# Shiseido Company, Limited

2026 Q3 Financial Results Briefing

November 10, 2026

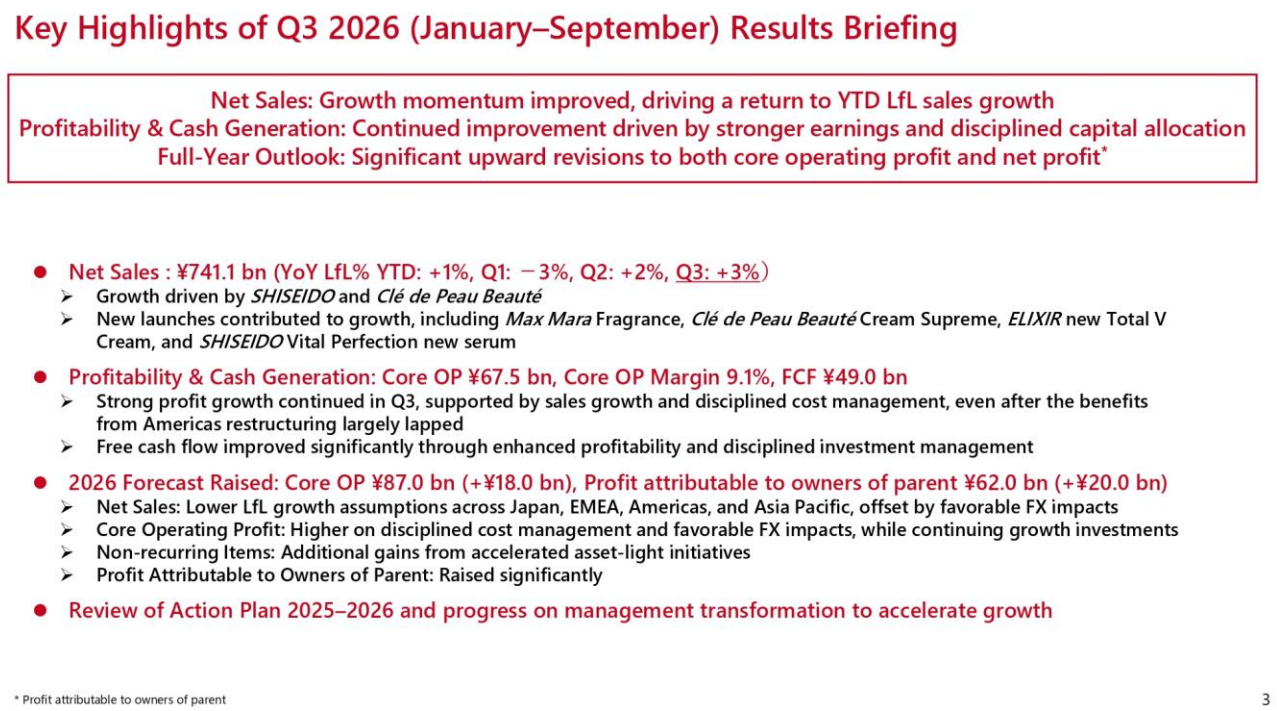
# Event Summary

| | |
|---|---|
| **[Company Name]** | Shiseido Company, Limited |
| **[Company ID]** | 4911-QCODE |
| **[Event Language]** | JPN |
| **[Event Type]** | Earnings Announcement |
| **[Event Name]** | 2026 Q3 Financial Results Briefing |
| **[Date]** | November 10, 2026 |
| **[Time]** | 17:30 – 18:40<br>(Total: 70 minutes, Presentation: 32 minutes, Q&A: 38 minutes) |
| **[Number of Speakers]** | 3 |

| | |
|---|---|
| Kentaro Fujiwara | Director, Representative Corporate Executive Officer, President and CEO |
| Ayako Hirofuji | Representative Corporate Executive Officer, Chief Financial Officer |
| Yuki Oshima | Vice President, Investor Relations Department |

## Presentation

**Hirofuji:** I am Hirofuji, CFO. I will provide details on our results and situation across our various regions.




Let's begin on page three, which outlines the key highlights of Q3 YTD 2026 financial results.

First, we have seen an improvement in our sales growth momentum. After a 3% decline in Q1, we recorded a 2% growth in Q2 and 3% in Q3, bringing our YTD growth to 1%, a shift into positive territory. Growth has been driven by our core brands such as Clé de Peau Beauté and Shiseido as well as new brands like Max Mara and new product launches, including a new Total V Cream from the ELIXIR line. Our focus on core brands and our commitment to creating value through our innovation are now beginning to reflect in our sales performance.

The second key point is a significant improvement in both profitability and free cash flow. Even after the initial impact of last year's structural reforms in the Americas had lapped, we achieved profit growth through a combination of rising sales and disciplined cost management, resulting in a YTD core operating margin of 9.1%. Our disciplined investment management has also led to a substantial increase in free cash flow. Profitability has been bolstered not only by the reduction in fixed costs resulting from our structural reforms, but also by our efforts to reevaluate investment priorities and spending. We intend to embed these practices while making the investment for future growth.

The third point concerns the revision of our full-year outlook. Regarding net sales, while we lowered our like-for-like growth rate projection based on our recent trends, the overall forecast has been revised upward, partly due to the impact of a weaker yen on the currency translation. We have also uplifted our core operating profit forecast by JPY18 billion to JPY87 billion from our previous projection based on Q3 performance and our outlook for Q4, including the impact of exchange rates. Furthermore, reflecting factors such as the accelerated implementation of asset-light initiatives, we have revised upward profit attributable to owners of the parent by JPY20 billion to JPY62 billion.

## Overview of Q3 2026 Results (January–September)

| (Billion yen) | Q3 YTD 2025 | % of Net Sales | Q3 YTD 2026 | % of Net Sales | YoY Change | YoY % | YoY FX-Neutral % | YoY LfL % |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 693.8 | 100% | 741.1 | 100% | +47.3 | +7% | +0% | +1% |
| Core Operating Profit | 30.1 | 4.3% | 67.5 | 9.1% | +37.4 | +124% | | |
| Non-recurring Items | −63.4 | −9.1% | −4.0 | −0.5% | +59.4 | - | | |
| Operating Profit (Loss) | −33.4 | −4.8% | 63.5 | 8.6% | +96.8 | - | | |
| Profit (Loss) before Tax | −32.5 | −4.7% | 65.3 | 8.8% | +97.8 | - | | |
| Income Tax Expense | 11.5 | 1.7% | 21.2 | 2.9% | +9.7 | +84% | | |
| Profit (Loss) Attributable to Owners of Parent | −44.0 | −6.3% | 44.4 | 6.0% | +88.4 | - | | |
| EBITDA | 67.9 | 9.8% | 106.2 | 14.3% | +38.2 | +56% | | |
| Free Cash Flow | 31.6 | 4.6% | 49.0 | 6.6% | +17.4 | +55% | | |

FX rate for Q3 2026 (Jan-Sep):
USD/JPY: 158.5
EUR/JPY: 184.0
CNY/JPY: 23.2

(Same period of the previous year)
USD/JPY: 148.1
EUR/JPY: 165.5
CNY/JPY: 20.5

| | | | |
|---|---|---|---|
| Net Sales | : YoY LfL % | +1% | Q3 growth momentum further improved, driving YTD net sales growth |
| Core Operating Profit | : YoY Change | +¥37.4 bn | Strong profit growth achieved through structural reforms and company-wide cost management |
| Profit Attributable to Owners of Parent | : YoY Change | +¥88.4 bn | Profitability improved, benefiting from the non-recurrence of prior-year goodwill impairment losses in Americas and restructuring expenses |
| Free Cash Flow | : YoY Change | +¥17.4 bn | Free cash flow improved as cash outflows from investing activities decreased through disciplined investment management, while operating cash flow remained flat year on year, as improved profitability was offset by higher working capital and other factors |

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Page four talks about the overview of the Q3 YTD results.

Net sales reached JPY741.1 billion, up 1% YoY on a like-for-like basis.

Core operating profit was JPY67.5 billion, an increase of JPY37.4 billion from the previous year. On top of one-time tailwinds such as favorable exchange rate effects and tariff refund, the primary drivers were the benefits of structural reforms, ongoing global cost management, and the impact of improved investment efficiency.

Profit attributable to owners of the parent was JPY44.4 billion, an improvement of JPY88.4 billion YoY. This is driven by the growth in core operating profit as well as the absence of prior-year goodwill impairment losses in Americas and structural reform costs. We remain committed to strengthen the profitability of our core business for sustainable growth in earnings per share.

## Core Operating Profit: Margin Expansion Driven by Disciplined Management

| (Excluding Non-recurring Items) (Billion yen) | Q3 YTD 2025 | % of Net Sales | Q3 YTD 2026 | % of Net Sales | YoY Change | YoY % | Change(pts) |
|---|---|---|---|---|---|---|---|
| Net Sales | 693.8 | 100% | 741.1 | 100% | +47.3 | +6.8% | - |
| COGS | 160.9 | 23.2% | 155.5 | 21.0% | −5.4 | −3.3% | −2.2 |
| Gross Profit | 532.9 | 76.8% | 585.6 | 79.0% | +52.7 | +9.9% | +2.2 |
| SG&A | 506.6 | 73.0% | 524.6 | 70.8% | +18.1 | +3.6% | −2.2 |
| Marketing investments | 197.9 | 28.5% | 214.7 | 29.0% | +16.8 | +8.5% | +0.4 |
| Brand development / R&D | 26.1 | 3.8% | 25.4 | 3.4% | −0.7 | −2.5% | −0.3 |
| Personnel expenses* | 161.3 | 23.2% | 164.4 | 22.2% | +3.1 | +1.9% | −1.1 |
| Other SG&A | 121.3 | 17.5% | 120.1 | 16.2% | −1.2 | −1.0% | −1.3 |
| Other Operating Income / Expenses | 3.7 | 0.5% | 6.4 | 0.9% | +2.7 | +73.5% | +0.3 |
| Core Operating Profit | 30.1 | 4.3% | 67.5 | 9.1% | +37.4 | +124.3% | +4.8 |

| | | |
|---|---|---|
| COGS | : | COGS ratio improved, partly driven by reversal of inventory provisions |
| SG&A | : | Reduced on an FX-neutral basis |
| Marketing investments | : | Focused investments to accelerate growth of key brands and new products |
| Personnel expenses* | : | Reduced through structural reform benefits and natural attrition, offsetting salary increases |
| Other SG&A | : | Lower outsourcing costs and depreciation driven by structural reforms, together with disciplined cost management |
| Other Operating Income / Expenses | : | Including provision reversals |

* Including POS personnel expenses

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Next, core operating profit on page five, the COGS ratio was 21%, improving by 2.2% from the previous year. This was partly driven by a reversal of unevenly distributed inventory provision, which had been high last year.

SG&A expenses decreased, excluding the impact of exchange rate. This reflects the benefit of structural reforms and our continued agile approach to cost management. Marketing investment as a percentage of revenue rose by 0.4 points YoY. We continue to prioritize investments in key brands, new products, and channels with high growth potential in Q4. Our focus on investment discipline is yielding results. While managing overall expenses, the investment necessary for growth is secured and selection and concentration in our capital allocation will continue.

## Net Sales by Reportable Segment: YTD Net Sales Growth Driven Primarily by China & Travel Retail and Asia Pacific

| YoY LfL | 2025 (vs. 2024) | | | | | 2026 (vs. 2025) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q3 YTD |
| Japan | −2% | +2% | +2% | +2% | +1% | −4% | +3% | −0% | −0% |
| China & Travel Retail | −14% | −7% | +8% | +2% | −3% | −1% | +1% | +5% | +1% |
| Asia Pacific | −1% | −0% | −2% | +9% | +2% | −1% | +5% | +7% | +4% |
| Americas | −19% | +4% | −9% | −10% | −9% | +5% | −8% | +4% | +1% |
| EMEA | −9% | +2% | +22% | +1% | +3% | −10% | +9% | +0% | −1% |
| Total | −9% | −3% | +4% | +1% | −2% | −3% | +2% | +3% | +1% |

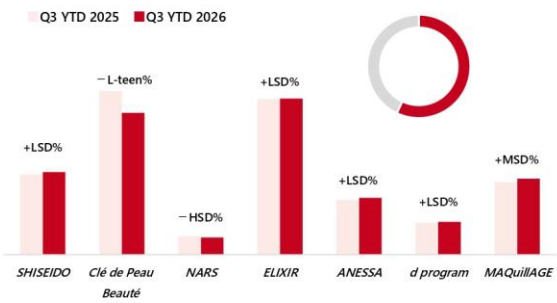
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Moving on to page six, net sales by region. Mainly driven by China & travel retail and the continued growth of Asia Pacific, overall global sales have shifted to YTD growth. While the pace of recovery varies by region, our overall sales growth momentum is improving.

## Japan: Continued Margin Expansion Supported by Diverse Growth Drivers

| (Billion yen) | Q3 YTD 2025 | Q3 YTD 2026 | YoY Change | YoY %* |
|---|---|---|---|---|
| Net Sales | 219.1 | 217.4 | −1.7 | −0.4% |
| Core Operating Profit | 27.9 | 34.2 | +6.3 | +22.5% |
| Core OPM | 12.7% | 15.7% | - | +3.0pts |

Net Sales by Brand




Key Brand Net Sales Composition



* Net Sales YoY% means Net Sales YoY LfL%

**Q3 Market**
- Local: Remained resilient, although September recorded negative growth due to prolonged rainfall
- Inbound: Continued growth despite fewer Chinese travelers

**Q3 Consumer Purchases**
- −LSD%, E-commerce grew by +MSD%
  - Local: +LSD% September performance was affected by the timing shift of promotional activities and other factors
    - *ELIXIR*: Continued growth despite a high comparison base, supported by strong sales of new Total V Cream
    - *HAKU* and *IHADA*: New products contributed; *d Program* maintained a stable customer base
    - *SHISEIDO* and *Clé de Peau Beauté*: Strong sales in July and August
  - Inbound: −M-teen%
    - Customer base diversified further, particularly through visitors from countries/regions such as Thailand, Taiwan, and South Korea

**Q3 YTD Net Sales & Core Operating Profit**
- Steady profitability improvement driven by sustained reductions in COGS and personnel expense ratios
- Continued marketing investment behind key brands
- Improved profitability despite lower inbound sales

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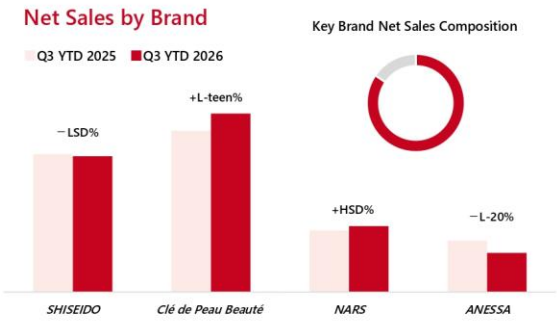
Now, details for each region, starting with page seven, our Japan business. In the local market, while performance was affected by record-breaking prolonged rainfall in September around Eastern Japan, the business remained resilient throughout Q3. Consumer purchases grew by a low single-digit percent. The

ELIXIR brand continued to grow, surpassing its strong performance last year, while HAKU facemask featuring our proprietary ingredients, and IHADA line of lotion and emulsion also made positive contributions. For Clé de Peau Beauté, we are currently rebuilding our loyal customer base. Although September saw a temporary dip in purchasing due to pre-promotional events, we experienced growth in July and August. Also, an October campaign drove a recovery in consumer purchases, with an increase in the skin care sales mix. The inbound market continues to grow. However, our inbound consumer sales declined by a mid-teen percentage. We're actively working to diversify our customer base.

In terms of profitability, on top of our improvement in cost of goods ratio, decreased personnel costs led to a core OPM of 15.7% by reallocating generated funds to marketing. As of Q3, partly influenced by the timing difference of marketing spend, our earnings base has been steadily reinforced. We will continue to make growth investments while expanding our product offerings and customer base in order to adapt to changes in the external environment.

## China & Travel Retail: Building a Healthier Business with Improved Profitability

| (Billion yen) | Q3 YTD 2025 | Q3 YTD 2026 | YoY Change | YoY %* |
|---|---|---|---|---|
| Net Sales | 240.0 | 268.5 | +28.4 | +1.2% |
| Core Operating Profit | 46.7 | 59.8 | +13.2 | +28.2% |
| Core OPM | 19.3% | 22.1% | - | +2.8pts |







**Q3 Market**
- China: The prestige market continues to grow
- Travel Retail: Negative impact from concession realignment in Chinese Mainland continue to ease

**Q3 Consumer Purchases**
- China: −LSD%, Offline: −LSD%, E-commerce: −LSD%
  - *Clé de Peau Beauté and SHISEIDO*: Declined; continued channel management focused on brand equity and profitability
  - *NARS, SHISEIDO* Vital Perfection delivered solid growth
- Travel Retail: −HSD%
  - Chinese Mainland: Decline moderating, with gradual recovery expected
  - Hainan Island: Recovery continued

**Q3 YTD Net Sales & Core Operating Profit**
- Returned to growth on a YTD basis, supported by replenishment orders in anticipation of market stabilization in TR Chinese Mainland
- Inventory reduction initiatives for *ANESSA* continued
- Profit increased through stronger investment execution under financial discipline, supported by lower personnel costs and ongoing cost management

* Net Sales YoY% means Net Sales YoY LfL%

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Please turn to page eight, our China & travel retail business. In China, the prestige market continues to grow. However, our consumer purchases fell below previous year, primarily with Clé de Peau Beauté and Shiseido. For ANESSA, we are optimizing inventory and normalizing the market. At the same time, we are steadily nurturing the brands and flagship franchises that will drive our next phase of growth, such as NARS and Shiseido's Vital Perfection.

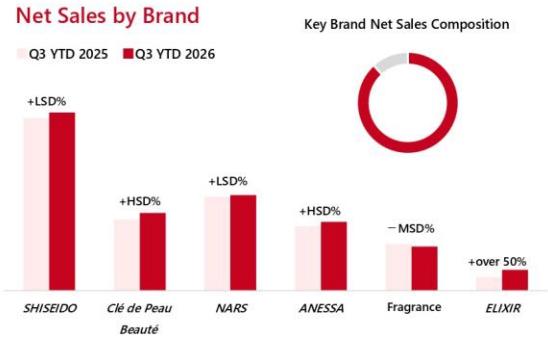
In travel retail, we expect the impact of retailer restructuring in Mainland China to ease gradually. Helped in part by advanced shipments in anticipation of a market recovery in Mainland China, net sales turned positive on a cumulative basis. While the recovery pace in travel retail and Mainland China is slower than anticipated, consumer purchases in Hainan Island continue to grow, and the business as a whole is on an improving trend. We will continue to monitor in-store sales trends and flexibly control shipments accordingly.

Core operating profit increased by JPY13.2 billion, and the core operating profit margin was 22.1%. This includes some one-time profit impacts, but we achieved profitability improvement through lower personnel

costs, cost management, and other measures. We will continue to maintain investment discipline as we build a foundation for sustainable and healthy growth.

## Asia Pacific: Innovation and Channel Optimization Drive Growth and Profitability

| (Billion yen) | Q3 YTD 2025 | Q3 YTD 2026 | YoY Change | YoY %*1 |
|---|---|---|---|---|
| Net Sales | 52.5 | 58.2 | +5.7 | +3.7% |
| Core Operating Profit | 1.8 | 5.5 | +3.7 | +210.1% |
| Core OPM | 3.3% | 9.2% | - | +5.9pts |







**Q3 Market** *2
- Positive growth across major countries and regions, including Taiwan

**Q3 Consumer Purchases** *3
- +HSD% growth accelerated, E-commerce +M-20%
- Strong growth in South Korea, Thailand, Vietnam, and India
- Accelerated rollout of successful innovations and Japan-proven commercial initiatives, including *Clé de Peau Beauté* and *SHISEIDO* new matte foundation
- *ELIXIR*, *NARS*: Maintained strong momentum

**Q3 YTD Net Sales & Core Operating Profit**
- Profitability improved through higher gross profit from sales growth, disciplined return-focused channel management, and improved marketing efficiency


SHISEIDO


NARS

*1 Net Sales YoY% means Net Sales YoY LfL% *2 Prestige market *3 Data coverage: 10 countries and regions in Asia and Oceania, including Taiwan, South Korea, and Thailand

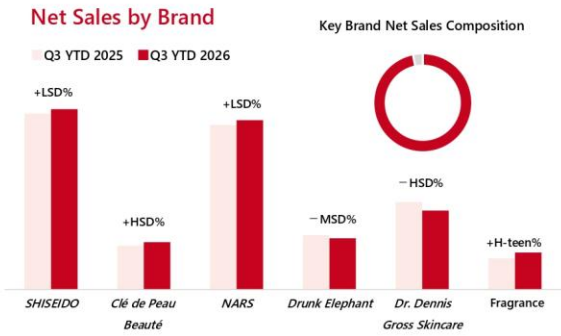
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Next, please take a look at page nine. In Asia Pacific, our brands and local teams worked as one team, capturing shifts in consumer needs and purchasing behavior and investing in products and channels accordingly. As a result, we achieved both sales growth and profitability improvement. Specifically, we rapidly rolled out initiatives and innovations that have succeeded in Japan. The new makeup base from Clé de Peau Beauté and the new matte foundation from Shiseido drove growth. Supported by these results, Shiseido maintains a strong presence in Thailand's prestige skin care market.

We are also expanding the countries in which our brands operate. This year, we launched ANESSA in India and Clé de Peau Beauté in Australia. In addition to the selective and focused approach to investment, continued cost management contributed to a cumulative core operating profit improvement of JPY3.7 billion, bringing the core operating profit margin to 9.2%. We will continue to pursue both growth and improved profitability through consumer-driven business management.

## Americas: On Track for Full-Year Profitability; Rebuilding for Sustainable Growth

| (Billion yen) | Q3 YTD 2025 | Q3 YTD 2026 | YoY Change | YoY %*1 |
|---|---|---|---|---|
| Net Sales | 78.2 | 84.5 | +6.3 | +0.6% |
| Core Operating Profit | −7.6 | 5.6 | +13.2 | - |
| Core OPM | −9.3% | 6.4% | - | +15.7pts |




*1 Net Sales YoY% means Net Sales YoY LfL% *2 Prestige market *3 Data coverage: U.S. and Canada

**Q3 Market** *2

- Market growth continued

**Q3 Consumer Purchases** *3

- −MSD%, Offline: −HSD% (YTD: −HSD%)
  E-commerce: −LSD% (YTD: +LSD%)
- Continued brand and channel transformation initiatives
  - *NARS* declined; strengthened cross-selling centered on its strong concealer
  - *Max Mara* delivered a strong launch
  - *Drunk Elephant* maintained positive E-commerce growth; Kamo Drops gained traction at key retail partners

**Q3 YTD Net Sales & Core Operating Profit**

- Profitability improvement continued beyond the restructuring phase in Q3, supported by favorable inventory provision comparisons and ongoing cost management



*Drunk Elephant*

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Please turn to page 10, the Americas. In the Americas, we have been improving our profit structure and rebuilding our business foundation to achieve full-year profitability, which is our top priority this year. The recovery in consumer purchases varies by brand and channel. NARS is steadily executing its initiatives to promote cross-selling.

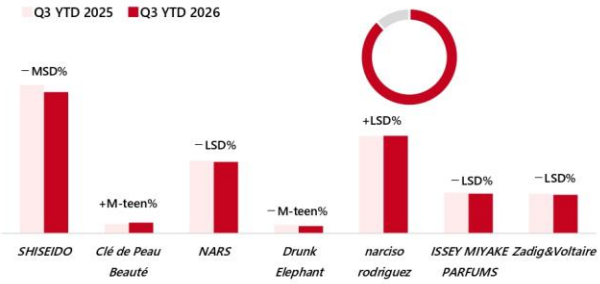
For Drunk Elephant, Kamo, the new product we focused on in H2, is beginning to show some results, mainly at our priority retailers. In fragrance, Max Mara had a solid launch, and Issey Miyake and Narciso Rodriguez are also growing steadily. By channel, Amazon, one of our growth acceleration drivers, continued to deliver high double-digit growth, and cumulative e-commerce sales growth remained positive. Supported by the brand growth as well as earlier holiday shipments, cumulative net sales turned to positive growth.

On the profit side, we are rebuilding our organization and operations while concentrating on priority brands and retailers. Helped by the rebound from provisions for imbalanced inventory and by cost management, among other factors, cumulative core operating profit increased by JPY13.2 billion YoY, reaching JPY5.6 billion. Going forward, we aim to go beyond improving profitability and achieve sustainable top-line growth through our focused brands.

## EMEA: Accelerating Expansion in the Growing Fragrance Market through *Max Mara*

| (Billion yen) | Q3 YTD 2025 | Q3 YTD 2026 | YoY Change | YoY %*1 |
|---|---|---|---|---|
| Net Sales | 96.1 | 106.1 | +10.0 | −0.7% |
| Core Operating Profit | 0.9 | −0.1 | −1.0 | - |
| Core OPM | 0.9% | −0.1% | - | −1.0pts |

### Net Sales by Brand




Key Brand Net Sales Composition



### Q3 Market *2

- Moderate growth continued, led by the mid-priced segment

### Q3 Consumer Purchases *3

- −MSD%, E-commerce: +MSD%
- Skincare remained challenging amid intense competition; *SHISEIDO* declined
- Fragrance continued to gain market share
  - *narciso rodriguez*, *ISSEY MIYAKE PARFUMS* continuous growth
  - *Max Mara* delivered a strong launch

### Q3 YTD Net Sales & Core Operating Profit

- Q3 offset losses from strategic investments made in 1H; aiming to deliver sales growth in Q4 and full-year profit growth by higher gross profit


*narciso rodriguez*


*ISSEY MIYAKE PARFUMS*



*Max Mara*

*1 Net Sales YoY% means Net Sales YoY LfL%  *2 Prestige market  *3 Data coverage: France, UK, Germany, Italy and Spain

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Please turn to page 11, in EMEA, competition from emerging brands remains intense, and the market environment remains challenging, particularly in prestige skin care. Amid these conditions, our fragrance business grew faster than the market and expanded its share. For Narciso Rodriguez, sales of its flagship products remain strong, and the brand has moved up significantly in the rankings from a year ago. Issey Miyake also continues to grow.

Leveraging the brand-building capability and business foundation we have developed in fragrance, we newly introduced Max Mara this fiscal year. Since the full-scale rollout in September, it has had a solid start in major markets such as Italy and Germany.

On the profit side, marketing investment in H1 and upfront investment for the Max Mara launch weighed on results, and cumulative profit was lower than last year. In Q4, we aim to deliver full-year profit growth through growth over the holiday season and improved investment efficiency.

## 2026 Forecast Revision

**Lowered LfL net sales growth forecast, while raising Core OP on improved profitability and FX**
**Net profit*1 forecast also raised, reflecting asset sale gains and other factors**

| (Billion yen) | 2025 | 2026 Previous Forecast (as of February) (A) | 2026 Revised Forecast (B) | % of Net Sales | YoY Change | YoY Change% | YoY FX-Neutral% | YoY LfL% | Change vs. Previous (B)-(A) |
|---|---|---|---|---|---|---|---|---|---|
| Net Sales | 970.0 | 990.0 | 1,025.0 | 100% | +55.0 | +6% | +1% | +1% | +35.0 |
| Core Operating Profit | 44.5 | 69.0 | 87.0 | 8.5% | +42.5 | +95% | | | +18.0 |
| Non-recurring Items | −73.3 | −10.0 | 0.0 | - | +73.3 | - | | | +10.0 |
| Operating Profit | −28.8 | 59.0 | 87.0 | 8.5% | +115.8 | - | | | +28.0 |
| Profit before Tax | −27.7 | 60.0 | 87.5 | 8.5% | +115.2 | - | | | +27.5 |
| Profit Attributable to Owners of Parent | −40.7 | 42.0 | 62.0 | 6.0% | +102.7 | - | | | +20.0 |
| EBITDA | 95.2 | 119.0 | 137.0 | 13.4% | +41.8 | +44% | | | +18.0 |
| Free Cash Flow | 66.5 | 50.0 | 60.0 | 5.9% | −6.5 | −10% | | | +10.0 |
| ROIC*2 | −2.0% | 5% | 7% | | | | | | |
| ROE | −6.6% | 7% | 10% | | | | | | |
| Dividend (yen/per share) | 40 (Interim: 20 Year-end: 20) | 60 (Interim: 30 Year-end: 30 (Forecast)) | 60 (Interim: 30 Year-end: 30 (Forecast)) | | | | | | |

2026 Full-Year FX Assumptions (Revised Forecast)
USD/JPY: 158 (+5.6% YoY)
EUR/JPY: 182 (+7.7% YoY)
CNY/JPY: 23.0 (+10.5% YoY)

(Reference) Previous Forecast (Feb)
USD/JPY: 150
EUR/JPY: 170
CNY/JPY: 20.5

*1 Profit attributable to owners of parent *2 The statutory tax rate is used for 2025 calculation

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Finally, on page 12, our full-year outlook.

For net sales, while we are lowering our like-for-like growth rate projection, we are revising our overall forecast up by JPY35 billion from the previous outlook to JPY1,025 billion, reflecting foreign exchange effects.

For core operating profit, reflecting the results of our profitability improvements and foreign exchange effects, we are revising our forecast up by JPY18 billion to JPY87 billion. The core operating profit margin is now expected to be 8.5%, an increase from the previous 7%. While we expect gains from earlier-than-planned asset sales, non-recurring items are expected to net out to zero due to structural reform costs and other factors.

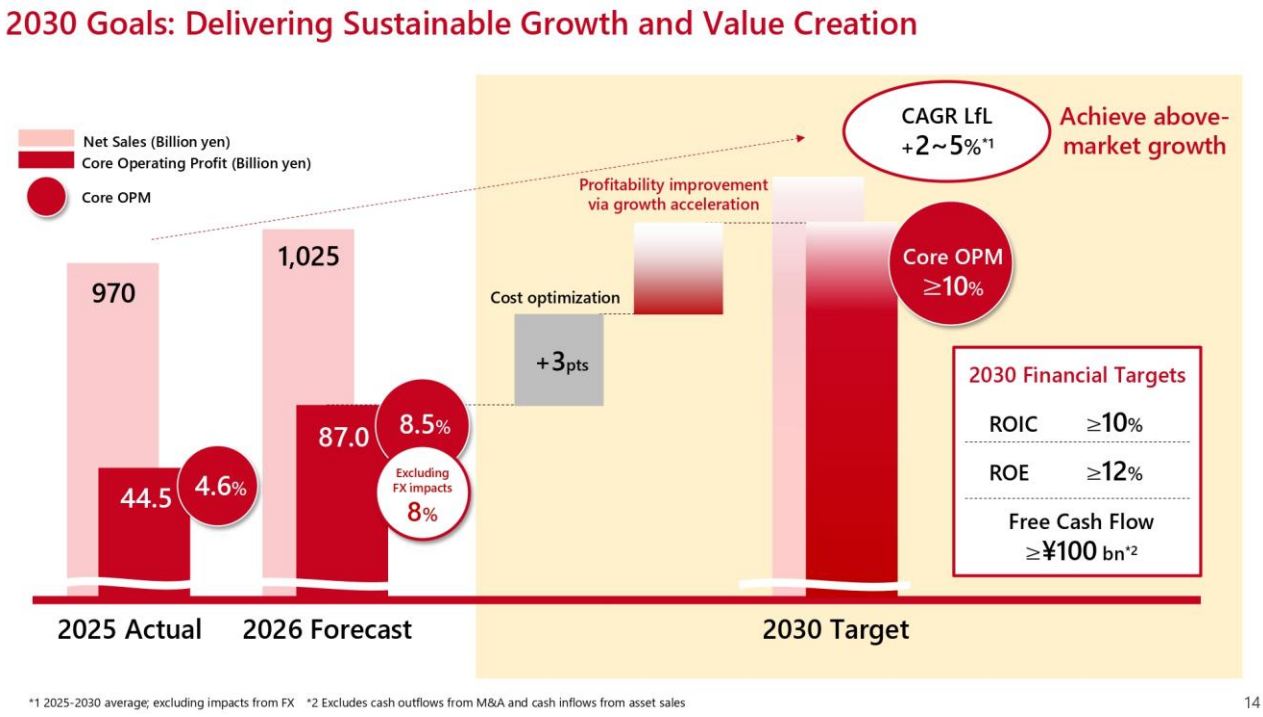
Based on the above, we are revising our profit attributable to owners of the parent forecast up by JPY20 billion to JPY62 billion. We will make the investments necessary for growth without fail. On that basis, we will clarify the purpose and the return we expect and verify the results. We will review priorities and direct resources to the areas that lead more directly to growth. We will apply this discipline thoroughly in our day-to-day management decisions.

In 2027, we want to demonstrate, through actual results, improvements in growth, profitability, and cash generation capability, building on our improved earnings base. This concludes my presentation.

**Fujiwara:** Hello. This is Fujiwara, President and CEO of Shiseido. While our progress of profit generation has exceeded expectation, net sales growth is not satisfactory. We need to heighten the growth speed furthermore.

The next challenge is clear, how to translate our improved profitability into sustained growth. Shiseido possesses brands, scientific capabilities, and human capital that can compete on the global stage. Our aim is to leverage these strengths to generate greater results more quickly. A drastic strategic review is not necessary, but rather, the operation to execute the strategy has to be changed.

Today, I will explain how we transform our management approach to ensure that Shiseido becomes a company capable of delivering consistent, repeatable growth.




Let's look at page 14. Our goal for 2030 remains unchanged. We aim to achieve both above-market sales growth and a core operating profit margin exceeding 10%. We have uplifted our 2026 core operating profit margin target to 8.5%. While our profit base has been significantly strengthened, the underlying performance, excluding the impact of FX, stands at 8%. The challenge remains regarding sales growth. Our next objective is to reallocate this profitability into disciplined growth investment, thereby driving further gains in earnings. Steady improvements will continue throughout 2027.

Looking toward 2030, we remain committed to achieving a sales CAGR of 2% to 5% and a core operating profit margin of 10% or higher. We also aim to achieve a ROIC of 10% or higher, an ROE of 12% or higher, and free cash flow of at least JPY100 billion. As global interest rate hikes drive up the cost of capital, we will focus not only on achieving these targets, but also on further enhancing our capital efficiency. This serves as the foundation for continued enhancement of corporate value, nurturing a brand that remains the preferred choice of customers worldwide.

## Action Plan 2025-2026: Positioning Shiseido Group for Accelerated Growth

| | Achievements | Ongoing Initiatives |
|---|---|---|
| Reinforce Brand Foundation | ✓ Focus on key brands: Achieved a 75% sales ratio for Core & Next<br>✓ Improved gross profit margin through the consolidation of product mix and price revision processes: 78% (+2pts)<br>✓ Established framework to maximize growth driven by basic research | • Accelerating sales growth momentum<br>• Completing brand turnarounds: *Drunk Elephant* and *IPSA*<br>• Optimizing long-tail SKUs<br>• Enforcing strict price discipline in China & Travel Retail |
| Rebuild Profitable Foundation | ✓ Cumulative cost reduction: ¥72.0 bn from 2024 to 2026<br>✓ Improved regional profitability: Office rationalization and approx. 20%* consolidated headcount reduction through early retirement, etc.<br>✓ Integrated operation of China & Travel Retail Business: Inventory optimization and cost reduction | • Balancing cost reduction and repeatable sales growth<br>• Optimizing production footprint<br>• Further improving regional profit balance<br>• Shifting from promotion-led growth in China |
| Enhance Operational Governance | ✓ Asset-light approach: Integrated and closed offices, factories, and innovation centers<br>✓ Completed global rollout of FOCUS ERP<br>✓ Strengthened financial governance: ROIC-driven management, executive compensation redesign, and launch of Investment and Divestment Committee<br>✓ Changed reporting lines: Evolving the operating model | • Continuing asset-light initiatives<br>• Expediting decisions on unprofitable brands and reallocating resources into growth drivers<br>• Accelerating the PDCA cycle through closer brand and regional collaboration<br>• Instilling company-wide ROIC mindset |

* End of September 2026 vs. End of 2023

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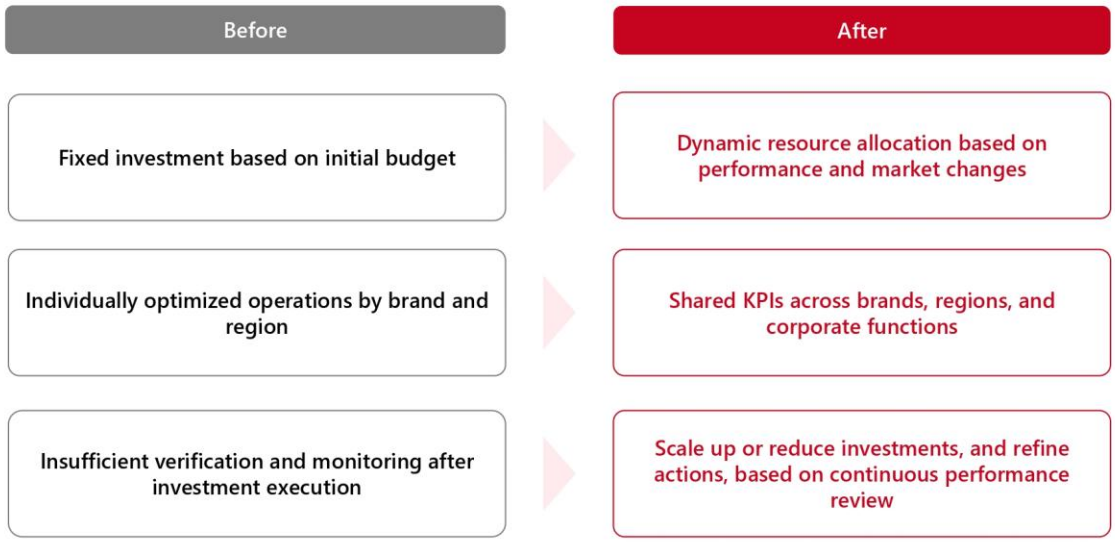
Next, I will discuss the achievements of our Action Plan 2025 through 2026 on page 15, which was announced in November 2024, and our future initiatives. Over the past two years, we have worked to rebuild our management foundation with three major evolutions. First is reinforcement of portfolio management. By identifying key focus brands, developing hero products, and concentrating our investments, we have strengthened our brand foundation and improved our gross profit margin.

Second is the achievement of our goal through a global transformation. We have realized a cumulative cost reduction of JPY72 billion, leading to an improved profit structure. We are shifting from a one-off reform program to a phase to constantly pursue efficiency as a given. We aim to become stronger each year than the year before. By continuing the improvements that have now become embedded in our corporate culture over the past two years, we will drive further gains in profitability.

Third is the establishment of financial discipline. By introducing ROIC-based management, investment discipline has become well established. That avoids projects lacking clear return potential and ensures a swift exit from projects that fail to deliver results.

At the same time, there are ongoing challenges that we must address with full commitment. While we have made progress in building our foundation, our sales growth momentum remains insufficient. Achieving a strong turnaround in Americas and EMEA markets and revitalizing underperforming brands is taking time. The critical next step is to leverage the management foundation we have established to transition into a phase of repeatable, sustainable sales growth. Growth and profitability are not a trade-off. I'm convinced that both can be achieved by reinvesting those resources generated through disciplined management back into growth.

## Strengthening Execution to Drive Repeatable Growth

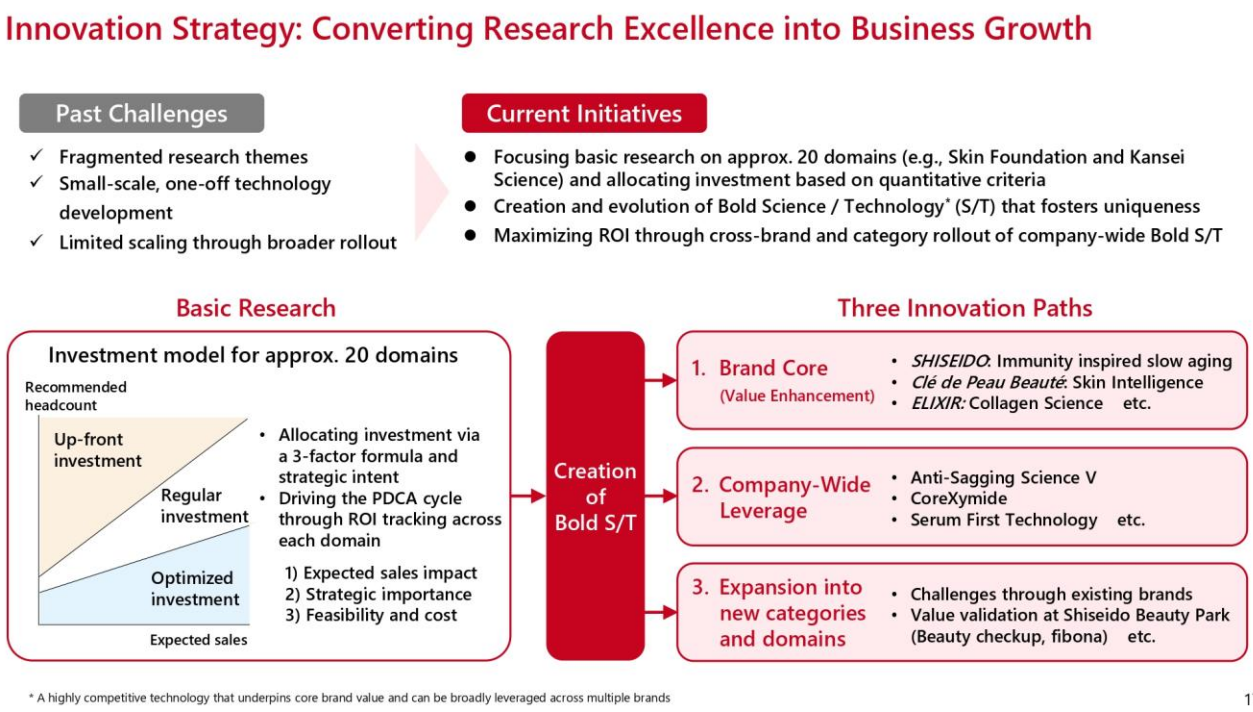



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As the beauty market evolves faster than ever, having strong brands or technologies alone is no longer sufficient. The management capability to translate change into growth is what we create and our competitive advantage. To this end, our fundamental management practices will be changed to ensure repeatable growth.

First, rather than fix the investment budget set at the beginning of the year, we will dynamically reallocate resources based on market conditions and actual results. Second, our brands, regions, and corporate functions will all share responsibility for common KPIs, sales, profit, and brand value.

Third, we will continue monitoring the results of our investment, add investment if successful, and properly adjust or scale-back if not successful. We are embedding this management cycle into our regular operations. Allocate resources dynamically, flexibly execute in unity, and make decisions based on outcomes, such a robust framework has started, and I will explain examples specifically regarding our innovation strategy and brand portfolio optimization.




Page 17 talks about the innovation strategy. The foundation of Shiseido's long-term growth has always been our ability to deliver new value to customers through science. I view R&D not as a cost, but as a strategic investment that generates future competitive advantages. In the past, however, we faced challenges. Our research teams were too fragmented, and our technological development efforts tended to be small-scale and one-off.

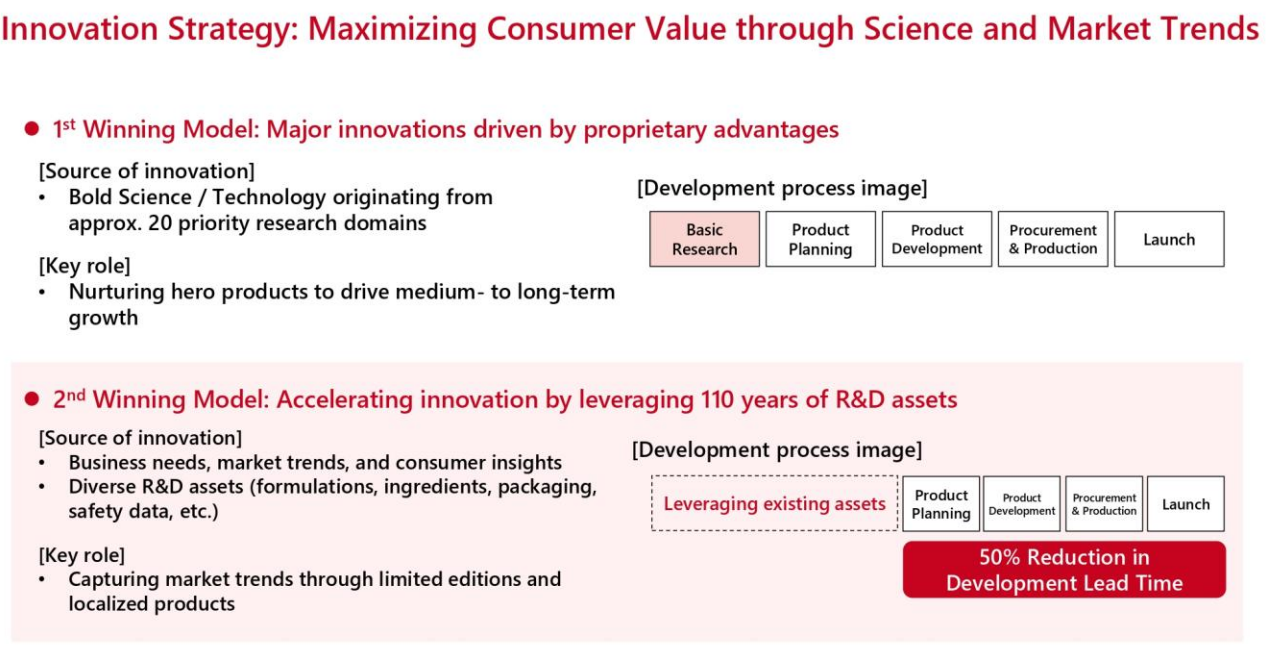
We've now fundamentally shifted our approach, where our basic research is consolidated into approximately 20 clear, defined domains, such as Skin Foundation and Kansei Science, and have transitioned to a quantitative management model driven by data and objective metrics. We have established a framework to rigorously execute the PDCA cycle by determining investment allocations based on expected sales impact, strategic importance, and feasibility and cost while tracking each ROI.

Through this disciplined approach to investment, we generate a powerful unique foundation, what we call bold science technology, that competitors cannot easily replicate. Leveraging this bold science and technology across our brands, and monetizing R&D outcomes are key priorities moving forward.

Our methodology for maximizing this value is defined by three innovation paths. The first is sharpening brand core value. This involves utilizing technology to differentiate and refine each brand, such as the immunity-inspired approach for Shiseido brand, skin intelligence for Clé de Peau Beauté, and collagen science for ELIXIR.

The second is company-wide leverage. This entails applying technologies such as anti-sagging science, CoreXymide, or Serum First Technology across multiple brands to achieve economies of scale and high ROI.

The third is expansion into new categories and domains. This includes pursuing new ventures through existing brands as well as validating value through initiatives like beauty health checkups and the fibona open innovation program at Shiseido Beauty Park located at GIC in Yokohama. Furthermore, we are strengthening our governance to ensure that the technologies we develop translate directly into profit. R&D's responsibility extends beyond merely producing research outcomes. It encompasses transforming these outcomes into business growth and ultimately enhancing value for our customers.



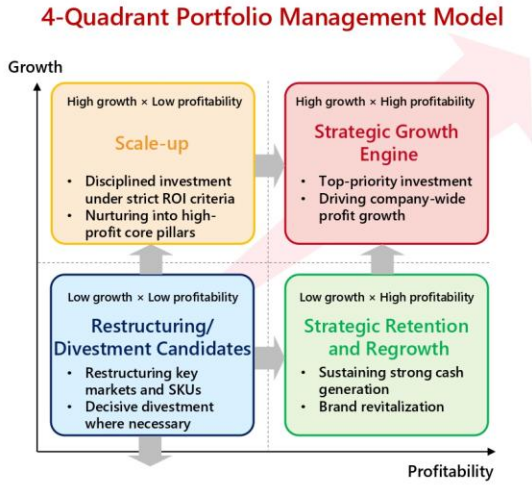

Next, on page 18, I'd like to talk about the second winning model, another approach to directly linking innovation to business results. As I explained earlier, the first winning model is the model in which we refine unique value from basic research and nurture large hero products that drive the medium to long term. This is our fundamental strength, and that will not change.

At the same time, in the fast-moving beauty market, we also want to increase the speed with which we capture market opportunities. This is where the second winning model comes in. However, this is not simply about chasing one-time fleeting trends. Over 110 years, we have accumulated a vast base of R&D assets, including formulation, ingredient, and packaging development know-how, as well as safety data. We combine these assets, whose value has already been proven, with current market trends and consumer insights, elevating them into value that resonates with today's consumers and bringing them to market. This is the core of the second winning model. By leveraging existing assets, we can cut development time to half the usual period, and this gives brands the time to read the changing market and to keep evaluating winning products until the last possible moment.

With the first model, we build future competitive advantage. With the second, we respond to today's market opportunities. With these two wheels working together, we will turn 110 years of R&D assets into greater business results more quickly.

## Brand Portfolio Optimization: Focusing Resources Behind Growth Opportunities

- **Objectives of the Investment and Divestment Committee (IDC)**
  - Upgrading and accelerating decision-making processes
  - Shifting to capital-efficient management and, pursuing company-wide optimization
- **Portfolio Management**
  1. Brand Screening: Selecting brands for strategic review based on quantitative criteria (growth, profitability, marketing ROI)
  2. Portfolio Visualization: Plotting along growth and profitability axes to optimize resource allocation
  3. Follow-up: Continuously tracking performance and progress
- **Outcomes and Cultural Change**
  - Accelerating data-driven discussions through 4-quadrant brand P&L visualization
  - Executing divestment decisions and initiating resource reallocation



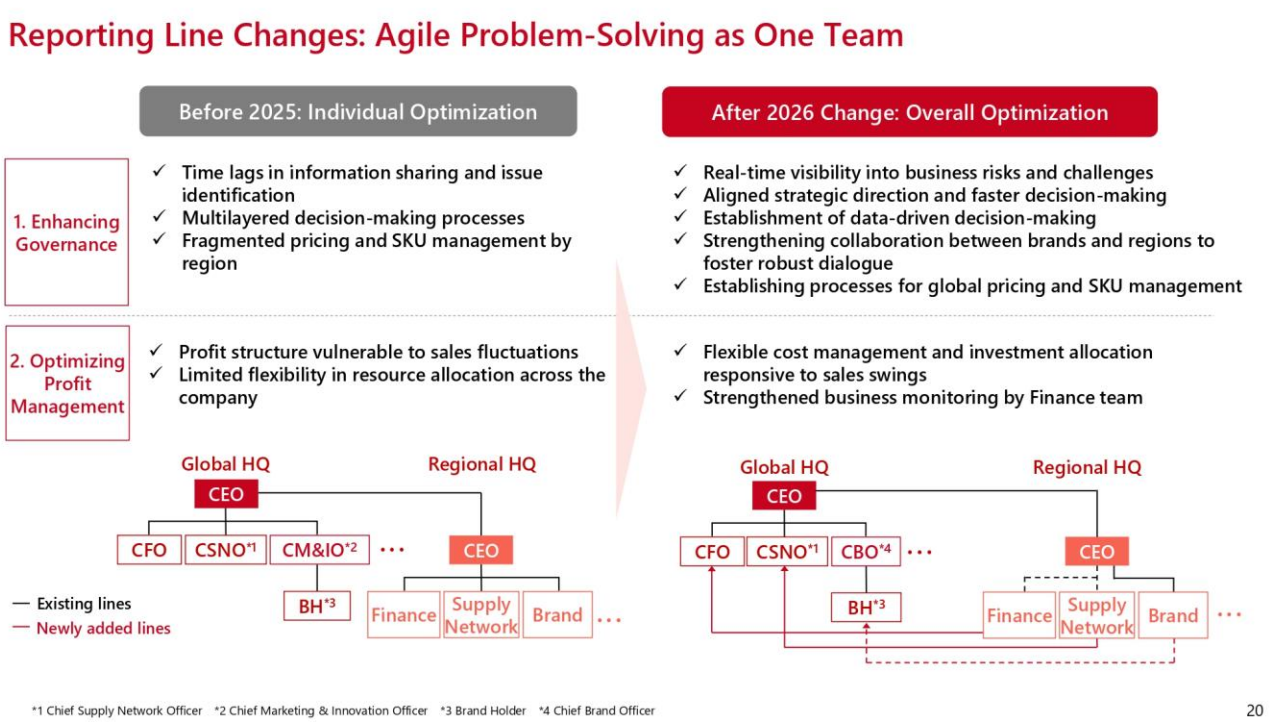

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Next, on to page 19. To nurture strong brands that are loved by consumers around the world for a long time, we concentrate our limited management resources on the areas with the greatest growth opportunities. I'd like to talk about the work of the investment and divestment committee, which underpins this more sophisticated approach to brand portfolio management.

In the past, our discussions tended to focus on the strategy, growth, and profitability of each individual brand, and we lacked a sufficiently company-wide perspective on comparing all of our brands against one another and deciding where to allocate resources. Since introducing ROIC management and establishing this IDC, we have made significant progress and strengthened discipline in our investment decisions.

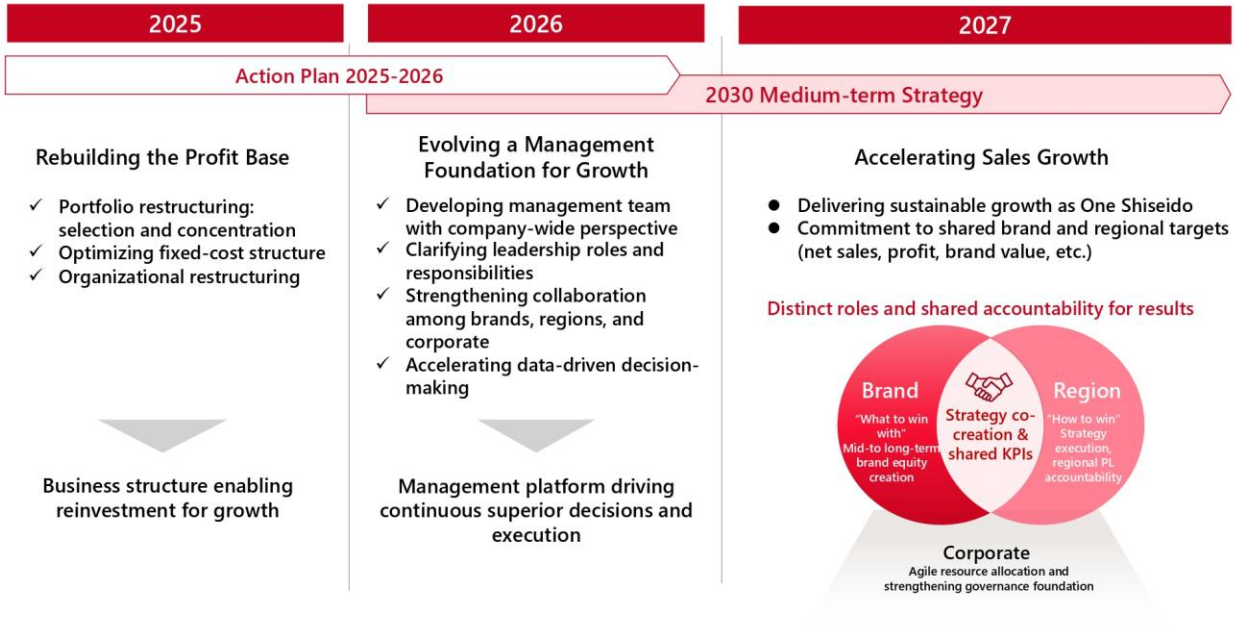
First, we screen brands against quantitative criteria such as sales growth, profitability and marketing ROI, and visualize them in a four-quadrant model, as shown in the chart on the right. In the upper right, the strategic growth engine receives top priority investment and plays the role of powerfully driving growth for the Company as a whole. The upper left, scale-up, aims to expand scale under strict ROI management and develop brands into pillars of earnings. In the lower right, strategic retention and regrowth, we revitalize focus brands and pursue reliable cash generation from non-focused brands. Finally, in the lower left, restructuring/divestment candidates is subject to structural reform. What matters is not the classification of brands itself. It is to objectively assess results and move resources with agility from problem areas to growth areas.

Specifically, we will allocate resources preferentially to growth areas with high repeatability to raise brand value, build hero franchises, expand growth channels, and move those brands up towards the upper right. At the same time, for the lower left, we will make the best decision from among all options, including business transfers and withdrawal.




Next, on to page 20. To fully execute our growth strategy, we changed our reporting lines starting in 2026. Previously, each region tended to optimize for itself. Sharing information and identifying issues took time, and it was difficult to resolve issues and allocate resources in a way that was optimal for the whole company. We have now evolved to a structure in which regional risks and issues are made visible globally at an early stage, and brands, regions, and corporate functions work together as one to resolve them. We are also advancing pricing and SKU management globally, and the speed and quality of our decision-making have improved. In addition, we have added a reporting line from regional brand heads to global brand holders. This has strengthened coordination, and we are now operating in a way that rebuilds current problem areas across the whole company while quickly shifting resources to growth areas where results are visible.

On the profit management side, a structure that flexibly controls costs and investment in response to sales fluctuation has taken hold, identifying problems early, resolving them across the Company, and moving resources to where they are needed. The shift from individual optimization to overall optimization will be a major force in realizing the management transformation from 2027 and onwards, which I will explain on the next page.




Now, continuing on to page 21. Since becoming CEO, I have also worked on evolving the management model itself. In 2025, my first year as CEO, guided by the conviction that we must not leave problems for the next generation, we advanced portfolio reform and structural reform. We focused on rebuilding the earnings base so that we can keep investing for growth even as market conditions change. In 2026, building on that foundation, I made a strong effort to create an organization in which the entire global management team discusses issues from the same vantage point, makes decisions together, and takes responsibility for the results. 2027 is the year we turn this management foundation into concrete growth results.

In a fast-moving market, we cannot capture growth opportunities if each organization simply fulfills its own responsibilities and coordinates afterwards. We will, therefore, evolve to a management model in which brands, regions, and corporate functions discuss and make decisions together from the strategy formulation stage. Brands will lead on what to win with, the regions will lead on how to win in each market. Then, the corporate will lead the way in where we focus our resources as a whole company, and how we create a structure to continue winning. While keeping roles clear, all three are accountable for shared outcomes such as sales, profit, and brand value.

To strengthen this relationship, we will change not only communication between organizations, but also the processes for meeting structures, KPIs, investment allocation, and execution management. We will find problems early, resolve them across the company, and move resources with agility to growth opportunities. We will learn from results and carry that into the next decision. We will further increase the speed of this cycle. We will make 2027 the year in which the management foundation built through the action plan changes into this One Shiseido management approach to create concrete results of focused brand growth and corporate value increase.

## Driving Growth Momentum through New Product Innovation




Finally, on page 22, I'd like to talk about our future growth. So far, I have talked at length about our management structure, but we are a beauty company, so I would like to close with a few words about our products. Our view of growth is to transform the beauty assets we have built over more than 150 years into new value that is meaningful to today's consumers and society and to deliver it to more people.

In 2026, a large number of products that will lead to future growth made their debut. There are products that create encounters with new consumers and lead them to love our brands for a long time. There are products that draw on Shiseido's distinctive science and technology and aim to become our next hero products and hero franchises, and there are fragrances, including Max Mara, that we will continue to grow further. Their roles differ, but what they have in common is that they deliver new value and emotionally moving experiences to consumers. As mentioned earlier, based on the agile resource allocation, we will allocate resources to these new products in growth areas that have solid momentum.

The new management structure, the evolution of innovation, and the collaboration between brands and regions are all ultimately meant to deliver these appealing products to consumers around the world, earn their continued use, and thereby achieve sustainable growth. Towards Q4 and 2027, our preparations are steadily progressing.

I hope you look forward to our upcoming new products, and I'm very much looking forward to them myself. Thank you very much for your attention.

## Question & Answer

**Oshima [M]:** Thank you very much. Now, we would like to open the floor for Q&A. Morgan Stanley MUFG, Miyake-san?

**Miyake [Q]:** This is Miyake from Morgan Stanley. I would like to ask a question about the big picture, or a little different. You have the second winning model. This will accelerate the revenue growth, and I think this is quite important. Domestically, we have many brands equipped with great products and technologies, yet they often have not been applied overseas. Why was this not possible in the past, and why will it become possible going forward? This initiative started when, and then how visible those products will be in the market from our standpoint? That is my question.

**Fujiwara [A]:** Thank you for your question. Why did we start this initiative now? Well, given the current market condition changes, we would like to deliver the products, the true genuine products, and then the quality, and also, without any kind of concessions, we would like to develop in a short period of time. That is why we want to adopt the existing technology, so basic technology adapted to the development process. There are so many types of processes, but at which phase will we be able to shorten the development period? It could be around half of the total lead time. As we see, the beauty market is quite evolving very fast. It is necessary to adapt to such a change in an agile way.

Of course, we don't just regard the lead time shortening alone, but we would like to deliver our true value through the products. This winning model will be adopted and then start to launch in 2027 onwards.

**Miyake [Q]:** H1 of 2027?

**Fujiwara [A]:** Yes.

**Miyake [Q]:** Can you give us the flavor of what type of product category or which area?

**Fujiwara [A]:** To be honest, that is still not disclosed because it will be the new product launch information for the next year.

**Oshima [M]:** Jefferies, Kawamoto-san?

**Kawamoto [Q]:** My name is Kawamoto from Jefferies. I have a question around the EMEA business, the Middle East situation. Fragrance, you have been working on fragrance, and you have collaboration with brands. How is that changing as we look at the Middle East situation? If you can comment?

**Oshima [M]:** Sorry, your sound was very unstable, so I'm not sure if we've captured your question thoroughly. Let me summarize. The impact of the Middle East situation, was there a demand shift? What kind of demand shifts are there in the Middle East situation? What is the fragrance business competition situation or changes in the competitive market in fragrance?

**Fujiwara [A]:** Okay, thank you. With the Middle East situation, were there consumer demands that shifted? We do not see that. We have not captured a difference there. Of course, in the business, the Middle East is an important market, but is it big enough to impact the overall company performance? Not so much at the moment. Continuously, the Middle East, when we think about the future, of course, the Middle East continues to be a very important market for us, so we do continue to monitor the market situation carefully.

Secondly, about the fragrance market, fragrance, even within EMEA, looking at Q3, the market itself is growing solidly. As we look at that, we are with the trend, and we are outperforming in the market. I believe that we are in a very strong position right now with the fragrance in EMEA. However, diversification of fragrance in EMEA is accelerating. There's a lot of the conventional fragrance brands, but there's also a lot of the fashion brands that are coming. Not only that, there are a lot of niche fragrance brands that are growing, so the market is diversifying. As we look at that, the market continues to grow with new consumers and demand, which is great, so that's a great opportunity for us to grow as different demands or consumers come into the fragrance market. Now, Max Mara is still new, but looking at the first few weeks of launch, it's looking good, so we would like to continue to push Max Mara fragrance.

**Oshima [M]:** Next is Watanabe-san from Citigroup.

**Watanabe [Q]:** This is Watanabe from Citigroup. Core operating profit margin, so core OPM, the amount of core operating profit was very strong in the Q3, but especially in Japan and Americas. There, those two regions have very strong results. Compared to China and Asia Pacific, of course, there is an increase, but still, Japan and the Americas generated quite an improvement in the margin. Is there any kind of temporary reason, or what's behind it? Can you please give us color?

**Hirofuji [A]:** For Japan's business, high profitability is maintained and also the reinvestment to the brands where we allocate the investment. Through that, we were trying to expand the profitability growth. That is the first focus of our initiatives. In Q3, due to temporary factors such as the weather in September and campaign timing, sales softened slightly. Then, there was marketing spending. There were some delays in the marketing spending timing into Q4, so it's not just the brand, but the overall company marketing spending. JPY5.5 billion or so marketing spending period is now delayed to Q4, 50% of that amount comes from Japan and China. Japanese profitability in Q3 uplift comes from those backgrounds. In Q4, towards next year's growth momentum, we will invest in a right manner.

**Oshima [M]:** Next, JPMorgan Securities, Kuwahara-san.

**Kuwahara [Q]:** This is Kuwahara from JPMorgan. I want to ask about cost management and marketing investment. As you try to expand the sales, how will you link the cost management and marketing investment to that? On page 31, you have the revised amount, and there's the cost management there on page 31. Using that, I want to elaborate on that. Looking at this chart, cost management this year is JPY20 billion. It seems like there's going to be around JPY 20 billion contributing as an upside factor. Is that the right level?

Also, marketing cost, in H2, you will be adding marketing cost. As for the direction of this cost management, should we view it as net cost reductions, or will it be offset by reinvestments? For next fiscal year, cost management does not work the reverse impact, but it will continue to accumulate. If there's marketing investments, looking at both of the quarters, it's about 1% in the actual growth or the LfL growth rate. For that, will we see the impact in the next fiscal year? Is that the right way to figure this out? Overall, for me, the cost and the overall sales balance, how should we look at this?

**Hirofuji [A]:** For the profit improvement basis, the overall P&L has improved due to the structural reform. Along with the improvement in net sales, we can see the profit improve even stronger. That is at the base of our story. Of course, looking at the sales outlook, there is a limit. Of course, to your point, globally, global cost management, being thorough about global cost management, about the JPY20 billion in size, like you mentioned, it will be slightly lower than the JPY20 billion level. After we have referred that money to marketing investment, that will be the size of the cost.

What is important is that, based on our growth, of course, we will continue to make marketing investments necessary so that we can continue, and we have been continuing, to improve on the profitability. The

supplemental data eight, this is like-for-like. Excluding the FX impact, that's about 1 point. That's how you would read this. Even if the sales is below our expectation, we have been able to improve on the profitability. I believe that is showing the strength of our business management foundation.

**Kuwahara [Q]:** If that is the case, then next fiscal year, will there be a rebound? This will not have a rebound, right? Sometimes, cost management can have a rebound in the next fiscal year, but this is not a cost management that will see a rebound in the next fiscal year. Q4 marketing investment is to accelerate next fiscal year, so the investment in that will be happening in Q4. L'Oreal has been growing about 5% in the global beauty market. Will you be able to expand in that level, to that scale?

**Hirofuji [A]:** As for next year's outlook and the level of next year, we will take a separate occasion to explain, but the reinvestment amount that we will be investing in will not be just for Q4, but yes, the investment will be primarily to accelerate the next fiscal year, not just Q4. Next fiscal year and onwards, as for what we should be looking at on a like-for-like basis, FX, it depends on what we look at in the foreign exchange currency. I will not disclose this at the moment, how we calculate the FX right now, but there should be a few billion yen of one-time impact, so there will be some return from the allowance from next year. Then, we have the tariff refunds. It's mentioned on the supplemental data. There will be tariff refunds as well. That is a one-time impact. If we exclude these one-off items and like-for-like, we will continue to focus on the growth area so that we can continue to capture profitability improvement for next fiscal year.

**Oshima [M]:** Next is Hirozumi-san from Daiwa Securities.

**Hirozumi [Q]:** I would like to ask about the consumer purchases. I'm taking up page 7. It was a minus low single digit in Japan. I just want to understand what the implication is in the Japanese market and the local versus inbound. My second question is on page 10. Americas' customer purchases are low single digits, so is this deteriorating? I just want to understand how to read this graph.

**Fujiwara [A]:** Okay. For your first question about the consumer purchases, it is minus low single digit. It is combined with the inbound and local. Inbound is minus 10%, and local is positive low single digits, as you can see here. Especially, the overall e-commerce is growing positively, which is very encouraging. On the other hand, key brands, not only key brands like ELIXIR, but other brands, are also growing. Those are the consumer purchases success in Q3.

Another element is, here in Japan, in September, there was a Cosmetics Day that happened last year. We didn't have that this year. In October, we rolled out a different promotional approach, which led consumers to withhold purchases in September, in the key brands like Clé de Peau Beauté and SHISEIDO. That purchase will be returned in October. That is our expectation. That is the Japanese situation.

In the Americas, Q3, the low-single-digit, mid-single-digit decline, and offline and e-commerce, both are recognized to be slightly negative, but especially e-commerce, in Amazon and other platforms, is where we can expect some growth. Among those platforms, we are seeing good momentum. Offline, there are some differences by channel. Part of the channels reported negative growth, but in some channels where we focus on growth, those are growing quite significantly. Those are affected in e-commerce as well. For US brands and channels, we need to identify which will grow and which will not. Then, where we grow, we can invest more. That kind of initiative is underway in the Americas, so we would like to achieve the overall consumer purchases.

**Hirozumi [Q]:** I have a follow-up. Americas e-commerce, in Q2, I remember it was positive, but in Q3, was there a deterioration?

**Hirofuji [A]:** Americas e-commerce, right, low single digit to mid-single digit negative, so there was a deterioration. Brand-wise, DDG or Drunk Elephant recorded some severe underperformance. That's the detractor.

**Oshima [M]:** Next, from Mizuho Securities, Miyasako-san.

**Miyasako [Q]:** This is Miyasako from Mizuho. Similar to what Hirozumi-san had mentioned earlier, this overall sales consumer purchase, Mainland China is aggravating, compared to Q2, and EMEA is aggravating too, and as Hirozumi-san has mentioned, improvement in net sales. Looking at the consumer purchase, it just almost seems like the consumer sales momentum is slowing down. It might be one-time, but how do you interpret this current situation?

**Fujiwara [A]:** Yes, by quarter, there's fluctuation. There's volatility. Especially for Q3, by category and channel, yes, there are differences in variability. For Japan, as we had just mentioned, there are a lot of one-time items that have impacted the sales in the Japan market. Looking at some of the big chunks, there's China. As for China, the market overall is having a very slow and gradual growth, but that growth is not consistent, I would say, by category and by brand. There's a big difference in gap in its growth.

Looking at China, there's a structural reform in which we are advancing non-core brands in Hong Kong. The Hong Kong market is stagnating at the moment overall. This is something that we mentioned in Q1, but for the brand ANESSA, we are in the middle of making structural reforms with ANESSA. Excluding some of these items, I believe that we are growing in line with the market growth. Going forward, yes, we will continue to capture and monitor the market changes and be agile in what we execute.

**Miyasako [Q]:** In China, Clé de Peau Beauté and Shiseido is minus, as you've written. How do we interpret that as well?

**Fujiwara [A]:** For the Shiseido brand, overall, it is recovering. We are seeing signs of recovery with the Shiseido brand. As we mentioned earlier, the Hong Kong market is actually having quite of a slowdown. It is stagnating. For Hong Kong, there are a lot of higher sales as well. We do need to improve the Hong Kong market into better quality sales. As we continue with the structural reform, we'll work on that. In Mainland China, we are actually recovering to growth.

**Miyasako [Q]:** How about Clé de Peau Beauté? This will be my last comment. Clé de Peau Beauté is what you've mentioned. It used to be positive. Clé de Peau Beauté, that also has an impact from Hong Kong, the reason for the decline.

**Hirofuji [A]:** For Q3 QTD, it is a minus, but we do see it as a positive in the cumulative nine months. Now, in China, where consumer purchases have been negative, it is not just about Clé de Peau Beauté; rather, the decline in brands like ANESSA and other brands undergoing specific turnaround initiatives has been a drag, while Clé de Peau Beauté remains positive on a nine-month cumulative basis. Going forward, looking at sell-in and sell-out gap, we will monitor very closely to manage appropriately.

**Miyasako [Q]:** Clé de Peau Beauté, is there any significant change in Clé de Peau Beauté in China?

**Hirofuji [A]:** That's correct. No, there is no significant change in Clé de Peau Beauté in China.

**Oshima [M]:** Goldman Sachs, Miyazaki-san, the floor is yours.

**Miyazaki [Q]:** I also would like to ask a question about the net sales. H2 compared to H1, you are having a lot of launches, product launches, right? So far, are you having the right position or right trend in launches? If so,

it could lead to drive the sales, +3% in Q3, following +2% in Q2. Overall, looking at the impact on the new product launches, how would you evaluate the progress to date?

Another question, we just heard that there was a gap of sell-in and sell-out. Especially, you do not see any kind of concerns according to your answer, but if you do raise some attention on some of the product categories in terms of the gap between sell-in and sell-out, how should I interpret that?

**Fujiwara [A]:** In terms of the product launches, new product launches, I can answer. In the EMEA region, Q4 will have bigger, richer pipelines for the product launches compared to Q3. On the other hand, in Japan, especially for ELIXIR, the new V Cream, also from the Shiseido brand, the V Cream serum, or Clé de Peau Beauté new product launches moved quite well. I believe these are on track according to our plan, but not all the product launches were successful or worked well. As I explained in my presentation, we need to have a thorough review after the launch, and then that would lead to the next round of product development and launches. It's not just the end of when we launch it. It can be expanded and then nurtured as a much bigger franchise to nurture the hero products. That is very important. Therefore, we continue to reinforce our innovation to launch new product lines.

**Hirofuji [A]:** To move onto your second question, which is the gap between sell-in and sell-out, yes, indeed, there is a gap between the two. At the moment, in each region, it is not a big issue at the moment, even if there is a gap. One point about travel retail is Hainan Island CP continued to have its solid sales continue from Q2. The sell-in was a negative result in H1, but now, in Q3, it turned to positive. On the other hand, in Mainland China travel retail, in Q3, the advanced shipment was also recorded. In the past several years, we tried to have even, optimized inventory management. Therefore, we continue to have the purchase level as well as the inventory should be in line. That initiative has continued. It's not just a short-term sell-in focus, but I would like to ensure the sustainable consumer purchases, and that will be more solid and healthy growth.

**Miyazaki [Q]:** Understood. For Hainan, what did you say? Was that very good?

**Hirofuji [A]:** Consumer purchase or sell-out was very solid. Double-digit growth was recorded in Q2, but in Q3 as well, we continued to have a very solid sell-out. That's the Hainan Island.

**Oshima [M]:** Next, from SMBC Nikko Securities, Yamanaka-san.

**Yamanaka [Q]:** This is Yamanaka. I have a question on OP. You had the target for 2030 that was disclosed in November 2025. I believe that you're at a point where you can realize the number that we have for 2030. For the core OP, what you presented today, including today's initiatives, I believe that you can probably achieve and capture the OP target before the 2030 target. With the 2025 target, the outlook that you had, the profit, is that ahead of schedule, or how do you see that?

**Hirofuji [A]:** In terms of profit and profit ahead of schedule, especially looking at this year's progress on the profit side, yes, we have had very solid profit growth. When we look at the growth and solid growth recovery, we feel that we are still a bit weak in terms of the solid recovery of profit. We have been focusing on solidifying the growth foundation. Next fiscal year and onwards, the outlook, the target, that we will set for next fiscal year, we will be disclosing that to you next year.

**Yamanaka [Q]:** If that is the case, currently, you've left the profit as is, but should we look at it without being too stuck on this number?

**Hirofuji [A]:** Yes. Looking at the reacceleration of growth, there are areas that we need to continue to work on. Looking at the global market, the global market continues to change. The needs of consumers and the consumer behavior of purchasing are all changing. Usually almost every year, there is something that

unexpectedly happens in an external environment. We will continue to work on the brand power, the technology, and the innovation, and we will continue to work on that advantage, the competitiveness that we have, and lead that into product end sales. Next fiscal year, we will continue to work on our plans solidly.

**Oshima [M]:** From Nomura Securities, Ohana-san.

**Ohana [Q]:** This is Ohana from Nomura Securities. I also have a question about the revenue or net sales. For the full year, the projection is the 1% like-for-like growth. I thought, in Q4, you are also looking at the 1 percentage point as well. Compared to Q3, how are you considering the comparison from the Q3 achievement?

Also, the global peer closing that I hear, some high single-digit growth was generated from the global peer companies. Fujiwara-san, of course, explained many things, but what was the breaking point for you in not achieving high single-digit growth? Can you please share your thoughts?

**Fujiwara [A]:** In terms of the full year 2026, overall growth is 1%, but for Q4, we expect a slightly higher growth of around 2%. This time, in the beauty market, or in the markets, there are some growing markets or some struggling markets, and there are some differences by region. What we have to address, a priority, is that, in the past, we were relying on the initiative led by regions, but we need to have more intervention by brands, and in our headquarters, we want to operate on one team. That initiative is quite important to try to reallocate our funds into growth areas. That is my learning in the past year.

We are now working and discussing with the regions and brand teams. There are some areas that we need to fundamentally revise and review. Strategically, we need to allocate our money into some growth areas. As a company, we need to draw such a picture and then put it into our agenda for next year onwards. As a result, in hindsight, that review process was a big learning for our company. Then, that would improve our initiatives and also could lead to sustainable growth in the future. That is my take.

**Ohana [Q]:** As you just said, between the regions, or among the regions, there are some differences, and you are now having some initiatives. The expected 2% growth is not enough from my perspective. Maybe you can do more. You want to drive further growth, right?

**Fujiwara [A]:** Yes. Of course, we need to ask you to wait until next year when we release our projection next year. As we have very disciplined investment approaches, this has quite penetrated in our organization. Still, we take on the challenge to achieve growth, even taking certain risks. That decision should not rely on particular departments or functions, but all hands in one team, and sharing the risks and trying to take on the challenges going forward. That will be realized in the next fiscal year onwards.

**Oshima [M]:** The last question, from Tokai Tokyo Intelligence Lab, Kato-san.

**Kato [Q]:** This is Kato. Q3 China & travel retail, it's a 5% increase in sales, so the recovery trend continues. Compared to Western beauty companies, I just feel like it's still a bit slow. What will be the background story? What will be the reason for you with the competitors? If you have any stories with how you perform versus the competitors, I would like to know.

**Fujiwara [A]:** First of all, looking at the China market, the China market overall is turning into a moderate growth trajectory. The point of the growth is, by category and channel, there's a big gap. There's a big difference by channel and category.

Looking by category, fragrance has been keeping high growth. On the other hand, skin care is stagnating, but makeup is also sluggish. Portfolio-wise, we have not had a very strong presence in fragrance in China, so the market momentum, I believe that our portfolio was not able to capture the overall China market trend.

The other point is what I had mentioned earlier, which is the existing brands. Outside of the core existing brands, there are the non-core brands, which we are continuing with our structural reform. In addition, the stagnation of the Hong Kong market has had an impact, which is a headwind somewhat unique to us compared to other peers.

One more thing to mention is ANESSA. ANESSA used to be a strong growth driver, but as we look at the price and a lot of the business structural challenges that we face with our agents, the CP, the consumer purchase, is actually on a recovering trend, but the external sales have been suppressed to try to recover to a healthy market situation. As a result of this, Q3 itself, it is recovering, but we are still working on its recovery.

**Oshima [M]:** With this, we would like to close the Q&A session. Thank you very much for your participation out of your busy schedules today. Thank you.

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