

(Translation)

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Announcement of Changes in Organizational Structure and Reportable Segments for its China and Travel Retail Businesses

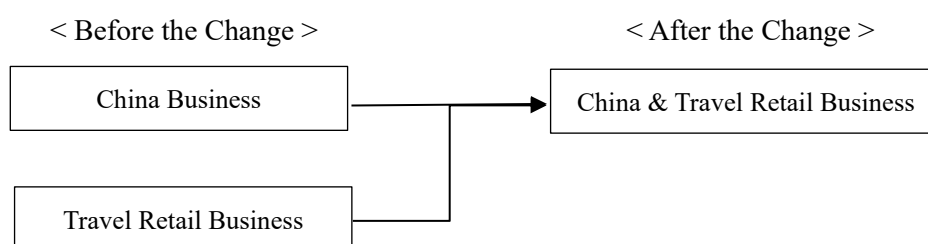
Shiseido Company, Limited (the “Company”) today announced the following changes.

1. Changes in organizational structure and reportable segment

As laid out in the “Action Plan 2025-2026” launched at the end of November 2024, the Company is in the midst of transformation in pursuit of the three objectives; “reinforce brand foundation”, “rebuild profitable foundation” and “enhance operational governance” to achieve its goal of establishing a resilient business model to drive sustainable profit growth amid volatile market conditions.

As part of the process to achieve that end, the Company has made the strategic decision to reorganize its operating and management structure of its China and Travel Retail Businesses along with a change in reportable segment. Under the new operating structure, we will further reinforce our brand foundation by taking a cohesive approach to Chinese consumers while accelerating synergies in the business both with respect to growth and cost efficiency. This will allow us to respond to volatile market conditions with agility and to maximize consumer-centric value creation, driving a shift towards high-quality growth to ensure profitability over the long-term.

2. Change in reportable segment



3. Effective date of changes in organizational structure and reportable segment

The above change in organizational structure will take effect on March 31, 2025.

As a result, the above change in reportable segment will be reflected in the consolidated financial results for the first quarter of fiscal year ending December 31, 2025, which will be announced in May 2025.

4. Change in management structure

As a result of the above change, the following leadership change will become effective as of March 31, 2025.

Name	New Title	Current Title
Toshinobu Umetsu	Corporate Executive Officer, China & Travel Retail Region CEO	Corporate Executive Officer, China Region CEO
Philippe Lesné	(Retiring)	Travel Retail Region CEO

5. Change in segment reporting for core operating profit by reportable segment

In addition to the change in reportable segment, the Company will make the following changes (1-3) to segment reporting in order to have better grasp on profitability of each segment:

1) Intersegment sales and cost of sales:

Intersegment sales and cost of sales have been recognized in each segment based on the adjusted transaction prices determined according to Shiseido's transfer pricing policy. As a result of the change in segment reporting, the impacts of such adjusted transaction prices will be excluded from intersegment sales and costs of sales as they will be reported based on standard manufacturing costs.

2) Expenses incurred by head office administration departments (head office expenses):

Head office expenses^{*1} have been recognized in the "Other" for segment disclosure, with certain expenses^{*2} being reallocated to each segment based on the transaction prices determined according to our transfer pricing policy. As a result of the change, those expenses will be recognized in the "Adjustments" and none of the head office expenses^{*2} will be reallocated to any region.

3) Brand holder expenses^{*3}:

The expenses incurred by the brand holders have been primarily recognized in the "Other" and EMEA Business.^{*4}

After the change, these expenses will be reallocated to each segment according to the sales composition of each brand.

^{*1} Costs incurred by the back office including Financial Accounting, Strategic Finance and Legal departments, etc. as well as research and development (R&D) expenses not allocated to any regions.

^{*2} Costs and expenses incurred by head office that operates activities contributing to the benefits of each region. (e.g. People & Culture division, Supply Network Strategy department, and R&D, etc.)

^{*3} Expenses related to global marketing strategy planning, product development, communication and creative development, brand business management functions, etc.

^{*4} "Other": *SHISEIDO, Clé de Peau Beauté, NARS, Drunk Elephant, ELIXIR, ANESSA*, etc.

EMEA Business: *narciso rodriguez, ISSEY MIYAKE*, etc.

(Supplementary Information) Retrospective adjustments to consolidated performance by reportable segment for the fiscal year ended December 31, 2024^{*5, 6}

(Billions of yen)

Classification		Before the Change		Difference		After the Change	
		Sales	Core Operating Profit (Loss)	Sales	Core Operating Profit (Loss)	Sales	Core Operating Profit (Loss)
	Japan Business	283.8	28.1	-	-1.9	283.8	26.2
	China & Travel Retail Business	357.8	17.3	-	+51.9	357.8	69.2
	China Business	250.0	12.3	-	-	-	-
	Travel Retail Business	107.8	5.0	-	-	-	-
	Asia Pacific Business	71.7	6.0	-	-1.2	71.7	4.8
	Americas Business	118.5	0.2	-	-10.9	118.5	(10.6)
	EMEA Business	132.7	3.7	-	-1.5	132.7	2.2
	Other	26.2	(24.9)	-	+26.1	26.2	1.2
	Subtotal ^{*7}	990.6	30.4	-	+62.6	990.6	93.0
	Adjustments ^{*8}	-	6.0	-	-62.6	-	(56.6)
	Total	990.6	36.4	-	-	990.6	36.4

*5 Figures in “After the Change” column are preliminary.

*6 From the first quarter of the fiscal year ending December 31, 2025, the business results related to the operation of domestic cosmetics sales by IPSA Co.,Ltd. will be reclassified into the Japan Business. This reclassification is not reflected in figures in the table above, and the business results related to the operation of domestic cosmetics sales by IPSA Co.,Ltd. are included in the “Other.”

*7 Prior to the change in reportable segment, the “Other” includes head office administration departments, IPSA Co.,Ltd., manufacturing operations and the restaurant business etc., while it will primarily include the restaurant business after the change.

*8 Prior to the change in reportable segment, the “Adjustments” includes the elimination of transactions between segments while it will primarily include head office administration departments after the change.

—End of News Release—