

2024 First Half Results (January–June) and Strategic Actions for Second Half

August 7, 2024

Shiseido Company, Limited

Ayako Hirofuji

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.

2024 1H Key Highlights

Net Sales YoY (LfL*): -1%, Core Operating Profit: ¥19.3 bn

Japan local continued to deliver robust growth thanks to selection and concentration
Business transformation progressing on track

- Net Sales YoY (LfL*): -1%

- Japan: robust growth led by core brands, selection and concentration and price hikes also contributed
- EMEA: focused brands in skincare and fragrances continued to drive strong growth
- Travel Retail and China: YoY decline, falling short of forecast due to weakening sentiment and changing in purchasing behaviors of Chinese consumers
- Americas: lower shipping volumes due to temporary production decline

- Core Operating Profit : ¥19.3 bn (-¥8.8 bn YoY)

- YoY sales growth in Japan, EMEA and Asia Pacific, and the positive effects of structural reforms to partially offset a sharp decline in Travel Retail profit

Full-year Forecast Maintained, Company-wide Commitment to Achieving Targets
by Taking Further Actions to Address the Weakness in Travel Retail and China

Full-year Forecast Maintained, Company-wide Commitment to Achieving Targets

Strengthen actions aligned with dynamic changes in Chinese consumption
Ensuring profit delivery for medium to long-term success

- ⊖ Sharp deceleration in Travel Retail profitability on the back of changing in purchasing behaviors and weakening sentiment of Chinese consumers
- ⊕ Capture growing demand of Japan inbound tourists
- ⊕ Maximize sales by leveraging the strength of Japan local and EMEA
- ⊕ Further actions added to global cost reduction and profit maximization strategies
- ⊕ FX impact

2024 1H: Executive Summary

(Billion yen)	2023	% of Net Sales	2024	% of Net Sales	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL % ^{*2}
Net Sales	494.2	100%	508.5	100%	+14.3	+2.9%	-4.1%	-0.5%
Core Operating Profit	28.0	5.7%	19.3	3.8%	-8.8	-31.3%		
Non-recurring Items	-14.4	-2.9%	-22.0	-4.3%	-7.6	-		
Operating Profit	13.6	2.8%	-2.7	-0.5%	-16.4	-		
Profit Before Tax	15.4	3.1%	4.2	0.8%	-11.2	-72.7%		
Income Tax Expense	3.0	0.6%	4.0	0.8%	+1.0	+34.7%		
Profit Attributable to Owners of Parent	11.8	2.4%	0.0	0.0%	-11.7	-99.9%		
EBITDA ^{*1}	53.2	10.8%	45.5	8.9%	-7.8	-14.6%		

Net Sales: YoY (LfL^{*2}) -0.5% Japan local continued to drive robust growth from core brands
EMEA and Asia Pacific also maintained steady performance
Overall, sales declined YoY due to negative growth in Travel Retail, China, and Americas

Core Operating Profit: YoY -¥8.8 bn YoY sales growth in Japan, EMEA and Asia Pacific, and the positive effects of structural reforms to partially offset a sharp decline in Travel Retail profit

Non-recurring Items: 2024 -¥22.0 bn Recognition of structural reform expenses, etc. primarily in Japan and China

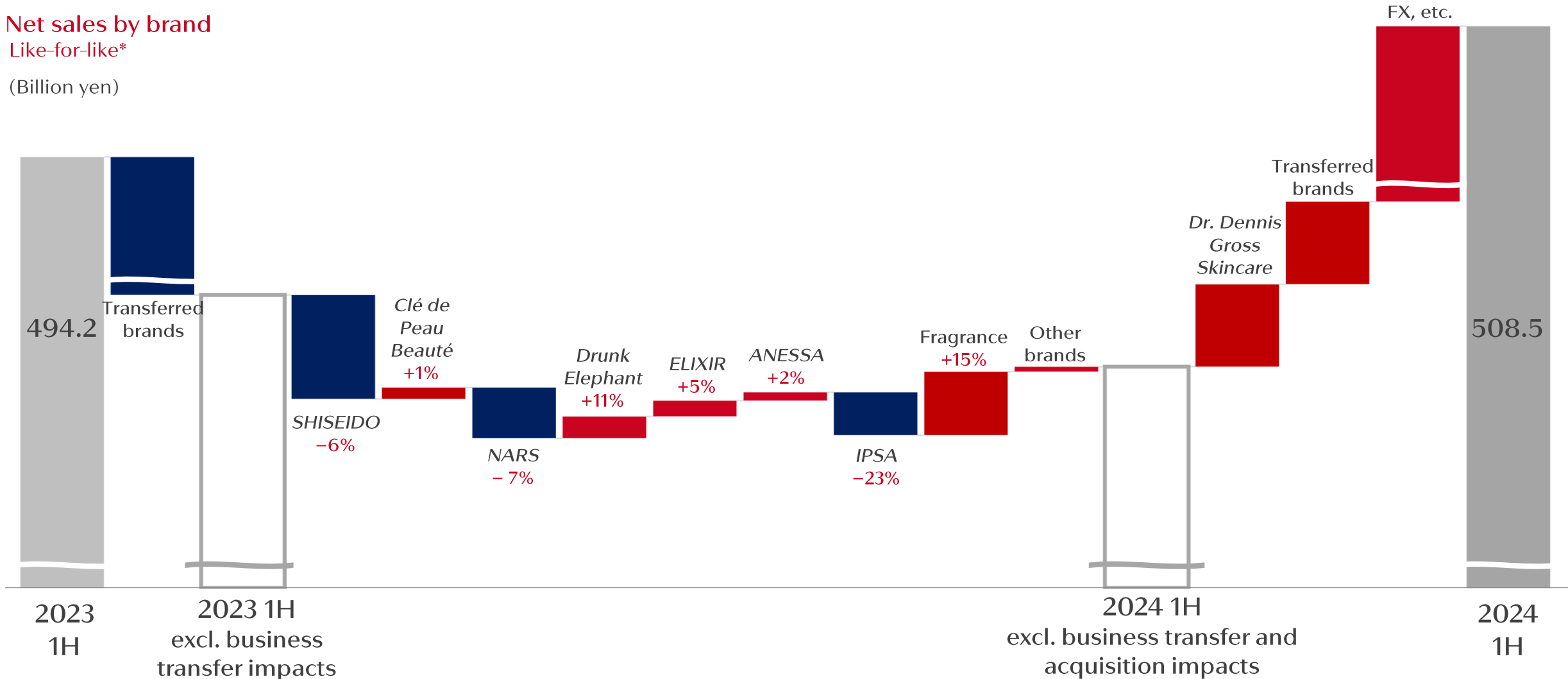
EBITDA Margin: 8.9%

Fragrance and *Drunk Elephant* Remained Solid with Strength in EMEA; Sales Stalled Across Other Key Brands, Posting Negative to Single Digit Growth due to Weakness in Travel Retail, China, and Americas

Net sales by brand

Like-for-like*

(Billion yen)



* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions as at the beginning of FY2024, and excludes exchange rate differences, etc.

Net Sales: Remained Almost Flat YoY in 2024 1H

Japan and EMEA Achieved Double-digit Growth Offset by Negative Growth in Travel Retail, China, and Americas

Like-for-like*	2023 (vs. 2022)					2024 (vs. 2023)		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	1H
Japan	+8%	+9%	+6%	+17%	+10%	+20%	+7%	+13%
China	-3%	+20%	-9%	-21%	-5%	-3%	-9%	-7%
Asia Pacific	+16%	+12%	+15%	+8%	+13%	+5%	+7%	+6%
Americas	+30%	+18%	+10%	+9%	+15%	+9%	-20%	-5%
EMEA	+22%	+11%	+15%	+26%	+19%	+17%	+6%	+12%
Travel Retail	-4%	-4%	-25%	-43%	-20%	-31%	-15%	-23%
Total	+7%	+10%	-2%	-6%	+2%	+3%	-4%	-1%

* Excluding impacts from FX, business transfer and acquisition

Japan: Strong Growth by Core Brands, Steadily Expanded Market Share

● Q2 Market:

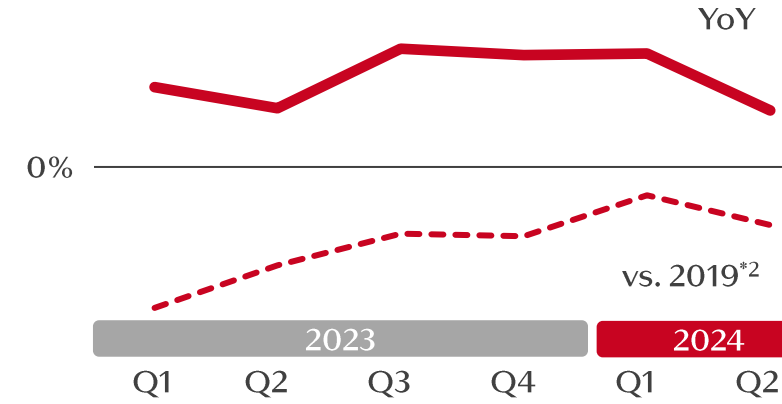
➤ Local:

- Continued to grow despite the high hurdle from Q2 2023 with the Covid-19 downgrade to Class 5
- Mid price range delivered strong growth ahead of the market

➤ Inbound:

- Number of inbound tourists to Japan vs. 2019*1: **Total: +7%** / **from China: -26%**

Local Market Growth



● Shiseido Consumer Purchases*3 : **1H +high teen%** / **Q2 +low teen%**

➤ Local

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

• Core Brands*4

: **+high teen%** / **+low teen%**

- SHISEIDO

: **+over 30%** / **+over 30%**

- Clé de Peau Beauté

: **+mid 20%** / **+low teen%**

- ELIXIR

: **+high teen%** / **+low teen%**

• Hero Products

: **+over 30%** / **+over 30%**

• EC

: **+high 20%** / **+over 30%**

➤ Inbound

: **+low 20%** / **+high single digit%**



SHISEIDO



Clé de Peau Beauté

*1 Source: Japan National Tourism Organization (JNTO), data for May and June are preliminary

*2 Adjusted for the effects of consumption tax hike in 2019

*3 Excluding business transfer impacts

*4 SHISEIDO, Clé de Peau Beauté, NARS, ELIXIR, ANESSA, d program, MAQUILLAGE

China and Travel Retail: Dynamic Market Changes and Polarization Continued

Q2 Market

China

Consumers pulling back on spending and increasing savings
Strong growth in “618” promotion led by TikTok, while price competition continued to intensify
High prestige continues strong

● Shiseido Consumer Purchases*

- Business total** : 1H –high single digit% / Q2 –low teen%
- Offline : –high single digit% / –mid teen%
 - EC : –high single digit% / –high single digit%
 - **Mainland China** : –low teen% / –low teen%
 - *SHISEIDO* : –low 20% / –mid 20%
 - *Clé de Peau Beauté* : +high single digit% / +high single digit%
 - *NARS* : +high single digit% / –low single digit%

“618” promotion :

- TikTok: **over 2x** overall, prestige category: **over 3x**
- *Clé de Peau Beauté* and *NARS* drove growth, outperforming the market

Travel Retail

Weakening sentiment and changing in purchasing behaviors of Chinese consumers

● Shiseido Consumer Purchases*

Business total:

1H –high teen% / Q2 –high teen%

- **Asia** : –low 20% / –mid 20%
 - Hainan Island : –over 30% / –over 30%
- **Japan** : over 2x / **+over 70%**
Strong sale growth driven by the recovery in retail footfall
- **Americas & EMEA: +low 20% / +low teen%**
Strong sales led by fragrance brands

EMEA and Asia Pacific: Strong Growth

Americas: Temporary Production Decline, but on Track for Recovery in 2H

EMEA

Continued growth across all categories with market expansion

- Shiseido External Sales*: **1H +12% / Q2 +6%**
 - SHISEIDO, narciso rodriguez, Drunk Elephant: Strong growth



narciso rodriguez

Asia Pacific

Growth across key countries and regions excluding Taiwan

- Shiseido External Sales*: **1H +6% / Q2 +7%**
 - ANESSA, Drunk Elephant, SHISEIDO: Strong growth



ANESSA

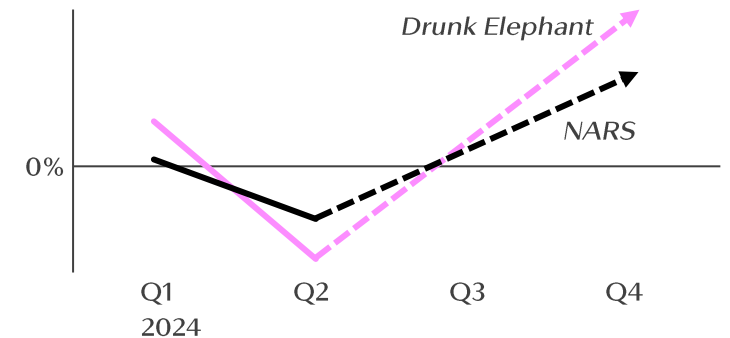
Americas

Market expansion continued albeit with softness

- Shiseido External Sales*: **1H -5% / Q2 -20%**
 - lower shipping volumes due to temporary production decline
 - Incl. Dr. Dennis Gross Skincare: **+7% / -7%**
 - SHISEIDO, narciso rodriguez: Achieved growth in a challenging environment

External Sales YoY

Recover Q2 decline in 2H



* Excluding impacts from FX, business transfer and acquisition

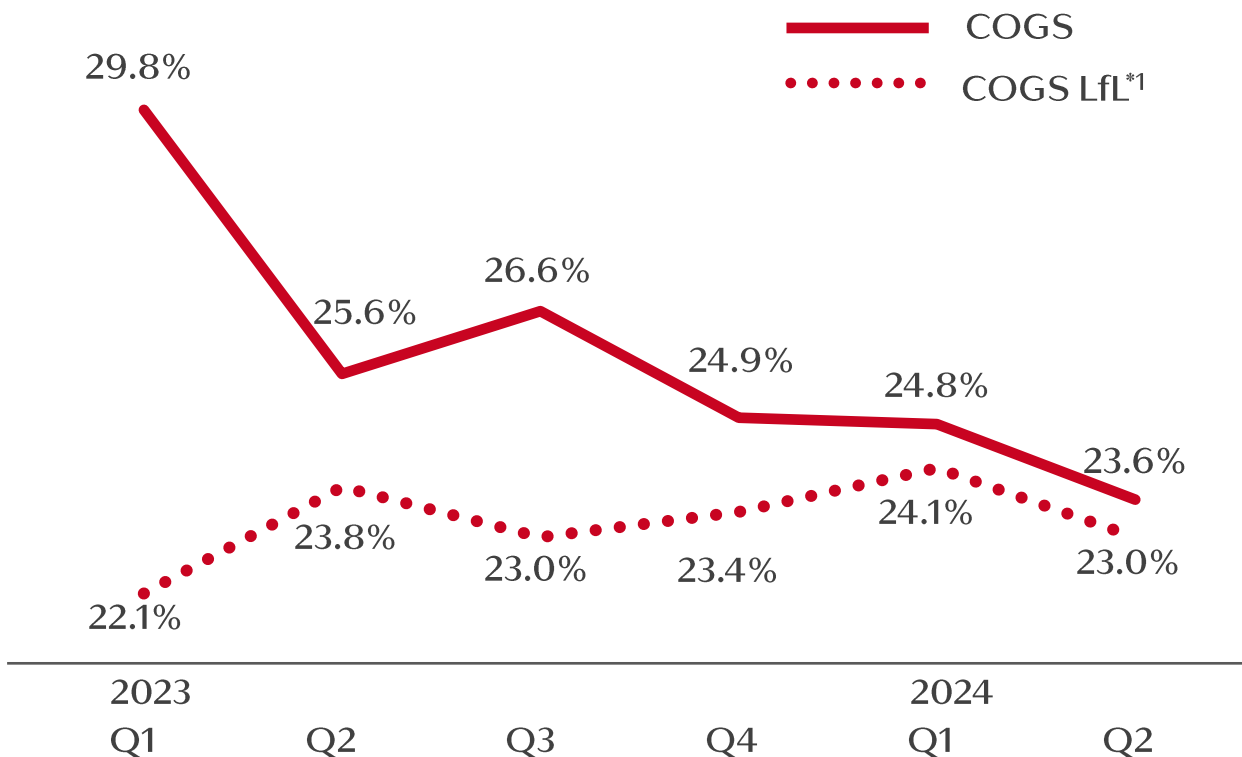
COGS Ratio : Steadily Improving as Business Transfer Impacts Diminish

COGS LfL*1 Ratio: Improved from Q1 Thanks to Lower Inventory Write-offs, Mix Improvement, Price Hikes

	2023 1H	2023 Full Year	2024 1H
COGS	27.6%	26.7%	24.2%
<u>COGS LfL*1</u>	23.0%	23.1%	23.6%

1H YoY COGS analysis

- (+) Price hike effect and mix improvement
- (+) Decline of negative impact from MSA*2 for business transfers (2023 3.7pts -> 2024 0.6pts)
- (+) Impairment losses and structural reform expenses on transfer of Kuki Factory in 2023
- (-) Lower production volume



*1 Excluding business transfer impacts and impairment loss, etc. *2 Manufacturing Service Agreement

Posted YoY Decline in Profit: Higher Profits Driven by Sales Growth in Japan, EMEA and Asia Pacific, Structural Reforms, Agile Cost Management More Than Offset by Sharp Profit Decline in Travel Retail

Japan: Significant increase in profit, benefitting higher gross profit driven by sales growth with better mix and price hikes

China: Decline in profit partially offset by lower inventory write-offs and structural reform effects including fixed cost reduction

Asia Pacific: Increased by higher gross profit driven by sales growth

Americas: Declined due to lower gross profit driven by sales decline

EMEA: Increased by higher gross profit driven by sales growth

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

Other/ Adjustments: Lower gross profit due to decrease in intersegment sales to the Travel Retail and China, increase in elimination of unrealized profit

Core Operating Profit (Core OPM)	2023 1H		2024 1H		YoY	(Billion yen)
Japan	-3.7	(-2.9%)	7.9	(5.6%)	+11.6	
China	5.5	(4.2%)	4.9	(3.7%)	-0.6	
Asia Pacific	0.2	(0.7%)	2.2	(5.9%)	+2.0	
Americas	4.1	(7.3%)	2.6	(4.3%)	-1.5	
EMEA	1.3	(2.2%)	3.7	(5.6%)	+2.5	
Travel Retail	15.4	(19.9%)	7.7	(11.5%)	-7.7	
Other	-3.4	(-2.5%)	-9.0	(-7.0%)	-5.6	
Adjustments	8.6	-	-0.9	-	-9.5	
Total	28.0	(5.7%)	19.3	(3.8%)	-8.8	

Our Strategic Approach to Chinese Consumers in an Ever-Changing Environment

Building a sustainable profit delivery business model
in a moderately growing environment to emphasize quality growth

● Growth strategy

➤ Investing in key focus areas, maximize sales in agile growth areas in a weak macro-economic environment

- *SHISEIDO*: proactively develop next hero products, enhance strategic marketing investment
- *Clé de Peau Beauté, NARS*, fragrance brands: continuously enhance
- Focus on high-function and high-efficacy product categories
- *Drunk Elephant*: enhance brand awareness, conduct campaigns to appeal functionality, increase collaborative marketing with retailers

➤ Channel strategy for sustainable growth

- Driving synergy through an integrated approach
 - Enhance marketing linkage between China and Travel Retail, and define priorities in brands and products
 - Capture growing demand of inbound tourists (Japan's inbound & Travel Retail Japan)
- Strengthen online platforms with high growth potential, expand our official route to market
- Differentiation via offline: explore new touchpoint opportunities, launch pop-up stores in tier 3-5 cities

● Cost Reduction and Profit Boosting

➤ Optimization of organization structure, closure of unprofitable doors, COGS reduction, selection and concentration of brands

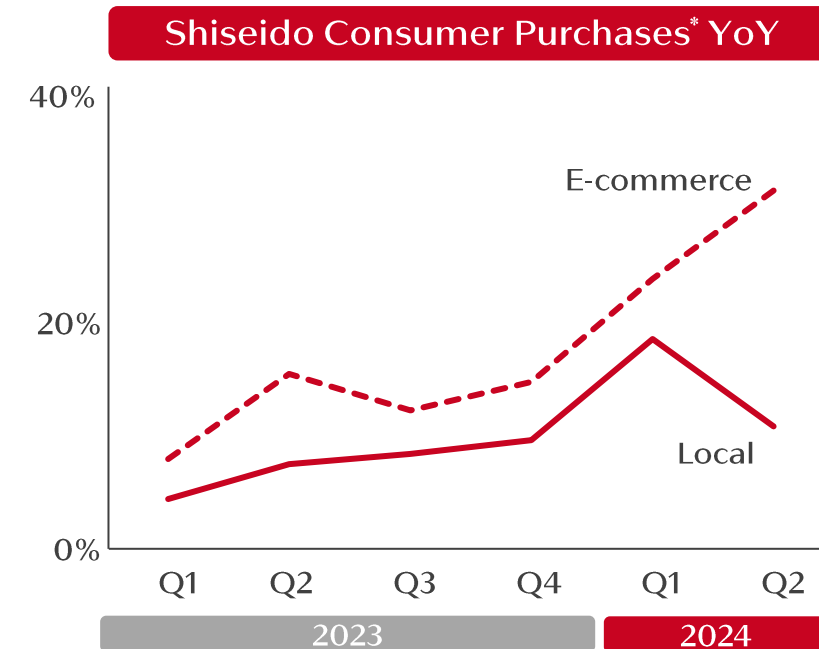
Japan : Clearer Focus Accelerated Growth, Continue to Strengthen Actions in 2H

● Local

- Continue to strengthen investments in core brands and hero products
Increase gross margin through mix improvement
 - Core brands fueled the increase of loyal users, further actions underway in 2H
- New market creation through strategic marketing
 - Foundation serum: continued strong performance, more campaigns underway in 2H to solidify its presence as new market for further expansion
- Continue strategic price increases
- EC sales: **1H +high 20%**, accelerating investments & brand expansion

● Inbound

- Launch of Tourist Marketing Team
 - Capture tourists as a new consumer segment, offering valuable customer experience, enhance brand and product recognition to drive inbound sales



Global Cost Reduction and Profit Boosting

Making steady progress towards achieving benefits of ¥40.0 bn+;
The Global Transformation Committee to make sure the delivery

● 1H Key Actions

- Japan : COGS reduction by focusing on core brands and hero products; the implementation of ERIP*
- China : optimization of organizational structure, closure of unprofitable doors, COGS reduction, selection and concentration of brands
- Global : employee productivity improvement

(Billion yen)	2024		2025	Total
	1H			
Japan	2.0	8.0	17.0	25.0
China	3.0	5.0	3.0	8.0
Travel Retail	0.0	1.0	1.0	2.0
Asia Pacific, Americas, EMEA, Other (Global HQ)	2.0	1.0+	4.0+	5.0+
Total	7.0	15.0+	25.0+	40.0+

* Early retirement incentive plan

To Ensure Sustainable Growth Over the Medium to Long Term

August 7, 2024

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.

SHISEIDO

Vision and Strategic Direction for 2024 and 2025

Executing Business Transformation: Achieving Profitability and Resilience through Growth and Structural Reforms

- Global cost reduction (¥40.0 bn+)
- Complete Japan structural reform and accelerate growth
- Achieve high-quality sustainable growth in China and Travel Retail
- Accelerate growth in Americas, EMEA and Asia Pacific
- Advance growth momentum of core brands
- Enhance gross profit: develop growth drivers to maximize results

Japan: Accelerate Progress on “Mirai Shift NIPPON 2025”

● Brand Strategy

- Selection and concentration of brands and SKUs
- Strategic price increases
- New market creation through strategic marketing

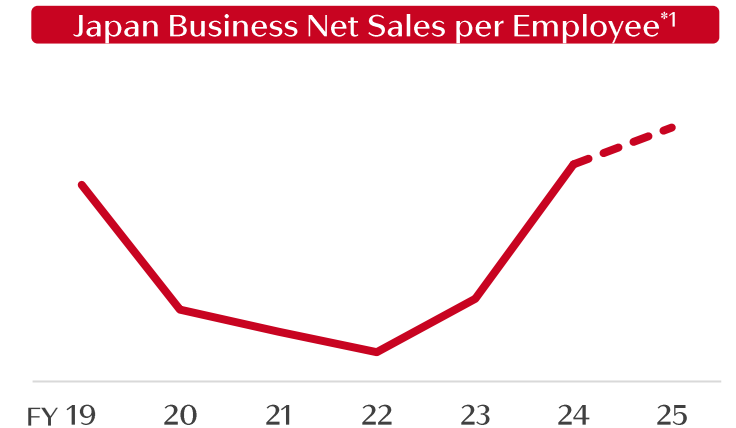
● Touchpoint Strategy

- Strategic collaboration with key retailers
- Generate synergies in online-offline tie-ups by OMO acceleration
- Accelerate EC sales growth

● Reinforce inbound marketing

● Steady progress on profitability improvement actions

- Completed main actions in 2024 1H, ensure full impact from 2H
- Set to improve organizational productivity after ERIP*2



Remain Committed to the Core OP Target of ¥50.0 bn in 2025

Americas, EMEA and Asia Pacific :

Accelerate Growth to Optimize Geographical Footprint

● Brand Strategy

- Strengthen investments with selection and concentration in skin beauty and core brands
- Accelerate growth of *Dr. Dennis Gross Skincare*, achieve synergy at an early stage
- Rebuild and enhance fragrance business - Partnership with Max Mara
- Strategic M&A

● Building Strong Foundations

- Enhance digital investments
- Strengthen expansion in emerging markets - India, the Middle East and more
- Evolution of the organizational structure

Our Views on Chinese Market

As of February 2024

- Shifting from rapid growth to steady growth
- Trends by price range
 - High prestige: high growth
 - Prestige and premium: persisting competitive landscape
- Continued growth in tier 3-5 cities with rising middle-class consumers
- Distribution diversification accelerates in digital platforms and offline retailers

Current

- **By price range: increasing market polarization**
 - Continued resilience in high-prestige
 - Prestige and premium markets softening
 - Trade-down to low price ranges increasing, expanding the market
- **Escalating trends of high price sensitivity and saving rates among middle-class and regional consumers**
- **Retailer price competition intensifying with travel retail channels also playing the part**
 - Offline store: less price competitive, retail footfall declining
 - Travel Retail Asia: less price competitive due to changing FX rates

**Business Transformation to Build Resilience and Profitability
Attaining an Optimal Geographical Footprint with Further Acceleration**

Tackle Our Fundamental Issues

New Business Strategy to be Announced in late November 2024

- **Current issues to be addressed:** [external factors] slowdown in Chinese consumer spending, manifestations of risk factors
- **Fundamental issues:** [internal factors] Company-wide challenges
 - **China:** build a resilient organization and sustainable profit delivery business model
 - **Japan:** further evolution of business transformation and continuous improvement of productivity
 - **Rebalance sales and profit by region:**
 - Scale business by driving growth in Americas, EMEA and Asia Pacific, accelerating expansion in emerging markets - India, the Middle East and more
 - Building an organization capable of profit and cash generation across all regions
 - **Brand:** rebuild brand portfolio with selection and concentration of brands
 - **Innovation:** strengthen uniqueness and competitive advantage
 - **Enhancing the quality of business management, operational excellence:**
 - Human capital : productivity enhancement, aspire to be a top-tier talents and organization
 - Enhance digital capabilities: operational innovation with FOCUS and AI
 - Refine pricing strategy : FX fluctuation, price harmonization between regions
 - Strategic capital allocation, enhance financial discipline for investment decisions
 - Selection and concentration, fully capitalize on our assets to be retained



SHISEIDO

Be a Global Winner
with Our Heritage

Supplemental Data 1 Focused Products in 2H: Japan



- New Serum, "The Serum II"
- New treatment powder foundation



The Serum II



Radiant Powder Foundation II



- ULTIMUNE's 10th anniversary
- Most prestigious skincare line
- Renewed Men's Cream



Ultimune
Eudermine
Essential Energy



Future Solution LX



Skin Empowering Cream N



- High functionality aging-care serum



The Serum aa



- Cushion Foundation Serum



Dramatic Essence Cushion Glow

Supplemental Data 2 Focused Products in 2H: China



- Cream for wrinkle improvement
- Foundation Serum
- Most prestigious skincare line



Intensive Wrinklespot Treatment Revitalessence Skin Glow Foundation



Future Solution LX



- High functional eye cream
- Supporting the "Skin Intelligence" with cutting-edge science



Eye Contour Cream Supreme



Light Reflecting Foundation



- Makeup-skincare hybrid foundation



Light Reflecting Foundation



- Cream restoring skin bounce
- Oil leading to healthy skin with rich moisturizing



Protini Polypeptide Cream Virgin Marula Luxury Facial Oil



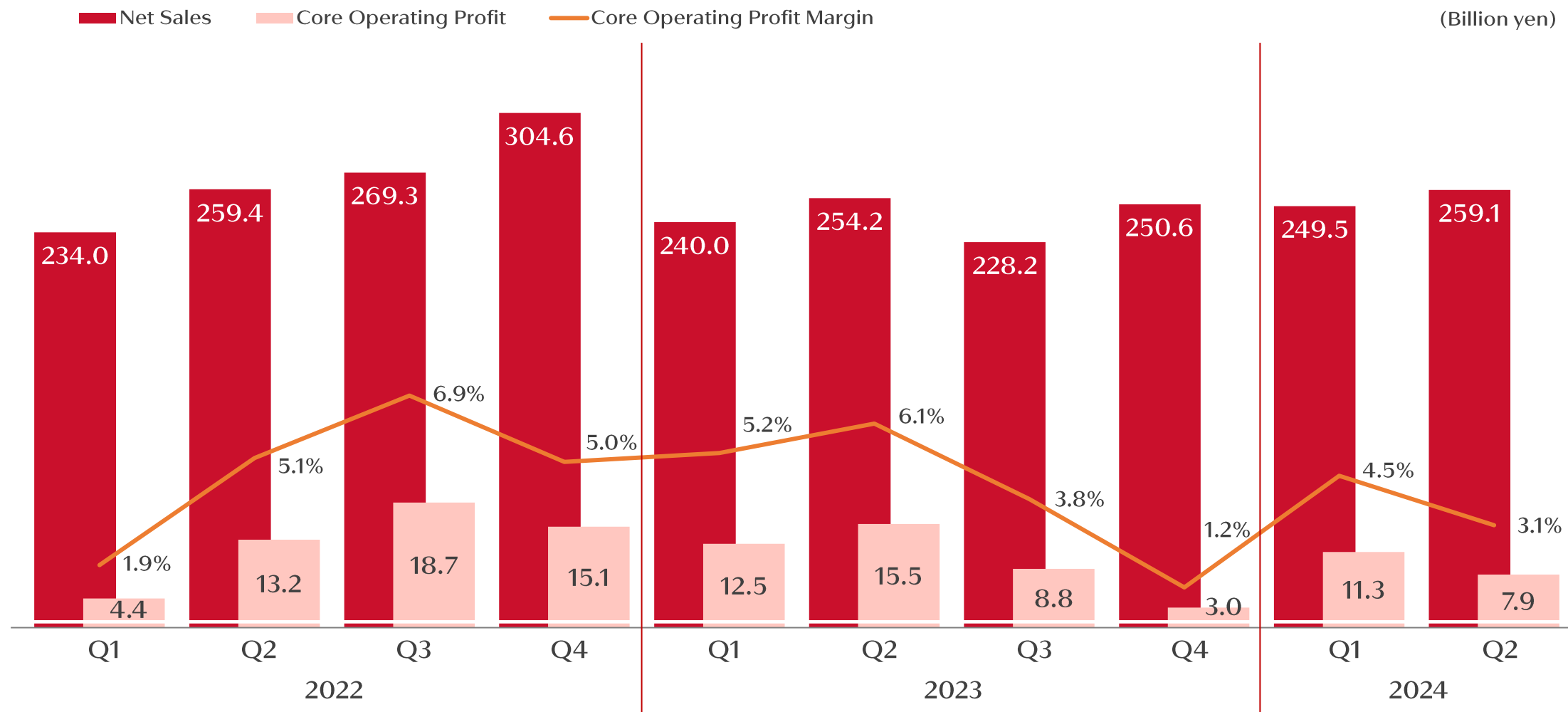
- Cream approaching all factors of facial skin sagging



Total V Firming Cream

Supplemental Data 3

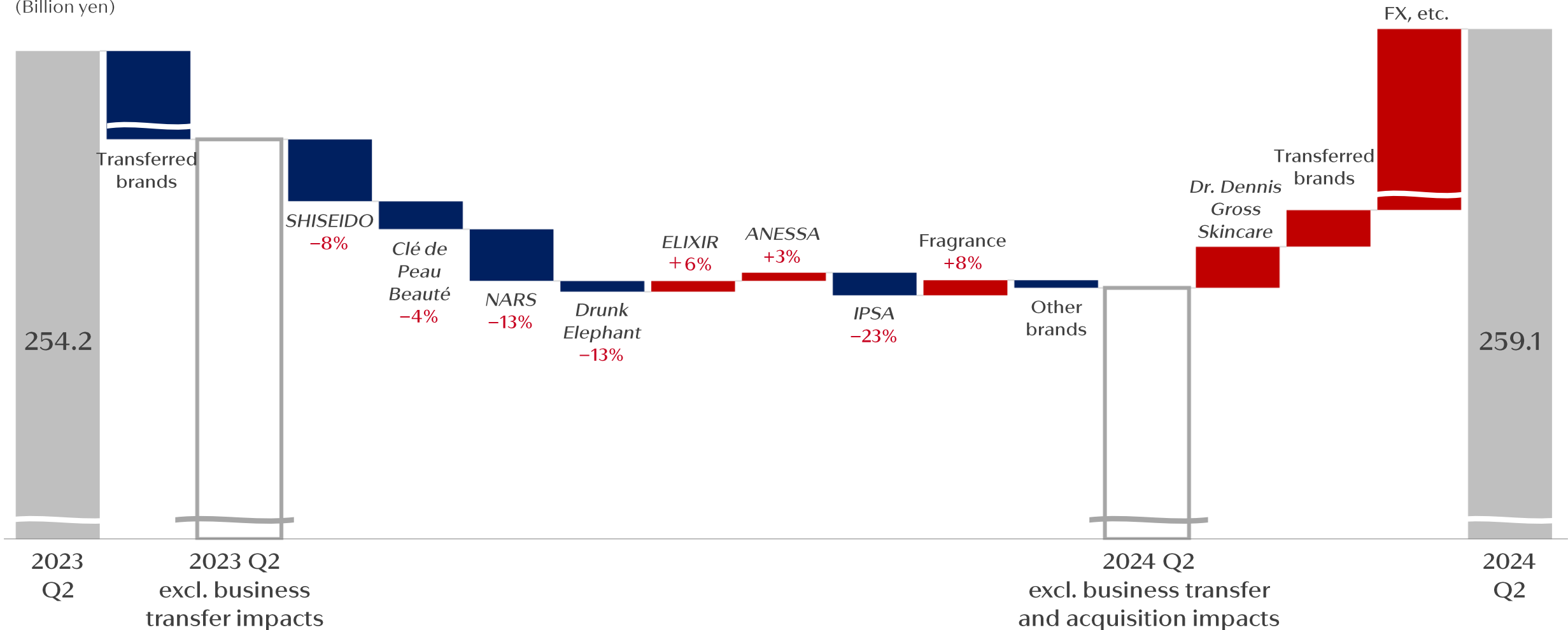
KPI Trends



Supplemental Data 4

Q2 Net Sales by Brand

Like-for-like*
(Billion yen)



* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions as at the beginning of FY2024, and excludes exchange rate differences etc.

Supplemental Data 5

Q2 Net Sales and Core Operating Profit by Reportable Segment

Top: Net Sales Bottom: Core OP (Billion yen)	2023	% of Net Sales/ Core OPM %*1	2024	% of Net Sales/ Core OPM %*1	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL %*2
Japan	63.5 -2.0	25.0% -3.1%	67.9 1.3	26.2% 1.9%	+4.5 +3.3	+7.0% -	+7.0% -	+7.2% -
China	77.4 7.6	30.4% 9.8%	76.2 4.8	29.4% 6.3%	-1.2 -2.8	-1.5% -36.7%	-10.7% -	-9.4% -
Asia Pacific	15.3 -0.1	6.0% -0.8%	17.3 1.2	6.7% 6.3%	+2.0 +1.3	+13.3% -	+4.2% -	+6.5% -
Americas	26.8 2.6	10.6% 9.1%	25.5 -1.0	9.8% -3.7%	-1.4 -3.6	-5.1% -	-16.3% -	-19.7% -
EMEA	24.8 -1.3	9.8% -5.0%	28.0 -0.4	10.8% -1.5%	+3.2 +0.9	+13.0% -	+0.9% -	+6.3% -
Travel Retail	38.9 8.0	15.3% 20.4%	37.0 4.7	14.3% 12.6%	-1.8 -3.3	-4.8% -41.1%	-14.9% -	-14.9% -
Other*3	7.5 -7.0	2.9% -12.6%	7.1 -1.7	2.8% -2.6%	-0.4 +5.3	-5.7% -	-7.7% -	+26.8% -
Subtotal	254.2 7.7	100% 2.5%	259.1 8.8	100% 2.7%	+4.9 +1.2	+1.9% +15.1%	-5.4% -	-3.9% -
Adjustment	- 7.8	- -	- -0.9	- -	- -8.7	- -	- -	- -
Total	254.2 15.5	100% 6.1%	259.1 7.9	100% 3.1%	+4.9 -7.6	+1.9% -48.8%	-5.4% -	-3.9% -

*1 Core OPM is calculated using total sales including intersegment sales and internal transfers between segments

*2 Excluding the impacts of FX, business transfer and the acquisition of *Dr. Dennis Gross Skincare*

*3 The business results previously included in the Japan Business, are included in the Other from 1H 2024. The result in Q2 2023 has been restated to reflect the reclassification

Supplemental Data 6

1H Net Sales and Core Operating Profit by Reportable Segment

Top: Net Sales Bottom: Core OP (Billion yen)	2023	% of Net Sales/ Core OPM %*1	2024	% of Net Sales/ Core OPM %*1	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL %*2
Japan	125.2 -3.7	25.3% -2.9%	141.5 7.9	27.8% 5.6%	+16.4 +11.6	+13.1% -	+13.1% -	+13.3% -
China	130.6 5.5	26.4% 4.2%	131.7 4.9	25.9% 3.7%	+1.1 -0.6	+0.8% -10.1%	-7.6% -	-6.6% -
Asia Pacific	30.7 0.2	6.2% 0.7%	34.4 2.2	6.8% 5.9%	+3.8 +2.0	+12.3% +829.9%	+3.3% -	+5.9% -
Americas	52.8 4.1	10.7% 7.3%	57.3 2.6	11.3% 4.3%	+4.4 -1.5	+8.4% -35.9%	-3.9% -	-5.4% -
EMEA	52.6 1.3	10.7% 2.2%	62.8 3.7	12.4% 5.6%	+10.2 +2.5	+19.5% +199.2%	+5.9% -	+11.8% -
Travel Retail	77.5 15.4	15.7% 19.9%	66.9 7.7	13.1% 11.5%	-10.6 -7.7	-13.7% -50.1%	-22.6% -	-22.7% -
Other*3	24.9 -3.4	5.0% -2.5%	14.0 -9.0	2.7% -7.0%	-10.9 -5.6	-43.8% -	-44.9% -	+23.8% -
Subtotal	494.2 19.4	100% 3.2%	508.5 20.1	100% 3.2%	+14.3 +0.8	+2.9% +3.9%	-4.1% -	-0.5% -
Adjustment	- 8.6	- -	- -0.9	- -	- -9.5	- -	- -	- -
Total	494.2 28.0	100% 5.7%	508.5 19.3	100% 3.8%	+14.3 -8.8	+2.9% -31.3%	-4.1% -	-0.5% -

*1 Core OPM is calculated using total sales including intersegment sales and internal transfers between segments

*2 Excluding the impacts of FX, business transfer and the acquisition of *Dr. Dennis Gross Skincare*

*3 The business results previously included in the Japan Business, are included in the Other from 1H 2024. The result in 1H 2023 has been restated to reflect the reclassification

Supplemental Data 7

1H Net Sales by Category

(Billion yen)	2023	% of Net Sales	2024	% of Net Sales	YoY Change	YoY Change%/YoY FX-Neutral %*1	YoY LfL %*2
Japan							
Prestige	38.0	30.4%	48.4	34.2%	+10.5	+27.5%	
Premium	73.3	58.5%	77.3	54.7%	+4.1	+5.6%	
Others	13.9	11.1%	15.7	11.1%	+1.8	+13.1%	
Total	125.2	100%	141.5	100%	+16.4	+13.1%	+13.3%

China							
Prestige	89.0	68.2%	91.3	69.3%	+2.2	-6.2%	
Premium	38.4	29.4%	38.5	29.3%	+0.1	-7.8%	
Others	3.2	2.4%	1.9	1.4%	-1.3	-46.7%	
Total	130.6	100%	131.7	100%	+1.1	-7.6%	-6.6%

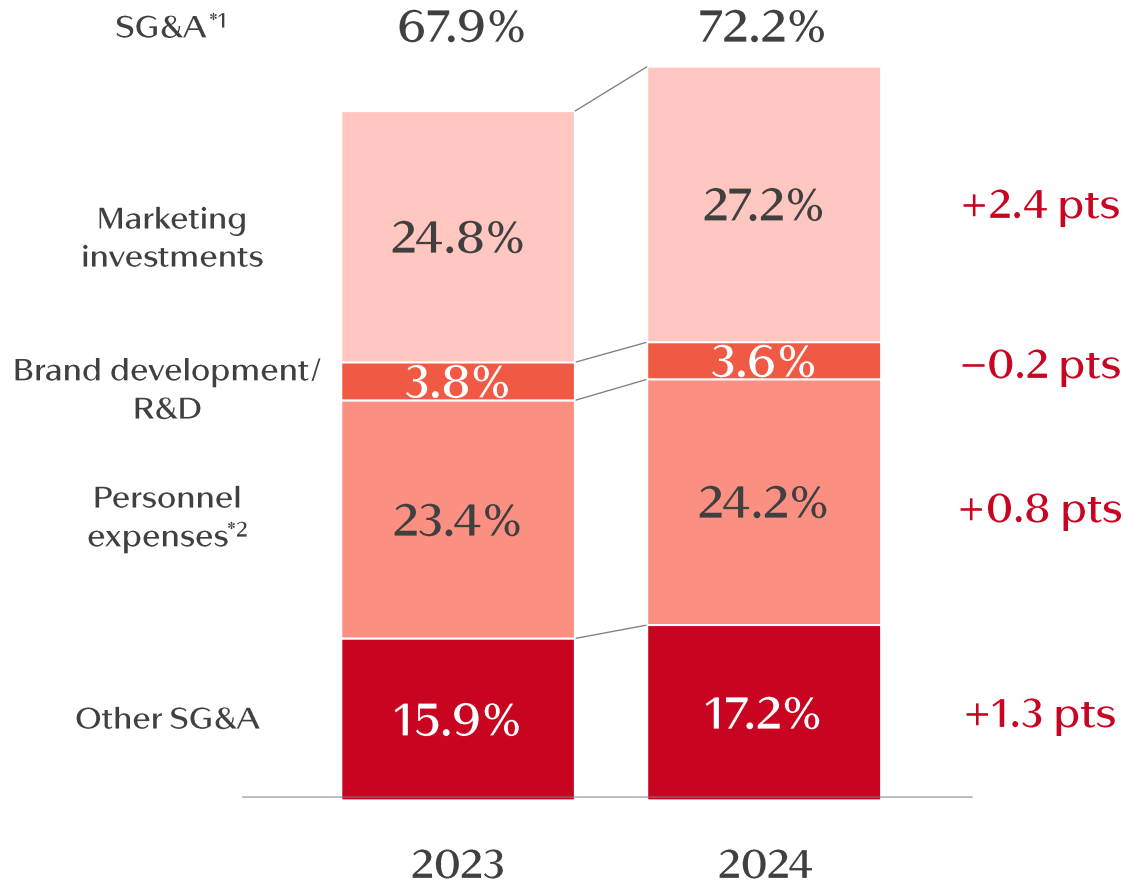
Asia Pacific							
Prestige	20.0	65.2%	22.5	65.5%	+2.5	+3.8%	
Premium	7.2	23.5%	8.4	24.3%	+1.2	+7.9%	
Others	3.5	11.3%	3.5	10.2%	+0.0	-8.9%	
Total	30.7	100%	34.4	100%	+3.8	+3.3%	+5.9%

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

Supplemental Data 8

1H Cost Structure

(% of Net Sales based on Core Operating Profit)



- Marketing investments

- Strengthened investments for brand equity improvement

- Personnel expenses

- Inflation impact
- Optimization by structural reforms, etc.

- Other SG&A

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

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

*2 Including POS personnel expenses

Supplemental Data 9

1H SG&A

(Billion yen)	2023	% of Net Sales	2024	% of Net Sales	YoY Change	YoY Change %	YoY Change FX-Neutral %
Marketing investments ^{*1}	171.1	34.6%	187.9	37.0%	+16.8	+9.8%	+2.7%
Brand development / R&D	18.6	3.8%	18.5	3.6%	-0.0	-0.2%	-3.0%
Personnel expenses	67.0	13.6%	73.3	14.4%	+6.3	+9.3%	+2.3%
Other SG&A	78.7	15.9%	87.7	17.2%	+9.0	+11.4%	+6.2%
SG&A ^{*2} (Core OP-based)	335.4	67.9%	367.4	72.2%	+32.0	+9.5%	+3.1%
Non-recurring items ^{*3}	1.5	-	21.2	-	+19.7	-	-
SG&A	336.9	68.2%	388.6	76.4%	+51.7	+15.4%	+9.0%

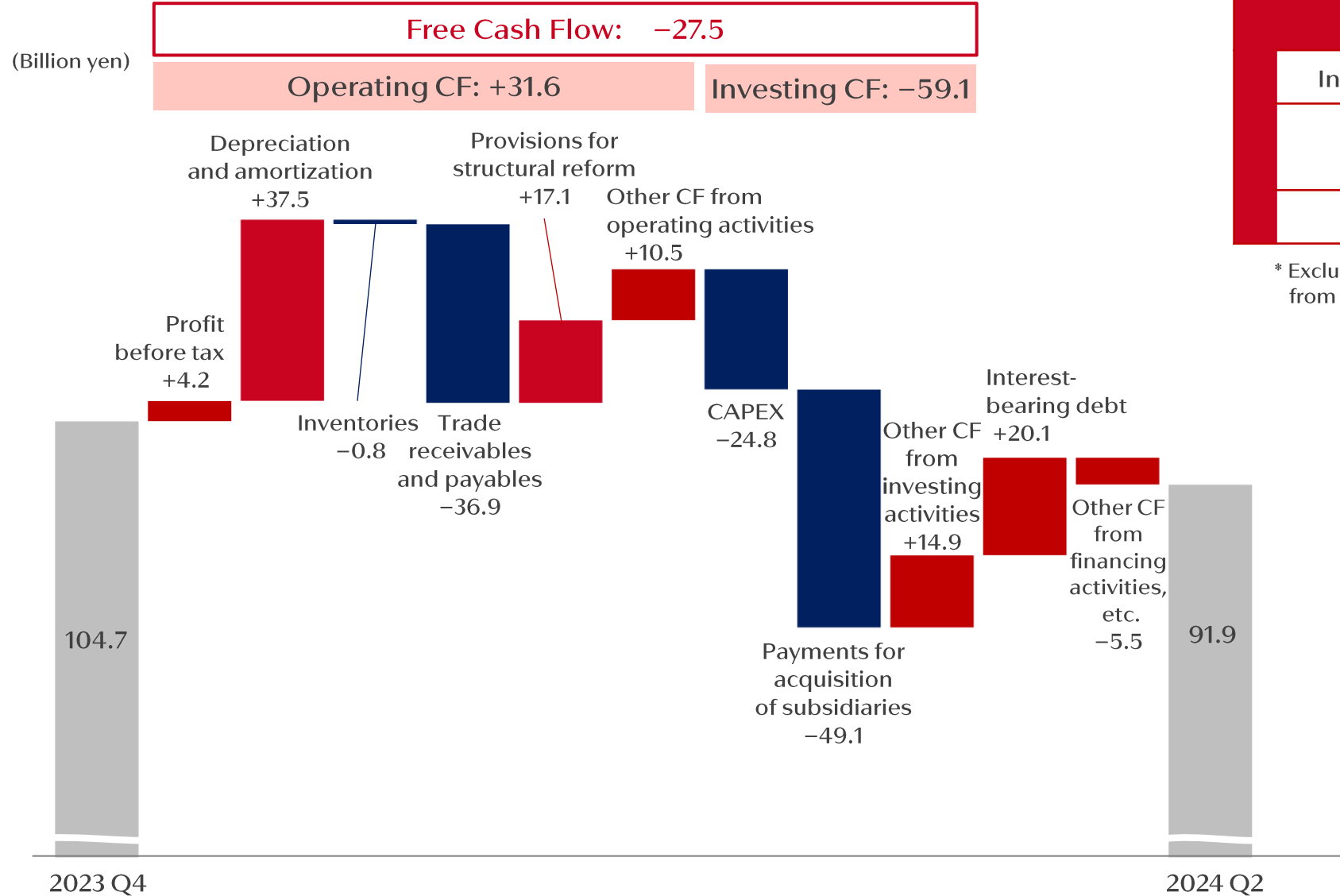
*1 Including POS personnel expenses

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

*3 Non-recurring items attributable to SG&A

Supplemental Data 10

Cash Flow Management



KPIs	2023 Q4	2024 Q2
Inventories (Billion yen)	149.6	167.3
DSI (Days)	197 (235)*	229 (245)*
Net D/E ratio	0.06	0.12

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

Supplemental Data 11

Non-recurring Items

(Billion yen)

	2023			2024		
	Q1	Q2	1H	Q1	Q2	1H
Core Operating Profit	12.5	15.5	28.0	11.3	7.9	19.3
Gain / Loss on Sale of Business	0.9	-10.0	-9.1	-	-	-
Structural Reform Expenses	-3.4	-1.8	-5.2	-20.0	-0.4	-20.4
Government Grant Income on COVID-19	0.0	0.0	0.0	-	-	-
Impairment Losses	-1.8	-0.1	-1.9	-0.1	-0.0	-0.1
Gain on Sale of Non-current Assets	2.4	-0.0	2.4	-	0.7	0.7
Acquisition-related Costs	-	-	-	-	-0.3	-0.3
One-time Costs Related to Internal System Changes	-	-	-	-	-1.0	-1.0
Other	-	-0.6	-0.6	-0.0	-0.9	-0.9
Non-recurring Items	-2.0	-12.4	-14.4	-20.1	-1.9	-22.0
Operating Profit	10.5	3.1	13.6	-8.7	6.0	-2.7

SHISEIDO