

# 2021 First Half Results

## (January–June)

**Takayuki Yokota**

Director, Executive Officer

Chief Financial Officer

Shiseido Company, Limited

August 5, 2021

The Shiseido logo, featuring a stylized red 'S' followed by the word 'HISEIDO' in red capital letters. The entire logo is set against a background of two large, flowing red wavy lines that sweep across the bottom of the slide.

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.

# 2021 1H Key Headlines

- **Strong global footprint offset the weak momentum in Japan**  
(Net Sales ex-Japan YoY, FX-Neutral: +29%)
- **Build Back Better:**  
The COVID crisis as an opportunity to establish a resilient financial base  
Effective cost management, reduction of fixed costs  
(Operating Profit: ¥23.0 bn, +¥26.4 bn YoY)
- **Global transformation on track**
  - Spin-off of Personal Care business: Fine Today Shiseido (from July 1<sup>st</sup>)
  - Termination of *Dolce&Gabbana* global license (upon consultations with work councils in some regions)
  - Organizational reforms in EMEA
  - Withdrawal from the hyaluronic acid business
- **DX acceleration**
  - E-commerce (EC): +high 20% (ratio: 30%)
  - Shiseido Interactive Beauty (from July 1<sup>st</sup>), FOCUS
- **Cash management and higher ROIC**
  - Cash-in of +¥21.1 bn due to inventory reductions and sale of idle assets

# 2021 1H (January–June): Executive Summary

(Billion yen)	2020		2021 Existing businesses (A)			Transformation impacts (B)	2021 (A)+(B)			vs. 2019
	Results	% of Net Sales		YoY Change %	YoY Change FX-Neutral %		Results	% of Net Sales	YoY Change	
Net Sales	417.8	100%	507.7	+21.5%	+17.7%	—	507.7	100%	+21.5%	—10%
Operating Profit	−3.4	−0.8%	24.4	-		−1.4	23.0	4.5%	-	
Extraordinary Profit (Loss)	−16.1	−3.9%	−2.3	-		−42.3	−44.6	−8.8%	-	
Income Taxes	−1.2	−0.3%	1.6	-		−1.8	−0.2	−0.1%	-	
Net Profit <sup>*1</sup>	−21.4	−5.1%	24.6	-		−41.9	−17.3	−3.4%	-	
EBITDA <sup>*2</sup>	13.8	3.3%					38.9	7.7%	+182.5%	

## Net Sales:

- Overseas businesses grew substantially, driven by China, EMEA, and the Americas, offsetting weak momentum from restrictions in some regions, incl. Japan (Net Sales ex-Japan YoY, FX-neutral: **+29%**)
- Continued growth in EC, mainly in Prestige (Global EC: **+high 20%, ratio: 30%**)
- Skin beauty brands drove growth: sales **up +15%**, skincare sales ratio: **63%**

**Operating Profit:** Positive impact from increased sales and effective cost management

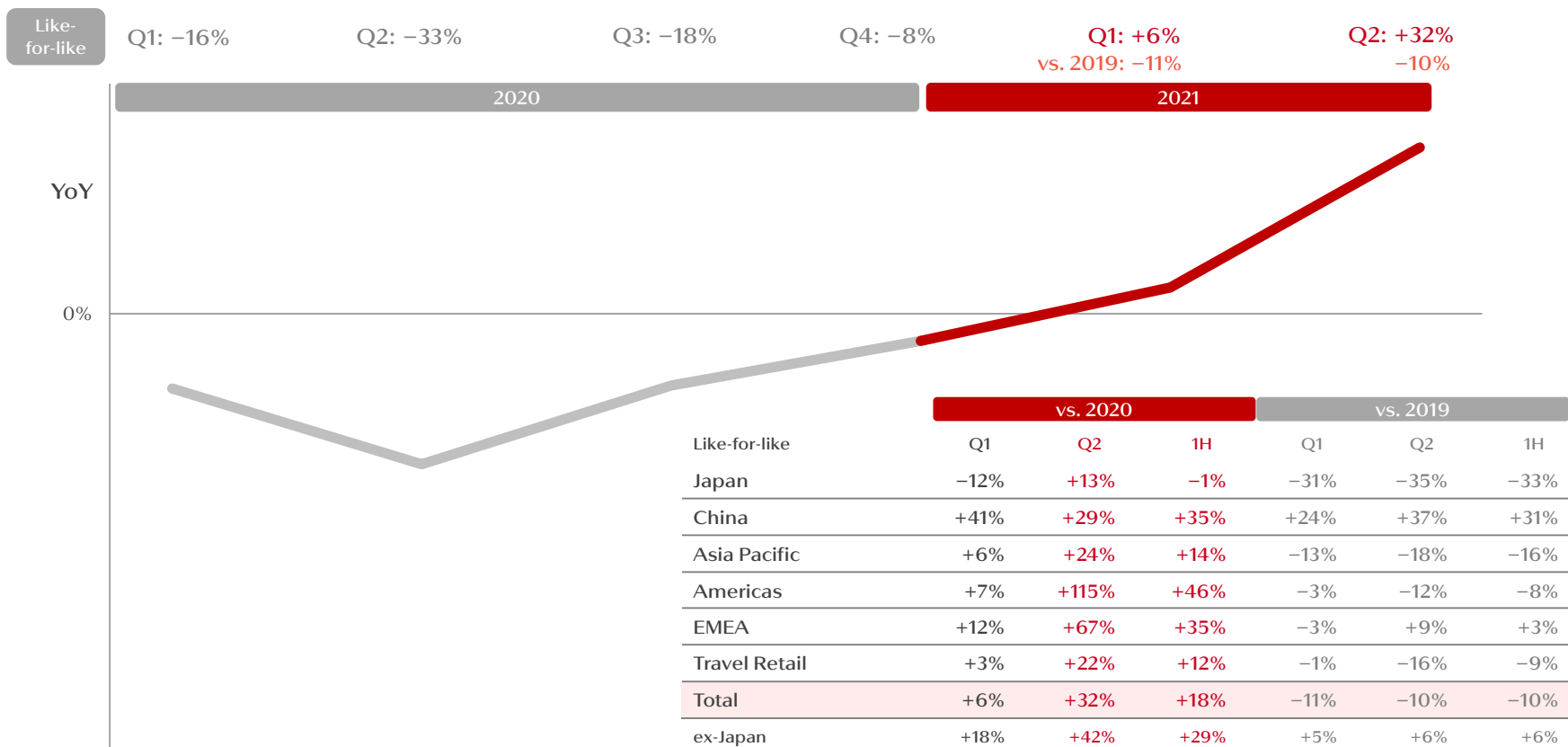
**Extraordinary Profit (Loss):** Losses associated with *Dolce&Gabbana*: −¥33.9 bn; other structural reforms: −¥8.4 bn; proceeds from sale of idle assets and investment in securities: ¥0.9 bn, etc.

**EBITDA:** Margin improved

\*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

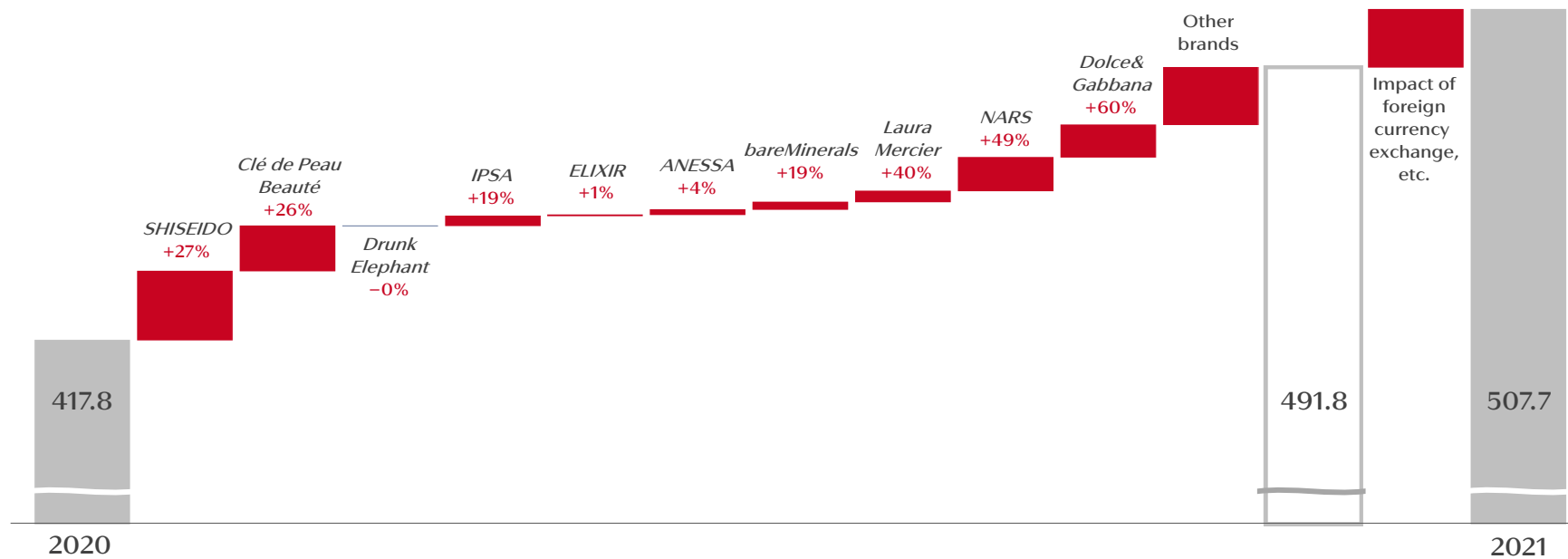
# Net Sales YoY: Growth Overseas Accelerated, Driven by China, EMEA, and Americas; Japan Impacted by States of Emergency



# 2021 1H Net Sales by Brand: Skin Beauty Brands Continued Strong; Captured Makeup and Fragrance Recovery in EMEA and Americas

Like-for-like

(Billion yen)



\* YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc.

# Japan: Impacted by Intermittent States of Emergency

## ● Market:

### ➤ Local consumers:

- Slow traffic continued, short of expectations
- Skincare growing; base and color makeup shrinking

## ● Shiseido Consumer Purchases: 1H: -low single digit% / Q2: +low teen%

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

- Gained share in skincare, base makeup, and suncare
  - *HAKU*, *ANESSA* strong
- EC: +high teen% / +mid-teen%
  - Online video counseling: expanded to all department counters in Japan
  - Omnichannel campaign “Fun! Fun! BEAUTY”: contents reached audience of over 80,000

### ➤ Inbound: -high teen% / +over 30%



Online video counseling



MAQuillAGE Dramatic Powdery EX  
Foundation



HAKU Melanofocus Z

# China: Strong Momentum Continued Both On- and Offline, Growth Accelerated to Over +30% vs. 2019

## ● Market:

- Competition: still intense
- EC: driven by prestige and skincare
- 6.18 promotions getting longer and larger

## ● Shiseido Consumer Purchases:

**Total:** 1H +over 30% / Q2 +low 20%

➢ **Mainland China:** +over 30% / +high teen%

• **Prestige:** +over 40% / +mid-20%

• **EC:** +over 40% / +over 30%

- **Prestige EC:** +over 50% / +over 40%

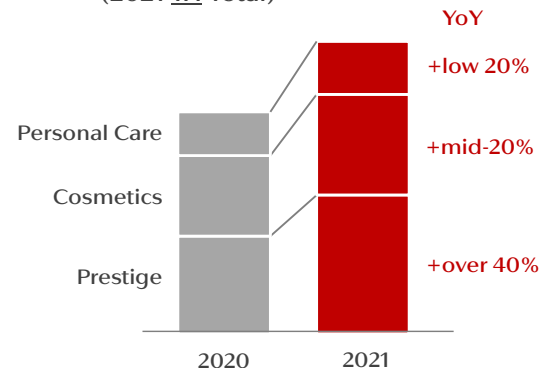
**6.18: +over 60%**

- Improved rankings and gained share for major brands, mainly in Prestige
- 10 Shiseido brands ranked No.1 in respective categories



## Consumer Purchases by Category

(2021 1H Total)





# Seized Recovery Opportunities to Deliver Growth

Market

## Asia Pacific

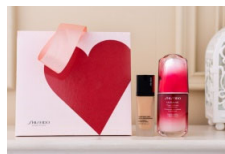
### Grew Mainly in EC Amid COVID-19 Resurgence

Traffic slow in South-East Asia and other countries/regions

- Shiseido External Sales: 1H +14% / Q2 +24%

- EC<sup>\*1</sup>: +over 60% / +over 40%

- Accelerated rollouts on major EC platforms



Mothers' Day promotion

## Travel Retail

### Strong Momentum Driven by Hainan

Mainland China & Hainan: robust growth since Q2 2020

- Shiseido Consumer Purchases:  
Asia: 1H +high 20% / Q2 +mid-teen%  
(Global: +ca. 20% / +ca. 20%)

- EC (Asia): +over 40% / +over 30%

- WeChat mini-programs; further consumer engagement



Hainan: New counter for Clé de Peau Beauté

## Americas

### Recovery Across All Categories, Aided by Vaccinations

Makeup also grew with market recovery

- Shiseido External Sales: 1H +46% / Q2 +115%

- EC: -low teen% / -high 20%

- *Drunk Elephant*<sup>\*2</sup>  
Consumer Purchases:  
-high single digit% / -low teen%



## EMEA

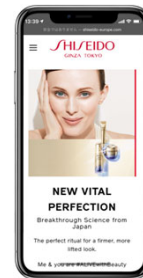
### Gained Share in Skincare, Accelerated EC

Recovery in skincare and fragrance

- Shiseido External Sales: 1H +35% / Q2 +67%

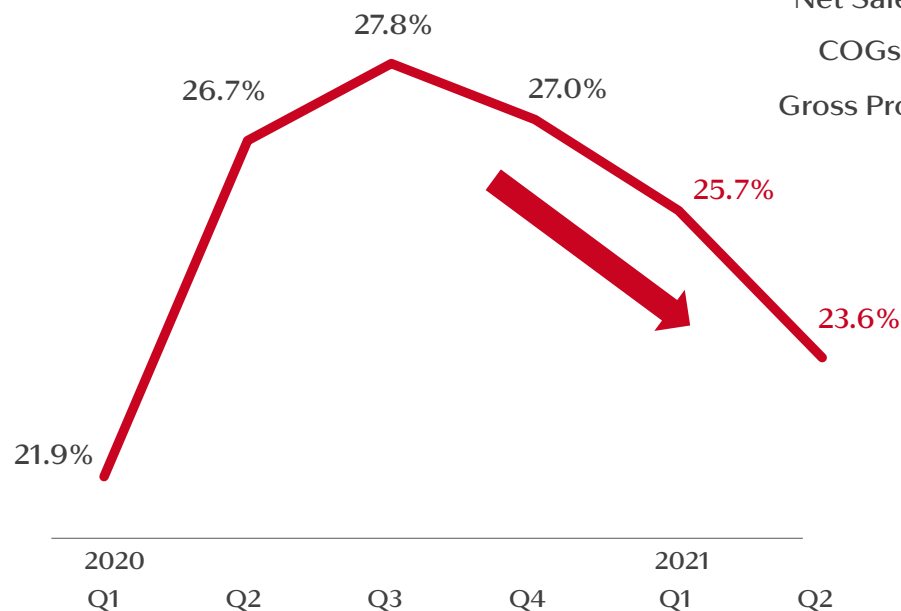
- Gained share in UK, France, Italy, Spain, and Russia

- EC: +mid-20% / flat



# COGs Ratio in 1H: Solid Improvement

## Quarterly COGs Ratio Trend



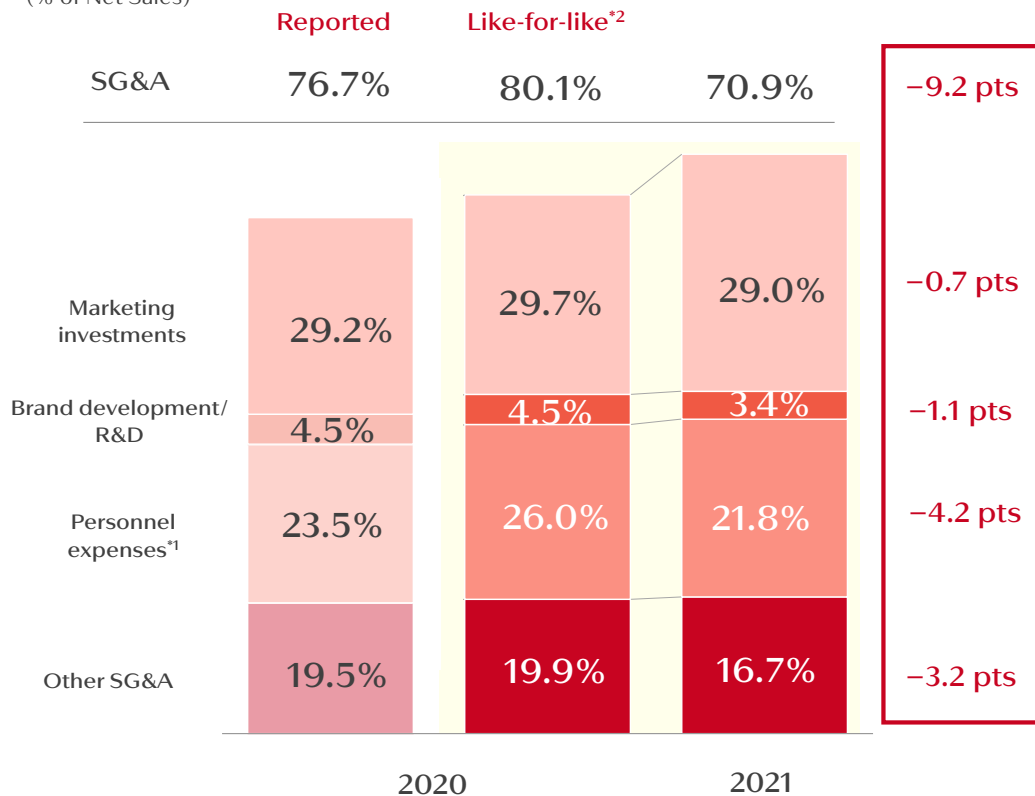
	Billion yen (% of Net Sales)			
	2020	2021	YoY Change	YoY Change %
Net Sales	417.8	507.7	+89.9	+21.5%
COGs	100.9 (24.1%)	125.0 (24.6%)	+24.1	+23.9%
Gross Profit	316.9 (75.9%)	382.7 (75.4%)	+65.7	+20.7%

### ● COGs

- Lower inventory write-offs due to inventory reductions
- Higher productivity (fixed costs recovered due to shift to in-house manufacturing)
- Negative FX-impact on elimination of unrealized profit due to yen depreciation (Q1)

# Cost Structure in 1H: Strict Cost Management in Line with Sales Growth

(% of Net Sales)



- Marketing investments

- Enhanced digital communication (global digital media ratio: 85%)
- Strategic investments in China and TR, including cross-border marketing

- Personnel expenses

- Cycling of provision for bonuses
- Mainly reduction in counters and structural reforms in EMEA / Americas

- Other SG&A

- Decrease in allowance for doubtful accounts
- Revision of non-essential costs

\*1 Including POS personnel expenses

\*2 Excluding impact of reclassification of extraordinary loss related to COVID-19, etc.

## 2021 1H Operating Profit by Reportable Segment: Driven by Organizational Changes in EMEA and Americas; Offset Extraordinary Losses LY

**Japan:** ➤ **OP grew** due to increased margins accompanying higher intercompany sales

**China:** ➤ Gross margin improved due to favorable product mix; marketing spend increased in line with sales growth  
Like-for-like, OPM improved YoY

**Asia Pacific:** ➤ **Turned profitable** due to higher margins accompanying sales growth

**Travel Retail:** ➤ Like-for-like, OP grew, OPM improved thanks to favorable product mix and lower inventory write-offs

**Other:** ➤ Fixed costs associated with new factories and investment in DX increased

**Adjustments:** ➤ Elimination of unrealized profit due to inventory reductions, etc. decreased

\* For details on Americas and EMEA, see next slide

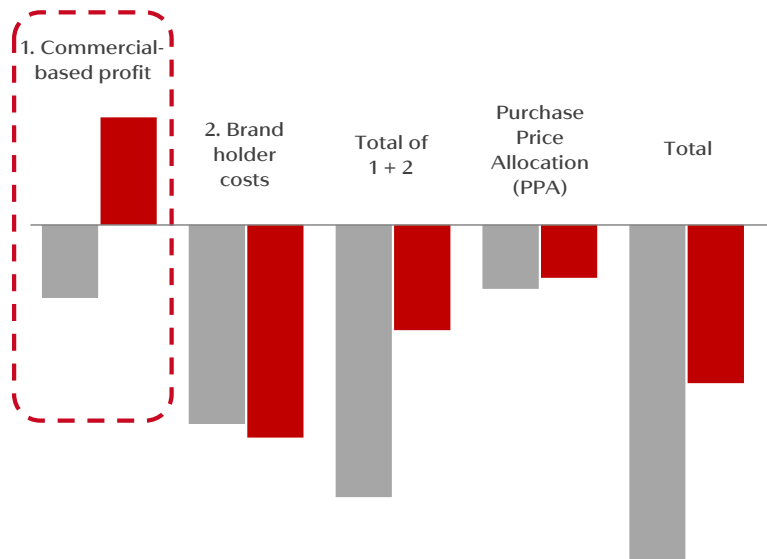
(Billion yen)

Operating Profit (OPM)	2020		2021		YoY
Japan	4.8	(2.9%)	9.2	(5.4%)	+4.4
China	7.7	(7.6%)	0.1	(0.1%)	-7.6
Asia Pacific	-0.6	(-2.3%)	1.2	(3.7%)	+1.8
Americas	-18.8	(-40.8%)	-9.1	(-13.4%)	+9.7
EMEA	-9.9	(-25.0%)	-0.3	(-0.6%)	+9.5
Travel Retail	7.5	(14.5%)	8.3	(14.3%)	+0.8
Other	10.0	(11.0%)	14.4	(14.5%)	+4.4

# Americas, EMEA: Commercial-Based Profitability Improved, Fixed Costs Declined Benefiting from Organizational and Structural Reforms

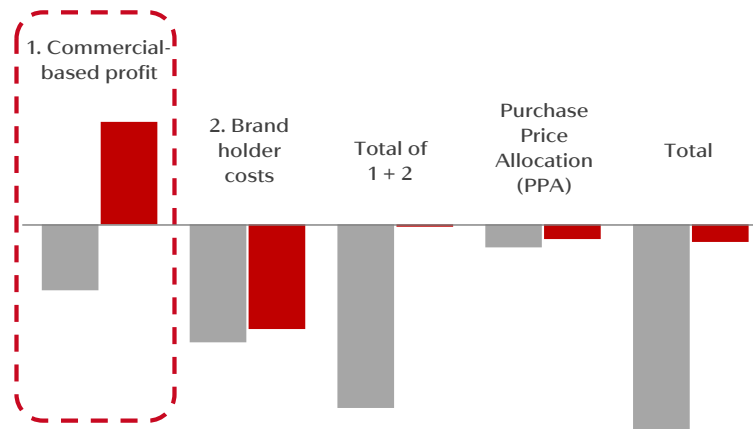
- Americas: **loss contracted** thanks to higher sales and lower fixed costs in the commercial business due to structural reforms
- EMEA: **nearly broke even** thanks to improved commercial-based margins, lower *D&G* amortization, lower fixed costs

2021 1H Americas profit structure



2021 1H EMEA profit structure

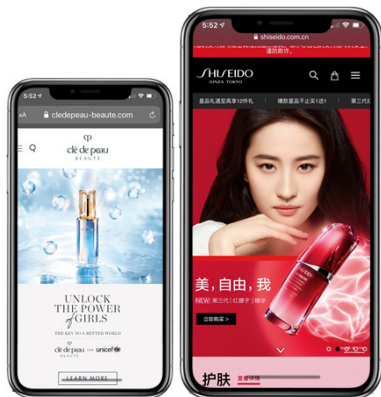
■ 2020 ■ 2021



# Digital Acceleration Across Shiseido

## E-COMMERCE

- Global EC ratio:  
1H 2021: 30%, +high 20% YoY
- Prestige brand EC sites:  
+2 in 1H 2021, total: 92



## OMNICHANNEL MARKETING

- Continued investment in consumer engagement and data platforms
- Global prestige database growth:  
1H 2021: +35% YoY
- Omise+: 500+ retail partners  
Online video counseling  
launched in Japan in July



## DIGITAL UPSKILLING



- Shiseido Interactive Beauty Company, Limited came on stream



- Total students enrolled: 8,275,  
+10% from end-2020



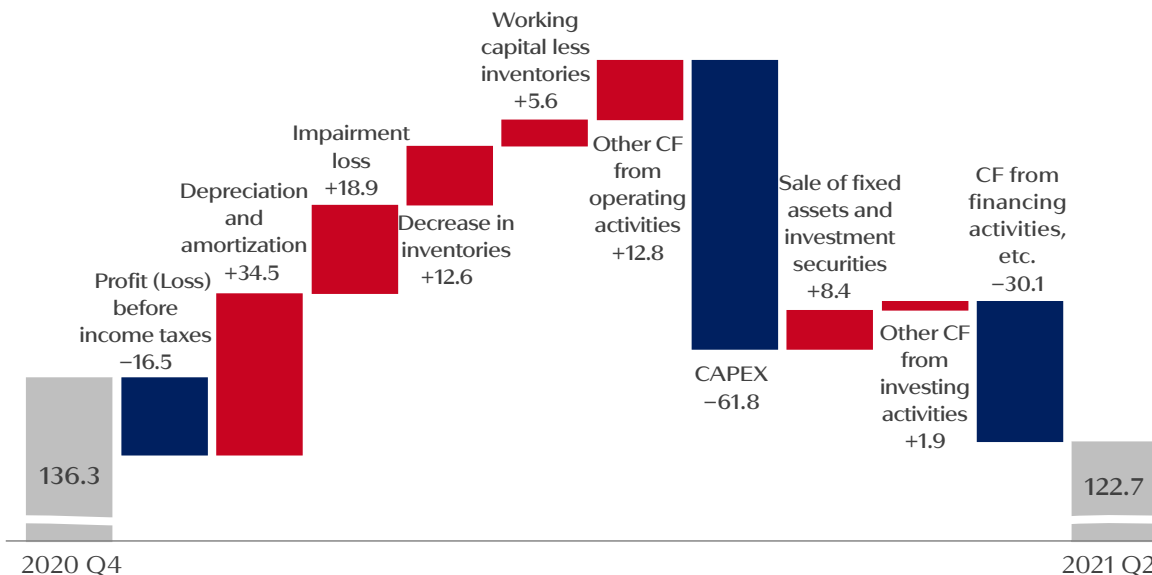
# Cash Flow Management: Continued Investment in Growth Areas (Factories, DX); Cash Generation through Sale of Idle Assets and Inventory Reductions

Billion yen

Operating CF: +67.8

Investing CF: -51.4

Free Cash Flow: +16.4



B/S KPIs	2020 Q2	2020 Q4	2021 Q1	2021 Q2
Inventories (Billion yen)	194.8	170.0	167.2	165.5
DSI (Days)*	276	269	260	250
Net DER	0.70	0.36	0.41	0.39

\*Average for the past 12 months

# Strategic Actions in 2021 2H

## Enhance foundation for growth ahead of recovery from COVID-19

- Global transformation: committed to complete within 2021
- Continue investment in key growth areas
  - Accelerate growth through Skin Beauty, new brands, and innovations
    - New SHISEIDO ULTIMUNE, Second Skin, and step-up of global rollout for *Drunk Elephant*
  - China: Gain share through strategic investment in Singles' Day promotions
    - New brands: *THE GINZA*, *BAUM*, *EFFECTIM*
    - Business development in new areas:  
Shiseido Beauty Innovations Fund for strategic startup investment
- DX
  - Shiseido Interactive Beauty, omnichannel strategy, new consumer engagement opportunities
  - FOCUS, Digital Transformation Office, enhancing the foundation for growth

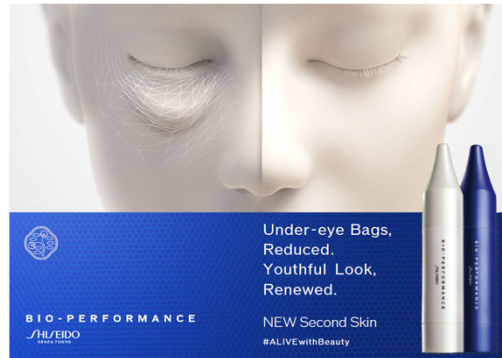


# Strategic Investment in Skin Beauty Brands



ULTIMUNE™ Power Infusing Concentrate III

- July 1<sup>st</sup>: renewal of the brand's symbolic serum ULTIMUNE, successive global rollout



BIO-PERFORMANCE Second Skin

- October 1<sup>st</sup>: launch of Second Skin, an artificial skin technology that instantly covers under-eye bags, epitomizing three years of research



- October 1<sup>st</sup>: launch in Japan
- Further rollouts in 2021 in Asia Pacific, Travel Retail, etc.

# 2021 1H Summary and Full Year Outlook

## ● 1H Results: Both Net Sales and OP above plan

- ✓ Strong momentum overall
- ✓ Solid foundation for generating profit
- ✓ Global transformation on track



## ● Full Year Outlook: to be announced at the appropriate timing

### ➤ External environment: global uncertainties increasing

(+) Economic recovery aided by vaccination rollout

(-) Spread of COVID-19 variants

Risk of economic recession, restrictions due to lockdowns and staying home

### ➤ Full Year Outlook: to be disclosed upon careful assessment of external environment and market trends

- Cost management in line with market changes, enhanced investment in key areas

# Build Back Better toward Full Recovery: Our Commitment to WIN 2023

2021

## Groundwork

- Business in the new normal
- Structural reforms
- Solidifying DX foundation
- Enhancing the financial base

2022

## Back on Growth Track

- End of pandemic and economic recovery
- Growing global brands
- Accelerating DX
- Further enhancement of supply network (new factories)
- Japan business recovery

2023

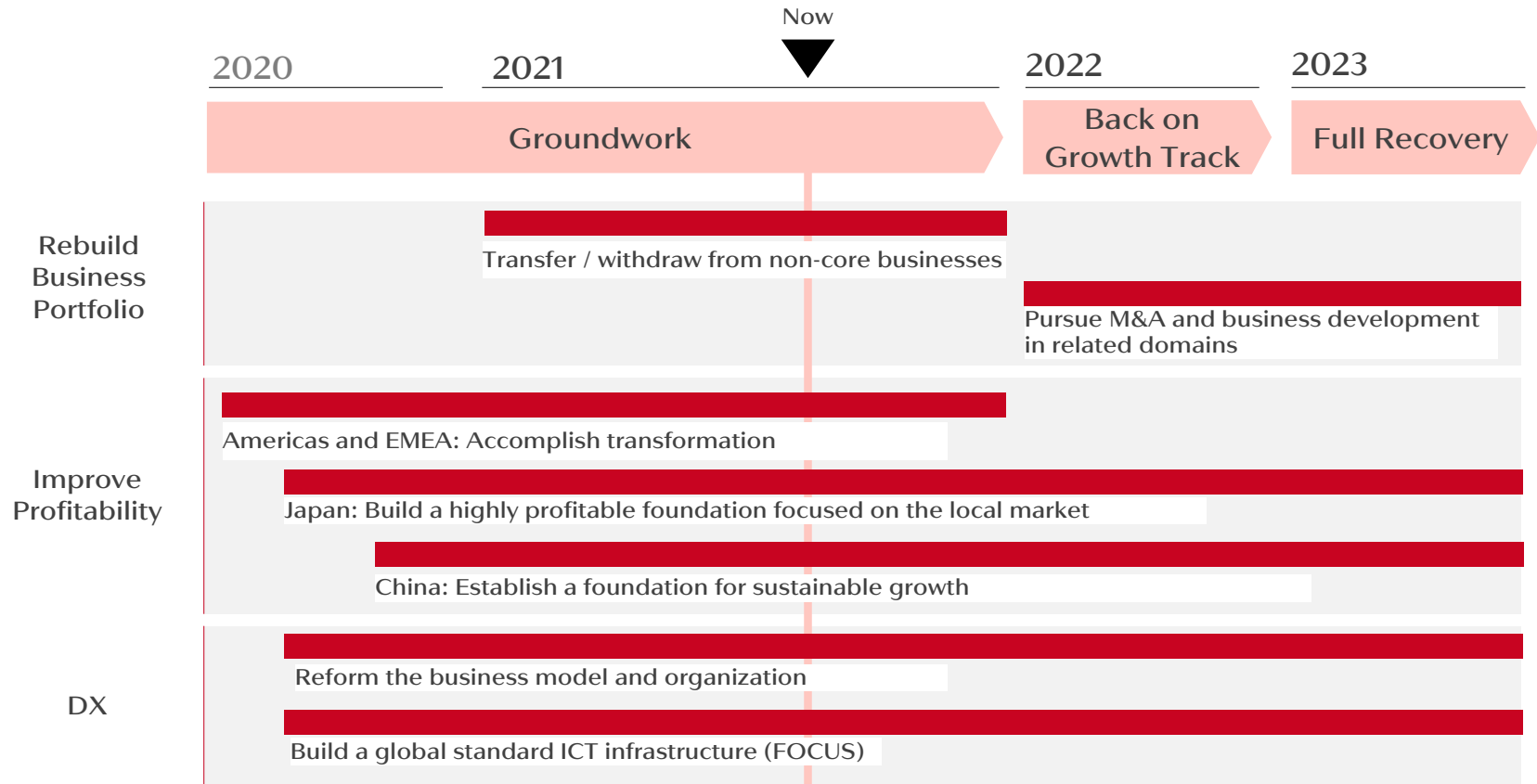
## Full Recovery

- Net sales: ca. ¥1 Tn; OPM: 15%
- Skin Beauty Company  
- Skin Beauty sales ratio: 80%
- EC ratio: over 35%
- Productivity: 2x vs. 2019
- Set off to vision for 2030

Sustainability and D&I at the Core of Our Business

Long-term Investment (Supply Network, Innovation, FOCUS, and People)

# Global Transformation: In Line with Plan



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

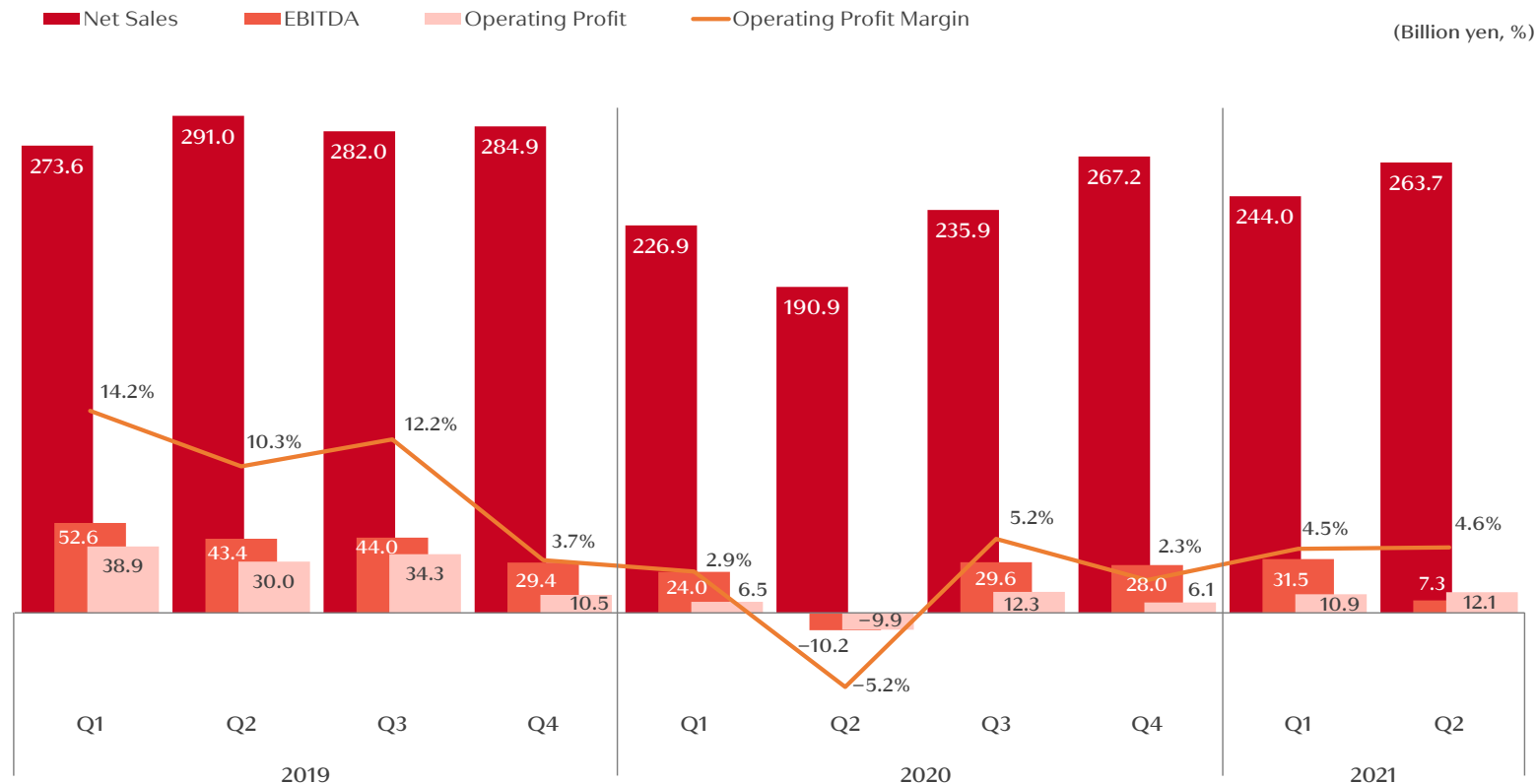
SHISEIDO

Be a Global Winner  
with Our Heritage



# Supplemental Data 1

## KPI Trends



## Supplemental Data 2: 2021 Q2 (April–June) Executive Summary

(Billion yen)	2020		2021 Existing businesses (A)			Transformation impacts (B)	2021 (A)+(B)			vs. 2019
	Results	% of Net Sales		YoY Change %	YoY Change FX- Neutral %		Results	% of Net Sales	YoY Change	
Net Sales	190.9	100%	263.7	+38.1%	+31.7	—	263.7	100%	+38.1%	–10%
Operating Profit	–9.9	–5.2%	13.5	-		–1.4	12.1	4.6%	-	
Extraordinary Profit (Loss)	–15.6	–8.2%	–1.4	-		–27.0	–28.4	–10.8%	-	
Income Taxes	–4.8	–2.5%	3.3	-		–1.8	1.5	0.5%	-	
Net Profit <sup>*1</sup>	–22.8	–11.9%	10.8	-		–26.6	–15.8	–6.0%	-	
EBITDA <sup>*2</sup>	–10.2	–5.4%					7.3	2.8%	-	

### Net Sales:

- Overseas businesses grew substantially, driven by China, EMEA, and the Americas, offsetting weak momentum from restrictions in some regions, incl. Japan (Net Sales ex-Japan YoY, FX-neutral: **+over 40%**)
- Continued growth in EC, mainly in Prestige (Global EC **+15%**, ratio: **30%**)
- Skin beauty brands drove growth: sales **up +20%**, skincare sales ratio: **62%**

**Operating Profit:** Positive impact from increased sales and effective cost management;  
gross margin improved due to better productivity

**Extraordinary Profit (Loss):** Losses associated with *Dolce&Gabbana*: –¥18.6 bn; other structural reforms: –¥8.4 bn;  
proceeds from sale of idle assets and investment in securities: ¥0.8 bn, etc.

**EBITDA:** Margin improved

\*1. Net Profit Attributable to Owners of Parent

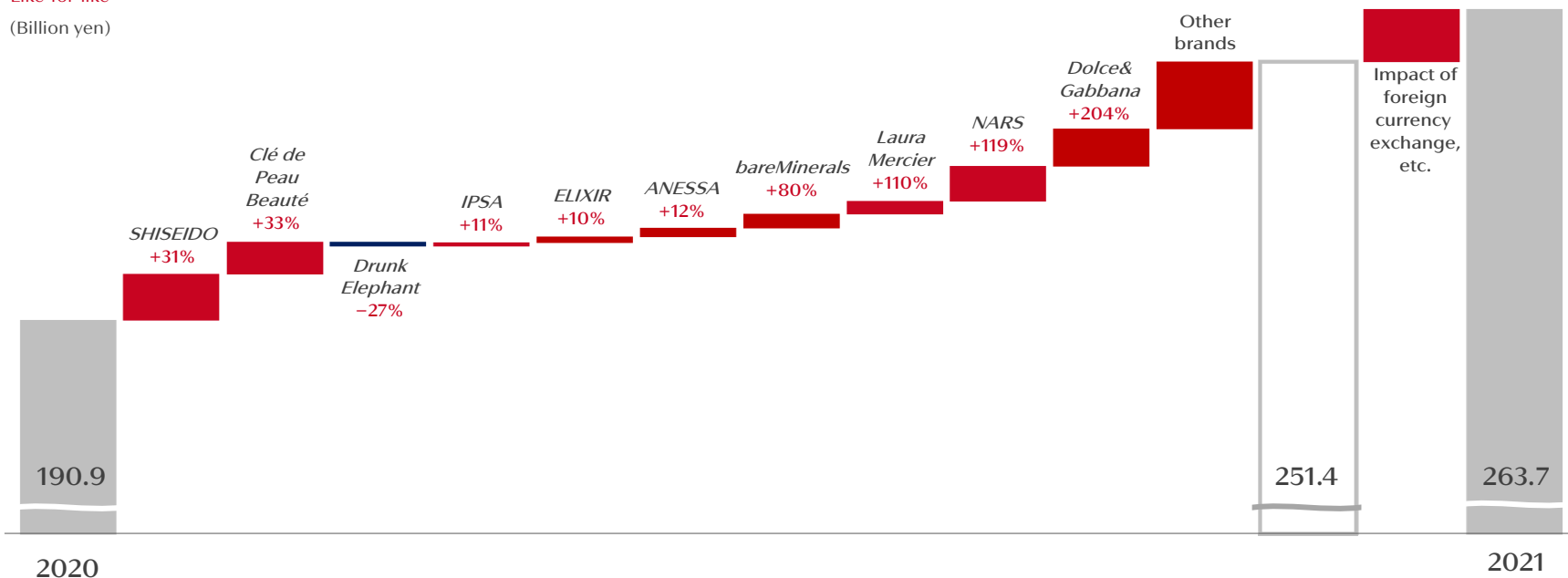
\*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

# Supplemental Data 3

## 2021 Q2 Change in Net Sales by Brand

Like-for-like

(Billion yen)



\* YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc.



# Supplemental Data 4

## 2021 Q2 Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP  (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales OPM %	OPM % excl. amortization of goodwill, etc.		% of Net Sales OPM %	OPM % excl. amortization of goodwill, etc.			
Japan	64.8 -3.1	34.0% -4.2%	- -4.1%	73.5 4.2	27.9% 5.0%	- 5.1%	+8.7 +7.3	+13.4% -	+13.4% -
China	55.5 2.4	29.1% 4.3%	- 4.7%	78.8 -1.9	29.9% -2.4%	- -2.1%	+23.3 -4.3	+41.9% -	+29.4% -
Asia Pacific	11.1 -1.7	5.8% -14.6%	- -13.7%	14.8 -0.2	5.6% -1.5%	- -0.8%	+3.7 +1.5	+33.8% -	+23.9% -
Americas	13.4 -9.7	7.0% -59.0%	- -52.9%	29.5 -3.0	11.2% -8.3%	- -5.1%	+16.1 +6.7	+119.5% -	+114.9% -
EMEA	14.5 -3.4	7.6% -20.7%	- -17.3%	27.0 0.6	10.2% 2.0%	- 2.5%	+12.5 +4.0	+85.8% -	+67.0% -
Travel Retail	23.9 2.5	12.5% 10.6%	- 11.3%	29.9 3.6	11.3% 12.0%	- 12.6%	+6.0 +1.1	+25.2% +41.6%	+22.2% -
Professional	2.7 -0.0	1.4% -1.5%	- -1.5%	3.8 0.2	1.5% 6.1%	- 6.1%	+1.1 +0.3	+39.0% -	+32.4% -
Other	4.9 5.3	2.6% 11.8%	- 12.1%	6.3 5.8	2.4% 12.0%	- 12.2%	+1.5 +0.5	+29.8% +8.8%	+29.8% -
Subtotal	190.9 -7.6	100% -3.1%	- -2.2%	263.7 9.4	100% 2.9%	- 3.5%	+72.8 +17.0	+38.1% -	+31.7% -
Adjustment	- -2.3	- -	- -	- 2.8	- -	- -	- +5.1	- -	- -
Total	190.9 -9.9	100% -5.2%	- -4.0%	263.7 12.1	100% 4.6%	- 5.3%	+72.8 +22.1	+38.1% -	+31.7% -

Exchange rates: USD 1 = JPY 109.4 (YoY change: +1.8%), EUR 1 = JPY 131.9 (+11.5%), CNY 1 = JPY 17.0 (+11.7%)

\* OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts.

# Supplemental Data 5

## 2021 1H Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP  (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales OPM %	OPM % excl. amortization of goodwill, etc.		% of Net Sales OPM %	OPM % excl. amortization of goodwill, etc.			
Japan	150.5 4.8	36.0% 2.9%	- 3.0%	148.8 9.2	29.3% 5.4%	- 5.5%	-1.7 +4.4	-1.1% +92.3%	-1.1% -
China	100.0 7.7	23.9% 7.6%	- 8.1%	144.1 0.1	28.4% 0.1%	- 0.4%	+44.1 -7.6	+44.1% -98.9%	+34.6% -
Asia Pacific	26.2 -0.6	6.3% -2.3%	- -1.5%	31.3 1.2	6.2% 3.7%	- 4.4%	+5.2 +1.8	+19.8% -	+13.8% -
Americas	36.7 -18.8	8.8% -40.8%	- -34.7%	53.9 -9.1	10.6% -13.4%	- -10.1%	+17.1 +9.7	+46.7% -	+46.3% -
EMEA	35.0 -9.9	8.4% -25.0%	- -22.1%	51.4 -0.3	10.1% -0.6%	- 0.7%	+16.5 +9.5	+47.1% -	+35.0% -
Travel Retail	51.7 7.5	12.4% 14.5%	- 15.2%	57.9 8.3	11.4% 14.3%	- 14.9%	+6.2 +0.8	+12.0% +10.7%	+11.6% -
Professional	5.6 0.0	1.3% 0.3%	- 0.3%	7.4 0.7	1.5% 8.9%	- 8.9%	+1.8 +0.7	+32.0% -	+27.6% -
Other	12.1 10.0	2.9% 11.0%	- 11.3%	12.8 14.4	2.5% 14.5%	- 14.8%	+0.7 +4.4	+5.7% +44.0%	+5.7% -
Subtotal	417.8 0.7	100% 0.1%	- 1.1%	507.7 24.5	100% 3.9%	- 4.5%	+89.9 +23.8	+21.5% -	+17.7% -
Adjustment	- -4.2	- -	- -	- -1.5	- -	- -	- +2.7	- -	- -
Total	417.8 -3.4	100% -0.8%	- 0.4%	507.7 23.0	100% 4.5%	- 5.4%	+89.9 +26.4	+21.5% -	+17.7% -

Exchange rates: USD 1 = JPY 108.0 (YoY change: -0.2%), EUR 1 = JPY 129.9 (+8.9%), CNY 1 = JPY 16.7 (+8.4)

\* OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts.

# Supplemental Data 6

## 2021 1H Net Sales in Japan, China, and Asia Pacific by Category

Japan (Billion yen)		2020		2021		YoY Change	YoY Change % / YoY Change FX-Neutral %*
			% of Net Sales		% of Net Sales		
	Prestige	31.0	20.6%	32.5	21.9%	+1.5	+5.0%
	Premium	83.0	55.1%	80.0	53.7%	-3.0	-3.7%
	Lifestyle	24.9	16.5%	24.5	16.4%	-0.4	-1.7%
	Others	11.7	7.8%	11.9	8.0%	+0.2	+1.7%
	Total Japan Sales	150.5	100%	148.8	100%	-1.7	-1.1%

### China

	Prestige	49.4	49.4%	75.4	52.3%	+26.0	+42.9%
	Cosmetics	29.3	29.3%	40.4	28.0%	+11.0	+27.3%
	Personal Care	20.3	20.3%	26.3	18.3%	+6.0	+22.1%
	Others	1.0	1.0%	2.0	1.4%	+1.0	+93.9%
	Total China Sales	100.0	100%	144.1	100%	+44.1	+34.6%

### Asia Pacific

	Prestige	12.1	46.1%	16.1	51.4%	+4.0	+27.2%
	Cosmetics	6.3	24.3%	6.0	19.0%	-0.4	-11.2%
	Personal Care	5.9	22.5%	6.5	20.9%	+0.7	+6.1%
	Others	1.9	7.1%	2.7	8.7%	+0.9	+36.6%
	Total Asia Pacific Sales	26.2	100%	31.3	100%	+5.2	+13.8%

\* YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific

## Supplemental Data 7

### 2021 1H SG&A

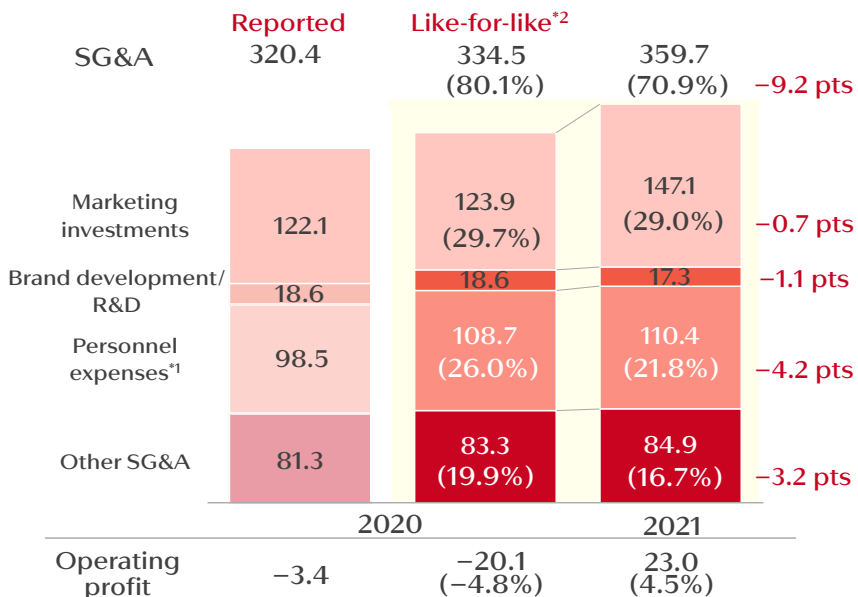
(Billion yen)	2021			YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales	Change in % of Net Sales			
SG&A	359.7	70.9%	−5.8 pts	+39.3	+12.3%	+9.0%
Marketing Investments*	194.0	38.3%	−0.4 pts	+32.0	+19.7%	+15.2%
Brand Development/ R&D Investments	17.3	3.4%	−1.1 pts	−1.3	−7.0%	−9.2%
Personnel Expenses	63.5	12.5%	−1.5 pts	+5.0	+8.6%	+6.2%
Other SG&A Expenses	84.9	16.7%	−2.8 pts	+3.6	+4.5%	+2.9%

\* Including POS personnel expenses

# Supplemental Data 8

## 2021 1H Cost Structure

Billion yen (% of Net Sales)	2020	2021	YoY Change	YoY Change %
Net Sales	417.8	507.7	+89.9	+21.5%
COGs	100.9 (24.1%)	125.0 (24.6%)	+24.1	+23.9%
Gross Profit	316.9 (75.9%)	382.7 (75.4%)	+65.7	+20.7%



### ● COGs

- Lower inventory write-offs due to inventory reductions
- Higher productivity (fixed costs recovered due to shift to in-house manufacturing)
- Negative FX-impact on elimination of unrealized profit due to yen depreciation (Q1)

### ● Marketing investments

- Enhanced digital communication (global digital media ratio: 85%)
- Strategic investment in China and TR, including cross-border marketing

### ● Personnel expenses

- Cycling of provision for bonuses
- Mainly reduction in counters and structural reforms in EMEA / Americas

### ● Other SG&A

- Decrease in allowance for doubtful accounts
- Revision of non-essential costs

\*1 Including POS personnel expenses

\*2 Excluding impact of reclassification of extraordinary loss related to COVID-19, etc.

## Supplemental Data 9

### 2021 1H Capital Expenditures; Depreciation and Amortization

(Billion yen)		2020	2021
	Capital Expenditures*	42.6	48.8
	Property, Plant and Equipment	25.0	39.2
	Intangible Assets, etc.	17.7	9.6
	Depreciation and Amortization	30.7	31.4
	Property, Plant and Equipment	18.6	20.4
	Intangible Assets, etc.	12.1	11.0

\*1. Investments in capital expenditures; property, plant and equipment; intangible fixed assets (excl. goodwill, trademark rights, etc.); and long-term prepaid expenses

## Supplemental Data 10: Extraordinary Income and Losses

(Billion yen)		2020	2021		
		1H	Q1	Q2	1H
<b>Structural Reform Expenses</b>		-	-15.3	-27.0	-42.3
Transfer and JV of Personal Care business		-	-	-1.2	-1.2
Partial termination of license with DOLCE&GABBANA S.R.L		-	-15.3	-18.6	-33.9 <small>Incl. impairment of trademark rights -15.6</small>
EMEA: Organizational reform		-	-	-3.3	-3.3
Withdrawal from hyaluronic acid business		-	-	-3.3	-3.3
Other structural reform expenses		-	-	-0.5	-0.5
COVID-19-Related	Profit (Subsidy income)	1.8	0.6	0.5	1.1
	Loss (Salaries and allowances for employees, etc.)	-16.6	-0.9	-2.3	-3.2
Property, Plant and Equipment-Related		-0.7	-0.6	0.2	-0.5
Investment in Securities-Related		0.3	0.1	0.3	0.3
Other		-0.9	-	-	-
<b>Total</b>		<b>-16.1</b>	<b>-16.2</b>	<b>-28.4</b>	<b>-44.6</b>

# Supplemental Data 11

## FY 2021 Outlook (as of May 12, 2021)

(Billion yen)	2020	2021 Outlook			% of Net Sales	YoY Change	YoY Change %
			Existing businesses	Transformation impacts			
Net Sales	920.9	1,067.0	1,100.0	-33.0	100%	+146.1	+16% FX-Neutral +15%
Operating Profit	15.0	27.0	35.0	-8.0	2.5%	+12.0	+80%
Ordinary Profit	9.6	27.0	31.0	-4.0	2.5%	+17.4	+180%
Extraordinary Profit (Loss)	-11.7	45.0	-1.0	46.0	4.2%	+56.7	-
Net Profit*	-11.7	35.5			3.3%	+47.2	-
EBITDA	71.4	166.5			15.6%	+95.1	+133%
Dividend (Yen/share)	40	50 Interim: 20; Year-end: 30					

Exchange rates for 2021: USD 1 = JPY 105 (YoY change -1.6%), EUR 1 = JPY 127 (+4.3%), CNY 1 = JPY 16 (+3.4%)

\* Net Profit Attributable to Owners of Parent



SHISEIDO