

2020 Third Quarter Results (July – September) and Full-Year Outlook

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Chief Financial Officer
Shiseido Company, Limited

November 10, 2020

The Shiseido logo, featuring a stylized white 'S' symbol followed by the word 'HISEIDO' in a white serif font, set against a dark red background.

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.

2020 Q3 Key Headlines

Significant Recovery from Q2

Challenging COVID-19 Environment

- Improved momentum in all regions except Japan
Sales grew through strategic investments in China and Travel Retail Asia
- Focus on skin beauty brands contributed to growth
Skincare share of total^{*1} +1.6 pts
Skincare sales grew globally, excluding Japan
- Strong growth in e-commerce
Bold shift of marketing investment to digital
- Relentless group-wide cost management
- Solid progress with global transformation initiatives

*1. Excluding Japan inbound

2020 Q3 (July-September) Executive Summary

(Billion yen)	2019		2020		YoY Change	YoY Change %	YoY Change FX- Neutral %	Like-for- Like % ^{*2}
		% of Net Sales		% of Net Sales				
Net Sales	282.0	100%	235.9	100%	-46.1	-16.4%	-16.4%	-18.4%
Operating Profit	34.3	12.2%	12.3	5.2%	-22.0	-64.1%		
Ordinary Profit	32.8	11.6%	11.9	5.1%	-20.8	-63.6%		
Net Profit ^{*1}	20.0	7.1%	7.7	3.3%	-12.3	-61.5%		
EBITDA ^{*3}	44.0	15.6%	29.6	15.5%	-14.3	-32.6%		

Net Sales:

- Skincare share of total^{*4} +1.6 pts from strategic focus on skin beauty brands
- Continued growth in e-commerce +over 30%, partially covered the decline in offline sales
- Japan weak due to second wave of COVID-19 and cycling of consumption tax hike in 2019

Operating Profit:

- Recovered 55% of gross profit decline through cost management
- Cost-of-sales ratio deteriorated mainly due to inventory provisions (Japan: ¥5.2 Bn)
- Some marketing costs and promotions shifted to Q4 or canceled

EBITDA:

- EBITDA margin maintained at 2019 level (15.5%)

*1. Net Profit Attributable to Owners of Parent

*2. Like-for-like excluding the impacts of (1) the adoption of the new revenue recognition standard, ASC 606 in the Americas, (2) timing shift of sell-in related to the implementation of a new ERP system in the Americas in 2019 and (3) the acquisition of *Drunk Elephant*, etc.

*3. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

*4. Excluding Japan inbound

Focus on Skin Beauty Brands Contributed to Growth

● *Drunk Elephant*

- Unique marketing strategies, e-commerce driving growth (ratio: over 65%; +mid-40%)
- High brand loyalty
- Global expansion:
 - Strong growth in Australia, UK and Asia
 - Successful launch in Germany (Sep.)
 - Accelerate geographic roll-out in 2021 onward



● *SHISEIDO, Clé de Peau Beauté*

- **Mainland China:** increased shares both online and offline
- **Travel Retail:** accelerated expansion in Hainan Island, robust e-commerce
- **EMEA:**
 - *SHISEIDO*: invested strategically, improved brand awareness, and increased market share
 - *Clé de Peau Beauté*: stores opened in Italy and Spain



Global Digital Transformation

DIGITAL ACCELERATION ACROSS SHISEIDO

E-COMMERCE

- 2020 Q3
Global e-commerce ratio:
20%, +over 30%
Prestige e-commerce*1
ratio: 23%, +over 40%
- E-commerce platforms for
prestige brands
+15 in 2020, total: 89



CONSUMER MARKETING

- Continued investment in
consumer engagement
and data platforms
- Q3 2020 YoY global
prestige database
growth*2 +25%
- Livestream commerce,
online counseling:
further expansion across
regions and brands

BC VIDEO CONSULTATION



Virtual Beauty Advisor Consultations

We're pleased to offer complimentary
consultation services in exclusive
one-on-one video appointments
with a beauty advisor.

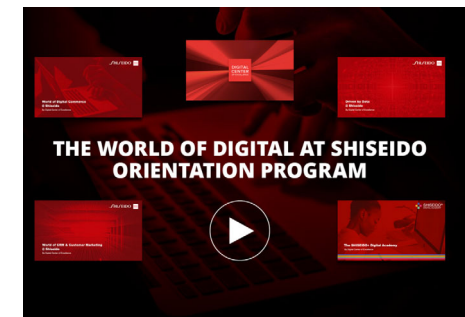
BOOK NOW

SHISEIDO
GINZA TOKYO

DIGITAL WORKFORCE



- Enrollment into Shiseido
Digital Academy: 7,400
- Over 100,000 views of
digital education webinars



*1. Prestige only (including Fragrance), regions include Japan, China, Asia Pacific, Americas and EMEA. Includes brand.com, retailer.com, and pure players; excludes TR.

*2. Q3 2020 data as of Sep 30, 2020. Q3 2019 data as of Oct 13, 2019

Q3 Net Sales: Recovery Momentum in All Regions, Although Slow in Japan

Like-for-like breakdown of change in Net Sales by reportable segment

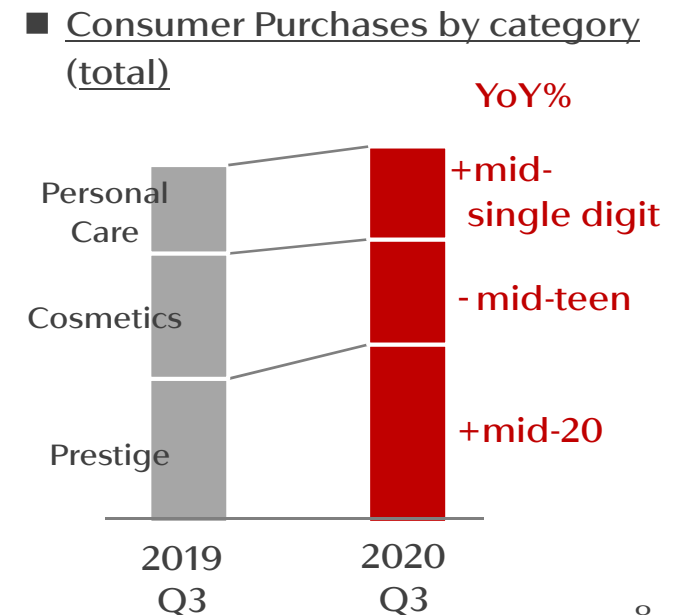
			vs. 2019			vs. 2018
	Q1		Q2		Q3	Q3
Japan	-21.0%	↘	-42.2%	↗	-32.9%	-27.2%
China	-12.0%	↗	+5.8%	↗	+7.9%	(Excluding tax hike impact)
Asia Pacific	-19.2%	↘	-34.8%	↗	-2.3%	
Americas	-21.7%	↘	-65.6%	↗	-17.4%	
(incl. Drunk Elephant)	-9.4%	↘	-53.6%	↗	-6.0%	
EMEA	-14.9%	↘	-34.7%	↗	-11.9%	
Travel Retail	-1.6%	↘	-30.4%	↗	-19.5%	
Total	-16.4%	↘	-32.6%	↗	-18.4%	

China: Continued Growth of Prestige and E-Commerce

- Market:
 - Prestige: largest contributor to overall recovery
 - E-commerce: continued expansion
 - Consumers increasingly event-driven
 - Hong Kong: third wave of COVID-19
- Shiseido Consumer Purchases: **total +5%***
 - **Mainland China: +8%**
 - Prestige brands: **+over 35%, gained market share**
 - E-commerce sales ratio: **over 30%; +15%**
Prestige: **+45%**; *SHISEIDO* and *Clé de Peau Beauté* remained strong
 - **Hong Kong:**
 - Cross-border e-commerce: **+over 60%**



Tmall promotion



*1. Excluding Hong Kong cross-border e-commerce

Travel Retail: China, South Korea Downtown DFS and Online Strong Despite Global Travel Stagnation

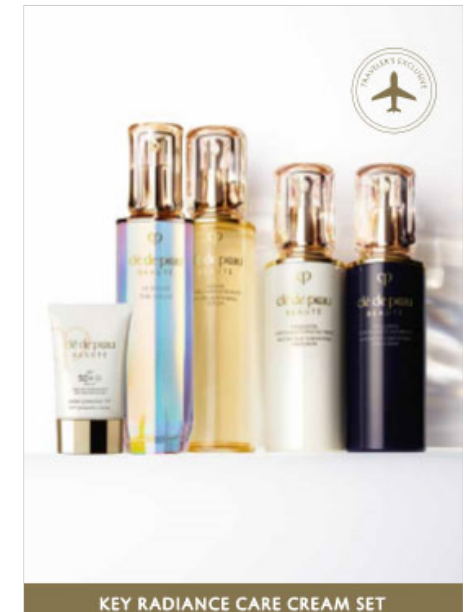
- Market:

- Growth in Chinese travelers to Hainan Island; trends accelerated with increased duty-free allowance since July
- Japan: no signs of traffic comeback
- Europe/US: limited traffic and operations

- Shiseido Consumer Purchases:

Asia: +over 50% (Global: +mid-single-digit %)

- Strong demand in Hainan Island, South Korea downtown DFS and e-commerce contributed
- *Clé de Peau Beauté* and *IPSA* : solid



Clé de Peau Beauté
Duty-Free Exclusive Set

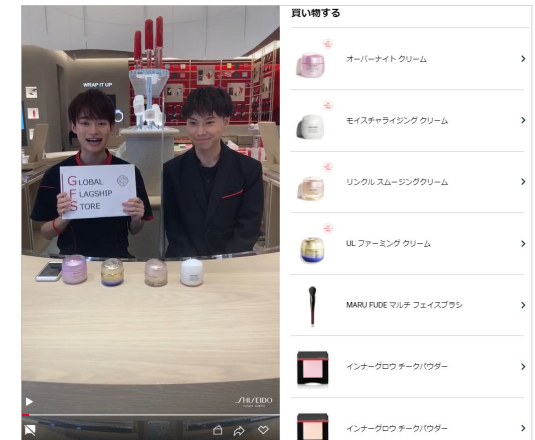


SHISEIDO pop-up store (Hainan Island)

Japan: Continued Double-Digit Growth in E-Commerce Amid Slow Market Recovery

● Market:

- Local consumer traffic: slowed due to second wave of COVID-19
- Inbound traffic: challenges from restrictions remained
- Affected by cycling of consumption tax hike in 2019



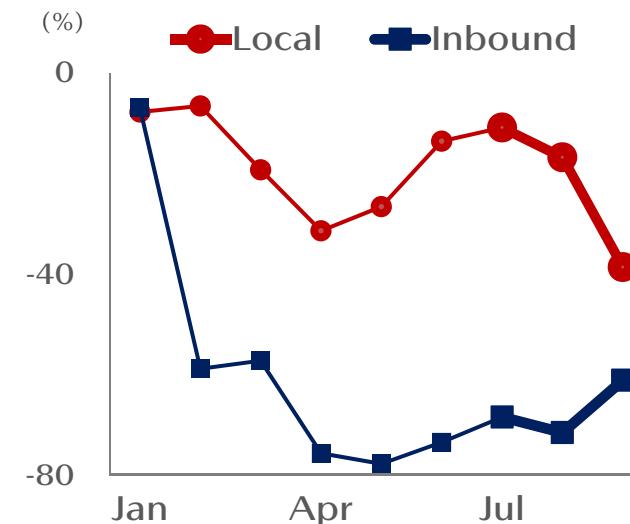
Livestreaming from
SHISEIDO FLAGSHIP STORE

● Shiseido Consumer Purchases: - low 30%

- Local: - mid-20%
 - Second wave and tax hike
 - E-commerce: +13%; active livestreaming
 - Cleanser and makeup remover showed signs of gaining momentum
- Inbound: - over 60%



■ Japan Business: Consumer Purchases YoY

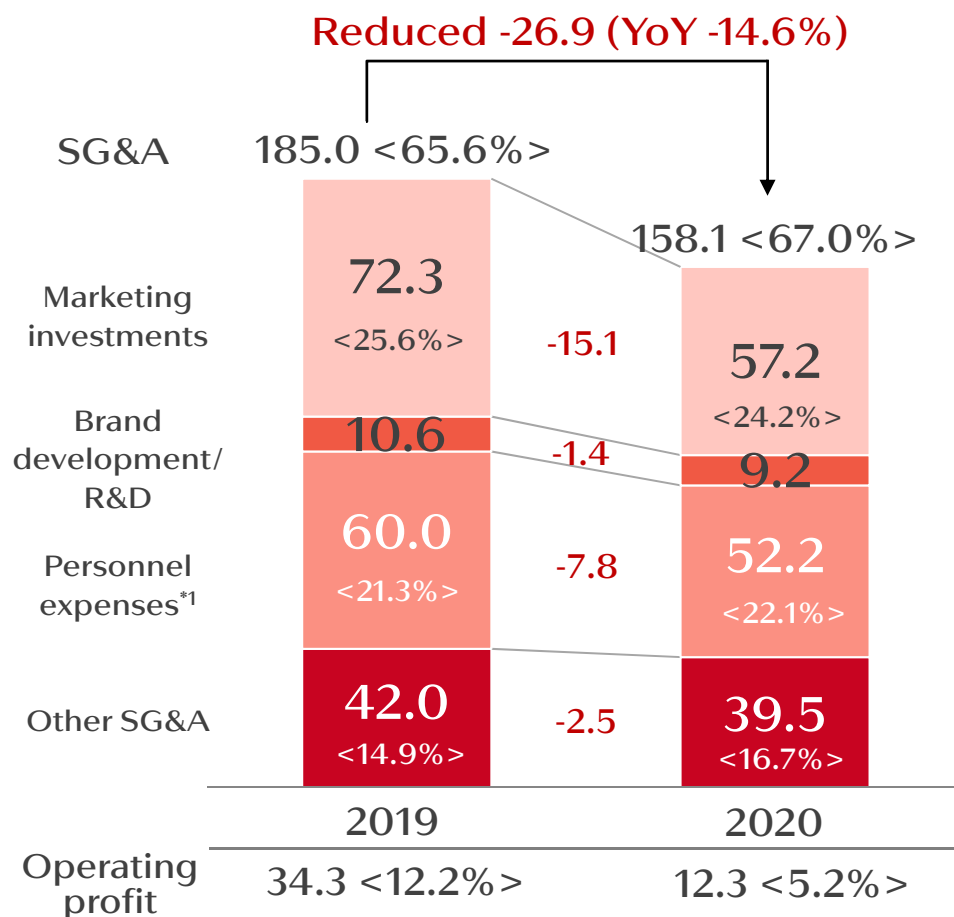


Cost Management in Q3

(Billion yen)
< % of net sales >

	2019	2020	vs. LY	YoY Change
Net Sales	282.0	235.9	-46.1	-16.4%
COGs	62.6	65.5	+2.8	+4.5%
Gross Profit	219.3	170.4	-48.9	-22.3%

Gross profit recovery rate^{*2}
Q3: 55%
Q2: 42%^{*4}, Q1: 19%



- COGs (YoY +4.5%)
 - Increased inventory write-off provision (Japan ¥5.2 Bn)
 - Lower productivity due to decreased production
- Marketing investments (-20.9%)
 - Some costs and promotions shifted to Q4 or canceled
 - Focused more investment on digital in China, enhanced digital engagement
- Personnel expenses (-13.0%)
 - Reduced performance-linked remuneration
- Other SG&A (-6.0%)
 - Further revised non-essential costs
 - Amortization of *Drunk Elephant* goodwill, etc.

*1. Including POS personnel expenses *2. Amount of SG&A reduction vs. LY / amount of decline in gross profit vs. LY

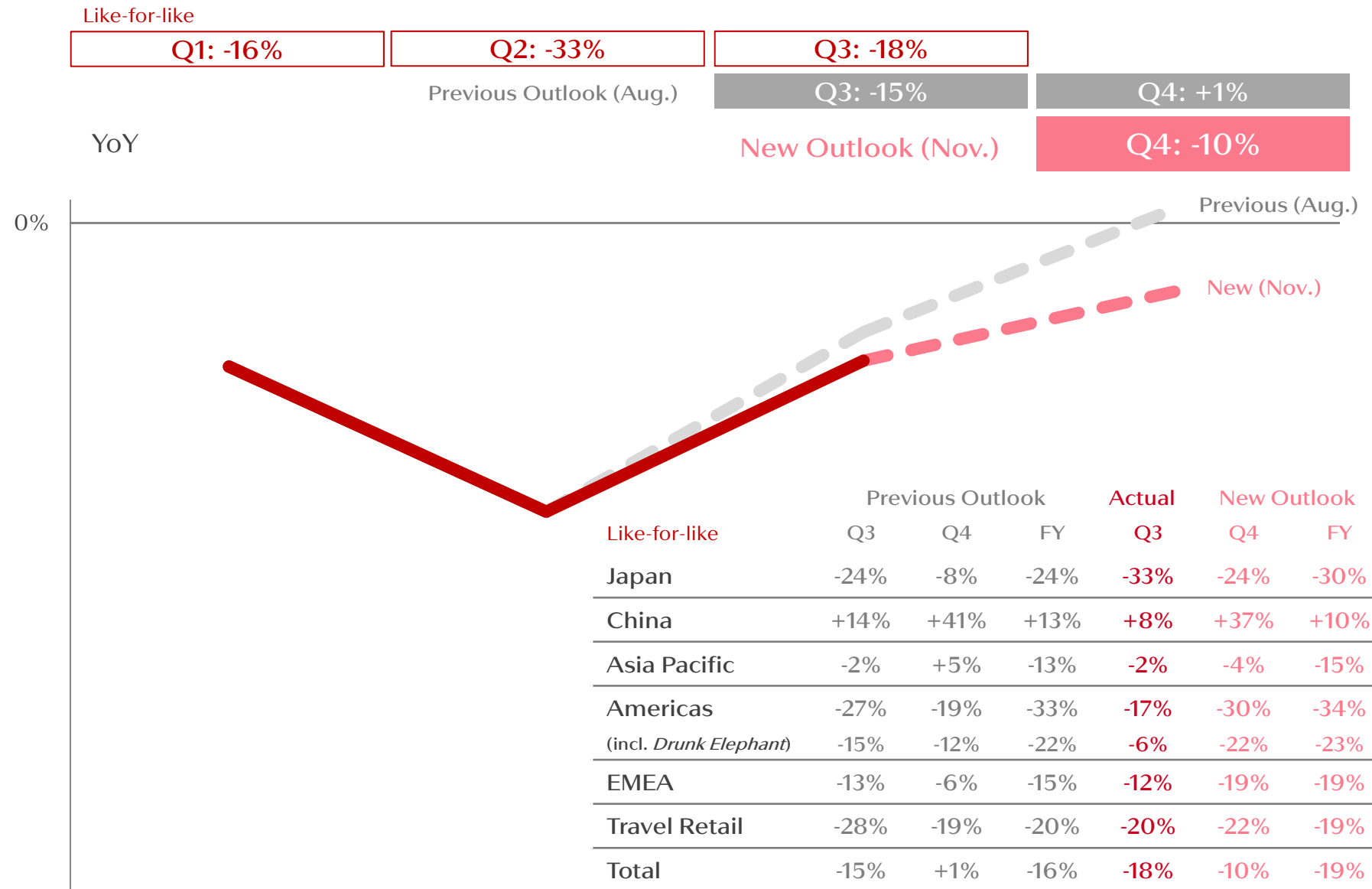
*3. From 2020, the Company has reclassified some of its costs, e.g. a part of media costs are reclassified from brand development investments to marketing investments. Results for the previous year have been restated accordingly. *4. Excluding the impact of reclassification to extraordinary loss on COVID-19, etc.

COVID-19-Related Market Assumptions

Further Outbreak Uncertainties Remain

	2H Assumptions Disclosed in Q2	Q3 Reality / 2H Outlook
Japan	<ul style="list-style-type: none"> • Local: Stores open • Inbound: No recovery for inbound travelers, especially from China 	<ul style="list-style-type: none"> • August: <u>Second wave</u> of COVID-19 • Local consumer <u>traffic slower than expected</u>
China	<ul style="list-style-type: none"> • Full recovery; e-commerce sales to accelerate further from online events such as W11 	<ul style="list-style-type: none"> • As expected / Unchanged • <u>Fiercely competitive environment</u> • <u>Third wave</u> of COVID-19 in Hong Kong
Asia Pacific	<ul style="list-style-type: none"> • Most stores to resume operations albeit with shorter hours 	<ul style="list-style-type: none"> • <u>Deceleration in some markets</u> due to renewed lockdowns, etc.
Americas	<ul style="list-style-type: none"> • Most stores to resume operations albeit with shorter hours • Factory to operate at approx. 80% of regular capacity • E-commerce to expand further 	<ul style="list-style-type: none"> • Mostly as expected • <u>Significantly higher level</u> of COVID-19 infection • <u>Continuous challenges in offline</u>
EMEA	<ul style="list-style-type: none"> • Most stores to resume operations albeit with shorter hours • Production and logistics to operate as normal 	<ul style="list-style-type: none"> • <u>Renewed lockdowns and increased restrictions</u> in some countries and areas
Travel Retail	<ul style="list-style-type: none"> • Number of international flights drastically reduced; drop in Chinese travelers not to recover • Significant growth of tax-free sales on Hainan Island, etc. (increased duty-free allowance) 	<ul style="list-style-type: none"> • As expected / Unchanged • <u>Fiercely competitive environment</u>

Sales Trends: Updated Outlook



Latest 2020 Full-Year Outlook

(Billion yen)	2019	New 2020 Outlook		YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-Like % ^{*2}	Previous 2020 Outlook (Aug.)	Change from Previous Outlook
			% of Net Sales						
Net Sales	1,131.5	915.0	100%	-216.5	-19.1%	-18%	-19%	953.0	-38.0
Operating Profit	113.8	-10.0	-1.1%	-123.8	-			0	-10.0
Ordinary Profit	108.7	-15.0	-1.6%	-123.7	-			-6.5	-8.5
Extraordinary Income (Loss)	-1.4	-12.0	-	-10.6	-			-9.2	-2.8
Net Profit ^{*1}	73.6	-30.0	-3.3%	-103.6	-			-22.0	-8.0
EBITDA	169.3	48.0	5.2%	-121.3	-71.7%			58.0	-10.0
Dividend ^{*3}	60	40	-	-20	-33.3%			40	-

Exchange rates for 2020: USD 1 = JPY 107.1 (-1.8%), EUR 1 = JPY 121.9 (-0.1%), CNY 1 = JPY 15.4 (-2.2%)

*1. Net Profit Attributable to Owners of Parent

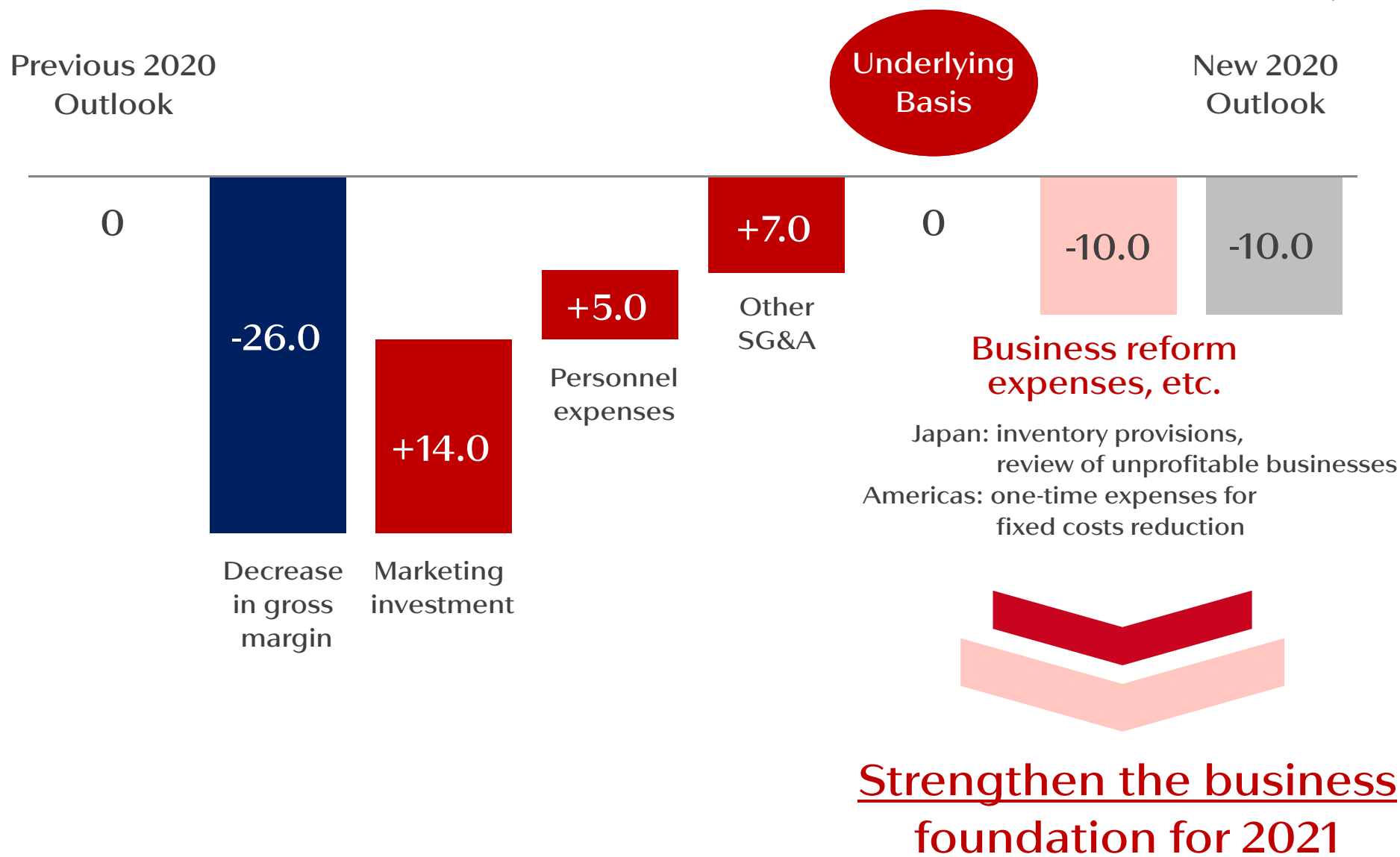
*2. Like-for-like excluding the impacts of the acquisitions of *Drunk Elephant*, etc.

*3. Yen per share

Change of Operating Profit Outlook

Previous Outlook Maintained on Underlying Basis

(Billion yen)



Extraordinary Income and Losses: Full-Year Outlook

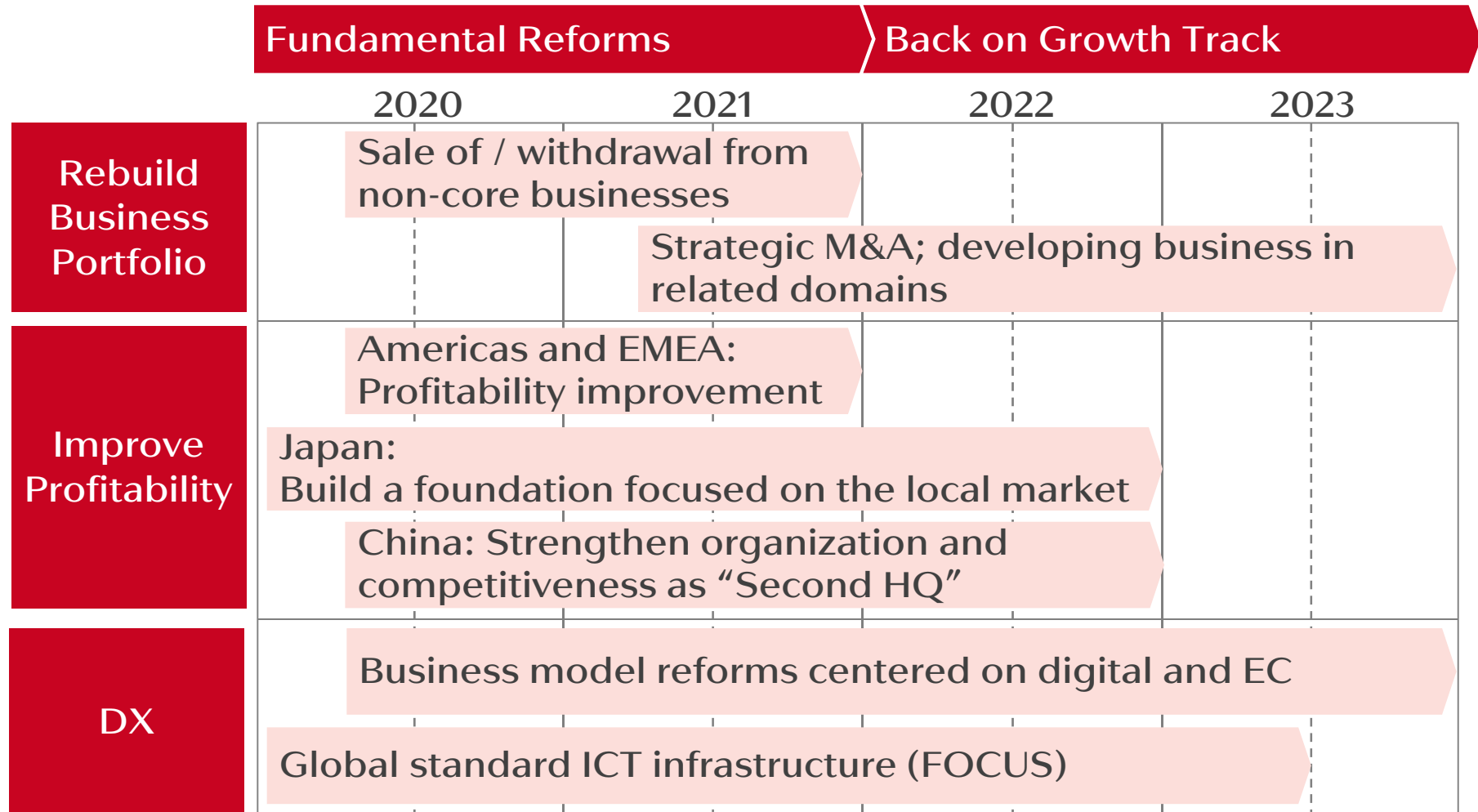
- Extraordinary Losses: -¥27.5 Bn

- COVID-19-related extraordinary losses: -¥18.0 Bn
- Americas: Organizational reform to accelerate digital transformation: -¥4.0 Bn
- Loss on disposal of property, plant and equipment, etc. : -¥5.5 Bn

- Extraordinary Income: ¥15.5 Bn

- Gain on sale of property, plant and equipment: ¥10.0 Bn
- COVID-19-related subsidies, etc. : ¥5.5 Bn

WIN 2023: Solid Progress on Group Transformation Roadmap

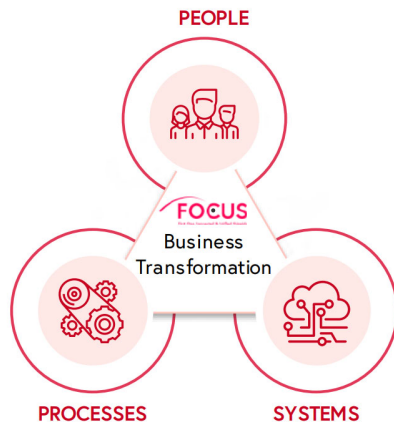
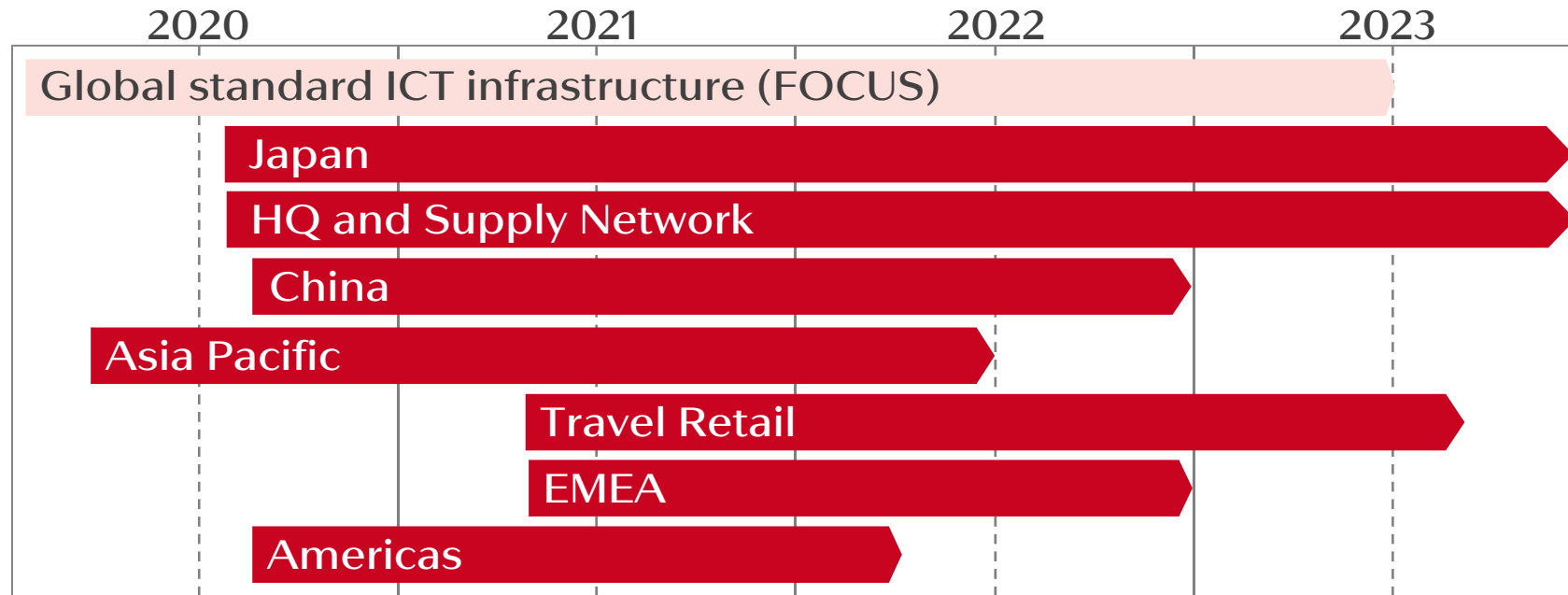


Nov. 2020

The chart above is the same as the roadmap presented in Q2

Investing Behind System Capabilities Including Inventory Management

Target to complete FOCUS global deployment by 2023



FOCUS is a global business transformation program leveraging people, processes and systems

As part of the FOCUS medium-to-long-term plans, we will standardize our systems and data, while optimizing processes globally.

* FOCUS: First One Connected and Unified Shiseido

Be a Global Winner with Our Heritage

WIN the Crisis through Transformation: Towards 2023



Supplemental Data 1

Summary of Q3 YTD Results

(Billion yen)	2019		2020		YoY Change	YoY Change %	YoY Change FX- Neutral%	Like-for-Like %
		% of Net Sales		% of Net Sales				
Net Sales	846.6	100%	653.7	100%	-193.0	-22.8%	-21.8%	-22.5%
Cost of Sales	178.2	21.1%	166.3	25.4%	-11.9	-6.7%		
Gross Profit	668.4	78.9%	487.3	74.6%	-181.0	-27.1%		
SG&A	565.1	66.7%	478.4	73.2%	-86.6	-15.3%		
Operating Profit	103.3	12.2%	8.9	1.4%	-94.4	-91.4%		
Non-operating Income (Expenses)	-2.6	-0.3%	-3.3	-0.5%	-0.7	-		
Extraordinary Income (Loss)	-0.2	-0.0%	-16.1	-2.5%	-15.9	-		
Tax Expenses	25.3	3.0%	1.9	0.3%	-23.4	-92.5%		
Net Profit* ¹	72.5	8.6%	-13.7	-2.1%	-86.1	-		
EBITDA* ²	144.8	17.1%	43.4	6.6%	-101.4	-70.0%		

Exchange rates: USD 1 = JPY 107.5 (YoY change: -1.5%), EUR 1 = JPY 120.8 (-1.5%), CNY 1 = JPY 15.4 (-3.2%)

*1. Net Profit Attributable to Owners of Parent

*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

Supplemental Data 2

Summary of Q3 Results

(Billion yen)	2019		2020		YoY Change	YoY Change %	YoY Change FX- Neutral%	Like-for-Like %
		% of Net Sales		% of Net Sales				
Net Sales	282.0	100%	235.9	100%	-46.1	-16.4%	-16.4%	-18.4%
Cost of Sales	62.6	22.2%	65.5	27.8%	+2.8	+4.5%		
Gross Profit	219.3	77.8%	170.4	72.2%	-48.9	-22.3%		
SG&A	185.0	65.6%	158.1	67.0%	-26.9	-14.6%		
Operating Profit	34.3	12.2%	12.3	5.2%	-22.0	-64.1%		
Non-operating Income (Expenses)	-1.6	-0.6%	-0.4	-0.1%	+1.2	-		
Extraordinary Income (Loss)	1.0	0.4%	-0.0	-0.1%	-1.0	-		
Tax Expenses	13.0	4.6%	3.1	1.3%	-9.9	-76.4%		
Net Profit*1	20.0	7.1%	7.7	3.3%	-12.3	-61.5%		
EBITDA*2	44.0	15.6%	29.6	15.5%	-14.3	-32.6%		

Exchange rates: USD 1 = JPY 106.1 (YoY change: -1.1%), EUR 1 = JPY 124.1 (+4.0%), CNY 1 = JPY 15.3 (+0.3%)

*1. Net Profit Attributable to Owners of Parent

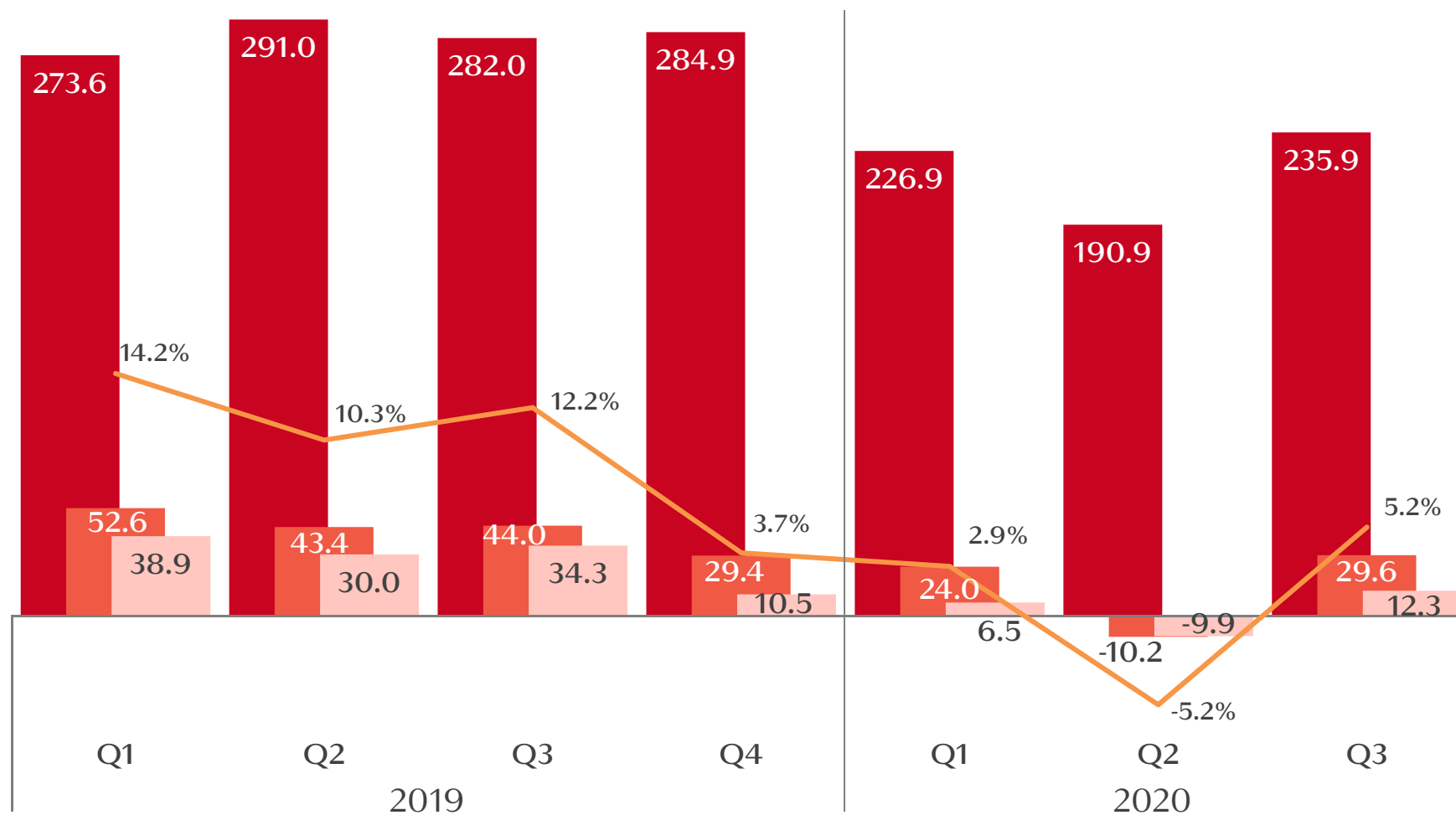
*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

Supplemental Data 3

KPI Trends

Net Sales EBITDA Operating Profit Operating Profit Margin

(Billion yen, %)



Supplemental Data 4

Q3 YTD Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2019			2020			YoY Change	YoY Change %	YoY Change FX- Neutral %	Like-for- Like %
		% of Net Sales OPM %	OPM % excl. amortization of goodwill etc.		% of Net Sales OPM %	OPM % excl. amortization of goodwill etc.				
Japan	335.0 66.4	39.6% 18.7%	- 18.8%	226.8 3.6	34.7% 1.5%	- 1.6%	-108.2 -62.8	-32.3% -94.5%	-32.3% -	-32.2% -
China	158.5 23.9	18.7% 15.0%	- 15.2%	155.0 11.4	23.7% 7.3%	- 7.7%	-3.5 -12.6	-2.2% -52.5%	+0.6% -	+0.6% -
Asia Pacific	53.7 5.5	6.3% 9.9%	- 10.0%	43.3 2.1	6.6% 4.8%	- 5.5%	-10.4 -3.3	-19.3% -60.9%	-18.7% -	-18.7% -
Americas	92.5 -8.5	10.9% -6.9%	- -3.7%	65.8 -19.8	10.1% -23.9%	- -19.1%	-26.6 -11.3	-28.8% -	-27.5% -	-35.2% -
EMEA	76.2 -3.4	9.0% -4.1%	- -2.6%	60.2 -8.5	9.2% -12.7%	- -10.2%	-15.9 -5.1	-20.9% -	-19.7% -	-19.8% -
Travel Retail	93.6 24.8	11.1% 26.5%	- 26.5%	75.6 12.0	11.6% 15.8%	- 16.5%	-18.1 -12.8	-19.3% -51.7%	-18.1% -	-18.1% -
Professional	11.0 0.4	1.3% 3.8%	- 3.8%	9.0 0.3	1.4% 2.8%	- 2.8%	-1.9 -0.2	-17.7% -38.0%	-16.5% -	-16.5% -
Other	26.1 -3.1	3.1% -2.3%	- -2.3%	17.9 12.7	2.7% 9.5%	- 9.7%	-8.3 +15.7	-31.6% -	-31.6% -	-31.6% -
Subtotal	846.6 106.1	100% 10.5%	- 11.0%	653.7 13.8	100% 1.7%	- 2.6%	-193.0 -92.3	-22.8% -87.0%	-21.8% -	-22.5% -
Adjustment	- -2.8	- -	- -	- -4.9	- -	- -	- -2.1	- -	- -	- -
Total	846.6 103.3	100% 12.2%	- 12.9%	653.7 8.9	100% 1.4%	- 2.5%	-193.0 -94.4	-22.8% -91.4%	-21.8% -	-22.5% -

*1. OPM is calculated using net sales including intersegment sales.

*2. See Supplemental Data 11 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

Supplemental Data 5

Q3 Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2019			2020			YoY Change	YoY Change %	YoY Change FX- Neutral %	Like-for- Like %
		% of Net Sales OPM %	OPM % excl. amortization of goodwill etc.		% of Net Sales OPM %	OPM % excl. amortization of goodwill etc.				
Japan	113.9 24.6	40.4% 20.4%	- 20.4%	76.3 -1.6	32.3% -1.9%	- -1.9%	-37.6 -26.2	-33.0% -	-33.0% -	-32.9% -
China	50.8 5.9	18.0% 11.6%	- 11.7%	55.0 3.7	23.3% 6.7%	- 7.1%	+4.2 -2.2	+8.2% -37.5%	+7.9% -	+7.9% -
Asia Pacific	17.4 2.3	6.2% 12.9%	- 13.0%	17.1 2.8	7.3% 15.7%	- 16.3%	-0.3 +0.5	-1.6% +20.0%	-2.3% -	-2.3% -
Americas	29.1 -5.2	10.3% -14.6%	- -11.0%	29.1 -1.1	12.3% -3.2%	- -0.0%	+0.1 +4.1	+0.2% -	+1.8% -	-17.4% -
EMEA	28.0 1.6	9.9% 5.0%	- 6.3%	25.3 1.4	10.7% 4.9%	- 7.0%	-2.7 -0.2	-9.6% -13.1%	-11.6% -	-11.9% -
Travel Retail	29.9 7.7	10.6% 25.9%	- 25.9%	23.9 4.5	10.1% 18.7%	- 19.4%	-6.0 -3.3	-20.0% -42.1%	-19.5% -	-19.5% -
Professional	3.7 0.2	1.3% 5.2%	- 5.2%	3.4 0.3	1.5% 7.1%	- 7.1%	-0.3 +0.0	-9.3% +24.2%	-9.0% -	-9.0% -
Other	9.2 -1.9	3.3% -4.3%	- -4.3%	5.8 3.3	2.5% 7.4%	- 7.7%	-3.5 +5.1	-37.7% -	-37.7% -	-37.7% -
Subtotal	282.0 35.2	100% 10.5%	- 11.1%	235.9 13.1	100% 4.5%	- 5.3%	-46.1 -22.1	-16.4% -62.8%	-16.4% -	-18.4% -
Adjustment	- -0.9	- -	- -	- -0.7	- -	- -	- +0.1	- -	- -	- -
Total	282.0 34.3	100% 12.2%	- 12.8%	235.9 12.3	100% 5.2%	- 6.2%	-46.1 -22.0	-16.4% -64.1%	-16.4% -	-18.4% -

*1. OPM is calculated using net sales including intersegment sales.

*2. See Supplemental Data 11 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

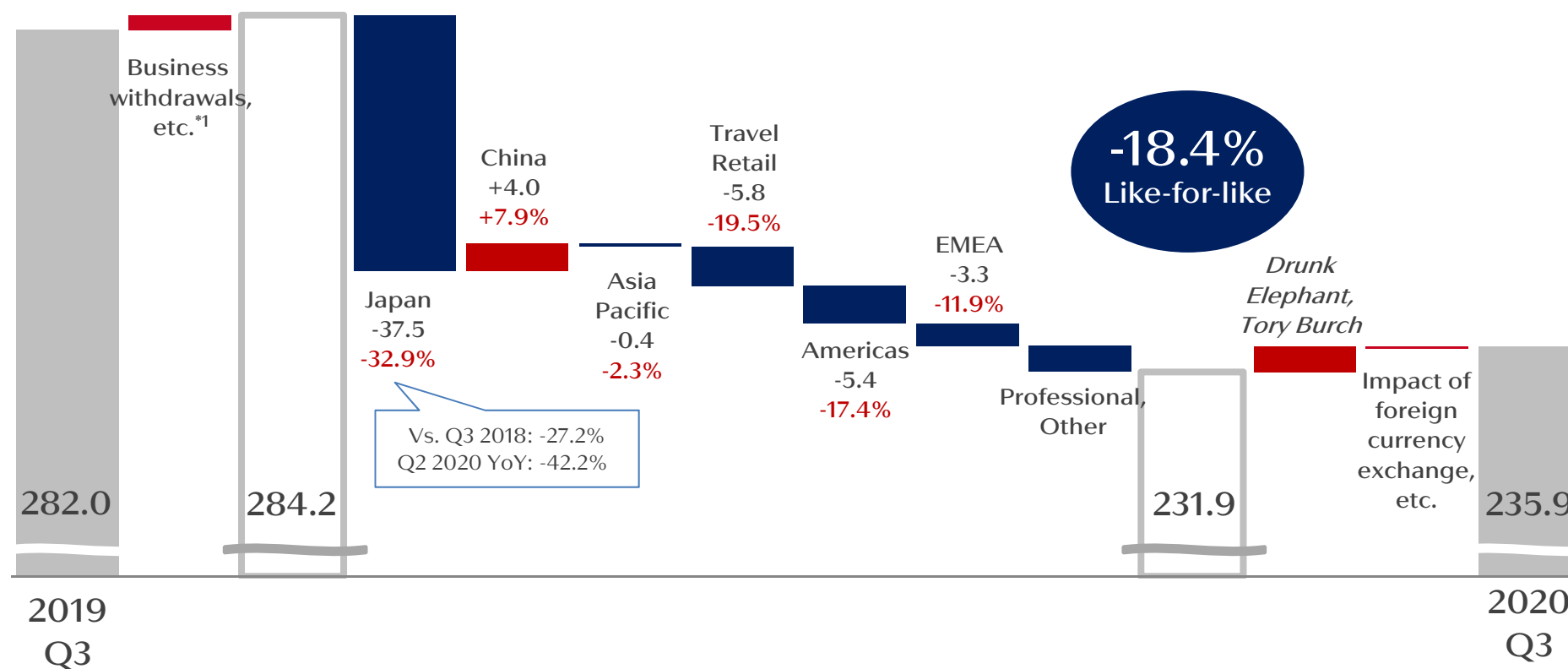
Supplemental Data 6

Q3 Change in Net Sales by Reportable Segment

Top: YoY change

Bottom: Like-for-like

(Billion yen)

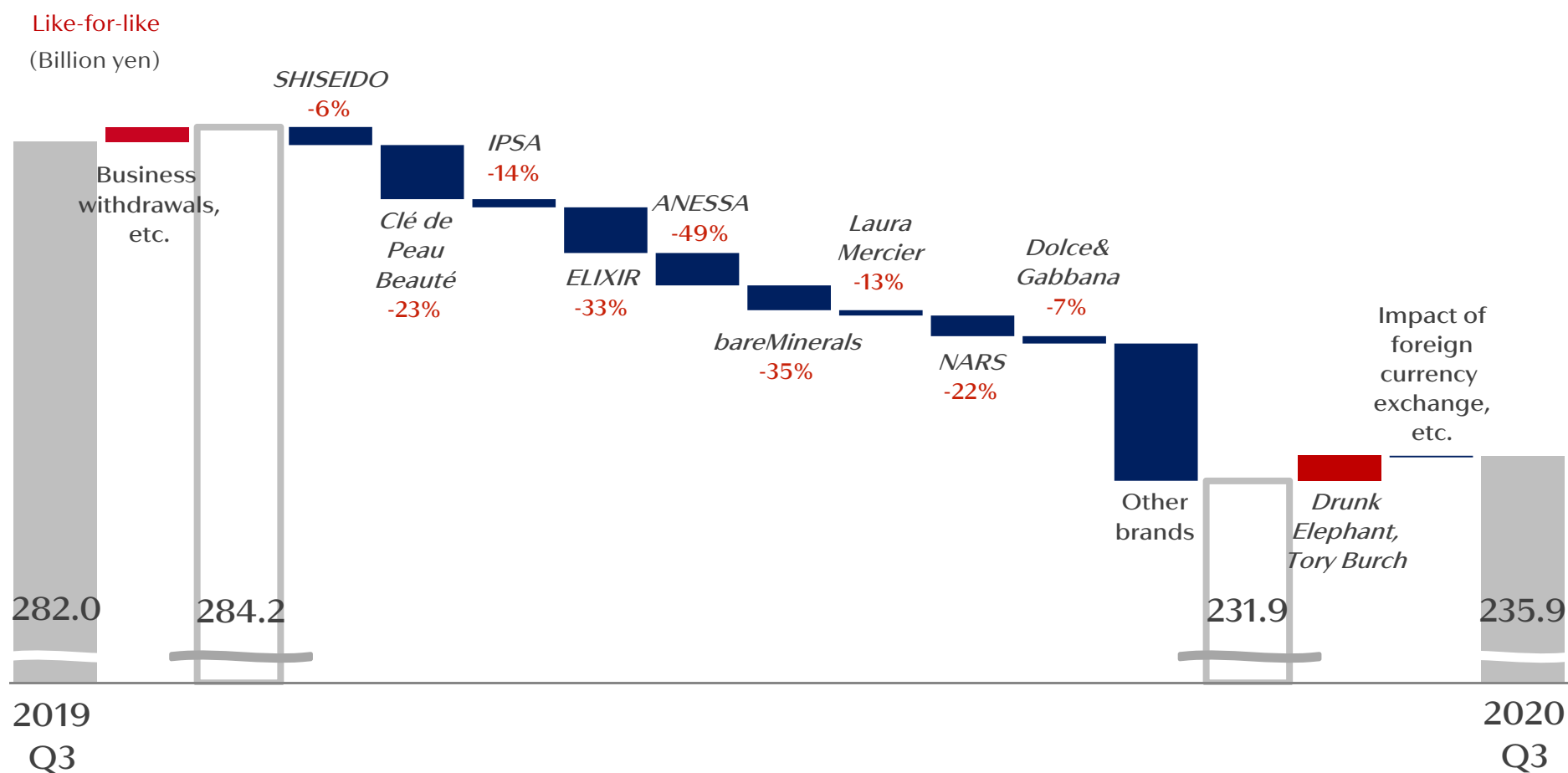


*1. Includes the impacts of (1) business withdrawals (dermatologic agent brands FERZEA and Encron in Japan in 2019, etc.), (2) the adoption of the new revenue recognition standard, ASC 606 in the Americas, and (3) timing shift of sell-in related to the implementation of a new ERP system in the Americas in 2019.

*2. YoY change in local currency for each business is calculated based on the actual exchange rates.

Supplemental Data 7

Q3 Change in Net Sales by Brand



*1. YoY change (%) for each brand is calculated based on initial exchange rate assumptions. Excluding the adoption of the new revenue recognition standard, ASC 606 in the Americas

Supplemental Data 8

Q3 YTD Sales in Japan and China by Category

Japan (Billion yen)	2019		2020		YoY Change	YoY Change %
		% of Net Sales		% of Net Sales		
Prestige	89.1	26.6%	48.9	21.6%	-40.3	-45.2%
Premium	183.3	54.7%	123.3	54.3%	-60.0	-32.8%
Lifestyle	43.1	12.9%	36.8	16.2%	-6.4	-14.8%
Others	19.5	5.8%	17.9	7.9%	-1.5	-7.9%
Japan Sales	335.0	100%	226.8	100%	-108.2	-32.3%

YoY change excluding the impact of business withdrawals in 2019 was -32.2%.

China (Billion yen)	2019		2020		YoY Change	YoY Change FX-Neutral %
		% of Net Sales		% of Net Sales		
Prestige	72.3	45.6%	76.2	49.2%	+3.9	+8.4%
Cosmetics	53.7	33.9%	41.2	26.6%	-12.4	-20.7%
Personal Care	30.9	19.5%	35.7	23.0%	+4.8	+18.5%
Others	1.6	1.0%	1.9	1.2%	+0.2	+15.6%
China Sales	158.5	100%	155.0	100%	-3.5	+0.6%

*1. Sub-segments within the Japan Business have been reclassified in line with the management structure change from 2020, and 2019 figures are restated accordingly. "Lifestyle" and "Premium" are equivalent to what was previously referred to as "Personal Care" and "Cosmetics," respectively. Healthcare Business and *ettusais*, etc., previously included in "Others," are now included in "Lifestyle," and Future Business, previously included in "Others," is now included in "Prestige."

*2. See Supplemental Data 11 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

Supplemental Data 9

Q3 YTD SG&A

		2020		YoY Change	YoY Change %	YoY Change FX-Neutral %
			% of Net Sales			
	(Billion yen)					
SG&A		478.4	73.2%	+6.5pts	-86.6	-15.3%
Marketing Investments ^{*1}		241.1	36.8%	+0.6pts	-66.7	-21.7%
Brand Development/ R&D Investments		27.8	4.3%	+0.5pts	-4.2	-13.1%
Personnel Expenses		88.7	13.6%	+2.2pts	-7.4	-7.7%
Other SG&A Expenses		120.8	18.5%	+3.2pts	-8.4	-6.5%

*1. Marketing Investments includes POS personnel expenses.

*2. From 2020, the Company reclassified costs, e.g. a part of media costs are reclassified from brand development investments to marketing investments. Results for the previous year have been restated accordingly.

Supplemental Data 10

FY 2020 Sales Outlook by Reportable Segment

(Billion yen)	2019 After Segment Changes	New 2020 Outlook	YoY Change %			Previous 2020 Outlook		2019 Before Segment Changes
				YoY Change FX- Neutral	Like-for- Like ^{*2}		Previous Change	
Total	1,131.5	915.0	-19%	-18%	-19%	953.0	-38.0	1,131.5
Japan	430.9	300.0	-30%	-30%	-30%	325.5	-25.5	451.6
China	216.2	233.0	+8%	+10%	+10%	238.0	-5.0	216.2
Asia Pacific	69.8	58.0	-17%	-15%	-15%	59.5	-1.5	69.8
Americas	123.0	94.0	-24%	-22%	-34%	94.0	0	124.3
EMEA	118.4	94.5	-20%	-19%	-19%	99.0	-4.5	118.4
Travel Retail	122.8	97.5	-21%	-19%	-19%	96.0	+1.5	102.2
Professional	14.7	12.0	-18%	-17%	-17%	12.5	-0.5	14.7
Other	35.7	26.0	-27%	-27%	-27%	28.5	-2.5	34.3

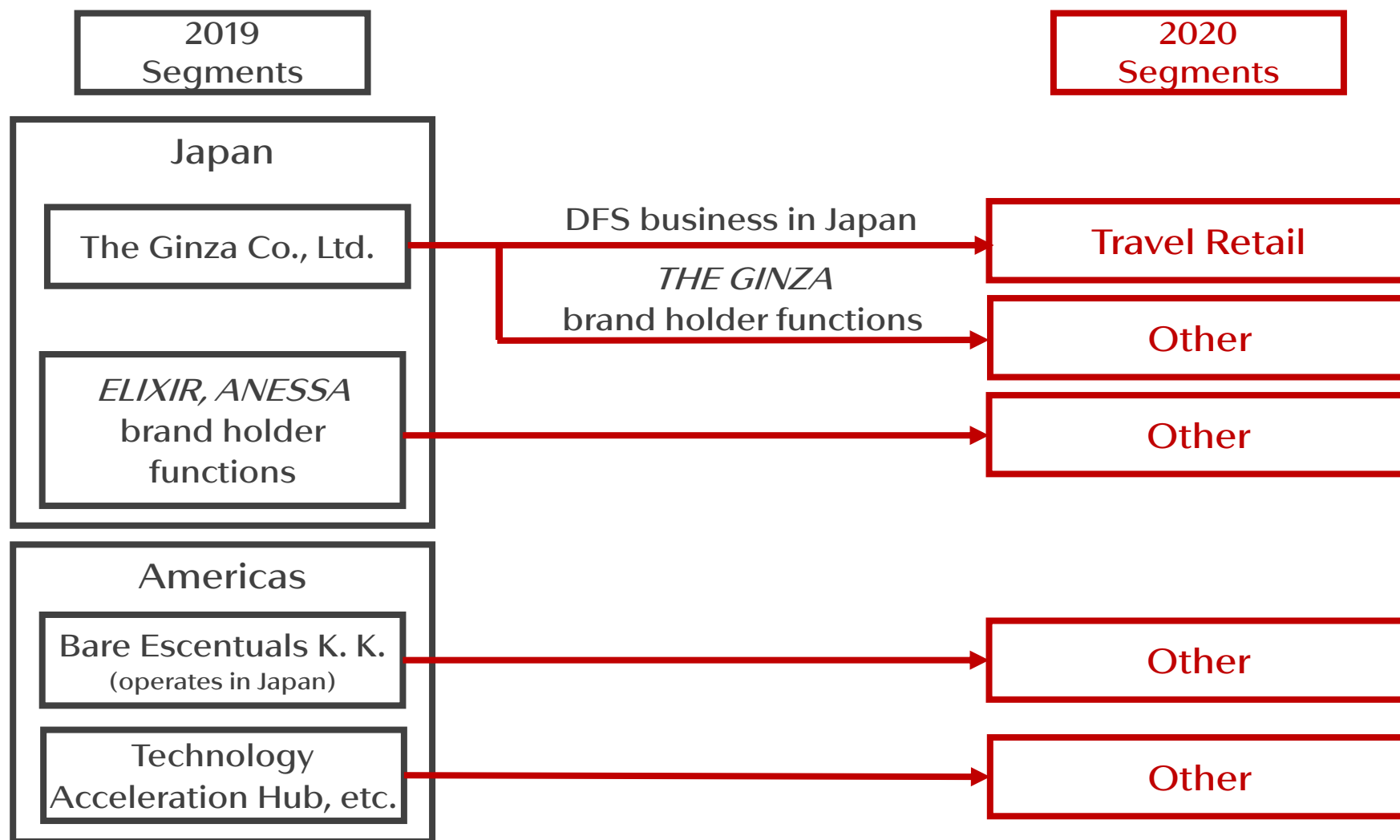
Average exchange rates for 2020: USD 1 = JPY 107.1 (-1.8%), EUR 1 = JPY 121.9 (-0.1%), CHY 1 = JPY 15.4 (-2.2%)

*1. See Supplemental Data 11 for details about changes in reportable segments.

*2. Excluding the impact of the acquisitions of *Drunk Elephant*

Supplemental Data 11

Change in Reportable Segments

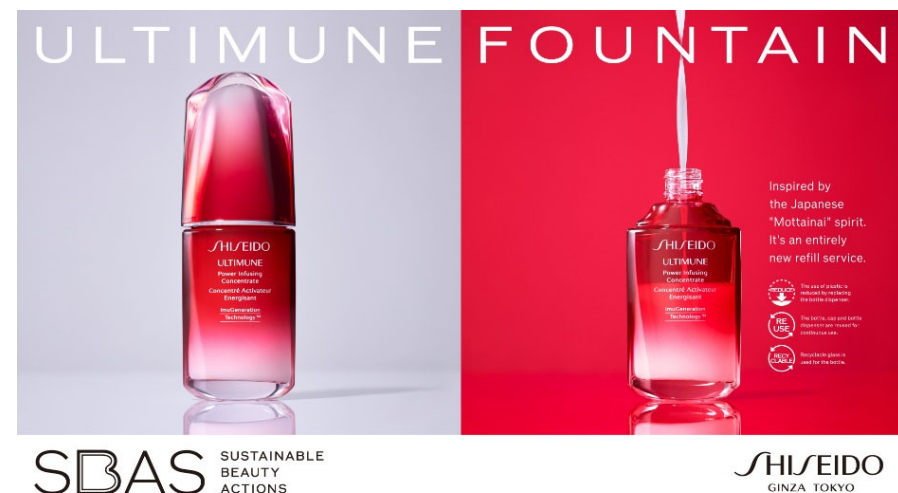


The Group has revised its reportable segment classifications from the fiscal year 2020. (1) The business results of the airport duty-free business in Japan of The Ginza Co., Ltd., which were previously included in the Japan Business, are now included in the Travel Retail Business, and the business results related to the brand holder functions of *THE GINZA*, the same subsidiary's brand, are now included in the Other segment. (2) The business results of Bare Escentuals K.K., which operates in Japan, and the business results and other costs associated with the Technology Acceleration Hub, previously included in the Americas Business, are now included in the Other segment. (3) Following the transfer of brand holder functions (global marketing strategy development, product development, communication and creative development, brand management functions, etc.) of the *ELIXIR* and *ANESSA* brands from Shiseido Japan Co., Ltd. to Shiseido Co., Ltd., the business results related to the brand holder functions of both brands, previously included in the Japan Business, are now included in the Other segment.

Supplemental Data 12

Brand *SHISEIDO* Launches Sustainable Beauty Actions, a Global Sustainability Initiative in Pursuit of a More Beautiful World

- *SHISEIDO* introduces a new refill service inspired by the “MOTTAINAI”^{*1} spirit
 - Stage One of the initiative includes launch of a new refill service for brand’s iconic serum *ULTIMUNE* at SHISEIDO GLOBAL FLAGSHIP STORE in Ginza, Tokyo from Nov. 19, 2020
 - *SHISEIDO*’s first refill service in Japan aimed at 100% sustainable packaging^{*2} by 2025



^{*1} “MOTTAINAI” expresses a sense of regret over waste and is a call for gratitude and respect. It is also a concept used by environmentalists to encourage people to reduce, reuse and recycle.

^{*2} Plastic containers and packaging; Shiseido Group commitment

SHISEIDO