

# 2023 First Half Results

## (January–June)

August 8, 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.

## 2023 1H Key Headlines

**Japan: Continued Recovery in Mid-to-High Price Range,  
China: Growth in Both Online and Offline Sales,  
Americas and EMEA: Remained Strong, Driving Overall Sales Growth  
Profit Increased from Strong Sales Driven by Brand and Innovation Enhancement**

➤ **Like-for-like (LfL)\* Net Sales YoY: +9%**

- Japan steadily recovered in mid-to-high price range

In China, both online and offline channel sales grew

Americas and EMEA remained strong, Travel Retail sales decreased due to retailer inventory adjustments associated with tighter regulations

- Outstanding performance of *SHISEIDO*, *Clé de Peau Beauté*, *NARS*, and *Drunk Elephant* contributed to the overall growth

➤ **E-commerce (EC) sales ratio: 34%**

- “618” promotion in China: performed well primarily in prestige skin care, contributing to the overall growth

➤ **Core operating profit: ¥28.0 bn, +¥10.5 bn YoY, +60% YoY**

- Profit increased from strong sales driven by brand and innovation enhancement

➤ **Steady progress of transformation**

- Transfer of Kuki Factory completed

## 2023 1H (January–June): Executive Summary

(Billion yen)	2022	% of Net Sales	2023	% of Net Sales	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL <sup>*2</sup> %
Net Sales	493.4	100%	494.2	100%	+0.8	+0.2%	-4.2%	+8.5%
Core Operating Profit	17.5	3.6%	28.0	5.7%	+10.5	+59.9%		
Non-recurrent items	-0.6	-0.1%	-14.4	-2.9%	-13.8	-		
Operating Profit	17.0	3.4%	13.6	2.8%	-3.3	-19.7%		
Profit Before Tax	25.6	5.2%	15.4	3.1%	-10.2	-39.9%		
Income Tax Expense	6.9	1.4%	3.0	0.6%	-4.0	-57.2%		
Profit Attributable to Owners of Parent	16.2	3.3%	11.8	2.4%	-4.5	-27.7%		
EBITDA <sup>*1</sup>	43.1	8.7%	53.2	10.8%	+10.2	+23.6%		

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

**Net Sales:** ➤ Japan steadily recovered in mid-to-high price range, China's sales grew both online and offline, Americas and EMEA remained strong, driving overall sales growth

**Core Operating Profit:** ➤ Profit improved due to an increase in gross profit coming from higher sales

**Non-recurrent items:** ➤ Includes loss on transfer, impairment loss and structural reform costs, etc. associated with Kuki Factory transfer in 2023

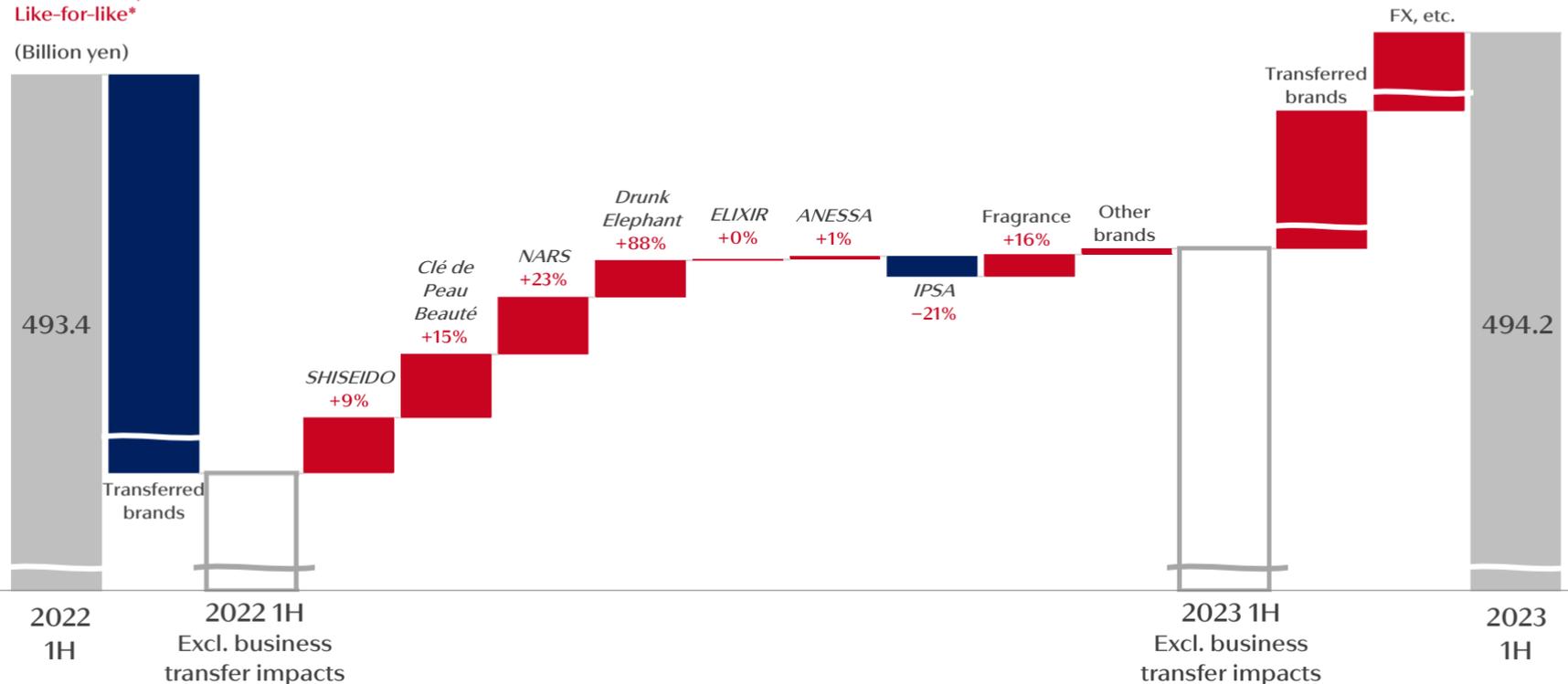
**Profit Before Tax:** ➤ Finance income/costs: declined by ¥8.2 bn

**EBITDA:** ➤ EBITDA margin 10.8%

# Global Brands *SHISEIDO*, *Clé de Peau Beauté*, *NARS* and *Drunk Elephant* Grew Strongly, Driving Overall Growth

Net sales by brand  
Like-for-like\*

(Billion yen)



\* 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 YoY: Achieved Strong Double-digit Growth in Q2 Recovering Decline in Travel Retail

Like-for-like*	2022			2023					
	vs. 2021			vs. 2019		vs. 2022			
	1H	2H	FY	Q1	Q2	1H	Q1	Q2	1H
Japan	-2%	+3%	+0%	-32%	-29%	-31%	+8%	+9%	+9%
China	-14%	-6%	-10%	+10%	+43%	+27%	-3%	+20%	+10%
Asia Pacific	+9%	+16%	+13%	+1%	+5%	+3%	+16%	+12%	+14%
Americas	+11%	+7%	+9%	+67%	+46%	+56%	+30%	+18%	+23%
EMEA	+5%	+4%	+4%	+30%	+19%	+25%	+22%	+11%	+17%
Travel Retail	+18%	+10%	+14%	+30%	+2%	+14%	-4%	-4%	-4%
<b>Total</b>	-1%	+2%	+1%	+0%	+4%	+2%	+7%	+10%	+9%

\* Excluding FX and business transfer impacts

# Japan: Steady Recovery in Mid-to-High Price Range, Gained Market Share in Q2

## ● Q2 Market:

### ➤ Local:

- Low and high price ranges drove the market growth; middle price range stayed flat YoY
- Growth centered on makeup and sun care categories

### ➤ Inbound:

- Growth recovered month by month as tourists increased

## ● Shiseido Consumer Purchases\*1:

**1H +high single digit% / Q2 +low teen%**

### ➤ Local: **+mid single digit% / +high single digit%**

- *Clé de Peau Beauté*: **+mid teen%** / +mid teen%

**SHISEIDO**: **+low teen%** / +low teen%

Loyal users steadily increased

- *ELIXIR*: **+high single digit%** / +low teen%

Renewed products continued strong

- EC: **+low teen%** / +mid teen%

### ➤ Inbound: **+high 20%** / +over 30%



SHISEIDO



Clé de Peau Beauté



ELIXIR

# China: Both Online and Offline Sales Grew, Market Share Increased

## ● Q2 Markets:

- Significant growth vs. low base due to lockdown last year
- EC: “618” promotion sales growth increased to +over 20%

## ● Shiseido Consumer Purchases\*:

**Business Total** : 1H +low teen% / 2Q +low 20%

- Offline : +low teen% / +high 20%
- EC : +high single digit% / +high teen%

➤ **Mainland China** : + high single digit% / +low 20%

- *Clé de Peau Beauté* : +high 20% / +over 40%
- *SHISEIDO* : +mid teen% / +high 20%

➤ **Hong Kong** : +mid 20% / +mid 20%

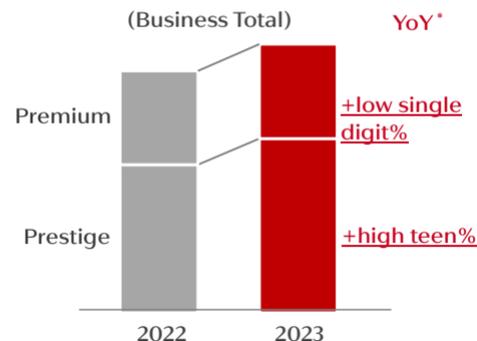
“618” promotion: Outperformed the market growth

- Steady response to platform diversification: Nearly tripled growth at TikTok
- Continue to avoid price-oriented promotions



Clé de Peau Beauté, SHISEIDO  
“618” promotion

### Consumer Purchases by Category



\* Excluding FX and business transfer impacts

# Americas, EMEA, Asia Pacific Achieved Strong Growth Recovering Weak TR

Q2  
Market

## Americas

### Continued strong

Growth and market share gains in all categories

- Shiseido External Sales\*1: 1H +23% / 2Q +18%
  - *Drunk Elephant*: +over 2x / +over 60%
  - *NARS*: +high teen% / +low teen%
  - EC: +high teen% / +high teen%

## EMEA

### Continued strong

Growth and market share gains in all categories

- Shiseido External Sales\*1: 1H +17% / 2Q +11%
  - ex-Russia: +24% / +18%
  - *SHISEIDO*, *NARS*, *Drunk Elephant*: continued strong
  - EC: +low 20% / +high teen%

## Travel Retail

South Korea: weak due to delay in recovery of tourist traffic, Hainan Island: stricter regulations

South Korea and Hainan Island weak

- Shiseido Consumer Purchases\*1:
  - Global: 1H +low single digit% / 2Q +low single digit%
  - Asia: flat / -low single digit%
  - EC (Asia): +high single digit% / -high single digit%

## Asia Pacific

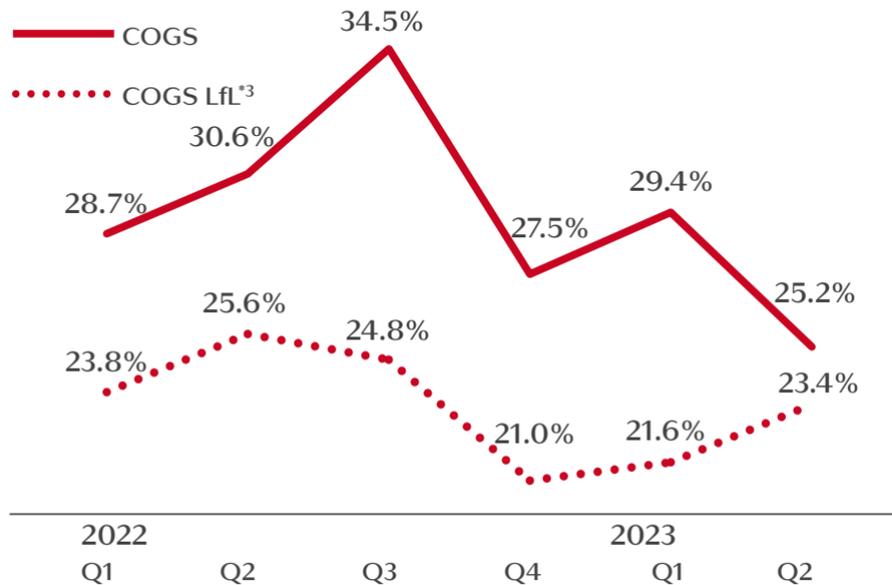
### Taiwan turned to growth in Q2

Taiwan turned to growth and the region as a whole grew

- Shiseido External Sales\*1: 1H +14% / Q2 +12%
  - *NARS*, *Drunk Elephant*: powerful growth
  - EC\*2: +low teen% / +high teen%

**COGS Ratio** : Reduced Significantly from Termination of MSA<sup>\*1,2</sup> after Kuki Factory Transfer  
**COGS LfL<sup>\*3</sup> Ratio**: Improved ca. 2pts YoY, due to Productivity Improvement, etc.

	2022 1H	2022 Full Year	2023 1H
COGS	29.7%	30.3%	27.2%
<u>COGS LfL<sup>*2</sup></u>	<u>24.8%</u>	<u>23.6%</u>	<u>22.5%</u>



1H YoY COGS analysis

- (+) Favorable product mix
- (+) Higher productivity
- (+) Alleviation of logistics costs increase
- (+) Decline of negative impact from MSA<sup>\*1</sup> for business transfers (2022 4.9pts -> 2023 3.7pts)
- (-) Higher allowance for excess inventory write-offs
- (-) Change in sample cost accounting method
- (-) Impairment losses and structural reform expenses on transfer of Kuki Factory (0.9pts)

\*1 Manufacturing Service Agreement \*2 Personal Care products supply at Vietnam Factory and makeup products supply at America Factory will continue

\*3 Excludes business transfer impacts and impairment loss, etc.

## 2023 1H Core Operating Profit by Reportable Segment

**Japan:** Improved thanks to higher gross profit coming from sales growth

**China:** Improved thanks to higher gross profit coming from sales growth, turned profitable

**Asia Pacific:** Declined due to enhanced marketing investment etc., despite higher gross profit coming from sales growth

**Americas:** Increased thanks to higher gross profit coming from sales growth, etc.

**EMEA:** Declined affected by business transfer impacts etc., despite higher gross profit coming from sales growth

**Travel Retail:** Declined due to lower gross profit coming from decline in sales, etc.

**Other/ Adjustments:** Increased in total thanks to reduction in elimination of unrealized profit associated with lower inventory, which outweighed lower gross profit from decline in intersegment sales

Core Operating Profit (Core OPM)	(Billion yen)				
	2022		2023		YoY
Japan	-7.4	(-6.2%)	-3.4	(-2.7%)	+4.0
China	-2.0	(-1.7%)	5.5	(4.2%)	+7.5
Asia Pacific	2.4	(7.3%)	0.2	(0.7%)	-2.2
Americas	3.7	(6.1%)	4.1	(7.3%)	+0.4
EMEA	2.6	(4.2%)	1.3	(2.2%)	-1.3
Travel Retail	17.0	(21.8%)	15.4	(19.9%)	-1.5
Other	0.4	(0.3%)	-3.7	(-2.7%)	-4.1
Adjustments	0.8	-	8.6	-	+7.8
<b>Total</b>	<b>17.5</b>	<b>(3.6%)</b>	<b>28.0</b>	<b>(5.7%)</b>	<b>+10.5</b>

# Japan: Expand Loyal User Base through Aggressive Marketing Enhancement

 clé de peau  
BEAUTÉ

- Expand loyal users with new eye shadows
- Expand skin care growth potential with new serum



Eye Color Quad



Firming Serum Supreme n

 SHISEIDO  
GINZA TOKYO

- Launch skin care foundation with new formula
- Enhance marketing approach of 3-steps skin care regimen



Revitalessence  
Skin Glow Foundation



3-steps skin care regimen

 ELIXIR

- Renew wrinkle cream
- New product launch backed by strong innovation culminating our strong aging care\* research
- Continue strengthening of lotion and emulsion



Retinol Power Wrinkle  
Smoothing Cream



New product  
in autumn

\*Care centering on age-appropriate moisturization

# China: Further Growth Acceleration

- Strategic investment allocation in growth areas
- Accurate understanding of consumer trends for agile actions

## Marketing strategy for 2H

- Continue brand enhancement promotions for core brands
- Powerful new product launches in the growth areas of high-function and high-efficacy product categories
- Effective / efficient use of promotional events: CRM to connect new customers at events to repeat / loyal customers

**SHISEIDO**  
GINZA TOKYO



Eudermine  
Activating Essence

**clé de peau**  
BEAUTÉ



紫致提升 年轻上扬  
High functional anti-aging  
new serum

**NARS**



Lip with new colors

**THE GINZA**



New essence  
for day and night

**ELIXIR**



胶原焕新精华水乳  
Renewal of  
lotion and  
emulsion

**AUPRES**  
欧珀莱



焕新上市  
第三代  
黑精灵精华  
Renewal of  
high  
functional line  
black essence

# 1H Evaluation and Current Market Environment

## Current Situations

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- Steady recovery in Japan local market through brands and innovation investments, gaining market share in our focus area of mid-to-high price range. Profitability continues to be a challenge
- Recovering sales of our prestige brands in China, shift from price-oriented promotions to brand and value communication
- Growth of *SHISEIDO*, *Clé de Peau Beauté*, *NARS*, and *Drunk Elephant*
- Travel Retail: delay in recovery of Chinese travelers in South Korea, stricter regulations in Hainan Island

## Our Responses

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- Accelerate reforms in the Japan Business
- Promote cost optimization
- Accelerate growth of global brands
- Enhance value based communication of innovation
- Enhance cross-border strategy (China, Travel Retail, Japan)
- Accelerate growth in mainland China

The annual outlook remains unchanged

# Japan's Transformation Leaping for a Brighter Future

August 8, 2023

Shiseido Company, Limited

Kentaro Fujiwara

President and COO

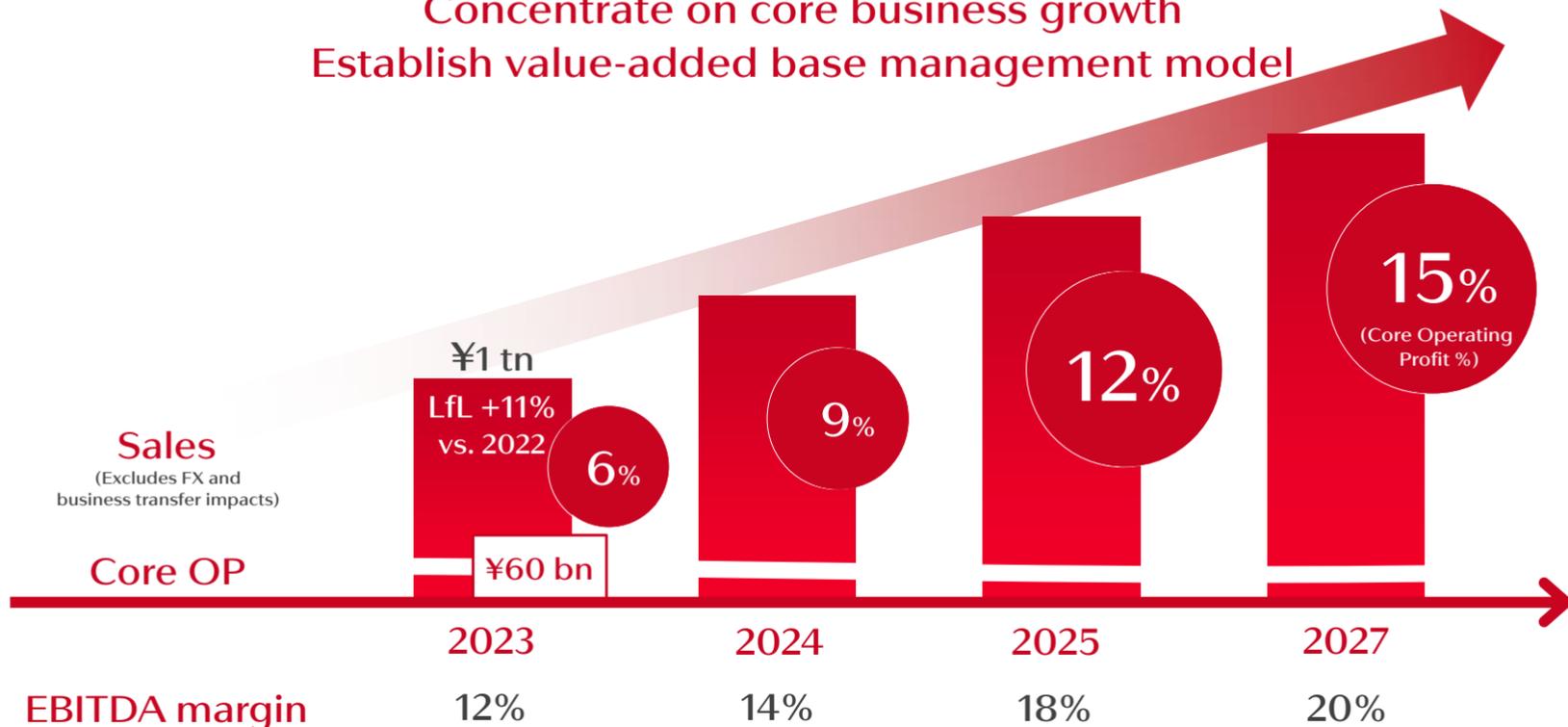
The Shiseido logo, featuring a stylized red 'S' symbol followed by the word 'SHISEIDO' in a bold, red, sans-serif font.

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# Medium-Term Strategy SHIFT 2025 and Beyond

Retarget Core Operating Profit of 15%

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



# Medium-Term Strategy SHIFT 2025 and Beyond

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

# Japan Business Observation in the Six Months as COO

## Market

Japan: not a high growth market  
Need to gain share for growth

## Organization

- Past constraints limiting the passion and drive for change and transformation
- No clear selection and focus in strategy, complexity resulting in slow market reaction

**Critical to implement fundamental business model changes**

**Changes that place market and consumer at its core  
Break away from existing business practices and internal rules**

## Addressing the P&L Issues - Facing the Hard Reality

- Channel and consumer touch point diversification
- Excessive number of brands to meet diversifying needs, lack of per brand scale
- Increased digital and data management costs and lack of scale in E-commerce
- Complexity in organization matching diverse channels and brands
  - Inefficient personnel allocation and duplication of functions with the HQ



**Inefficiencies and heavy fixed costs**

**Facing the hard reality, we need to address issues and capture the opportunities to transform for the future leap forward**

“Self-innovation for Future Growth”  
~Challenge the status quo~



To lead the transformation myself

Shiseido Japan Co., Ltd.

Kentaro Fujiwara to become Representative Director, Chairman  
Effective September 1, 2023

## Three Pillars of Reform

Business Structure  
Transformation for  
Profitable Growth

Fixed Costs  
Reduction

Corporate  
Culture Reform



Fundamental improvement of profit structure  
to reach 2025 core operating profit of ¥50.0 bn

# Business Structure Transformation for Profitable Growth

## ➤ Consumer-centric business model

- Prestige: improve profitability by enhancing brand value and premiumization
  - Brand investments, strong innovation and expansion of customer base
  - Strategic price increases and reflecting the added value
- Premium: enhance self-selection purchases and in-store marketing capabilities, pursuing efficiency
  - Data-driven business model leveraging consumer purchasing behavior understanding
- Unlock E-commerce (D2C) business opportunity: maximize profitability and growth potential
  - E-commerce sales ratio: Low teen% in 2022 to targeting 30% in 2025
- Modification of the historical “system cosmetics” business model based upon consultation

## ➤ Sales organization reform

- Shift from a channel-based model to an area-based model
- Strategic resource allocation in line with consumer purchasing behaviors

## ➤ Retailer strategic alliance: becoming partners to maximize value

# Transformation of Business Structure for Profitable Growth

## ➤ Brand management reform: clarifying brand mission for selection and focus

- Focus investments in global / Asian brands
- Japan-exclusive brands to focus only on “product strategy” to meet diverse consumer needs

	Global / Asian brand	Japan-exclusive brands
Marketing approach	360 Marketing <ul style="list-style-type: none"><li>• Emotional + Functional benefit</li><li>• Brand push</li></ul>	Trade marketing <ul style="list-style-type: none"><li>• Functional benefit</li><li>• Product Push</li></ul>
Mission	Maximize added value by enhancing brand equity, to contribute to stable sales and profitability growth	Gain market share by identifying market (consumer and channel) needs, and by <u>store-driven, product-centric marketing</u>
Aimed results	Achieve continuous growth outperforming market; <u>aim for 70% contribution in sales in the mid- to long-term</u>	<ul style="list-style-type: none"><li>• <u>Generate best-sellers</u> with individual products</li><li>• <u>To lower growth targets and to rationalize SKUs</u></li><li>• Gain market share with selective key SKUs and address diverse consumer / channel</li></ul>

# Fixed Costs Reduction - BOLD & SIMPLE Transformation

## ➤ Review other SG&A expenses

- Logistics costs: reduce promotional material logistics costs
- Outsourcing expenses: reduce and bring IT system / data analyses in-house
- Lease expenses: office reorganization and review direct managed store profitability

## ➤ Streamline back-office functions

- Pursue cost synergies with the HQ

## ➤ Maximize value of point-of-sales employees

- Maximize consultation time - review headcount allocation
- Shifting from in-house exclusive product sales staffs to fee-based service providers  
Providing fee-based services and consultation for business partners, addressing social labor shortage issues, etc.

## ➤ Improve labor productivity

- Re-skilling
- Existing special early retirement system

# Corporate Culture Reform

- **Overcome the various constraints being the No. 1 cosmetics company in Japan**  
**Transform into an organization that can take positive risks and new challenges**
  - Winning Spirits
  - Praise new challenges
- **Change management processes**
  - Changes in decision-making processes: from consensus-based to strategic top-down
- **Organization restructure (from January 2024)**
  - Break silos to create a simple, flat and agile organization
  - Active promotion and development of next-generation leaders

# Strengthening the Executive Team for Reform

## ➤ Japan Business (Shiseido Japan Co., Ltd.)

- As of September 1, 2023

Kentaro Fujiwara to become Representative Director, Chairman

## ➤ Global (Shiseido Company, Limited)

- As of September 1, 2023

Yoshiaki Okabe to become Executive Vice President,  
Chief Marketing & Innovation Officer

- Allows for a speedy, consumer-centric product development,  
strengthening brand and innovation communication

- Chief People Officer - to be announced soon

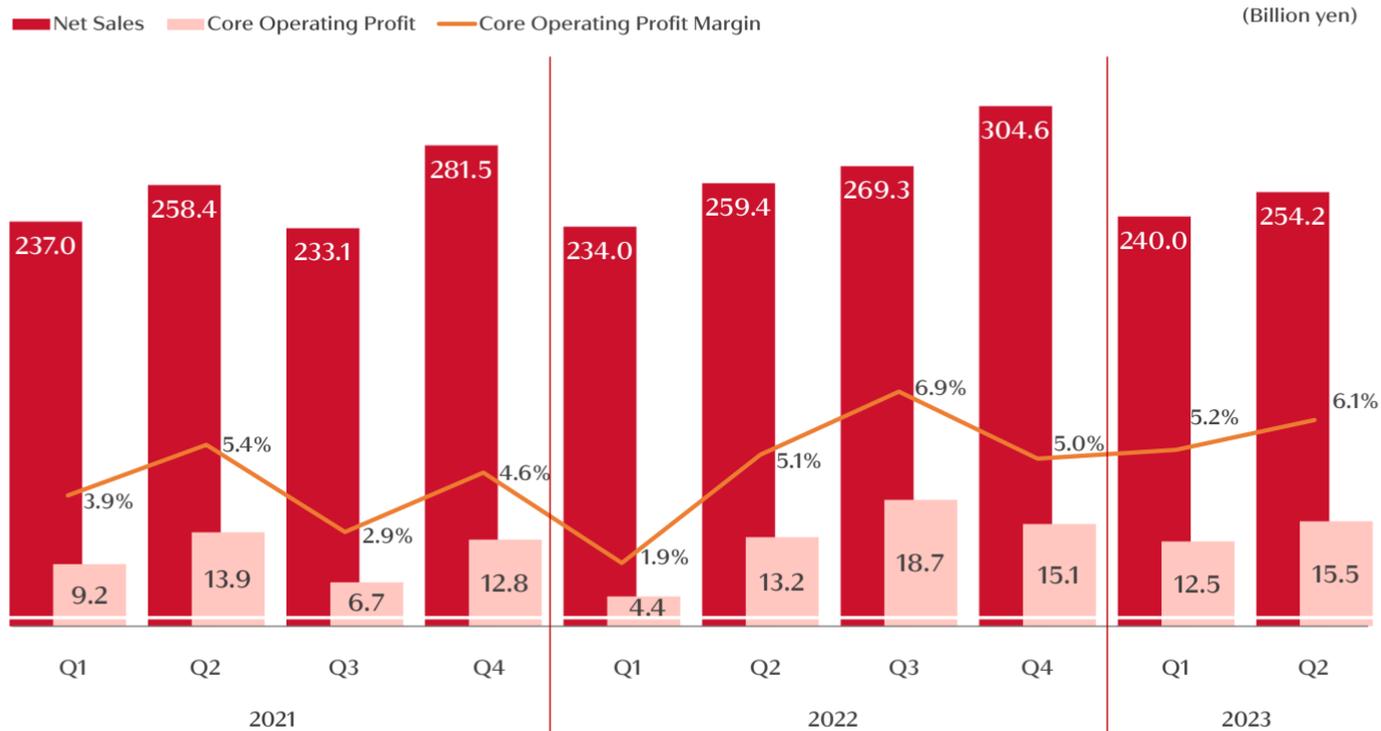


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Be a Global Winner  
with Our Heritage

# Supplemental Data 1

## KPI Trends

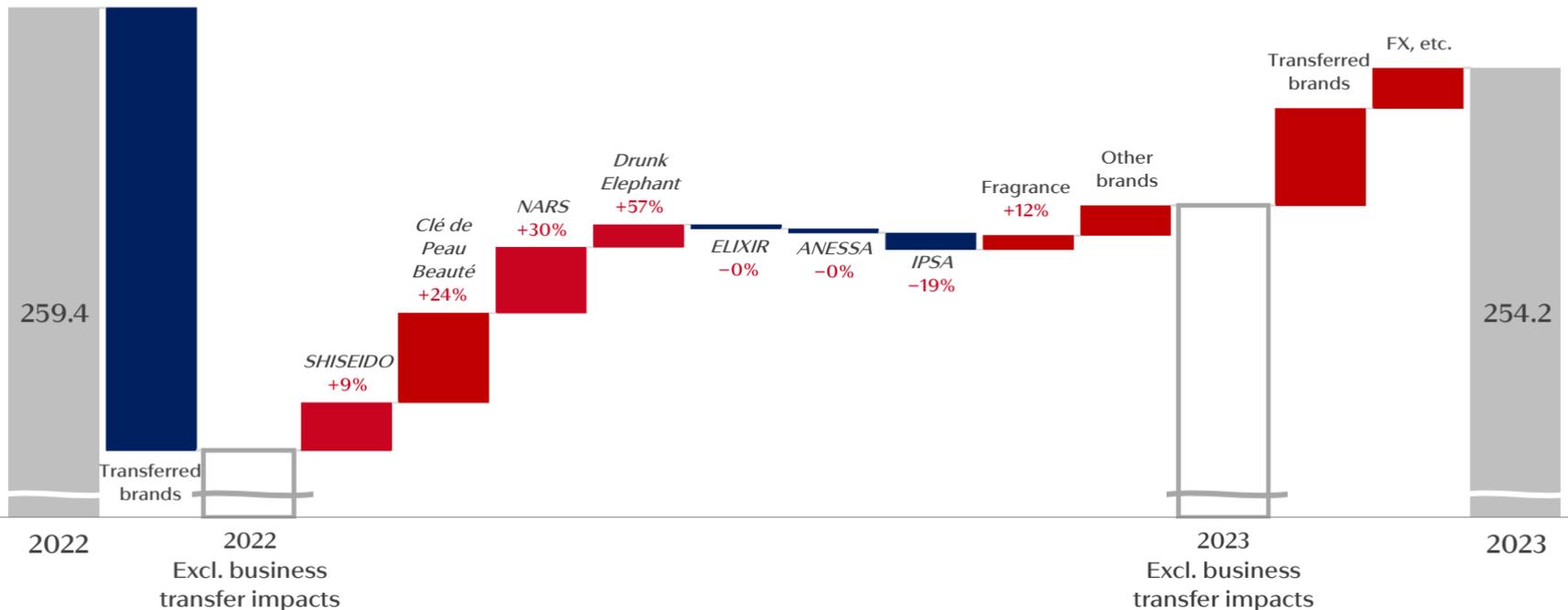


# Supplemental Data 2

## Q2 Net Sales by Brand

Like-for-like\*

(Billion yen)



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

## Supplemental Data 3

### Q2 Net Sales and Core Operating Profit by Reportable Segment

	Top: Net Sales		Bottom: Core OP					
(Billion yen)	2022	% of Net Sales / Core OPM % <sup>*1</sup>	2023	% of Net Sales / Core OPM % <sup>*1</sup>	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL % <sup>*2</sup>
Japan	58.6	22.6%	63.5	25.0%	+4.9	+8.4%	+8.4%	+8.9%
	-3.3	-5.5%	-1.9	-3.0%	+1.4	-	-	-
China	63.8	24.6%	77.4	30.4%	+13.5	+21.2%	+19.5%	+20.3%
	0.8	1.3%	7.6	9.8%	+6.8	+808.3%	-	-
Asia Pacific	16.0	6.2%	15.3	6.0%	-0.7	-4.3%	-7.7%	+12.2%
	1.2	7.6%	-0.1	-0.8%	-1.3	-	-	-
Americas	33.8	13.0%	26.8	10.6%	-7.0	-20.7%	-24.7%	+18.0%
	2.6	7.7%	2.6	9.1%	-0.0	-1.1%	-	-
EMEA	27.2	10.5%	24.8	9.8%	-2.4	-8.9%	-15.7%	+11.3%
	0.6	2.1%	-1.3	-5.0%	-2.0	-	-	-
Travel Retail	40.7	15.7%	38.9	15.3%	-1.8	-4.4%	-9.2%	-4.2%
	8.9	21.8%	8.0	20.4%	-0.9	-10.3%	-	-
Other <sup>*3</sup>	19.3	7.4%	7.5	2.9%	-11.8	-61.1%	-61.0%	-23.3%
	2.3	3.1%	-7.1	-12.9%	-9.4	-	-	-
Subtotal	259.4	100%	254.2	100%	-5.2	-2.0%	-4.6%	+10.3%
	13.1	4.1%	7.7	2.5%	-5.4	+41.4%	-	-
Adjustment	-	-	-	-	-	-	-	-
	0.1	-	7.8	-	+7.8	-	-	-
Total	259.4	100%	254.2	100%	-5.2	-2.0%	-4.6%	+10.3%
	13.2	5.1%	15.5	6.1%	+2.3	+17.8%	-	-

\*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 4

### 1H Net Sales and Core Operating Profit by Reportable Segment

	Top: Net Sales		Bottom: Core OP							
(Billion yen)	2022	% of Net Sales / Core OPM % <sup>*1</sup>	2023	% of Net Sales / Core OPM % <sup>*1</sup>	YoY Change	YoY Change %	YoY FX-Neutral %	YoY Lfl. % <sup>*2</sup>		
Japan	115.7	23.4%	125.2	25.3%	+9.5	+8.2%	+8.2%	+8.6%		
	-7.4	-6.2%	-3.4	-2.7%	+4.0	-	-	-		
China	115.7	23.4%	130.6	26.4%	+14.9	+12.8%	+9.0%	+9.9%		
	-2.0	-1.7%	5.5	4.2%	+7.5	-	-	-		
Asia Pacific	31.4	6.4%	30.7	6.2%	-0.7	-2.2%	-7.9%	+13.9%		
	2.4	7.3%	0.2	0.7%	-2.2	-90.2%	-	-		
Americas	59.0	12.0%	52.8	10.7%	-6.2	-10.5%	-17.9%	+23.3%		
	3.7	6.1%	4.1	7.3%	+0.4	+10.0%	-	-		
EMEA	55.7	11.3%	52.6	10.7%	-3.1	-5.6%	-13.0%	+16.7%		
	2.6	4.2%	1.3	2.2%	-1.3	-51.6%	-	-		
Travel Retail	77.9	15.8%	77.5	15.7%	-0.4	-0.5%	-8.8%	-3.9%		
	17.0	21.8%	15.4	19.9%	-1.5	-9.1%	-	-		
Other <sup>*3</sup>	38.0	7.7%	24.9	5.0%	-13.2	-34.6%	-34.8%	-13.9%		
	0.4	0.3%	-3.7	-2.7%	-4.1	-	-	-		
Subtotal	493.4	100%	494.2	100%	+0.8	+0.2%	-4.2%	+8.5%		
	16.7	2.7%	19.4	3.2%	+2.7	+16.1%	-	-		
Adjustment	-	-	-	-	-	-	-	-		
	0.8	-	8.6	-	+7.8	-	-	-		
Total	493.4	100%	494.2	100%	+0.8	+0.2%	-4.2%	+8.5%		
	17.5	3.6%	28.0	5.7%	+10.5	+59.9%	-	-		

\*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 5

## 1H Net Sales by Category

(Billion yen)

Japan	2022	% of Net Sales	2023	% of Net Sales	YoY Change	YoY Change % / YoY FX-Neutral % <sup>*1</sup>	YoY Lfl % <sup>*2</sup>
Prestige	31.8	27.5%	38.0	30.4%	+6.1	+19.3%	
Premium	69.4	60.0%	73.3	58.5%	+3.9	+5.6%	
Others	14.5	12.5%	13.9	11.1%	-0.5	-3.8%	
<b>Total</b>	<b>115.7</b>	<b>100%</b>	<b>125.2</b>	<b>100%</b>	<b>+9.5</b>	<b>+8.2%</b>	<b>+8.6%</b>

### China

Prestige	74.1	64.1%	89.0	68.2%	+14.9	+15.7%	
Premium	39.0	33.7%	38.4	29.4%	-0.6	-4.4%	
Others	2.6	2.2%	3.2	2.4%	+0.6	+17.1%	
<b>Total</b>	<b>115.7</b>	<b>100%</b>	<b>130.6</b>	<b>100%</b>	<b>+14.9</b>	<b>+9.0%</b>	<b>+9.9%</b>

### Asia Pacific

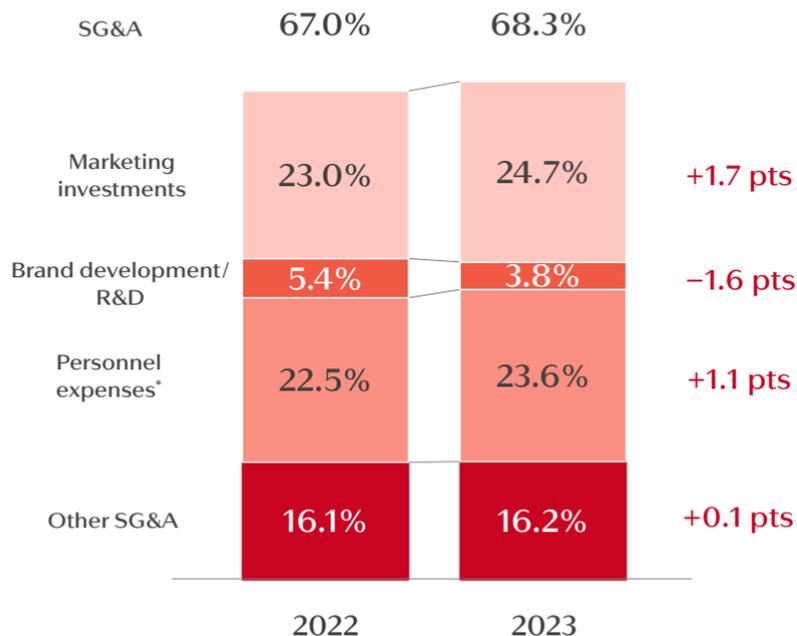
Prestige	18.0	57.2%	20.0	65.2%	+2.0	+4.7%	
Premium	6.4	20.4%	7.2	23.5%	+0.8	+7.0%	
Personal Care	2.0	6.3%	-	-	-2.0	-	
Others	5.1	16.1%	3.5	11.3%	-1.6	-35.4%	
<b>Total</b>	<b>31.4</b>	<b>100%</b>	<b>30.7</b>	<b>100%</b>	<b>-0.7</b>	<b>-7.9%</b>	<b>+13.9%</b>

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

# Supplemental Data 6

## 1H Cost Structure

(% of Net Sales  
based on Core Operating Profit)



- Marketing investments

- Strengthened investments for brand equity improvement
- Lower costs thanks to business transfers
- Agile cost management

- Brand development / R&D

- Lower costs thanks to business transfers

- Personnel expenses

- Inflation impact
- Optimization by structural reforms, etc.

- Other SG&A

- Higher DX-related investments (FOCUS, etc.)
- Lower freight

\* Including POS personnel expenses

## Supplemental Data 7

### 1H SG&A

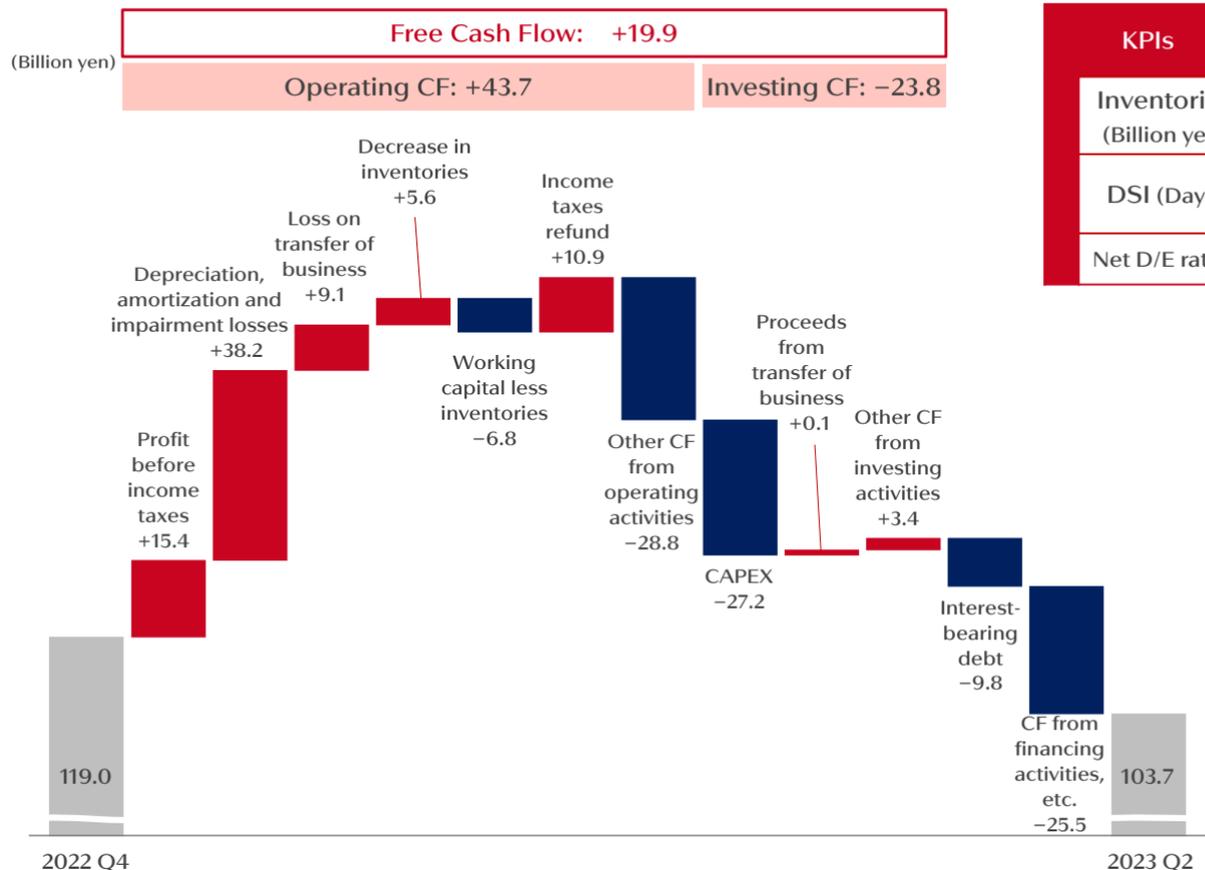
(Billion yen)	2022	% of Net Sales	2023	% of Net Sales	YoY Change	YoY Change %	YoY Change FX- Neutral %
Marketing investments*1	161.3	32.7%	171.1	34.6%	+9.8	+6.1%	+2.4%
Brand development / R&D	26.5	5.4%	18.6	3.8%	-7.9	-29.8%	-30.6%
Personnel expenses	63.2	12.8%	67.7	13.7%	+4.5	+7.1%	+2.7%
Other SG&A	79.6	16.1%	80.0	16.2%	+0.5	+0.6%	-2.7%
SG&A (Core OP-based)	330.6	67.0%	337.4	68.3%	+6.8	+2.1%	-1.4%
Non-recurrent items*2	3.3	-	1.5	-	-1.8	-	-
SG&A	333.9	67.7%	338.9	68.6%	+5.0	+1.5%	-2.1%

\*1 Including POS personnel expenses

\*2 Non-recurrent items attributable to SG&A

# Supplemental Data 8

## Cash Flow Management



KPIs	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Inventories (Billion yen)	151.6	148.2	130.9	134.7	142.0
DSI (Days)	185	163	150 (210)*	153 (220)*	172 (240)*
Net D/E ratio	0.11	0.11	0.05	0.12	0.08

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

## Supplemental Data 9

### 1H Non-recurrent Items

(Billion yen)	2022			2023		
	Q1	Q2	1H	Q1	Q2	1H
<b>Core Operating Profit</b>	4.4	13.2	17.5	12.5	15.5	28.0
Gain / Loss on Transfer of Business	1.6	2.7	4.3	0.9	-10.0	-9.1
Gain / Loss on Sales of Fixed Assets	-	-	-	2.4	-0.0	2.4
Structural Reform Expenses	-1.5	-2.0	-3.5	-3.4	-1.8	-5.2
Impairment Losses	-	-	-	-1.8	-0.1	-1.9
Structural Reforms-Related	0.1	0.7	0.7	-2.0	-11.8	-13.8
Profit (Subsidy income)	0.1	0.2	0.3	0.0	0.0	0.0
Loss (Salaries and allowances for employees, etc.)	-0.2	-1.4	-1.6	-	-	-
COVID-19-Related	-0.1	-1.2	-1.3	0.0	0.0	0.0
Other	-	-	-	-	-0.6	-0.6
<b>Non-recurrent items</b>	<b>-0.0</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-2.0</b>	<b>-12.4</b>	<b>-14.4</b>
<b>Operating Profit</b>	<b>4.4</b>	<b>12.6</b>	<b>17.0</b>	<b>10.5</b>	<b>3.1</b>	<b>13.6</b>

SHISEIDO