

# 2024 Q3 Business Results Summary (January–September)

November 7, 2024

Shiseido Company, Limited

Kentaro Fujiwara  
President and COO

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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.

## 2024 Q3 Key Highlights

Net Sales YoY (LfL\*): –3%, Core Operating Profit: ¥27.4 bn  
Delivered tangible benefits from Business transformation in Japan,  
but suffered profit decline due to sharp drop in Travel Retail sales;  
Full-year forecast revised in light of headwinds in Travel Retail and China

- Net Sales YoY (LfL\*) : Q3 –8% / Q3 YTD –3%
  - Japan: delivered another quarter of YoY grow driven by new product launches, achieved double-digit YTD growth led by core brands
  - EMEA: turned negative in Q3 due to an effect of delayed shipment, but maintained YTD growth
  - Travel Retail and China: YoY decline accelerated amid weaker-than-expected Chinese demand
  - Americas: 1H temporary production declines stabilized, but Q3 sales declined YoY due to delayed recovery in consumer purchases
- Core OP : Q3 ¥8.1 bn (–¥0.6 bn YoY) / Q3 YTD: ¥27.4 bn (–¥9.4 bn YoY)
  - Profit declined overall, weighed down by a sharp decline in high-margin Travel Retail sales though partially offset by revenue growth in Japan, global restructuring and cost management
- Full-year forecast revised: Core OP ¥55.0 bn → ¥35.0 bn
- Year-end dividend: Forecast is unchanged for now, but we are reviewing it

\* Like-for-like increase (decrease) excludes the impact from FX and all business transfers in FY2024 and FY2023 and the services provided during the transition period (“business transfer impacts”), as well as the impact of the acquisition of *Dr. Dennis Gross Skincare* (“acquisition”)

# 2024 Q3: Executive Summary

	Q3				Q3 YTD			
(Billion yen)	2023	2024	YoY Change	YoY Change %	2023	2024	YoY Change	YoY Change %
Net Sales	228.2	214.2	-14.0	-6%	722.4	722.8	+0.3	+0%
YoY FX-Neutral %				-8%				-5%
YoY LfL*1 %				-8%				-3%
Core Operating Profit	8.8	8.1	-0.6	-7%	36.8	27.4	-9.4	-26%
Margin	3.8%	3.8%	-0.0pts		5.1%	3.8%	-1.3pts	
Non-recurring Items	3.4	-3.2	-6.6	-	-11.0	-25.2	-14.2	-
Operating Profit	12.2	4.9	-7.3	-60%	25.8	2.2	-23.6	-92%
Margin	5.3%	2.3%	-3.1pts		3.6%	0.3%	-3.3pts	
Profit Before Tax	13.3	2.9	-10.4	-78%	28.7	7.2	-21.6	-75%
Income Tax Expense	4.1	1.7	-2.4	-58%	7.1	5.7	-1.3	-19%
Profit Attributable to Owners of Parent	8.8	0.7	-8.0	-92%	20.5	0.8	-19.8	-96%
Margin	3.8%	0.3%	-3.5pts		2.8%	0.1%	-2.7pts	
EBITDA*2	21.9	21.9	-0.0	-0%	75.1	67.3	-7.8	-10%
EBITDA Margin	9.6%	10.2%	+0.6pts		10.4%	9.3%	-1.1pts	

Q3  
YTD

Net Sales: YoY (LfL\*1) -3%

Japan local continued to deliver strong growth led by core brands  
Declined YoY overall, weighed down by negative growth in Travel Retail, China and Americas

Core Operating Profit: YoY -¥9.4 bn

Declined YoY overall due to a sharp decline in high-margin Travel Retail, albeit partially offset by revenue growth in Japan, global structural reforms and cost management efforts

Non-recurring Items: 2024 -¥25.2 bn

Recognized costs related to structural reforms primarily incurred in Japan and China

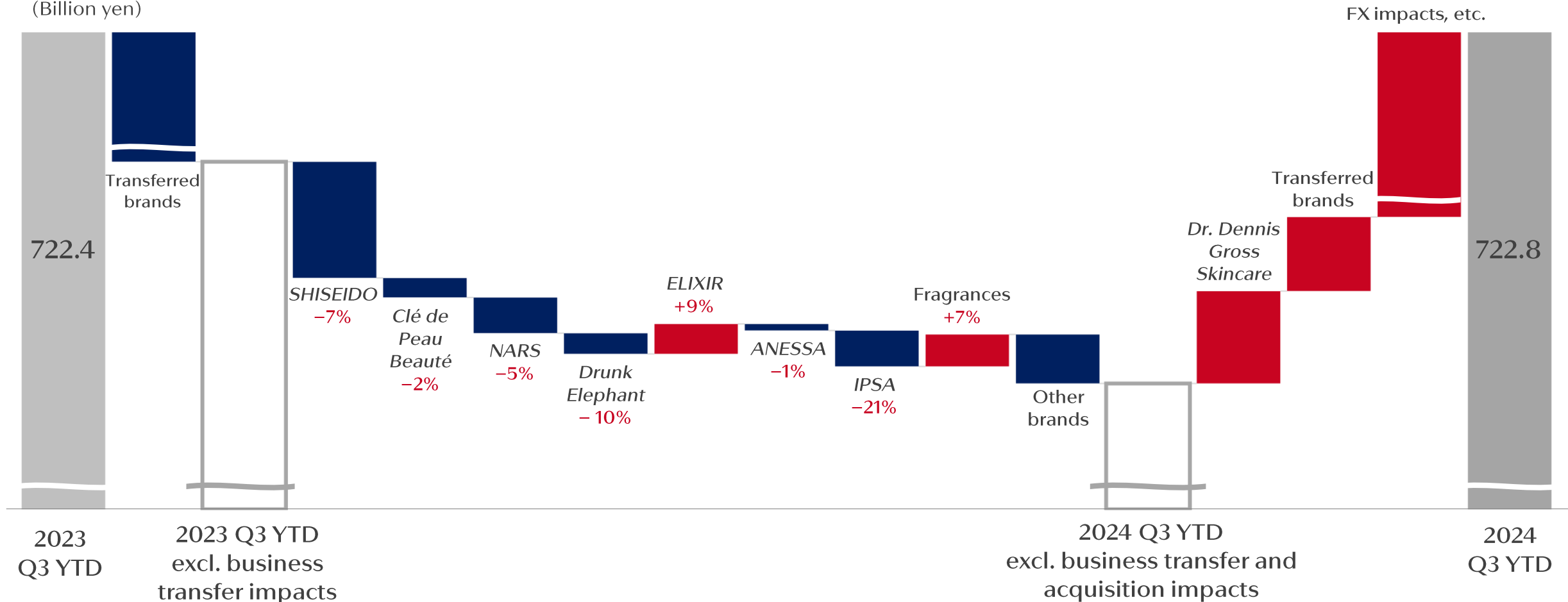
\*1 Excluding impacts from FX, business transfer and acquisition    \*2 Core Operating Profit + Depreciation and Amortization (excl. depreciation of right-of-use assets)

# Net Sales by Brand: *ELIXIR* Accelerated Growth in Q3 Led by New Product Launches in Japan; Fragrances Continued Strong Momentum; Other Core Brands Posted Negative Growth, Weighed Down by Weakness in Travel Retail, China, and Americas

## Net sales by brand

YoY FX-Neutral\*

(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 YoY by Region: Japan Achieved Double-Digit Q3 YTD Growth; EMEA Turned Negative in Q3, but Continued to Deliver YTD Growth; Travel Retail, China, and Americas Posted Another Quarter of Negative Growth

	2023 (vs. 2022)					2024 (vs. 2023)			
Like-for-like*	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q3 YTD
Japan	+8%	+9%	+6%	+17%	+10%	+20%	+7%	+5%	+10%
China	−3%	+20%	−9%	−21%	−5%	−3%	−9%	−13%	−8%
Asia Pacific	+16%	+12%	+15%	+8%	+13%	+5%	+7%	+2%	+4%
Americas	+30%	+18%	+10%	+9%	+15%	+9%	−20%	−9%	−7%
EMEA	+22%	+11%	+15%	+26%	+19%	+17%	+6%	−7%	+5%
Travel Retail	−4%	−4%	−25%	−43%	−20%	−31%	−15%	−38%	−27%
Total	+7%	+10%	−2%	−6%	+2%	+3%	−4%	−8%	−3%

\* Excluding impacts from FX, business transfer and acquisition

# Japan: Delivered Strong Growth Driven by New Product Launches; Share Expansion Continues

## ● Q3 Market:

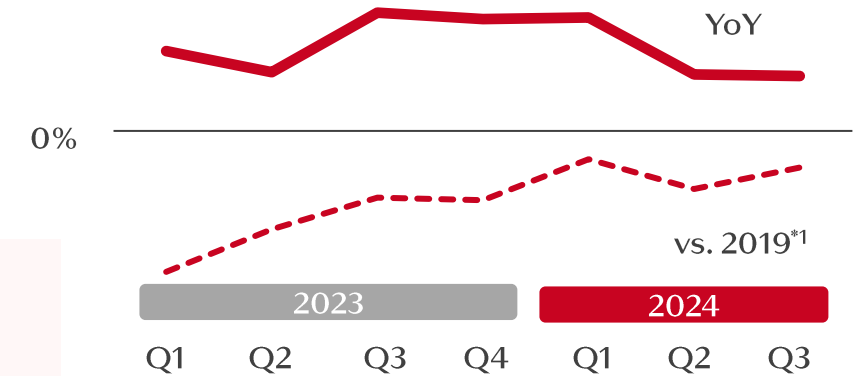
- Local: Continued to grow despite high comparison base last year
- Inbound: Visitors increased vs. 2023; market continued to grow albeit at a slower pace

## ● Shiseido

### ➤ Consumer Purchases<sup>\*2</sup>

		Q3	Q3 YTD
Business total	:	+high single%	+low teen%
Local	:	+high single%	+high single%
Core Brands	:	+low teen%	+high teen%
SHISEIDO	:	+mid 20%	+over 30%
- Foundation serum continued strong momentum			
Clé de Peau Beauté	:	+high single%	+high teen%
ELIXIR	:	+low 20%	+high teen%
- Growth driven by the strength of new products			
EC	:	+high 20%	+high 20%
Inbound	:	+low teen%	+high teen%

### Local Market Growth



ELIXIR

# China and Travel Retail: Sales Declined YoY Amid Challenging Market Environment, with Steady Inventory Decline

## China

### ● Q3 Market

- Consumption slumps amid increasing trends of Chinese consumers spending less and saving more

### ● Shiseido

#### ➤ Consumer Purchases\*<sup>1</sup>

	Q3	Q3 YTD
Business total	: –high single%	/ –high single%
Offline	: –low 20%	/ –mid teen%
EC	: +low 20%	/ –low single%
Mainland China	: –high single%	/ –low teen%
<i>SHISEIDO</i>	: –mid teen%	/ –low 20%
<i>Clé de Peau Beauté</i>	: –high single%	/ +mid single%
<i>NARS</i>	: –low single%	/ +mid single%

## Travel Retail

### ● Q3 Market

- Sharp decline in Chinese tourist consumption

### ● Shiseido

#### ➤ Consumer Purchases\*<sup>1</sup>

	Q3	Q3 YTD
Business total	: –low 20%* <sup>2</sup>	/ –high teen%* <sup>2</sup>
Asia	: –high 20%	/ –mid 20%
Hainan Island	: –over 30%	/ –over 30%
Korea	: –over 30%	/ –over 30%
Japan	: +over 30%	/ +over 70%
- Continued to grow on the back of rising number of inbound tourists		
Americas & EMEA:	–low teen%* <sup>2</sup>	/ +high single%* <sup>2</sup>
- Maintained positive momentum driven by fragrances		



# Americas: Temporary Production Declines Stabilized, but Sales Dropped on Delayed Recovery in Consumer Purchases

## ● Q3 Market

- Prestige beauty market grew at a slower pace
- Skincare market decelerated while Fragrances continued strong momentum

## ● Shiseido

- Consumer Purchases\* :
  - 1H temporary production and shipment declines stabilized in Q3, but prolonged impact on sales recovery

### ➤ External Sales\* :

		Q3		Q3 YTD
Business Total	:	−9%	/	−7%
<i>Drunk Elephant</i>	:	−over 40%	/	−low 20%
<i>NARS</i>	:	+mid single digit %	/	−high single digit %
<i>Shiseido</i>	:	−low teen%	/	−low single digit %
Fragrances (all brands)	:	+over 30%	/	+low teen%

# EMEA and Asia Pacific: Continued to Deliver Q3 YTD Growth

## EMEA Net Sales Turned Negative YoY in Q3 due to an Effect of Delayed Shipment

### EMEA

#### ● Q3 Market

- Continued growth across all categories

#### ● Shiseido

- External Sales\* :

Business Total : **Q3** -7% / **Q3 YTD** +5%

- Stronger innovation pipeline in last year Q3
- Some brands affected by delayed shipments for holiday season



SHISEIDO

### Asia Pacific

#### ● Q3 Market

- Weakness in Taiwan, but delivered YoY growth across other countries regions

#### ● Shiseido

- External Sales\* :

Business Total : **Q3** +2% / **Q3 YTD** +4%

- ANESSA, SHISEIDO, Clé de Peau Beauté continued solid performance



Clé de Peau Beauté

# Core OP : Declined Overall Due to Sharp Drop in Travel Retail Sales, Partially Offset by Growth in Japan, Global Structural Reforms and Cost Management

Q3  
YTD

**Japan :** Achieved significant YoY profit growth, thanks to higher gross profit driven by sales growth, better mix via selection and concentration as well as structural reform effects

**China :** Increased YoY offset by lower inventory write-offs and structural reform effects including fixed cost reduction

**Asia Pacific :** Increased YoY driven by higher gross profit generated from increased sales

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

**EMEA :** Declined YoY despite YoY increase in gross profit from higher sales, offset by increased marketing investment, etc.

**Travel Retail :** Declined sharply YoY 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, changes in the amount of unrealized profit recognized for elimination

Core Operating Profit (Core OPM)	2023 Q3 YTD		2024 1H		2024 Q3		2024 Q3 YTD		Q3 YTD YoY
Japan	-0.6	(-0.3%)	7.9	(5.6%)	10.6	(15.2%)	18.5	(8.7%)	+19.1
China	2.0	(1.1%)	4.9	(3.7%)	-2.3	(-5.4%)	2.6	(1.5%)	+0.6
Asia Pacific	1.7	(3.3%)	2.2	(5.9%)	2.5	(12.2%)	4.7	(8.1%)	+3.0
Americas	6.5	(7.6%)	2.6	(4.3%)	1.3	(4.2%)	3.9	(4.3%)	-2.5
EMEA	4.4	(5.0%)	3.7	(5.6%)	-0.4	(-1.3%)	3.3	(3.4%)	-1.1
Travel Retail	19.0	(17.4%)	7.7	(11.5%)	-2.4	(-12.3%)	5.3	(6.2%)	-13.6
Other	-3.3	(-1.6%)	-9.0	(-7.0%)	-3.8	(-6.5%)	-12.8	(-6.8%)	-9.5
Adjustments	7.3	-	-0.9	-	2.7	-	1.8	-	-5.5
Total	36.8	(5.1%)	19.3	(3.8%)	8.1	(3.8%)	27.4	(3.8%)	-9.4

(Billion yen)

# Progress on Global Cost Reduction and Profit Boosting

**Expect ¥20.0 bn benefits in 2024; additional ¥5.0 bn vs the initial plan of ¥15.0 bn**

- **Japan** : COGS reduction by focusing on core brands and hero products; the implementation of ERIP\*; streamline marketing promotional items, boutique closures, office lease termination
- **China** : optimization of organizational structure, closure of unprofitable doors, COGS reduction, selection and concentration of brands
- **Global** : employee productivity improvement, COGS reduction, Logistics optimization

(billion yen)	2024			
	1H	Q3	Q4 Outlook	
Japan	2.0	2.0	4.5	8.5
China	3.0	1.5	2.0	6.5
Travel Retail	0.0	0.5	0.5	1.0
Asia Pacific, Americas, EMEA, Other (Global HQ)	2.0	0.5	1.5	4.0
<b>Total</b>	<b>7.0</b>	<b>4.5</b>	<b>8.5</b>	<b>20.0</b>

\* Early retirement incentive plan

# “Mirai Shift NIPPON 2025”

## ● Profitability:

- Core brands acceleration and share expansion via selection and concentration
- Higher gross profit margin generated by price mix improvement
- Profitability improvement by boutique closures, office lease termination, better balance sheet management

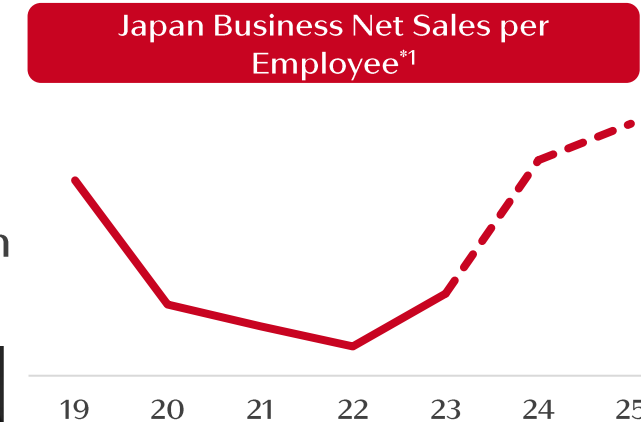
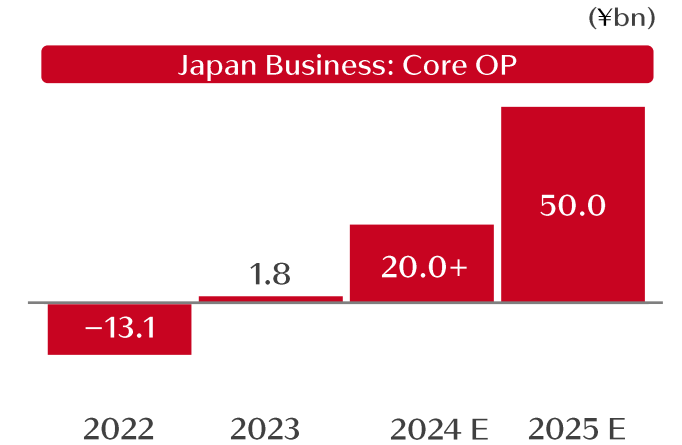
## ● Productivity:

### ➤ Personal Beauty Partner

- Increase the number of customer touchpoints and sales per PBP
- Greater flexibility and personnel allocation
- Out-of-store activities exploiting our digital capabilities and expertise

### ➤ Sales Personnel: Delegate more responsibility for agile decision-making and profit maximization

- Streamline operations for marketing promotional items, etc. for cost optimization
- Optimize personnel allocation



\* Net Sales in the Japan Business ÷ the number of employees in the Japan Business (incl. temporary employees)



# 2024 Outlook

- Revised in light of YoY sales declines in Travel Retail, China, and Americas
- Year-end dividend: Forecast is unchanged for now, but we are reviewing it

	2023	2024 Previous Forecast* <sup>1</sup> (Feb. 2024)	2024 Revised Forecast* <sup>1</sup>	% of Net Sales	YoY Change	YoY Change %	YoY FX-Neutral %	YoY Lfl <sup>*2</sup> %	Change vs. Previous
(Billion yen)									
Net Sales	973.0	1,000.0	990.0	100%	+17.0	+2%	-2%	-1%	-10.0
Core Operating Profit	39.8	55.0	35.0	3.5%	-4.8	-12%	-70.0 Excl. FX assumption change impacts		-20.0
Non-recurring Items	-11.7	-30.0	-30.0	-3.0%	-18.3	-			-
Operating Profit	28.1	-	5.0	0.5%	-23.1	-82%			-
Profit before Tax	31.0	32.5	11.0	1.1%	-20.0	-65%			-21.5
Profit Attributable to Owners of Parent	21.7	22.0	6.0	0.6%	-15.7	-72%			-16.0
EBITDA* <sup>3</sup>	91.8	114.0	86.5	8.7%	-5.3	-6%			-27.5
Dividend (yen/per share)	60	60	60						
(Forecast)	Interim: 30 Year-end: 30	Interim: 30 Year-end: 30	Interim: 30 Year-end: 30						

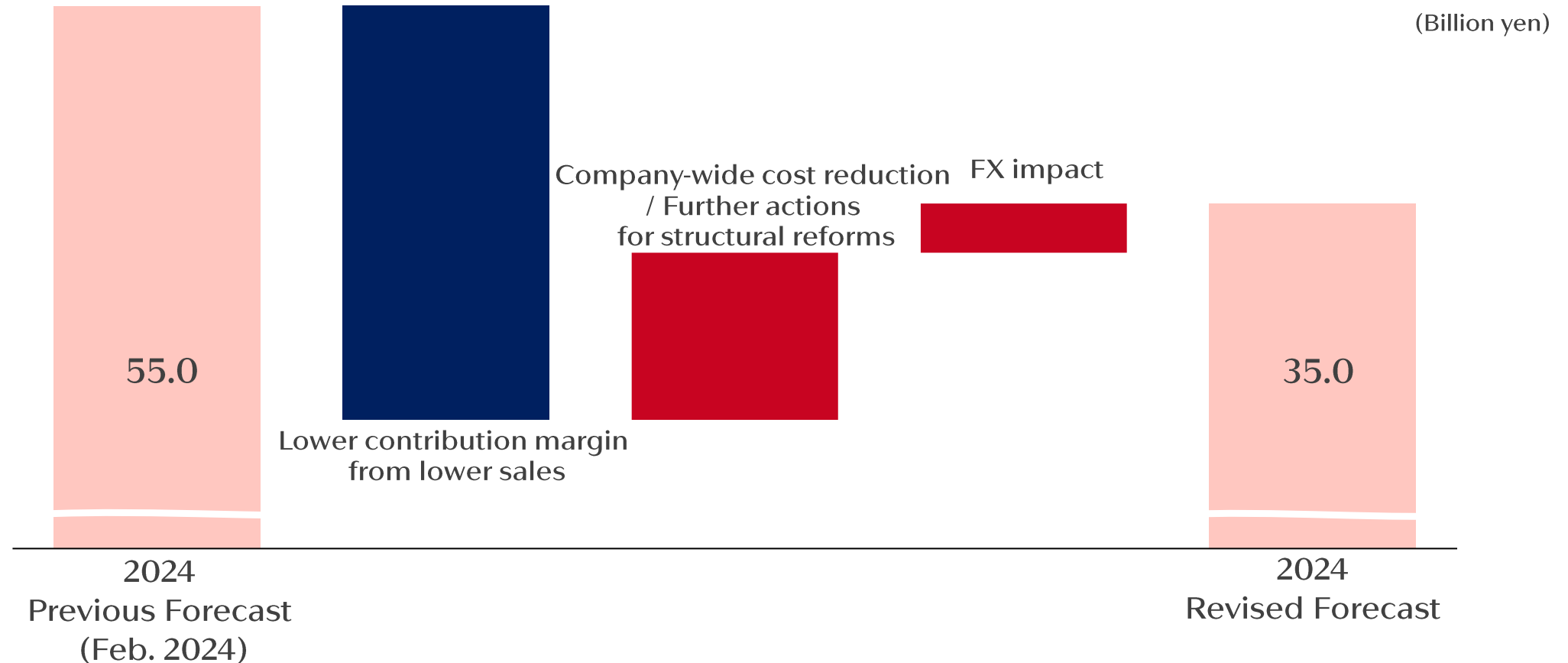
2024 Full-year FX Assumptions (Revised) USD/JPY: 150 yen (+6.8% YoY), EUR/JPY: 162 yen (+6.6% YoY), CNY/JPY: 21.0 yen (+5.9% YoY)  
 (Previous) USD/JPY: 135 yen EUR/JPY: 145 yen CNY/JPY: 19.5 yen

\*1 Excluding impacts from acquisition of *Dr. Dennis Gross Skincare* in previous forecast, and Including impacts from acquisition of *Dr. Dennis Gross Skincare* in revised forecast

\*2 Excluding impacts from FX, business transfer and acquisition \*3 Core Operating Profit + Depreciation and Amortization (excl. depreciation of right-of-use assets)

# 2024 Core Operating Profit: Revised Forecast

Declined Overall Due to Sharp Decline in High-margin Travel Retail Sales,  
Partially Offset by Growth in Japan, Global Restructuring and Cost Management



## Acceleration of Structural Reforms


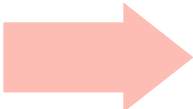
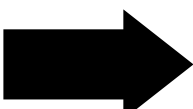



Briefing session planned on November 29, 2024



# Medium-Term Strategy SHIFT 2025 and Beyond Review

Vision & Strategic Direction for 2024 and 2025 (disclosed in Feb. 2024)

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

● Global cost reduction (¥40.0 bn+)		On track, to be strengthened
● Complete Japan structural reform and accelerate growth		On track, to be strengthened
● Achieve high-quality sustainable growth in China and Travel Retail		Review needed
● Accelerate growth in Americas, EMEA and Asia Pacific		Further profitability improvement needed
● Advance growth momentum of core brands		Review needed
● Enhance gross profit: Develop growth drivers to maximize results		On track, to be strengthened

## New Strategic Plan for 2025-2026

- Build and execute plans to have a more balanced and profitable business portfolio and to navigate through challenging market conditions
- Fully execute all controllable initiatives



### Top Priorities for 2025-2026 ~ Six Must-Win Battles ~

- Reducing fixed costs across the entire Company
- Enhancing profitability in Japan, Americas, EMEA, and Asia Pacific
- Restoring healthy business model in China and Travel Retail
- Accelerating asset-light initiatives
- Redefining our global operational framework
- Sharpening financial governance and accountability

# Global Cost Reductions and Profit Boosting Initiatives

2024-2025

Over ¥40.0 bn



Actions underway for further  
reduction of ¥25.0 bn by 2026

Key focus areas: Japan and China

Cost structure transformation  
with “No Sacred Cow”

# Build Resilient Business Model for Sustainable Profit Growth Amid Volatile Market Conditions

## 2025-2026: Acceleration of Structural Reforms

Rebuild strong profit structure

Transform business to build sustainable growth engine: establish more balanced and profitable growth operating model

- Rebuild profitable foundation to invest in growth
- Reinforce resilient brand structures
- Evolve operational governance

2027-2030

Accelerate growth

Sustained growth and continuous profitability gains driven by powerful brands

**ACT and DELIVER**

The Shiseido logo, featuring a stylized red 'S' followed by the word 'HISEIDO' in red capital letters.

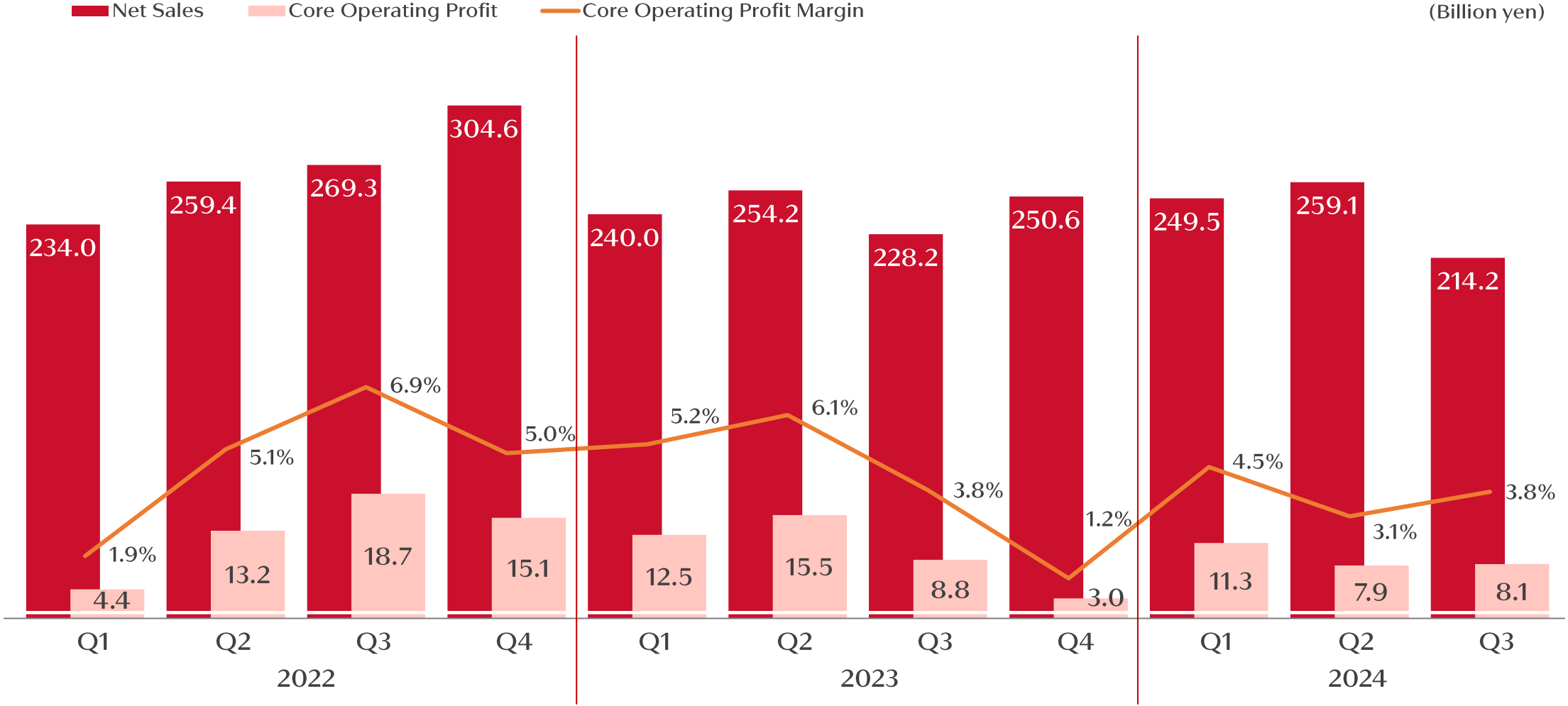
SHISEIDO

Be a Global Winner  
with Our Heritage



# Supplemental Data 1

## KPI Trends



# Supplemental Data 2

## Q3 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	66.5 3.1	29.1% 4.6%	69.6 10.6	32.5% 15.2%	+3.2 +7.5	+4.7% +244.0%	+4.7% -	+5.1% -
China	47.4 -3.5	20.8% -7.3%	42.2 -2.3	19.7% -5.4%	-5.3 +1.2	-11.1% -	-13.3% -	-13.2% -
Asia Pacific	18.1 1.4	7.9% 7.6%	18.8 2.5	8.8% 12.2%	+0.7 +1.0	+3.7% +72.3%	+1.0% -	+2.1% -
Americas	28.9 2.4	12.7% 8.0%	29.9 1.3	14.0% 4.2%	+1.1 -1.1	+3.8% -44.9%	+0.6% -	-8.9% -
EMEA	29.9 3.1	13.1% 10.0%	28.8 -0.4	13.4% -1.3%	-1.2 -3.6	-4.0% -	-7.4% -	-6.6% -
Travel Retail	31.1 3.5	13.6% 11.3%	18.9 -2.4	8.8% -12.3%	-12.1 -5.9	-39.0% -	-38.1% -	-38.2% -
Other*3	6.3 0.1	2.8% 0.1%	5.9 -3.8	2.8% -6.5%	-0.4 -3.9	-5.8% -	-6.5% -	+1.9% -
Subtotal	228.2 10.2	100% 3.5%	214.2 5.5	100% 2.0%	-14.0 -4.7	-6.1% -46.2%	-7.6% -	-8.4% -
Adjustment	- -1.4	- -	- 2.7	- -	- +4.1	- -	- -	- -
Total	228.2 8.8	100% 3.8%	214.2 8.1	100% 3.8%	-14.0 -0.6	-6.1% -7.3%	-7.6% -	-8.4% -

\*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 part of business results previously included in the Japan Business, are included in the Other from Q1 2024. The result in Q3 2023 has been restated to reflect the reclassification

# Supplemental Data 3

## Q3 YTD 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	191.6 −0.6	26.5% −0.3%	211.2 18.5	29.2% 8.7%	+19.5 +19.1	+10.2% -	+10.2% -	+10.5% -
China	178.1 2.0	24.7% 1.1%	173.9 2.6	24.1% 1.5%	−4.2 +0.6	−2.4% +32.3%	−9.1% -	−8.4% -
Asia Pacific	48.8 1.7	6.8% 3.3%	53.2 4.7	7.4% 8.1%	+4.4 +3.0	+9.1% +179.4%	+2.5% -	+4.5% -
Americas	81.7 6.5	11.3% 7.6%	87.2 3.9	12.0% 4.3%	+5.5 −2.5	+6.8% −39.3%	−2.3% -	−6.9% -
EMEA	82.5 4.4	11.4% 5.0%	91.6 3.3	12.7% 3.4%	+9.0 −1.1	+10.9% −24.2%	+1.1% -	+4.9% -
Travel Retail	108.5 19.0	15.0% 17.4%	85.8 5.3	11.9% 6.2%	−22.7 −13.6	−21.0% −71.9%	−27.0% -	−27.1% -
Other*3	31.2 −3.3	4.3% −1.6%	19.9 −12.8	2.7% −6.8%	−11.2 −9.5	−36.1% -	−37.1% -	+16.1% -
Subtotal	722.4 29.6	100% 3.3%	722.8 25.6	100% 2.8%	+0.3 −3.9	+0.0% −13.3%	−5.2% -	−3.1% -
Adjustment	- 7.3	- -	- 1.8	- -	- −5.5	- -	- -	- -
Total	722.4 36.8	100% 5.1%	722.8 27.4	100% 3.8%	+0.3 −9.4	+0.0% −25.6%	−5.2% -	−3.1% -

\*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 part of business results previously included in the Japan Business, are included in the Other from Q3 YTD 2024. The result in Q3 YTD 2023 has been restated to reflect the reclassification

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# Supplemental Data 4

## Q3 YTD 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	59.0	30.8%	71.3	33.7%	+12.3	+20.9%	
Premium	111.8	58.3%	117.8	55.8%	+6.0	+5.4%	
Others	20.9	10.9%	22.1	10.5%	+1.2	+5.9%	
Total	191.6	100%	211.2	100%	+19.5	+10.2%	+10.5%

China							
Prestige	123.6	69.4%	124.1	71.4%	+0.5	−6.7%	
Premium	50.0	28.1%	47.1	27.1%	−2.9	−12.1%	
Others	4.5	2.5%	2.7	1.5%	−1.8	−44.3%	
Total	178.1	100%	173.9	100%	−4.2	−9.1%	−8.4%

Asia Pacific							
Prestige	32.3	66.3%	35.5	66.7%	+3.2	+3.1%	
Premium	11.2	22.9%	12.4	23.3%	+1.3	+5.3%	
Others	5.3	10.8%	5.3	10.0%	+0.0	−7.6%	
Total	48.8	100%	53.2	100%	+4.4	+2.5%	+4.5%

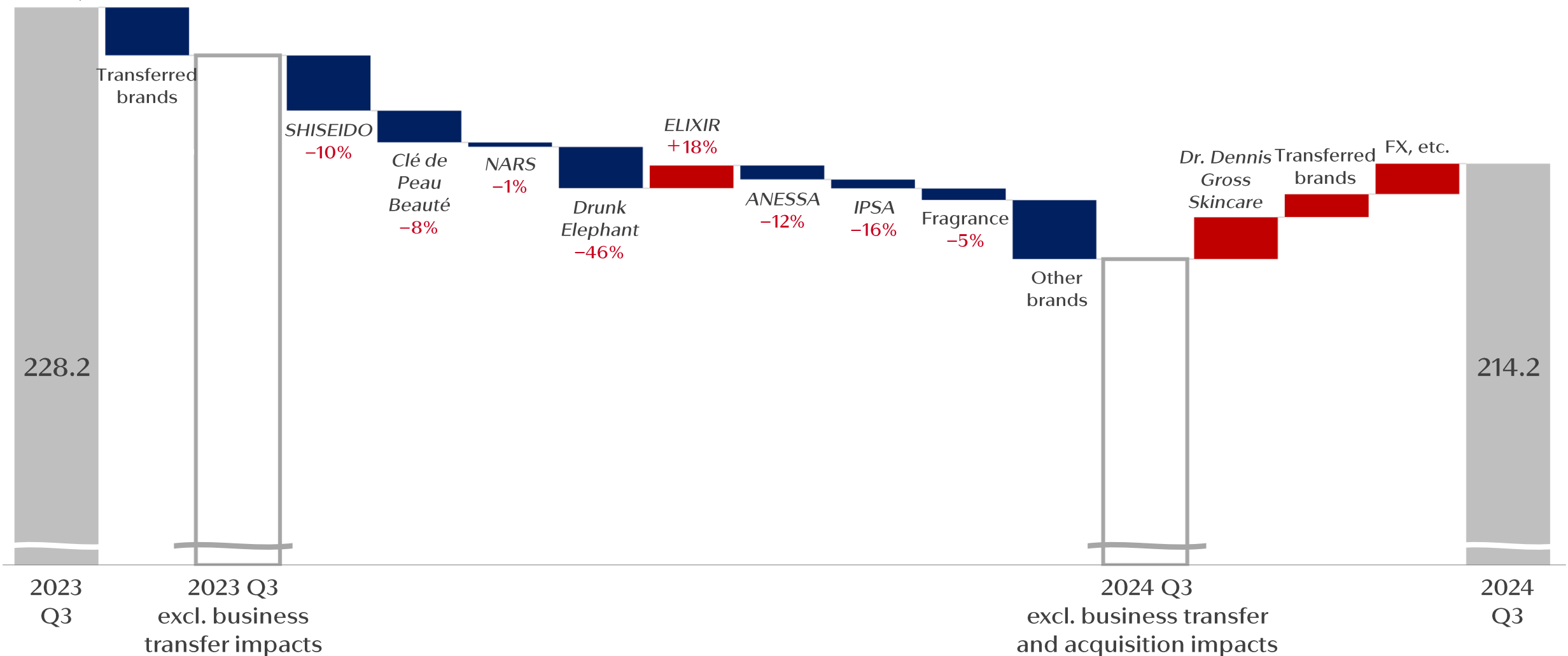
\*1 YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific    \*2 Excluding FX and business transfer impacts

# Supplemental Data 5

## Q3 Net Sales by Brand

YoY FX-Neutral\*

(Billion yen)

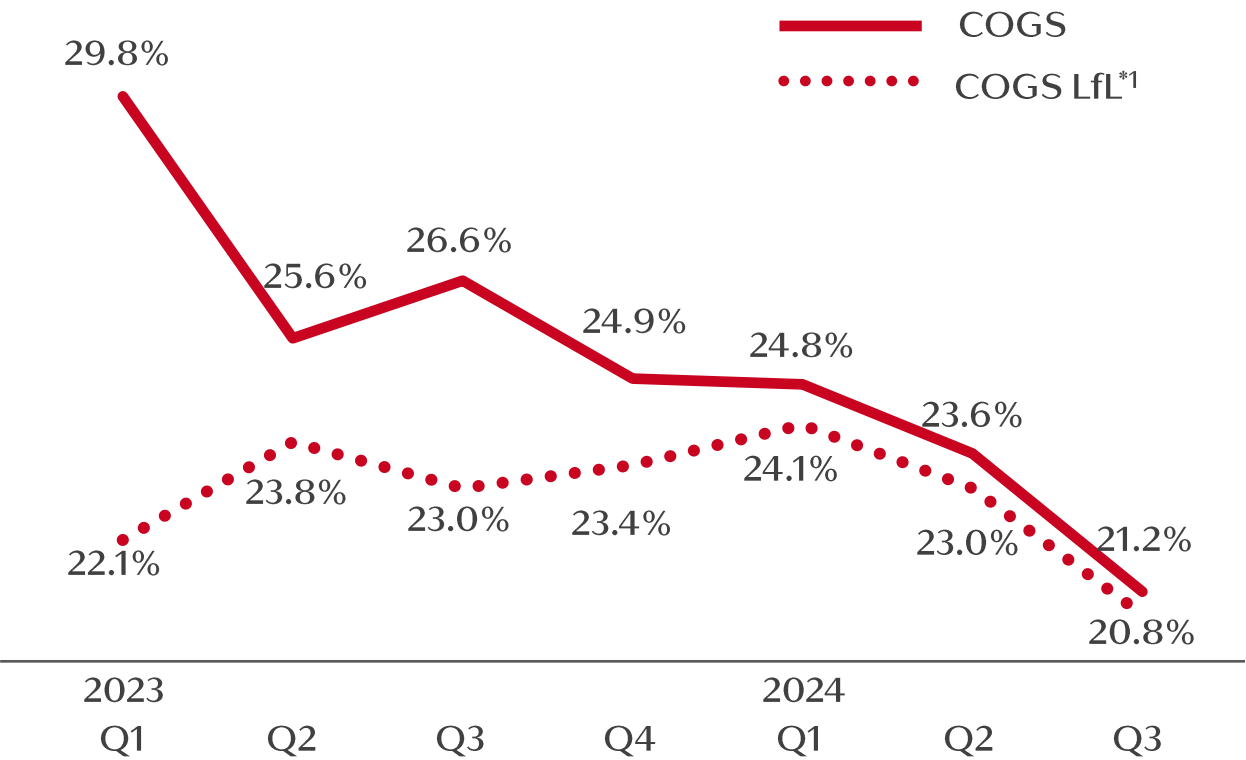


\* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions as at the beginning of FY2024, and excludes exchange rate differences etc.

# Supplemental Data 6

## COGS Ratio

	2023 Q3 YTD	2023 Full Year	2024 Q3 YTD
COGS	27.3%	26.7%	23.3%
<u>COGS LfL</u> *1	23.0%	23.1%	22.8%



### Q3 YTD YoY COGS analysis

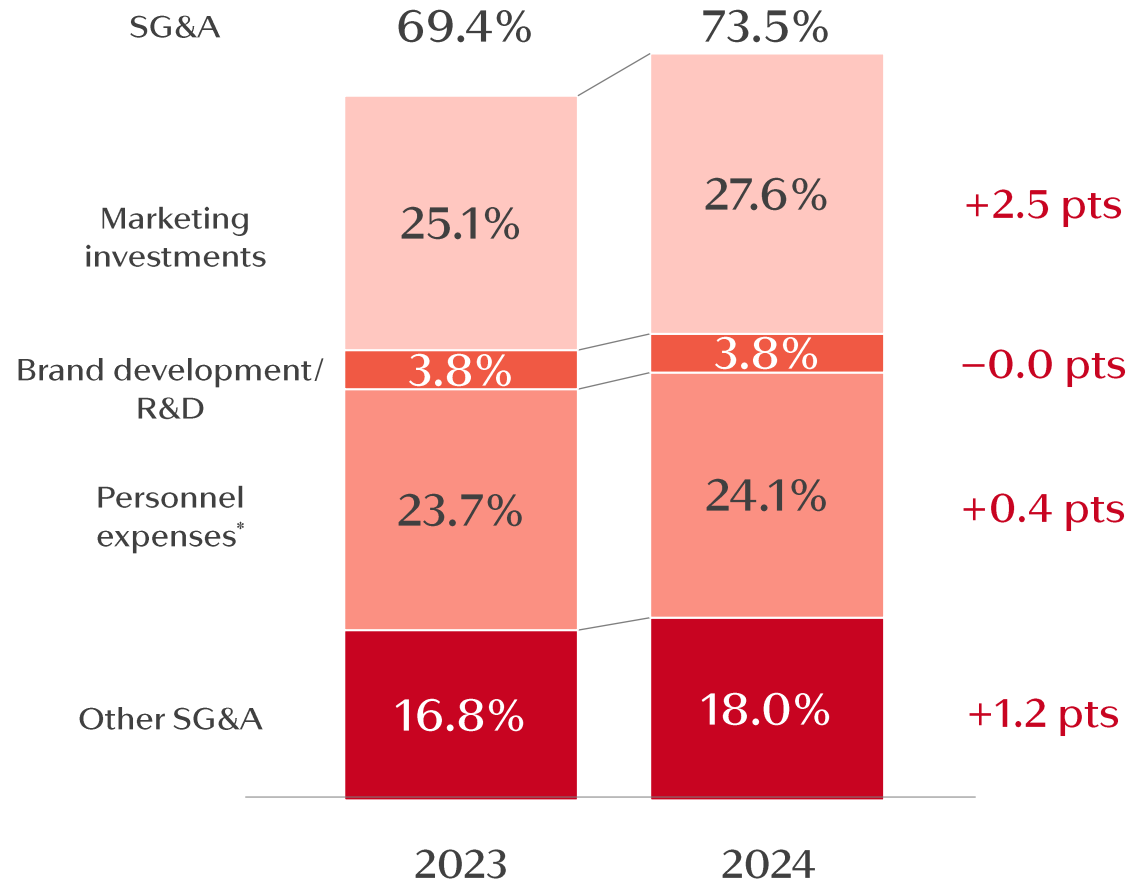
- (+) Decline of inventory write-offs
- (+) Decline of negative impact from MSA\*2 for business transfers (2023 2.8pts -> 2024 0.5pts)
- (+) Impairment losses and structural reform expenses on transfer of Kuki Factory in 2023
- (+) Impairment losses on the integration of two factories in Osaka in 2023
- (-) Lower production volume

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

# Supplemental Data 7

## Q3 YTD Cost Structure

(% of Net Sales based on  
Core Operating Profit)



- Marketing investments
  - Strengthened investments for brand equity improvement
  - Agile cost management
- Personnel expenses
  - Inflation impact
  - Optimization by structural reforms, etc.
- Other SG&A
  - Higher DX-related investments (FOCUS, etc.)
  - Optimization by structural reforms

\* Including POS personnel expenses

# Supplemental Data 8

## Q3 YTD SG&A

(Billion yen)	2023	% of Net Sales	2024	% of Net Sales	YoY Change	YoY Change %	YoY Change FX-Neutral %
Marketing investments <sup>*1</sup>	250.6	34.7%	268.5	37.1%	+17.9	+7.1%	+1.4%
Brand development / R&D	27.7	3.8%	27.5	3.8%	−0.1	−0.5%	−2.4%
Personnel expenses	101.7	14.1%	105.4	14.6%	+3.7	+3.6%	−1.6%
Other SG&A	121.1	16.8%	130.0	18.0%	+8.9	+7.4%	+3.5%
SG&A (Core OP-based)	501.0	69.4%	531.4	73.5%	+30.3	+6.1%	+1.1%
Non-recurring items <sup>*2</sup>	2.2	-	23.5	-	+21.3	-	-
SG&A	503.2	69.7%	554.9	76.8%	+51.7	+10.3%	+5.3%

<sup>\*1</sup> Including POS personnel expenses  
<sup>\*2</sup> Non-recurring items attributable to SG&A

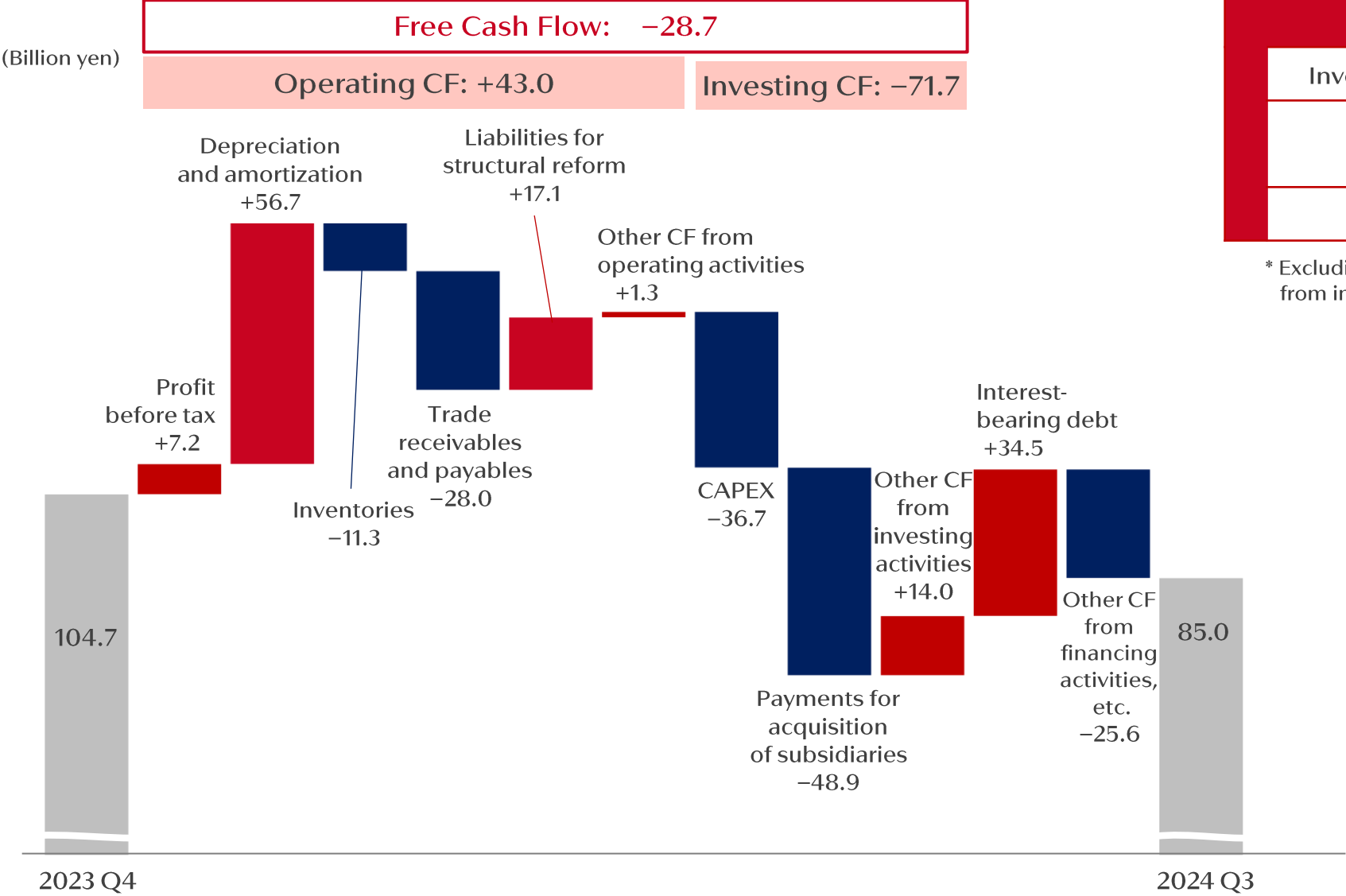
## Supplemental Data 9

### Q3 YTD Non-recurring Items

(Billion yen)	2023			2024		
	1H	Q3	Q3 YTD	1H	Q3	Q3 YTD
Core Operating Profit	28.0	8.8	36.8	19.3	8.1	27.4
Gain / Loss on Sale of Business	-9.1	0.0	-9.1	-	-	-
Structural Reform Expenses	-5.2	0.1	-5.1	-20.4	-2.9	-23.3
Government Grant Income on COVID-19	0.0	0.0	0.0	-	-	-
Impairment Losses / Reversal of Impairment Loss	-1.9	-6.1	-8.0	-0.1	0.3	0.2
Gain on Sale of Non-current Assets	2.4	10.1	12.5	0.7	-0.0	0.7
Acquisition-related Costs	-	-	-	-0.3	0.0	-0.3
One-time Costs Related to Internal System Changes	-	-	-	-1.0	-0.2	-1.3
Other	-0.6	-0.7	-1.3	-0.9	-0.4	-1.3
Non-recurring Items	-14.4	3.4	-11.0	-22.0	-3.2	-25.2
Operating Profit	13.6	12.2	25.8	-2.7	4.9	2.2

# Supplemental Data 10

## Cash Flow Management



KPIs	2023 Q4	2024 Q3
Inventories (Billion yen)	149.6	164.5
DSI (Days)	197 (235)*	251 (260)*
Net D/E ratio	0.06	0.18

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

# Supplemental Data 11 2024 Sales Forecasts

	Previous Forecasts (February)	Revised Forecasts	Q4 Outlook	Assumptions on sales and Q4 sales Outlook
Japan	Total: +11% <u>Local:</u> +mid single digit % <u>Inbound:</u> +Over 60%	Total: +high single digit% <u>Local:</u> +high single digit % <u>Inbound:</u> +high teen%	+mid single digit %	<u>Assumptions</u> Japan local beat the expectation due to the new market creation and new product launches while inbound saw rapid slow down in spending mostly from Chinese tourists <u>Q4 Outlook</u> Local share expansion to continue led by core brands despite high comparison base last year
China	+5%	–mid single digit %	+high single digit %	<u>Assumptions</u> Downturn in prestige and premium beauty markets expected due to increasing price sensitivity and accelerated trade down among consumers <u>Q4 Outlook</u> YoY growth likely to be achieved with low bar to clear due to treated water last year
Travel Retail	+7%	–low 20%	–high single digit %	<u>Assumptions</u> Slump in Chinese tourist consumption Hainan Island expected <u>Q4 Outlook</u> Continue disciplined inventory management to control shipping volume
Americas	+10%	–low single digit %	+mid single digit %	<u>Assumptions</u> Delayed Consumer purchases recovery attributable to temporary declines in production and shipments in 1H <u>Q4 Outlook</u> Recovery of customer purchases through additional marketing investment
EMEA	+13%	+high single digit %	+high teen %	<u>Assumptions</u> Steady market growth across all categories <u>Q4 Outlook</u> Expect revenue growth driven by accelerated shipments before the holiday season
Asia Pacific	+13%	+high single digit %	+low teen %	<u>Assumptions</u> Markets to soften overall, driven by weakness in Taiwan <u>Q4 Outlook</u> Growth set to accelerate fueled by new product launches
Total	+8%	–1%	+6%	

\* Excluding impacts from FX, business transfer and acquisition



SHISEIDO