

# 2024 Results (January–December) and 2025 Outlook

February 10, 2025

Shiseido Company, Limited

Kentaro Fujiwara  
President and CEO

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 Key Highlights

**Achieved Core OP target on global basis;  
Delivered Core OP of ¥28.1 bn in Japan thanks to business transformation,  
advancing towards the goal of rebuilding a profitable foundation global wide;  
2024 Year-end dividend lowered committed to maximizing long-term shareholder returns**

- **Net Sales: ¥990.6 bn (LfL\*: -1% YoY)**
  - Japan and EMEA: delivered steady growth fueled by core brands
  - China and Travel Retail: declined amid a challenging landscape, but in line with expectations
  - Americas: dropped YoY, weighed down by slow recovery in *Drunk Elephant*
- **Core OP: ¥36.4 bn (+¥1.4 bn vs. forecast as of November 2024)**
  - Achieved the target driven by strong profit gains in Japan and global-wide cost management efforts, offsetting the drop in the Americas
- **Profit (loss) Attributable to Owners of Parent: -¥10.8 bn**
  - Non-recurring items: recognition of structural reform expenses: -¥28.8 bn
  - Recognition of a provision associated with a seller note in Q4: -¥12.8 bn
- **Dividend (plan)**
  - Year end dividend: reduced from ¥30 per share to ¥10 per share
  - Annual dividend: reduced from ¥60 per share to ¥40 per share

\* Like-for-like increase (decrease) excludes the impacts 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")

# 2025 Forecast

**Core OP: minimum target of ¥36.5 bn in line with 2024, aiming for further boosts;  
Profit attributable to owners of parent and Free Cash Flow set to bottom out, returning to positive;  
Complete structural reform actions by the end of 2025 for achieving 7% core OP margin in 2026**

(Billion yen)	2024	2025 Forecast	% of Net Sales	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL*1%
Net Sales	990.6	995.0	100%	+4.4	+0%	+3%	+4%
Core Operating Profit	36.4	36.5	3.7%	+0.1	+0%		
Non-recurring Items	-28.8	-23.0	-2.3%	+5.8	-		
Operating Profit	7.6	13.5	1.4%	+5.9	+78%		
Profit (Loss) before Tax	-1.3	14.5	1.5%	+15.8	-		
Profit (Loss) Attributable to Owners of Parent	-10.8	6.0	0.6%	+16.8	-		
EBITDA*2	89.6	90.5	9.1%	+0.9	+1%		
Free Cash Flow	-35.3	15.0	1.5%	+50.3	-		
Dividend (yen/per share) (Forecast)	40 Interim: 30 Year-end:10	40 Interim: 20 Year-end: 20					

**Net Sales YoY(LfL)\*1**  
1H: -low single%  
2H: +high single%

**Non-recurring Items: -¥23.0 bn**

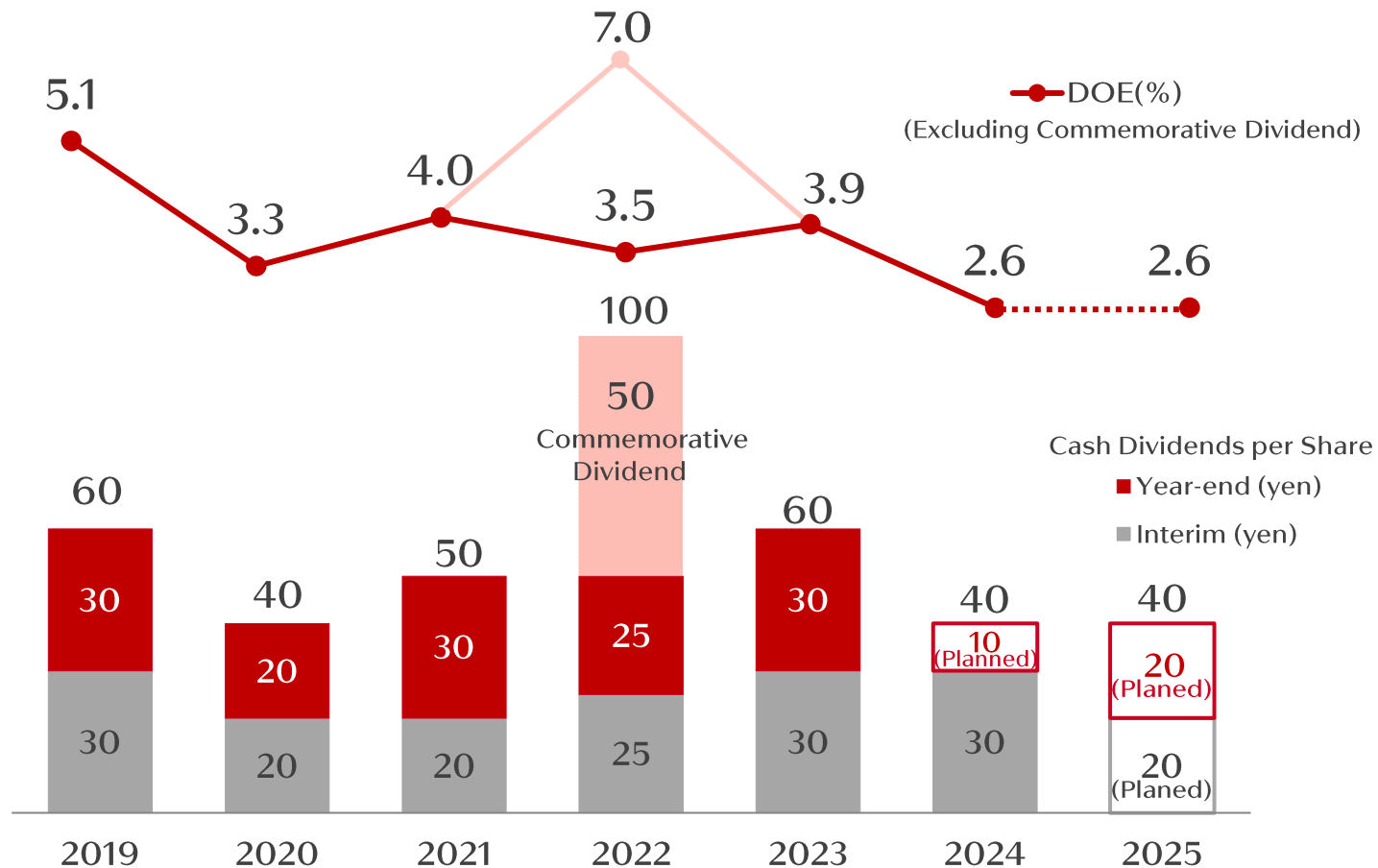
- Organizational reforms, productivity improvement
- Selection and concentration of brands & SKUs

Exchange rates for 2024: USD/JPY: 151.5      EUR /JPY: 163.8      CNY/JPY: 21.0  
Exchange rates for 2025: USD/JPY: 145 (-4.3%)      EUR /JPY: 155 (-5.4%)      CNY/JPY: 20 (-4.9%)

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

# Dividend

Reduced dividends based on our Basic Policy for Shareholder Returns in light of the current financial performance and outlook going forward, to prioritize building a profitable foundation for growth to maximize long term corporate value as the earliest possible;  
Execute strategic cash allocation to accelerate structural reforms & brand building



**Basic Policy for Shareholder Returns (excerpt):**  
We focus on consolidated financial performance and free cash flow in determining dividends and have set a dividend on equity attributable to owners of the parent (DOE) of 2.5% or higher as one of the metrics that reflect our capital policy for ensuring stable and consistent growth in shareholder returns over the long term.

# 2024 Executive Summary

(Billion yen)	2023	% of Net Sales	2024	% of Net Sales	YoY Change	YoY Change %	YoY FX-Neutral %	YoY LfL*1 %
Net Sales	973.0	100%	990.6	100%	+17.5	+2%	-3%	-1%
Core Operating Profit	39.8	4.1%	36.4	3.7%	-3.5	-9%		
Non-recurring Items	-11.7	-1.2%	-28.8	-2.9%	-17.1	-		
Operating Profit	28.1	2.9%	7.6	0.8%	-20.6	-73%		
Finance costs, etc.	2.9	0.3%	-8.8	-0.9%	-11.7	-		
Profit (Loss) before Tax	31.0	3.2%	-1.3	-0.1%	-32.3	-		
Income Tax Expense	6.9	0.7%	8.0	0.8%	+1.2	+17%		
Profit (Loss) Attributable to Owners of Parent	21.7	2.2%	-10.8	-1.1%	-32.6	-		
EBITDA*2	91.8	9.4%	89.6	9.0%	-2.3	-2%		
Free Cash Flow	53.5	5.5%	-35.3	-3.6%	-88.8	-		

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

Japan and EMEA continued strong growth; China, Travel Retail, Americas declined YoY

**Core Operating Profit:** YoY change -¥3.5 bn Delivered benefits from structural reforms and agile cost management, but were offset by the declines in Travel Retail and Americas

Costs incurred by structural reforms mainly in Japan and China

**Non-recurring Items:** 2024 -¥ 28.8 bn  
**Profit (loss) Attributable to Owners of Parent:** 2024 -¥ 10.8 bn

Recognized a provision of -¥12.8 bn in Q4 as finance costs associated with a seller note

**Free Cash Flow:** 2024 -¥ 35.3 bn

Negative mainly due to acquisition costs of -¥48.9 bn associated with *Dr. Dennis Gross Skincare*

\*1 Excluding impacts from FX, business transfers and acquisitions

\*2 Core Operating Profit + Depreciation and Amortization (excl. depreciation of right-of-use assets)

# Net Sales YoY by Region: Japan Delivered Another Year of +10% Growth; EMEA Enjoyed Solid Growth Fueled by Key Brands; Ongoing Headwinds Americas; Achieved Global Annual Sales Growth of +6% excl. China and Travel Retail

Like-for-like\*

	2023 (vs. 2022)					2024 (vs. 2023)				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Japan	+8%	+9%	+6%	+17%	+10%	+20%	+7%	+5%	+7%	+10%
China	-3%	+20%	-9%	-21%	-5%	-3%	-9%	-13%	+5%	-5%
Asia Pacific	+16%	+12%	+15%	+8%	+13%	+5%	+7%	+2%	-3%	+2%
Americas	+30%	+18%	+10%	+9%	+15%	+9%	-20%	-9%	-7%	-7%
EMEA	+22%	+11%	+15%	+26%	+19%	+17%	+6%	-7%	+16%	+8%
Travel Retail	-4%	-4%	-25%	-43%	-20%	-31%	-15%	-38%	-9%	-24%
<b>Total</b>	<b>+7%</b>	<b>+10%</b>	<b>-2%</b>	<b>-6%</b>	<b>+2%</b>	<b>+3%</b>	<b>-4%</b>	<b>-8%</b>	<b>+4%</b>	<b>-1%</b>

\* Excluding impacts from FX, business transfers and acquisitions

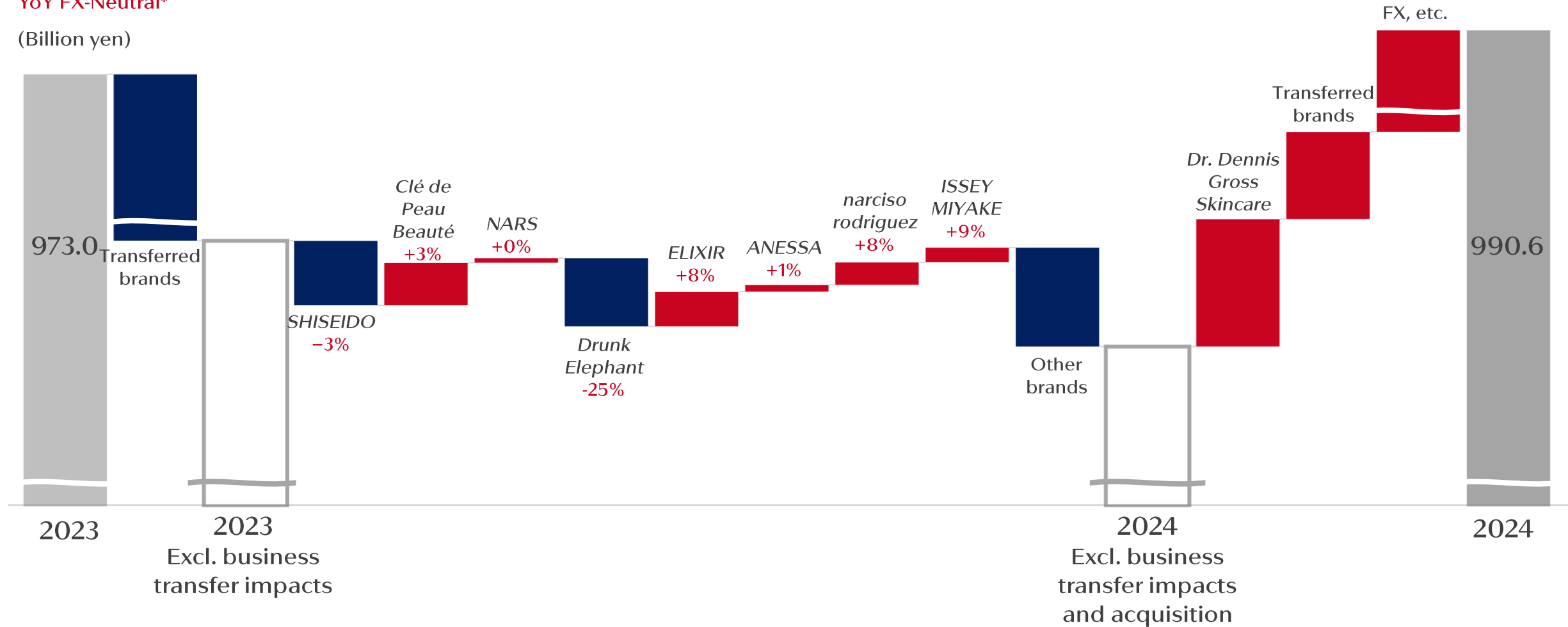
# Net Sales by Brand:

## *Clé de Peau Beauté* and *NARS* Grew Significantly in Q4; *ELIXIR* and Fragrances Maintained Strong Momentum, while *Drunk Elephant* Suffered Slow Recovery

Net sales by brand

YoY FX-Neutral\*

(Billion yen)



\* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions at the beginning of each fiscal year which excludes impacts from FX fluctuations and other



# Japan: Delivered Tangible Benefits from Structural Reforms

## Growth in Key Focus Areas with Share Gain, Benefitting from Selection and Concentration Strategy Built upon Solid Brand Foundation

### ● Q4 Market:

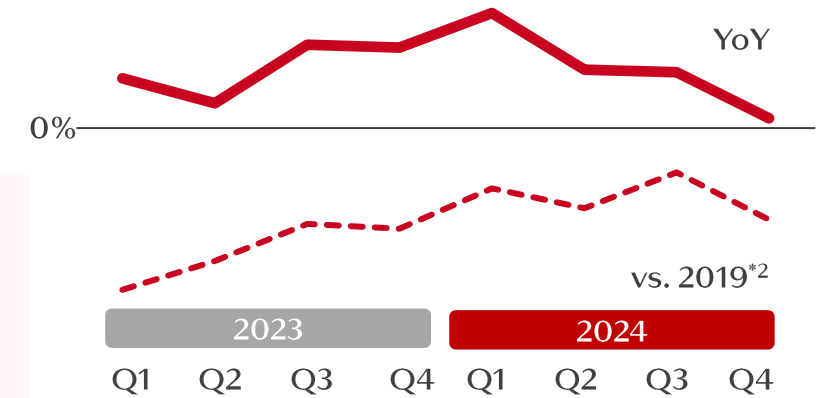
- Local: grew at a slower pace due to elevated prior year comparison
- Inbound: beauty consumption continued to grow at a moderate pace although the number of foreign visitors hit record high

### ● Shiseido:

#### ➤ Consumer Purchases\*1

		Q4	FY
Business total	:	+high single%	+high single%
Local	:	+mid single%	+high single%
Core Brands*3	:	+high single%	+low teen%
-		fueled growth driven by new product launches leveraging cutting-edge innovations and strategic marketing focused on new market creation	
• SHISEIDO	:	+high single%	+mid 20%
• Clé de Peau Beauté	:	+low teen%	+high teen%
• ELIXIR	:	+high single%	+mid teen%
• d program	:	+high single%	+low teen%
EC	:	+high 20%	+high 20%
Inbound	:	+over 30%	+high teen%

### Local Market Growth



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# China and Travel Retail: Remained Challenging as Expected, Steady Sales Recovery in China with Share Expansion Continued from Last Year

## China

### ● Q4 Market

- Consumption slumps continued amid increasing trends of Chinese consumers spending less and saving more
- Event-driven consumption patterns

### ● Shiseido

➤ Consumer Purchases*	Q4	FY
Business total	: +low single%	/ -mid single%
Offline	: -high single%	/ -low teen%
EC	: +high teen%	/ +mid single%
Mainland China	: +low single%	/ -high single%
<i>SHISEIDO</i>	: +mid single%	/ -mid teen%
<i>Clé de Peau Beauté</i>	: +low 20%	/ +low teen%
<i>NARS</i>	: +low teen%	/ +high single%

### Double 11:

Drove significant growth across key platforms, driven by low comparison base due to treated water impact in 2023; *Clé de Peau Beauté* ranked up; *SHISEIDO* and *NARS* delivered strong growth

## Travel Retail

### ● Q4 Market

- Drop in consumption by Chinese tourists continued

### ● Shiseido

➤ Consumer Purchases*	Q4	FY
Business total	: -high single%	/ -mid teen%
Asia	: -low teen%	/ -low 20%
Hainan Island	: -mid teen%	/ -over 30%
Korea	: -high 20%	/ -over 30%
Japan	: +over 30%	/ +over 60%
	- Continued to grow on the back of rising number of inbound tourists	
Americas & EMEA:	+low single%	/ +high single%

# Americas: *Drunk Elephant* Continued to Struggle, but Other Core Brands Returning Back on Growth Trajectory

## ● Q4 Market

- Broader prestige beauty market saw moderate growth
- Skincare softened while fragrances continued strong momentum

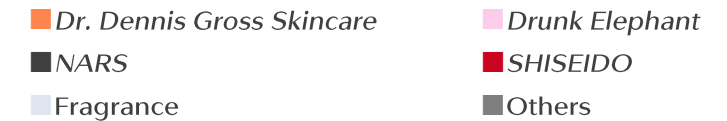
## ● Shiseido

- Consumer Purchases :
  - *Drunk Elephant* suffered a slow recovery in consumer purchases

➤ External Sales* <sup>2</sup>	Q4		FY
Business Total	: -7%	/	-7%
<i>Drunk Elephant</i>	: -over 60%	/	-over 30%
<i>NARS</i>	: +over 30%	/	+low single%
<i>Shiseido</i>	: +mid single%	/	-low single%
Fragrances	: +high single%	/	+low teen%

*Dr. Dennis Gross Skincare* on track with targets

## Net Sales by Brand\*<sup>1</sup>



2023

2024

# EMEA Delivered Solid Growth via Optimization Strategy on Brands, Markets, and Channels; Asia Pacific Affected by Slowdown in Key Markets

## EMEA

### ● Q4 Market

- Continued growth across all categories

### ● Shiseido

- External Sales\*<sup>2</sup>

Business Total : Q4 +16% / FY +8%

- Shipments for holiday season boosted primarily by *SHISEIDO*, *NARS*, and Fragrances



ISSEY MIYAKE

## Asia Pacific

### ● Q4 Market\*<sup>1</sup>

- Taiwan and South Korea softened, but achieved growth in Southeast Asia led by Thailand

### ● Shiseido

- External Sales\*<sup>2</sup>

Business Total : Q4 -3% / FY +2%

- *ANESSA* and *Clé de Peau Beauté* maintained momentum while *SHISEIDO* posted YoY decline affected by Q4 market slowdown



Clé de Peau Beauté

# FY2024 Core Operating Profit by Region

**Japan:** Achieved core OP margin of approx. 10%: profitability in Japan improved significantly, benefitting from higher gross profit with better mix via selection and concentration coupled with structural reform benefits, while inbound sales halved from its peak

**China:** Increased YoY; decline in sales more than offset by COGS / fixed cost reduction and structural reform benefits

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

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

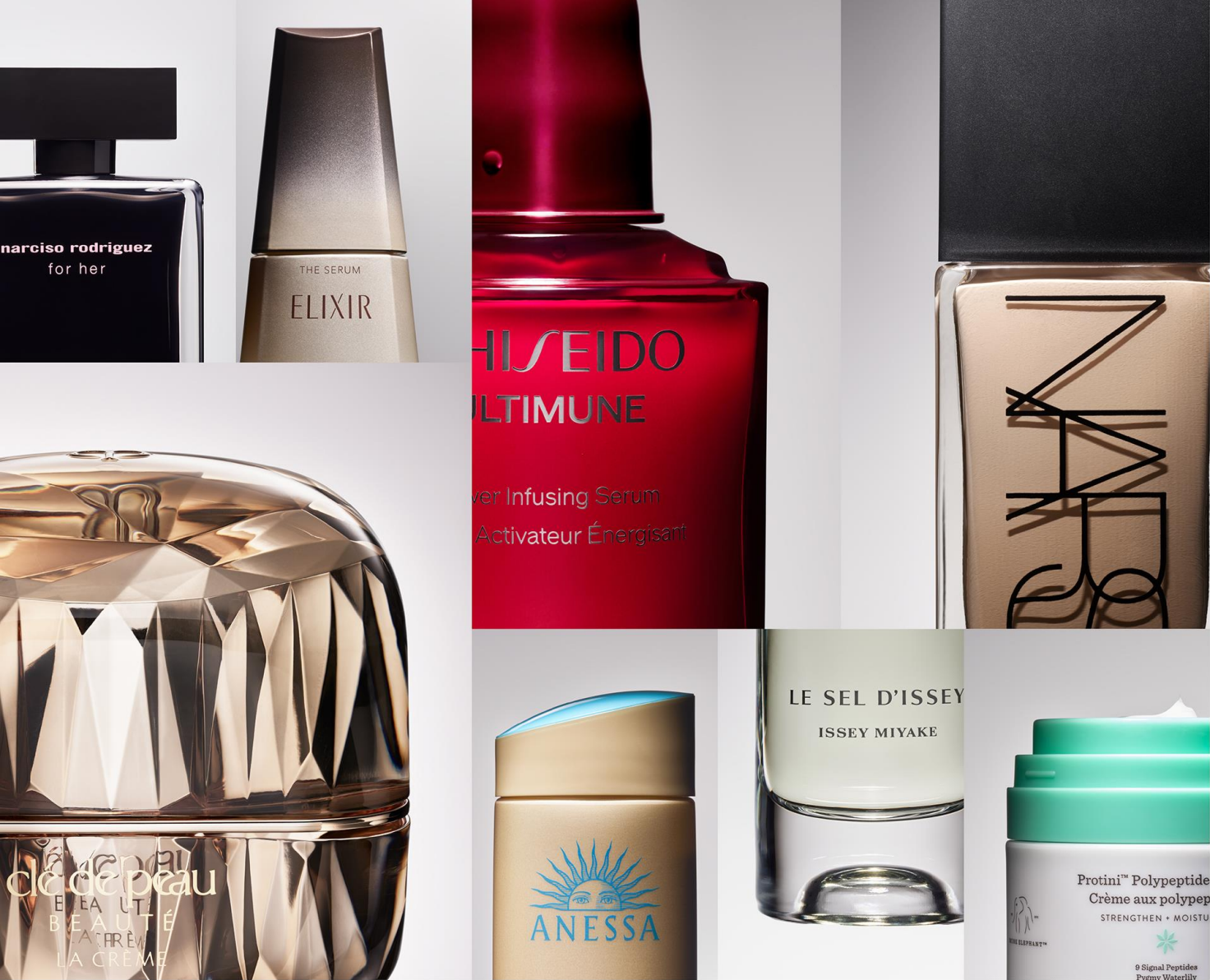
**EMEA:** Increased YoY driven by gross profit gains from higher sales

**Travel Retail:** Declined YoY due to drop in gross profit driven by lower sales

**Other / Adjustments:** Declined by lower gross profit driven by lower intersegment sales to China and Travel Retail, and the impact of change in elimination of unrealized gains, etc.

Core Operating Profit (Core OPM)	2023		2024		(Billion yen)
					YoY
Japan*	1.3	(0.5%)	28.1	(9.9%)	+26.7
China	7.0	(2.8%)	12.3	(4.8%)	+5.3
Asia Pacific	5.1	(7.1%)	6.0	(8.0%)	+0.9
Americas	11.2	(9.7%)	0.2	(0.2%)	-11.0
EMEA	3.3	(2.7%)	3.7	(2.6%)	+0.3
Travel Retail	17.1	(12.9%)	5.0	(4.6%)	-12.1
Other*	-22.8	(-9.0%)	-24.9	(-10.2%)	-2.1
Adjustments	17.6	-	6.0	-	-11.6
<b>Total</b>	<b>39.8</b>	<b>(4.1%)</b>	<b>36.4</b>	<b>(3.7%)</b>	<b>-3.5</b>

\* In the fiscal year 2024, part of the business results in the Japan Business were reclassified into the Other Segment. This classification has been reflected in the results for the fiscal year 2023



# Act and Deliver: Ensuring the implementation of Action Plan 2025-2026

February 10, 2025

Shiseido Company, Limited

Kentaro Fujiwara  
President and CEO

**SHISEIDO**

# Top Priorities of Action Plan 2025-2026

## Reinforce Brand Foundation

- Focus our efforts on key brands (Core 3 and Next 5)
- Maximize gross profits
- Develop cohesive operating model across brands and regions to boost brand equity

## Rebuild Profitable Foundation

- Enhance profitability in Japan, Americas, EMEA, and Asia Pacific
- Rebuild sustainable business foundation in China and Travel Retail
- Reduce fixed costs across the organization

## Enhance Operational Governance

- Accelerate asset-light initiatives
- Evolve global operational framework
- Sharpen financial governance and accountability

# 2025-2026 Brand Portfolio Strategy

## Accelerating Growth of Key Brands through Focused Investment Based on Growth Potential, Profitability and Competitive Advantage

Core 3			<p>Regain momentum</p>			<p>Profit Driver: Growth in skincare</p>			<p>Regain momentum</p>
	<p>Sun Care</p> <p>Further growth in Asia, continue global investment</p>								
	<p>Fragrance</p> <p>Profitable and sustainable growth</p>								
Next 5*1			<p>Boost growth in Japan</p>			<p>Regain market share in Americas</p>			
	Exit/ Downsize	Assessing exit/ downsize options based on brand growth and profitability							

2025 Additional Marketing Investment  
**¥10 bn**

All additional is for Core 3 and Next 5  
 Keep other brands steady

Additional Marketing Investment  
**¥30 bn**  
 (2025-26 cumulative\*2)

\*1 Next 5 brands: ANESSA, narciso rodriguez, ISSEY MIYAKE, ELIXIR, Drunk Elephant \*2 (Increment for 2025 vs. 2024)×2 + (Increment for 2026 vs. 2025)



# Growth Strategy for Core 3 Brands: *SHISEIDO*



## 2024 Achievements:

Net Sales -3% (+10% excl. China and TR)

- Drove significant growth in Japan and EMEA
- Growth driver - Vital Perfection
  - Enhanced anti-aging\* superiority
  - Continuous double-digit growth in Americas, EMEA, and APAC
- Japan success - Foundation Serum
  - Successful recruitment of new and younger consumers
  - Disrupting the makeup category and leading market share in Japan
  - Accelerated overseas expansion with strong growth in Korea

## 2025 Strategy:

Net Sales +low single% (+low teen% excl. China and TR)

- Continue strengthening brand equity as Shiseido's iconic Japanese beauty brand
- Pioneering new and advanced consumer experiences, leveraging beauty tech and CRM
- Key growth driver: NEW ULTIMUNE
  - Aspire to win market share in serum category, driving double-digit growth
  - The next-generation beauty serum, latest science-backed innovation
  - Achieving both prestige and sustainability
- Upcoming launch of new mineral sun care products featuring the latest technology in Americas



\* Age-appropriate moisturizing skincare

# Growth Strategy for Core 3 Brands: *Clé de Peau Beauté*

## 2024 Achievements:

Net Sales +3% (+17% excl. China and TR)

- **Japan drove growth (+low 20%)**
- **Strength in its mainstay base makeup category**
  - Recruited new consumers in Japan and the rest of Asia
  - Formulated by unique technology leveraging fusion of makeup and skincare
- **Renewal of a hero product - The Serum**
  - Infused with Radiant Lily Concentrate, a formula that supports the unique science approach of Skin Intelligence
- **Success of Holiday Collection campaign**
  - Create new consumer touchpoints, solidifying loyal user base



## 2025 Strategy:

Net Sales +low single% (+low teen% excl. China and TR)

- **Continued growth with new innovation pipelines**
- **Launch of The Serum in China and reinforce strategic marketing for core skincare collection Key Radiance Care and others**
- **Maximize customer LTV by enhancing consumer experience**
- **Offer luxury consumer experiences such as in-store beauty treatment services**
- **Strengthen EC: Owned.com, etc.**



# Growth Strategy for Core 3 Brands: *NARS*



## 2024 Achievements:

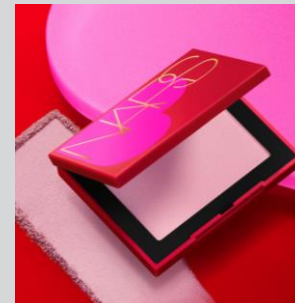
Net Sales +0% (+4% excl. China and TR)

- **Brand anniversary celebration: 30 years of rule-breaking beauty**
- **Launched Explicit Lipstick with global brand ambassadors**
  - Refillable packaging - bringing luxury and sustainability
  - Unique digital storytelling
- **Powder Blush renewal**
  - Maintained leadership position in cheek
  - Talc free, refillable packaging

## 2025 Strategy:

Net Sales +high single% (+low teen% excl. China and TR)

- **Fuel growth in complexion**
  - Maximize concealer sales with major global re-promotion
  - Grow Light Reflecting Collection with unique innovations developed for Asian and Western markets
- **Capitalize on consumer demand in cheek**
  - New innovation campaign for cheeks
  - Storytelling and artistry to drive customer engagement
- **Focus on digital engagement**
  - Increase global EMV on digital channels through new content opportunities and influencer strategy



# Bring innovations that deliver new value driven by bold science and technologies



Slow-Aging inspired, a new answer to immunity  
The new discovery that “Memory T-Cell”  
eliminates aging-cells

The fusion of Japanese traditional technology  
and Fermented Camellia Seed Extract act to  
promote the “Memory T-Cell”



Prevents stubborn dark spots and controls  
their deterioration or increasing  
Exclusive Triple Active Complex



A new generation mineral sunscreen that  
transforms into transparent shield



Focused on the relation between  
modern stress and oxidation  
24 Gold Infusion Retinol harmonized



Innovative micro-needle that approaches the  
effect of aesthetic medicine in safety  
Double effect of injection and pressure

# Global Brand Strategy: Building a strong foundation for growth

- Promote strategic optimization across brands and maximize return on investment
  - Operational excellence in brand management (focusing on Core 3 and Next 5)
    - Standardize monitoring KPIs across brands for faster decision making
    - Drive agility; Strengthen organizational capabilities for swift action ahead of market changes
  - Brand portfolio strategies; strategic investment allocations to drive return
  - Cross-functional approach to address issues and maximize synergies
  - Newly established Global Brand Strategy Department, along with the launch of Brand Committee

Chief Marketing &  
Innovation Officer

Strategic Brand Leadership (Brand heads of Core 3 and Next 5)



# 2024 Regional Strategy Review

## Achievements

- **Japan: Achieved profitable growth**
  - Delivered robust growth driven by core brands through brand selection and concentration
  - Structural reforms on track
- **EMEA: Drove growth acceleration**
- **China: Improved profitability**
  - Solid progress in structural reforms including COGS / fixed cost reduction
- **Asia Pacific: Achieved growth and profitability improvement amid key market slowdown**
- **Grow *Dr. Dennis Gross Skincare***
  - Great addition to our portfolio; prestige derma skincare

## Remaining Challenges

- **Growth and profit recovery in Americas**
  - Reinvigorate *Drunk Elephant* for further growth
  - Heavy fixed cost structure
- **Revenue declines in China and Travel Retail**
  - Building foundation for growth ahead of the market

# 2025 Growth Strategy: Americas

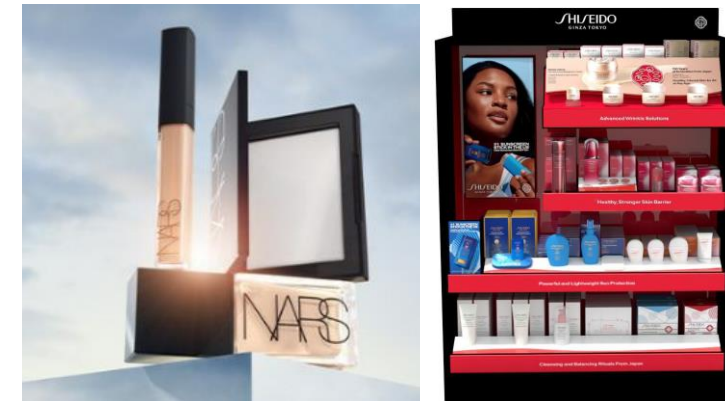
## ● Explore growth opportunities to capitalize on our diverse brand portfolio

- *NARS* : Drive profitable growth – reinforcing core categories with elevated creative content and consumer engagement
- *SHISEIDO* : Pursue growth opportunities – continue innovation in suncare category and drive key collection such as Benefiance & Ultimune in open-sell retail partners
- *Drunk Elephant* : Rebuild brand engagement
  - Amplify brand philosophy & product efficacy
  - Recruit new and expand loyal user base through core product offerings plus new innovation at accessible price points
- *Dr. Dennis Gross Skincare* : Invest more on growth – Drive core peels franchise for recruitment, elevate and amplify brand story
- *Clé de Peau Beauté* : Solidify luxury brand image
  - Continue innovative partnerships to drive awareness
  - Expand in-store beauty treatments

## ● Adopting to shifts in channels

- Strengthen key retailer partnerships especially in open-sell\*
- Stretch DTC further including Pure Players

## ● Optimization of cost structure and reduction of fixed costs



# 2025 Growth Strategy: EMEA and Asia Pacific

## ● Enhancing key brands via selection and concentration

### ➤ EMEA

- Continue successful Fragrance strategy to launch one new pillar per year; with launch of *Zadig&Voltaire* in March 2025 fueling growth in EMEA

### ➤ Asia Pacific

- Amplify growth by leveraging *ANESSA*'s brand power as Asia's #1 suncare brand\*<sup>1</sup> and technological edge, accelerate growth in Fragrances

### ➤ Accelerate strategic actions aligned with regions

- *SHISEIDO*: Strengthen Vital Perfection in EMEA, and *ULTIMUNE* and *Future Solution LX* in Asia Pacific

## ZADIG & VOLTAIRE



## ● Stretching our areas of growth

### ➤ EMEA: the Middle East and E-commerce

### ➤ Asia Pacific: Solidify growth foundation in India





# 2025 Growth Strategy: China and Travel Retail

- Challenging environment to continue as expected, but accelerate the shift to sustainable growth
- Organizational Agility: Capitalize on growth opportunities with speed and agility
  - Develop local marketing content led by brand holder satellites
  - Improve social marketing and E-commerce capabilities through external partnerships
  - Accelerate integrated operations for China and Travel Retail: Cost efficiency, higher productivity, integrated pricing, and inventory optimization
- China: Rebuilding a sustainable growth foundation focused on key brands
  - SHISEIDO : Rebuilding the product portfolio in response to polarized consumption
    - Strategic enhancement of Vital Perfection basic skincare and high functional creams and serums
    - Refreshing the Japanese luxury image with the high-end series Future Solution LX
  - Clé de Peau Beauté and NARS : Continuing to strengthen core categories
  - ANESSA : Recruiting younger consumers through the renewed launch of the Gold Series with cutting-edge latest technology and new formulations
- Travel Retail: Rebuilding sustainable business foundation
  - Japan and Western countries: Enhancing synergies with local markets while targeting non-Chinese travelers
  - Shifting focus on growth driven by tourists



# Progress and Next Steps: “Mirai Shift NIPPON 2025”

## ● Sustainable growth:

- Ongoing enhancement of core brands and hero SKUs
- New market creation through strategic marketing
  - Continue to deliver new values and new markets, personalized approach to consumers
- Continuous strategic price increases
- Consumer touchpoint strategy
  - Achieve growth at key touchpoints attracting consumers at each channel
  - Accelerate EC sales growth, ongoing engagement with each platform, OMO reinforcement

## ● Building a profitable foundation:

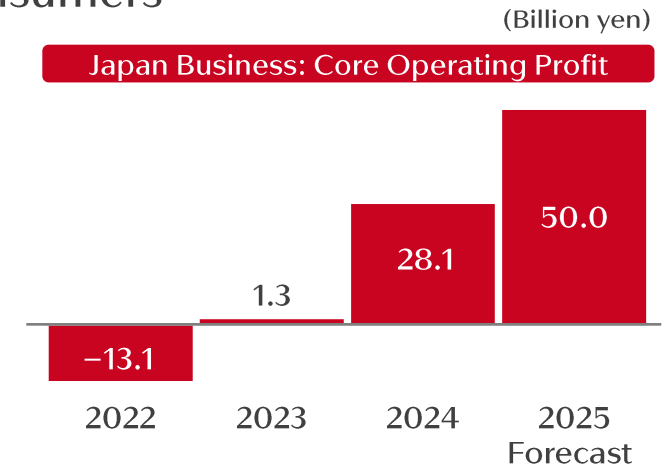
### ➤ Profit boosting initiatives

- Structural reform benefits: ¥8.5 bn in 2024 and ¥16.5 bn in 2025 progressing on track
- SKU optimization: Reduced #of SKUs by 20% in 2024 vs. 2022 - ongoing optimization
- Upcoming FOCUS go-live in Japan: 2H 2025, streamlining the current system

## ● Human capital transformation:

### ➤ New organizational & management structure

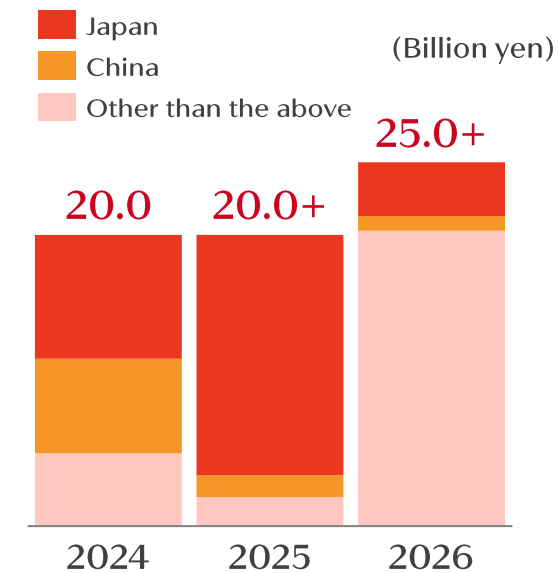
- Delegate more responsibility to the front, create simple and flat organization, evolve operational framework
- Self-innovation, recognize individuals based on their contribution to profits
- Executive vice president Nakata will drive organizational strength with rich experiences in domestic and international



Shiseido Japan  
Executive vice president  
Koji Nakata

# Cost Structure Transformation with “No Sacred Cow”

- Achieving cost reduction benefit of ¥40 bn as planned for 2024-2025
- Complete all actions by the end of 2025, achieving ¥25 bn in 2026
- Benefit maximization: Sharpen our approach, reinforce strategic actions
  - Expanding targets beyond Japan and China to bring global transformation
  - Agile top-down approach benchmarking on global competitors



		2024	2025	2026	2024-2026 Total
<b>COGS</b>	<ul style="list-style-type: none"> <li>• Selection and concentration of brands and SKU, strategic price increases</li> <li>• Reduction in raw material costs and E&amp;O inventory, improvement productivity through FOCUS go-live</li> <li>• Automation of factory production lines, etc.</li> </ul>	7.0	3.0	7.0	17.0
<b>Marketing investments</b>	<ul style="list-style-type: none"> <li>• Optimization of promotional costs, increase marketing ROI</li> <li>• Global centralization of in-store materials production</li> <li>• Enhancement of global procurement functions for indirect materials</li> <li>• Samples: Reduction of inventory, expansion of local production and operational efficiency</li> </ul>	3.0	2.0	1.0	6.0
<b>Personnel expenses</b>	<ul style="list-style-type: none"> <li>• The implementation of ERIP* in Japan in 2024</li> <li>• Optimize organization structure, improve productivity</li> <li>• Streamline corporate functions to enhance operational efficiency, etc.</li> </ul>	6.0	10.0	10.0	26.0
<b>Other SG&amp;A</b>	<ul style="list-style-type: none"> <li>• Reduction of outsourcing cost</li> <li>• Reduction of depreciation: System optimization and integration, selective new investments</li> <li>• Other cost savings: Efficient office management, etc.</li> </ul>	4.0	5.0	7.0	16.0
<b>Total</b>		20.0	20.0+	25.0+	65.0+

\* Early retirement incentive plan

# Accelerate Asset-light initiatives

## Achieving Global Cross-Regional Asset Optimization

### ● Factory and production lines

- Build optimal and competitive supply network structure
- Optimize value chain
- CAPEX: Increase productivity via strategic and selective investments

### ● Real estate properties, office tenants, lease, etc.

- Through review on all owned or leased properties globally, maximize asset utilization
- Gain on sale of fixed assets by streamlining real estate assets
  - 2023 ¥13.3 bn Further restructuring achieved particularly in Japan & global HQ
  - 2024 ¥ 0.7 bn Divestiture of China-related real estate properties

**Plan to announce further progress in a timely and appropriate manner**

# Enhancing Governance to Maximize Corporate Value

## Change in Executive Remuneration to be More Aligned with Shareholder Perspective

### Board of Directors

#### ● Chairman of the Board of Directors

- Appointed as Shiseido's first Chairman of the Board as an external director from Jan. 2025\*1
- Enhance Board effectiveness by further separating execution and oversight
- Experience and achievements as a top executive of a globally operating listed company



External Director  
Yoshihiko Hatanaka

#### ● Candidate for a New External Director\*2

- Certified Public Accountant
- Strengthen the effectiveness of the Board and Audit Committee
- Strengthen oversight and advisory functions for formulation and execution of financial strategies



Yasuhiro Nakajima

### Remuneration for Directors & Corporate Executive Officers\*3

#### ● Changes in evaluation metrics for the Long-Term Incentive-Type Remuneration (LTI)

- Adopted new metrics for measuring shareholder value (relative TSR) and capital efficiency metrics (ROIC) to maximize corporate value over the long term
- Changes in executive officers and regional CEOs

	Evaluation Weight	Before	After
Economic Value Metrics	50%	Core OP margin	Relative TSR*4
	30%	Sales CAGR	ROIC
Social Value Metrics	20%	ESG-related	ESG-related

#### ● Changes in composition of total remuneration for CEO

- Enhance CEO's commitment maximize corporate value over the long term by improving the composition of the LTI

	Basic Remuneration	Performance-linked Remuneration		Total
		Annual Incentive	Long-Term Incentive-Type Remuneration	
Before	33.3%	33.3%	33.3%	100%
After	20%	20%	60%	100%

\*1 Announced in Nov. 2024

\*2 Subject to shareholder approval at the 125th Ordinary General Meeting of Shareholders in March 2025

\*3 Submitted for approval at the Compensation Committee meetings

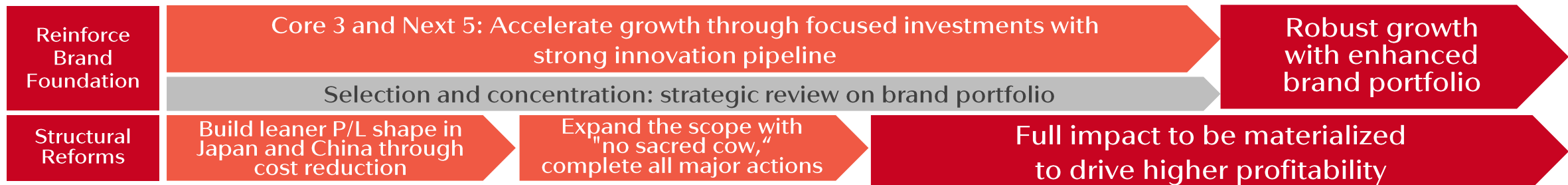
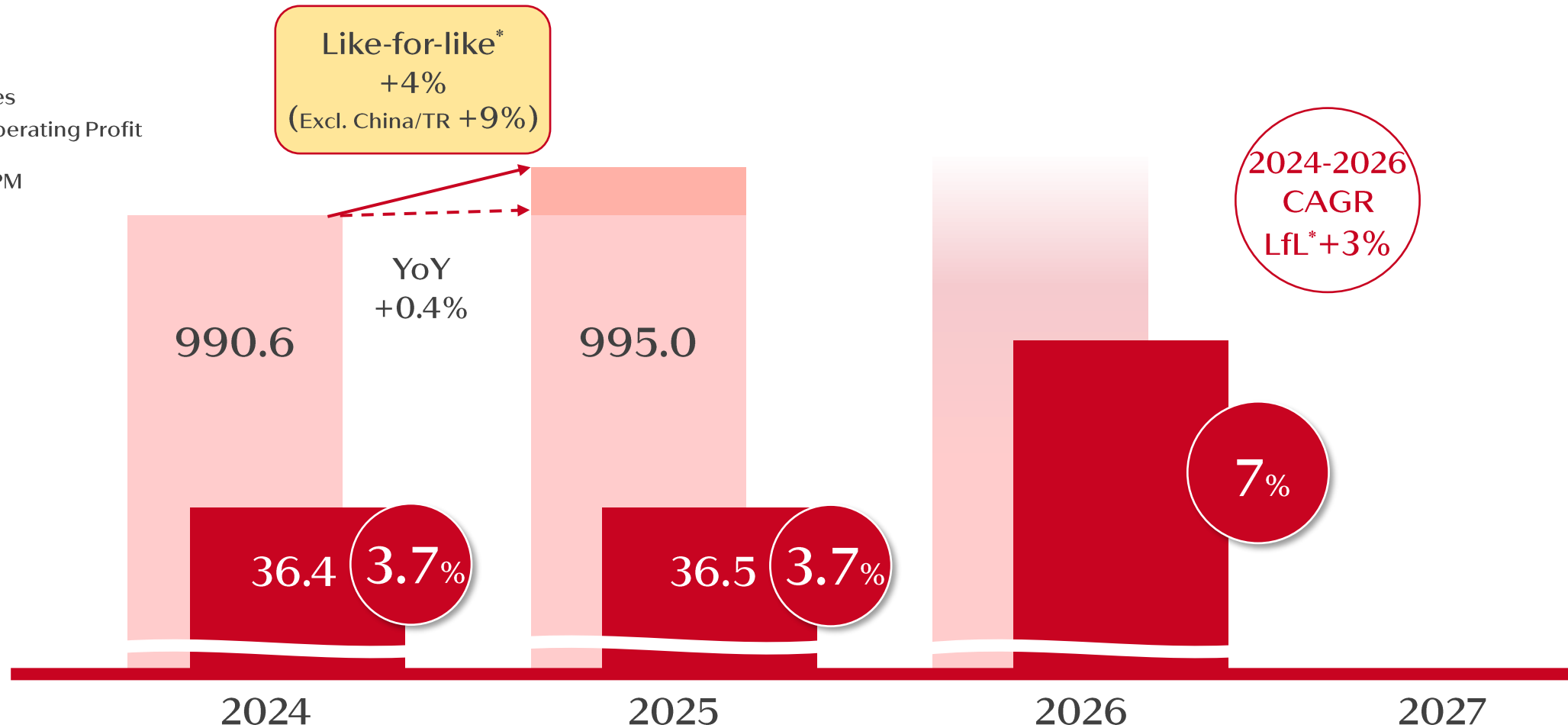
\*4 TSR growth rate relative to our global peers in the beauty industry selected for performance comparisons

# Achieve 7% Core Operating Profit Margin in 2026

(Billion yen)

Net Sales  
Core Operating Profit

Core OPM



\* Excluding impacts from FX and business transfers

Be a Global Winner  
with Our Heritage

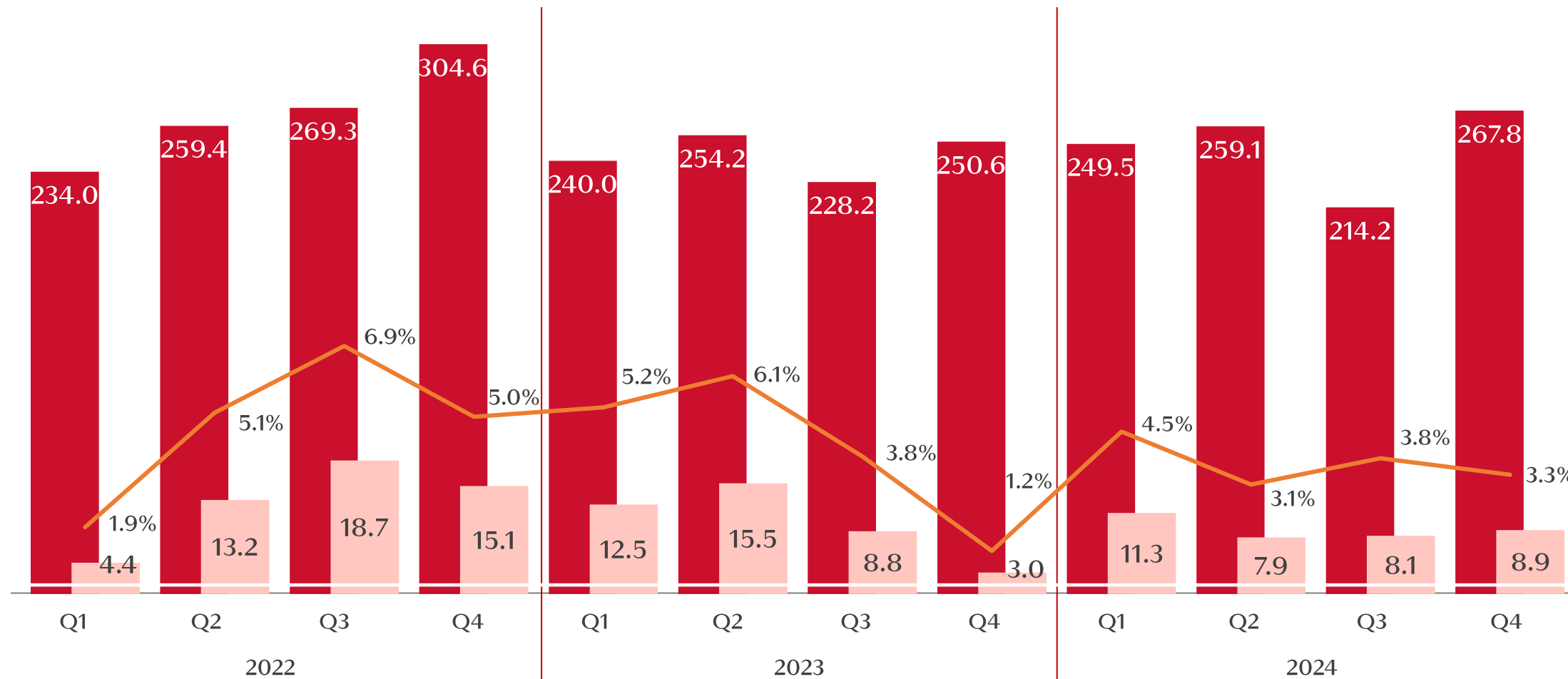


# Supplemental Data 1

## KPI Trends

■ Net Sales   
 ■ Core Operating Profit   
 — Core Operating Profit Margin

(Billion yen)





## Supplemental Data 2

### 2024 Q4 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	68.3 1.9	27.2% 2.8%	72.6 9.5	27.1% 13.1%	+4.4 +7.6	+6.4% +392.6%	+6.4% -	+6.7% -
China	69.9 5.0	27.9% 7.0%	76.1 9.7	28.4% 12.5%	+6.2 +4.7	+8.9% +93.4%	+4.5% -	+5.1% -
Asia Pacific	18.5 3.4	7.4% 16.8%	18.4 1.3	6.9% 7.4%	-0.1 -2.1	-0.4% -60.4%	-3.1% -	-2.7% -
Americas	28.6 4.7	11.4% 15.6%	31.3 -3.7	11.7% -11.4%	+2.7 -8.4	+9.6% -	+6.6% -	-6.8% -
EMEA	34.4 -1.1	13.7% -2.9%	41.1 0.3	15.3% 0.8%	+6.7 +1.4	+19.4% -	+15.2% -	+15.9% -
Travel Retail	24.0 -1.8	9.6% -7.7%	22.0 -0.3	8.2% -1.5%	-2.0 +1.5	-8.1% -	-9.1% -	-8.8% -
Other*3	7.0 -19.5	2.8% -39.2%	6.2 -12.1	2.4% -21.5%	-0.8 +7.4	-10.8% -	-11.5% -	+5.7% -
Subtotal	250.6 -7.3	100% -2.4%	267.8 4.8	100% 1.5%	+17.2 +12.1	+6.9% -	+4.4% -	+3.8% -
Adjustment	- 10.4	- -	- 4.2	- -	- -6.2	- -	- -	- -
Total	250.6 3.0	100% 1.2%	267.8 8.9	100% 3.3%	+17.2 +5.9	+6.9% +196.5%	+4.4% -	+3.8% -

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

\*2 Excluding impacts from FX, business transfer and the acquisition of *Dr. Dennis Gross Skincare* \*3 In fiscal year 2024, the reportable segments were reclassified to include the part of business results previously included in the Japan Business in the Other segment. As a result, the segment information for fiscal year 2023 has been restated to reflect this reclassification.

## Supplemental Data 3

### 2024 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	259.9 1.3	26.7% 0.5%	283.8 28.1	28.6% 9.9%	+23.9 +26.7	+9.2% -	+9.2% -	+9.5% -
China	247.9 7.0	25.5% 2.8%	250.0 12.3	25.2% 4.8%	+2.0 +5.3	+0.8% +76.1%	-5.3% -	-4.6% -
Asia Pacific	67.3 5.1	6.9% 7.1%	71.7 6.0	7.2% 8.0%	+4.4 +0.9	+6.5% +18.5%	+0.9% -	+2.5% -
Americas	110.3 11.2	11.4% 9.7%	118.5 0.2	12.0% 0.2%	+8.3 -11.0	+7.5% -97.8%	+0.0% -	-7.0% -
EMEA	116.9 3.3	12.0% 2.7%	132.7 3.7	13.4% 2.6%	+15.7 +0.3	+13.4% +9.9%	+5.2% -	+8.2% -
Travel Retail	132.5 17.1	13.6% 12.9%	107.8 5.0	10.9% 4.6%	-24.7 -12.1	-18.6% -70.7%	-23.8% -	-23.8% -
Other*3	38.2 -22.8	3.9% -9.0%	26.2 -24.9	2.7% -10.2%	-12.0 -2.1	-31.5% -	-32.4% -	+13.5% -
Subtotal	973.0 22.2	100% 1.8%	990.6 30.4	100% 2.5%	+17.5 +8.2	+1.8% +36.7%	-2.7% -	-1.3% -
Adjustment	- 17.6	- -	- 6.0	- -	- -11.6	- -	- -	- -
Total	973.0 39.8	100% 4.1%	990.6 36.4	100% 3.7%	+17.5 -3.5	+1.8% -8.7%	-2.7% -	-1.3% -

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

\*2 Excluding impacts from FX, business transfer and the acquisition of *Dr. Dennis Gross Skincare* \*3 In fiscal year 2024, the reportable segments were reclassified to include the part of business results previously included in the Japan Business in the Other segment. As a result, the segment information for fiscal year 2023 has been restated to reflect this reclassification.

## Supplemental Data 4

### 2024 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
<b>Japan</b>							
Prestige	82.1	31.6%	97.9	34.5%	+15.8	+19.2%	
Premium	151.5	58.3%	159.3	56.1%	+7.8	+5.2%	
Others	26.3	10.1%	26.5	9.4%	+0.3	+1.0%	
<b>Total</b>	<b>259.9</b>	<b>100%</b>	<b>283.8</b>	<b>100%</b>	<b>+23.9</b>	<b>+9.2%</b>	<b>+9.5%</b>

<b>China</b>							
Prestige	174.8	70.5%	183.5	73.4%	+8.6	-1.5%	
Premium	67.3	27.2%	62.9	25.2%	-4.5	-12.1%	
Others	5.7	2.3%	3.6	1.4%	-2.1	-41.3%	
<b>Total</b>	<b>247.9</b>	<b>100%</b>	<b>250.0</b>	<b>100%</b>	<b>+2.0</b>	<b>-5.3%</b>	<b>-4.6%</b>

<b>Asia Pacific</b>							
Prestige	46.1	68.6%	49.1	68.5%	+3.0	+0.8%	
Premium	14.6	21.7%	15.6	21.8%	+1.0	+2.0%	
Others	6.5	9.7%	6.9	9.7%	+0.4	-0.4%	
<b>Total</b>	<b>67.3</b>	<b>100%</b>	<b>71.7</b>	<b>100%</b>	<b>+4.4</b>	<b>+0.9%</b>	<b>+2.5%</b>

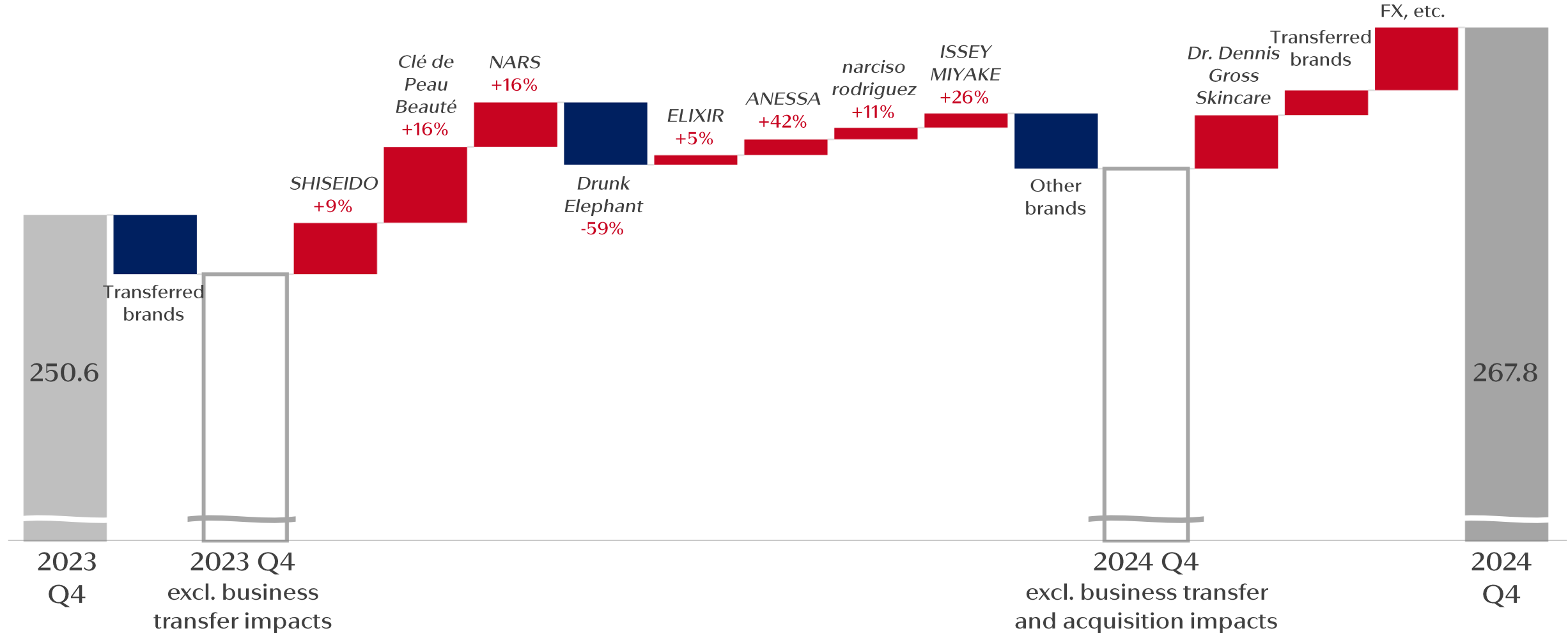
\*1 YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific \*2 Excluding impacts from FX and business transfer

# Supplemental Data 5

## 2024 Q4 Net Sales by Brand

YoY FX-Neutral\*

(Billion yen)

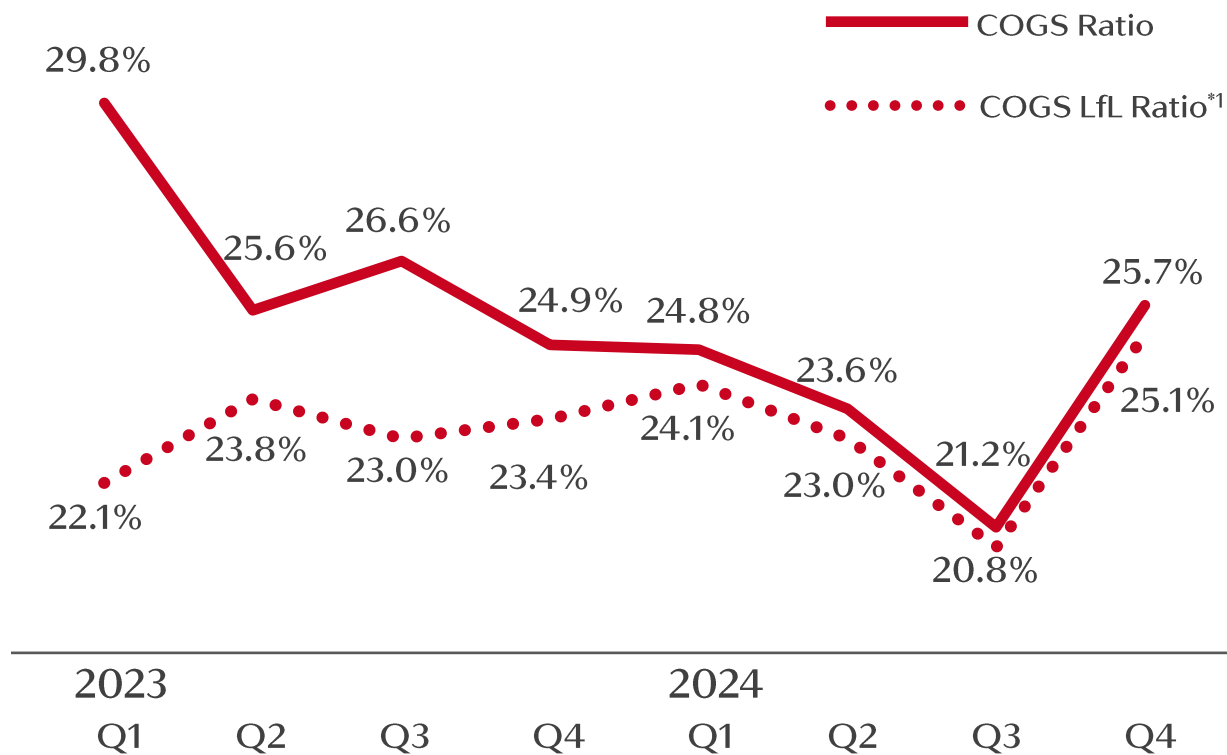


\* YoY change (%) for each brand is calculated based on foreign exchange rate assumptions at the beginning of each fiscal year which excludes impacts from FX fluctuations and other factors.36

# Supplemental Data 6

## COGS Ratio

	2023	2024
COGS Ratio	26.7%	24.0%
COGS LfL Ratio*1	23.1%	23.4%



### FY YoY COGS analysis

(+) Lower allowance for excess inventory write-offs

(+) Decline of the impact from MSA\*2 for business transfers (2023 2.3pts -> 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

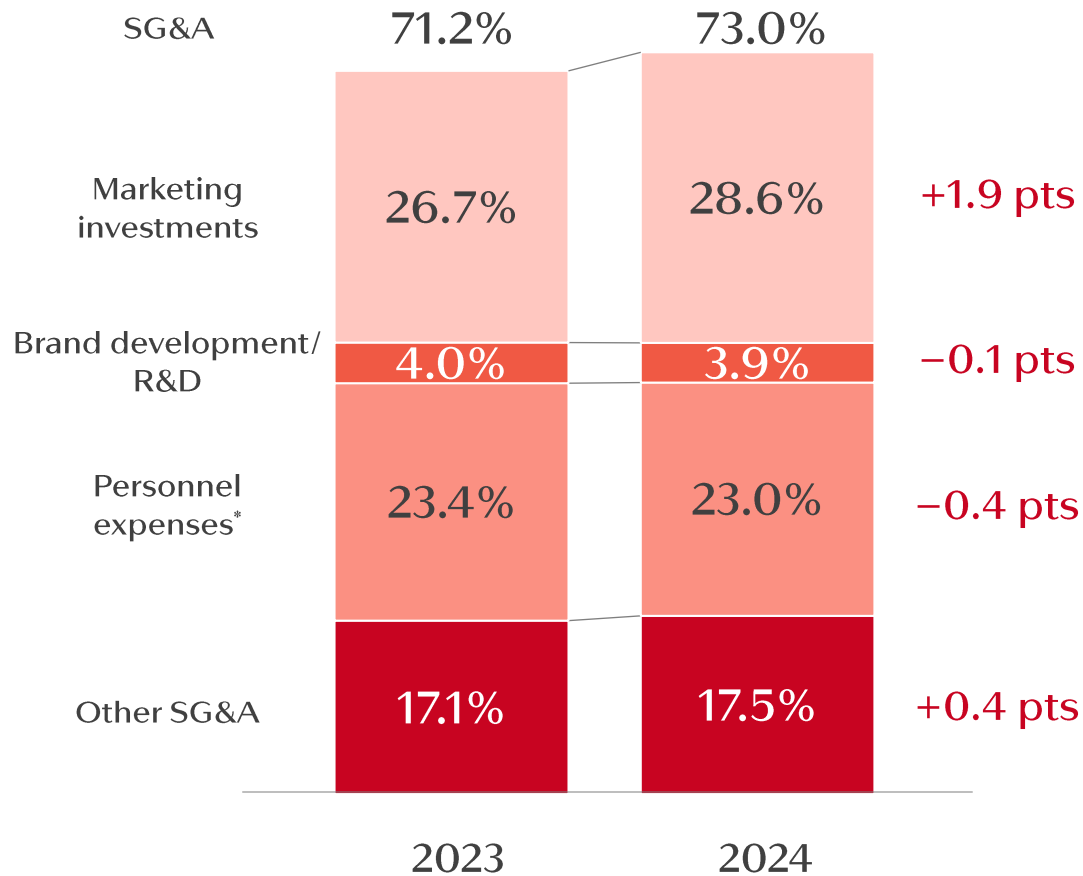
(-) Higher COGS due to declines in production volume

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

# Supplemental Data 7

## 2024 Cost Structure

(% of Net Sales based on Core Operating Profit)



- Marketing investments

- Strengthened investments for brand equity improvement
- Agile cost management

- Personnel expenses

- Optimization by structural reforms, etc.
- Inflation impact

- Other SG&A

- Higher DX-related investments (FOCUS, etc.)
- Optimization by structural reforms

\* Including POS personnel expenses

## Supplemental Data 8

### 2024 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>	354.1	36.4%	374.8	37.8%	+20.7	+5.8%	+1.1%
Brand development / R&D	39.0	4.0%	38.6	3.9%	-0.5	-1.2%	-3.0%
Personnel expenses	133.5	13.7%	136.2	13.8%	+2.7	+2.0%	-2.3%
Other SG&A	166.1	17.1%	173.7	17.5%	+7.6	+4.6%	+1.4%
SG&A (Core OP-based)	692.8	71.2%	723.3	73.0%	+30.5	+4.4%	+0.3%
Non-recurring items <sup>*2</sup>	3.8	-	28.1	-	+24.3	-	-
SG&A	696.6	71.6%	751.4	75.9%	+54.8	+7.9%	+3.8%

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

## Supplemental Data 9

### 2024 Non-recurring Items

(Billion yen)	2023			2024		
	Q3 YTD	Q4	FY	Q3 YTD	Q4	FY
<b>Core Operating Profit</b>	<b>36.8</b>	<b>3.0</b>	<b>39.8</b>	<b>27.4</b>	<b>8.9</b>	<b>36.4</b>
Gain / Loss on Sale of Business	-9.1	2.2	-6.9	-	-	-
Structural Reform Expenses	-5.1	-2.2	-7.3	-23.3	-3.3	-26.6
Government Grant Income on COVID-19	0.0	0.0	0.0	-	-	-
Impairment Losses / Reversal of Impairment Loss	-8.0	-0.4	-8.3	0.2	0.8	1.0
Gain on Sale of Non-current Assets	12.5	0.8	13.3	0.7	0.0	0.7
Acquisition-related Costs	-	-0.4	-0.4	-0.3	-0.0	-0.3
One-time Costs Related to Internal System Changes	-	-	-	-1.3	-0.7	-2.0
Other	-1.3	-0.7	-2.0	-1.3	-0.4	-1.6
<b>Non-recurring Items</b>	<b>-11.0</b>	<b>-0.7</b>	<b>-11.7</b>	<b>-25.2</b>	<b>-3.6</b>	<b>-28.8</b>
<b>Operating Profit</b>	<b>25.8</b>	<b>2.3</b>	<b>28.1</b>	<b>2.2</b>	<b>5.4</b>	<b>7.6</b>



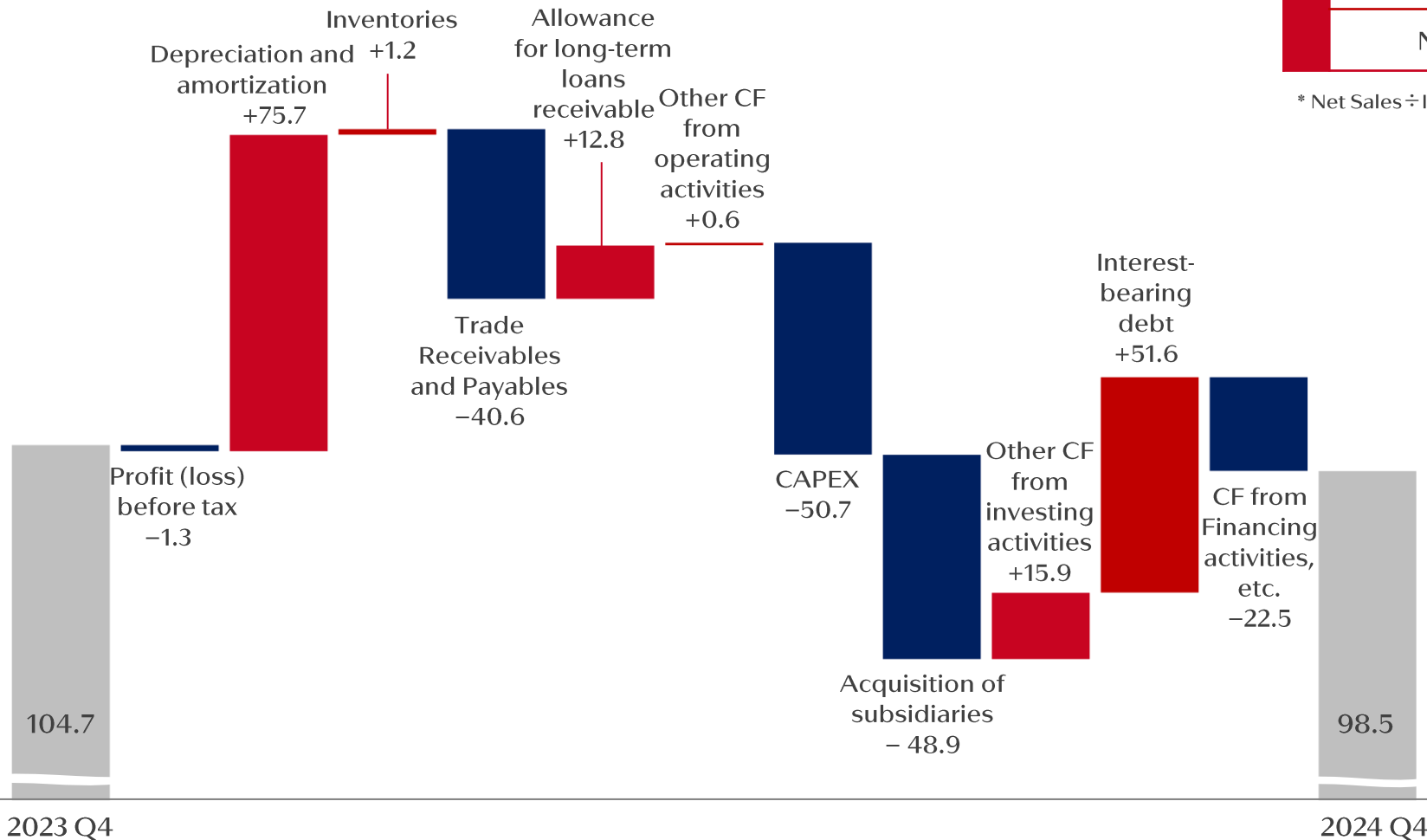
# Supplemental Data 10

## Cash Flow Management

Free Cash Flow: <b>-35.3</b>	
Operating CF: <b>+48.4</b>	Investing CF: <b>-83.7</b>

KPIs	2023 Q4	2024 Q4
Inventories (Billion yen)	149.6	160.5
Inventory turnover rate*	6.9	6.4
Net D/EBITDA	0.39	1.29

\* Net Sales ÷ Inventories (average of the beginning and ending balances)



## Supplemental Data 11

### Capital Expenditures; Depreciation and Amortization

(Billion yen)	2023	2024	2025 Forecast
Property, Plant and Equipment	26.9	23.9	28.0
Intangible Assets, etc.	28.5	25.5	24.0
Capital Expenditures*	55.4	49.4	52.0
Property, Plant and Equipment	34.7	35.2	
Intangible Assets, etc.	17.2	17.9	
Depreciation and Amortization	52.0	53.2	54.0

\* Investments in capital expenditures; property, plant and equipment (excl. right-of-use assets) and intangible fixed assets (excl. goodwill, trademark rights, right-of-use assets)

# Supplemental Data 12

## 2025 Net Sales Forecast by Reportable Segment

	YoY Change	YoY Change FX-Neutral	Like-for-like <sup>*1</sup>
Japan <sup>*2</sup>	+high single %	+high single %	+high single %
China	–high single %	–low single %	–low single %
Asia Pacific	+high single %	+low teen %	+low teen %
Americas	+low teen %	+low teen %	+low teen %
EMEA	+low single %	+high single %	+high single %
Travel Retail	–mid teen %	–low teen %	–low teen %
Other <sup>*2</sup>	–high teen %	–mid teen %	+low teen %
<b>Total</b>	<b>+0.4%</b>	<b>+3%</b>	<b>+4%</b>

Exchange rates for 2025: USD 1 = JPY 145 (YoY –4.3%), EUR 1 = JPY 155 (–5.4%), CNY 1 = JPY 20 (–4.9%)

\*1 Excluding impacts from FX and business transfer

\*2 From the fiscal year 2025, the Company will revise part of its reportable segment classifications within the Group. Accordingly, the business results related to the operation of domestic cosmetics sales by IPSA Co.,Ltd., which previously included in the Other segment will be included in the Japan Business. Change in net sales (YoY) in the table above reflect this reclassification.

# Supplemental Data 13

## 2025 Sales Forecasts

	YoY Net Sales (Lfl <sup>*1</sup> )	Market and Sales Assumptions
Japan <sup>*2</sup>	Total: +high single % Local: +high single % Inbound: +mid teen %	Local: <ul style="list-style-type: none"> <li>● Tailwinds from steady market growth, although the positive impacts of post-Covid reopening has run its course</li> <li>● Achieve YoY revenue growth driven by the accelerated growth in the core brands &amp; hero SKUs as well as strategic price increases</li> </ul> Inbound: <ul style="list-style-type: none"> <li>● Recovery in the number of foreign visitors to Japan, but the size of the cosmetics market is expected to remain its pre-pandemic levels</li> </ul>
China	-low single %	<ul style="list-style-type: none"> <li>● Consumption slumps among Chinese consumers and increased uncertainty likely to continue</li> <li>● Fierce price competition to continue, with prestige beauty market softening</li> </ul>
Asia Pacific	+low teen %	<ul style="list-style-type: none"> <li>● Modest growth in mature markets, with Southeast Asia driving growth on the back of healthy economic growth</li> <li>● Outpace the market buoyed by strong the growth in Southeast Asia</li> </ul>
Americas	+low teen %	<ul style="list-style-type: none"> <li>● The pace of market growth to slow somewhat, but well positioned for another year of growth to lead the global beauty market</li> <li>● Outpace the market growth underpinned by revitalization of <i>Drunk Elephant</i> and sales growth driven by other core brands</li> </ul>
EMEA	+high single %	<ul style="list-style-type: none"> <li>● The market is set for solid growth across all categories</li> <li>● Outpace the market growth with fragrance brands being the key drivers of growth</li> </ul>
Travel Retail	-low teen %	<ul style="list-style-type: none"> <li>● Decline in Chinese tourist consumption to continue</li> <li>● Expect a YoY decline albeit a gradual recovery in negative YoY declines in Asia</li> </ul>
Total	+4%	

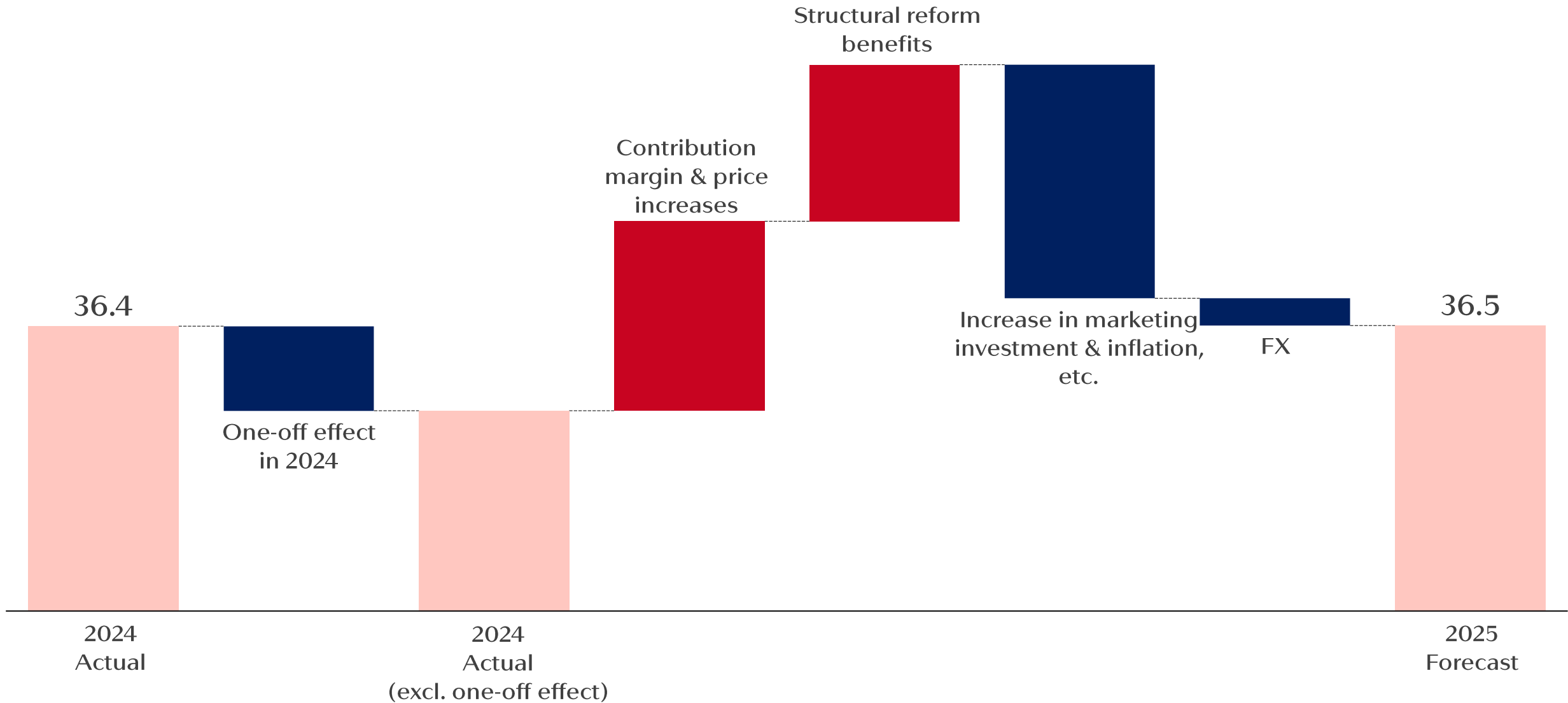
\*1 Excluding impacts from FX and business transfer

\*2 From the fiscal year 2025, the Company will revise part of its reportable segment classifications within the Group. Accordingly, the business results related to the operation of domestic cosmetics sales by IPSA Co.,Ltd., which previously included in the Other segment will be included in the Japan Business. Change in net sales (YoY) in the table above reflect this reclassification.

# Supplemental Data 14

## 2025 Core Operating Profit: Forecast

(Billion yen)



# Supplemental Data 15

## Recognition of Provision on Seller Note

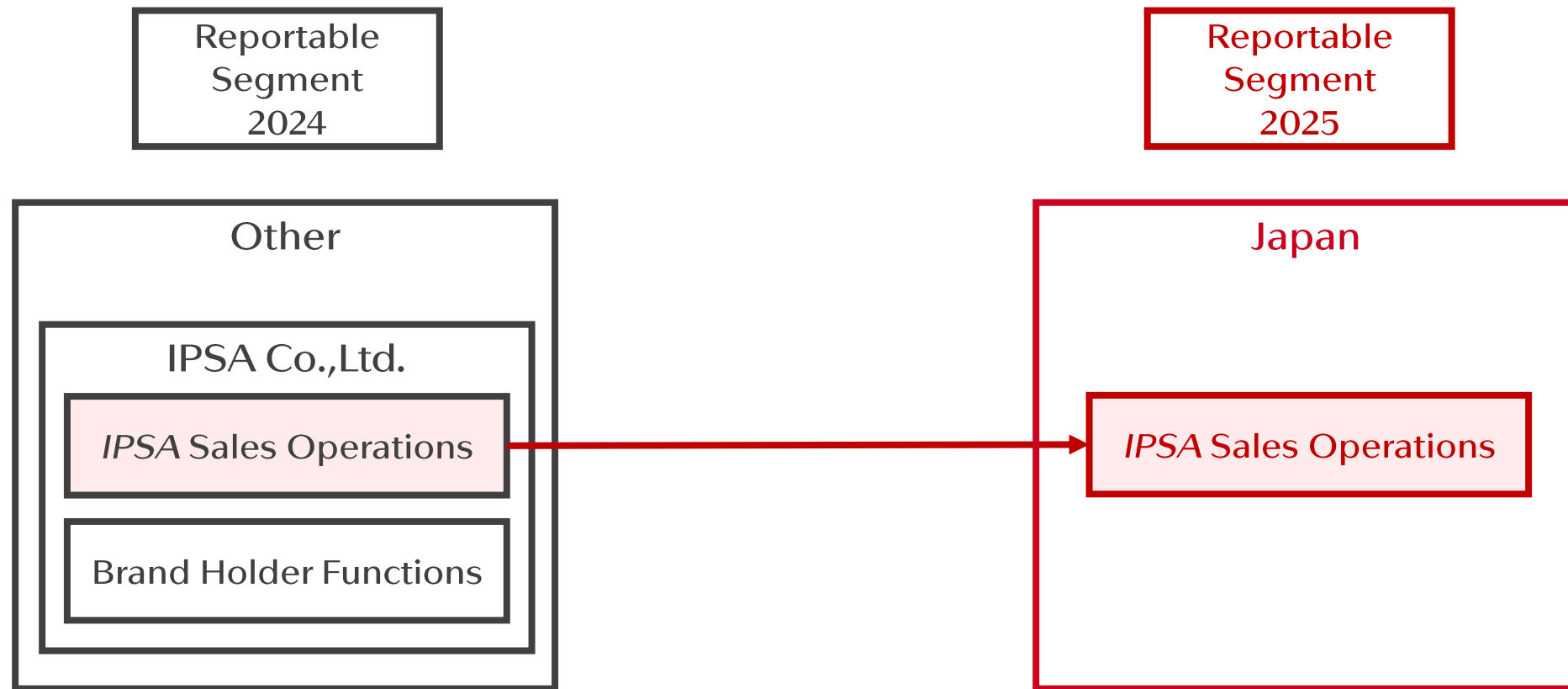
- **Overview: Divestiture of 3 brands – *bareMinerals, BUXOM and Laura Mercier***
  - In August 2021, the Company decided to divest three of its prestige makeup brands along with the assets related to their businesses to an affiliate of private equity firm Advent International (the “Buyer”)
  - The total purchase price of the Divested Business was 700 million US dollars, of which 350 million US dollars was paid in cash and the remaining 350 million US dollars was deferred to be paid in the form of a seller note\* with a maturity term of 7 years issued by an affiliate which operates the Divested Business
  - The seller note includes a clause that would subordinate payment of the amount due to the Company under the seller note to a certain return of capital for the Buyer if the Divested Business does not meet certain metrics based on the financial results in fiscal 2025
- **Background of Recognition of a Provision:**
  - We currently believe that it is likely that this subordination will apply at the end of fiscal 2025. After consulting with our independent auditor, we have determined that it would be appropriate to recognize a provision on the seller note
  - As a result, in 2024 we have recognized of a provision of 12.8 billion yen as finance costs
  - This recognition of provision has had no impact on cash flow in fiscal 2024 and we will continue to make every effort to collect the outstanding debt going forward

\* A type of debt financing wherein the seller lends the buyer a portion of the purchase price.

# Supplemental Data 16

## Change in Reportable Segment

Revising reportable segment classifications in line with the initiative aimed at creating synergies through collaboration between the domestic sales operation of *IPSA* and the Japan business



\* From the fiscal year 2025, the Company will revise part of its reportable segment classifications within the Group. Accordingly, the business results related to the operation of domestic cosmetics sales by *IPSA Co.,Ltd.*, which previously included in the Other segment will be included in the Japan Business

Brand holder functions: global marketing strategy development, product development, communication and creative development, brand management functions, etc.

SHISEIDO