

2023 Third Quarter Results (January–September) and 2023 Outlook

November 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.

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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 Q3 Key Headlines

Japan Local Continued Recovery, Americas and EMEA Remained Strong
Sales Declined in Q3 due Primarily to the Weakness in China and Travel Retail,
Affected by Consumer Pullback on Purchases of Japanese Products
due to the Treated Water Release in Japan

- **Like-for-like (LfL)* Net Sales: Q3 YTD +5% / Q3 -2%**
 - Japan local continued steady recovery in mid-to-high price range
 - Strong momentum continued in Americas and EMEA
 - Weakness in China and Travel Retail due to retailer inventory adjustments associated with tighter regulations and consumer pullback on Japanese products due to the treated water release, with Japan's inbound sales also falling short of expectations
- **E-commerce (EC) sales ratio: 32%**
 - Flat YoY in 3Q YTD impacted by the suspension of KOLs live-streaming in China
- **Core operating profit: ¥36.8 bn, +¥0.6 bn YoY**
 - Declined YoY in Q3 due to lower gross profit reflecting a decline in sales, but delivered YTD growth bolstered by the strong sales growth in 1H
- **Integration of the two factories in Osaka in 1H 2026**

* Like-for-like increase (decrease) excludes the impact from FX and all business transfers in the first nine months of 2023 and the first nine months of 2022 as well as the services provided during the transition period ("business transfer impacts")

2023 Q3 YTD (January–September) Executive Summary

| (Billion yen) | 2022 | % of Net Sales | 2023 | % of Net Sales | YoY Change | YoY Change % | YoY FX-Neutral % | YoY LfL ^{*2} % |
|---|-------|----------------|-------|----------------|------------|--------------|------------------|-------------------------|
| Net Sales | 762.7 | 100% | 722.4 | 100% | -40.3 | -5.3% | -8.9% | +5.0% |
| Core Operating Profit | 36.2 | 4.8% | 36.8 | 5.1% | +0.6 | +1.6% | | |
| Non-recurring items | -0.6 | -0.1% | -11.0 | -1.5% | -10.4 | - | | |
| Operating Profit | 35.7 | 4.7% | 25.8 | 3.6% | -9.8 | -27.6% | | |
| Profit Before Tax | 43.6 | 5.7% | 28.7 | 4.0% | -14.9 | -34.1% | | |
| Income Tax Expense | 11.8 | 1.5% | 7.1 | 1.0% | -4.8 | -40.3% | | |
| Profit Attributable to Owners of Parent | 29.0 | 3.8% | 20.5 | 2.8% | -8.5 | -29.4% | | |
| EBITDA ^{*1} | 74.6 | 9.8% | 75.1 | 10.4% | +0.6 | +0.8% | | |

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

Net Sales: Japan local continued steady recovery in mid-to-high price range, Americas and EMEA remained strong
Weakness in China and Travel Retail due to consumer pullback on Japanese products due to the treated water release, with Japan's inbound sales also falling short of expectations

Core Operating Profit: Declined YoY in Q3 due to lower gross profit reflecting a decline in sales, but delivered YTD growth bolstered by the robust sales growth in 1H

Non-recurring items: 2023: Losses incurred by Kuki Factory transfer, gain on sales of fixed assets, and an impairment loss on the integration of two factories in Osaka

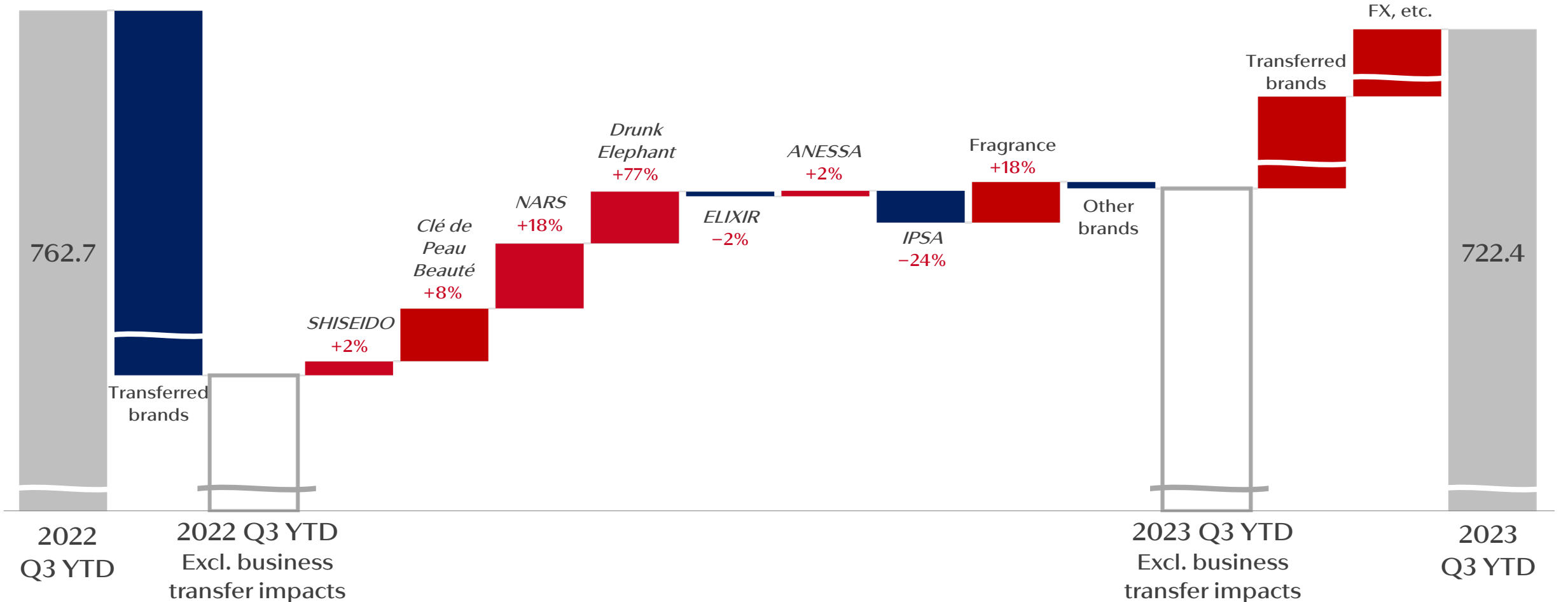
Profit Before Tax: Finance income/costs: declined by ¥6.5 bn

EBITDA: EBITDA margin 10.4%

Softness in China and Travel Retail Offset by Steady Growth of *Clé de Peau Beauté*, *NARS*, *Drunk Elephant* and Fragrance

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 : Negative Growth in Q3 Affected by the Decline in China and Travel Retail

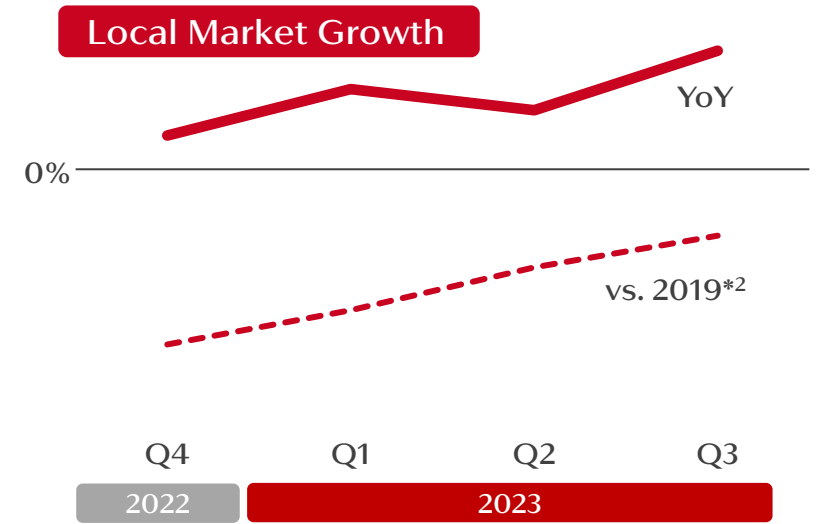
| Like-for-like* | 2023 | | | | | | | |
|----------------|------------|------------|------------|------------|------------|-------------|------------|------------|
| | vs. 2019 | | | | vs. 2022 | | | |
| | Q1 | Q2 | Q3 | Q3 YTD | Q1 | Q2 | Q3 | Q3 YTD |
| Japan | -32% | -29% | -27% | -29% | +8% | +9% | +6% | +8% |
| China | +10% | +43% | +4% | +20% | -3% | +20% | -9% | +4% |
| Asia Pacific | +1% | +5% | +10% | +5% | +16% | +12% | +15% | +14% |
| Americas | +67% | +46% | +46% | +52% | +30% | +18% | +10% | +18% |
| EMEA | +30% | +19% | +27% | +26% | +22% | +11% | +15% | +16% |
| Travel Retail | +30% | +2% | -12% | +6% | -4% | -4% | -25% | -11% |
| Total | +0% | +4% | -5% | -0% | +7% | +10% | -2% | +5% |

* Excluding FX and business transfer impacts

Japan: Continued Growth in Mid-to-High Price Range, Boosting the Total Market Share Gain

● Q3 Market:

- Local: Low price ranges drove the market growth; middle price range on a recovery track
Growth led by makeup and sun care categories
- Inbound: Grew strongly in July and August with rebound in inbound tourism before slowing down in September



● Shiseido Consumer Purchases*1 : Q3 YTD +high single digit% / Q3 +low teen%

➤ Local : +high single digit% / +high single digit%

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

Clé de Peau Beauté : +mid teen% / +high teen%

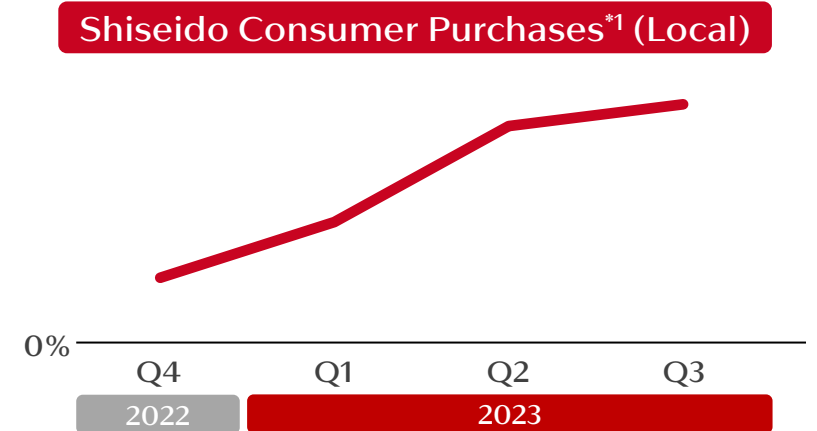
Loyal users steadily increased

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

• *ANESSA* : +over 40% / +over 40%

• EC : +low teen% / +low teen%

➤ Inbound : +high 20% / +high 20%



China: Negative Growth in Q3 by Consumer Pullback on Japanese Products due to the Release of Treated Water in Japan

● Q3 Market:

- Grew marginally in Q3 after the strong rebound in Q2
- Consumer pullback of Japanese product by the treated water release

● Shiseido Consumer Purchases*:

Business Total : Q3 YTD +low single digit% / Q3 -low teen%

- Offline : +high single digit% / -mid single digit%
- EC : flat / -high 20%

➤ **Mainland China** : +low single digit% / -low teen%

- *SHISEIDO* : +low single digit% / -low 20%
- *Clé de Peau Beauté* : +mid 20% / +low teen%
- *NARS* : +low teen% / +high single digit%

➤ **Hong Kong** : +high single digit% / -low 20%

Restricted marketing activities overall, after the treated water release in late August, such as suspension of streaming on KOLs and new product campaigns

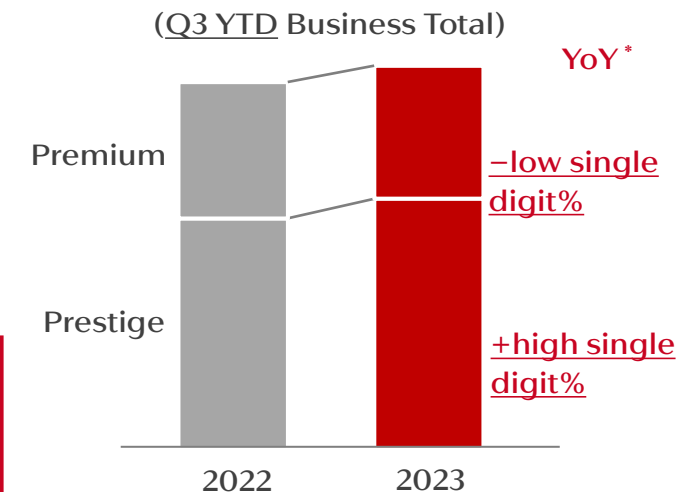


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Clé de Peau Beauté

Consumer Purchases by Category



* Excluding FX and business transfer impacts

Travel Retail: Negative Growth Widened in Q3 amid Consumer Pullback on Japanese Products due to the Treated Water Release in Japan

● Q3 Market:

- Retailer inventory adjustments associated with tighter regulations continues in Hainan Island and South Korea
- Consumer pullback of Japanese product by the treated water release

● Shiseido Consumer Purchases*

Global : Q3 YTD –low single digit% / Q3 –low teen%

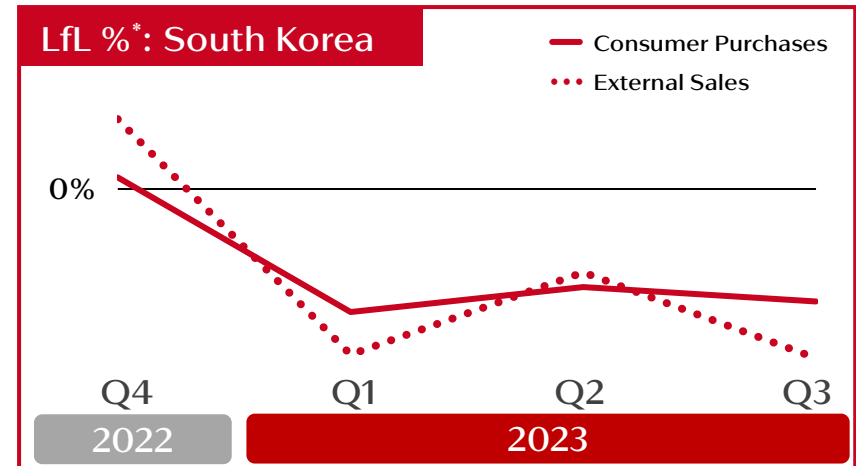
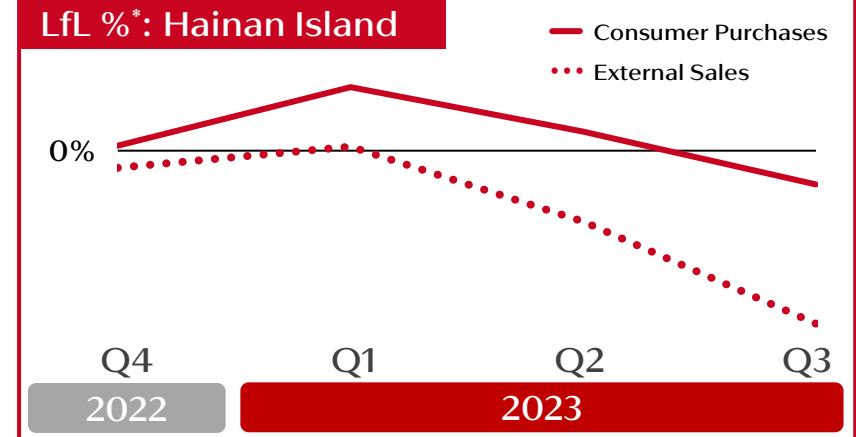
➤ **Asia** : –mid single digit% / –high teen%

- Hainan Island : +high single digit% / –low teen%

- South Korea : –over 30% / –over 30%

➤ **EC (Asia)** : –low teen% / –over 30%

Steady optimization of inventory levels



* Excluding FX and business transfer impacts

Americas

Continued to grow across all categories with further expansion

● Shiseido External Sales*1:

Q3 YTD +18% / Q3 +10%

➤ *Drunk Elephant*:

+over 90% / +over 60%

➤ EC: +high teen% / +low teen%



Drunk Elephant

EMEA

Continued to grow across all categories with further expansion

● Shiseido External Sales*1:

Q3 YTD +16% / Q3 +15%

- Excl. Russia: +25% / +27%

➤ *NARS, Drunk Elephant, narciso rodriguez*: robust growth

➤ EC: +high teen% / +mid teen%



narciso rodriguez

Asia Pacific

Continued to grow across regions

● Shiseido External Sales*1:

Q3 YTD +14% / Q3 +15%

➤ *SHISEIDO, NARS, Drunk Elephant*: strong growth

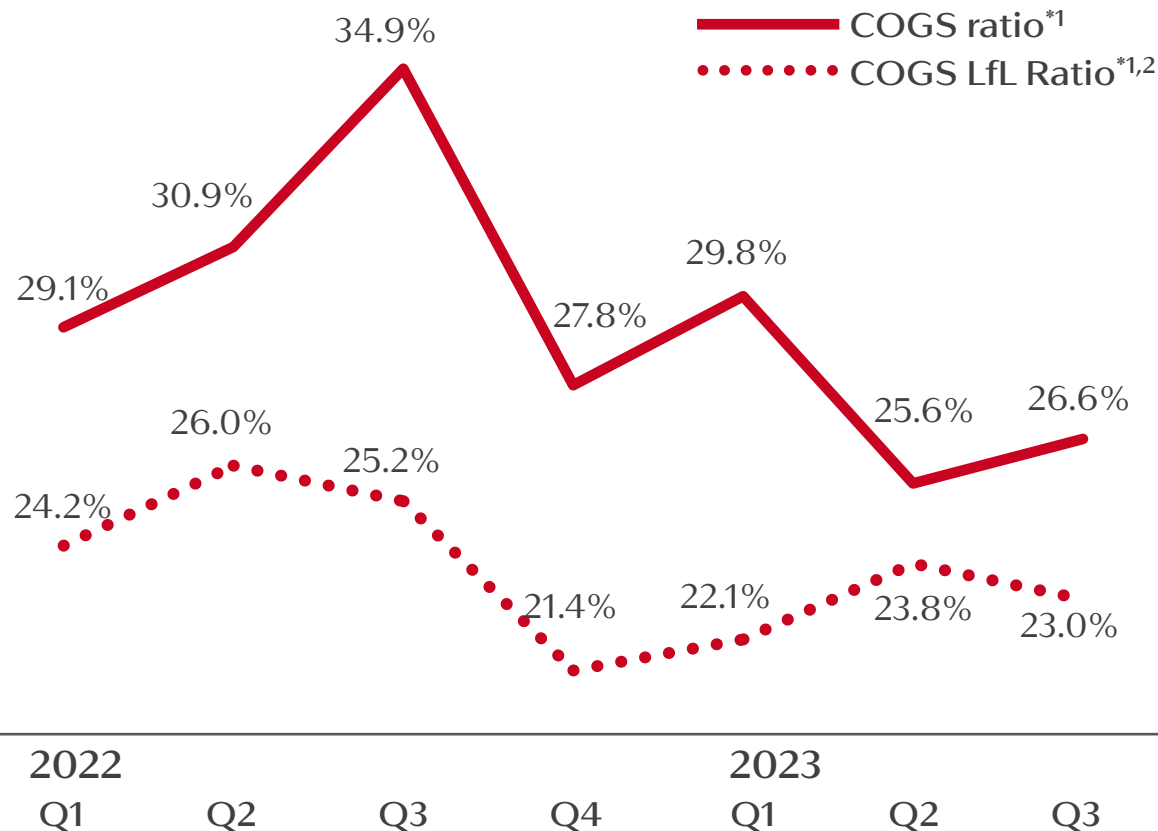
➤ EC*2: +low teen% / +low teen%



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COGS LfL Ratio: Improved ca. 2pts YoY with Productivity Improvement, etc.

| | 2022 Q3 YTD | 2022 FY | 2023 Q3 YTD |
|---------------------------|----------------|--------------|----------------|
| COGS Ratio*1 | 31.8% | 30.6% | 27.3% |
| COGS LfL Ratio*1,2 | 25.2% | 23.9% | 23.0% |



Q3 YTD YoY COGS analysis

- (+) Higher productivity
- (+) Moderation of logistics cost pressures
- (+) Decline of the impact from MSA*3 for business transfers (2022 4.9pts -> 2023 2.8pts)
- (-) Higher allowance for excess inventory write-offs
- (-) Change in cost accounting method for samples
- (-) Impairment loss and structural reform expenses on transfer of Kuki Factory (0.6pts)
- (-) Impairment loss of ¥6.0 bn on the integration of two factories in Osaka (0.8pts)
(Cost optimization: ¥3.0-4.0 bn / year from 2026 onwards)

*1 The scope of accounting for cost of sales has been changed in Q3. As a result, the figures for 2022 and 2023 have been revised due to the retrospective application of a change in accounting

*2 Excluding business transfer impacts and impairment losses, etc.

*3 Manufacturing Service Agreement

2023 Q3 YTD Core Operating Profit by Reportable Segment

Japan : Returned to profitability in Q3 benefitted from higher gross profit driven by sales growth

China : Significant improvement in profit supported by higher gross profit driven by sales growth in 1H and agile cost management, despite YoY decline in Q3

Asia Pacific : Delivered higher gross profit driven by sales growth, but declined YoY due to marketing enhancement, etc.

Americas / EMEA : Higher gross profit driven by sales growth, but declined YoY impacted by business transfers, etc.

Travel Retail: Declined by lower gross profit due to lower sales

Other / Adjustments: Lower gross profit due to decline in sales partially offset by reduction in elimination of unrealized gains incurred by inventory reduction

| Core Operating Profit (Core OPM) | 2022 | | 2023 | | (Billion yen) |
|-------------------------------------|-------------|---------------|-------------|---------------|---------------|
| | | | | | YoY |
| Japan | -5.9 | (-3.2%) | -0.2 | (-0.1%) | +5.7 |
| China | -8.7 | (-5.0%) | 2.0 | (1.1%) | +10.6 |
| Asia Pacific | 4.1 | (8.0%) | 1.7 | (3.3%) | -2.4 |
| Americas | 6.8 | (6.7%) | 6.5 | (7.6%) | -0.3 |
| EMEA | 8.6 | (8.8%) | 4.4 | (5.0%) | -4.2 |
| Travel Retail | 26.8 | (22.3%) | 19.0 | (17.4%) | -7.9 |
| Other | 7.0 | (3.1%) | -3.7 | (-1.9%) | -10.8 |
| Adjustments | -2.5 | - | 7.3 | - | +9.7 |
| Total | 36.2 | (4.8%) | 36.8 | (5.1%) | +0.6 |

2023 Outlook: Revised in Light of Changing Market Environment in China and TR

- Consumer pullback on Japanese products due to the treated water release
- Travel retail inventory reset following tighter regulations and retailers shifting back towards the business model with focus on tourists
- Changes in Chinese consumer behavior

| (Billion yen) | 2022 | 2023 Previous Forecast (Feb. 2023) | 2023 Latest Forecast | % of Net Sales | YoY Change | YoY Change % | YoY FX-Neutral % | YoY Lfl ^{*1} % | Change vs. Previous |
|--|--|---|--|-------------------|---------------|--------------------|------------------------|-------------------------------|---------------------------|
| Net Sales | 1,067.4 | 1,000.0 | 980.0 | 100% | -87.4 | -8.2% | -12% | +2% | -20.0 |
| Core Operating Profit | 51.3 | 60.0 | 35.0 | 3.6% | -16.3 | -31.8% | | | -25.0 |
| Profit before Tax | 50.4 | 47.0 | 27.0 | 2.8% | -23.4 | -46.5% | | | -20.0 |
| Profit Attributable to Owners of Parent | 34.2 | 28.0 | 18.0 | 1.8% | -16.2 | -47.4% | | | -10.0 |
| EBITDA ^{*2} | 102.4 | 120.0 | 88.0 | 9.0% | -14.4 | -14.1% | | | -32.0 |
| Dividend (yen / share) (Forecast) | Ordinary Dividend: 50 Interim: 25 Year-end: 25 the 150th Anniversary: 50 | 60 Interim: 30 Year-end: 30 - | 60 Interim: 30 Year-end: 30 - | | | | | | |

Exchange rates for 2023 (Latest Forecast): USD 1 = JPY 140 (YoY +6.5%), EUR 1 = JPY 150 (+8.7%), CNY 1 = 19.8 (+1.5%)

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

Navigating the Evolving Business Landscape (Japan, China and Travel Retail)

November 10, 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

Building a Path to Sustainable Growth: Achieving Profitability through Proactive Investment and Structural Reforms

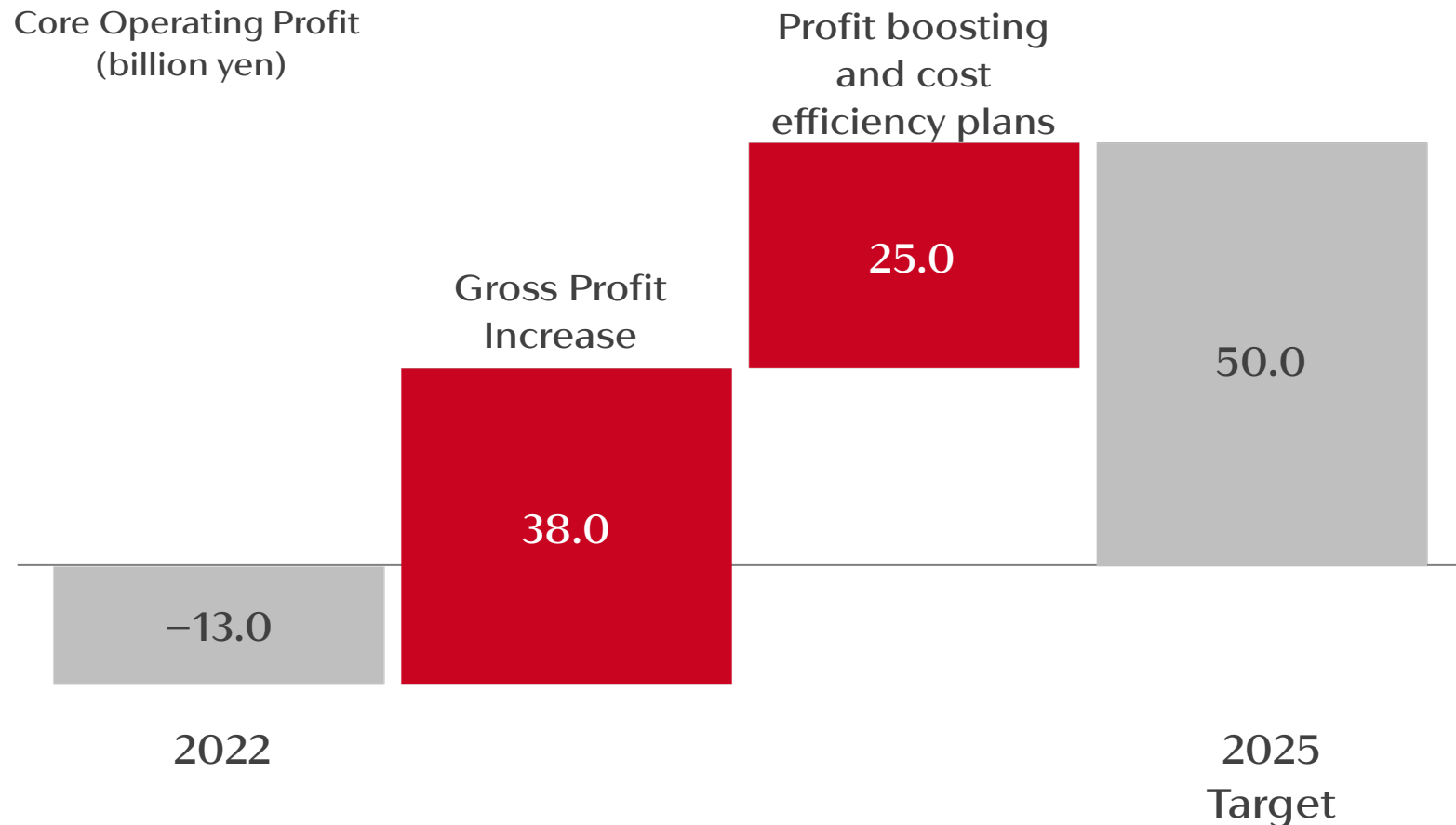
For Further Global Growth Acceleration

- 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

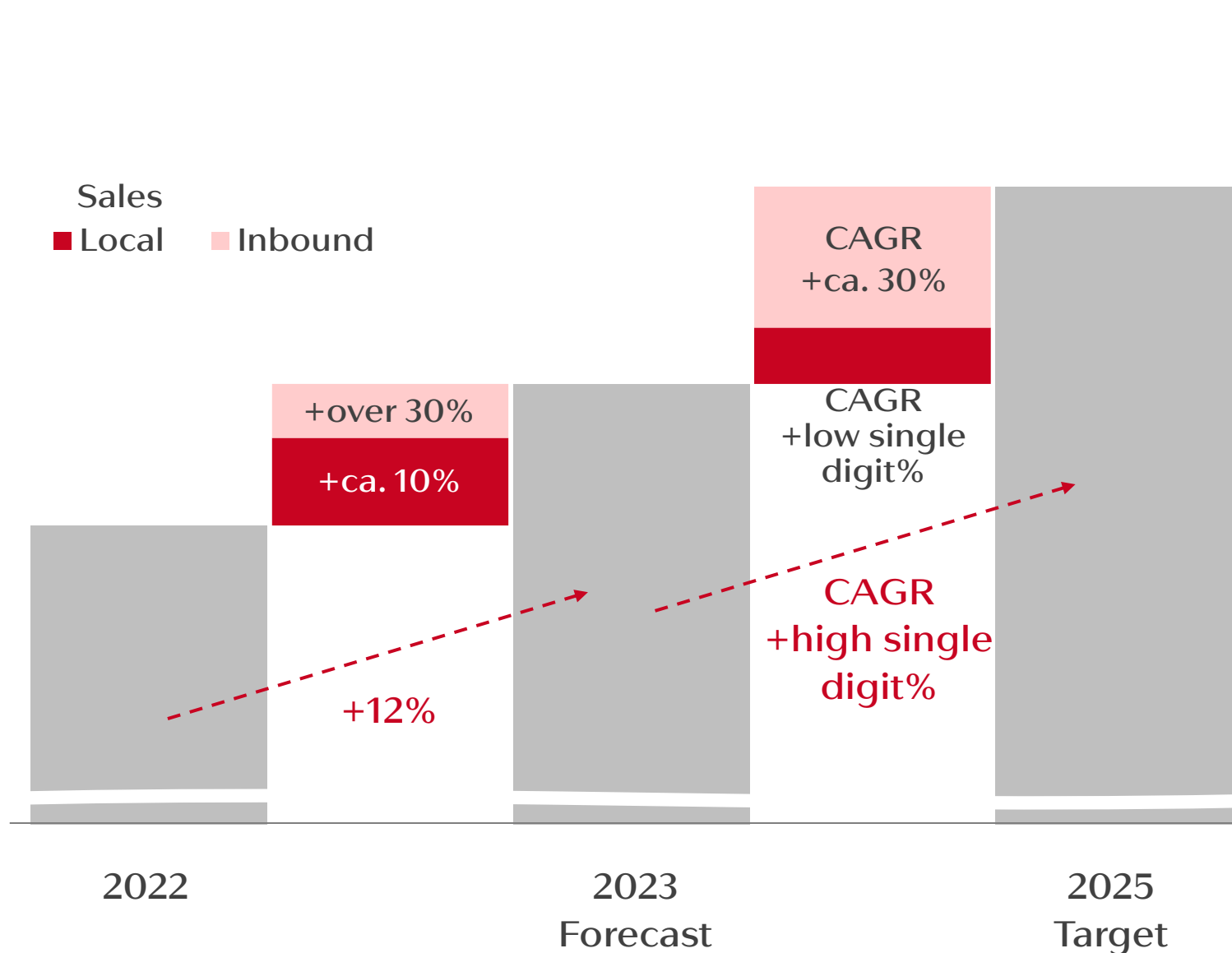
Japan: Achieving Core Operating Profit of ¥50.0 bn in 2025

Profit boosting and cost efficiency plans

To complete all actions by the end of 2024 for full benefit realization in 2025



Japan: Driving Sales Growth Towards 2025



Local

- Steady growth achieved until Q3 2023
- 2023-2025
 - Strong growth in global / Asian brands (CAGR +high single digit%)
 - Sales decline in Japan local brands from SKU rationalization (CAGR -low single digit%)
- By 2025, sales to reach 2019 level

Inbound

- Inbound tourism steady recovery
- Average spending per consumer has declined compared to pre-pandemic level
- Shifts in purchasing location from acceleration of business in mainland China and Hainan Island
- SHIFT 2025 and Beyond sales target remains, with -mid 20% decline expected in 2025 versus 2019

Japan: ¥25.0 bn Profitability Improvement Plans towards 2025

➤ COGS: ¥5.0 bn

- SKU Rationalization - Reduce 1/3 of SKUs from 2022 level
- Profitability improvement from brand mix by focusing on global / Asian brands
- Strategic price increases
- Return reduction through improving operational efficiency

➤ Marketing and Other Expenses: ¥10.0 bn

- Samples / marketing promotional items: optimization in logistics operation from manufacturing to purchase orders and inventory management
- IT systems: streamline current systems by the end of 2024
- Offices / direct managed stores optimization

➤ Organizational Productivity: ¥10.0 bn

- Control hirings, natural attrition
- Special early retirement system

Our Views on Current China Market Environment

| Changes and Issues | Our Analysis and Outlook |
|---|---|
| Consumer pullback on Japanese products due to the treated water release | <ul style="list-style-type: none">● Treated water release challenge will be temporary, and expected to be normalized by the end of Q1 2024● To monitor market changes closely, and act with agility |
| Changes in Chinese consumer behavior and market slowdown | <ul style="list-style-type: none">● Consumers becoming pragmatic (focus on functionality and efficacy) and bi-polarization of consumption● Changes in spending pattern reducing big purchases during promotions (events & travel)● Trade-ups by an increase in middle class population in tier 3-5 cities● Full recovery of travel to Japan, South Korea and Hainan Island |
| Travel retail inventory reset following tighter regulations | <ul style="list-style-type: none">● South Korea: Inventory expected to be normalized by the end of 2023● Hainan Island: Ongoing retailer inventory adjustments, expected to be normalized by the end of Q1 2024● Market normalization from tourist activity resumption |

China, TR: Business Transformation to Build Resilience and Profitability

- Chinese market continues to be strategically important
- Accelerate business transformation to achieve sustainable growth and profitability in a dynamic market environment
- Maximize business opportunity by taking a cohesive approach for China and Travel Retail

Brand Portfolio & Marketing Reforms

- **Selection and concentration**
 - ~ identify and generate the fields to win ~
 - Clarify deprioritization in brands and products
 - Focus on channel profitability
 - Rationalize SKUs
- Win in normal times, less reliance on large-scale events
- Invest in “high-prestige” and “functionality and efficacy”
- Accelerate rollouts in tier 3-5 cities
- Strategic price increases
- Expand our official route to market

Operational Reforms

- Samples: reduce inventory, drive localization
- Reduce outsource expenses
- Improve in-store personnel productivity
- Optimize organization structure
- Stringent headcount management

100 million
Consumer Database



Strong Brand Equity



Localized Innovation

Sustainable Business Growth

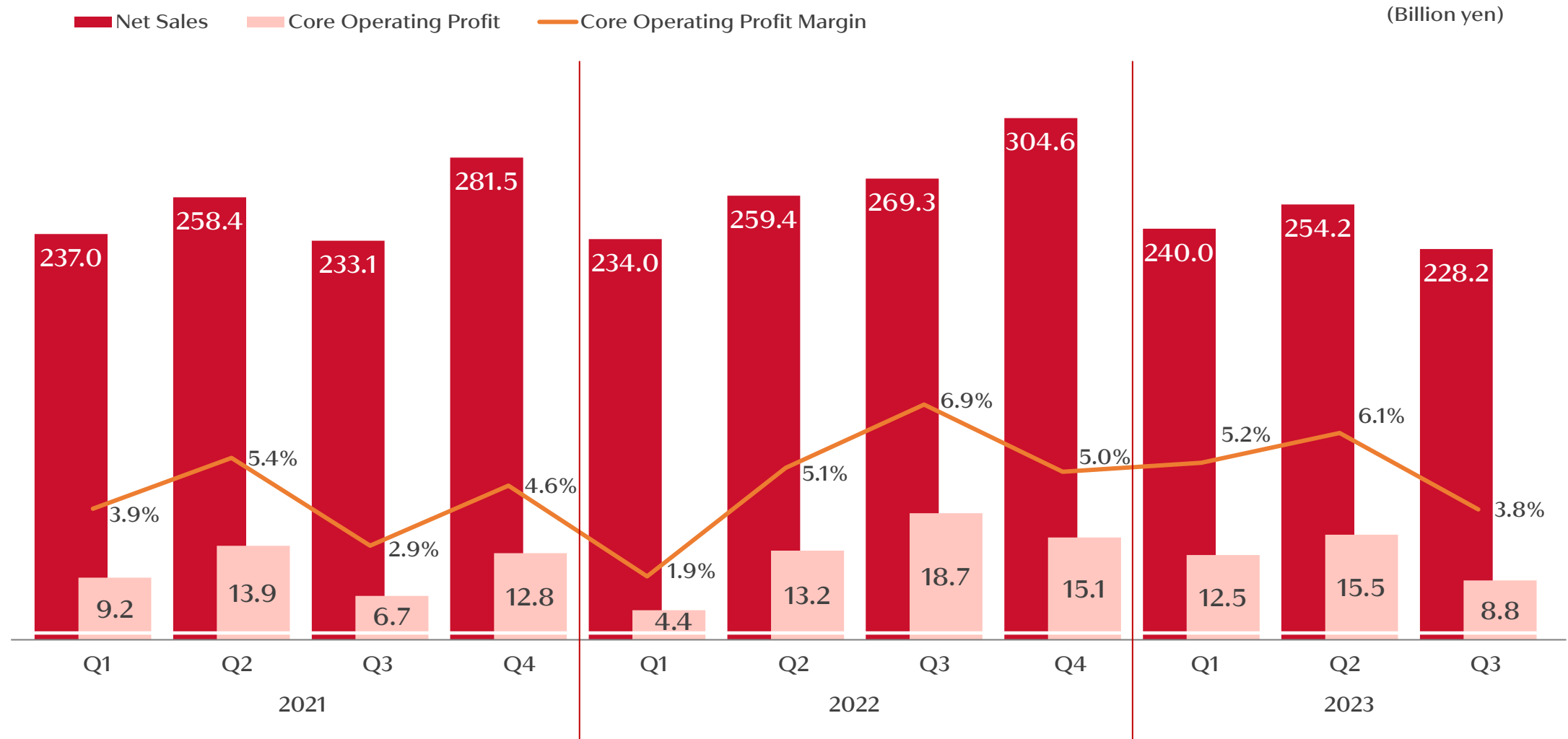


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Be a Global Winner
with Our Heritage

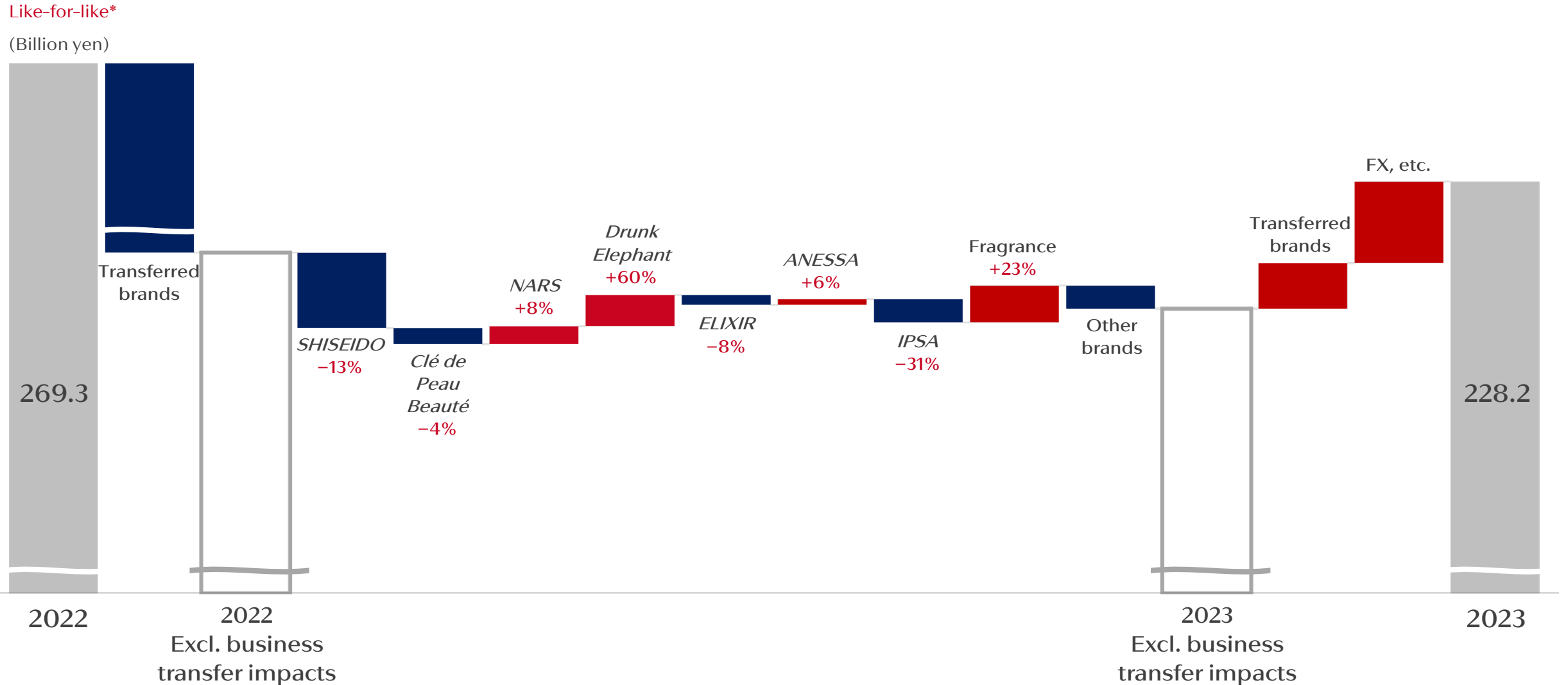
Supplemental Data 1

KPI Trends



Supplemental Data 2

Q3 Net Sales by Brand



* 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

Q3 Net Sales and Core Operating Profit by Reportable Segment

| | Top: Net Sales Bottom: Core OP (Billion yen) | | | | | | | |
|---------------------|--|--|-------|--|---------------|-----------------|---------------------|----------------------------|
| | 2022 | % of Net Sales / Core OPM % ^{*1} | 2023 | % of Net Sales / Core OPM % ^{*1} | YoY Change | YoY Change % | YoY FX-Neutral % | YoY LfL % ^{*2} |
| Japan | 62.9 | 23.4% | 66.5 | 29.1% | +3.6 | +5.7% | +5.7% | +6.3% |
| | 1.4 | 2.2% | 3.2 | 4.7% | +1.8 | +122.2% | - | - |
| China | 56.2 | 20.9% | 47.4 | 20.8% | -8.7 | -15.5% | -14.8% | -9.1% |
| | -6.7 | -11.8% | -3.5 | -7.3% | +3.1 | - | - | - |
| Asia Pacific | 17.4 | 6.4% | 18.1 | 7.9% | +0.8 | +4.5% | -0.2% | +14.8% |
| | 1.7 | 9.2% | 1.4 | 7.6% | -0.2 | -14.5% | - | - |
| Americas | 38.9 | 14.4% | 28.9 | 12.7% | -10.0 | -25.8% | -28.9% | +9.9% |
| | 3.1 | 7.4% | 2.4 | 8.0% | -0.7 | -21.6% | - | - |
| EMEA | 34.0 | 12.6% | 29.9 | 13.1% | -4.0 | -11.9% | -21.9% | +14.7% |
| | 6.0 | 16.6% | 3.1 | 10.0% | -2.9 | -47.6% | - | - |
| Travel Retail | 42.3 | 15.7% | 31.1 | 13.6% | -11.2 | -26.6% | -29.1% | -25.0% |
| | 9.8 | 23.2% | 3.5 | 11.3% | -6.3 | -64.2% | - | - |
| Other ^{*3} | 17.8 | 6.6% | 6.3 | 2.8% | -11.4 | -64.4% | -64.3% | -14.1% |
| | 6.6 | 8.2% | -0.0 | -0.1% | -6.7 | - | - | - |
| Subtotal | 269.3 | 100% | 228.2 | 100% | -41.1 | -15.3% | -17.5% | -1.6% |
| | 22.0 | 6.5% | 10.2 | 3.5% | -11.8 | -53.8% | - | - |
| Adjustment | - | - | - | - | - | - | - | - |
| | -3.3 | - | -1.4 | - | +1.9 | - | - | - |
| Total | 269.3 | 100% | 228.2 | 100% | -41.1 | -15.3% | -17.5% | -1.6% |
| | 18.7 | 6.9% | 8.8 | 3.8% | -9.9 | -53.0% | - | - |

*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

Q3 YTD Net Sales and Core Operating Profit by Reportable Segment

| | Top: Net Sales | | | | | | | |
|---------------------|-----------------|--|-------|--|---------------|-----------------|---------------------|----------------------------|
| | Bottom: Core OP | | | | | | | |
| (Billion yen) | 2022 | % of Net Sales / Core OPM % ^{*1} | 2023 | % of Net Sales / Core OPM % ^{*1} | YoY Change | YoY Change % | YoY FX-Neutral % | YoY LfL % ^{*2} |
| Japan | 178.6 | 23.4% | 191.6 | 26.5% | +13.1 | +7.3% | +7.3% | +7.8% |
| | -5.9 | -3.2% | -0.2 | -0.1% | +5.7 | - | - | - |
| China | 171.9 | 22.5% | 178.1 | 24.7% | +6.2 | +3.6% | +1.2% | +3.9% |
| | -8.7 | -5.0% | 2.0 | 1.1% | +10.6 | - | - | - |
| Asia Pacific | 48.7 | 6.4% | 48.8 | 6.8% | +0.1 | +0.1% | -5.1% | +14.2% |
| | 4.1 | 8.0% | 1.7 | 3.3% | -2.4 | -59.2% | - | - |
| Americas | 97.9 | 12.8% | 81.7 | 11.3% | -16.2 | -16.6% | -22.3% | +17.9% |
| | 6.8 | 6.7% | 6.5 | 7.6% | -0.3 | -4.4% | - | - |
| EMEA | 89.7 | 11.8% | 82.5 | 11.4% | -7.2 | -8.0% | -16.4% | +16.0% |
| | 8.6 | 8.8% | 4.4 | 5.0% | -4.2 | -48.8% | - | - |
| Travel Retail | 120.1 | 15.8% | 108.5 | 15.0% | -11.6 | -9.7% | -15.9% | -11.3% |
| | 26.8 | 22.3% | 19.0 | 17.4% | -7.9 | -29.3% | - | - |
| Other ^{*3} | 55.8 | 7.3% | 31.2 | 4.3% | -24.6 | -44.1% | -44.2% | -14.0% |
| | 7.0 | 3.1% | -3.7 | -1.9% | -10.8 | - | - | - |
| Subtotal | 762.7 | 100% | 722.4 | 100% | -40.3 | -5.3% | -8.9% | +5.0% |
| | 38.7 | 4.1% | 29.6 | 3.3% | -9.2 | -23.7% | - | - |
| Adjustment | - | - | - | - | - | - | - | - |
| | -2.5 | - | 7.3 | - | +9.7 | - | - | - |
| Total | 762.7 | 100% | 722.4 | 100% | -40.3 | -5.3% | -8.9% | +5.0% |
| | 36.2 | 4.8% | 36.8 | 5.1% | +0.6 | +1.6% | - | - |

*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

Q3 YTD Net Sales by Category

| (Billion yen) | 2022 | % of Net Sales | 2023 | % of Net Sales | YoY Change | YoY Change % / YoY FX-Neutral % ^{*1} | YoY Lfl % ^{*2} |
|---------------|--------------|----------------|--------------|----------------|--------------|---|-------------------------|
| Japan | | | | | | | |
| Prestige | 49.8 | 27.9% | 59.0 | 30.8% | +9.2 | +18.4% | |
| Premium | 106.9 | 59.8% | 111.8 | 58.3% | +4.9 | +4.6% | |
| Others | 21.9 | 12.3% | 20.9 | 10.9% | -1.0 | -4.8% | |
| Total | 178.6 | 100% | 191.6 | 100% | +13.1 | +7.3% | +7.8% |

| | | | | | | | |
|--------------|--------------|-------------|--------------|-------------|-------------|--------------|--------------|
| China | | | | | | | |
| Prestige | 112.0 | 65.1% | 123.6 | 69.4% | +11.6 | +7.7% | |
| Premium | 52.9 | 30.8% | 50.0 | 28.1% | -2.9 | -7.1% | |
| Others | 7.1 | 4.1% | 4.5 | 2.5% | -2.6 | -39.2% | |
| Total | 171.9 | 100% | 178.1 | 100% | +6.2 | +1.2% | +3.9% |

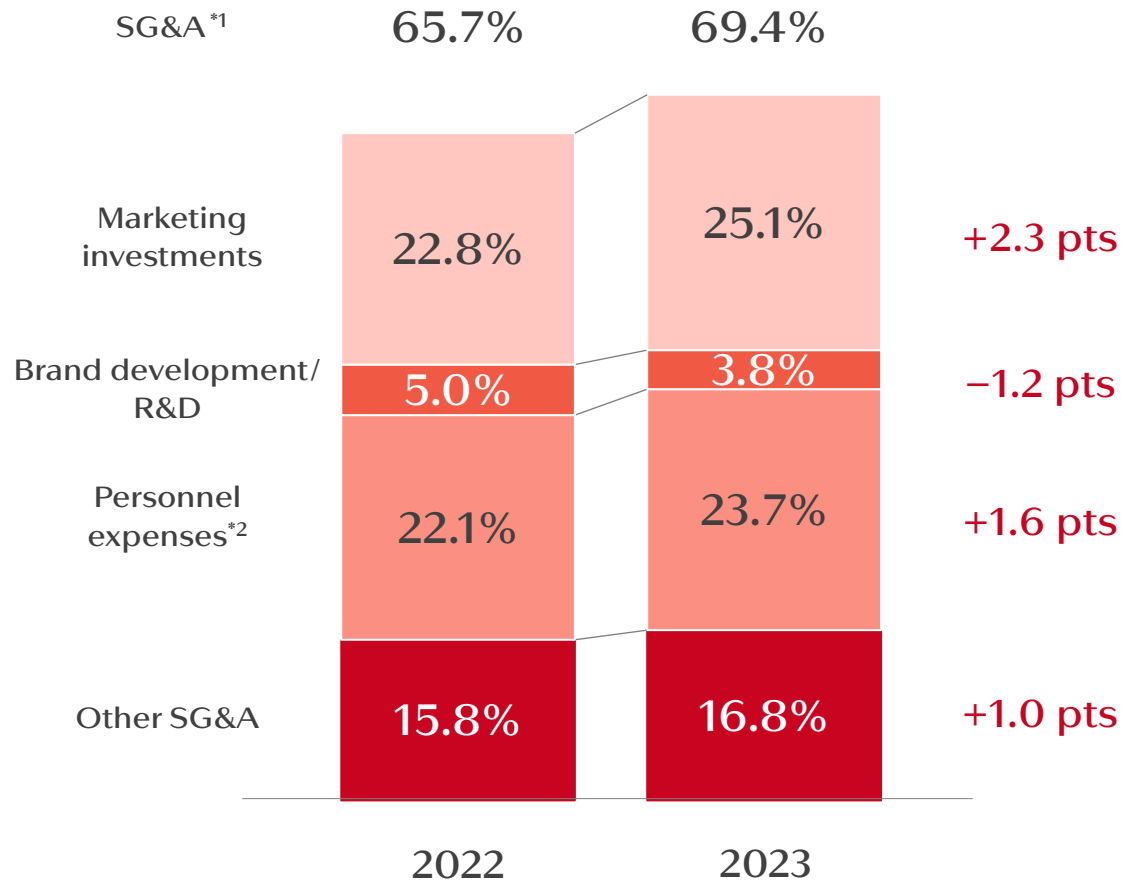
| | | | | | | | |
|---------------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| Asia Pacific | | | | | | | |
| Prestige | 28.8 | 59.0% | 32.3 | 66.3% | +3.6 | +6.3% | |
| Premium | 9.8 | 20.0% | 11.2 | 22.9% | +1.4 | +9.8% | |
| Personal Care | 2.3 | 4.7% | - | - | -2.3 | - | |
| Others | 7.9 | 16.3% | 5.3 | 10.8% | -2.6 | -37.7% | |
| Total | 48.7 | 100% | 48.8 | 100% | +0.1 | -5.1% | +14.2% |

*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

Q3 YTD 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

*1 The scope of accounting for SG&A has been changed in Q3. As a result, the figures for 2022 and 2023 have been revised due to the retrospective application of a change in accounting

*2 Including POS personnel expenses

Supplemental Data 7

Q3 YTD SG&A

| (Billion yen) | 2022 | % of Net Sales | 2023 | % of Net Sales | YoY Change | YoY Change % | YoY Change FX-Neutral % |
|---------------------------------------|-------|----------------|-------|----------------|------------|--------------|-------------------------|
| Marketing investments ^{*1} | 245.8 | 32.2% | 250.6 | 34.7% | +4.9 | +2.0% | -1.0% |
| Brand development / R&D | 37.9 | 5.0% | 27.7 | 3.8% | -10.2 | -27.0% | -28.2% |
| Personnel expenses | 96.8 | 12.7% | 101.7 | 14.1% | +4.9 | +5.1% | +1.0% |
| Other SG&A | 120.5 | 15.8% | 121.1 | 16.8% | +0.6 | +0.5% | -2.3% |
| SG&A ^{*2} (Core OP-based) | 500.9 | 65.7% | 501.0 | 69.4% | +0.1 | +0.0% | -3.0% |
| Non-recurring items ^{*3} | 3.4 | - | 2.2 | - | -1.2 | - | - |
| SG&A | 504.3 | 66.1% | 503.2 | 69.7% | -1.1 | -0.2% | -3.5% |

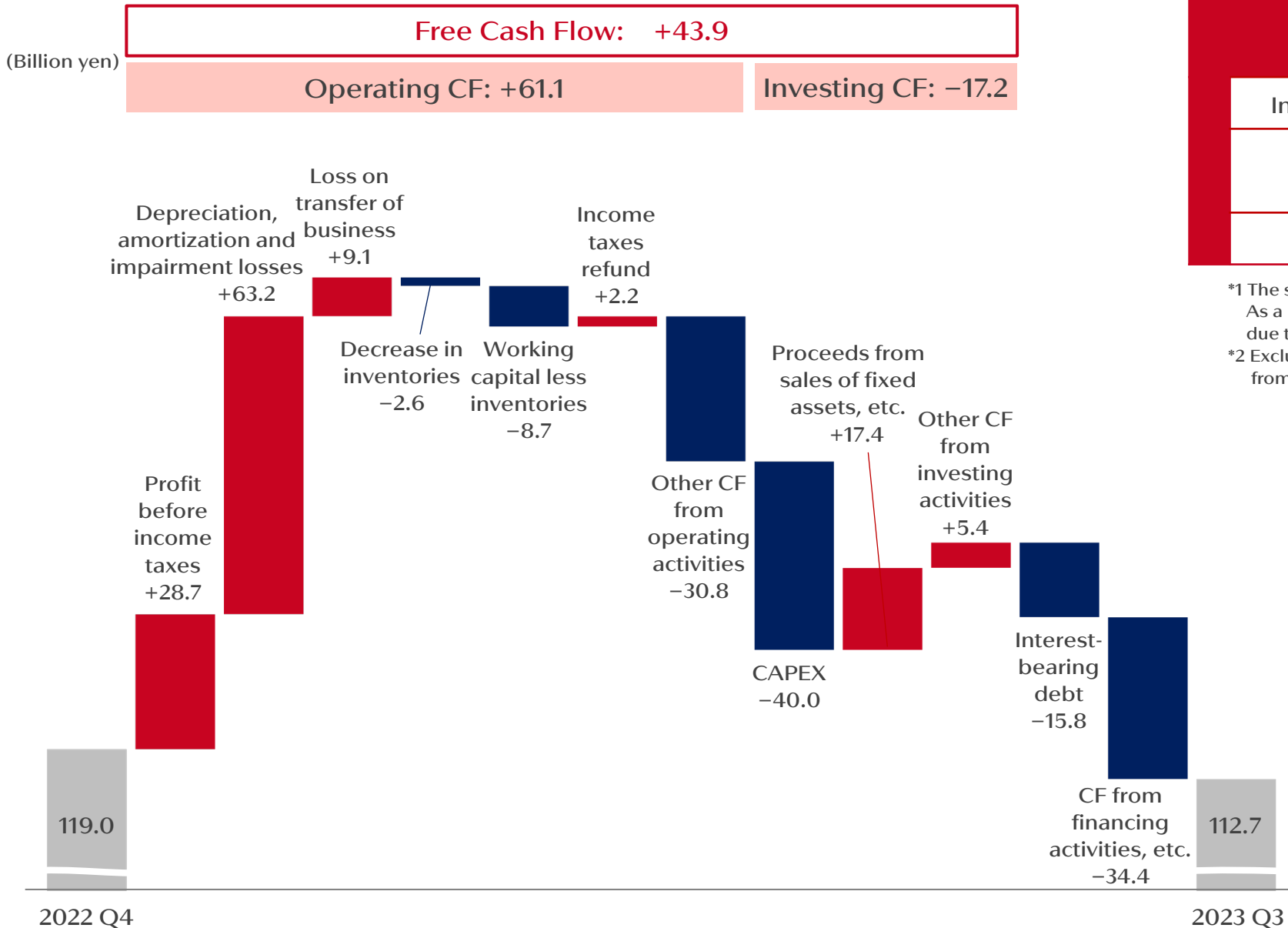
*1 Including POS personnel expenses

*2 The scope of accounting for SG&A has been changed in Q3. As a result, the figures for 2022 and 2023 have been revised due to the retrospective application of a change in accounting

*3 Non-recurring items attributable to SG&A

Supplemental Data 8

Cash Flow Management



| KPIs | 2022 Q4 | 2023 Q3 |
|---------------------------|----------------|----------------|
| Inventories (Billion yen) | 130.9 | 153.4 |
| DSI (Days)*1 | 148 (200)*2 | 195 (250)*2 |
| Net D/E ratio | 0.05 | 0.06 |

*1 The scope of accounting for cost of sales has been changed in Q3.

As a result, the figures for 2022 and 2023 have been revised due to the retrospective application of a change in accounting

*2 Excluding impacts from product supply due to business transfer and from impairment losses (estimation)

Supplemental Data 9

Q3 YTD Non-recurring Items

| (Billion yen) | 2022 | | | 2023 | | |
|--|-------------|-------------|-------------|--------------|-------------|--------------|
| | 1H | Q3 | Q3 YTD | 1H | Q3 | Q3 YTD |
| Core Operating Profit | 17.5 | 18.7 | 36.2 | 28.0 | 8.8 | 36.8 |
| Gain / Loss on Transfer of Business | 4.3 | 10.9 | 15.2 | -9.1 | 0.0 | -9.1 |
| Gain / Loss on Sales of Fixed Assets | - | 3.7 | 3.7 | 2.4 | 10.1 | 12.5 |
| Structural Reform Expenses | -3.5 | 0.1 | -3.4 | -5.2 | 0.1 | -5.1 |
| Impairment Losses | - | -14.8 | -14.8 | -1.9 | -6.1 | -8.0 |
| Structural Reforms-Related | 0.7 | -0.1 | 0.6 | -13.8 | 4.1 | -9.7 |
| Profit (Subsidy income) | 0.3 | 0.2 | 0.6 | 0.0 | 0.0 | 0.0 |
| Loss (Salaries and allowances for employees, etc.) | -1.6 | -0.2 | -1.8 | - | - | - |
| COVID-19-Related | -1.3 | 0.1 | -1.2 | 0.0 | 0.0 | 0.0 |
| Other | - | - | - | -0.6 | -0.7 | -1.3 |
| Non-recurring items | -0.6 | -0.0 | -0.6 | -14.4 | 3.4 | -11.0 |
| Operating Profit | 17.0 | 18.7 | 35.7 | 13.6 | 12.2 | 25.8 |

Supplemental Data 10

2023 Net Sales Forecast by Reportable Segment

| | (Billion yen) | 2022 | 2023 Latest Forecast | YoY Change % | YoY Change FX-Neutral % | YoY LfL %*1 | Previous YoY LfL %*1 (Feb. 2023) |
|---------------|---------------|----------------|----------------------|--------------|-------------------------|-------------|----------------------------------|
| Japan | | 237.6 | 265.0 | +11.5% | +12% | +12% | +16% |
| China | | 258.2 | 247.0 | -4.3% | -7% | -5% | +8% |
| Asia Pacific | | 68.0 | 68.0 | +0.0% | -5% | +14% | +11% |
| Americas | | 137.9 | 113.5 | -17.7% | -23% | +18% | +10% |
| EMEA | | 128.4 | 116.0 | -9.7% | -18% | +18% | +11% |
| Travel Retail | | 163.7 | 132.0 | -19.3% | -25% | -20% | +10% |
| Other*2 | | 73.5 | 38.5 | -47.6% | -48% | -10% | +20% |
| Total | | 1,067.4 | 980.0 | -8.2% | -12% | +2% | +11% |

Exchange rate for 2023 (Latest Forecast): USD 1 = JPY 140 (YoY +6.5%), EUR 1 = JPY 150 (+8.7%), CNY 1 = JPY 19.8 (+1.5%)

*1 Excluding FX and business transfer impacts

*2 The business results previously included in the Professional Business segment, are now included in the Other segment

SHISEIDO