May 12, 2025

Consolidated Settlement of Accounts for the Three Months Ended March 31, 2025 [IFRS]

Shiseido Company, Limited

Listings: Tokyo Stock Exchange (Code Number 4911)
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Representative: Kentaro Fujiwara, Representative Corporate Executive Officer, President and CEO
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Start of cash dividend payments: -
Supplementary quarterly materials prepared: Yes
Quarterly financial results information meeting held: Yes (for institutional investors and analysts, etc.)

1. Performance for the Three Months Ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

* Amounts less than one million yen have been rounded down.

(1) Consolidated Operating Results

(Millions of yen; percentage increase (decrease) figures denote year-on-year change)

	Net Sales	%	Core Operating Profit	%	Operating Profit	%	Profit Before Tax	%	Profit Attributable to Owners of Parent	%	Total Comprehensive Income	%
Three Months Ended March 31, 2025	228,241	[(8.5)]	8,251	[(27.2)]	7,202	[−]	7,408	[−]	3,686	[−]	(16,866)	[−]
Three Months Ended March 31, 2024	249,453	[3.9]	11,334	[(9.6)]	(8,745)	[−]	(3,827)	[−]	(3,286)	[−]	23,175	[60.9]

[Reference] Profit

Three months ended March 31, 2025: ¥3,749 million [−%]
Three months ended March 31, 2024: ¥(3,086) million [−%]

	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Three Months Ended March 31, 2025	9.23	9.23
Three Months Ended March 31, 2024	(8.22)	(8.22)

Notes:
1. Core operating profit is calculated as operating profit excluding profits or losses incurred by non-ordinary factors (non-recurring items), such as costs of structural reforms, impairment losses, acquisition-related costs, etc.
2. In the first three months of fiscal year 2024, there were 202 thousand dilutive potential ordinary shares. However, as they had an anti-dilutive effect, they have been excluded from the calculation of diluted loss per share.

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
As of March 31, 2025	1,280,311	634,003	612,918	47.9%
Fiscal Year 2024	1,331,848	654,643	632,474	47.5%

2. Cash Dividends

	Cash Dividends per Share (Yen)				
	Q1	Q2	Q3	Year-End	Full Year
Fiscal Year 2024	—	30.00	—	10.00	40.00
Fiscal Year 2025	—				
Fiscal Year 2025 (Forecast)		20.00	—	20.00	40.00

Note: Revision to the most recently disclosed dividend forecast: None

3. Forecast for the Fiscal Year Ending December 31, 2025 (From January 1, 2025 to December 31, 2025)

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales		Core Operating Profit		Operating Profit		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings per Share (Yen)
		%		%		%		%		%	
Fiscal Year 2025	995,000	[0.4]	36,500	[0.4]	13,500	[78.2]	14,500	[−]	6,000	[−]	15.02

Note: Revision to the most recently disclosed performance forecast: None

Notes

(1) Significant changes in the scope of consolidation during the three months ended March 31, 2025: None

(2) Changes in accounting policies: changes in accounting estimates
1) Changes in accounting policies required by IFRS: None
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None

(3) Number of shares issued (ordinary shares)
1) Number of shares issued (including treasury shares)

As of March 31, 2025:	400,000,000
As of December 31, 2024:	400,000,000

2) Number of treasury shares

As of March 31, 2025:	574,113
As of December 31, 2024:	576,863

3) Average number of shares outstanding during the period

Three months ended March 31, 2025:	399,425,667
Three months ended March 31, 2024:	399,660,633

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountant or an audit firm: Yes (voluntary)

Appropriate use of business forecasts: other special items

(Cautionary note concerning forward-looking statements)

In this report, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "1. Summary of Consolidated Financial Results for the Three Months Ended March 31, 2025 (3) Consolidated Forecast and Other Forward-Looking Information" on page 9 for information on preconditions underlying the above outlook and other related information.

Contents

1. Summary of Consolidated Financial Results for the Three Months Ended March 31, 2025

(1) Consolidated Performance

(Millions of yen)

	Net Sales	Core Operating Profit	Operating Profit (Loss)	Profit (Loss) before Tax	Profit (Loss) Attributable to Owners of Parent	EBITDA
Three Months Ended March 31, 2025	228,241	8,251	7,202	7,408	3,686	20,955
Three Months Ended March 31, 2024	249,453	11,334	(8,745)	(3,827)	(3,286)	24,429
Year-on-Year Increase (Decrease)	(8.5)%	(27.2)%	—	—	—	(14.2)%
FX-Neutral	(9.2)%					
Like-for-Like	(9.1)%					

Notes:
1. Core operating profit is calculated as operating profit excluding profits or losses incurred by non-ordinary factors (non-recurring items), such as costs of structural reforms, impairment losses, acquisition-related costs, etc.
2. EBITDA is calculated by adding depreciation and amortization expenses (excluding depreciation of right-of-use assets) to core operating profit.
3. Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation and all business transfers in the first three months of fiscal year 2025 and 2024 as well as the services provided during the transition period, and the impact of sales prior to the acquisition of *Dr. Dennis Gross Skincare* in the fiscal year 2024 and its corresponding period in the first three months of fiscal year 2025 ("business transfer and acquisition impacts").

During the first three months of fiscal year 2025, the global economy witnessed increased uncertainty amid escalating geopolitical risks and deceleration in the pace of growth coupled with the U.S. tariff situation.

The domestic cosmetics market grew at a moderate pace with a continued rise in inbound consumption driven by the surging number of foreign visitors to Japan hitting a new record high, albeit with the changing patterns in purchasing behavior of tourists.

In the overseas cosmetics market, the pace of growth decelerated overall across the regions. While China's cosmetics market remained on a recovery trend, downturn in consumer spending persisted throughout the quarter amid deteriorating economic sentiment. The duty-free retail market including Hainan Island continued to struggle in a challenging environment amid the shifting trends in consumer purchasing behavior driven primarily by Chinese tourists. Likewise, the U.S. market grew at a slower-than-expected pace while Europe saw signs of a deceleration during the period.

Driven by its corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, the Shiseido Group (the "Group") actively promotes innovations aiming to resolve social and environmental issues with a focus on diversity, equity and inclusion, and the Company is united in its effort to become a "Personal Beauty Wellness Company," one that combines skin beauty and wellness to make enduring contributions to the genuine health and beauty of individuals. Together, we remain committed to achieving our vision for 2030: realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty.

In 2023, the Company launched its medium-term strategy "SHIFT 2025 and Beyond" and we continue to make progress towards completion of key strategic actions for structural reforms to achieve cost reduction on a global basis, while optimizing our organizational structure in pursuit of gross profit maximization. Additionally, the Company launched the "Action Plan 2025-2026" to be executed over the next two fiscal years in order to better drive a swift recovery in our profitability and ensure sustainable growth thereafter. Under the "Action

Plan 2025-2026," we are striving to "reinforce brand foundation," "rebuild profitable foundation," and "enhance operational governance" to establish a resilient business model and deliver sustainable profit growth amid volatile market conditions. In the first year of the Action Plan, we are in the midst of executing our priority actions towards achieving a core operating profit margin of 7% in 2026.

Net sales in the first three months of fiscal year 2025 decreased 8.5% year-on-year to ¥228.2 billion on a reported basis, down 9.2% year-on-year on a FX-neutral basis, or down 9.1% year-on-year on a like-for-like basis, excluding the impacts of foreign exchange translation, business transfers and acquisitions. Net sales on a like-for-like basis decreased year-on-year, primarily reflecting the weakness in the China & Travel Retail Business which was adversely affected by a persistent decline in consumption on the back of deteriorating economic sentiment, as well as in the Americas Business which suffered ongoing challenges with ***Drunk Elephant***.

Core operating profit decreased ¥3.1 billion year-on-year to ¥8.3 billion, with the positive impacts of structural reforms in the Japan Business as well as global-wide cost management partially offsetting the profit declines in the EMEA, Americas and China & Travel Retail Businesses.

Profit attributable to owners of parent turned positive with an increase of ¥7.0 billion year-on-year to ¥3.7 billion despite the decline in core operating profit, owing primarily to the recognition of structural reform expenses in non-recurring items mainly associated with the Early Retirement Incentive Plan in the Japan Business in the same period last year.

The EBITDA margin was 9.2%.

The foreign exchange rates for the major currencies applied to accounting line items (income and expense accounts) in the Company's consolidated financial statements for the first three months of fiscal year 2025 are JPY152.5/USD, JPY160.4/EUR, and JPY21.0/CNY.

Comprehensive income for the first three months of fiscal year 2025 decreased ¥40.0 billion year-on-year, incurring a loss of ¥16.9 billion primarily attributable to the unfavorable impact of exchange differences on translation of foreign operations due to the appreciation of the Japanese yen.

[Consolidated Performance]

(Millions of yen)

Classification		Three Months Ended March 31, 2025	% of Total	Three Months Ended March 31, 2024	% of Total	Year-on-Year Increase (Decrease)			
						Amount	Percentage	FX-Neutral	Like-for-Like
Net Sales	Japan Business	74,186	32.5%	76,020	30.5%	(1,834)	(2.4)%	(2.4)%	(2.2)%
	China & Travel Retail Business	74,961	32.8%	85,290	34.2%	(10,329)	(12.1)%	(13.7)%	(13.6)%
	Asia Pacific Business	17,071	7.5%	17,115	6.9%	(43)	(0.3)%	(1.0)%	(0.5)%
	Americas Business	27,196	11.9%	31,802	12.7%	(4,606)	(14.5)%	(15.9)%	(19.4)%
	EMEA Business	31,571	13.8%	34,765	13.9%	(3,194)	(9.2)%	(8.8)%	(8.7)%
	Other	3,253	1.4%	4,458	1.8%	(1,204)	(27.0)%	(27.2)%	3.0%
	Total	228,241	100.0%	249,453	100.0%	(21,212)	(8.5)%	(9.2)%	(9.1)%

Classification		Total sales including intersegment sales and internal transfers between segments	
		Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net Sales	Japan Business	74,303	76,221
	China & Travel Retail Business	75,747	86,122
	Asia Pacific Business	17,313	17,342
	Americas Business	28,657	33,178
	EMEA Business	32,877	35,714
	Other	4,056	5,214
	Subtotal	232,956	253,793
	Adjustments	(4,714)	(4,340)
	Total	228,241	249,453

(Millions of yen)

Classification		Three Months Ended March 31, 2025	Ratio to Net Sales	Three Months Ended March 31, 2024	Ratio to Net Sales	Year-on-Year Increase (Decrease)	
						Amount	Percentage
Core Operating Profit (Loss)	Japan Business	11,342	15.3%	5,451	7.2%	5,891	108.1%
	China & Travel Retail Business	13,309	17.6%	15,862	18.4%	(2,552)	(16.1)%
	Asia Pacific Business	(82)	(0.5)%	239	1.4%	(322)	—
	Americas Business	(1,853)	(6.5)%	1,094	3.3%	(2,947)	—
	EMEA Business	(422)	(1.3)%	2,722	7.6%	(3,144)	—
	Other	85	2.1%	(55)	(1.1)%	140	—
	Subtotal	22,379	9.6%	25,315	10.0%	(2,935)	(11.6)%
	Adjustments	(14,128)	—	(13,980)	—	(147)	—
	Total	8,251	3.6%	11,334	4.5%	(3,083)	(27.2)%

Notes:
1. From the first three months ended March 31, 2025, the “China Business” and the “Travel Retail Business” have been changed to the “China & Travel Retail Business.” The business results related to the operation of domestic sales by IPSA Co., Ltd. and the operation of sales of health & beauty foods, etc. by healthcare business previously included in the “Other” are now included in the “Japan Business.” The method of calculating profit or loss for reportable segments have been changed. For more details, please refer to “Segment Information, etc.” under “2. Condensed Quarterly Consolidated Financial Statements and Notes, (5) Notes Concerning Condensed Quarterly Consolidated Financial Statements.” Segment information for the first three months ended March 31, 2024 has been restated to reflect these changes.
2. Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation, business transfer and acquisition impacts.
3. The “Other” includes the restaurant business, etc.
4. The ratio of core operating profit (loss) to net sales shows core operating profit or loss as a percentage of total sales including intersegment sales and internal transfers between segments.
5. The “Adjustments” in core operating profit (loss) primarily reflects the head office expenses that are not allocated to each reportable segment, the difference between the allocation amount to each reporting segment and the actual amount, etc. The head office expenses were previously recognized in the “Other,” and are recognized in the “Adjustments” from the first three months ended March 31, 2025. The expenses are incurred mainly by head office administration departments and R&D, etc.

Results by reportable segment are provided below.

Japan Business

In the Japan Business, we are focusing our activities on high-growth, high-profit brands and products as well as consumer touchpoints to accelerate business growth through the implementation of our business transformation plan "Mirai Shift NIPPON 2025" while steadily increasing profitability by our continued efforts on fixed cost reduction. During the quarter, we successfully delivered robust growth in core brands led by ***SHISEIDO***, ***Clé de Peau Beauté***, and ***ELIXIR*** on the back of a steady increase of loyal users. We also benefited from a string of new products infused with cutting-edge technology, including new ULTIMUNE from ***SHISEIDO*** launched in March 2025. Although the Business continued to be affected by the shifting trends in purchasing behavior of tourists, inbound consumption grew at a moderate pace, bolstered by our digital strategies tailored to tourists with a focus on key products. Overall, however, we posted a year-on-year revenue decline due primarily to temporary inventory adjustments by retailers.

As a result, we ended the quarter with net sales of ¥74.2 billion, down 2.4% year-on-year on a reported basis, or down 2.2% year-on-year on a like-for-like basis excluding the impacts of business transfers. Core operating profit was ¥11.3 billion with a year-on-year increase of ¥5.9 billion compared to the prior year, primarily attributable to the positive impacts of structural reforms.

China & Travel Retail Business

In the China & Travel Retail Business, our business continued to be unfavorably impacted by the decline in consumer spending amid worsening economic sentiment. Nevertheless, we managed to deliver significant growth at the International Women's Day e-commerce event in China buoyed primarily by ***Clé de Peau Beauté*** and ***NARS*** albeit with a year-on-year decline in offline retail sales. In Travel Retail (sales of cosmetics and fragrances primarily through airport and downtown duty-free stores), we achieved steady growth in Japan thanks to the rising number of foreign visitors entering the country. Conversely, in Hainan Island and South Korea, the Business continued to be adversely affected by the weak consumer spending by Chinese tourists, ending the quarter with a year-on-year revenue decline.

As a result, net sales were ¥75.0 billion, down 12.1% year-on-year on a reported basis, down 13.7% on a FX-neutral basis, or down 13.6% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased ¥2.6 billion year-on-year to ¥13.3 billion, with the decline in gross profit from lower sales being partially offset by the positive impacts of structural reforms accompanied with fixed cost reductions.

Asia Pacific Business

In the countries and regions of the Asia Pacific Business, we achieved growth in Southeast Asia led by Thailand as well as in South Korea, with ***Clé de Peau Beauté*** and ***NARS*** both delivering a year-on-year revenue growth. Overall, however, we posted a year-on-year revenue decline, weighed down by the market contraction in Taiwan.

As a result, net sales were ¥17.1 billion, down 0.3% year-on-year on a reported basis, down 1.0% year-on-year on a FX-neutral basis, or down 0.5% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased year-on-year by ¥0.3 billion, incurring a loss of ¥0.1 billion owing primarily to rising personnel expenses due to inflation as well as a decline in gross profit driven by lower sales.

Americas Business

In the Americas Business, we delivered a year-on-year revenue growth with ***Clé de Peau Beauté*** and ***SHISEIDO***. On the contrary, ***Drunk Elephant*** continued to experience an ongoing revenue decline from the previous fiscal year.

As a result, net sales were ¥27.2 billion, down 14.5% year-on-year on a reported basis, down 15.9% on a FX-neutral basis, or down 19.4% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation, business transfers and acquisitions. Core operating profit decreased year-on-year by ¥2.9 billion, incurring a loss of ¥ 1.9 billion owing primarily to a lower gross profit driven by sales decline.

EMEA Business

In the EMEA Business, ***NARS*** remained on a growth trajectory, while ***Zadig&Voltaire*** also delivered a year-on-year growth in Fragrances, benefiting from the launch of a new product. Overall, however, sales declined year-on-year due primarily to a year-on-year revenue decline in ***Drunk Elephant*** as well as a rebound from higher revenue delivered in the same period last year lifted by the higher volume of advanced shipment prior to a new system implementation.

As a result, net sales were ¥31.6 billion, down 9.2% year-on-year on a reported basis, down 8.8% year-on-year on a FX-neutral basis, or down 8.7% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased ¥3.1 billion year-on-year, incurring a loss of ¥ 0.4 billion owing primarily to a decline in gross profit driven by lower sales.

(2) Financial Position

Total assets decreased by ¥51.5 billion from the end of the previous fiscal year to ¥1,280.3 billion, from a decrease in translated asset amount due to the yen appreciation, a decrease in cash and cash equivalents primarily due to payments of trade and other payables, and a decrease in property, plant and equipment. Liabilities decreased by ¥30.9 billion to ¥646.3 billion, primarily due to a decrease in trade and other payables which outweighed an increase in short-term borrowings. Equity decreased by ¥20.6 billion to ¥634.0 billion, primarily due to a decrease in retained earnings associated with dividend payments and a decrease in exchange differences on translation of foreign operations due to the yen appreciation.

The net debt-to-equity ratio, which indicates the ratio of interest-bearing debt (excluding lease liabilities) less cash and cash equivalents to equity attributable to owners of parent, was 0.23.

(Cash flow analysis)
Cash and cash equivalents at the end of the first three months of fiscal year 2025 stood at ¥84.2 billion, ¥14.3 billion less than the amount of ¥98.5 billion at the beginning of the current fiscal year.

(Cash Flows from Operating Activities)
Net cash provided by operating activities in the first three months of fiscal year 2025 decreased by ¥1.1 billion to ¥2.5 billion, primarily due to increase factors such as ¥7.4 billion of "Profit before tax" and ¥18.0 billion of "Depreciation and amortization" while there were decrease factors such as ¥17.2 billion of "Increase (decrease) in trade payables."

(Cash Flows from Investing Activities)
Net cash used in investing activities in the first three months of fiscal year 2025 decreased by ¥48.6 billion to ¥14.8 billion, primarily due to payments into time deposits of ¥10.0 billion, the purchase of intangible assets such as investment in IT systems of ¥7.1 billion and the purchase of property, plant and equipment such as investment in factory equipment of ¥6.9 billion while the proceeds from withdrawal of time deposits ¥8.6 billion.

(Cash Flows from Financing Activities)
Net cash provided by financing activities in the first three months of fiscal year 2025 decreased by ¥40.7 billion to ¥1.0 billion, primarily due to the redemption of bonds of ¥20.0 billion, the repayment of lease liabilities of ¥6.0 billion and the payment of cash dividends of ¥3.8 billion while the increase was due to short-term borrowings of ¥31.0 billion.

Consolidated Statements of Cash Flows (Summary)

(Billions of yen)

Category	Amount
Cash and cash equivalents at beginning of period	98.5
Net cash provided by (used in) operating activities	2.5
Net cash provided by (used in) investing activities	(14.8)
Net cash provided by (used in) financing activities	1.0
Effect of exchange rate changes on cash and cash equivalents	(3.0)
Net change in cash and cash equivalents (decrease)	(14.3)
Cash and cash equivalents at end of period	84.2

(3) Consolidated Forecast and Other Forward-Looking Information

With respect to the business environment in the coming quarters, there is increasing uncertainty looming on the horizon with a deceleration in the global economy amid escalating trade frictions, however, we reiterate our consolidated earnings forecast for the fiscal year 2025 as we remain steadfast in our commitment to accelerate the growth of our business by leveraging key brands and products while reinforcing our global-wide cost management efforts.

Regarding the impact the U.S. tariff policy will have on our business, we will continue to monitor the situation going forward, while implementing countermeasures such as supply chain optimization and strategic increase in wholesale prices to mitigate the impact it may have on our earnings as much as possible.

2. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of December 31, 2024	As of March 31, 2025
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	98,479	84,206
Trade and other receivables	154,305	145,236
Inventories	160,507	153,447
Other financial assets	28,382	28,925
Other current assets	36,125	38,068
Total current assets	477,800	449,884
Non-current assets		
Property, plant and equipment	294,411	287,425
Goodwill	108,013	102,873
Intangible assets	179,390	175,864
Right-of-use assets	104,876	98,961
Investments accounted for using equity method	2,908	2,885
Other financial assets	89,556	87,161
Retirement benefit asset	10,261	10,037
Deferred tax assets	54,782	56,230
Other non-current assets	9,848	8,987
Total non-current assets	854,048	830,426
Total assets	1,331,848	1,280,311

	As of December 31, 2024	As of March 31, 2025
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	152,199	126,761
Bonds and borrowings	107,000	118,000
Lease liabilities	21,223	19,862
Other financial liabilities	6,391	1,927
Income taxes payable	3,413	6,584
Provisions	4,527	4,389
Other current liabilities	103,807	98,347
Total current liabilities	398,562	375,873
Non-current liabilities		
Bonds and borrowings	131,620	131,589
Lease liabilities	103,317	97,302
Other financial liabilities	20,630	19,374
Retirement benefit liability	5,037	4,847
Provisions	1,852	1,846
Deferred tax liabilities	3,640	4,120
Other non-current liabilities	12,544	11,353
Total non-current liabilities	278,642	270,434
Total liabilities	677,205	646,307
Equity		
Share capital	64,506	64,506
Capital surplus	74,138	74,357
Treasury shares	(2,325)	(2,314)
Retained earnings	356,877	356,445
Other components of equity	139,277	119,922
Total equity attributable to owners of parent	632,474	612,918
Non-controlling interests	22,169	21,084
Total equity	654,643	634,003
Total liabilities and equity	1,331,848	1,280,311

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statements of Profit or Loss
Three Months Ended March 31

	Three months ended March 31, 2024	Three months ended March 31, 2025
	Millions of yen	Millions of yen
Net sales	249,453	228,241
Cost of sales	61,936	51,306
Gross profit	187,516	176,935
Selling, general and administrative expenses	196,520	170,229
Other operating income	352	495
Other operating expenses	93	—
Operating profit (loss)	(8,745)	7,202
Finance income	4,403	1,740
Finance costs	962	1,724
Share of profit of investment accounted for using equity method	1,477	190
Profit (loss) before tax	(3,827)	7,408
Income tax expense	(740)	3,659
Profit (loss)	(3,086)	3,749
Profit attributable to		
Owners of parent	(3,286)	3,686
Non-controlling interests	199	62
Profit (loss)	(3,086)	3,749
Earnings per share		
Basic earnings (loss) per share (yen)	(8.22)	9.23
Diluted earnings (loss) per share (yen)	(8.22)	9.23

Condensed Quarterly Consolidated Statement of Comprehensive Income
Three Months Ended March 31

	Three months ended March 31, 2024	Three months ended March 31, 2025
	Millions of yen	Millions of yen
Profit (loss)	(3,086)	3,749
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	185	(252)
Remeasurements of defined benefit plans	(142)	87
Share of other comprehensive income of investments accounted for using equity method	0	—
Total of items that will not be reclassified to profit or loss	42	(165)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	25,882	(20,349)
Share of other comprehensive income of investments accounted for using equity method	337	(101)
Total of items that may be reclassified to profit or loss	26,220	(20,450)
Other comprehensive income, net of tax	26,262	(20,616)
Comprehensive income	23,175	(16,866)
Comprehensive income attributable to		
Owners of parent	22,339	(15,807)
Non-controlling interests	836	(1,059)
Comprehensive income	23,175	(16,866)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three Months Ended March 31, 2024 (From January 1, 2024 to March 31, 2024)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Exchange differences on transition of foreign operations	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of January 1, 2024	64,506	74,000	(1,591)	380,208	101,624	—
Profit (loss)				(3,286)		
Other comprehensive income					25,616	152
Total comprehensive income	—	—	—	(3,286)	25,616	152
Purchase of treasury shares			(1)			
Disposal of treasury shares			27	(19)		
Dividends				(11,989)		
Share-based payment transactions		230		(19)		
Transfer to retained earnings				10		(152)
Other		(40)		57		
Total transactions with owners	—	190	26	(11,961)	—	(152)
Balance as of March 31, 2024	64,506	74,190	(1,564)	364,960	127,240	—

	Equity attributable to owners of parent				
	Other components of equity				
	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of January 1, 2024	—	101,624	618,748	21,644	640,392
Profit (loss)		—	(3,286)	199	(3,086)
Other comprehensive income	(142)	25,626	25,626	636	26,262
Total comprehensive income	(142)	25,626	22,339	836	23,175
Purchase of treasury shares		—	(1)		(1)
Disposal of treasury shares		—	8		8
Dividends		—	(11,989)	(74)	(12,064)
Share-based payment transactions		—	210		210
Transfer to retained earnings	142	(10)	—		—
Other		—	17	(427)	(409)
Total transactions with owners	142	(10)	(11,754)	(502)	(12,256)
Balance as of March 31, 2024	—	127,240	629,333	21,978	651,312

Three Months Ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Exchange differences on transition of foreign operations	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of January 1, 2025	64,506	74,138	(2,325)	356,877	139,277	―
Profit (loss)				3,686		
Other comprehensive income					(19,354)	(226)
Total comprehensive income	―	―	―	3,686	(19,354)	(226)
Purchase of treasury shares			(0)			
Disposal of treasury shares		2	12			
Dividends				(3,994)		
Changes in ownership interest in subsidiaries		(16)				
Share-based payment transactions		233		14		
Transfer to retained earnings				(139)		226
Other				0		
Total transactions with owners	―	219	11	(4,118)	―	226
Balance as of March 31, 2025	64,506	74,357	(2,314)	356,445	119,922	―

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity				
	Remeasurements of defined benefit plans	Total	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of January 1, 2025	―	139,277	632,474	22,169	654,643
Profit (loss)		―	3,686	62	3,749
Other comprehensive income	87	(19,494)	(19,494)	(1,121)	(20,616)
Total comprehensive income	87	(19,494)	(15,807)	(1,059)	(16,866)
Purchase of treasury shares		―	(0)		(0)
Disposal of treasury shares		―	14		14
Dividends		―	(3,994)		(3,994)
Changes in ownership interest in subsidiaries		―	(16)	16	―
Share-based payment transactions		―	247		247
Transfer to retained earnings	(87)	139	―		―
Other		―	0	(41)	(40)
Total transactions with owners	(87)	139	(3,748)	(24)	(3,773)
Balance as of March 31, 2025	―	119,922	612,918	21,084	634,003

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended March 31, 2024	Three months ended March 31, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Profit (loss) before tax	(3,827)	7,408
Depreciation and amortization	18,826	18,011
Impairment losses (reversal of impairment losses)	52	(14)
Loss (gain) on disposal of non-current assets	322	318
Increase (decrease) in retirement benefit asset or liability	411	256
Interest and dividend income	(1,716)	(1,733)
Interest expenses	745	1,118
Share of profit of investments accounted for using equity method	(1,477)	(190)
Decrease (increase) in trade receivables	(19,193)	4,949
Decrease (increase) in inventories	1,546	2,230
Increase (decrease) in trade payables	(7,577)	(17,218)
Increase (decrease) in provisions for structural reform	17,860	(169)
Other	(847)	(10,771)
Subtotal	5,123	4,195
Interest and dividends received	702	533
Interest paid	(640)	(849)
Income taxes paid	(1,629)	(1,395)
Net cash provided by (used in) operating activities	3,557	2,484
Cash flows from investing activities:		
Payments into time deposits	(9,404)	(9,973)
Proceeds from withdrawal of time deposits	7,948	8,616
Purchase of property, plant and equipment	(7,067)	(6,878)
Proceeds from sales of property, plant and equipment and intangible assets	9	5
Purchase of intangible assets	(6,277)	(7,119)
Payments for acquisition of subsidiaries	(49,216)	—
Other	606	510
Net cash provided by (used in) investing activities	(63,401)	(14,838)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	90,044	31,000
Repayments of long-term borrowings	(30,000)	—
Redemption of bonds	—	(20,000)
Purchase of treasury shares	(1)	(0)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(11,558)	(3,843)
Dividends paid to non-controlling interests	(74)	—
Repayments of lease liabilities	(6,574)	(6,006)
Other	(74)	(114)
Net cash provided by (used in) financing activities	41,761	1,035
Net decrease in cash and cash equivalents	(18,083)	(11,319)
Cash and cash equivalents at beginning of period	104,685	98,479
Effect of exchange rate changes on cash and cash equivalents	3,778	(2,954)
Cash and cash equivalents at end of period	90,380	84,206

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Applicable Financial Reporting Framework)

The Group's condensed quarterly consolidated financial statements and notes are prepared in accordance with Article 5, Paragraph 2 of Tokyo Stock Exchange, Inc.'s standards for the preparation of quarterly financial statements, etc. (however, the omissions set out in Article 5, Paragraph 5 of the same standards are applied). Some of the disclosure items and notes required by IAS 34 "Interim Financial Reporting" are omitted.

(Note on Assumptions of a Going Concern)

Not applicable.

(Segment Information, etc.)

(1) Overview of Reportable Segments

The Group's operating segment is a component whose separate financial data is available and that is regularly reviewed by the management in order to make decisions on allocation of managerial resources and assess business performance.

The Group's main business is the manufacturing and sale of cosmetics and the Group has revised its reportable segment classifications from the "China Business" and the "Travel Retail Business" to the "China & Travel Retail Business" from the three months ended March 31, 2025. The Group engages in business activities under a matrix organization encompassing brand categories based on consumer purchasing style and five regions (Japan, China & Travel Retail, Asia Pacific, Americas, and EMEA). This matrix organization gives the leader in each region broad authority as well as responsibility for sales and profits to ensure flexible decision-making. In specific terms, the Group's five reportable segments, which mainly refer to regions, are the "Japan Business," "China & Travel Retail Business," "Asia Pacific Business," "Americas Business," and "EMEA Business."

The "Japan Business" mainly comprises domestic business by brand category (Prestige, Fragrance, Premium, etc.) and the healthcare business (sale of health & beauty foods as well as over-the-counter drugs, etc.).

The "China & Travel Retail Business" covers business in China and the operation of worldwide duty-free stores by brand category (Prestige, Fragrance, Cosmetics, etc.).

The "Asia Pacific Business" covers business in the Asia and Oceania regions excluding Japan and China by brand category (Prestige, Fragrance, Cosmetics, etc.).

The "Americas Business" covers business in the Americas region by brand category (Prestige, Fragrance, etc.).

The "EMEA Business" covers business in Europe, the Middle East and Africa regions by brand category (Prestige, Fragrance, etc.).

The "Other" includes the restaurant business, etc.

(Changes of reportable segments, etc.)

The Group has revised its reportable segment classifications from the three months ended March 31, 2025. The reportable segment changed from the "China Business" and the "Travel Retail Business" to the "China & Travel Retail Business" due to change in organizational and managerial structures. The business results related to the operation of domestic sales by IPSA Co., Ltd. and the operation of sales of health & beauty foods, etc. by healthcare business previously included in the "Other" is now included in the "Japan Business."

Segment information for the three months ended March 31, 2024 has been restated to reflect the reclassification.

(2) Method to Determine Sales and Profit (Loss) by Reportable Segment

Profit by reportable segments is stated on the basis of core operating profit, which is operating profit (loss) calculated by excluding profits or losses incurred by non-ordinary factors (non-recurring items) such as structural reform expenses, impairment losses, acquisition related costs, etc.

Intersegment transaction pricing and transfer pricing are determined based on prevailing market prices.

(Changes in calculation methods of profit or loss of reportable segments)

From the three months ended March 31, 2025, in order to have better grasp on profitability of each segment, the impacts of intersegment sales and cost of sales which have been adjusted previously according to Shiseido's transfer pricing policy and a part of expenses incurred by head office administration departments (head office expenses) previously reallocated to operating segments are excluded, and the expenses incurred by the brand holders (Note) which have been previously recognized mainly in the "Other" and the "EMEA Business" are reallocated to each segment according to the sales composition of each brand.

Segment information for the three months ended March 31, 2024 has been restated to reflect these changes.

Note: Expenses related to global marketing strategy planning, product development, communication and creative development, brand business management functions, etc.

(3) Segment Revenue and Business Result

Revenue and business results by reportable segment of the Group are as follows.

Three Months Ended March 31, 2024 (From January 1, 2024 to March 31, 2024) (Millions of yen)

	Reportable Segment				
	Japan Business	China & Travel Retail Business	Asia Pacific Business	Americas Business	EMEA Business (Note 1)
Net sales					
Sales to external customers	76,020	85,290	17,115	31,802	34,765
Intersegment sales or transfer	200	831	227	1,375	948
Total	76,221	86,122	17,342	33,178	35,714
Segment profit (loss) i.e. Core operating profit	5,451	15,862	239	1,094	2,722

	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation
Net sales				
Sales to external customers	4,458	249,453	—	249,453
Intersegment sales or transfer	755	4,340	(4,340)	—
Total	5,214	253,793	(4,340)	249,453
Segment profit (loss) i.e. Core operating profit	(55)	25,315	(13,980)	11,334

Notes:
1. The “EMEA Business” includes the Middle East and Africa regions.
2. The “Other” includes the restaurant business, etc.
3. The “Adjustments” in core operating profit (loss) primarily reflects the head office expenses that are not allocated to each operating segment (¥(17,906) million) and the difference between the allocation amount to each operating segment and the actual amount, etc. (¥3,925 million). The head office expenses which were included in the “Other,” are included in the “Adjustments” from the three months ended March 31, 2025. The expenses are incurred mainly by head office and R&D, etc. The amounts have been restated to reflect these changes.

Three Months Ended March 31, 2025 (From January 1, 2025 to March 31, 2025) (Millions of yen)

	Reportable Segment				
	Japan Business	China & Travel Retail Business	Asia Pacific Business	Americas Business	EMEA Business (Note 1)
Net sales					
Sales to external customers	74,186	74,961	17,071	27,196	31,571
Intersegment sales or transfer	117	786	241	1,461	1,306
Total	74,303	75,747	17,313	28,657	32,877
Segment profit (loss) i.e. Core operating profit	11,342	13,309	(82)	(1,853)	(422)

	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation
Net sales				
Sales to external customers	3,253	228,241	—	228,241
Intersegment sales or transfer	802	4,714	(4,714)	—
Total	4,056	232,956	(4,714)	228,241
Segment profit (loss) i.e. Core operating profit	85	22,379	(14,128)	8,251

Notes:
1. The “EMEA Business” includes Europe, the Middle East and Africa regions.
2. The “Other” includes the restaurant business, etc.
3. The “Adjustments” in core operating profit (loss) primarily reflects the head office expenses that are not allocated to each operating segment (¥(19,367) million) and the difference between the allocation amount to each operating segment and the actual amount, etc. (¥5,239 million). The head office expenses are incurred mainly by head office and R&D, etc.

Adjustments from segment profit to operating profit (loss) as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2025
	Millions of yen	Millions of yen
Segment profit	11,334	8,251
Structural reform expenses	(19,749)	(783)
Impairment losses	(52)	(43)
Reversal of impairment losses	—	58
Acquisition-related costs	(229)	(7)
Other	(49)	(272)
Operating profit (loss)	(8,745)	7,202

"Structural reform expenses" for the three months ended March 31, 2024 are mainly the costs associated with the early retirement incentive plan as part of the business transformation of Shiseido Japan Co., Ltd. The expenses are included in "Cost of sales," "Selling, general and administrative expenses," and "Other operating expenses" in the condensed quarterly consolidated statement of profit or loss.

"Structural reform expenses" for the three months ended March 31, 2025 are the costs associated with the "Action Plan 2025-2026." The expenses are included in "Cost of sales," and "Selling, general and administrative expenses," in the condensed quarterly consolidated statement of profit or loss.

"Acquisition-related costs" for the three months ended March 31, 2024 are the direct costs associated with the acquisition of DDG Skincare Holdings LLC. Such expenses were included in "Structural reform expenses" for the three months ended March 31, 2024, however these are separately presented. The expenses are included in "Selling, general and administrative expenses" in the condensed quarterly consolidated statement of profit or loss.

<u>Independent Auditor's Report on Review of Quarterly Consolidated Financial Statements</u>

May 12, 2025

To the Board of Directors of Shiseido Company, Limited:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Hayashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuki Kodaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the accompanying condensed quarterly consolidated financial statements of Shiseido Company, Limited ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Attached Documents" in the Consolidated Settlement of Accounts for the Three Months Ended March 31, 2025, which comprise the condensed quarterly consolidated statement of financial position as at March 31, 2025, the condensed quarterly consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes concerning the condensed quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 5(2)of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. ("the Standard") (applying the omissions prescribed in Article 5(5) of the Standard).

Basis for Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to audits of the financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management and the Audit Committee for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and presentation of the condensed quarterly consolidated financial statements in accordance with Article 5(2) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 5(5) of the Standard), and for such internal control as management determines is necessary to enable the preparation of the condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with Article 5(2) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 5(5) of the Standard) and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the corporate executive officers' and the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these condensed quarterly consolidated financial statements based on our review in our report on the review of condensed quarterly consolidated financial statements.
As part of our review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, that nothing has come to our attention that causes us to believe that the condensed quarterly consolidated financial statements are not prepared in accordance with Article 5(2) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 5(5) of the Standard), if a material uncertainty relating to events or conditions comes to our attention that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report on the review of condensed quarterly consolidated financial statements to the related disclosures in the condensed quarterly consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our report on the review of condensed quarterly consolidated financial statements; however, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate that nothing has come to our attention that causes us to believe that the presentation and disclosures in the condensed quarterly consolidated financial statements are not prepared in accordance with Article 5(2) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying

the omissions prescribed in Article 5(5) of the Standard).

・Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group as a basis for forming a conclusion on the condensed quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the interim review on the condensed quarterly consolidated financial statements. We remain solely responsible for our review conclusion.

We communicate with the Audit Committee regarding, the planned scope and timing of the review, significant review findings that we identify during our review.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Review Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements as required by the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.