



Consolidated Settlement of Accounts for the Fiscal Year Ended December 31, 2025 [IFRS]

Shiseido Company, Limited

Listings: Tokyo Stock Exchange (Code Number 4911)
 URL: <https://corp.shiseido.com/en/>
 Representative: Kentaro Fujiwara, Representative Corporate Executive Officer, President and CEO
 Contact: Yuki Oshima, Vice President, Investor Relations Department
 Tel. +81-3-3572-5111
 Annual meeting of shareholders: March 25, 2026 (plan)
 Filing date of securities report: March 23, 2026 (plan)
 Start of cash dividend payments: March 26, 2026 (plan)
 Supplementary materials prepared: Yes
 Financial results information meeting held: Yes (for institutional investors and analysts, etc.)

1. Performance for the Fiscal Year Ended December 31, 2025 (From January 1 to December 31, 2025)

* Amounts under 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
	%	%	%	%	%	%
Fiscal year Ended December 31, 2025	969,992 [(2.1)]	44,520 [(22.4)]	(28,788) [—]	(27,715) [—]	(40,680) [—]	(10,474) [—]
Fiscal year Ended December 31, 2024	990,586 [1.8]	36,359 [(8.7)]	7,575 [(73.1)]	(1,265) [—]	(10,813) [—]	41,142 [(30.8)]

[Reference] Profit

Fiscal year Ended December 31, 2025: ¥(39,763) million [—%]

Fiscal year Ended December 31, 2024: ¥(9,294) million [—%]

	Basic Earnings per Share	Diluted Earnings per Share	Return on Equity Attributable to Owners of Parent	Profit before Tax / Total Assets	Core Operating Profit/ Net Sales
	Yen	Yen	%	%	%
Fiscal year Ended December 31, 2025	(101.83)	(101.83)	(6.6)	(2.1)	4.6
Fiscal year Ended December 31, 2024	(27.06)	(27.06)	(1.7)	(0.1)	3.7

[Reference] Equity in earnings of affiliates: As of December 31, 2025: ¥670 million [(67.3)%]

As of December 31, 2024: ¥2,052 million [(45.2)%]

Notes:

- Core operating profit is calculated as operating profit excluding profits or losses incurred by non-ordinary factors (non-recurring items), such as costs and expenses related to structural reforms, impairment losses, acquisitions, etc.
- There are 195 thousand dilutive potential ordinary shares in the previous fiscal year, 175 thousand shares in current fiscal year. However, as they have an anti-dilutive effect, they have been excluded from the calculation of diluted loss per share.

(2) Consolidated Financial Position

	Total Assets	Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent	Equity Attributable to Owners of Parent per Share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2025	1,267,256	621,270	600,756	47.4	1,503.64
As of December 31, 2024	1,331,848	654,643	632,474	47.5	1,583.47

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended December 31, 2025	109,890	(43,424)	(77,248)	91,839
Fiscal Year Ended December 31, 2024	48,403	(83,738)	23,357	98,479

2. Cash Dividends

	Cash Dividends per Share					Total Dividends Paid (Full Year)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Equity Attributable to Owners of Parent (Consolidated)
	Q1	Q2	Q3	Year- End	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year 2024	—	30.00	—	10.00	40.00	15,985	—	2.6
Fiscal Year 2025	—	20.00	—	20.00	40.00	15,981	—	2.6
Fiscal Year 2026 (Forecast)	—	30.00	—	30.00	60.00		57.1	

3. Forecast for the Fiscal Year Ending December 31, 2026 (From January 1 to December 31, 2026)

(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 2026	990,000 [2.1]	69,000 [55.0]	59,000 [—]	60,000 [—]	42,000 [—]	105.12

Notes

(1) Significant changes in the scope of consolidation during the period: 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 December 31, 2025: 400,000,000

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

2) Number of treasury shares

As of December 31, 2025: 463,674

As of December 31, 2024: 576,863

3) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025: 399,486,984

Fiscal year ended December 31, 2024: 399,570,470

[Reference] Summary of Nonconsolidated Results

Performance in the Fiscal Year Ended December 31, 2025 (January 1 to December 31, 2025)

(1) Nonconsolidated Operating Results

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

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	%		%		%		%	
Fiscal Year Ended December 31, 2025	254,754	[3.7]	12,802	[—]	76,763	[325.7]	(113,034)	[—]
Fiscal Year Ended December 31, 2024	245,678	[(5.3)]	(2,595)	[—]	18,032	[(38.8)]	21,523	[11.3]

	Net Profit per Share	Fully Diluted Net Profit per Share
	Yen	Yen
Fiscal Year Ended December 31, 2025	(282.95)	—
Fiscal Year Ended December 31, 2024	53.87	53.84

Notes: Information on "Fully Diluted Net Profit per Share" for the fiscal year ended December 31, 2025 is not presented since, although potential shares did exist, the recorded figure was a basic loss per share.

(2) Nonconsolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2025	779,368	383,716	49.2	958.95
As of December 31, 2024	936,240	508,363	54.2	1,271.12

[Reference] Equity at year-end:

Fiscal year ended December 31, 2025: ¥383,135 million
Fiscal year ended December 31, 2024: ¥507,715 million

This report is not subject to audit by a certified public accountant or audit firm.

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 Fiscal Year Ended December 31, 2025 (4) Earnings Forecast for Next Fiscal Year" on page 9 for information on preconditions underlying the above outlook and other related information.

Contents

1. Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2025	2
(1) Consolidated Performance	2
(2) Financial Position	8
(3) Cash Flows	8
(4) Earnings Forecast for Next Fiscal Year	9
(5) Basic Shareholder Return Policy; Cash Dividends	11
2. Basic Approach to Our Selection of Accounting Standards	11
3. Consolidated Financial Statements and Notes	12
(1) Consolidated Statement of Financial Position	12
(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income	14
(3) Consolidated Statement of Changes in Equity	16
(4) Consolidated Statement of Cash Flows	18
(5) Notes Concerning Consolidated Financial Statements	19
(Note on Assumptions of a Going Concern)	19
(Impairment test of Goodwill)	19
(Segment Information, etc.)	20
(Per-Share Data)	25
(Significant Subsequent Events)	25

1. Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2025

(1) Consolidated Performance

(Millions of yen)

	Net Sales	Core Operating Profit	Operating Profit (Loss)	Loss before Tax	Loss Attributable to Owners of Parent	EBITDA
Fiscal Year Ended December 31, 2025	969,992	44,520	(28,788)	(27,715)	(40,680)	95,218
Fiscal Year Ended December 31, 2024	990,586	36,359	7,575	(1,265)	(10,813)	89,564
Year-on-Year Increase (Decrease)	(2.1)%	22.4%	—	—	—	6.3%
FX-Neutral	(2.1)%					
Like-for-Like	(1.8)%					

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 and expenses related to structural reforms, impairment losses, acquisitions, etc.
2. EBITDA is calculated by adding depreciation and amortization expenses to core operating profit (excluding depreciation of right-of-use assets).
3. Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation, and all business transfers in the fiscal years 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 fiscal year 2025 (“business transfer and acquisition impacts”).

During the fiscal year ended December 31, 2025, the global economy continued to experience rising uncertainty amid escalating geopolitical risks and other factors.

The domestic cosmetics market grew at a moderate pace. While the number of foreign visitors to Japan continued to surge, hitting new record highs throughout the year, inbound cosmetics market saw slower-than-expected growth due in part to a sharp decline in the number of Chinese tourists in December.

The overseas cosmetics market witnessed signs of recovery despite the headwinds which persisted across regions during the year. The duty-free retail market including Hainan Island continued to be impacted by challenging market environment due to subdued consumer spending amid worsening economic sentiment, however, the market started to show signs of recovery with the upgrade of offshore duty-free policy in Hainan Island. Meanwhile, China’s cosmetics market also returned on a recovery trend. The cosmetics markets in the U.S. and Europe both continued modest growth albeit at a slower-than-expected pace.

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.

In November 2024, the Group launched the “Action Plan 2025-2026” to be executed over the two years in order to better drive a swift recovery in our profitability and ensure sustainable growth thereafter. Under the Action Plan, 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 even in the midst of volatile market conditions. In the fiscal year 2025, the Group has completed key strategic actions for structural reforms by steadily advancing its priority agendas towards achieving a core operating profit margin of 7% in 2026.

And, the Group unveiled the “2030 Medium-Term Strategy” with the vision of shifting to a new growth trajectory by leveraging competitive advantage that lies in its value creation and value communication capabilities and maximizing its corporate value.

Under the 2030 VISION “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives” built on the core value of contributing to society that goes back to its foundation, the Group will be aiming to drive above-market sales growth, achieving a core operating profit margin of 10% or more by 2030 based on three strategic pillars; “accelerate growth with brand power,” “evolve global operations,” and “drive sustainable value creation.”

Net sales in the fiscal year ended December 31, 2025 decreased 2.1% year-on-year to ¥970.0 billion on a reported basis, down 2.1% year-on-year on a FX-neutral basis, or down 1.8% 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, reflecting primarily the decline in consumer spending in the China & Travel Retail Business, particularly in the first half of the year, as well as the ongoing challenges with **Drunk Elephant** in the Americas Business. However, sales returned to growth in the latter half of the year driven by the growth of key brands.

Core operating profit increased ¥8.2 billion year-on-year to ¥44.5 billion, offsetting a year-on-year profit decline in the China & Travel Retail and Americas Businesses with positive impacts from better product mix attributed to the growth of our key brands as well as the benefits of structural reforms and Group-wide cost management.

Profit attributable to owners of parent decreased ¥29.9 billion year-on-year, incurring a loss of ¥40.7 billion. Despite the increase in core operating profit, this was offset by a goodwill impairment loss of ¥46.8 billion recognized in the year, based on the results of an impairment test conducted in light of the declined profitability in the Americas Business. This recognition of an impairment loss, however, has not had any impact on cash flow of the Company for the fiscal year 2025. For further details, please refer to 3. Consolidated Financial Statements and Notes, (5) Notes Concerning Consolidated Financial Statements (Impairment test of Goodwill).

The EBITDA margin was 9.8%.

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 fiscal year ended December 31, 2025 are JPY149.7/USD, JPY169.0/EUR, and JPY20.8/CNY.

Additionally, in accordance with the “Accounting Standard for Financial Instruments” under Japanese GAAP, the Company has recognized an extraordinary loss of ¥180.3 billion in its non-consolidated financial results for the fiscal year 2025 to reflect the decrease in the net asset value of shares of its subsidiary, Shiseido Americas Corp. due to the decline in the profitability in the Americas Business. The aforementioned loss on valuation of equity shares will only be recognized on a non-consolidated basis and therefore, it has not, and will not have any impact on the Company’s consolidated financial results for the fiscal year 2025 as well as its future earnings outlook.

[Consolidated Performance]

(Millions of yen)

Classification		Fiscal Year Ended December 31, 2025	% of Total	Fiscal Year Ended December 31, 2024	% of Total	Year-on-Year Increase (Decrease)			
						Amount	Percentage	FX- Neutral	Like- for-Like
Net Sales	Japan Business	295,343	30.4%	294,272	29.7%	1,071	0.4%	0.4%	0.7%
	China & Travel Retail Business	342,244	35.3%	357,786	36.1%	(15,542)	(4.3)%	(3.5)%	(3.5)%
	Asia Pacific Business	73,290	7.6%	71,650	7.2%	1,639	2.3%	1.4%	1.8%
	Americas Business	106,584	11.0%	118,547	12.0%	(11,962)	(10.1)%	(8.7)%	(9.5)%
	EMEA Business	141,129	14.5%	132,665	13.4%	8,463	6.4%	3.1%	3.2%
	Other	11,399	1.2%	15,663	1.6%	(4,263)	(27.2)%	(27.0)%	(14.6)%
	Total	969,992	100.0%	990,586	100.0%	(20,593)	(2.1)%	(2.1)%	(1.8)%

Classification		Total sales including intersegment sales and internal transfers between segments	
		Fiscal Year Ended December 31, 2025	Fiscal Year Ended December 31, 2024
Net Sales	Japan Business	296,450	295,036
	China & Travel Retail Business	345,662	361,524
	Asia Pacific Business	74,557	72,663
	Americas Business	111,175	124,725
	EMEA Business	146,426	138,133
	Other	13,196	17,178
	Subtotal	987,468	1,009,262
	Adjustments	(17,475)	(18,676)
Total		969,992	990,586

(Millions of yen)

Classification		Fiscal Year Ended December 31, 2025	Ratio to Net Sales	Fiscal Year Ended December 31, 2024	Ratio to Net Sales	Year-on-Year Increase (Decrease)	
						Amount	Percentage
Core Operating Profit (Loss)	Japan Business	38,972	13.1%	25,879	8.8%	13,092	50.6%
	China & Travel Retail Business	64,525	18.7%	71,979	19.9%	(7,453)	(10.4)%
	Asia Pacific Business	5,079	6.8%	4,903	6.7%	176	3.6%
	Americas Business	(11,566)	(10.4)%	(9,248)	(7.4)%	(2,318)	—
	EMEA Business	3,949	2.7%	2,659	1.9%	1,289	48.5%
	Other	(1,259)	(9.5)%	(1,130)	(6.6)%	(129)	—
	Subtotal	99,700	10.1%	95,043	9.4%	4,656	4.9%
	Adjustments	(55,179)	—	(58,683)	—	3,504	—
	Total	44,520	4.6%	36,359	3.7%	8,160	22.4%

Notes:

1. From the fiscal year ended December 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 “3. Consolidated Financial Statements and Notes, (5) Notes Concerning Consolidated Financial Statements.” Segment information for the fiscal year ended December 31, 2024 has been restated to reflect these changes.
2. Like-for-like increase (decrease) in net sales excludes 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 operating segment, the difference between the allocation amount to each operating segment and the actual amount, cost difference, etc. From the fiscal year ended December 31, 2025, the head office expenses that were previously recognized in the “Other,” are recognized in the “Adjustments”. The expenses are incurred mainly by head office administration departments, 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” and we have made steady progress in improving profitability through our continued efforts on fixed cost reduction. During the year, we delivered growth with core brands led by **SHISEIDO** and **ELIXIR**, benefitting primarily from the strength of new products infused with cutting-edge technology. On the contrary, while the number of foreign visitors to Japan surged to a record high in the year, inbound sales in the Business decelerated owing primarily to the changes in consumption behavior of foreign visitors coupled with their fading appetite for spending in light of the increasing price convergence in domestic and overseas markets.

As a result, we ended the period with net sales of ¥295.3 billion, up 0.4% year-on-year on a reported basis, or up 0.7% year-on-year on a like-for-like basis excluding the impacts of business transfers. Core operating profit was ¥39.0 billion with a year-on-year increase of ¥13.1 billion, primarily reflecting the positive impacts from a year-on-year increase in gross profit driven by higher sales as well as the benefits of structural reforms.

China & Travel Retail Business

In the China & Travel Retail Business, while the Business was unfavorably impacted by the decline in consumer spending amid worsening economic sentiment, signs of recovery were seen in the latter half of the year. In China, **Clé de Peau Beauté** and **NARS** drove growth particularly in the e-commerce channels, fueled by the strong sales during “Double 11,” the largest e-commerce event in China. In Travel Retail (sales of cosmetics and fragrances primarily through airport and downtown duty-free stores), while the Business was benefitted from a steady shift towards a business model focused on tourists, sales declined year-on-year amid ongoing challenges due to declining consumer spending by Chinese tourists in China and South Korea.

As a result, net sales were ¥342.2 billion, down 4.3% year-on-year on a reported basis, down 3.5% on a FX-neutral basis, or down 3.5% year-on-year on like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased ¥7.5 billion year-on-year to ¥64.5 billion, with a decline in gross profit from lower sales being partially offset by the positive impacts of structural reforms including fixed cost reductions.

Asia Pacific Business

In the countries and regions of the Asia Pacific Business, while the Business continued to be unfavorably affected by the market contraction in Taiwan, sales increased year-on-year driven primarily by the markets in Southeast Asia particularly Thailand and South Korea, with our key brands such as **Clé de Peau Beauté**, **SHISEIDO** and **ELIXIR** being the key drivers of growth.

As a result, net sales were ¥73.3 billion, up 2.3% year-on-year on a reported basis, up 1.4% year-on-year on a FX-neutral basis, or up 1.8% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit increased ¥0.2 billion year-on-year to ¥5.1 billion, owing primarily to an increase in gross profit driven by higher sales.

Americas Business

In the Americas Business, while we delivered a year-on-year revenue growth with **SHISEIDO** and **Clé de Peau Beauté**, overall, we posted a year-on-year revenue decline weighted down by the ongoing challenges with **Drunk Elephant** as well as **NARS**, which was primarily impacted by the differences in the timing of shipping deliveries.

As a result, net sales were ¥106.6 billion, down 10.1% year-on-year on a reported basis, down 8.7% on a FX-neutral basis, or down 9.5% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation, business transfers and acquisitions. Core operating loss increased year-on-year by ¥2.3 billion to ¥11.6 billion, due to the decline in profit driven by lower gross profit from weaker sales, a higher cost of sales ratio, and the U.S. tariff impact being partially offset by the positive impacts of structural reforms including fixed cost reductions.

EMEA Business

In the EMEA Business, while the Business continued to be affected by the ongoing challenge with *Drunk Elephant*, the Fragrances demonstrated robust growth fueled by *Zadig&Voltaire* and *narciso rodriguez* which benefitted from the new products launches.

As a result, net sales were ¥141.1 billion, up 6.4% year-on-year on a reported basis, up 3.1% year-on-year on a FX-neutral basis, or up 3.2% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit increased ¥1.3 billion year-on-year to ¥ 3.9 billion albeit a higher gross profit driven by sales growth being partially offset by the strategic increase in marketing investments.

(2) Financial Position

Total assets decreased by ¥64.6 billion from the end of the previous fiscal year to ¥1,267.3 billion, from a decrease in goodwill, a increase in asset amount translated into yen depreciation, a decrease in inventories, and a decrease in right-of-use assets, etc. Liabilities decreased by ¥31.2 billion to ¥646.0 billion, primarily due to a decrease in redemption of bonds, a decrease in lease liabilities. Equity decreased by ¥33.4 billion to ¥621.3 billion, due to a decrease in retained earnings associated with loss and dividend payments, and an increase in exchange differences on translation of foreign operations due to yen depreciation.

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 0.16.

(3) Cash flows

(Cash flow analysis)

Cash and cash equivalents at the end of the current fiscal year stood at ¥91.8 billion, ¥6.6 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 fiscal year 2025 increased by ¥61.5 billion year-on-year to ¥109.9 billion. The operating cash flow for the year mainly reflected increase factors such as ¥71.7 billion in Depreciation and amortization, ¥51.3 billion in Impairment losses (reversal of impairment losses), ¥19.0 billion in Decrease (increase) in inventories, etc., and decrease factors such as ¥27.7 billion in the Loss before tax and ¥13.9 billion in Increase (decrease) in trade payables, etc.

(Cash Flows from Investing Activities)

Net cash used in investing activities in the fiscal year 2025 decreased by ¥40.3 billion year-on-year to ¥43.4 billion. The investing cash flow for the year mainly reflected ¥25.3 billion in Purchase of property, plant and equipment such as investment in factory equipment and ¥19.1 billion in Purchase of intangible assets such as investment in IT systems.

(Cash Flows from Financing Activities)

Net cash used by financing activities in the fiscal year 2025 increased by ¥100.6 billion year-on-year to ¥77.2 billion. The financing cash flow for the year mainly reflected cash outflows such as ¥40.0 billion in Redemption of bonds, ¥32.0 billion in the decrease in short-term borrowings, ¥23.7 billion in the Repayments of lease liabilities, ¥12.0 billion in Dividends paid, ¥12.0 billion in the Repayments of long-term borrowings, and ¥11.7 billion in Payments from changes in ownership interests in subsidiaries not resulting in change in scope of consolidation, as well as cash inflows such as ¥57.0 billion in Proceeds from long-term borrowings.

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		109.9
Net cash provided by (used in) investing activities		(43.4)
Net cash provided by (used in) financing activities		(77.2)
Effect of exchange rate changes on cash and cash equivalents		4.1
Net change in cash and cash equivalents (decrease)		(6.6)
Cash and cash equivalents at end of period		91.8

(4) Earnings Forecast for Next Fiscal Year

Consolidated Net Sales

(Billions of yen)

Classification	Fiscal Year ending December 31, 2026 (Forecast)	Fiscal Year ended December 31, 2025	Percentage Change	FX-Neutral	Like-for-like
Net Sales	990.0	970.0	2.1%	2%	3%

Forecast for Consolidated Net Sales by Reportable Segment (YoY change)

Classification	YoY	YoY FX-Neutral	YoY Like-for-Like
Japan Business	mid single %	mid single %	mid single %
China & Travel Retail Business	–low single %	–low single %	–low single %
Asia Pacific Business	high single %	high single %	high single %
Americas Business	high single %	high single %	high single %
EMEA Business	high single %	high single %	high single %
Other	–over 30%	–over 30%	low single %
Total	2.1 %	2%	3%

Notes: Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation and the business transfer impacts in the fiscal years 2025 and 2026.

Consolidated Profit

(Billions of yen)

Classification	Fiscal Year Ending December 31, 2026 (Forecast)	Ratio to Net Sales	Fiscal Year Ended December 31, 2025	Ratio to Net Sales	Percentage Change
Core Operating Profit	69.0	7.0%	44.5	4.6%	55.0%
Operating Profit (Loss)	59.0	6.0%	(28.8)	(3.0)%	—
Profit (Loss) before Tax	60.0	6.1%	(27.7)	(2.9)%	—
Profit (Loss) Attributable to Owners of Parent	42.0	4.2%	(40.7)	(4.2)%	—

Notes: Core operating profit is calculated as operating profit excluding profits or losses incurred by non-ordinary factors (non-recurring items), such as costs and expenses related to structural reforms and impairment losses, etc.

Classification	Fiscal Year Ending December 31, 2026 (Forecast)	Fiscal Year Ended December 31, 2025
Free Cash Flow (billion yen)	50.0	66.5
ROIC (Return on Invested Capital)	5%	(2.0)%
ROE (Return on Equity Attributable to Owners of Parent)	7%	(6.6)%
Basic Earnings per Share (yen)	105.12	(101.83)
DOE (Dividends on Equity Attributable to Owners of Parent)	3.9%	2.6%
Dividends per share (yen)		
Interim	30.00	20.00
Year-end	30.00	(Planned) 20.00

Notes: ROIC for the fiscal year 2025 is calculated by applying the statutory tax rate.

In the fiscal year 2026, we expect the global economy to remain steady on the back of moderating inflation and easing financial conditions, despite rising uncertainty driven by geopolitical risks and evolving trends in monetary and economic policies. While we will closely monitor the situation surrounding the temporary declines in demand due to the tensions between Japan and China as well as the trends in the U.S. market, we expect the global cosmetics market to grow at a moderate pace throughout the year.

In such an environment, we are striving to establish a resilient business model and deliver sustainable profit growth amid volatile market conditions. In the fiscal year 2026, we will be aiming to achieve a core operating profit margin of 7% laid out in the “Action Plan 2025-2026”, while improving our capital efficiency and cash generation capability towards achieving financial targets under the “2030 Medium-Term Strategy.”

As for the reportable segment by region, we expect revenue to decline year-on-year in the China & Travel Retail Business amid ongoing market challenges. On the contrary, in the Americas Business, we are aiming to return to profitability, with significant profit growth driven by recovery in sales through strategic investments focused on key brands as well as by completing a turnaround of *Drunk Elephant*, while realizing further benefits from structural reforms. In the Japan Business, we will continue to enhance profitability by implementing strategic price adjustments while increasing our focus on alluring consumer touchpoints. In the EMEA and Asia Pacific Businesses, we will strengthen the foundation for enhancing brand power to realize steady growth.

As a result of such initiatives, we expect consolidated net sales of ¥990.0 billion for the fiscal year 2026, reflecting a 3% year-on-year increase on a like-for-like basis, excluding the impact of foreign exchange translation and business transfers. We expect to achieve a core operating profit of ¥69.0 billion and a core operating profit margin of 7%. While the impacts of increases in strategic marketing investments and higher personnel expenses due to inflation are reflected in our forecast, we are aiming to deliver a year-on-year profit growth with higher profits driven by sales growth as well as the benefits from structural reforms and cost reductions. In addition, we expect a loss of ¥10.0 billion to be recognized in non-recurring items attributed primarily to cost of structural reforms, and profit attributable to owners of parent of ¥42.0 billion for the year.

The above forecasts are based on the following exchange rate assumptions for the major foreign currencies: JPY 150/USD, JPY 170/EUR, and JPY 20.5/CNY.

(5) Basic Shareholder Return Policy; Cash Dividends

Our total shareholder return policy emphasizes maximizing returns to shareholders through direct means, in addition to generating medium-to long-term share price gains. To this end, our fundamental policy is to give highest priority to strategic investments aimed at sustainable growth in order to increase profits and improve capital efficiency, which will lead to medium-to long-term increases in dividends and higher share prices.

We focus on consolidated financial performance and free cash flow in determining dividends and have set a dividend on equity attributable to owners of the parent (DOE) of 2.5% or higher as one of the metrics that reflect our capital policy for ensuring stable and consistent growth in shareholder returns over the long term. Our policy with respect to share buybacks is to remain flexible and make such decisions based on the market environment.

Based on such policy, for the fiscal year ended December 31, 2025, we declare a year-end dividend of ¥20 per share which amounts to a total annual dividend of ¥40 per share including an interim dividend of ¥20 per share, with a DOE of 2.6%.

For the fiscal year ending December 31, 2026, we declare an interim and a year-end dividend of ¥30 per share, which amounts to a total annual dividend of ¥60 per share, with an increase of ¥20 per share from the fiscal year 2025 based on our strong free cash projections. As a result, we expect a DOE of 3.9%.

2. Basic Approach to Our Selection of Accounting Standards

We have voluntarily adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2022, in order to enhance the Company's global business management by unifying accounting standards across the Group and to improve the international comparability of its financial information in capital markets.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

	As of December 31, 2024	As of December 31, 2025
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	98,479	91,839
Trade and other receivables	154,305	163,329
Inventories	160,507	147,135
Other financial assets	28,382	28,265
Other current assets	36,125	40,944
Total current assets	477,800	471,514
Non-current assets		
Property, plant and equipment	294,411	283,813
Goodwill	108,013	58,793
Intangible assets	179,390	176,116
Right-of-use assets	104,876	87,985
Investments accounted for using equity method	2,908	2,972
Other financial assets	89,556	96,401
Retirement benefit asset	10,261	35,998
Deferred tax assets	54,782	45,021
Other non-current assets	9,848	8,639
Total non-current assets	854,048	795,741
Total assets	1,331,848	1,267,256

	As of December 31, 2024	As of December 31, 2025
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	152,199	141,571
Bonds and borrowings	107,000	30,000
Lease liabilities	21,223	20,205
Other financial liabilities	6,391	20,271
Income taxes payable	3,413	7,931
Provisions	4,527	7,734
Other current liabilities	103,807	117,275
Total current liabilities	398,562	344,989
Non-current liabilities		
Bonds and borrowings	131,620	181,617
Lease liabilities	103,317	91,337
Other financial liabilities	20,630	2,635
Retirement benefit liability	5,037	6,186
Provisions	1,852	4,446
Deferred tax liabilities	3,640	3,387
Other non-current liabilities	12,544	11,384
Total non-current liabilities	278,642	300,996
Total liabilities	677,205	645,985
Equity		
Share capital	64,506	64,506
Capital surplus	74,138	65,855
Treasury shares	(2,325)	(1,868)
Retained earnings	356,877	320,612
Other components of equity	139,277	151,650
Total equity attributable to owners of parent	632,474	600,756
Non-controlling interests	22,169	20,513
Total equity	654,643	621,270
Total liabilities and equity	1,331,848	1,267,256

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

Consolidated Statement of Profit or Loss

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Millions of yen	Millions of yen
Net sales	990,586	969,992
Cost of sales	237,394	226,989
Gross profit	753,191	743,003
Selling, general and administrative expenses	751,444	725,558
Other operating income	8,561	4,869
Impairment of goodwill	—	46,818
Other operating expenses	2,733	4,284
Operating profit (loss)	7,575	(28,788)
Finance income	8,292	7,539
Finance costs	6,402	6,284
Loss allowance for long-term loans receivable	12,784	851
Share of profit of investment accounted for using equity method	2,052	670
Loss before tax	(1,265)	(27,715)
Income tax expense	8,028	12,048
Loss	(9,294)	(39,763)
Profit (loss) attributable to		
Owners of parent	(10,813)	(40,680)
Non-controlling interests	1,518	916
Loss	(9,294)	(39,763)
Earnings per share		
Basic earnings (loss) per share (yen)	(27.06)	(101.83)
Diluted earnings (loss) per share (yen)	(27.06)	(101.83)

Consolidated Statement of Comprehensive Income

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Millions of yen	Millions of yen
Loss	(9,294)	(39,763)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(273)	(82)
Remeasurements of defined benefit plans	11,816	15,983
Share of other comprehensive income of investments accounted for using equity method	7	7
Total of items that will not be reclassified to profit or loss	11,550	15,908
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	39,722	13,387
Share of other comprehensive income of investments accounted for using equity method	(835)	(7)
Total of items that may be reclassified to profit or loss	38,886	13,380
Other comprehensive income, net of tax	50,437	29,288
Comprehensive income	41,142	(10,474)
Comprehensive income attributable to		
Owners of parent	38,375	(12,322)
Non-controlling interests	2,767	1,847
Comprehensive income	41,142	(10,474)

(3) Consolidated Statement of Changes in Equity

Fiscal Year Ended December 31, 2024 (January 1 to December 31, 2024)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					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)				(10,813)		
Other comprehensive income					37,652	(245)
Total comprehensive income	—	—	—	(10,813)	37,652	(245)
Purchase of treasury shares			(1,047)			
Disposal of treasury shares		(17)	313	(15)		
Dividends				(23,981)		
Changes in ownership interest in subsidiaries		(0)				
Share-based payment transactions		155		380		
Transfer to retained earnings				11,535		245
Other				(437)		
Total transactions with owners	—	138	(734)	(12,517)	—	245
Balance as of December 31, 2024	64,506	74,138	(2,325)	356,877	139,277	—

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	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)		—	(10,813)	1,518	(9,294)
Other comprehensive income	11,781	49,188	49,188	1,248	50,437
Total comprehensive income	11,781	49,188	38,375	2,767	41,142
Purchase of treasury shares		—	(1,047)		(1,047)
Disposal of treasury shares		—	280		280
Dividends		—	(23,981)	(1,917)	(25,898)
Changes in ownership interest in subsidiaries		—	(0)	0	—
Share-based payment transactions		—	536		536
Transfer to retained earnings	(11,781)	(11,535)	—		—
Other		—	(437)	(325)	(762)
Total transactions with owners	(11,781)	(11,535)	(24,650)	(2,242)	(26,892)
Balance as of December 31, 2024	—	139,277	632,474	22,169	654,643

Fiscal Year Ended December 31, 2025 (January 1 to December 31, 2025)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					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)				(40,680)		
Other comprehensive income					12,373	7
Total comprehensive income	—	—	—	(40,680)	12,373	7
Purchase of treasury shares			(2)			
Disposal of treasury shares			459	(176)		
Dividends				(11,984)		
Changes in ownership interest in subsidiaries		(8,259)				
Share-based payment transactions		(23)		606		
Transfer to retained earnings				15,984		(7)
Other				(13)		
Total transactions with owners	—	(8,283)	457	4,415	—	(7)
Balance as of December 31, 2025	64,506	65,855	(1,868)	320,612	151,650	—

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	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)			(40,680)	916	(39,763)
Other comprehensive income	15,976	28,357	28,357	931	29,288
Total comprehensive income	15,976	28,357	(12,322)	1,847	(10,474)
Purchase of treasury shares		—	(2)		(2)
Disposal of treasury shares		—	283		283
Dividends		—	(11,984)	(1,827)	(13,811)
Changes in ownership interest in subsidiaries		—	(8,259)	(3,203)	(11,462)
Share-based payment transactions		—	582		582
Transfer to retained earnings	(15,976)	(15,984)	—		—
Other		—	(13)	1,526	1,513
Total transactions with owners	(15,976)	(15,984)	(19,394)	(3,503)	(22,898)
Balance as of December 31, 2025	—	151,650	600,756	20,513	621,270

(4) Consolidated Statement of Cash Flows

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Loss before tax	(1,265)	(27,715)
Depreciation and amortization	75,666	71,735
Impairment losses (reversal of impairment losses)	(1,008)	51,309
Loss (gain) on disposal of fixed assets	1,186	1,830
Loss allowance for long-term loans receivable	12,784	851
Increase or decrease in retirement benefit asset or liability	(3,070)	(1,713)
Interest and dividend income	(7,306)	(7,484)
Interest expenses	4,053	4,620
Share of profit of investments accounted for using equity method	(2,052)	(670)
Decrease (increase) in trade receivables	(10,464)	(1,576)
Decrease (increase) in inventories	1,195	19,021
Increase (decrease) in trade payables	(30,138)	(13,851)
Other	8,214	19,894
Subtotal	47,792	116,252
Interest and dividends received	6,603	2,548
Interest paid	(2,781)	(3,540)
Income taxes paid	(3,210)	(5,370)
Net cash provided by (used in) operating activities	48,403	109,890
Cash flows from investing activities:		
Payments into time deposits	(32,784)	(31,994)
Proceeds from withdrawal of time deposits	29,358	30,935
Purchase of property, plant and equipment	(24,859)	(25,299)
Proceeds from sales of property, plant and equipment and intangible assets	1,456	336
Purchase of intangible assets	(25,849)	(19,127)
Payments for acquisition of subsidiaries	(48,902)	—
Proceeds from sale of business	1,531	—
Proceeds from sale of shares of associates	12,755	—
Other	3,555	1,724
Net cash provided by (used in) investing activities:	(83,738)	(43,424)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial papers	42,000	(32,000)
Proceeds from long-term borrowings	51,000	57,000
Repayments of long-term borrowings	(30,000)	(12,000)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	—	(40,000)
Purchase of treasury shares	(1,047)	(2)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(23,979)	(12,004)
Dividends paid to non-controlling interests	(1,960)	(2,263)
Repayments of lease liabilities	(26,376)	(23,728)
Payments from changes in ownership interests in subsidiaries not resulting in change in scope of consolidation	—	(11,699)
Other	(1,277)	(550)
Net cash provided by (used in) financing activities	23,357	(77,248)
Net change in cash and cash equivalents (decrease)	(11,976)	(10,781)
Cash and cash equivalents at beginning of period	104,685	98,479
Effect of exchange rate changes on cash and cash equivalents	5,770	4,141
Cash and cash equivalents at end of period	98,479	91,839

(5) Notes Concerning Consolidated Financial Statements

(Note on Assumptions of a Going Concern)

Not applicable.

(Impairment test of Goodwill)

The carrying amounts of major goodwill are allocated to each cash-generating unit, that is expected to benefit from the synergies of the business combination and goodwill is tested for impairment in each fiscal year, and whenever there is any indication of impairment.

In principle, each operating segment is defined as a cash-generating unit (Note) and the recoverable amount of each cash-generating unit is determined at value in use, estimated primarily using discounted cash flows. Value in use is determined by discounting the estimated cash flows based on management-approved five-year business plans to the present value using a discount rate based on the weighted average cost of capital. Business plans reflect management assessments of future trends in the industry as well as past data, and are prepared using the mid-term growth rate, set based on both external and internal information, with factors including sales and profit margin ratio based on sales expansion plans, serving as the basis for calculation. For periods beyond the period covered by the business plan, the terminal value is calculated by discounting the projected pre-tax cash flows to present value using long-term market growth rate determined by taking into account the conditions in the country and industry to which the cash-generating unit belongs.

Note: The cash-generating units for the “China & Travel Retail Business” are defined as “China business Cash-Generating Unit” and “Travel Retail business Cash-Generating Unit,” as the smallest units that generate cash inflows that are largely independent.

(Cash-generating unit which shows an indication of impairment)

In Americas Business, as there was an indication of impairment due to decline of its profitability during the period, we have conducted the impairment test in the fiscal year ended December 31, 2025. As a result of the impairment test conducted as described above, since the recoverable amount is less than the carrying amount, impairment losses of ¥46,818 million has been recorded. The impairment losses recognized are included in “Impairment of goodwill” in the consolidated statement of profit or loss. There has been no significant change in the amount of the impairment of goodwill recorded from the first nine months of the fiscal year.

The carrying amount of goodwill allocated to the Americas Business cash-generating unit is as follows:

	As of December 31, 2024	As of December 31, 2025
	Millions of yen	Millions of yen
Goodwill	58,420	9,733

The key assumptions used in the calculation of the recoverable amount of the Americas Business cash-generating unit are as follows:

	As of December 31, 2024	As of December 31, 2025
Discount rate:	10.9%	12.1%
Mid-term growth rate:	5.2%~7.9%	4.9%~5.0%
Long-term market growth rate:	2.1%	2.2%

(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 fiscal year ended December 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, Fragrances, 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, Fragrances, 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, Fragrances, etc.).

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

The "Other" includes the restaurant business, etc.

(Changes of reportable segments, etc.)

The Group has revised its reportable segment classifications from the fiscal year ended December 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 fiscal year ended December 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 costs and expenses related to structural reforms, impairment losses, acquisitions, 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 fiscal year ended December 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 fiscal year ended December 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:

Fiscal Year Ended December 31, 2024 (January 1 to December 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	294,272	357,786	71,650	118,547	132,665
Intersegment sales or transfer	764	3,737	1,012	6,178	5,468
Total	295,036	361,524	72,663	124,725	138,133
Segment profit (loss) i.e. Core operating profit	25,879	71,979	4,903	(9,248)	2,659
	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation	
Net sales					
Sales to external customers	15,663	990,586	—	990,586	
Intersegment sales or transfer	1,515	18,676	(18,676)	—	
Total	17,178	1,009,262	(18,676)	990,586	
Segment profit (loss) i.e. Core operating profit	(1,130)	95,043	(58,683)	36,359	

Note:

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 (¥(65,271) million), the difference between the allocation amount to each operating segment and the actual amount (¥(3,650) million) and cost difference (¥9,704 million), etc. The head office expenses which were included in the “Other,” are included in the “Adjustments” from the fiscal year ended December 31, 2025. The expenses are incurred mainly by head office, R&D, etc. The amounts have been restated to reflect these changes. Profit (loss) adjustment is mainly intersegment transaction eliminations.

Fiscal Year Ended December 31, 2025(January 1 to December 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	295,343	342,244	73,290	106,584	141,129
Intersegment sales or transfer	1,106	3,417	1,266	4,590	5,296
Total	296,450	345,662	74,557	111,175	146,426
Segment profit (loss) i.e. Core operating profit	38,972	64,525	5,079	(11,566)	3,949
	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation	
Net sales					
Sales to external customers	11,399	969,992	—	969,992	
Intersegment sales or transfer	1,796	17,475	(17,475)	—	
Total	13,196	987,468	(17,475)	969,992	
Segment profit (loss) i.e. Core operating profit	(1,259)	99,700	(55,179)	44,520	

Note:

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 (¥(64,478) million), the difference between the allocation amount to each operating segment and the actual amount (¥6,301 million) and cost difference (¥5,913 million), etc. The head office expenses are incurred mainly by head office, R&D, etc.

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

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
	Millions of yen	Millions of yen
Segment profit	36,359	44,520
Structural reform expenses	(26,560)	(20,580)
Impairment losses	(136)	(51,551)
Reversal of impairment losses	1,145	241
Gain on sale of non-current assets	725	—
Acquisition-related costs	(325)	(9)
One-time costs related to internal system changes	(1,999)	(13)
Other	(1,632)	(1,395)
Operating profit (loss)	7,575	(28,788)

“Structural reform expenses” for the fiscal year ended December 31, 2024 are mainly the costs associated with the Early Retirement Incentive Plan as part of the business transformation of Shiseido Japan Co., Ltd. and related gain on settlement of retirement benefit obligations. The expenses are included in “Cost of sales,” “Selling, general and administrative expenses,” “Other operating income” and “Other operating expenses” in the consolidated statement of profit or loss.

“Structural reform expenses” for the fiscal year ended December 31, 2025 are mainly the costs associated with the “Action Plan 2025-2026” such as “Next Career Support Plan” in the Company, etc., disposal of assets, the costs for workforce reductions in Americas Business, and a provision for an onerous contract. The expenses are included in “Cost of sales,” “Selling, general and administrative expenses” and “Other operating expenses” in the consolidated statement of profit or loss.

“Impairment losses” for the fiscal year ended December 31, 2025 are mainly the impairment losses of goodwill and the impairment losses due to decline in profitability of offices subleased by Shiseido Americas Corp, etc. The expenses are included in “Cost of sales,” “Selling, general and administrative expenses” and “Impairment of goodwill” in the consolidated statement of profit or loss.

“Reversal of impairment losses” for the fiscal year ended December 31, 2024 and 2025 are the reversal of impairment losses related to the manufacturing facilities at Shiseido Osaka Factory, for which impairment losses were previously recognized and which has since recovered in profitability. The income is included in “Other operating income” in the consolidated statement of profit or loss.

“Gain on sale of non-current assets” for the fiscal year ended December 31, 2024 is mainly the income arising from the sales of the real estate owned by its subsidiary. The income is included in “Other operating income” in the consolidated statement of profit or loss.

“Acquisition-related costs” for the fiscal year ended December 31, 2024 and 2025 are the direct costs associated with the acquisition of DDG Skincare Holdings LLC. The expenses are included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

“One-time costs related to internal system changes” for the fiscal year ended December 31, 2024 and 2025 are included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

(Per-Share Data)**(1) Basis for the calculation of basic earnings per share**

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Loss attributable to owners of parent (Millions of yen)	(10,813)	(40,680)
Profit (loss) not attributable to common shareholders of parent (Millions of yen)	—	—
Loss used for calculating basic earnings per share (Millions of yen)	(10,813)	(40,680)
Weighted-average number of shares of ordinary shares (Thousands of shares)	399,570	399,486
Basic loss per share (Yen)	(27.06)	(101.83)

(2) Basis for the calculation of diluted earnings per share

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Loss used for calculating basic earnings per share (Millions of yen)	(10,813)	(40,680)
Profit adjustment (Millions of yen)	—	—
Loss used for calculating diluted earnings per share (Millions of yen)	(10,813)	(40,680)
Weighted-average number of shares of ordinary shares (Thousands of shares)	399,570	399,486
Increase in ordinary share Share acquisition rights (Thousands of shares)	—	—
Diluted weighted-average number of ordinary shares (Thousands of shares)	399,570	399,486
Diluted loss per share (Yen)	(27.06)	(101.83)

There are 195 thousand dilutive potential ordinary shares in the previous fiscal year, 175 thousand shares in current fiscal year. However, as they have an anti-dilutive effect, they have been excluded from the calculation of diluted loss per share.

(Significant Subsequent Events)

Not applicable.