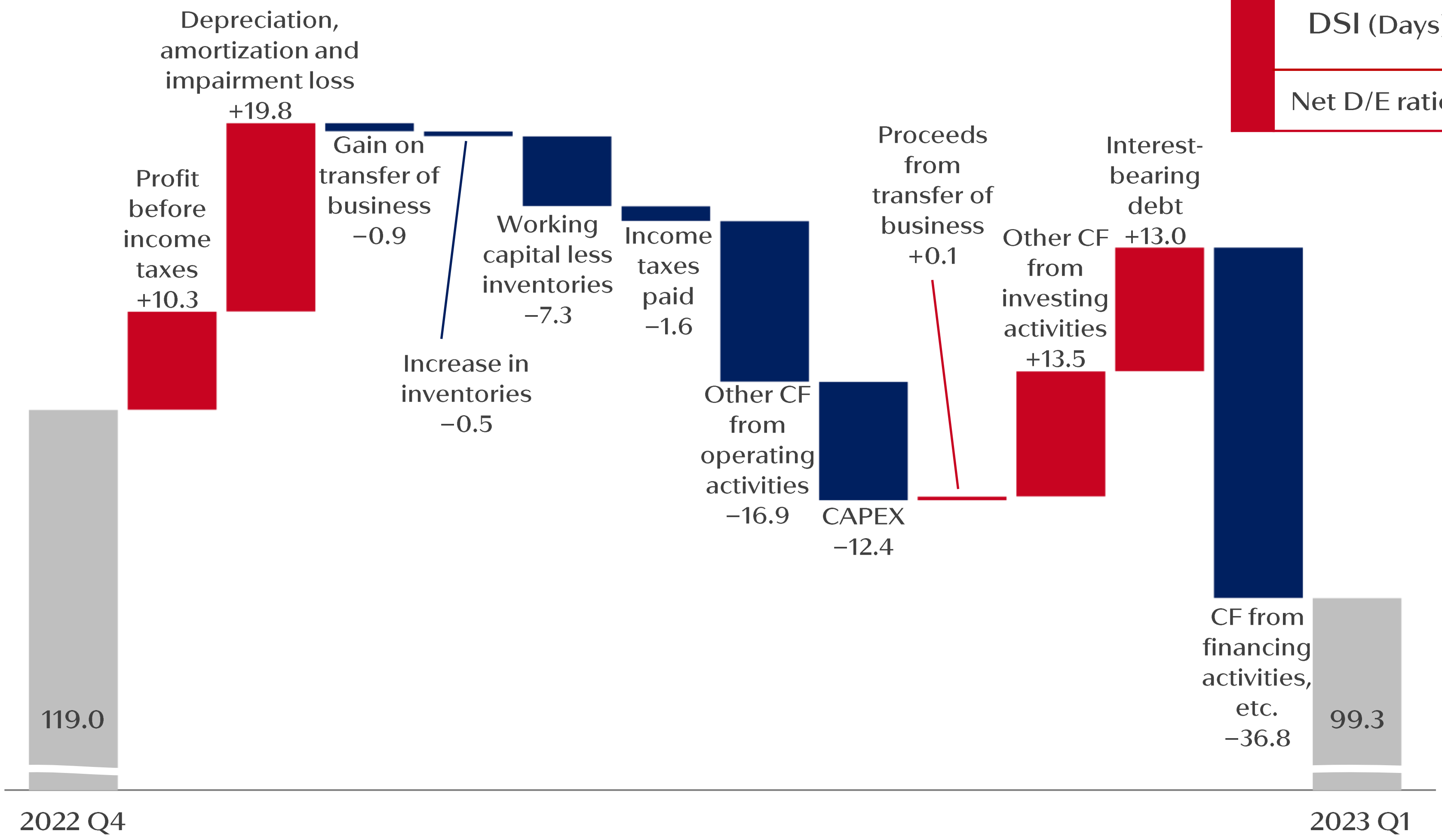
*1 Including POS personnel expenses
*2 Non-recurrent items attributable to SG&A

Supplemental Data 6
Cash Flow Management

(Billion yen)

Free Cash Flow: +4.1

Operating CF: +2.9 | Investing CF: +1.1



KPIs	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Inventories (Billion yen)	139.6	151.6	148.2	130.9	134.7
DSI (Days)	185	185	163	150 (210)*	153 (220)*
Net D/E ratio	0.09	0.11	0.11	0.05	0.12

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

Supplemental Data 7
Non-recurrent Items

(Billion yen)	2022 Q1	2023 Q1
Core Operating Profit	4.4	12.5
Gain on Transfer of Business	1.6	0.9
Gain on Sales of Fixed Assets	-	2.4
Structural Reform Expenses	−1.5	−3.4
Impairment Loss	-	−1.8
Structural Reforms-Related	0.1	−2.0
Profit (Subsidy income)	0.1	0.0
Loss (Salaries and allowances for employees, etc.)	−0.2	-
COVID-19-Related	−0.1	0.0
Non-recurrent items	−0.0	−2.0
Operating Profit	4.4	10.5

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