



Consolidated Settlement of Accounts for the Nine Months Ended September 30, 2025 [IFRS]

Shiseido Company, Limited

Listings: Tokyo Stock Exchange (Code Number 4911)
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 Start of cash dividend payments: -
 Supplementary materials prepared: Yes
 Quarterly financial results information meeting held: Yes (for institutional investors and analysts, etc.)

1. Performance for the Nine Months Ended September 30, 2025 (From January 1, 2025 to September 30, 2025)

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

(1) Consolidated Operating Results

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

	Net Sales	Core Operating Profit	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Total Comprehensive Income
	%	%	%	%	%	%
Nine Months Ended September 30, 2025	693,817 [(4.0)]	30,080 [9.7]	(33,350) [—]	(32,518) [—]	(43,983) [—]	(56,111) [—]
Nine Months Ended September 30, 2024	722,754 [0.0]	27,415 [(25.6)]	2,183 [(91.5)]	7,152 [(75.1)]	754 [(96.3)]	5,142 [(92.4)]

[Reference] Profit

Nine months ended September 30, 2025: ¥(44,061) million [—%]

Nine months ended September 30, 2024: ¥1,434 million [(93.4)%]

	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Nine Months Ended September 30, 2025	(110.10)	(110.10)
Nine Months Ended September 30, 2024	1.89	1.89

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.
- In the first nine months of fiscal year 2025, there were 178 thousand dilutive potential ordinary shares. However, as they had an anti-dilutive effect, they have been excluded from the calculation of diluted loss per share.

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
As of September 30, 2025	1,208,881	585,407	565,302	46.8%
As of December 31, 2024	1,331,848	654,643	632,474	47.5%

2. Cash Dividends

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

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

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

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

	Net Sales	Core Operating Profit	Operating Profit		Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share (Yen)
	%	%		%	%	%	
Fiscal Year 2025	965,000 [(2.6)]	36,500 [0.4]	(42,000)	[—]	(42,000) [—]	(52,000) [—]	(130.17)

Note: Revision to the most recently disclosed performance forecast: Yes

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 September 30, 2025: 400,000,000

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

2) Number of treasury shares

As of September 30, 2025: 472,080

As of December 31, 2024: 576,863

3) Average number of shares outstanding during the period

Nine months ended September 30, 2025: 399,471,470

Nine months ended September 30, 2024: 399,620,002

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

Appropriate use of business forecasts; other special items

(Cautionary note concerning forward-looking statements)

In this report, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "1. Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2025 (3) Consolidated Forecast and Other Forward-Looking Information" on page 9 for information on preconditions underlying the above outlook and other related information.

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1. Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2025

(1) Consolidated Performance

(Millions of yen)

	Net Sales	Core Operating Profit	Operating Profit (Loss)	Profit (Loss) before Tax	Profit (Loss) Attributable to Owners of Parent	EBITDA
Nine Months Ended September 30, 2025	693,817	30,080	(33,350)	(32,518)	(43,983)	67,942
Nine Months Ended September 30, 2024	722,754	27,415	2,183	7,152	754	67,337
Year-on-Year Increase (Decrease)	(4.0)%	9.7%	—	—	—	0.9%
FX-Neutral	(3.2)%					
Like-for-Like	(2.9)%					

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 (excluding depreciation of right-of-use assets) to core operating profit.
3. Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation and all business transfers in the first nine months of fiscal year 2025 and 2024 as well as the services provided during the transition period, and the impact of sales prior to the acquisition of *Dr. Dennis Gross Skincare* in the fiscal year 2024 and its corresponding period in the first nine months of fiscal year 2025 (“business transfer and acquisition impacts”).

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

The domestic cosmetics market grew at a moderate pace. While the number of foreign visitors to Japan continued to rise, inbound cosmetics market experienced slower-than expected growth due to shifts in consumption behavior of foreign visitors coupled with their fading appetite for spending in light of increasing price convergence in domestic and overseas markets.

The overseas cosmetics market witnessed signs of recovery despite the headwinds which persisted across all regions throughout the period. The duty-free retail market including Hainan island also continued to struggle in a challenging environment due to subdued consumer spending amid worsening economic sentiment, while China’s cosmetics market returned to a recovery trend. Meanwhile, the cosmetics markets in the U.S. and Europe saw 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 2023, the Company launched its medium-term strategy “SHIFT 2025 and Beyond” and we have been progressively implementing key strategic actions towards completion of structural reforms, aiming to achieve cost reduction on a global basis, while also rebuilding our organizational structure to realize gross profit maximization. In November 2024, the Company 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

amid volatile market conditions. In the first year of the Action Plan, we are in the midst of executing our priority actions towards achieving a core operating profit margin of 7% in 2026.

And, the Company has unveiled the “2030 Medium-Term Strategy” with the aim of pursuing new growth opportunities by leveraging Shiseido’s competitive advantage that lies in its value creation and value communication capabilities and maximizing its corporate value over the next five years.

Under the new vision toward 2030 “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 Company will ensure it drives sales growth ahead of the market, achieving a core operating profit margin of above 10% by 2030 based on three strategic pillars; “accelerate growth with brand power,” “evolve global operations,” and “drive sustainable value creation.”

Net sales in the first nine months of fiscal year 2025 decreased 4.0% year-on-year to ¥693.8 billion on a reported basis, down 3.2% year-on-year on a FX-neutral basis, or down 2.9% year-on-year on a like-for-like basis, excluding the impacts of foreign exchange translation, business transfers and acquisitions. Net sales on a like-for-like basis decreased year-on-year, primarily reflecting the weakness in the China & Travel Retail Business due to the lingering impact of subdued consumption on the back of deteriorating economic sentiment, as well as in the Americas Business which suffered ongoing challenges with *Drunk Elephant*.

Core operating profit increased ¥2.7 billion year-on-year to ¥30.1 billion, with positive impacts of global-wide structural reforms and cost management offsetting the profit declines in the Americas and China & Travel Retail Businesses.

Profit attributable to owners of parent decreased ¥44.7 billion year-on-year albeit a year-on-year increase in core operating profit, incurring a loss of ¥44.0 billion reflecting the impact of a goodwill impairment loss of ¥46.8 billion which has been recognized in the period, based on the results of an impairment test conducted in light of the declined profitability in the Americas Business during the period.

This recognition of an impairment loss has not, or will not have any impact on cash flow of the Company in fiscal 2025. For further details, please refer to 2. Condensed Quarterly Consolidated Financial Statements and Notes, (5) Notes Concerning Condensed Quarterly 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 first nine months of fiscal year 2025 are JPY148.1/USD, JPY165.5/EUR, and JPY20.5/CNY.

[Consolidated Performance]

(Millions of yen)

Classification		Nine Months Ended September 30, 2025	% of Total	Nine Months Ended September 30, 2024	% of Total	Year-on-Year Increase (Decrease)			
						Amount	Percentage	FX-Neutral	Like-for-Like
Net Sales	Japan Business	219,105	31.6%	218,795	30.3%	310	0.1%	0.1%	0.3%
	China & Travel Retail Business	240,036	34.6%	259,656	35.9%	(19,619)	(7.6)%	(5.7)%	(5.7)%
	Asia Pacific Business	52,504	7.6%	53,249	7.4%	(745)	(1.4)%	(1.4)%	(0.9)%
	Americas Business	78,187	11.3%	87,203	12.0%	(9,016)	(10.3)%	(8.1)%	(9.1)%
	EMEA Business	96,121	13.9%	91,559	12.7%	4,561	5.0%	4.2%	4.2%
	Other	7,861	1.1%	12,290	1.7%	(4,428)	(36.0)%	(35.6)%	(29.2)%
	Total	693,817	100.0%	722,754	100.0%	(28,937)	(4.0)%	(3.2)%	(2.9)%

Classification		Total sales including intersegment sales and internal transfers between segments	
		Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Net Sales	Japan Business	220,085	219,395
	China & Travel Retail Business	242,304	262,302
	Asia Pacific Business	53,415	53,985
	Americas Business	81,553	91,865
	EMEA Business	100,137	94,319
	Other	9,454	13,637
	Subtotal	706,950	735,506
	Adjustments	(13,133)	(12,751)
Total		693,817	722,754

Classification		Nine Months Ended September 30, 2025	Ratio to Net Sales	Nine Months Ended September 30, 2024	Ratio to Net Sales	Year-on-Year Increase (Decrease)	
						Amount	Percentage
Core Operating Profit (Loss)	Japan Business	27,928	12.7%	16,240	7.4%	11,688	72.0%
	China & Travel Retail Business	46,676	19.3%	49,577	18.9%	(2,901)	(5.9)%
	Asia Pacific Business	1,758	3.3%	2,534	4.7%	(775)	(30.6)%
	Americas Business	(7,586)	(9.3)%	(3,626)	(3.9)%	(3,960)	—
	EMEA Business	915	0.9%	759	0.8%	156	20.6%
	Other	(1,421)	(15.0)%	110	0.8%	(1,531)	—
	Subtotal	68,271	9.7%	65,595	8.9%	2,675	4.1%
	Adjustments	(38,191)	—	(38,180)	—	(10)	—
Total		30,080	4.3%	27,415	3.8%	2,665	9.7%

Notes:

- From the first nine months ended September 30, 2025, the “China Business” and the “Travel Retail Business” have been changed to the “China & Travel Retail Business.” The business results related to the operation of domestic sales by IPSA Co., Ltd. and the operation of sales of health & beauty foods, etc. by healthcare business previously included in the “Other” are now included in the “Japan Business.” The method of calculating profit or loss for reportable segments have been changed. For more details, please refer to “Segment Information, etc.” under “2. Condensed Quarterly Consolidated Financial Statements and Notes, (5) Notes Concerning Condensed Quarterly Consolidated Financial Statements.” Segment information for the first nine months ended September 30, 2024 has been restated to reflect these changes.
- Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation, business transfer and acquisition impacts.
- The “Other” includes the restaurant business, etc.
- 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.
- 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 first nine months ended September 30, 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” while steadily increasing profitability by our continued efforts on fixed cost reduction. During the period, we successfully delivered robust growth in core brands led by **SHISEIDO**, **Clé de Peau Beauté**, and **ELIXIR**, benefitting primarily from the strength of new products infused with cutting-edge technology. On the contrary, while the number of foreign visitors continued to rise, inbound sales in the Japan Business showed signs of a slowdown weighed down primarily by the changes in consumption behavior of foreign visitors coupled with their fading appetite for spending in light of increasing price convergence in domestic and overseas markets.

As a result, we ended the period with net sales of ¥219.1 billion, up 0.1% year-on-year on a reported basis, or up 0.3% year-on-year on a like-for-like basis excluding the impacts of business transfers. Core operating profit was ¥27.9 billion with a year-on-year increase of ¥11.7 billion, primarily reflecting the positive impacts of structural reforms.

China & Travel Retail Business

In the China & Travel Retail Business, although the Business continued to be unfavorably impacted by the decline in consumer spending amid worsening economic sentiment, we managed to deliver a year-on-year sales growth for the third quarter of the year. In China, we delivered robust growth led by the strength of **Clé de Peau Beauté** and **NARS** coupled with significant growth in e-commerce channels delivered across brands. 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 for the period amid ongoing challenges due to declining consumer spending by Chinese tourists in Hainan Island and South Korea.

As a result, net sales were ¥240.0 billion, down 7.6% year-on-year on a reported basis, down 5.7% on a FX-neutral basis, or down 5.7% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased ¥2.9 billion year-on-year to ¥46.7 billion, with the 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, we achieved growth in Southeast Asia led by Thailand as well as in South Korea, with **Clé de Peau Beauté** and **NARS** both delivering year-on-year revenue gains. Overall, however, we posted a year-on-year revenue decline for the period, weighed down by the market contraction in Taiwan.

As a result, net sales were ¥52.5 billion, down 1.4% year-on-year on a reported basis, down 1.4% year-on-year on a FX-neutral basis, or down 0.9% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation and business transfers. Core operating profit decreased year-on-year by ¥0.8 billion to ¥1.8 billion owing primarily to the decline in gross profit driven by lower sales and increase in personnel expenses due to inflation.

Americas Business

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

As a result, net sales were ¥78.2 billion, down 10.3% year-on-year on a reported basis, down 8.1% on a FX-neutral basis, or down 9.1% year-on-year on a like-for-like basis excluding the impacts of foreign exchange translation, business transfers and acquisitions. Core operating profit decreased year-on-year by ¥4.0 billion, incurring a loss of ¥7.6 billion with the positive impacts of structural reforms including fixed cost reductions partially offsetting a decline in profitability due to lower gross profit driven by sales decline and a higher cost

of sales ratio as well as the U.S. tariff impact.

EMEA Business

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

As a result, net sales were ¥96.1 billion, up 5.0% year-on-year on a reported basis, up 4.2% year-on-year on a FX-neutral basis, or up 4.2% 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 ¥ 0.9 billion with the impact of strategic increase in marketing investments being more than offset by higher gross profit driven by sales growth.

(2) Financial Position

Total assets decreased by ¥123.0 billion from the end of the previous fiscal year to ¥1,208.9 billion, from a decrease in goodwill, a decrease in asset amount translated into yen appreciation, a decrease in cash and cash equivalents primarily due to payments of trade and other payables, and a decrease in property, plant and equipment. Liabilities decreased by ¥53.7 billion to ¥623.5 billion, primarily due to a decrease in redemption of bonds. Equity decreased by ¥69.2 billion to ¥585.4 billion, due to a decrease in retained earnings associated with loss and dividend payments.

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 0.21.

(Cash flow analysis)

Cash and cash equivalents at the end of the first nine months of fiscal year 2025 stood at ¥78.2 billion, ¥20.3 billion less than the amount of ¥98.5 billion at the beginning of the current fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities in the first nine months of fiscal year 2025 increased by ¥18.5 billion year-on-year to ¥61.5 billion, primarily due to increase factors such as ¥53.3 billion of "Depreciation and amortization" and ¥51.2 billion of "Impairment losses (reversal of impairment losses)" while there were decrease factors such as ¥32.5 billion of "Loss before tax" and ¥27.2 billion of "Increase (decrease) in trade payables".

(Cash Flows from Investing Activities)

Net cash used in investing activities in the first nine months of fiscal year 2025 decreased by ¥41.7 billion year-on-year to ¥29.9 billion, primarily due to purchases of property, plant and equipment such as investment in factory equipment of ¥17.0 billion and purchases of intangible assets such as investment in IT systems of ¥15.5 billion.

(Cash Flows from Financing Activities)

Net cash used in financing activities in the first nine months of fiscal year 2025 increased by ¥58.3 billion year-on-year to ¥50.9 billion, primarily due to the decrease in short-term borrowings of ¥28.9 billion, the redemption of bonds of ¥20.0 billion, the repayment of lease liabilities of ¥17.6 billion and the payment of cash dividends of ¥11.8 billion while the increase was due to proceeds from long-term borrowings of ¥30.0 billion.

Consolidated Statement 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		61.5
Net cash provided by (used in) investing activities		(29.9)
Net cash provided by (used in) financing activities		(50.9)
Effect of exchange rate changes on cash and cash equivalents		(1.1)
Net change in cash and cash equivalents (decrease)		(20.3)
Cash and cash equivalents at end of period		78.2

(3) Consolidated Forecast and Other Forward-Looking Information

Net sales for the fiscal year ending December 31, 2025 are expected to fall short of the previous forecast, primarily reflecting the deceleration of inbound tourism consumption in Japan, a market slowdown in the U.S., as well as continued weakness with *Drunk Elephant*.

The core operating profit is expected to remain in line with the previous forecast. While there may be an impact of certain factors including a decline in gross profit due to lower sales and the U.S. tariff policy, these will likely be largely offset by the benefits of company-wide structural reforms and cost management.

The operating profit, profit before tax and profit attributable to owners of parent are expected to fall short of the previous forecasts as the Company has recognized a goodwill impairment loss of ¥46.8 billion in the third quarter of the year, based on the results of an impairment test conducted due to the declined profitability in the Americas Business.

The loss in the valuation of equity shares associated with the decline in the net book value of shares of Shiseido Americas Corp., a subsidiary owned and controlled by the Company, attributed primarily to the aforementioned impairment loss reported for the period will be recognized in its non-consolidated financial statements for fiscal 2025. The loss in the valuation of equity shares, however, will only be recognized on a non-consolidated basis, and, therefore, will not have any impact on the Company's consolidated financial results for fiscal 2025 as well as its future earnings outlook.

The forecast for annual dividend for the fiscal year ending December 31, 2025 remain unchanged. We have declared an annual dividend of ¥40 (the interim dividend (paid out) and year-end dividend of ¥20 per share, respectively).

Revisions to the Consolidated Earnings Forecasts for the Fiscal Year 2025 (From January 1 to December 31, 2025)

(Millions of yen unless otherwise stated)

	Net Sales	Core Operating Profit	Operating Profit (Loss)	Profit (Loss) before Tax	Profit (Loss) Attributable to Owners of Parent	Basic Earnings (Loss) per Share (Yen)
Previous Forecast (A)	995,000	36,500	13,500	14,500	6,000	15.02
Revised Forecast (B)	965,000	36,500	(42,000)	(42,000)	(52,000)	(130.17)
Change (B-A)	(30,000)	-	(55,500)	(56,500)	(58,000)	-
Change (%)	(3.0)%	-	-	-	-	-
(Reference) Results for the Fiscal Year Ended December 31, 2024	990,586	36,359	7,575	(1,265)	(10,813)	(27.06)

Currency exchange assumptions are as follows;

Previous: USD/JPY: 145 yen, EUR/JPY: 155 yen, CNY/JPY: 20.0 yen

Revised : USD/JPY: 148 yen, EUR/JPY: 168 yen, CNY/JPY: 20.5 yen

Reference Information: Forecast for Consolidated Net Sales by Reportable Segment

Forecast for Consolidated Net Sales (YoY change) by reportable segment are as follows:

Classification	Revised Forecast			Previous Like-for-Like
	YoY	YoY FX-Neutral	YoY Like-for-Like	
Japan Business	-	-	+low single digit %	+high single digit%
China & Travel Retail Business	-	-	–mid single digit %	–mid single digit %
Asia Pacific Business	-	-	+low single digit %	+low teen %
America Business	-	-	–mid single digit %	+low teen %
EMEA Business	-	-	+mid-single digit %	+high single digit %
Total	(3)%	(2)%	(1)%	4%

Notes:

Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation, business transfers, and acquisitions.

2. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of December 31, 2024	As of September 30, 2025
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	98,479	78,160
Trade and other receivables	154,305	148,103
Inventories	160,507	149,915
Other financial assets	28,382	24,275
Other current assets	36,125	39,439
Total current assets	477,800	439,894
Non-current assets		
Property, plant and equipment	294,411	281,133
Goodwill	108,013	55,225
Intangible assets	179,390	174,151
Right-of-use assets	104,876	93,019
Investments accounted for using equity method	2,908	2,887
Other financial assets	89,556	88,570
Retirement benefit asset	10,261	9,740
Deferred tax assets	54,782	55,538
Other non-current assets	9,848	8,720
Total non-current assets	854,048	768,987
Total assets	1,331,848	1,208,881

	As of December 31, 2024	As of September 30, 2025
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	152,199	118,421
Bonds and borrowings	107,000	58,121
Lease liabilities	21,223	20,012
Other financial liabilities	6,391	2,608
Income taxes payable	3,413	11,398
Provisions	4,527	3,951
Other current liabilities	103,807	112,130
Total current liabilities	398,562	326,644
Non-current liabilities		
Bonds and borrowings	131,620	161,584
Lease liabilities	103,317	92,039
Other financial liabilities	20,630	19,243
Retirement benefit liability	5,037	5,327
Provisions	1,852	3,558
Deferred tax liabilities	3,640	3,892
Other non-current liabilities	12,544	11,183
Total non-current liabilities	278,642	296,829
Total liabilities	677,205	623,473
Equity		
Share capital	64,506	64,506
Capital surplus	74,138	73,924
Treasury shares	(2,325)	(1,902)
Retained earnings	356,877	301,663
Other components of equity	139,277	127,110
Total equity attributable to owners of parent	632,474	565,302
Non-controlling interests	22,169	20,104
Total equity	654,643	585,407
Total liabilities and equity	1,331,848	1,208,881

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

**Condensed Quarterly Consolidated Statement of Profit or Loss
Nine Months Ended September 30**

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
	Millions of yen	Millions of yen
Net sales	722,754	693,817
Cost of sales	168,565	161,818
Gross profit	554,189	531,998
Selling, general and administrative expenses	554,906	520,586
Other operating income	5,423	3,957
Impairment of goodwill	—	46,818
Other operating expenses	2,523	1,902
Operating profit (loss)	2,183	(33,350)
Finance income	6,107	5,458
Finance costs	3,125	5,160
Share of profit of investment accounted for using equity method	1,986	534
Profit (loss) before tax	7,152	(32,518)
Income tax expense	5,718	11,543
Profit (loss)	1,434	(44,061)
Profit (loss) attributable to		
Owners of parent	754	(43,983)
Non-controlling interests	679	(78)
Profit (loss)	1,434	(44,061)
Earnings per share		
Basic earnings (loss) per share (yen)	1.89	(110.10)
Diluted earnings (loss) per share (yen)	1.89	(110.10)

Condensed Quarterly Consolidated Statement of Comprehensive Income
Nine Months Ended September 30

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
	Millions of yen	Millions of yen
Profit (loss)	1,434	(44,061)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	12	153
Remeasurements of defined benefit plans	(142)	68
Share of other comprehensive income of investments accounted for using equity method	0	—
Total of items that will not be reclassified to profit or loss	(130)	221
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,674	(12,168)
Share of other comprehensive income of investments accounted for using equity method	(835)	(103)
Total of items that may be reclassified to profit or loss	3,838	(12,271)
Other comprehensive income, net of tax	3,708	(12,049)
Comprehensive income	5,142	(56,111)
Comprehensive income attributable to		
Owners of parent	4,371	(55,871)
Non-controlling interests	770	(239)
Comprehensive income	5,142	(56,111)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 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)				754		
Other comprehensive income					3,720	40
Total comprehensive income	—	—	—	754	3,720	40
Purchase of treasury shares			(1,047)			
Disposal of treasury shares		(17)	309	(15)		
Dividends				(23,981)		
Change in ownership interest in subsidiaries		(0)				
Share-based payment transactions		(79)		381		
Transfer to retained earnings				(102)		(40)
Other				(36)		
Total transactions with owners	—	(96)	(737)	(23,753)	—	(40)
Balance as of September 30, 2024	64,506	73,903	(2,328)	357,209	105,344	—

	Equity attributable to owners of parent				
	Other components of equity		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)		—	754	679	1,434
Other comprehensive income	(142)	3,617	3,617	90	3,708
Total comprehensive income	(142)	3,617	4,371	770	5,142
Purchase of treasury shares		—	(1,047)		(1,047)
Disposal of treasury shares		—	277		277
Dividends		—	(23,981)	(1,917)	(25,898)
Change in ownership interest in subsidiaries		—	(0)	0	—
Share-based payment transactions		—	302		302
Transfer to retained earnings	142	102	—		—
Other		—	(36)	(358)	(394)
Total transactions with owners	142	102	(24,484)	(2,275)	(26,759)
Balance as of September 30, 2024	—	105,344	598,635	20,139	618,775

Nine Months Ended September 30, 2025 (From January 1, 2025 to September 30, 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)				(43,983)		
Other comprehensive income					(12,166)	209
Total comprehensive income	—	—	—	(43,983)	(12,166)	209
Purchase of treasury shares			(1)			
Disposal of treasury shares			425	(152)		
Dividends				(11,984)		
Change in ownership interest in subsidiaries		(16)				
Share-based payment transactions		(198)		622		
Transfer to retained earnings				277		(209)
Other				6		
Total transactions with owners	—	(214)	423	(11,230)	—	(209)
Balance as of September 30, 2025	64,506	73,924	(1,902)	301,663	127,110	—

	Equity attributable to owners of parent				
	Other components of equity		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)		—	(43,983)	(78)	(44,061)
Other comprehensive income	68	(11,888)	(11,888)	(161)	(12,049)
Total comprehensive income	68	(11,888)	(55,871)	(239)	(56,111)
Purchase of treasury shares		—	(1)		(1)
Disposal of treasury shares		—	272		272
Dividends		—	(11,984)	(1,781)	(13,766)
Change in ownership interest in subsidiaries		—	(16)	16	—
Share-based payment transactions		—	423		423
Transfer to retained earnings	(68)	(277)	—		—
Other		—	6	(58)	(52)
Total transactions with owners	(68)	(277)	(11,299)	(1,824)	(13,123)
Balance as of September 30, 2025	—	127,110	565,302	20,104	585,407

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Profit (loss) before tax	7,152	(32,518)
Depreciation and amortization	56,702	53,306
Impairment losses (reversal of impairment losses)	(208)	51,169
Loss (gain) on disposal of non-current assets	1,470	1,253
Increase (decrease) in retirement benefit asset or liability	1,136	680
Interest and dividend income	(5,464)	(5,446)
Interest expenses	2,864	3,472
Share of profit of investments accounted for using equity method	(1,986)	(534)
Decrease (increase) in trade receivables	4,415	7,340
Decrease (increase) in inventories	(11,268)	8,981
Increase (decrease) in trade payables	(32,430)	(27,204)
Increase (decrease) in liabilities for structural reform	17,118	2,296
Other	717	2,697
Subtotal	40,218	65,496
Interest and dividends received	5,914	1,823
Interest paid	(2,009)	(2,689)
Income taxes paid	(1,133)	(3,092)
Net cash provided by (used in) operating activities	42,990	61,537
Cash flows from investing activities:		
Payments into time deposits	(23,398)	(16,218)
Proceeds from withdrawal of time deposits	20,825	17,840
Purchase of property, plant and equipment	(17,012)	(17,042)
Proceeds from sales of property, plant and equipment and intangible assets	844	274
Purchase of intangible assets	(19,696)	(15,459)
Payments for acquisition of subsidiaries	(48,902)	—
Proceeds from sale of businesses	1,531	—
Proceeds from sale of shares of associates	12,755	—
Other	1,395	655
Net cash provided by (used in) investing activities	(71,656)	(29,949)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	84,034	(28,878)
Proceeds from long-term borrowings	—	30,000
Repayments of long-term borrowings	(30,000)	—
Redemption of bonds	—	(20,000)
Purchase of treasury shares	(1,047)	(1)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(23,759)	(11,779)
Dividends paid to non-controlling interests	(1,960)	(2,185)
Repayments of lease liabilities	(19,502)	(17,591)
Other	(342)	(414)
Net cash provided by (used in) financing activities	7,422	(50,851)
Net decrease in cash and cash equivalents	(21,243)	(19,264)
Cash and cash equivalents at beginning of period	104,685	98,479
Effect of exchange rate changes on cash and cash equivalents	1,524	(1,054)
Cash and cash equivalents at end of period	84,966	78,160

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Applicable Financial Reporting Framework)

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

(Note on Assumptions of a Going Concern)

Not applicable.

(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 combination and goodwill is tested for impairment in each fiscal year, and whenever there is any indication of impairment.

Each operating segment is defined as a cash-generating unit and the recoverable amount of each operating segment 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.

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

In Americas Business, as there is an indication of impairment due to decline of its profitability, we have conducted the impairment test at the end of the first nine months of fiscal year 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 condensed quarterly consolidated statement of profit or loss.

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

	As of December 31, 2024	As of September 30, 2025
	Millions of yen	Millions of yen
Goodwill	58,420	8,786

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 September 30, 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%

As there was no indication of impairment for other cash-generating units apart from the Americas Business,

impairment test was not performed at the end of the first nine months of fiscal year 2025.

(Segment Information, etc.)

1) Overview of Reportable Segments

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

The Group's main business is the manufacturing and sale of cosmetics and the Group has revised its reportable segment classifications from the "China Business" and the "Travel Retail Business" to the "China & Travel Retail Business" from the nine months ended September 30, 2025. The Group engages in business activities under a matrix organization encompassing brand categories based on consumer purchasing style and five regions (Japan, China & Travel Retail, Asia Pacific, Americas, and EMEA). This matrix organization gives the leader in each region broad authority as well as responsibility for sales and profits to ensure flexible decision-making. In specific terms, the Group's five reportable segments, which mainly refer to regions, are the "Japan Business," "China & Travel Retail Business," "Asia Pacific Business," "Americas Business," and "EMEA Business."

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

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

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

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

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

The "Other" includes the restaurant business, etc.

(Changes of reportable segments, etc.)

The Group has revised its reportable segment classifications from the nine months ended September, 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 nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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.

Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 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	218,795	259,656	53,249	87,203	91,559
Intersegment sales or transfer	600	2,646	735	4,661	2,759
Total	219,395	262,302	53,985	91,865	94,319
Segment profit (loss) i.e. Core operating profit	16,240	49,577	2,534	(3,626)	759
	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation	
Net sales					
Sales to external customers	12,290	722,754	—	722,754	
Intersegment sales or transfer	1,347	12,751	(12,751)	—	
Total	13,637	735,506	(12,751)	722,754	
Segment profit (loss) i.e. Core operating profit	110	65,595	(38,180)	27,415	

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 (¥(50,405) million), the difference between the allocation amount to each operating segment and the actual amount (¥3,435 million) and cost difference (¥5,914 million), etc. The head office expenses which were included in the “Other,” are included in the “Adjustments” from the nine months ended September 30, 2025. The expenses are incurred mainly by head office, R&D, etc. The amounts have been restated to reflect these changes.

Nine Months Ended September 30, 2025 (From January 1, 2025 to September 30, 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	219,105	240,036	52,504	78,187	96,121
Intersegment sales or transfer	979	2,268	910	3,366	4,016
Total	220,085	242,304	53,415	81,553	100,137
Segment profit (loss) i.e. Core operating profit	27,928	46,676	1,758	(7,586)	915
	Other (Note 2)	Total	Adjustments (Note 3)	Consolidation	
Net sales					
Sales to external customers	7,861	693,817	—	693,817	
Intersegment sales or transfer	1,592	13,133	(13,133)	—	
Total	9,454	706,950	(13,133)	693,817	
Segment profit (loss) i.e. Core operating profit	(1,421)	68,271	(38,191)	30,080	

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 (¥(48,343) million), the difference between the allocation amount to each operating segment and the actual amount (¥5,422 million) and cost difference (¥5,124 million), etc. The expenses are incurred mainly by head office, R&D, etc.

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

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
	Millions of yen	Millions of yen
Segment profit	27,415	30,080
Structural reform expenses	(23,302)	(10,755)
Impairment losses	(70)	(51,409)
Reversal of impairment losses	278	239
Gain on sale of non-current assets	694	—
Acquisition-related costs	(294)	(8)
One-time costs related to internal system changes	(1,264)	(18)
Other	(1,273)	(1,478)
Operating profit (loss)	2,183	(33,350)

“Structural reform expenses” for the nine months ended September 30, 2024 are mainly the costs associated with the Early Retirement Incentive Plan as part of the business transformation of Shiseido Japan Co., Ltd. The expenses are included in “Cost of sales”, “Selling, general and administrative expenses” and “Other operating expenses” in the condensed quarterly consolidated statement of profit or loss.

“Structural reform expenses” for the nine months ended September 30, 2025 are mainly the costs associated with the “Action Plan 2025-2026” such as 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 condensed quarterly consolidated statement of profit or loss.

“Impairment losses” for the nine months ended September 30, 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 condensed quarterly consolidated statement of profit or loss.

“Gain on sale of non-current assets” for the nine months ended September 30, 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 condensed quarterly consolidated statement of profit or loss.

“Acquisition-related costs” for the nine months ended September 30, 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 condensed quarterly consolidated statement of profit or loss.

“One-time costs related to internal system changes” for the nine months ended September 30, 2024 and 2025 are included in “Selling, general and administrative expenses” in the condensed quarterly consolidated statement of profit or loss.

(Significant Subsequent Events)

The Company adopted a resolution at the Board of Directors on November 10 to implement Early Retirement Program “Next Career Support Plan” (the “Program”) offered to employees of the Company and certain of its domestic subsidiaries to which part of the headquarters functions have been transferred.

1. Purpose

The Company is in the midst of rebuilding the foundations of its business under the “Action Plan 2025-2026” (“the Action Plan”) launched in November last year, with an aim to ensure solid profit recovery and sustainable growth over the medium- to long-term by accelerating its structural transformation. Under the Action Plan, the Company is pursuing the three primary objectives; “reinforce brand foundation”, “rebuild profitable foundation” and “enhance operational governance” with an aim of establishing a resilient business model that can drive sustainable profitable growth amid volatile market conditions. As part of these efforts, the Company has been implementing structural reforms primarily in the Japan, China & Travel Retail, and Americas Businesses.

To complete the execution of the Action Plan globally and to rebuild a profitable foundation to drive sustainable investment in our people, brands, and innovation, the Board has made a decision to implement the Program offered to the employees of the Company, the global headquarters (“GHQ”) of the Shiseido Group, as well as certain of its domestic subsidiaries to which part of the headquarters functions have been transferred.

Going forward, to realize the vision towards growth laid out in the “2030 Medium-Term Strategy” announced on November 10, the Company will strive to enhance its global operational framework. As part of that process, the GHQ will be committed to strengthening its functions as an organization held responsible for formulating company-wide strategies while supporting the execution of regional strategies. To that end, the Company will also focus its efforts on fostering people with capabilities and leadership to drive growth across the entire group.

This program is intended to support employees who choose to pursue external career opportunities, helping them achieve self-fulfillment in a new environment.

2. Overview

(1) Eligible employees	Employees of Shiseido Company, Limited and certain of its domestic subsidiaries who meet certain age and length of employment requirements
(2) Estimated number of applicants	Approx. 200
(3) Application period	December 8, 2025 to December 26, 2025
(4) Applicants’ date of retirement	March 31, 2026
(5) Support plan and benefits	1) Special additional benefits based on the retirement age added to the regular retirement allowance 2) Career transition support to those who wish to use it

3. Expected impact on earnings

The one-time costs incurred by the Program are expected to be approximately ¥3.0 billion and will be recognized as non-recurring items* in the consolidated financial results for the forth quarter of fiscal year ending December 31, 2025.

* Expenses associated with structural reforms, impairment losses, etc.

Independent Auditor's Report on Review of Condensed Quarterly Consolidated Financial Statements

November 10, 2025

To the Board of Directors of Shiseido Company, Limited:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Hayashi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuki Kodaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the accompanying condensed quarterly consolidated financial statements of Shiseido Company, Limited (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Attached Documents” in the Consolidated Settlement of Accounts for the Nine Months Ended September 30, 2025, which comprise the condensed quarterly consolidated statement of financial position as at September 30, 2025, the condensed quarterly consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes concerning the condensed quarterly consolidated financial statements.

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

Basis for Conclusion

We conducted our review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements in Japan (including those that are relevant to audits of the

financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

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

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

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

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

Our responsibility is to express a conclusion on these condensed quarterly consolidated financial statements based on our review in our report on the review of condensed quarterly consolidated financial statements.

As part of our review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

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

of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 5(5) of the Standard).

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

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

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

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

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

Notes to the Reader of Review Report:

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