

一瞬も一生も美しく

In every moment, in every life
Beauty



INTEGRATED REPORT 2025

The Fiscal Year Ended Dec. 31, 2025

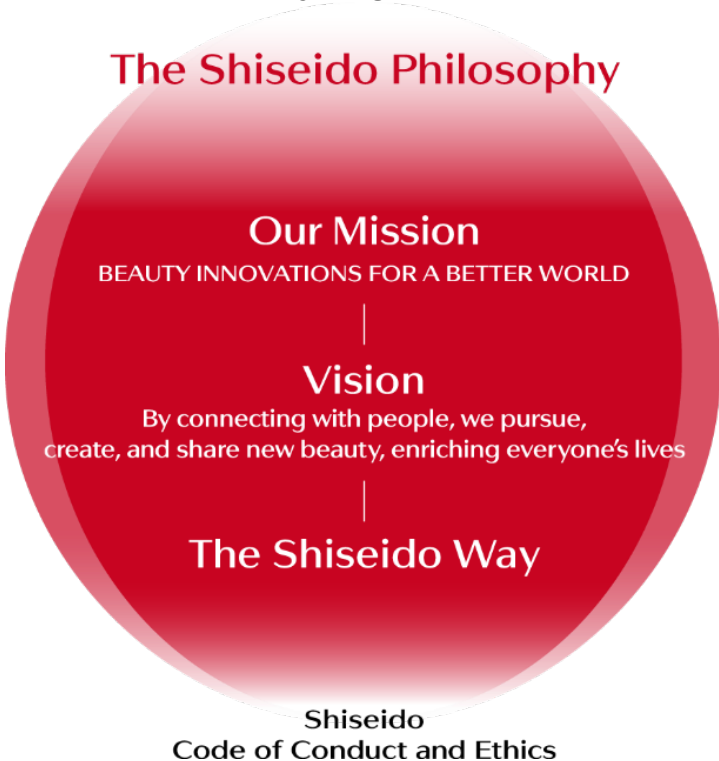
SHISEIDO

The Shiseido Philosophy

In our quest to become the most trusted beauty company in the world
and remain vital for the next 100 years and beyond,

The Shiseido Philosophy is our guiding light.

For each and every member of the global Shiseido family, it is at the heart of
everything we do.



The Shiseido Philosophy consists of three elements:

Our Mission The reason we exist

BEAUTY INNOVATIONS FOR A BETTER WORLD

Vision Our medium- to long-term aspirations

**By connecting with people, we pursue, create,
and share new beauty, enriching everyone's lives**

The Shiseido Way The mindset and actions that shape how we work

- | | |
|-----------------------------|---|
| Our Foundation | Inspired by nature, attentive to everyone |
| Our Work | Let the product speak for itself |
| Our Evolving Style | Keep changing to remain true to ourselves |
| Our Approach | Appreciate dilemmas while rising to achieve brilliance |
| Our Belief in Beauty | Richness in everything |

Table of Contents

- 2 The Shiseido Philosophy
- 3 Table of Contents
- 4 About this Report
- 5 2025 Highlights

Message from the CEO



- 6 Message from the CEO

Value Creation



- 12 Evolution of Shiseido Group
- 13 Medium- to Long-Term Vision
- 14 Value Creation Process
- 15 Management Resources
- 17 Value Creation Drivers
- 18 Materiality

Business Strategy



21 2030 Medium-Term Strategy

- 21 Corporate Strategies
- 23 Strategic Overview
- 24 Financial Targets
- 25 Executive Responsibility Framework

26 Financial Strategy: Message from the CFO

30 Strategic Pillar 1 Accelerate Growth with Brand Power

- 30 Strategic Growth Areas
- 31 Growth Structure
- 32 Category and Brand Strategy (Message from the CBO)
- 37 Innovation Strategy (Message from the CIO)

40 Strategic Pillar 2 Evolve Global Operations

- 40 Organization and Management Structure
- 41 Digital/AI Strategy

42 Strategic Pillar 3 Drive Sustainable Value Creation

- 42 People Strategy
- 45 Sustainability Strategy

50 2025 Results and Regional Overview

Governance



- 56 Interview with External Directors
- 59 Directors and Corporate Executive Officers
- 60 Directors Skills Matrix
- 61 Enhancement and Effectiveness of Our Corporate Governance
- 63 Activities of the Nominating, Compensation, and Audit Committees
- 64 Nominations, Appointments, and Succession Planning
- 65 Executive Remuneration
- 66 Risk Management

Data

- 68 10-Year Financial Summary
- 70 5-Year Non-Financial Summary
- 71 Shareholder & Investor Engagement
- 72 Stock Information and External Evaluations

Key Visual
Concept

一瞬も一生も美しく
In every moment, in every life
Beauty



In every moment, in every life: Beauty

Our work is to pursue, create, and share new beauty by connecting with people, enriching everyone's lives. In this visual, we deliberately avoid depicting easily recognizable elements such as skin, facial expressions, or products, seeking instead to vividly evoke the signs of unseen beauty found in the heart, sensibility, and the future.

Vision Movie

Icons

Contents of the
Integrated Report

External Link

This interactive PDF is optimized for use with Adobe Acrobat.

About this Report

Publication of Integrated Report 2025

Shifting to a New Growth Trajectory through the 2030 Medium-Term Strategy

For Shiseido Group, 2025 was a year that showed signs of a turnaround, including steady progress in cost reductions and a return to a growth trajectory across various regions. Through our structural reforms to date, we have laid the foundation for a new growth trajectory. At the same time, we recorded a goodwill impairment loss in the Americas Business, resulting in a net loss for the second consecutive year. In response to the recent stagnation in profitability and capital efficiency, not only the management team but all employees are working with a strong sense of urgency to break through this challenging situation. Under the 2030 Medium-Term Strategy starting in 2026, we aim to maximize our corporate value by leveraging our strengths in Value-Creation Capability and Value-Communication Capability. To regain the strong endorsement of the capital markets, we intend to demonstrate solid growth accompanied by improved profitability and capital efficiency.

Given these circumstances, in compiling this report, we planned its design based on our dialogues with investors to address the questions and concerns of the capital markets. Specifically, to provide a detailed explanation of the 2030 Medium-Term Strategy, we have placed particular emphasis on the following contents. Furthermore, regarding the report's structure and presentation, we have incorporated feedback from investors to prioritize a concise and highly readable format, directing readers to other media and materials for detailed information.

We would greatly appreciate any feedback you may have after reading the report.

Integrated Report Survey

Featured Content

- P. 6 Message from the CEO
- P. 23 2030 Medium-Term Strategy
- P. 26 Message from the CFO
- P. 32 Message from the Chief Brand Officer (CBO)
- P. 37 Message from the Chief Innovation Officer (CIO)
- P. 56 Interview with External Directors



CEO, CFO, and the integrated report team from IR Dept.

Editorial Policy

Reporting Period	January 2025 – December 2025 Some information may refer to organizational structures and initiatives for 2026.
Organization	Shiseido Company, Limited and its consolidated subsidiaries (collectively, Shiseido Group)
Reference Guidelines	In the section of this report concerning Shiseido Group's value creation, we have referred to the International Integrated Reporting Framework of the International Financial Reporting Standards Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry of Japan.
Date of Issue	April 2026

Information Disclosure

Non-Financial Information ← → Financial Information

Report	Integrated Report	
	⌐ Sustainability Report ⌐ Corporate Governance Report	⌐ Annual Securities Report
Briefing	⌐ Innovation Conference	⌐ Financial Results Briefings
	⌐ Individual Investor Briefings (Japanese Only)	
	⌐ IR Events	
Corporate Website	⌐ Innovation	⌐ IR Library
	⌐ Corporate Governance	⌐ Stock and Bond Information
	⌐ Sustainability	

Disclaimer

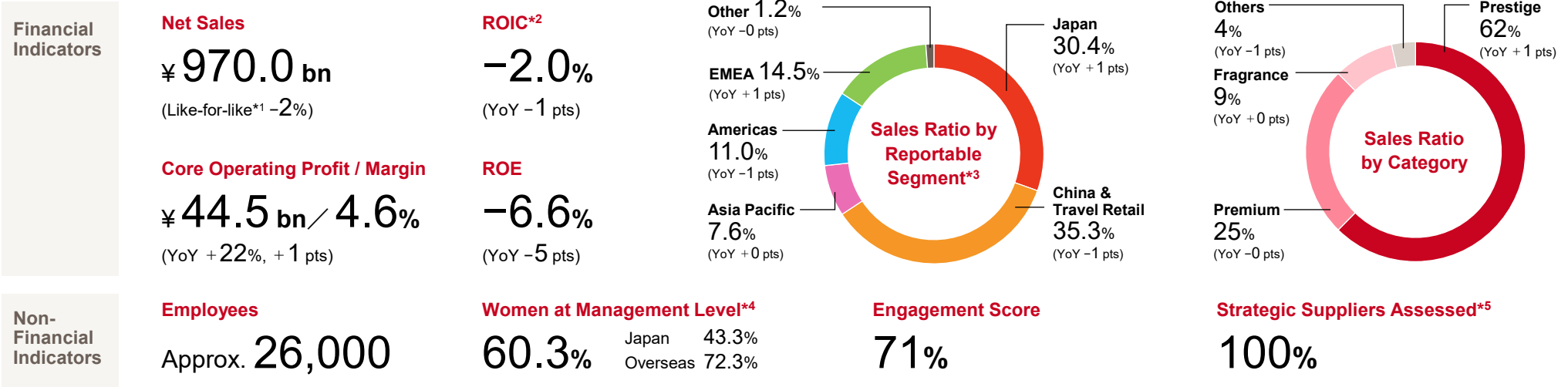
For the relevant financial information, please refer to [Annual Securities Report](#), which is available in the Investors section of the Shiseido Group corporate information website.

In this report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

2025 Highlights

Executive Summary

- 2025 marked a pivotal year for our Company as we laid the foundation toward growth. The initiatives implemented in recent years began to deliver tangible results, leading to meaningful improvements in performance and financial strength. Profitability and capital efficiency continued to improve steadily. Although revenue declined, core operating profit reached our full-year target for the first time in four years. Free cash flow also improved significantly due to better working capital management and more disciplined capital expenditures.
- In November 2025, we announced the 2030 Medium-Term Strategy, which aims to maximize corporate value by leveraging our strengths in value creation and value communication. We have defined our vision as “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives.” Guided by this vision, we will continue to create new value and achieve sustainable growth. Through the execution of this strategy, we aim to achieve a core operating profit margin of over 10% and a significant improvement in capital efficiency by 2030.



*1 Excludes the impacts of FX and all business transfers in 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 2024 and its corresponding period in 2025 ("business transfers and acquisitions")
*2 The statutory tax rate is used for the calculation
*3 From 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 "Other" includes the restaurant business, etc.
*4 As of January 1, 2026 for Japan; as of December 31, 2025 for overseas
*5 Selected based on our share of purchase amount, QCDS (Quality, Cost, Delivery, Service, Technology), sustainability performance, and whether they have key technology, innovation capability to support our core competencies



Message from the CEO

By strengthening our management foundation, we are evolving into a company where growth directly drives profitability and fuels new value creation. Guided by our 2030 Medium-Term Strategy, we are charting a renewed path of strong, brand-driven growth while enhancing corporate value and enriching people's lives through the power of beauty.

Kentaro Fujiwara

Director, Representative Corporate Executive Officer
President and CEO

A handwritten signature in black ink, likely of Kentaro Fujiwara, consisting of stylized, flowing characters.

Message from the CEO

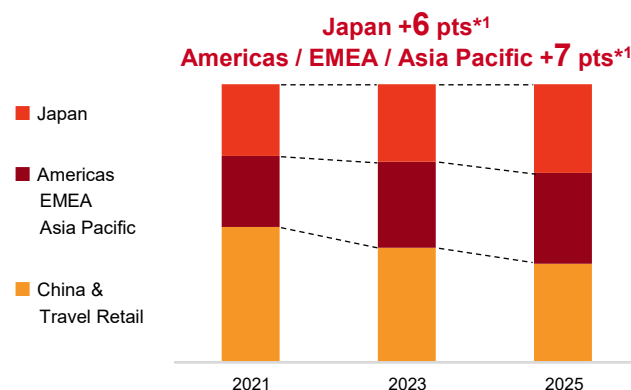
Message from the CEO

Building the Foundation for a Return to Growth by Addressing Core Challenges

Following COVID-19, we took the changing environment as an opportunity to evolve the way we manage our business. Accordingly, we have been focusing on structural priorities, including optimizing our brand portfolio and regional footprint, redesigning our company-wide fixed cost structure, and clarifying our investment criteria. To sustain these results, we must fundamentally shift our corporate culture toward profitability, investment returns, and strict accountability.

Through the structural reforms advanced under our previous medium-term strategy, SHIFT 2025 and Beyond, and the Action Plan 2025–2026 launched in 2025, we have focused on strengthening our management foundation to transform our business structure—not to pursue short-term profit uplift,

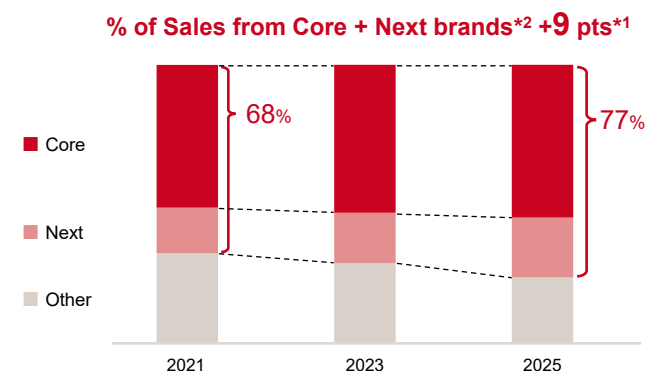
Figure 1: Sales Ratio by Reportable Segment



*¹ 2025 vs. 2021, excluding the impacts of FX and business transfers

but to establish a model where growth directly drives profit. This foundation is now taking shape. Our regional business mix has become balanced, with the Japan Business, the China & Travel Retail Businesses, and the Americas, EMEA, and Asia Pacific Businesses each representing roughly one-third of total business. The sales contribution of our key brands driving profit growth has risen to 77%, up nine percentage points from 2021. Net sales per employee have also increased by 30%, reflecting steady progress toward a more profitable business structure (see Figures 1–3). While these reforms were challenging, we have now addressed the key issues in each region. We are entering a new phase in which we will drive both further cost improvements through company-wide optimization and strong, sustainable growth. At the same time, to ensure that these results become enduring rather than temporary, we have positioned

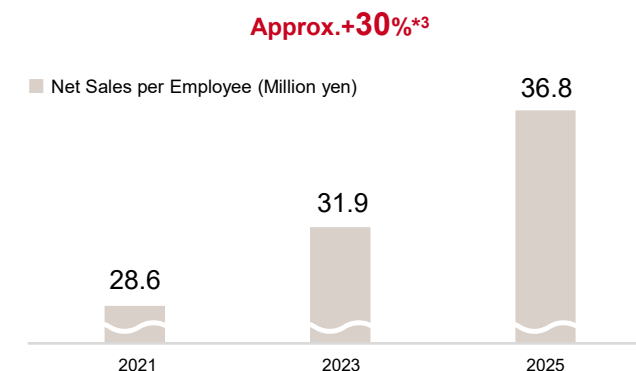
Figure 2: Sales Ratio by Key Brands



*² Core: SHISEIDO, Clé de Peau Beauté, NARS
Next: ELIXIR, ANESSA, narciso rodriguez, ISSEY MIYAKE PARFUMS, Zadig&Voltaire, Dr. Dennis Gross Skincare

“irreversible reform” as our top priority and taken a deep dive into transforming our corporate culture. We have worked to build a structure in which each employee takes ownership and actively contributes to resolving management challenges. To embed these reforms into systems and processes, we have swiftly implemented cost structure reforms, redesigned reporting lines to optimize the organization and clarify responsibilities, enhanced transparency in investment and divestment decisions through a dedicated committee, and introduced a remuneration framework aligned with the cost of capital. Through these initiatives, we have established a more resilient earnings base, and our organizational and operational execution capabilities continue to strengthen. Going forward, we will accelerate sustainable growth by creating a virtuous cycle in which the returns from growth are reinvested into new value creation.

Figure 3: Net Sales per Employee



*³ 2025 vs. 2021

Message from the CEO

The 2030 Medium-Term Strategy Anchored in Core Management Principles

To achieve our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, we draw on the concept of *banbutsu shisei*, the belief that the Earth nurtures new life and creates lasting value, which is the origin of our company name. We aspire to help shape a world where the power of beauty nurtures the human spirit and fosters a positive cycle for society and the environment. Guided by this aspiration, in the 2030 Medium-Term Strategy, we set forth the following vision for 2030: “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives.” In a time of rapid societal change, where feelings of fragmentation and isolation are increasing, we believe deeply in beauty’s power to foster connection, empathy, and emotional richness—ultimately enriching each individual’s life.



In formulating the 2030 Medium-Term Strategy, I remained firmly committed to three core management principles that I consider essential to our transformation.

The first is “Addressing structural challenges without deferring them.” We are determined to establish clear pathways to resolve areas where we still have room for improvement—growth potential, profitability, capital efficiency, and organizational culture—rather than postponing these issues for the future.

The second is “Act and deliver.” To rebuild trust from the capital markets, we will continue to set forth clear commitments and deliver on them. While maintaining our ambition for growth, we developed the 2030 strategy through rigorous, objective analysis to ensure that our targets are realistic, credible, and not driven by ambition alone. To resolve critical issues as early as possible, we launched the Action Plan 2025–2026 ahead of the broader strategy and followed through on its initiatives with discipline,

demonstrating our ability to deliver meaningful results.

The third principle is establishing strategic consistency and a repeatable model for growth by building a robust business model and organizational structure. In an environment filled with uncertainty, sustainable growth requires an organization capable of executing strategies rooted in our strengths rather than being overly influenced by external volatility.

This strategy was developed over more than a year of candid and substantive discussions at the Board of Directors to maximize its effectiveness and precision. We are rich in Value-Creation Capability cultivated over many years, as well as in employees who are deeply committed to pursuing them. By maximizing brand value and achieving sustainable growth, Shiseido Group will further enhance both corporate value and social value through the power of beauty.

Accelerating Growth Where Our Enduring Strengths Create the Greatest Value

The 2030 Medium-Term Strategy reorganizes our material issues into four key themes and is structured around three strategic pillars aligned with these themes.

Under the “1. Accelerate Growth with Brand Power” pillar, we clarified our growth areas and rebuilt our brand portfolio to aim for category leadership in each area. To win decisively in fields where our strengths can be fully leveraged, we defined categories aligned with our highly competitive Science and Technology (S/T) capabilities and will concentrate management resources in these areas to strengthen both competitiveness and growth. Our cross

Message from the CEO

company deployment of advanced S/T capabilities is already delivering tangible results, including the creation of hero products and expanded market share, directly contributing to both sales and profit. We already have more than ten technologies ready for corporate-wide deployment, backed by a concrete pipeline of new products that will be introduced in stages through 2028. We will also quickly develop new businesses that build on our R&D strengths through services and solutions such as Beauty Checkup.

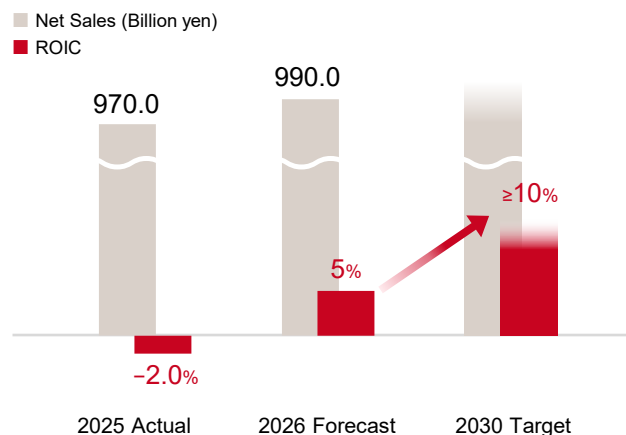
Under the “2. Evolve Global Operations” pillar, with the full implementation of FOCUS, we will drive the evolution of our entire value chain. By advancing global optimization and shortening lead times in parallel, we aim to enhance operational competitiveness from a total optimization perspective. At the same time, redesigned reporting lines and clearer authority and accountability have strengthened the balance between autonomy and control, enabling faster and more effective decision-making. We will prioritize the deployment of AI not only to drive efficiency, but also in areas where it can further strengthen our competitive advantage, to pursue operational excellence. Under the “3. Drive Sustainable Value Creation” pillar, we aim to foster a society where everyone can live beautifully and authentically by drawing strength from the diversity of our people. We will also promote Circular Product Lifecycle Design to reduce environmental impact and enhance the sustainability of our business as well as society and the planet. As part of our people strategy, we will expand investment in talent development to approximately three times the 2025 level over the next five

^{*4} Excludes cash outflows from M&A and cash inflows from asset sales

years, broadening opportunities for challenges, developing global leaders, strengthening skill building, and deepening engagement. Meanwhile, cultural transformation has only just begun. By embedding The Shiseido Way across the organization as our newly established, shared decision-making framework, we will cultivate a culture that enables consistent and repeatable growth.

In terms of our management targets, we aim to deliver growth that outpaces the market while strengthening our structural and sustainable profitability. Even in uncertain market conditions, we will secure a core operating profit margin of 10% or more. In addition, to consistently generate returns above our cost of capital, we target ROIC of 10% or more, ROE of 12% or more, and free cash flow of 100.0 billion yen or more^{*4} (see Figure 4).

Figure 4: Targets Under the 2030 Medium-Term Strategy



Advancing to the Next Stage of Corporate Value Creation by Maximizing Brand Value

Through our structural reforms, we have established a foundation for growth and defined a strategy that enables consistent execution without leaving unresolved challenges behind. From here, we move into a phase of steadily advancing our strategy while balancing both the quality and speed of execution.

Guided by clear objectives and disciplined execution, we will engage directly with the capital markets, rigorously pursue ROIC-driven management with strong cost-of-capital awareness and steadily deliver tangible results. The true driving force behind these transformations lies in each and every employee who continues to take on challenges on the ground. Since becoming President, I have envisioned a company where every employee pursues challenges that inspire them and transforms those efforts into meaningful value for society. In 2026, we will complete the Action Plan 2025–2026 and fully unlock the spirit of challenge across our organization, accelerating initiatives and preparations for the next phase of growth, and decisively transitioning onto a new growth trajectory.

United under our slogan “In every moment, in every life: Beauty,” we remain fully committed as one company to driving Shiseido Group’s transformation forward and achieving sustainable growth.

Value Creation

Leveraging the strengths of Shiseido Group as our driving force,
we enrich people and society through the power of beauty
and realize sustainable value creation.



SHISEIDO
ULTIMUNE

Power Infusing Serum
Sérum Activateur Énergisant

Evolution of Shiseido Group

Shiseido Group has driven over 150 years of value creation through the continuous evolution of Brands, Innovation, and People.



Our Mission is
BEAUTY INNOVATIONS FOR A BETTER WORLD

Medium- to Long-Term Vision

Vision

By connecting with people, we pursue, create, and share new beauty, enriching everyone's lives

Guided by our corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD," we established the Vision: "By connecting with people, we pursue, create, and share new beauty, enriching everyone's lives" as the state we aim to achieve by 2030.

In an uncertain and rapidly changing world, as digitalization accelerates the pace of daily life and a sense of division and isolation continues to grow, people are increasingly seeking fundamental values such as security and stability, connection and empathy, authenticity and sustainability. We believe this environment gives us an important role to play. We aspire to be a company that continually pursues and discovers new forms of beauty that enrich

people's hearts, grounded in enduring values and guided by a deep understanding of consumers. This is precisely our distinctive strength and the path to sustainable, long-term growth.

To embody this vision, we have chosen to once again adopt our 2005 slogan, "In every moment, in every life: Beauty." Today, these words carry an even deeper meaning. We work with the belief that beauty can be found in every moment throughout each person's life. This slogan will serve as a shared rallying call to unite all employees in our collective pursuit of this vision.

一瞬も一生も美しく

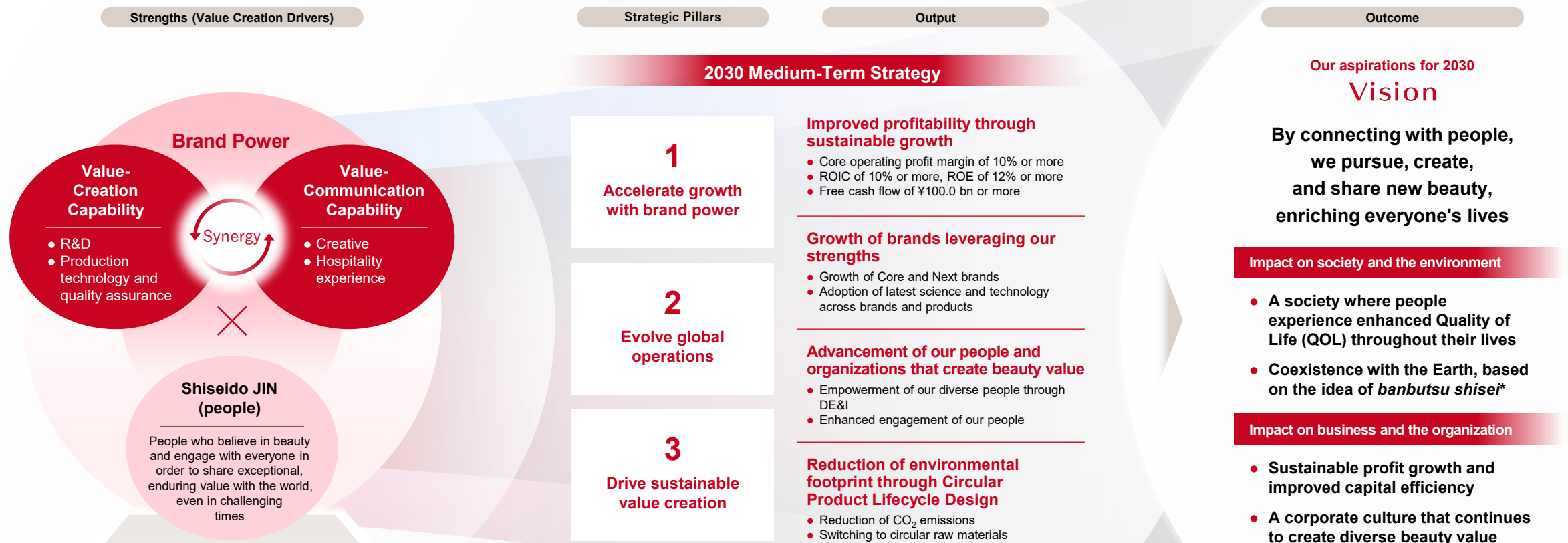
In every moment, in every life
Beauty



Value Creation Process

Our Mission is

BEAUTY INNOVATIONS FOR A BETTER WORLD



* From a phrase in the Chinese classic *Yi Jing (Book of Changes)*, from the Four Books and Five Classics of Confucianism: "Praise the virtues of the Earth, which nurtures new life and brings forth significant values."

Management Resources

In promoting our value creation strategy, we have summarized our key and distinctive management resources in the table below.

We have identified challenges from both internal and external circumstances and outlined a clear direction for resource allocation to enhance the value we create.

	Critical Themes	Related Indicators* ¹	Challenges	Resource Allocation
Brand Equity (Intellectual Capital) 	Brand Foundation	- Position amongst global beauty companies*² : No. 8 - Brands with sales exceeding ¥100 bn : 3 (Core brands) - Sales Ratio of Core 3 and Next 5 brands : Over 70% No. 1 selling brands in Japan: <i>ELIXIR</i>*³, <i>ANESSA</i>*⁴	- Accelerating brand development - Enhancing brand value - Strengthening CRM and integrating consumer data and touchpoints	- Focusing on Core and Next brands - Expanding loyal user base - Meeting local needs - Providing the best beauty experience for each individual based on data 📁 Category and Brand Strategy
	Consumer Insights	- EC sales ratio : 35% - Accumulation of consumer profile		
Science and Technologies (Intellectual Capital) 	Global R&D Structure	- R&D bases : 5 - Number of researchers*⁵ : Approx. 1,100	- Developing new areas - Optimizing the GIC, RICs*⁸, and brand collaboration	- Existing categories such as skincare - New categories such as medical & derma - New domains such as Beauty Checkup and the 65+ segment - New business development including co-creation with consumers 📁 Innovation Strategy
	Solidifying Our Position in Cosmetics and Creating the Foundation for Future Growth	- Awards Received at IFSCC*⁶ Congresses and Conferences*⁷ : 33 - R&D expense ratio : 2.8%		
	Open Innovation	Promoted joint research projects with multiple academic partners		
People and Culture (Human Capital) 	Diverse Professionals	- Employees : Approx. 26,000 - Nationality of Employees : Approx. 100 - Women at management level : 60.3%*⁹ (Japan: 43.3%, Overseas: 72.3%)	- Building an organization that enables employee growth - Strengthening human capital	- Embodying The Shiseido Way - Expanding opportunities to participate in cross-functional projects - Strengthening collaboration across our global organization 📁 People Strategy
	Professional Development and Recruitment Infrastructure	LinkedIn Learning participants : Approx. 14,000		
	Employee Engagement	Positive engagement score : 71%		

*1 As of December 31, 2025, or 2025 full year results

*2 WWD Beauty Inc's The 2024 Top 100 Beauty Companies

*3 INTAGE SRI/SRI+, Basic cosmetics, Main series ranking. Estimated sales amount (January 2007– December 2025)

*4 INTAGE SRI+ sunscreen (milk type) Value share, January-December 2025

*5 Including research staff

*6 The International Federation of Societies of Cosmetic Chemists (IFSCC): An international organization where cosmetic engineers from around the world gather for the development of safer and more beneficial cosmetic technologies

*7 As of December 2025. Total number of top awards and honorable mentions

*8 GIC: Global Innovation Center RIC: Regional Innovation Center

*9 As of January 1, 2026, for Japan; as of December 31, 2025, for overseas

Management Resources

	Critical Themes	Related Indicators*1	Challenges	Resource Allocation
Production Sites and Structure (Manufacturing Capital) 	The Highest Standard of Uncompromising Quality	Product recalls for consumers and/or distributors with public notices: 0	- Establishing a global system for quality, safety, and sustainability - Improving the overall accuracy of supply-demand forecasts - Improving productivity - Shortening lead time	- Improving productivity through DX-enhanced operations - Establishing and developing a global occupational health and safety management system - Optimizing global logistics and production systems Supply Network
	Flexible and Agile Product Supply and Productivity Efficiency	- COGS ratio : 23.4% - Inventory turnover ratio*2 : 6.3		
	Global Production Network	Production sites : 11		
Value Chain and Engagement (Social Relationship Capital) 	Consumer Engagement	- Cultivating self-efficacy through the power of beauty - Shiseido Life Quality Makeup activities : 5 countries/regions 80,174 people	- Building a circular model for co-creating consumer value - Procuring raw materials sustainably and responsibly	Strengthening collaboration with various organizations Sustainability Strategy: Society
	Supplier Engagement	% of Tier 1 suppliers assessed*3 : 97% % of strategic suppliers assessed*4 : 100%		
Raw Materials and Energy (Natural Capital) 	Energy and CO ₂ Emission	- CO₂ emissions reduction: SBTi, Scope 1 + 2*5 : 61.7% - CO₂ emissions reduction: SBTi, Scope 3*6 : 47% (Absolute amount)	- Reducing environmental footprint (CO₂, water, waste) - Reducing the use of single-use plastics	- Upgrading facilities to reduce environmental footprint - Developing eco-friendly formulas and packaging Sustainability Strategy: Environment
	Resource Usage (Water, Waste)	Water consumption reduction*7 : 58%		
	Resource Usage (Raw Materials)	- Switching to sustainable packaging*8 : 98% - Procurement of sustainable palm-oil derived raw material*9 : 87% - Procurement of sustainable paper*10 : 100%		
Financial Capital 	Profit Structure	- Core operating margin : 4.6% - Prestige sales ratio : 62% - EBITDA margin : 9.8%	- Improving capital efficiency - Cultivating cash culture - Sharpening financial governance and accountability	- Proactive investment in focus areas - Complete structural reforms Financial Strategy: Message from the CFO
	Capital Efficiency	- ROIC : -2.0% - ROE : -6.6%		

*1 As of December 31, 2025, or 2025 full year results

*2 Net Sales ÷ Inventories (average of the beginning and ending balances)

*3 Scope: All regions; targets identified based on procurement spend and risk data

*4 Selected based on our share of purchase amount, QCDST (Quality, Cost, Delivery, Service, Technology), sustainability performance, and whether they have key technology, innovation capability to support our core competencies

*5 At all our sites (compared to 2019). Includes our goal of achieving carbon neutrality by 2026 (covering all our sites, including carbon offsetting)

*6 Throughout our value chain, excluding our sites, economic intensity target (compared to 2019)

*7 Economic intensity across all our sites (compared to 2014)

*8 For plastic primary packaging

*9 Certified under RSPO's physical supply chain model, based on identity preserved, segregation, and/or mass balance, measured in palm oil equivalent weight

*10 Including certified paper or recycled paper used in products, measured by paper weight

Value Creation Drivers

Elevate Brand Power



We have identified three value creation drivers behind our corporate mission and the medium- to long-term vision: Value-Creation Capability, Value-Communication Capability, and Shiseido JIN (people). This reflects our belief that, as we move toward the realization of our Vision, sharpening our distinctive and enduring strengths will accelerate the enhancement of our brand equity.

Value-Creation Capability refers to R&D, which takes a lifelong perspective on people and conducts research encompassing the skin, body, and mind as an integrated whole. It includes production technologies and quality assurance that ensure the safety and reliability of our products. Value-Communication Capability means creativity, which we define as the ability to present new forms of culture and values that appeal to aesthetic sensitivities. It also means hospitality experiences which provoke emotions and foster deep consumer engagement. Driving the integration of Value-Creation Capability and Value-Communication Capability are Shiseido JIN (people), Shiseido Group employees, who engage with individuals and society and seek to share genuine value with the world.

Since our founding, we have built new markets by positioning the integration of our Value-Creation Capability and Value-Communication Capability as a core source of differentiation. By continuing to refine these distinctive strengths, we aim to enhance our brand equity and maximize corporate value.

Materiality

In 2025, Shiseido Group reviewed the material issues defined in 2019, taking into account changes in society and the industry, as well as related risks and opportunities. Through dialogue with a wide range of stakeholders, including employees, consumers, business partners, and shareholders, and consideration for society and the environment, we identified 19 material issues. These were assessed from the two perspectives of “importance to all

stakeholders” and “importance to Shiseido Group's business,” and organized into four categories aligned with the 2030 Medium-Term Strategy. These material issues represent key focus areas directly linked to Shiseido Group's sustainable growth and the enhancement of corporate value. We will address social issues through our business while pursuing sustained profitability and creating new value through beauty.

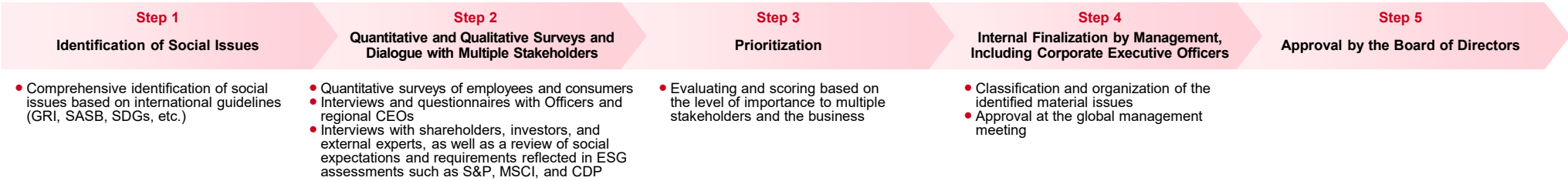
Materiality

Lifelong QOL improvement through diverse “power of beauty”	1 Consumers' QOL 2 DE&I 3 Respect for human rights 4 Innovations	5 Product safety 6 Responsible marketing and advertising 7 DX
Resilient management foundation building	8 Governance & accountability enhancement 9 Fair business transactions 10 Information security, cybersecurity & privacy	11 Stakeholder engagement
Our people and organizations to create beauty value	12 Our people & organization for value creation 13 Occupational health and safety	
Harmonization with nature (Circular Product Lifecycle Design)	14 Climate change 15 Biodiversity 16 Water usage 17 Circular products and manufacturing	18 Chemical safety and management 19 Responsible procurement

Materiality Map



How We Formulated Our Materiality



Business Strategy

By leveraging our unique strengths as the foundation of our strategy, we aim to achieve our 2030 targets and drive long-term sustainable growth.



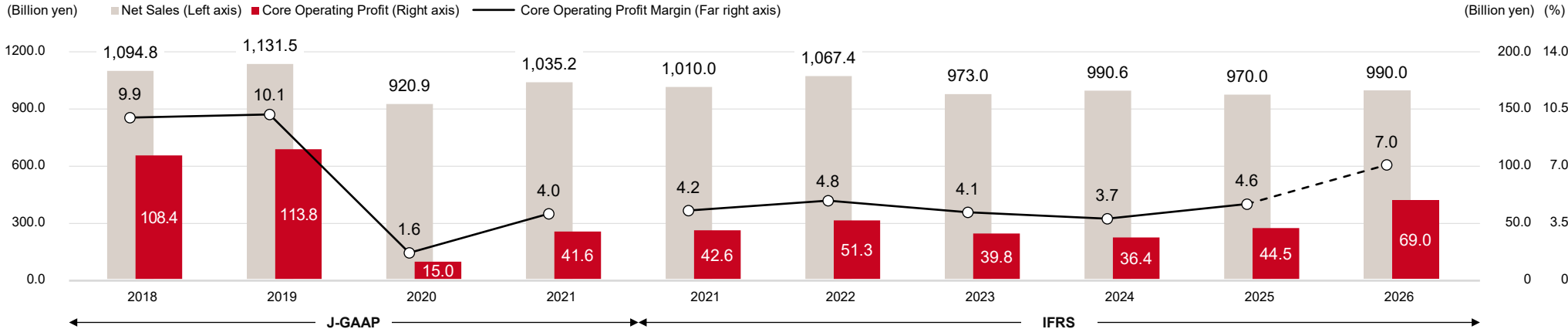
2030 Medium-Term Strategy

Corporate Strategies

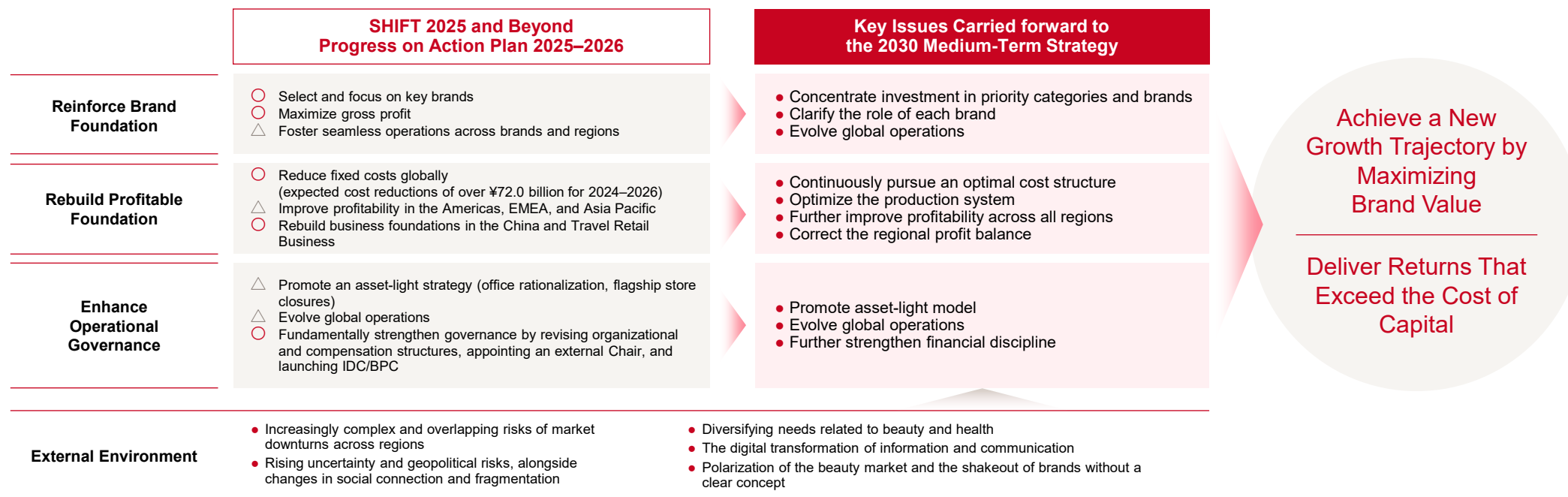
We launched VISION 2020 in 2015 to invest in prestige brands and establish a global management structure, achieving our quantitative targets ahead of schedule. However, the subsequent COVID-19 pandemic seriously impacted our operations. Under our WIN 2023 and Beyond strategy, launched in 2021, we focused on the premium skin beauty category and divested non-core businesses with annual sales of over 200.0 billion yen. Nevertheless, challenges remained in the large-scale Japan Business, including profit structures with high fixed costs and limited resilience to environmental changes. In 2023, we launched SHIFT

2025 and Beyond to build a more resilient business through structural reforms and cost reductions primarily in Japan and China. However, in light of major market changes in China and Travel Retail in 2024, as well as the weaker performance and subsequent delay in sales recovery in our Americas Business due to a temporary production decline, we have identified key issues in our Action Plan 2025–2026 and are working to build a foundation for stable, sustainable profit growth.

	VISION 2020 (First Phase)	VISION 2020 (Second Phase)	WIN 2023
	Rebuild Our Business Foundation	New Strategy to Accelerate Growth	Solidify Our Foundation as a Skin Beauty Company
Achievements	- Grew global prestige brands and strengthened the portfolio - Built a global management model	- Grew global prestige brands - Expanded brand marketing investment, M&A, improved gross profit margin, and reduced expense ratio - Strengthened R&D, supply networks, and digital/IT investments	- Executed a structural reform on a business scale of over 200.0 billion yen - Accelerated digital transformation (DX) and introduced FOCUS - Created state-of-the-art factories and logistics - Established a strong financial base
Remaining Challenges	- Establish a stable product supply system - Improve profitability in the Americas and EMEA Businesses	- Profit/loss structure with high SG&A (fixed costs) - Low profitability in the Americas and EMEA Businesses - High reliance on inbound sales in Japan	- Considerable delay in the recovery of the Japan Business - Establishment of a solid foundation in the China Business - Organizational and cost structure reassessment - Response to inflation and geopolitical risks



2030 Medium-Term Strategy Corporate Strategies



○: On track △: Requires further actions to address challenges

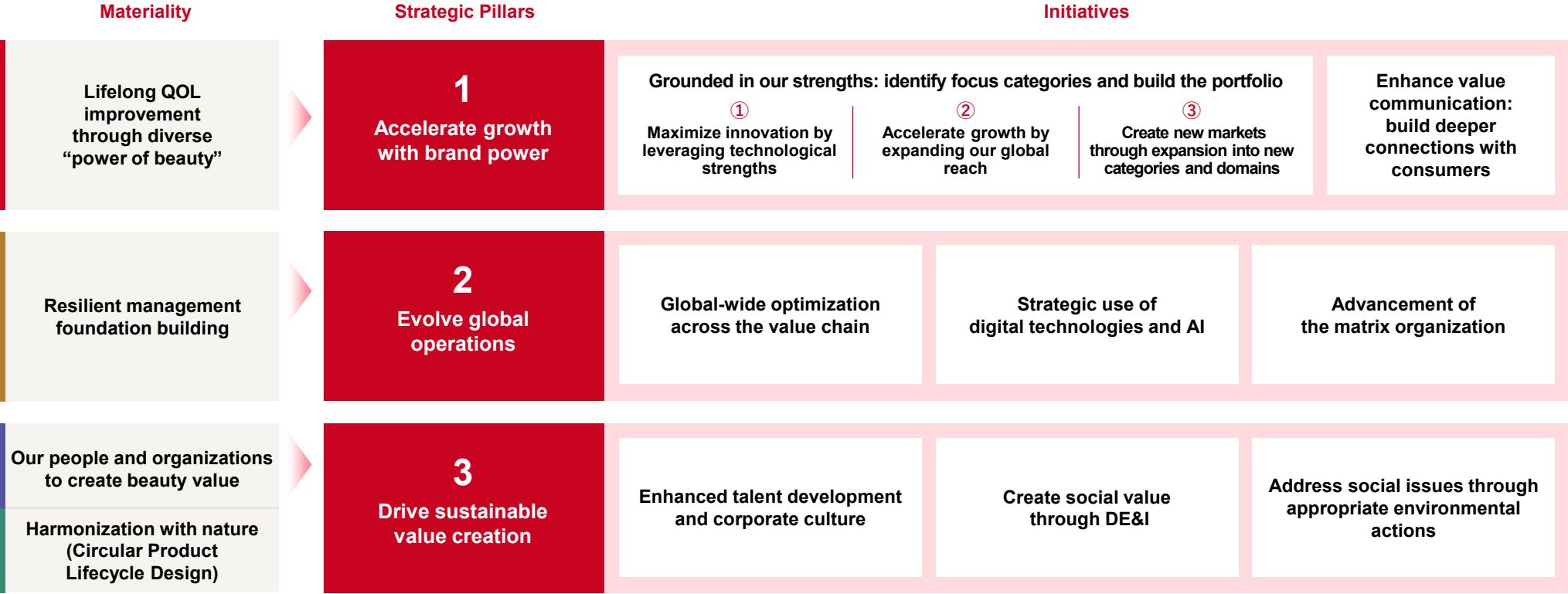
Our 2030 Medium-Term Strategy, launched in 2026, outlines our strategic direction by clarifying management challenges based on the progress of reforms under SHIFT 2025 and Beyond and the Action Plan 2025–2026.

From a brand perspective, the selection and concentration of key brands, as well as the expansion of gross profit have delivered results. However, coordination across brands and regions remains insufficient. To fully unlock brand potential, we must move to a globally optimized brand strategy and further evolve our operations. Regarding profit structure, we made progress on global cost-reduction initiatives and on rebuilding the business foundations of China and Travel Retail, where demand has stagnated. Even so, profitability across regions remains below our expectations, and achieving an optimal cost structure

remains a priority. In business management, while we have made progress in strengthening governance—including financial discipline—it is vital that we make investment and divestment decisions with greater agility and objectivity, accelerate asset-light initiatives with a focus on capital efficiency, and enable faster decision-making.

To address these challenges amid an increasingly complex and rapidly changing external environment, our strategy aims to return our Company to a growth trajectory by maximizing brand equity. Accordingly, we have outlined a set of key strategies built around three pillars to raise capital efficiency above the cost of capital and build a business capable of delivering steady profit growth (see the following pages).

2030 Medium-Term Strategy
Strategic Overview



The first step was defining our vision for 2030: “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives.” To realize this vision, we reassessed our materiality and laid out three strategic pillars.

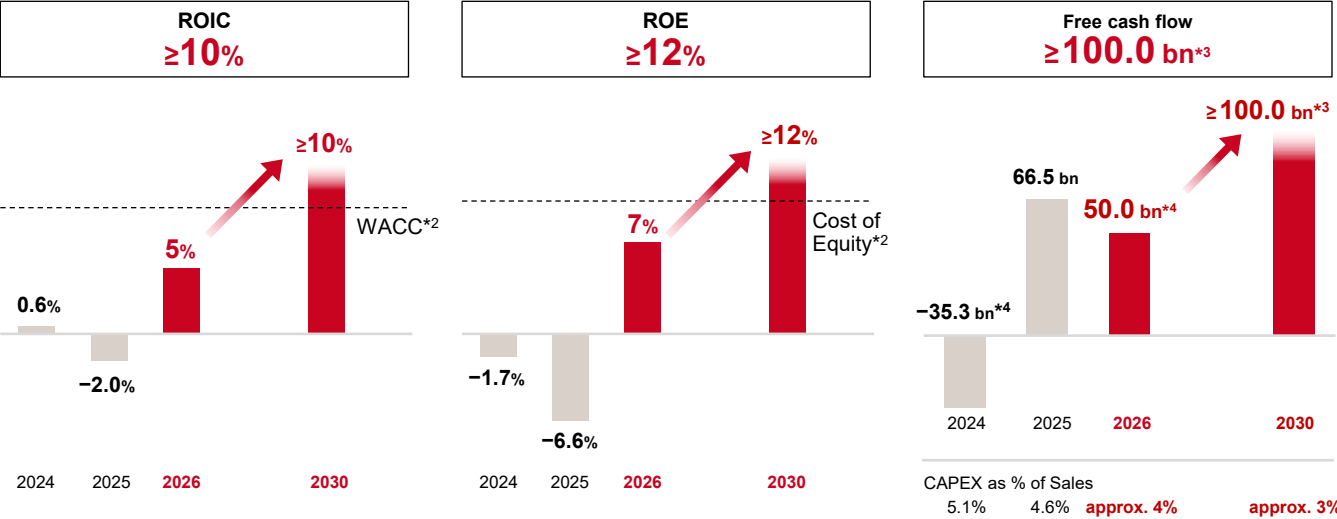
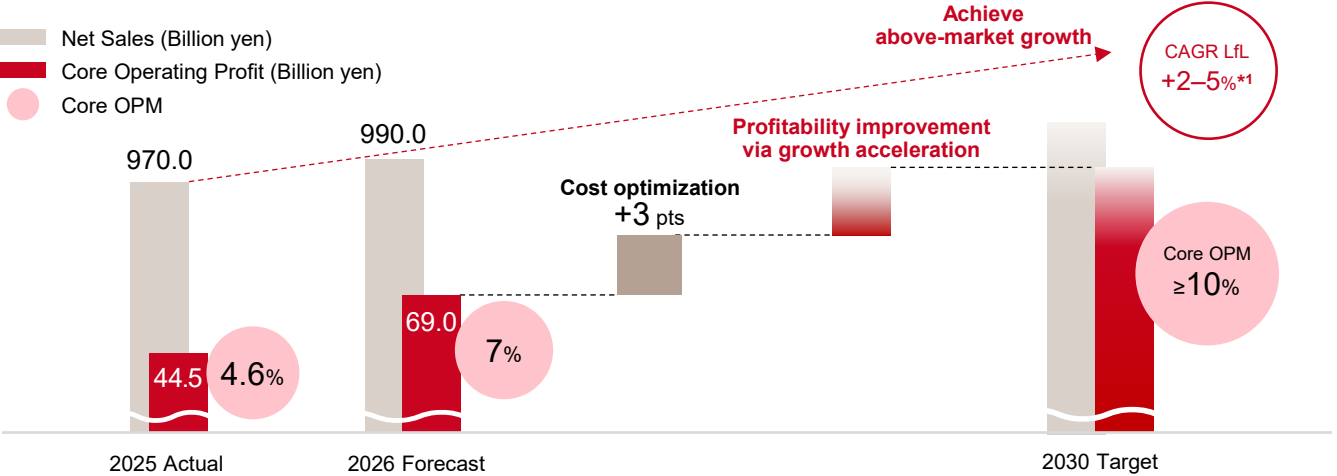
Our goal is to improve both corporate and social value by leveraging our unique strengths, which we define as our growth drivers: Value-Creation Capability, Value-Communication Capability, and Shiseido JIN (people). Accordingly, we will advance a wide range of initiatives to maximize brand value, creating a virtuous cycle that enables reinvestment into

new value creation.

The three strategic pillars are: “1. Accelerate Growth with Brand Power,” which defines growth domains to advance category and brand strategies; “2. Evolve Global Operations,” which pursues operational excellence and further enhances the use of digital and AI technologies; and “3. Drive Sustainable Value Creation,” which strengthens people strategies as well as environmental and social initiatives. We will continuously monitor progress and execute our strategy with speed and agility.

2030 Medium-Term Strategy

Financial Targets



*1 2025-2030 average; excluding impacts from FX
*2 WACC and cost of equity based on internal assumptions
*3 Excludes cash outflows from M&A and cash inflows from asset sales
*4 Includes cash outflows from the acquisition of Dr. Dennis Gross Skincare (48.9 billion yen in 2024 and approximately 17.0 billion yen in 2026)

Through our Medium-Term Strategy, we aim to achieve growth that outperforms the market and sustainably improve our profitability. Even in uncertain market conditions, we strive to secure consistent double-digit profitability—in other words, a core operating profit margin of 10% or more—through our own initiatives. To accomplish this goal, we target a 7% core operating profit margin in 2026, as set out in the Action Plan 2025–2026, and then plan to increase the margin by an additional three percentage points through cost optimization. With respect to sales, we have set a target range to deliver growth that outperforms the market while maintaining flexibility to respond to changes in the external environment.

Our financial targets include ROIC of 10% or more, ROE at 12% or more, and free cash flow at 100.0 billion yen or more. We aim to manage the business in a way that consistently generates returns exceeding the cost of capital. Regarding cash allocation, we will allocate capital with clear priorities. Our first goal is to strengthen cash generation through return-focused investments; the second, to pursue an appropriate level of financial leverage; and third, to deliver long-term, stable shareholder returns. In the latter half of the 2030 Medium-Term Strategy, we will also consider share buybacks and strategic M&A as potential options to further enhance corporate value.

2030 Medium-Term Strategy

Executive Responsibility Framework (As of January 1, 2026)

	Title	Position*1	Areas of Responsibility			Meeting Attendance*2					
			Corporate Value Chain	Brand/Innovation	Region	Global Strategy Committee	Medium-Term Strategy Steering Committee	Investment and Divestment Committee	Brand Portfolio Committee	Sustainability Committee	Innovation Committee
Kentaro Fujiwara	President and CEO	CO	Overall Management			●	●			●	
Ayako Hirofuji	Chief Financial Officer	CO	Finance, Accounting, and Investor Relations			○	○	●		○	
Mizuki Hashimoto	Chief Brand Officer	CO		Overall Brand Management		○	○	○	●	○	●
Yosuke Tojo	Chief Innovation Officer Global Technology Officer	CO		Overall Innovation and Basic Research		○	○	○		○	●
Maria Chiclana	Chief Legal Officer Global General Counsel	CO	Governance, Legal, and Risk Management			○		○			
Koji Nakata	CEO, Japan Region	CO			Overall Management of the Japan Business	○	○				
Antonios Spiliotopoulos	Chief Supply Network Officer	CO	Supply Chain, Production Technology, and Manufacturing			○	○	○		○	○
Norio Tadakawa	Chief Quality Officer	CO	Corporate Communications, and Quality			○	○			○	○
Makoto Toyoda	Chief Information Technology Officer	CO	IT and Digital Functions			○	○				
Toshinobu Umetsu	CEO, China & Travel Retail Region	CO			Overall Management of the China & Travel Retail Business	○	○				
Hidefumi Araki	Global Brand & Product Innovation Officer	DO		Innovation (Value Development)						○	○
Yuko Kato	Corporate Secretary Deputy Chief Legal Officer	DO	Governance, Legal, and Risk Management							○	
Naomi Kawanishi	Global Brand President	DO		Clé de Peau Beauté					○		○
Echo Lo	Global Brand President	DO		SHISEIDO					○		○
Chiaki Tomita	Global Brand President	DO		Global Premium Brands					○		○
Alberto Noe	CEO, Americas Region CEO, EMEA Region				Overall Management of the Americas and EMEA Businesses	○	○				
Nicole Tan	CEO, Asia Pacific Region				Overall Management of the Asia Pacific Business	○	○				

*1 CO: Chief Officer. COs oversee overall Group management in addition to leading their respective areas of responsibility. DO: Division Officer. DOs lead a business or functional category

*2 ● indicates a meeting lead; ○ indicates a meeting participant. Depending on the characteristics of the theme, the meeting owner may select appropriate attendees beyond those listed above



Message from the CFO

Financial Strategy

My theme for 2026 is “Winning Mindset × Unwavering Resolve.”

Under our 2030 Medium-Term Strategy, we will maximize growth through disciplined capital allocation, further enhance financial discipline, and instill a culture that relentlessly pursues returns. With a clear focus on action and results, we will strengthen Shiseido Group’s financial foundation.

Ayako Hirofuji

Director, Representative Corporate Executive Officer
Chief Financial Officer

Progress on Action Plan 2025–2026 and Performance in 2025

Over the past several years, Shiseido Group has faced significant challenges. Profitability and capital efficiency have remained under pressure, with ROIC consistently below our cost of capital. The downturn following COVID-19 exposed long-standing structural issues, including a high fixed-cost base, an expanded asset footprint, low profitability across the Americas, Europe, and Asia Pacific, and a regional portfolio overly concentrated in certain markets.

To fundamentally address these challenges, we launched Action Plan 2025–2026 in November 2024 to transform our profit structure. With strong resolve, our management team has acted with urgency to reshape our business into one capable of delivering stable profits even in a highly volatile market environment. In 2025, we executed all planned initiatives, including large-scale structural reforms in the Americas, a voluntary early retirement program at our global headquarters, and the reorganization of group companies. We achieved cost savings of ¥27.0 billion—exceeding our initial target—and expect to generate additional savings

Message from the CFO

of more than ¥25.0 billion in 2026. At the same time, we have strengthened financial discipline to build a more agile management structure capable of responding swiftly to change.

Today, these initiatives to strengthen our profit structure and capital discipline are beginning to bear fruit, and we are steadily establishing a more resilient financial foundation. Although we recorded a significant net loss in 2025 due to goodwill impairment related to declining profitability of the Americas Business, core operating profit significantly exceeded our initial forecast, and free cash

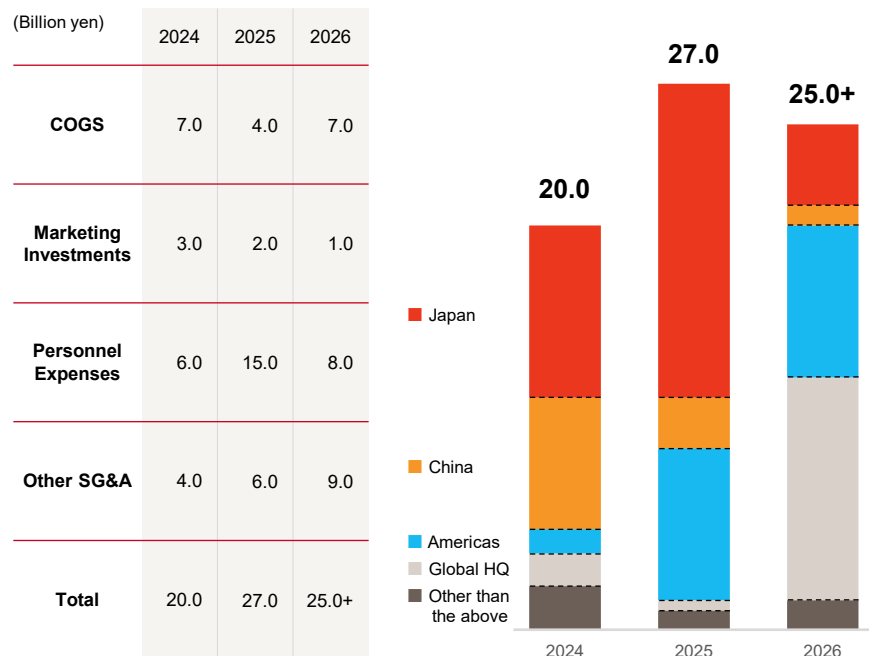
flow improved substantially year on year. Under a new management structure, we are directly tackling the challenges in the Americas Business and steadily advancing its turnaround.

Looking ahead, our priority is to ensure that these reforms go beyond cost structure improvements and translate into structurally higher capital efficiency. We believe that embedding the financial governance reforms we have advanced since 2025 into our corporate culture will be critical to achieving sustainable growth and enhancing corporate value over the long term.

Financial Strategy and Targets of the 2030 Medium-Term Strategy

Having completed these structural reforms, we are now entering a phase of disciplined growth. The 2030 Medium-Term Strategy provides the framework to drive this transition. Our ambition is not a temporary earnings recovery, but a transformation into a company that consistently generates ROIC above its cost of capital. To realize this ambition, we have set the following non-negotiable financial targets for 2030: a core operating profit

Progress in Global Cost Reductions and Structural Reforms



Investment Strategy and Cost Optimization through 2030

	Change in % of Sales	Investment Strategies	Cost Optimization
COGS	↓	- Automation of production lines - Sustainability promotion	- Optimization of production and logistics - Streamline of brand and SKU mix - Improvement of product, packaging, and raw material development and procurement processes - Improvement of sales and demand planning processes
Marketing Investments	→	- Core brands: Maintain stable growth and maximize returns - Next global brands (Suncare, Fragrance): Maximize business opportunities through strategic investment and geographic expansion) - Regional brands: Pursue high growth by expanding market share and improving profitability in each home market - New domains: Proactively invest in future expansion - Enhancement of customer experience and loyalty through AI	- Efficiency improvement in sample production - Optimization of indirect procurement - Enhanced portfolio management - Asset sharing across brands and regions
Brand Development /R&D	→	- Continued investment at approx. 3% of net sales - Boost productivity in formulation development with AI	Efficiency improvement by leveraging our robust technologies and sharpening brand value
Personnel Expenses	↓	- Development of global leaders - Strategic talent assignment to capture growth opportunities - Capability enhancement to create our unique value	- Streamline corporate functions to enhance operational efficiency, etc. - Rigorous personnel control
Other SG&A	↓	Investment in digital and AI technologies	- Optimization of indirect procurement and reduction of outsourcing costs - Reduction of freight costs through integrated inventory management

Message from the CFO

margin of 10% or more, ROIC of 10% or more, ROE of 12% or more, and free cash flow of ¥100.0 billion or more. As an initial milestone, we are targeting a 7% core operating profit margin in 2026, as outlined in our Action Plan. Despite growing uncertainty in the external environment, we see this not as a short-term objective, but as a critical step in building the foundation for sustainable growth toward 2030.

With regard to our profit structure, even after completing Action Plan 2025–2026, our SG&A ratio will remain above 70%, highlighting the need for further structural improvement and greater resilience to changes in the business environment. To address this, we will reduce cost of goods sold, personnel expenses, and other SG&A expenses, while maintaining disciplined investment in marketing, R&D, and brand development. By optimizing our brand portfolio, enhancing value-chain efficiency, and streamlining our organization and reporting lines, we will enhance brand equity and drive growth under a returns-focused investment framework. From a regional perspective, we aim to achieve double-digit core operating profit margins across all regions. By reducing the current profit concentration in our Japan Business and China & Travel Retail Business, we will build a more balanced and resilient profit structure.

Capital Allocation and Enhanced Capital Efficiency

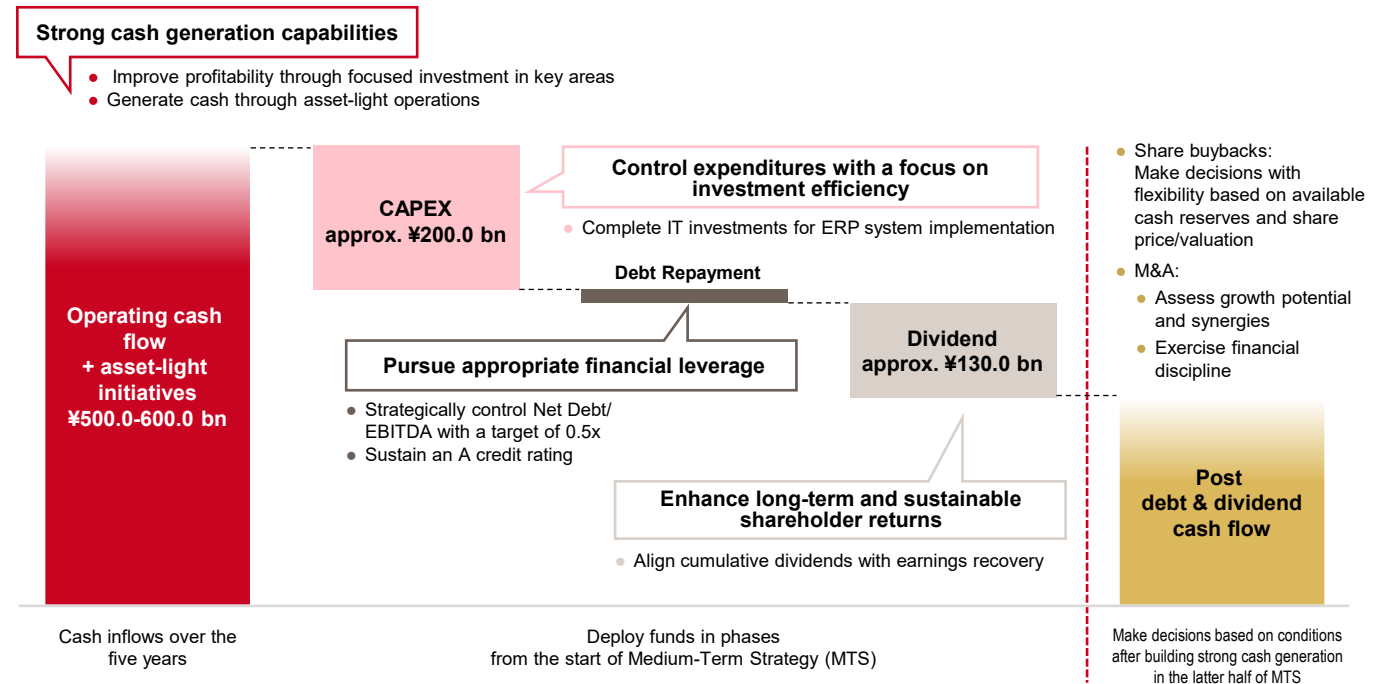
Over the next five years, we expect to generate operating cash flow of approximately ¥500.0–600.0 billion, driven primarily by improved profitability, faster inventory

turnover, and cash inflows from asset-light initiatives. We will allocate this cash based upon clear priorities: capital expenditures, repayment of interest-bearing debts, and dividends.

For capital expenditures, as the rollout of FOCUS brings a cycle of major IT investments to a close, we will prioritize efficiency through rigorous spending reviews, keeping investments broadly in line with depreciation. In doing so, we plan to reduce the capex-to-sales ratio to around 4% in 2026, and further to approximately 3% by 2030. With

respect to interest-bearing debt, we will maintain an A credit rating as a guiding principle while pursuing appropriate financial leverage, targeting a net debt-to-EBITDA ratio of approximately 0.5x. Regarding shareholder returns, we plan to increase the dividend in 2026, reflecting our strengthened business foundation, improved cash generation, and greater confidence in our medium- to long-term outlook. Over the next five years, we plan to allocate ¥130.0 billion to dividends and will continue to enhance shareholder returns in a stable and

Cash Allocation (Cumulative 2026–2030)



Message from the CFO

sustainable manner. In the latter half of the 2030 Medium-Term Strategy, we expect to maintain sufficient cash reserves even after dividend payments, allowing us to consider share buy-backs and strategic M&A while maintaining financial soundness.

Financial Discipline and ROIC-Driven Management

My mission is clear—to make Shiseido Group financially stronger.

Role of the Investment and Divestment Committee (IDC)

Phase	Target	Process for Important Issues	Key IDC Decision Criteria
Investment	Brand-related: All initiatives related to brands, including M&A, partnerships, new brand launches, and geographic expansion	Relevant departments BPC* IDC CEO Board	- Alignment and synergy with corporate strategy - Competitive advantage and differentiation - Validity of the business plan (Sales growth rate, profitability, ROI, cash-generation capability, etc.) - Comprehensiveness of risk scenario analysis
	Corporate-related: Investments in facilities, equipment, and IT assets exceeding a certain monetary threshold	Relevant departments IDC CEO Board	
Divestment	Brand-related: Withdrawal from brands or markets	Annual screening, Proposal from the division IDC Corrective action and follow-up Decision to continue and improve profitability or withdraw/downsize	- Screening based on quantitative criteria (Sales growth rate, profitability, ROI, cash-generation capability, variance from the original investment plan, etc.) - Alignment and synergy with corporate strategy - Comprehensiveness of risk scenario analysis
	Corporate-related: Sale or disposal of facilities, equipment, and IT assets exceeding a certain monetary threshold	CEO Board	

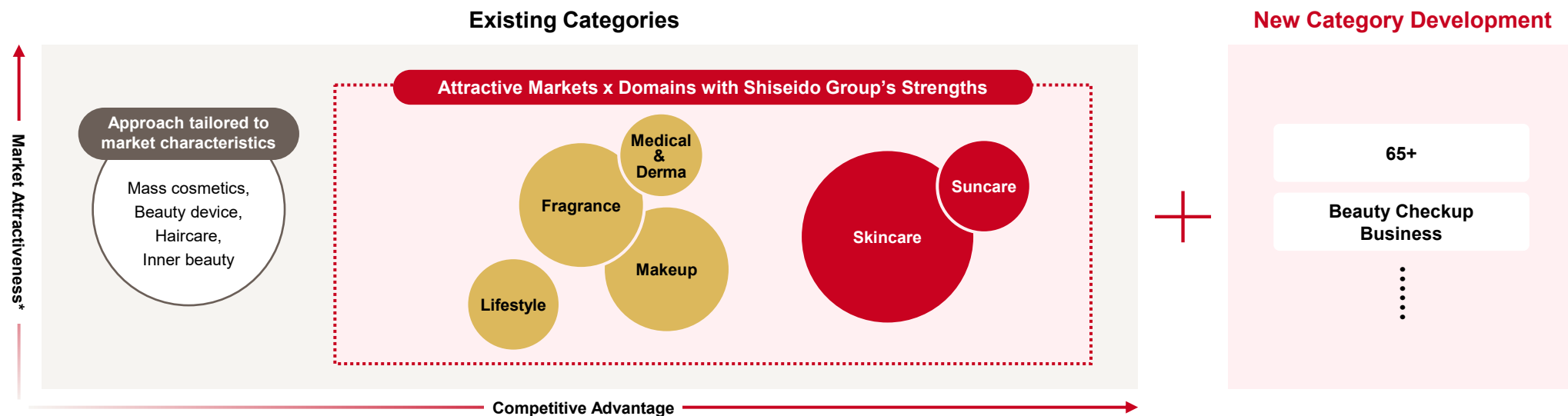
* The Brand Portfolio Committee (BPC), chaired by the Chief Brand Officer, makes decisions based on market and portfolio considerations, alignment with Shiseido Group, and long-term synergies

As part of strengthening our financial foundation, we established the Investment and Divestment Committee. The committee has defined clear execution processes, investment criteria, and exit guidelines across all major categories, including brands, partnerships, IT, and capital expenditures. Through this framework, we will allocate resources with strong focus on cost of capital, enabling disciplined and agile decision-making. In addition, to foster a performance-driven culture, we are embedding ROIC-based management throughout the

Company. As part of this effort, we are incorporating ROIC into our remuneration framework. In 2025, we introduced ROIC as a performance metric for long-term incentive-type remuneration across our global leadership team. In 2026, we will incorporate operational KPIs linked to ROIC improvement into annual incentive evaluation criteria for all Officers, encouraging day-to-day decision-making that prioritizes capital efficiency. Through these initiatives, we will further enhance the effectiveness of our ROIC-driven management. While these transformations will not be achieved overnight, I am fully committed to driving them forward and delivering tangible results. Since assuming the role of CFO in 2024, through a series of structural reforms and dialogue with the capital markets, I have come to recognize that transformation is not achieved simply by setting numerical targets alone, but through consistent execution. Reform progresses only when the management team is aligned in both resolve and execution, and trust is built through the steady accumulation of such efforts and results. Translating strategy into action, aligning the organization around clear priorities, and delivering results with clear accountability are what ultimately drive corporate value. My guiding theme for 2026 is “Winning Mindset × Unwavering Resolve.” We will deepen our dialogue with shareholders and investors, reflecting their expectations in our management decisions as we continue to strengthen Shiseido Group and position our Company for sustainable growth. I sincerely appreciate your continued support.

Accelerate Growth with Brand Power

Strategic Growth Areas



Guiding Principles

- Prestige-focused strategy leveraging our strengths
- Strategic brand development to become category champions
- A diverse and flexible brand portfolio
- Rigorous and disciplined brand management

Under the 2030 Medium-Term Strategy, Shiseido Group will concentrate management resources on our core categories—skincare and suncare—while also prioritizing makeup, fragrance, medical & derma (dermatology), and lifestyle. These priorities are based on category analysis along two axes: our competitive advantages, including innovation, and the market environment. Guided by this framework, we will define clear strategies for each category. For our largest category, skincare, we will strategically deploy the latest technologies across our Group. For suncare, we will pursue strong growth and expand our geographic reach by leveraging our proprietary technological advantages. In makeup, we

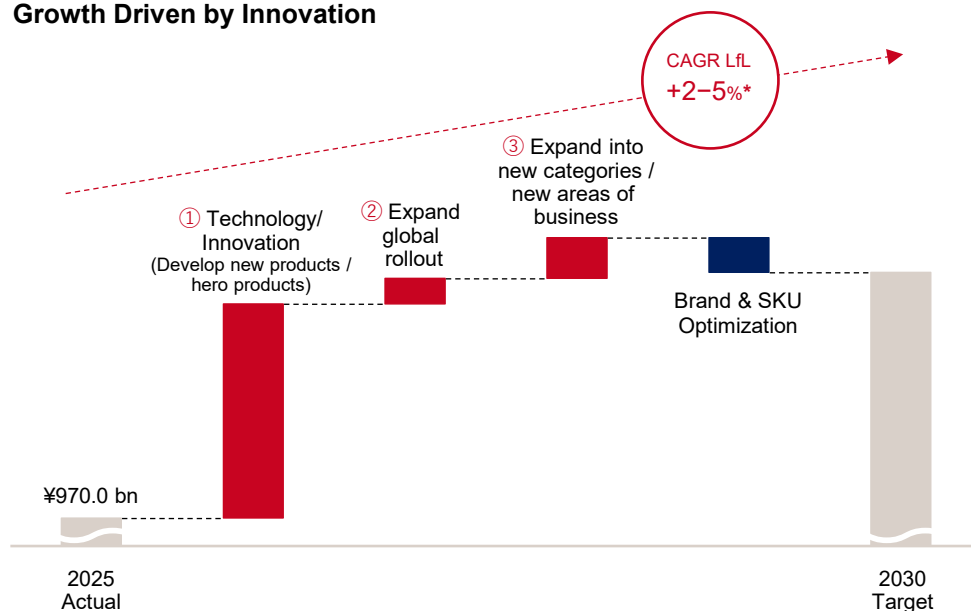
will create new markets, exemplified by our foundation serum, while in fragrance, we will expand our brand portfolio and accelerate global expansion. In medical & derma, we will convert technological leadership into value, while in lifestyle, we will sharpen brand concepts. Furthermore, to create new value, we will develop partnerships supporting skin health for consumers aged 65 and older, as well as our beauty checkup business. For other categories, we will prioritize efficiency in line with market characteristics.

* Evaluated based on the median 2024-2030 CAGR of each category in Shiseido group's key regions. Circle size reflecting estimated market scale

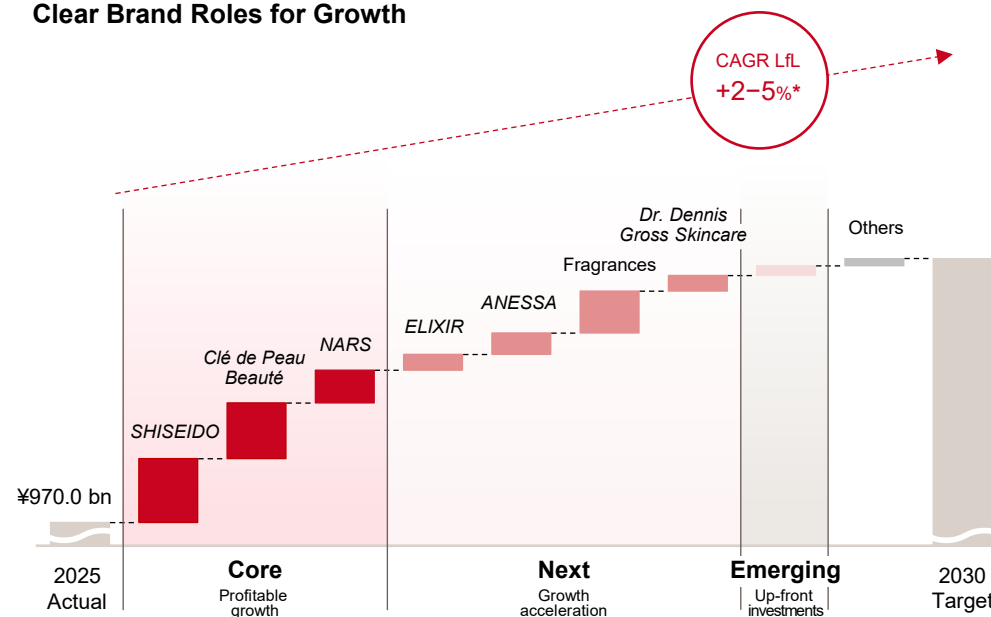
Accelerate Growth with Brand Power

Growth Structure

Growth Driven by Innovation



Clear Brand Roles for Growth



The core of our strategy is to generate growth through our own initiatives, grounded in technological and R&D capabilities, without relying on overall market growth. We are targeting CAGR* of 2–5% between 2025 and 2030 in net sales, with approximately 70 percent driven by innovation, primarily through new and hero products, and the remainder from geographic expansion and entry into new categories and domains. We will also maximize profitability by continuing to optimize our brand and SKU portfolio. Viewed by brand, our Core brands—*SHISEIDO*, *Clé de Peau Beauté*, and *NARS*—will drive profit growth through stable growth and high profitability derived from scale. We will also accelerate our Next brands, our next-generation growth brands, with particularly strong growth expected in fragrances and *ANESSA*, including geographic expansion. Based on this strategy, we aim to achieve market-beating growth across all key brands.

* 2025–2030 average; excluding impacts from FX

Key Examples of Geographic Expansion

Fragrance

Tap into growth opportunities in the Americas and Asia Pacific, amplify brand positioning beyond EMEA

Suncare

Leveraging our strengths in advanced technologies and formulation expertise to expand into Western markets

Skincare

Delivering an unparalleled brand experience to affluent consumers worldwide

Accelerate Growth with Brand Power

Category and Brand Strategy

Message from the CBO

Mizuki Hashimoto

Corporate Executive Officer
Chief Brand Officer (CBO)



Starting in 2026, I have assumed the role of Chief Brand Officer with the mandate to further advance brand-led management across our Group and ensure that our brands remain central to value creation. I regard brands not as individual business units, but as the core drivers of our strategy, innovation, and long-term growth. My vision is to unify our efforts around a focused global brand portfolio and to amplify the impact of our brands on the world stage, in line with our heritage and ambition.

Within our 2030 Medium-Term Strategy, category and brand strategies sit at the core of our growth agenda. As consumer values diversify and beauty becomes more closely linked to lifelong well-being, it is critical that we accurately identify category growth opportunities and clearly define the role, value proposition, and investment priorities for each brand. By aligning disciplined category expansion with a sharper, insight-led brand portfolio strategy, we aim to deliver sustainable top-line growth while continually building strong, differentiated brand equity.



Global Brand President presenting at the One Shiseido Summit, our internal management briefing

Looking ahead, our approach towards Brand Management will focus on clear strategic prioritization, concentrated allocation of resources to areas where we can win, and maximizing brand value creation across the entire value chain.

We will strengthen collaboration between brands, R&D, and regional organizations to integrate global perspectives with deep local insights, while addressing structural challenges that impede holistic optimization. In parallel, we will enhance marketing ROI and refine our management system to balance short-term performance with long-term brand building. By placing brands at the center of management and reinforcing a “One Team, One Voice, One Future” mindset, we will build a robust foundation for sustainable value creation and future growth.

Accelerate Growth with Brand Power

Category and Brand Strategy

Establishing a Portfolio Framework



The Category–Brand portfolio strategy outlined above will be the foundation of our growth. We will maintain the brand positioning established in the Action Plan 2025–2026, which defines *SHISEIDO*, *Clé de Peau Beauté*, and *NARS* as Core brands with net sales exceeding 100 billion yen and positions our Next brands as candidates to become the next 100 billion yen brands. At the same time, we will streamline the portfolio by concentrating resources on brands positioned to become category champions.

Specifically, we will expand *SHISEIDO* into medical & derma by leveraging our scientific strengths, while accelerating the geographic expansion of *ANESSA* and fragrances. In the medical & derma and lifestyle categories, which offer high growth potential, we will focus strategic investment on *d program* and *BAUM* to foster their growth. For *Drunk Elephant* and *IPSA*, which possess unique brand equity, we are executing rebranding and revamping channel strategies to drive a turnaround as well as enhance growth and profitability.

Accelerate Growth with Brand Power

Category and Brand Strategy

Strategies by Brand

SHISEIDO
GINZA TOKYO



2025 Net Sales

Approx. ¥ **220** bn

YoY	Sales Ratio
-0%	23%

- Drive sales growth through hero products, including the new ULTIMUNE
- Secure medium- to long-term profitable growth as Japan's leading prestige brand

In 2025, sales were driven by the launch of the new ULTIMUNE, resulting in double-digit growth in Japan, while key products tailored to regional needs performed strongly. Going forward, we aim to achieve profitable growth and regain leadership in the prestige market by accelerating our rebranding efforts. This will be supported by continued investment in consumer-centric hero products, as well as expanding communication touchpoints led by our Global Ambassadors.

clé de peau
BEAUTÉ



2025 Net Sales

Approx. ¥ **180** bn

YoY	Sales Ratio
+4%	20%

- Expand the brand's loyal customer base through the renewal of the core Key Radiance Care line
- Enhance brand equity and value through our Global Brand Ambassador

In 2025, we expanded our skincare category and loyal consumer base through the renewal of our core line. With the appointment of Nicole Kidman as our Global Brand Ambassador, we have strengthened our communication of the core brand value of "radiance," and enhancing global brand awareness and customer engagement, thereby strengthening the foundation for growth.

NARS



2025 Net Sales

Approx. ¥ **110** bn

YoY	Sales Ratio
+3%	12%

- Strengthen global leadership in the foundation category by focusing on hero products
- Fuel brand equity with rich storytelling and compelling activations

In 2025, NARS continued to ignite self-expression and creativity, remaining one of the leading prestige global makeup brands. We strengthened global brand loyalty by reinvigorating our creative expression, maximizing the value of our core hero products, and reintroducing The Multiple. Supported by a major global foundation launch, we look forward to strong growth.

Accelerate Growth with Brand Power

Category and Brand Strategy

Strategies by Brand

ELIXIR



2025 Net Sales

Approx. ¥60 bn

YoY	Sales Ratio
+9%	7%

- Deliver differentiated skincare value grounded in advanced collagen science
- Reinforce a stable revenue base by developing hero products in major skincare categories
- Accelerate growth in Asia by leveraging the brand equity established in Japan

ANESSA



2025 Net Sales

Approx. ¥50 bn

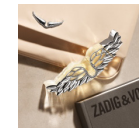
YoY	Sales Ratio
-9%	5%

- Establish a competitive advantage through high value suncare backed by 100 years of UV research
- Achieve sustainable growth in global markets by leveraging its No. 1*1 suncare brand position in Asia
- Enhance brand equity and ESG ratings through initiatives supporting children's development

Fragrances

ISSEY MIYAKE
PARFUMS

narciso rodriguez



ZADIG & VOLTAIRE



MaxMara

2025 Net Sales*2

Approx. ¥80 bn

YoY	Sales Ratio
+6%	8%

- Maximize business opportunities by strengthening global presence beyond a Europe-centric model
- Enhance brand equity through new iconic product lines, expanding target segments through strategic product launches
- Accelerate growth through portfolio expansion, including *Max Mara* in the second half of 2026



2025 Net Sales

Approx. ¥15 bn

YoY	Sales Ratio
-39%	2%

- Evolve brand creative and messaging to strengthen points of difference
- Ignite desirability with a focus on philosophy and hero products
- Rebuild presence at key retailers



*1 Source: Euromonitor, Beauty and Personal Care 2025 edition, retail value sales, 2024 data; Asia as per Euromonitor's Asia Pacific definition

*2 Total of the three brands: *narciso rodriguez*, *ISSEY MIYAKE PARFUMS*, and *Zadig & Voltaire*

Accelerate Growth with Brand Power

Category and Brand Strategy

Pick Up

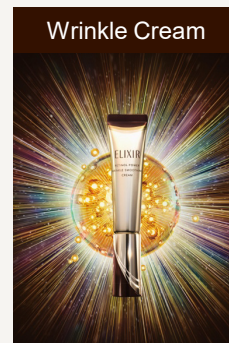
ELIXIR's Category Strategy and Expansion in Asia

As one of our Next brands driving growth, *ELIXIR* is a highly competitive brand that has maintained the No. 1 share* in Japan's skincare market for 19 consecutive years. In autumn 2022, we revamped *ELIXIR*'s brand strategy by clarifying its value proposition rooted in collagen science and restructuring the product portfolio. As a result, *ELIXIR* achieved high single-digit growth for two consecutive years in 2024 and 2025.

We are further advancing our core collagen science while expanding products and experiences that deliver value beyond their price point. At the same time, we continue to develop hero products in major skincare categories. In the serum category, our Youth Accelerator Serum has driven

growth and contributed to market share gains. In 2025, we also launched hero products in the lotion, emulsion and wrinkle cream categories, achieving strong growth. Looking ahead, we will leverage our solid domestic foundation to accelerate growth in our overseas business, which currently accounts for less than 20% of total sales. Across Asia, we sustained double-digit growth in Southeast Asia by shifting to self-selection channels such as drugstores, and strengthening e-commerce. In China, a strategic shift toward profitability has led to a recovery in sales and improved earnings. Building on the brand equity and hero product strategy cultivated in Japan, we aim to achieve sustainable growth across the region.

Hero Products by Category



Yue Wang

Vice President,
ELIXIR Global Brand Unit,
Global Premium Brands Unit

ELIXIR's competitive advantage stems from over 40 years of innovation in collagen science and R&D capabilities built on long-standing research into consumers' skin, consistently translating insights into product value. Launched in September 2025, Retinol Power Wrinkle Smoothing Cream meets consumers' demand for visible results by combining Pure Retinol stabilization technology with Collagenesis®, our proprietary collagen-boosting ingredient, to deliver efficacy only *ELIXIR* can achieve. Since its launch, the product has exceeded sales expectations and is leading the establishment of our clear competitive advantage in the wrinkle care category. Going forward, we will continue to invest in technology and focus on high value-added segments, driving sustainable growth as a brand that makes aging a beautiful and empowering experience.

* INTAGE SRI/SRI+, Basic cosmetics, Main series ranking. Estimated sales amount (January 2007– December 2025)

Accelerate Growth with Brand Power Innovation Strategy

Message from the CIO

Yosuke Tojo

Corporate Executive Officer
Chief Innovation Officer (CIO)
Global Technology Officer



Shiseido Group has been redefining its approach to brand innovation over the five-year period starting in 2021. As part of this effort, we established DYNAMIC HARMONY, our guiding R&D philosophy and core pillar of the 2030 R&D VISION. Under an integrated, end-to-end system that links R&D and brands, we have accelerated innovation and delivered successful launches as well as hero products. The key to these achievements is a robust science and technology (S/T)*1 strategy. By rigorously validating consumer value and strategically deploying our core R&D capabilities, we believe we are approaching an ideal balance between value creation for consumers and return on investment. This approach has resulted in robust S/T platforms that continue to contribute steadily to sales for multiple years after launch.

Building on these achievements, we introduced our 2030 Medium-Term Strategy, which is anchored in the combined strengths of R&D and our brands. At its core, the strategy focuses on strengthening S/T to reinforce our ❶ Core Value Proposition, ❷ Corporate-Wide Leverage and, ❸ Expansion into New Categories and Domains—driving breakthrough

Progress on KPIs

	Areas	Targets	2024	2025
Robust S/T Research	Company-wide S/T Creations	2 per year	4	6
Business Impact	Ratio of new products achieving No. 1 share in key categories	Determined individually by each brand	100%	100%
Sustainability	Switch to Sustainable Packaging	100% (by 2025)	76%	98%
Intellectual Property	Patent Application Ratio in Strategic Areas	50% or more	94%	89%
	Overseas Patent Application Ratio	70% or more	72%	61%*2

innovation and company-wide growth (Please refer to the following pages for further details). Execution is supported by an integrated operation model, developed through 2024, that brings together three functions: basic research, category development, and brand value development.

Our distinctive strength in these Bold S/Ts begins with its basic research. Our approaches include visualizing what is originally invisible—such as the inside of the skin, the body's condition, and the connections among them as a whole; linking multiple discrete phenomena (points) into lines and viewing them along the dimension of time to elucidate true solutions; and an Eastern, symbiosis-oriented approach that adopts what is beneficial and excludes what is harmful. These unique approaches to fundamental research constitute our Human Science, which has always viewed people holistically—both in a single moment and across the entire span of life—and they are the linchpin for delivering genuine value to consumers. We look forward to sharing how our R&D initiatives will continue to strengthen brand equity and drive sustainable growth.

*1 Technologies that offer a strong competitive advantage and can be broadly leveraged across multiple brands

*2 Compared with our initial assumptions, as our strategy has evolved toward further strengthening a robust S/T, we have applied more stringent criteria to overseas patent filings in order to enhance the efficiency and quality of our intellectual property portfolio. Going forward, we plan to review and reassess our targets as necessary

Accelerate Growth with Brand Power Innovation Strategy

Three Approaches to Maximizing Innovation

1 Core Value Proposition

Strengthening Brand Equity and Building Lasting Consumer Loyalty

We develop S/T to bring distinctive value to each of our key brands. In 2025, *SHISEIDO* launched the new ULTIMUNE serum —built on an immunity-inspired concept and enabled by innovation in fermented camellia seed extract —marking a major milestone in the brand's evolution.



SHISEIDO
GINZA TOKYO

Immunity inspired
slow aging



clé de peau
BEAUTÉ

Skin Intelligence



NARS

Skinification



ELIXIR

Collagen Science

Major innovations planned for all of the above through 2028

2 Corporate-Wide Leverage

Harnessing Science and Technology across Brands to Drive Market Creation and Resilient Growth

We translate award-winning research, including IFSCC* award achievements, into powerful S/T deployed across brands and products —building competitive advantage at the category level. In 2025, *SHISEIDO* launched a wrinkle-smoothing cream featuring Retinol TripleLock Technology, following its 2023 introduction in *ELIXIR*. Together, these launches reflect our disciplined approach to scaling innovation across the brand portfolio.

Skincare	Dark Spots	Spots Lifecycle Science	IFSCC Award 2024
	Wrinkles	Retinol TripleLock Technology	
	Sagging	Anti-Gravity Science V	IFSCC Award 4 times IFSCC Award 2025
Suncare		Mineral i-shield™ Technology; Enhanced UV protection function	IFSCC Award 2023
Makeup		Serum First Technology; Convergence: skincare x makeup	
Additional areas for enhancement		New technology launches awaiting from 2026 onwards	

We plan to roll out more than 10 state-of-the-art technologies across our brands by 2028 with continuous launches.

* The International Federation of Societies of Cosmetic Chemists (IFSCC): An international organization where cosmetic engineers from around the world gather for the development of safer and more beneficial cosmetic technologies

Accelerate Growth with Brand Power Innovation Strategy

3 Expansion into New Categories and Domains

Within the medical & derma focus of our Medium-Term Strategy, we are expanding into new categories through region-specific approaches. In Japan, we are strengthening our leadership in “sensitive skin science” through closer, ongoing collaborations with physicians. In the U.S., we are advancing technological partnerships through scientific exchange with Dr. Dennis Gross himself. In China, where initiatives are already more advanced, we are co-creating new brands with aesthetic medicine institutions. To support this expansion, we are activating underutilized R&D assets and expertise across the organization. Following the opening of Shiseido Beauty Park in January 2025, Beauty Checkup services have received strong consumer response. By scaling external co-creation through these consumer touchpoints, we aim to help shape a new beauty culture.

Expand into New Categories

Medical & Derma

Creating New Value through Co-Creation with the Aesthetic Medicine Market



- Collaborations with dermatologists to enhance “sensitive skin science”
- *SHISEIDO* Bio-Performance Micro-Click Concentrate
- *Dr. Dennis Gross Skincare* SpectraLite™ FaceWare Pro
- *RQ PYOLOGY*
Launched a new brand in China in collaboration with aesthetic medicine research institutions

Lifestyle

Expanding Beyond Our Current Skincare Categories



BAUM

IPSA

- *BAUM, IPSA*
Refreshing the brand architecture to fulfill both body and mind, while strengthening experiences that go beyond the traditional scope of cosmetics

Expand into New Domains

Life Stage Partnerships



Drawing on 40 years of *kansei* research and academic collaboration, we have successfully established a framework for quantifying the five senses. This enables new market creation through deeper understanding of the skin characteristics of consumers aged 65 and above.

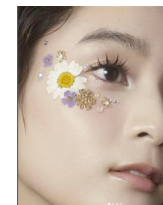
Beauty Checkup



We harness millions of in-store skin data points to deliver personalized solutions that connect skin, body, and mind.

New Business Developments

Consumer Co-Creation



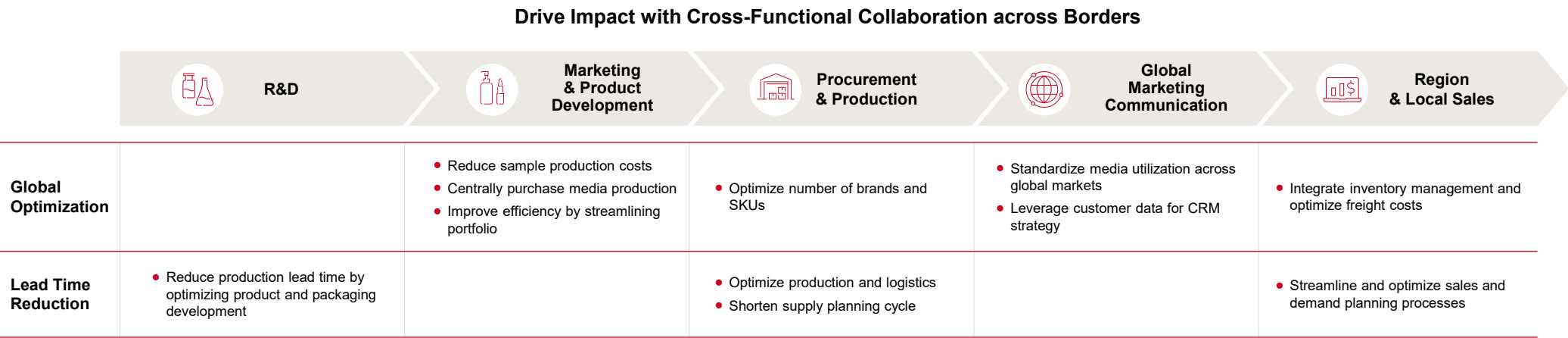
Beyond co-creating with consumers to commercialize R&D-driven innovation, we will accelerate product development through partnerships that reflect the latest preferences and trends of younger generations.

External Collaboration



Creation of raw materials for de-fossil resources in algae by forming strategic partnership with *CHITOSE* Group.

Value Chain: Pursuing Operational Excellence

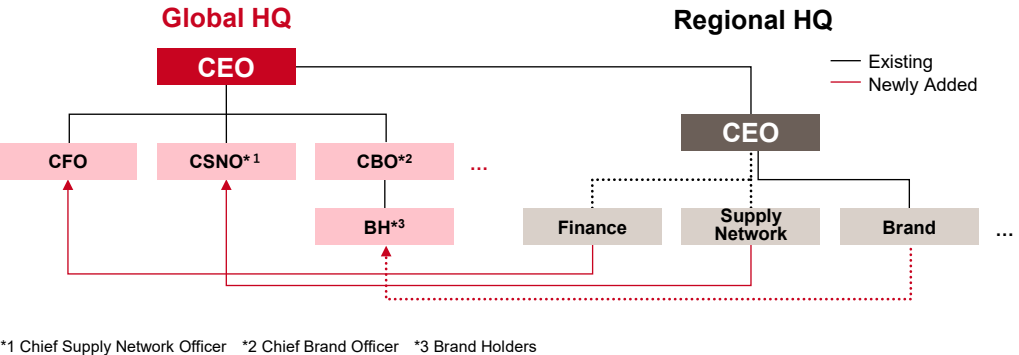


To improve profitability and capital efficiency, we must pursue operational excellence across the entire value chain. Achieving such end-to-end optimization in a global organization requires a structure capable of addressing challenges through global communication, transparent decision-making, and rapid execution. Accordingly, we have transitioned to a more agile and flexible structure, with functions and regional headquarters operating as one to drive value creation, while strengthening collaboration between the global headquarters and regions through clearly defined reporting lines. We have also expanded cross-functional problem-solving across regions and functions, and are promoting end-to-end improvements across the entire value chain from two perspectives: global optimization and lead time reduction.

For the brand function and regional brand teams, reporting lines between the marketing and brand leaders at each regional headquarters and the global brand leadership have been established. This is enhancing information sharing between brands and regions, strengthening alignment and execution of brand strategies, and improving collaboration in talent recruitment and allocation, enabling agile responses to market changes. The new

organizational structure was revised in January 2026, further advancing global organizational operations.

Evolution of the matrix organization integrating brands and regions



Evolve Global Operations Digital/AI Strategy

Strengthen AI Investment for Operational Excellence

Accelerate AI utilization to transform customer experience and automate back-office operations

Enhance Value-Creation Capability

- Enhance Formulation Development AI for R&D to boost development sophistication and productivity
- Strengthen regulatory response capabilities

Achieve operational excellence through back-office automation and advancement

- Improve supply network planning accuracy with AI
- Shorten production cycles and planning lead times
- Optimize inventory and develop replenishment plans

Enhance consumer experience and loyalty with AI

- Deliver personalized experiences using customer data
- Optimize media mix

Optimized IT Investments

Stabilize the system introduced in the FOCUS Project and leverage standardized global data to drive agile management

- Back-office digitalization
- Advancement of management capability
- Investment optimization & cost reduction

To evolve our global operations, we will strengthen our digital and AI capabilities and maximize return on investment.

In R&D, we will build on initiatives already underway, such as AI-driven formulation development, to further enhance sophistication and efficiency.

Our FOCUS business transformation project, which established and implemented an integrated core IT system, has been largely completed. By ensuring stable operation, we will enhance business management under a unified global IT structure. We will also improve profitability by enhancing demand forecasting accuracy, reducing excess and imbalanced inventory, cutting outsourcing costs, and phasing out legacy systems.

In addition, we will strengthen initiatives already introduced in certain regions, such as skin diagnosis services, to further enhance the customer experience (CX).

Through these efforts, we will focus on strengthening value creation, advancing back-office operations, and improving CX and customer loyalty.

FOCUS Project

Achievements

- Global standardization of data and processes
- Improved visibility of inventory, sales, and marketing
- Greater cost transparency and improved accuracy and speed in spending and investment decisions

Challenges

- ERP implementation completed for major companies, but some affiliates remain without deployment
- Need to generate benefits from the implementation

- The FOCUS project was completed with the establishment of globally unified IT infrastructure enabling data-driven management. For categories where implementation has not yet occurred, we will make investment decisions based on individual ROI evaluations.
- Initiatives to generate results will be redesigned under a structure with clearly defined ownership.



At the heart of our people strategy is the belief that people drive value creation, and we are committed to building an organization that enables employee growth.

Shiseido Group views our people (employees) as the source of value creation and our most valuable asset, and continues to invest proactively in our people and organizational development. To date, we have defined and developed our leadership model, articulated our vision for the organization and culture, and created opportunities for employees to connect and collaborate. Through these initiatives, we have strengthened our human capital by systematically developing leaders who guide the organization and foster its culture. At the same time, we have reinforced our foundation as a global company by adopting English as our official language in 2018 and achieved a 40% ratio of women in management positions in Japan in 2024. In recognition of our commitment to health and a safe, supportive workplace, Shiseido Group was named 2025 Outstanding Organizations of KENKO Investment for Health: White 500 under the large enterprise category (Japan), and received the Promotion Award at the Women's Health Management® Award. As our business enters a new phase of transformation and structural reforms continue, we believe it is more important than ever to confront our current realities, stay rooted in the values Shiseido Group has upheld for more than 150 years and move forward as one unified organization while enabling every employee to grow.

To bring our mission and vision to life, our 2030 Medium-Term Strategy introduces a new people strategy aligned with the strategic pillar Drive Sustainable Value Creation and defines the values all employees are expected to embody as The Shiseido Way. Our three guiding policies are: Embody The Shiseido Way across the Organization, Foster Employee Growth through Challenges, and Enhance Global Collaboration as a Unified Team. Through these efforts, we will strengthen our human capital initiatives, enhance our value creation and communication capabilities, and empower our people to reach their full potential — driving sustainable business growth.

Drive Sustainable Value Creation

People Strategy

Embody The Shiseido Way across the Organization

In formulating and advancing our 2030 Medium-Term Strategy, we recognized that clearly articulating the core values upheld since our founding would provide a compass for decision-making and employee behavior, and drive sustainable value creation. We therefore redefined these values as The Shiseido Way and are promoting initiatives to ensure every employee can put them into practice in their daily work.

The redefinition process involved extensive discussions among the global leadership team, including the President and CEO, as well as Regional CEOs. We focused on our unique heritage and identity and reinforced our commitment to pursuing authentic value. In January 2026, we held the One Shiseido Summit, a management strategy briefing for global leadership, where we shared the purpose and background of The Shiseido Way and held workshops to lay the foundation for implementation across our Group. Going forward, we will implement a structured approach to embed The Shiseido Way throughout the organization and strengthen the execution of our Medium-Term Strategy. We will measure employee understanding and alignment, while deepening and broadening adoption of our core values. To pass on our strengths in Value-Creation Capability and Value-Communication Capability to the next generation, we will enhance the evaluation and development of expertise, offer diverse career paths and growth opportunities, and systematically cultivate specialized talent.



Defined The Shiseido Way and started embedding it across the organization

Major Initiatives to Date

- The Shiseido Way announced in January 2026
 The Shiseido Philosophy
- One Shiseido Summit: Discussed The Shiseido Way with global leaders (Approx. 200 participants)

Major Upcoming Initiatives

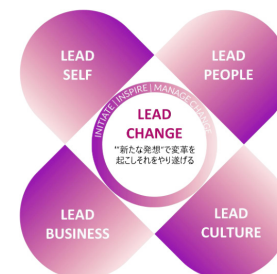
- The Shiseido Way: Hold workshops to help each employee connect these values to their own roles and responsibilities
- Advance discussions on diverse career paths and development opportunities

Foster Employee Growth through Challenges

We believe that corporate value increases when employees grow through new challenges and when leaders actively support them. Based on this belief, we have introduced a job-grade-based HR system and an internal recruiting system that encourage employees to set stretch goals and take ownership of their career development.

In line with our 2030 Medium-Term Strategy, we will further expand opportunities to participate in cross-functional projects beyond their immediate roles and enhance global mobility. We will also strengthen investments in global talent development and career advancement. At the same time, we will work to assess and map employee capabilities to enable optimal talent allocation and improve access to new challenges. In addition, we will continue strengthening skills across the organization through programs such as Shiseido Future University (established in 2023) and LinkedIn Learning (introduced in 2022), which support leadership development.

To ensure leaders actively support employees in taking on new challenges, we will provide training based on the leadership model established in 2024. These programs aim to strengthen the mindset and capabilities required to drive both business performance and organizational development.



Promote leader development across the organization, including the global rollout of the leadership model

Major Initiatives to Date (in 2025)

- Job-grade-based HR system and internal job posting system
- Training programs held in Shiseido Future University (7,781 participants in total)
- Nomination-based global leadership training (376 participants)
- LinkedIn Learning (Approx. 14,000 participants)

Major Upcoming Initiatives

- Expand opportunities to participate in cross-functional projects
- Enhance global mobility
- Identify and map employee capabilities

Drive Sustainable Value Creation

People Strategy

Enhance Global Collaboration as a Unified Team

To complete our structural reforms and shift to a sustainable growth trajectory, we will further strengthen collaboration and create greater synergies across our global organization. By enhancing alignment between global headquarters and regional businesses, we will enhance agility and strengthen execution worldwide. At the same time, we will foster an inclusive culture where employees with diverse backgrounds can fully leverage their strengths and thrive.

To reinforce collaboration in corporate functions, we will clarify roles and reporting lines between global headquarters and regional businesses and enhance governance. These initiatives will enable a globally integrated and efficient operating model that maximizes value creation. The human resources department will streamline and integrate HR processes and data, building a foundation for faster, data-driven decision-making and effective policy execution.

Furthermore, we will continue initiatives that encourage connection, engagement, and collaboration among diverse talent. We are particularly committed to promoting the advancement of women, with a goal of achieving a 50% ratio of women in managerial positions by 2030. To support this ambition, we offer targeted leadership development programs for women and mentoring by women executives.



A summit bringing global leaders together to deepen strategic understanding and foster a sense of unity (Scenes from the One Shiseido Summit)

Major Initiatives to Date (in 2025)

- Brand Day: Held to strengthen connections among employees through our brands (Approx. 800 total participants)
- Diversity Week: Held focusing on gender, LGBTQ+, and disability (3 sessions, Approx. 2,500 total participants)

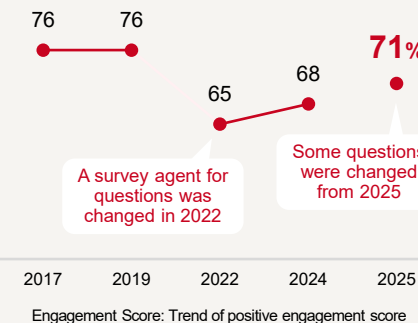
Major Upcoming Initiatives

- Regular review of financial results by the Officers in charge of each area
- Continue developing women leaders through the NEXT LEADERSHIP SESSION for WOMEN

Engagement: 2025 Results and Future Initiatives

We believe that employees' overall well-being directly fuels creativity, productivity, and our ability to attract and retain top talent. To gain insight into employee perspectives and organizational health, Shiseido Group conducts a global employee engagement survey and uses the results to guide continuous improvement, including expanding opportunities for dialogue with management. The 2025 survey covered all employees directly employed by Shiseido Group and its affiliates, achieving a 91% response rate. The positive response rate for the three engagement indicators reached 71% globally. While "satisfaction with our company" and "willingness to contribute" were both relatively high at 74%, "job satisfaction / rewarding work" was lower at 65%.

Based on these results, we will focus on initiatives to improve job satisfaction and enhance employees' sense of purpose by expanding opportunities to take on challenges, supporting career development, and deepening communication in alignment with the three pillars of our people strategy. We will continue to monitor engagement as a key indicator of organizational health and take strategic actions to drive continuous improvement.



I am happy to work for this company (Satisfaction with our Company)	74%
I want to make the maximum contribution to make this company better (Willingness to contribute to our Company)	74%
I find my current work rewarding and meaningful (Job satisfaction / Rewarding work)	65%

Positive response rate across the three questions used to calculate the engagement score (2025)

Drive Sustainable Value Creation Sustainability Strategy

Our Approach to Sustainability

Shiseido Group has established three strategic actions and medium-term targets toward 2030 in the society and environment areas to create social value through our business and address social and environmental challenges. We are striving to enhance the quality of its implementation and further advance its sustainability management.

Our actions for society are focused on addressing social issues to drive initiatives grounded in our business and brands, driving sustainable growth and enhancing brand value. Of the three strategic actions, “Advancing gender equality” and “Empowering people through the power of beauty” each aim to support one million people globally by 2030. We are also committed to “Promoting respect for human rights” of all people and fostering an inclusive society where everyone can be their authentic selves—working hand-in-hand with a wide range of stakeholders, including our employees and consumers.

Our actions for the environment are based on the idea of *Banbutsu Shisei*,* the origin of our company's name, Shiseido. We are creating new value through Circular Product Lifecycle Design aimed at reducing our environmental footprint and advancing the transition to a circular economy.

To do so, we are taking three strategic actions in collaboration with diverse stakeholders throughout the entire value chain: “Reducing our environmental footprint”, “Developing sustainable products”, and “Promoting sustainable and responsible procurement”.

Strategic Actions

Society

01. Advancing Gender Equality
02. Empowering People through the Power of Beauty
03. Promoting Respect for Human Rights

Environment

01. Reducing Our Environmental Footprint
02. Developing Sustainable Products
03. Promoting Sustainable and Responsible Procurement

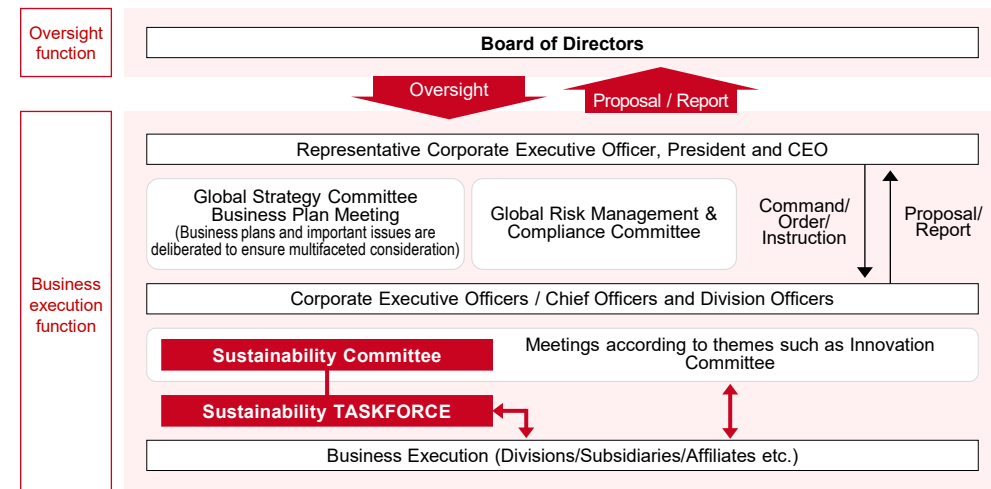
* From a phrase in the Chinese classic *Yi Jing (Book of Changes)*, from the Five Classics of Confucianism: “Praise the virtues of the Earth, which nurtures new life and brings forth significant values.”

Sustainability Governance

At Shiseido Group, the Sustainability Committee was established to ensure timely management decisions related to sustainability efforts and their proper implementation across our Group, and meetings were held regularly in 2025. The committee makes decisions on specific action plans, including strategic actions and policies across Shiseido Group, climate- and nature-related risks and opportunities, and human rights initiatives, while also monitoring the progress of medium- to long-term targets in our sustainability strategy. The committee consists of the Representative Corporate Executive Officers and Officers from different fields, enabling discussions on a range of issues from diverse perspectives. Important matters requiring approval are proposed or reported to the Global Strategy Committee or the Board of Directors.

Additionally, a Sustainability TASKFORCE, consisting of the heads of key relevant functions, discusses practical approaches to achieving long-term goals and solving sustainability-related issues, accelerating these efforts across departments, including overseas.

Sustainability Governance Structure (As of January 1, 2026)



Drive Sustainable Value Creation

Sustainability Strategy

Strategic Actions and Medium-Term Targets

At Shiseido Group, we have identified materiality based on two dimensions: their importance to all stakeholders and to Shiseido Group's business. Based on this materiality, we have set forth three strategic actions and medium-term targets in each of the society and environment areas, and we are promoting initiatives across the entire company.

In accordance with our 2030 Medium-Term Strategy, we have expanded the scope of our actions in the environmental area (on the following page) and updated our targets toward 2030. (Please refer to the following page)

For more information on our initiatives for the strategic actions, please refer to [the Sustainability Report](#).

Furthermore, in executive remuneration, we have introduced long-term incentive-type remuneration that incorporates social value metrics, such as the ratio of women in management positions and CO₂ emissions reduction targets.

	Related Materiality	Strategic Actions	Indicators	New Targets toward 2030	Previous Targets (Target year)	2025 Results	Note
Society	① Consumers' QOL ② DE&I ③ Respect for human rights ⑫ Our people & organization for value creation ⑬ Occupational health and safety	01. Advancing gender equality	Women's empowerment	Ratio of women leaders at all levels in Japan	50%	Directors 50.0% Officers 46.7%	As of April 1, 2026
			Advancing gender equality	- Women's empowerment in Japan - Supporting education and financial independence worldwide	1 million people	Achievement ratio 95%	Direct outreach through the support for girls' education through <i>Clé de Peau Beauté</i> and Shiseido DE&I Lab, etc.
		02. Empowering people through the power of beauty	Empowering people through the power of beauty	- Cultivating self-efficacy through the power of beauty - Challenging the unconscious biases that limit individual beauty	1 million people	Achievement ratio 40%	Direct outreach through Shiseido Life Quality Makeup activities; ANESSA Sunshine Project, etc.
		03. Promoting respect for human rights	Respect for human rights	For detailed activities, please refer to the page of Major Initiatives Sustainability Strategy: Society			

Drive Sustainable Value Creation

Sustainability Strategy

	Related Materiality	Strategic Actions	Indicators	New Targets toward 2030	Previous Targets (Target year)	2025 Results	Note
Environment	3 Respect for human rights 14 Climate change 15 Biodiversity 16 Water usage 17 Circular products and manufacturing 18 Chemical safety and management 19 Responsible procurement	01. Reducing our environmental footprint	CO ₂	CO ₂ emission reduction (SBTi validation, Scope 1, 2)	46.2%	61.7%	From all our sites, absolute, compared to 2019. Including our goal of achieving carbon neutrality by 2026 (including carbon offsetting)
				CO ₂ emission reduction (SBTi validation, Scope 3)	55%	47% (Absolute amount)	Throughout our value chain, excluding our sites, economic intensity target, compared to 2019
			Water	Water consumption reduction	50%	40% (2026)	Economic intensity across all our sites, compared to 2014. New target: production sites, Previous target: all our sites
			Waste	Waste to be recycled or recovered for energy	100%	—	Applicable to factory industrial waste. Where both options are available, recycling shall be prioritized
				Waste to be landfilled directly	—	0% (2022)	Excluding waste designated as landfill by law
		02. Developing sustainable products	Ingredient	Circular ingredient usage	90%	—	Cosmetic ingredient that can be regenerated and recycled within human societal or natural systems, monitored at a raw material level
				Eliminating controversial ingredients from formula	100%	—	The scope is PFAS (as of June 2026)
			Packaging	Recycled or bio-based materials used in cosmetic primary packaging	15%	—	Average rate for primary cosmetic packaging
				Recycled material used in cosmetic PET packaging	30%	—	—*
				Reduction of virgin petroleum plastic used in cosmetic primary packaging	20%	—	Per product, compared to 2019
				Switching to sustainable packaging	—	100% (2025)	For plastic primary packaging, on a design basis
				—	—	—	—
		03. Promoting sustainable and responsible procurement	Palm oil-derived ingredients	Procurement of sustainable palm-oil derived raw material	100%	100% (2026)	Certified under RSPO's physical supply chain model, based on identity preserved, segregation, and/or mass balance, palm oil equivalent volume basis
				Traceability of Palm oil mill	85%	—	73%
			Paper	Procurement of sustainable paper	100%	100% (2025)	Including certified paper or recycled paper used in products, measured by paper weight
				Traceability of pulpwood to the state or prefecture level	100%	—	80%
			Soy	Procurement of RTRS-certified raw materials or procurement not involving deforestation	100%	—	—*
			Mica	Procurement from suppliers not involved in child labor	100%	—	—*
			Conflict minerals	Procurement that does not contribute to the financing of conflict or acts of war	100%	—	—*
			Supplier management	Critical risks from direct and indirect suppliers	0	—	—*

* Progress toward our 2030 targets will be disclosed in the Sustainability Report to be published in 2027

01. Advancing Gender Equality

We position gender equality as our top DE&I priority and are committed to addressing societal challenges to create business opportunities and enhance the long-term value of our brand. Since 2019, *Clé de Peau Beauté* has partnered with UNICEF^{*1} and, as of 2025, has supported 12.9 million girls in 11 countries across the world through STEAM education^{*2} and vocational training programs. By equipping girls with the education and skills needed to pursue careers, we strive to expand the potential of girls around the world and help create a brighter future.

🌐 The Power of Radiance Award, a global charity program, annually honors women who have made outstanding contributions to STEAM education. In 2025, Sachiko Nakajima, who is a musician, mathematician, STEAM educator and media artist, was selected as the recipient. This initiative is funded through the global sales of The Serum, the brand's flagship product. In Japan, we drive gender equality by sharing research achievements through 🌐 the Shiseido DE&I Lab, our in-house research body. In 2025, we hosted the first Shiseido DE&I Lab Symposium in conjunction with International Women's Day, attracting approximately 1,200 participants. We help foster an environment where diverse talent can thrive.



© UNICEF Kyrgyzstan/Elchibek uulu
Students participating in the STEAM Contest
at the school visited by the *Clé de Peau Beauté* team

^{*1} United Nations Children's Fund. UNICEF does not endorse any specific company, brand, product, or service

^{*2} STEAM is an acronym for Science, Technology, Engineering, Art, and Mathematics

02. Empowering People through the Power of Beauty

We harness the power of beauty to address the challenges faced by people from diverse backgrounds, while creating new consumer touchpoints and market opportunities. Through these efforts, we aim to support one million people worldwide by 2030. As part of 🌐 Shiseido Life Quality Makeup for individuals with serious skin concerns, we carried out a comprehensive renewal of *Perfect Cover* as it approached its 30th anniversary. This included expanding the shade range to accommodate diverse skin tones. We also work in collaboration with support organizations, including l'Association Française du Vitiligo. In addition, we published 🌐 Expressing Your True Colors—A Makeup Guide for Transgender Women and Non-Binary Individuals and deliver inclusive value through expert-led makeup workshops. To improve accessibility, we provide 🌐 an Online Beauty Consultation Service for the deaf and hard of hearing, featuring sign language, lip-reading support, and chat-based communication. We also offer seminars for people who are blind or have low vision. Our suncare brand *ANESSA* introduced 🌐 the ANESSA Sunshine Project across 12 countries and regions in Asia. This initiative promotes children's well-being through outdoor activities while fostering positive, long-term engagement with the brand among future generations.

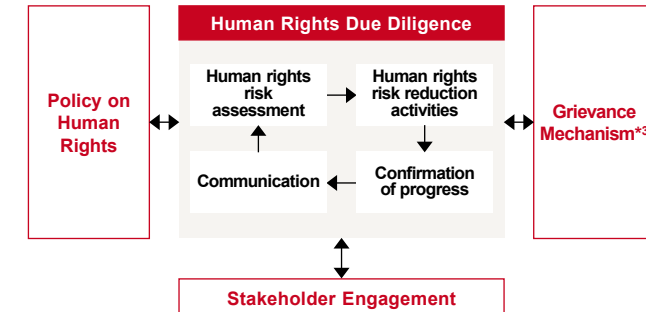


Perfect Cover is designed to accommodate a diverse range of skin tones worldwide

03. Promoting Respect for Human Rights

Since 2020, we have established and operated a human rights due diligence framework. Shiseido Group performs a human rights risk assessment every two years through the human rights project framework established under the Sustainability Committee, which provides specialized deliberations to advance sustainability. These assessments help identify and mitigate risks related to potential adverse impacts on human rights. For issues identified, the relevant departments develop corrective action plans and monitor progress, reporting to both the Sustainability Committee and the Board of Directors. In 2025, we conducted a human rights survey covering all subsidiaries across Shiseido Group and updated our Group-wide human rights risk assessment. Based on the findings, we have begun implementing improvements, including revising relevant policies. Going forward, we will continue to identify potential risks across the entire value chain and drive continuous improvement.

🌐 For further details on human rights risk assessment



^{*3} A series of mechanisms to address complaints and disputes involving our Company and its stakeholders

01. Reducing Our Environmental Footprint

Based on our materiality assessment, Shiseido Group has identified the reduction of CO₂ emissions, water consumption, and waste as priority areas. Guided by the publicly disclosed the [Shiseido Environmental Policy](#), our Group promotes initiatives across the value chain in collaboration with stakeholders. In addressing climate change, we have set a target to achieve carbon neutrality*¹ by 2026. We have also established CO₂ emissions reduction targets for Scope 1, 2, and 3 toward 2030, validated by the Science Based Targets initiative (SBTi)*², and aim to achieve net-zero emissions by 2050.

We have transitioned to 100% renewable electricity at all 11 production sites, company-operated distribution centers, and Shiseido Japan-owned facilities. Regarding water consumption, we achieved our 40% reduction target*³ in 2023—three years ahead of schedule—and have set a new target of a 50% reduction*⁴ by 2030.

As a result of these initiatives, we have been selected for two consecutive years as an A List company—the highest rating—by the international non-profit organization CDP in both the “Climate Change” and “Water Security” categories. Details of our analysis of risks and opportunities and the financial impacts of environmental issues, including climate change and biodiversity, are disclosed in [the Shiseido Climate/Nature-Related Financial Disclosure Report](#).



*1 Applies to Scope 1 and Scope 2 emissions and includes the use of carbon credits and other offset mechanisms

*2 A global initiative that promotes the setting of science-based greenhouse gas emission reduction targets for companies to achieve the targets of the Paris Agreement

*3 Economic intensity across all our sites (compared to 2014)

*4 Economic intensity across all our production sites (compared to 2014)

02. Developing Sustainable Products

We promote Circular Product Lifecycle Design, including formulas/ingredients, and packaging, with the aim of making effective use of limited resources, reducing environmental impact, addressing climate change, and minimizing effects on ecosystems. Regarding formulas/ingredients, we have set a target of achieving 90% circular ingredients by 2030. We are also gradually reducing the use of ingredients of concern from our formulas and have disclosed [our Product Development Policy/ About Ingredients and Formulas](#) to enhance the safety and transparency of chemical substances. Guided by our packaging development policy, the “Shiseido 5Rs”^{*5}, and our goal of achieving 100% sustainable packaging by 2025^{*6}, we are promoting refills to encourage reuse, advancing recyclable design, reviewing materials, and reducing packaging weight. Looking ahead to 2030, we have established new targets to increase the proportion of post-consumer recycled (PCR)*⁷ and bio-based materials to collectively account for 15% of our total primary packaging, including glass, and to raise the PCR content ratio in PET containers to 30%. In addition, we are working on circular model project, “BeauRing”^{*8}. We are also developing innovative packaging, and at the 2025 Japan Packaging Contest, our *IPSA ME n* received the highest award, while *SHISEIDO* and other brands were also highly recognized.



IPSA ME n
Recipient of the top prize,
JAPAN STAR Award

*5 Packaging development policy: Respect, Reduce, Reuse, Recycle, and Replace

*6 For plastic primary packaging, on a design basis

*7 Refers to materials recovered and processed from used products so that they can be reused as components or raw materials for new products

*8 A circular model project that aims to establish a system for the collection and recycling of used plastic cosmetic containers

03. Promoting Sustainable and Responsible Procurement

We are committed to the sustainable and responsible procurement of raw materials, taking into consideration environmental protection, biodiversity, and human rights, as well as enhancing supplier management to address issues across our supply chain.

Given the considerable biodiversity impacts associated with palm oil and paper, we established medium- to long-term sustainability targets for these materials in 2020 and have been promoting a transition to sustainable materials while enhancing traceability. For palm oil-derived materials, we aim to achieve 100% sustainable palm oil by 2026. All production sites have obtained RSPO*⁹ Supply Chain Certification, and we are promoting the transition to certified palm oil. We are also strengthening traceability through participation in ASD*¹⁰. As of 2025, traceability has reached 73% at the mill level and 59.5% at the plantation level. For paper, we completed the transition to 100% sustainable paper in 2023 and continue to maintain this standard. Based on [the Shiseido Group Supplier Code of Conduct](#), we have expanded [our Supplier Assessment Program](#) beyond Tier 1 suppliers of direct materials, POSM, and indirect materials, to include upstream Tier 2 suppliers and beyond. For suppliers identified as high-risk, we have conducted third-party audits and implemented corrective actions.

To address biodiversity, we utilize frameworks such as TNFD*¹¹ to analyze our dependencies and impacts on nature resulting from our business activities and to assess biodiversity impacts at our sites as well as in surrounding areas.



Check our progress at www.rspo.org

*9 Roundtable on Sustainable Palm Oil

*10 Action for Sustainable Derivatives

*11 Taskforce on Nature-related Financial Disclosures

2025 Results and Regional Overview

Financial Overview

(Billion yen)	2024	% of Net Sales	2025	% of Net Sales	YoY Change
Net Sales	990.6	100%	970.0	100%	-2% YoY FX-Neutral: -2% YoY LfL ^{*2} : -2%
Core Operating Profit	36.4	3.7%	44.5	4.6%	+22%
Non-recurring Items	-28.8	-2.9%	-73.3	-7.6%	-
Operating Profit (Loss)	7.6	0.8%	-28.8	-3.0%	-
Profit (Loss) Attributable to Owners of Parent	-10.8	-1.1%	-40.7	-4.2%	-
EBITDA ^{*1}	89.6	9.0%	95.2	9.8%	+6%
Free Cash Flow	-35.3	-3.6%	66.5	6.9%	-

Global net sales decreased 2% on a like-for-like basis.^{*2} In the Japan Business, growth was driven primarily by our core brands, while in EMEA, our strategic focus on key areas delivered solid results. Revenue also increased in the Asia Pacific Business. In contrast, sales declined in the China & Travel Retail Business due to weaker consumer spending in the first half of the year. The Americas Business also recorded a decline, as *Drunk Elephant* continued to face challenges.

Core operating profit increased by ¥8.2 billion year-on-year to ¥44.5 billion. Although profits decreased in the China & Travel Retail Business and the Americas Business, this decline was offset by improved product mix driven by the growth of key brands, as well as the impact of structural reforms and company-wide cost management initiatives.

Our Company reported a net loss of ¥40.7 billion. This was primarily due to the goodwill impairment loss of ¥46.8 billion, recognized following an impairment test triggered by declining profitability in the Americas Business.

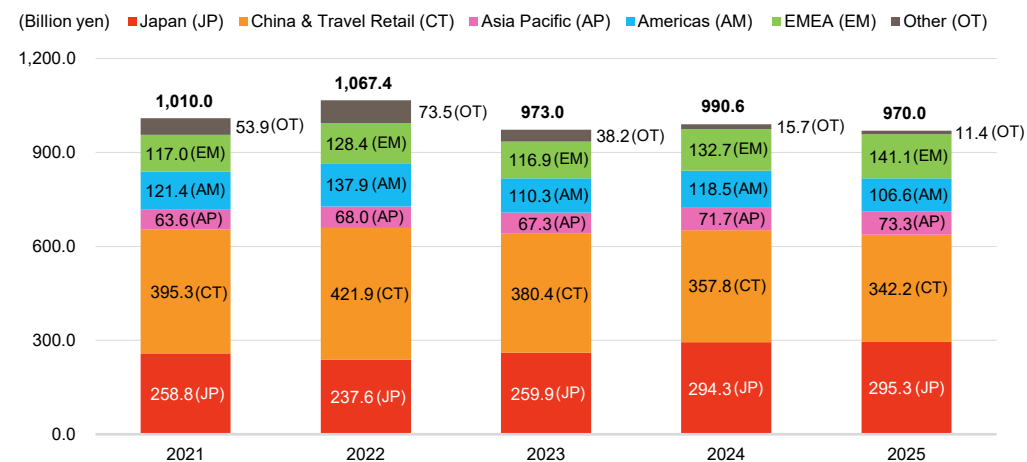
^{*1} EBITDA = Core Operating Profit + Depreciation and Amortization (excl. depreciation of right-of-use assets)

^{*2} Excluding the impacts of foreign exchange rates and business transfers

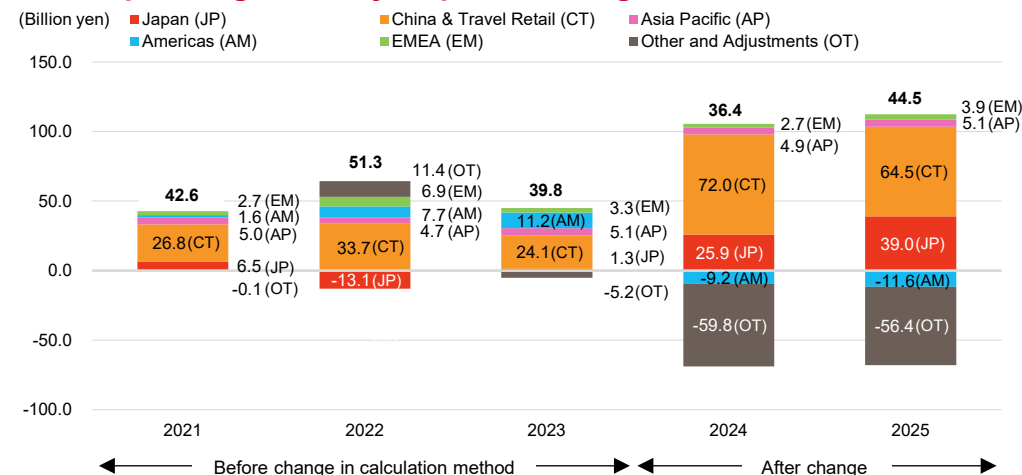
^{*3} Results of 2021 have been reclassified to the IFRS basis. Results of the Professional Business and the restaurant business, etc are included in "Other." Effective 2025, the reportable segments have been changed from the former China Business and Travel Retail Business to the China & Travel Retail Business. In addition, results related to the domestic sales function of IPSA Co., Ltd., previously included in "Other," as well as those related to the sales of health & beauty foods and other products within the healthcare business, are now included in the Japan Business. Results for 2024 are presented based on this revised segment classification

^{*4} The method for calculating profit or loss of reportable segments has also been revised from 2025

Net Sales by Reportable Segment^{*3}

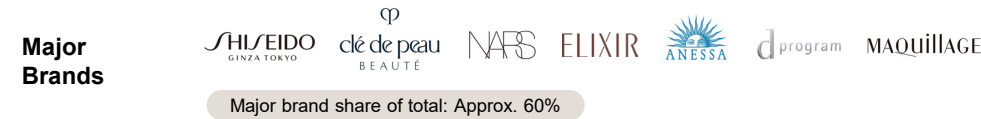
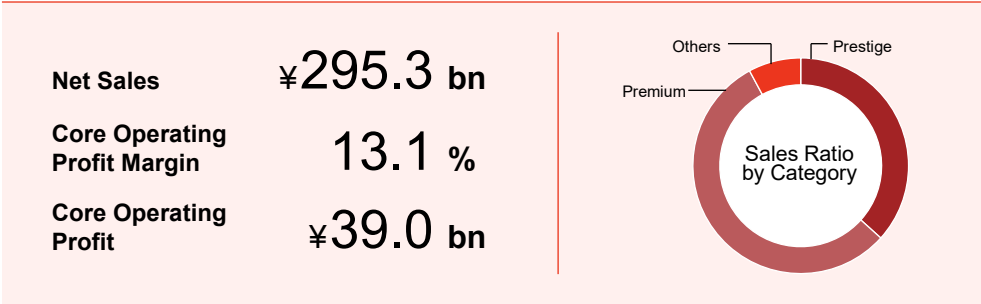


Core Operating Profit by Reportable Segment^{*3 *4}



2025 Results and Regional Overview

Japan



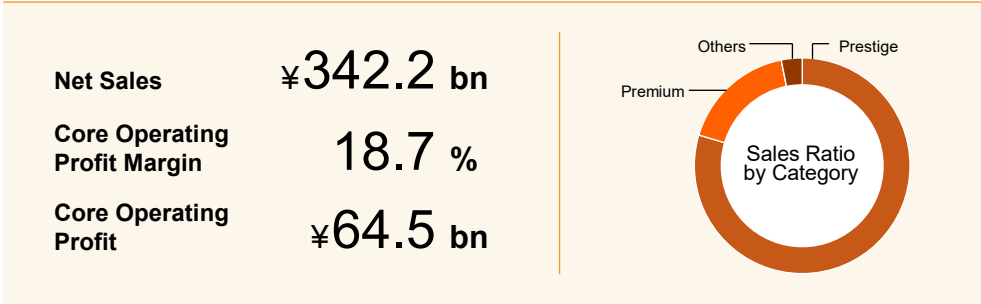
2025 Initiatives and Results

- Core brands*1 delivered strong domestic growth, expanding market share for the third consecutive year
- Performance was driven by new products featuring the latest technology, such as new ULTIMUNE from SHISEIDO and wrinkle cream from ELIXIR
- Steady e-commerce growth was achieved through deeper online and offline integration (OMO*2)
- While the number of inbound visitors to Japan reached a record high, a decline in Chinese travelers slowed the growth of the overall inbound market. ELIXIR and IHADA performed strongly by strengthened digital advertising targeting travelers
- Operating profit increased by ¥13.1 billion due to sales growth, higher marginal income resulting from improved product mix, and structural reform initiatives such as the Early Retirement Incentive Plan



ELIXIR

China & Travel Retail



2025 Initiatives and Results

- Although consumption declined in the first half of 2025 amid weakening economic sentiment, the second half returned to growth and entered a steady recovery trend
- In China, Clé de Peau Beauté and NARS led performance, sustaining growth throughout the year and expanding market share
- During Double 11, China's largest e-commerce event, key brands delivered significant growth across all platforms
- While the Travel Retail conditions remained challenging, progress continued toward a more traveler-centered business model
- Despite margin pressure from lower sales, fixed cost reductions through structural reforms and vigorous cost management helped mitigate the decline in profit

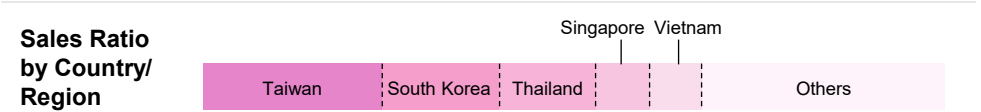
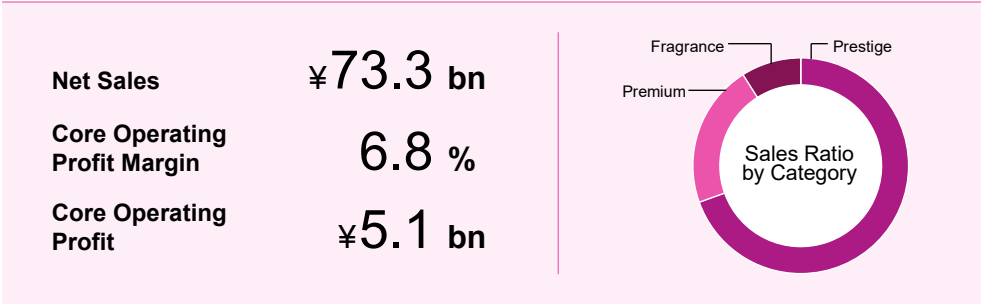


Clé de Peau Beauté

*1 SHISEIDO, Clé de Peau Beauté, NARS, ELIXIR, ANESSA, d program, and MAQUILLAGE
*2 OMO: Online Merges with Offline

2025 Results and Regional Overview

Asia Pacific



2025 Initiatives and Results

- Despite market contraction in countries and regions such as Taiwan, overall growth was driven by Southeast Asia, particularly Thailand, and South Korea
- New product launches from key brands such as *Clé de Peau Beauté* and *SHISEIDO* fueled growth and expanded the consumer base
- ELIXIR* achieved strong double-digit growth by successfully expanding into self-service channels, including e-commerce
- Profit increased due to higher marginal income following sales growth

NARS

Americas

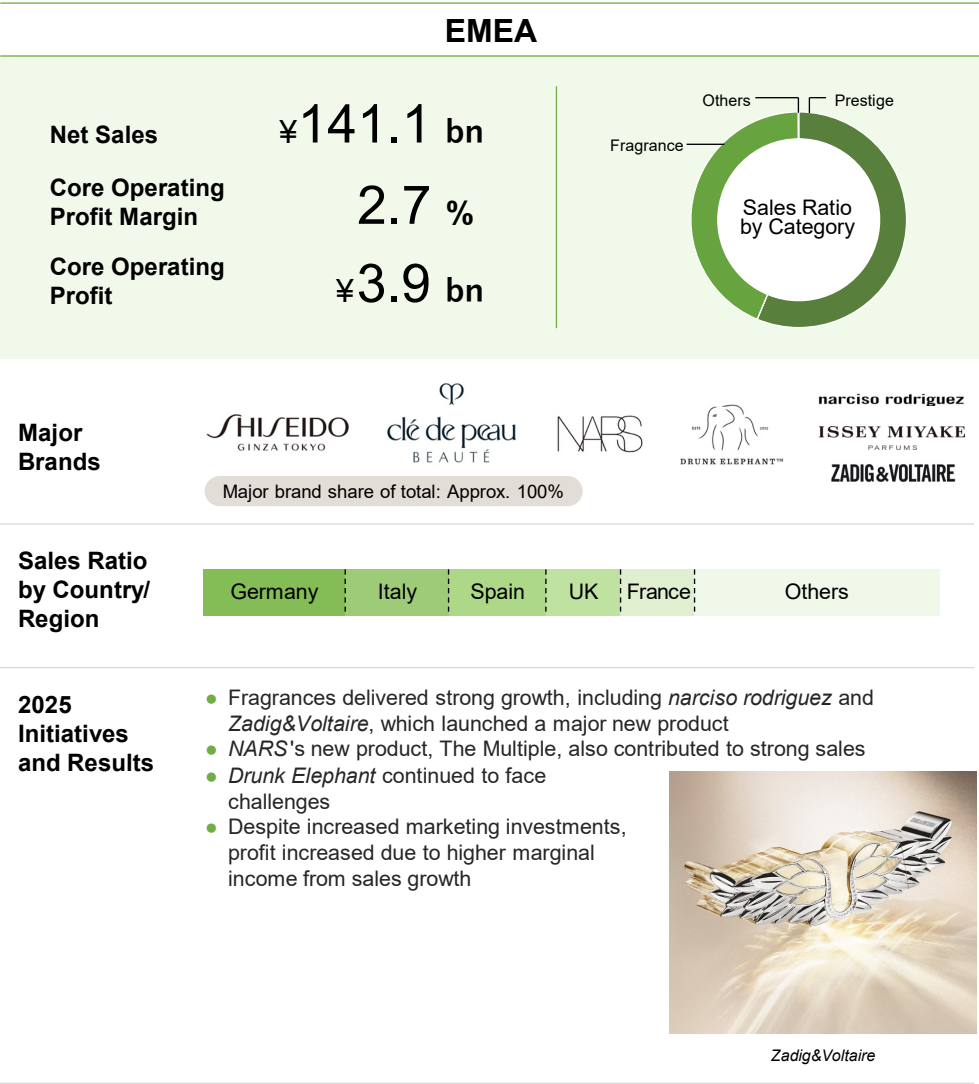


2025 Initiatives and Results

- Drunk Elephant* continued to face challenges, while *NARS* recorded lower revenue partly due to shipment delays
- SHISEIDO* and *Clé de Peau Beauté* achieved revenue growth supported by new product launches
- Inventory levels for *Drunk Elephant* were optimized to support a turnaround beginning in 2026
- Cost structure reforms aimed at restoring profitability were completed
- The decline in profit caused by lower marginal profit from reduced sales, a deterioration in the COGS ratio, and tariff impacts was partially offset by structural reforms, including fixed cost reductions

SHISEIDO

2025 Results and Regional Overview



Governance

To meet the expectations of our stakeholders,
we will further enhance the transparency and effectiveness of our governance,
ensuring the sustainable growth of corporate value.



Interview with External Directors

As the Board of Directors, we fully endorse the 2030 Medium-Term Strategy as a commitment to growth.

We will enhance corporate value through the collective flexibility and agility of our execution and oversight to fulfill this strategy.

Yoshihiko Hatanaka

External Director
Chair of the Board of Directors
Chair of the Nominating Committee
Member of the Compensation Committee



Mariko Tokuno

External Director
Member of the Nominating Committee
Member of the Compensation Committee



Management Challenges and Progress on the Action Plan 2025-2026

Hatanaka Over the past few years, Shiseido Group's profitability and capital efficiency have remained subdued. The Board of Directors takes this situation very seriously and is firmly committed to addressing it. We believe these challenges stem from fundamental management issues that had been obscured by the rapid growth of the Chinese market, including the China & Travel Retail Business and the effects of inbound tourism demand on our Japan Business. In particular, the ambiguity of authority and accountability among brands, regions, and Global Headquarters became evident. As a result, our Group has faced management challenges such as an imbalanced

regional portfolio, fragmented investment across brands and SKUs, and inefficiencies in global operations.

Tokuno The Board has repeatedly discussed the management of brands and regions. In these discussions, I have emphasized the importance of our market approach and expressed concern that awareness of the need to protect and build brand equity in each region may have eroded. I believe this was influenced by factors such as the absence of a clear long-term vision as the brands of Shiseido Group across regions, the resource allocation that prioritized short-term sales, and insufficient development plans for acquired brands. Accordingly, the Board has highlighted and discussed the need to build a true matrix organization that does not rely excessively on regional management, but instead establishes effective

global cross-functional coordination through headquarters and brand functions.

Hatanaka Indeed. To address these management challenges, we formulated the Action Plan 2025-2026 with the aim of significantly transforming our profit structure. Under the plan, the Board has called on the executive team to act with speed and flexibility, particularly by keeping "plan B" options at the ready for unexpected scenarios and by reporting not only on the circumstances but also on the countermeasures and actions taken. By increasing the speed and frequency of information sharing between the executive and oversight teams, we believe that it has accelerated the execution, leading to more substantive discussions by the Board.

Interview with External Directors

Tokuno In my monitoring role, I have focused on ensuring that no critical issues are overlooked, prioritizing responses, assessing the risk of delays, and identifying root causes. While progress has generally been steady, our profit structure has not yet reached a fully satisfactory level. I believe further action is needed—particularly in reducing fixed costs—to accelerate growth through strategic investment in key brands, and I intend to continue monitoring this closely.

Formulation of the 2030 Medium-Term Strategy

Hatanaka Discussions on the 2030 Medium-Term Strategy began more than a year ago. The Board's top priority was to clarify the value we seek to deliver amid increasingly diverse consumer needs, as well as the capabilities and business structure required to support that value. These discussions led to the formulation of a vision reflecting our medium- to long-term goals, along with a redefinition of our unique and enduring strengths. We also identified the critical challenge of translating the value we create into maximized earnings and cash flow, while consistently emphasizing the need to embed growth initiatives across the entire value chain.

Tokuno Although the discussions were lengthy, looking back, they were very exciting. While the issues and themes were somewhat scattered at first, I believe the process of organizing our goals as well as our key strengths and assets, turned out to be very effective. Having spent many years in brand management, I chose to limit my input on the first strategic pillar, Accelerate Growth with Brand Power. Instead, the area where I

offered the most concrete recommendations was the “how” of execution—specifically, the design of our business foundation and region-aligned operating models that integrate regional requirements with talent deployment, in order to translate brand value into execution.

Hatanaka Separate from the Board meetings, we also held frequent meetings attended exclusively by External Directors. In these meetings, we organized our requests to the executive team and consolidated our respective views, which helped improve both the efficiency and quality of subsequent Board discussions.

Tokuno I agree. Refining the key issues from an outside perspective in advance enabled deeper and more efficient discussions. For example, External Directors even discussed extreme scenarios, including simulations of withdrawing from certain businesses. In response, the executive team conducted careful analysis and assessment of such scenarios, which I believe helped shape a more thoroughly considered strategy.

Hatanaka The 2030 Medium-Term Strategy formulated through this process has been unanimously supported by the Board as one that will enhance our corporate value. It serves as a guiding framework for shaping Shiseido Group's future, reflecting our CEO Kentaro Fujiwara's resolve and firm commitment to growth.

Key Focus Areas of the 2030 Medium-Term Strategy in Light of Capital Market Expectations and Requests

Hatanaka While we have seen a certain degree of recovery in our share price performance following the

announcement of 2025 financial results, restoring full trust from the capital markets remains our top priority. We take this situation extremely seriously, given our repeated shortfalls against our targets in the past.

Our top priority is to consistently generate return on invested capital (ROIC) above the cost of capital. Although our 2026 ROIC target of 5% is modest, our commitment to investors to achieve 10% or more by 2030, as outlined in the 2030 Medium-Term Strategy, is non-negotiable. CEO Fujiwara and the management team are also continuing to instill the concept of capital efficiency throughout the organization. Although the business environment is undoubtedly volatile, both our executive and oversight teams will act with flexibility and agility to regain the confidence of the capital markets.

Tokuno The 2030 Medium-Term Strategy has clarified our financial strategy and established capital efficiency and cost of capital, which were previously discussed only to a limited extent, as central topics. By embedding capital efficiency in



Interview with External Directors

key decision-making, we have clarified the prioritization of growth investments and return expectations, creating a framework that enables us to strengthen our brands over the medium to long term with a solid financial backing. What we need most now is stronger execution capability, starting with tangible improvements in ROIC.

Hatanaka In terms of ROIC, we plan to strengthen monitoring of profit structure and invested capital. Inventory management alone offers substantial room for improvement—including better sales and demand forecasting, more flexible production planning, and SKU streamlining—which will directly contribute to improving ROIC. We expect all employees to be mindful of invested capital and to eliminate waste and inefficiencies. We will continue to monitor these initiatives closely.

Tokuno I place particular emphasis on monitoring brand equity. One area where more disciplined management is required is the rationalization of long-tail SKUs—low-volume, highly fragmented product variants. We must not



overlook the risk that continuing to maintain such SKUs may lead to inefficiencies in capital and operations and erode brand equity. We will continue our discussions from the dual perspectives of medium- to long-term profit structure and brand equity. In terms of profit structure, we must also build a more resilient business foundation while eliminating elements that are unnecessary for enhancing the value of our core brands.

Governance Structure Enhancement and Future Aspirations

Hatanaka With respect to our governance framework, we transitioned to a Company with Three Statutory Committees in 2024. Under this structure, the Board of Directors has delegated significant authority to the executive team, while defining execution responsibility, accountability, and ownership of results. This has enabled swifter and more flexible execution. In line with this, the Nominating Committee is deepening discussions on succession planning for key positions, while the Compensation Committee is developing incentive plans aligned with the 2030 Medium-Term Strategy. To further strengthen the management structure, we have also expanded communication channels between the executive and oversight teams, fostering more active and timely dialogue.

Tokuno That's exactly right. Rather than limiting our interactions to a one-way exchange—where External Directors question or comment on proposals and the executive team simply responds—enriching dialogue outside the Board allows us to gain a deeper understanding of the executive members' perspectives and

their awareness of the underlying issues behind each agenda item. This, in turn, leads to more substantive and higher-quality discussions.

For our Group to sustainably enhance corporate value, it is important for both the capital markets and the cosmetics market to view us as embodying a balance of tradition and innovation. To achieve this, we will support a corporate culture that refines our strengths while embracing new challenges with a sense of wonder and enthusiasm.

Hatanaka I agree. Although we do not disclose them publicly, we have carefully developed detailed growth plans, including multi-year marketing calendars. When I was briefed on research outcomes at the Global Innovation Center in Yokohama, I was impressed by their potential. If we can fully unlock these capabilities, I am confident we can deliver truly unique and compelling value to society. Shiseido JIN (people), one of our value-creation drivers, represents the foundation of our people strategy and reflects our strong emphasis on talent. By establishing a structure that enables us to respond swiftly to signals of change in the external environment, we aim to drive growth through the collective ownership and value-enhancing efforts of every employee. I hope our employees will advance the 2030 Medium-Term Strategy with confidence, and that our shareholders and investors will look forward to its progress.

Tokuno That's right. Shiseido Group's potential is far greater than our current performance. We intend to demonstrate strong execution capabilities in 2026 and build trust from there. Thank you for speaking with me today, Mr. Hatanaka.

Hatanaka Thank you.

Directors and Corporate Executive Officers (As of March 31, 2026)

Directors	Kentaro Fujiwara (Age: 59) Director Representative Corporate Executive Officer President and CEO Years in current position: 3 years 	Ayako Hirofuji (Age: 46) Director Representative Corporate Executive Officer Years in current position: 1 year 	Hiromi Anno (Age: 55) Director Years in current position: 2 years 	Hitoshi Okamoto (Age: 58) Director Years in current position: – 	Mariko Tokuno (Age: 71) External Director Years in current position: 4 years 	Yoshihiko Hatanaka (Age: 68) External Director Years in current position: 3 years 
	Yasuko Gotoh (Age: 68) External Director Years in current position: 2 years 	Ritsuko Nonomiya (Age: 64) External Director Years in current position: 2 years 	Yasuhiro Nakajima (Age: 64) External Director Years in current position: 1 year 	Andrew House (Age: 61) External Director Years in current position: – 	Keiko Kaneko (Age: 58) External Director Years in current position: – 	Takuya Nakata (Age: 67) External Director Years in current position: – 

Corporate Executive Officers	Kentaro Fujiwara (Age: 59) Representative Corporate Executive Officer President and CEO 	Ayako Hirofuji (Age: 46) Representative Corporate Executive Officer Chief Financial Officer 	Mizuki Hashimoto (Age: 52) Corporate Executive Officer Chief Brand Officer 	Yosuke Tojo (Age: 48) Corporate Executive Officer Chief Innovation Officer Global Technology Officer 

Directors Skills Matrix (As of March 31, 2026)

🌐 Notice of Convocation

We believe that the oversight and guidance for our executive function provided by the Board of Directors and Committees are essential to achieving our corporate mission and management strategy. Accordingly, we have defined the knowledge and expertise required of the Board as a whole, as well as of each individual Director.

Name	Key experience and expertise	Skill						Committee		
		Top management of a listed company	Corporate management	BtoC or adjacent industries	Brand marketing	Legal and risk management	Finance, accounting, and financial systems	Nominating Committee	Compensation Committee	Audit Committee
Kentaro Fujiwara	Since joining our Company, Kentaro Fujiwara has primarily driven the overseas businesses, including Europe and Korea. He later served as Head of the China Business, President and COO, and Japan Region CEO. He has played a central role in leading our Group's overall business management, including rebuilding the profitability base of the Japan Business. He has served as President and CEO since 2025, leading our Group's overall management.	●	●	●	●					
Ayako Hirofuji	Ayako Hirofuji has built strong global management capabilities and deep expertise in finance, accounting, and IR through her roles at our Company. Her expertise includes serving as President of the Indonesian subsidiaries, as well as Vice President of Strategic Finance and IR departments. She subsequently served as Chief Investor Engagement Officer and Chief DE&I Officer. She has served as Chief Financial Officer since July 2024, leading the overall finance function.		●	●			●			
Hiromi Anno	Since joining our Company, Hiromi Anno has gained experience in sales in the Japan Business, IR, and business planning. She has also served as Executive Officer in charge of Global Communications. She has a deep understanding of our Company's overall operations and extensive experience and insights in corporate governance and compliance. She has served as a Full-time Audit & Supervisory Board Member since 2023 and as a Director since 2024.		●	●		●				○ Full-time
Hitoshi Okamoto	Since joining our Company, Hitoshi Okamoto has held key positions across brand marketing, overseas business, corporate strategy, and risk management. He has extensive knowledge and a strategic management perspective on our Group's overall business in Japan and overseas.		●	●	●	●				○ Full-time
Mariko Tokuno	Through extensive experience as a business leader of companies with global prestige brands, Mariko Tokuno has a global perspective on corporate management and marketing, as well as deep insights into the prestige brand business.		●	●	●			○	○	
Yoshihiko Hatanaka	Yoshihiko Hatanaka brings experience and a proven track record as the top executive of a publicly listed company with global operations, along with broad, multifaceted knowledge of corporate management gained through driving overseas subsidiaries and corporate planning and finance.	●	●	●			●	○	○	
Yasuko Gotoh	Yasuko Gotoh held various key positions at the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism). She has been responsible for business and finance functions at a major railway company and has experience and insights into finance and accounting.		●				●			○
Ritsuko Nonomiya	Ritsuko Nonomiya has accumulated professional experience at major accounting firms in the United States and Japan and has been involved in M&A and business development at multinational companies. She has a high level of expertise in finance and accounting, as well as experience as an M&A specialist and insights into international business.		●				●	○	○	
Yasuhiro Nakajima	Yasuhiro Nakajima has extensive experience and a proven track record in accounting audits and advisory services as a certified public accountant, as well as insights into the management of global companies and a keen eye for identifying key issues.		●			●	●			○
Andrew House	Andrew House brings extensive experience and a proven track record as the global head of an entertainment business centered on gaming consoles at a global conglomerate, as well as deep insights into brand marketing and overseas markets, particularly North America.		●	●	●		●	○	○	
Keiko Kaneko	In her capacity as a lawyer, Keiko Kaneko has extensive experience and achievements in global corporate law, including M&A. She has also gained deep insight into leadership and operations through participation in the management of her law firm, together with an understanding of global business and a keen eye for identifying key issues.		●			●				○
Takuya Nakata	Takuya Nakata brings experience and achievements as the top executive of a publicly listed manufacturing company with global operations. Based on his experience in leading overseas businesses and in leading the establishment and operation of corporate governance systems, he has diversified and broad knowledge in corporate management.	●	●	●	●			○	○	

Main knowledge and expertise					
Experience as top management of a listed company	Corporate management experience	Experience in BtoC, neighboring industries	Brand marketing	Legal affairs and risk management	Finance, accounting, financial systems
Practice management to realize sustainable growth and medium-to-long-term enhancement of corporate value while considering the relationship with stakeholders	Clear awareness towards changes in the business environment, develop appropriate strategies, and support business execution with accountability	Have good understanding of the industry environment and pursue effective positioning to enhance customer value and our Company's competitive advantage	Build and strengthen brand equity to increase profitability of the business and enhance corporate value	Ensure effective risk management process and compliance across the organization to support the basis for fair and sound business practices	Develop and maintain a sound, strong financial position and provide oversight for strategic implementation of our Company's business to achieve growth

Enhancement and Effectiveness of Our Corporate Governance

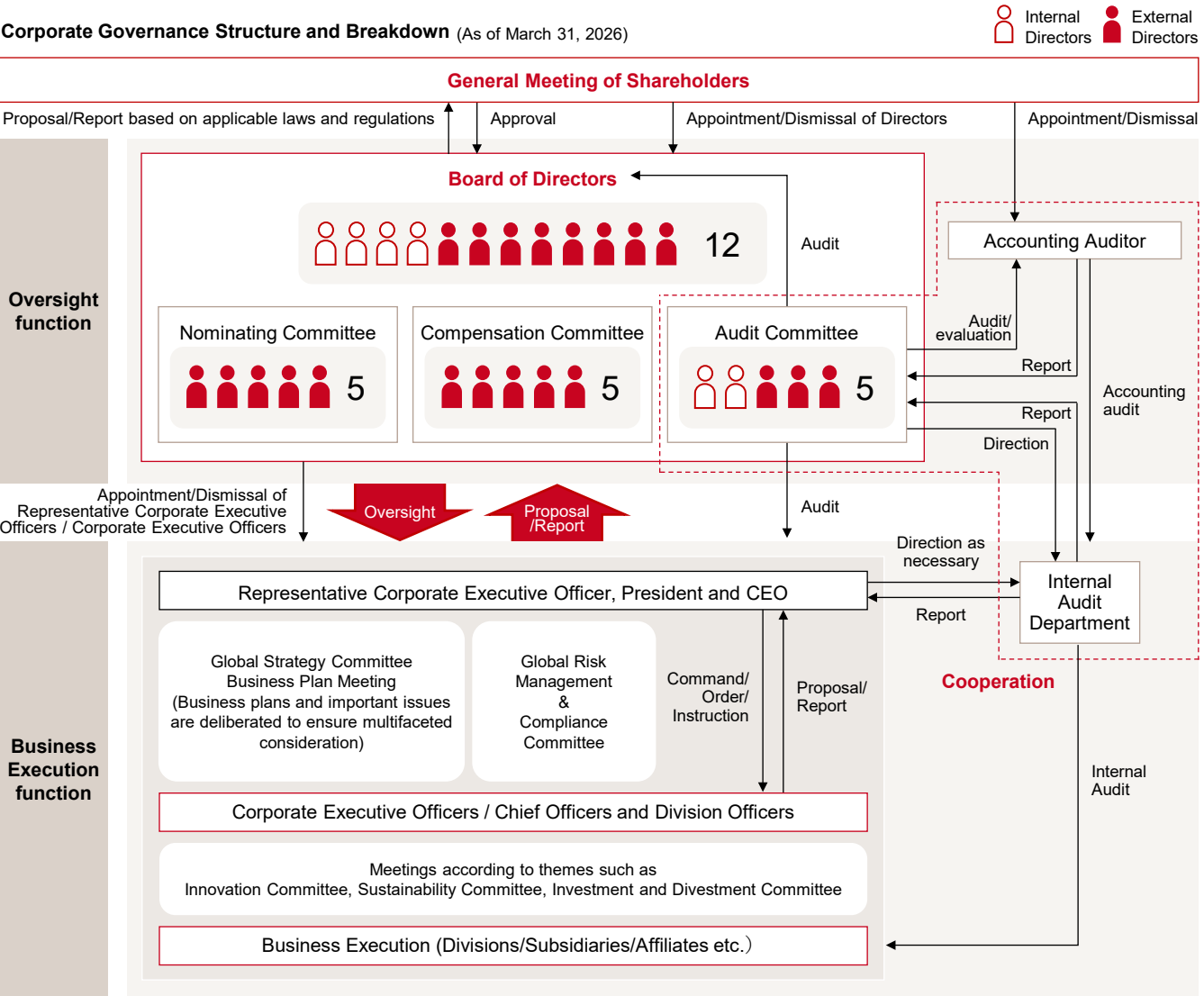
Our Approach

Shiseido Group has established “BEAUTY INNOVATIONS FOR A BETTER WORLD” as Our Mission in its corporate philosophy, The Shiseido Philosophy, and defines the corporate governance as our “platform to realize sustainable growth through fulfilling 'Our Mission'.” Our Company is committed to maintaining and improving management transparency, fairness and speed, by putting into practice and reinforcing the corporate governance, and strives to maximize medium- and long-term corporate and shareholder value through dialogues with all stakeholders: “employees,” “consumers,” “business partners,” “shareholders,” and “society and the Earth.” In addition, while fulfilling social responsibilities, our Company aims to optimize the distribution of values to respective stakeholders.

In March 2024, our Company transitioned to a Company with Three Statutory Committees. This shift enables the Board of Directors to focus on formulating key management policies and strategies while overseeing execution. By delegating greater authority to the executive team, we have improved the speed and agility of our operations. Since January 2025, Yoshihiko Hatanaka, an Independent External Director, has served as Chair of the Board, further promoting transparent and objective discussions and oversight. Our corporate governance will continue to evolve, ensuring effective oversight and strategic execution amid an increasingly dynamic and uncertain business environment.

Percentage of External Directors	Percentage of women Directors
66.6%	50.0%
(8 out of 12)	(6 out of 12)

Corporate Governance Structure and Breakdown (As of March 31, 2026)



Enhancement and Effectiveness of Our Corporate Governance

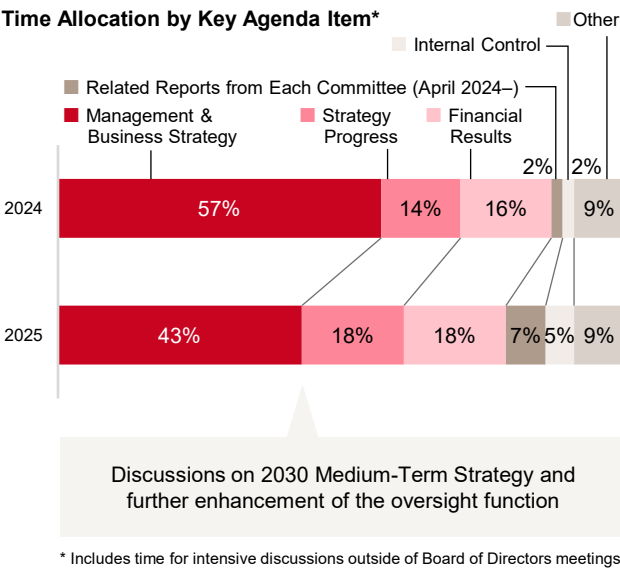
Board Initiatives and Effectiveness

Our Board of Directors is composed primarily of External Directors to enhance the effectiveness of its oversight function. To support meaningful and focused discussions, the Board receives timely and comprehensive reports from the executive team on business execution. For critical management matters, we also convene dedicated sessions in addition to Board meetings, enabling more in-depth deliberations and high-quality decision-making. In 2025, alongside formulating new strategies, the Board of Directors placed greater emphasis on strengthening oversight during strategy execution and further deepened and broadened its discussions. Although the proportion of time devoted to management and business strategy declined relative to 2024, when the Action Plan 2025-2026 was formulated, these topics still accounted for nearly half of total Board discussion time in 2025. The Board engaged in intensive and multifaceted deliberations on our Company's growth strategies, including the 2030 Medium-Term Strategy. Additionally, the Board devoted sufficient time to reviewing the progress of the Action Plan 2025–2026 and the financial results used to measure its performance, thereby strengthening oversight during the strategy execution phase. Moreover, by strengthening internal controls and enhancing reporting from each committee,

Initiatives to Strengthen Governance

2001– 1st Stage	2005– 2nd Stage	2014– 3rd Stage	2024– 4th Stage
Launching corporate governance reforms - Introduced the corporate officer system - Adopted one-year terms for corporate officers - Established the Remuneration Advisory Committee	Enhancing the governance framework - Established the Nomination Advisory Committee - Introduced term limits for corporate officers - Appointed Independent External Directors	Balancing the CEO's authority with oversight and supervision - Empowered the CEO to facilitate sound risk-taking in business execution - Optimized the Board of Directors and committee structures to enhance oversight effectiveness	Transition to a Company with Three Statutory Committees - The Board of Directors focuses on strategic discussions and oversight of execution - Increased agility in business execution through significant delegation of authority to the executive team - Appointment of an External Director as Chair of the Board (effective January 2025–)

the Board further improved its oversight function even as greater authority was delegated to the executive team. Going forward, we will continue to strengthen the Board of Directors' role to build a management foundation that supports sustainable growth.



Key Topics Discussed at the 2025 Board Meetings

- Management strategies, including the 2030 Medium-Term Strategy
- Progress monitoring of the Action Plan 2025–2026 and structural reforms
- Risk management and internal controls (including material risks, the risk management framework, cybersecurity, quality control)
- Investor relations activities and capital market feedback
- Reports from the Nominating, Compensation, and Audit Committees

Board Effectiveness Evaluation

2025 Initiatives and Key Evaluation Areas

- Creating more flexible forums for dialogue—including sessions exclusively for External Directors—to enable more timely and frequent information sharing between execution and oversight
- Improving the clarity of Board materials to focus discussions on key agenda items
- Enhancing the quality of strategies through continuous, in-depth discussions

Key Initiatives for 2026

- Setting agenda priorities based on strategic importance and enhancing reporting from each area leader
- Enhancing oversight by monitoring progress on the 2030 Medium-Term Strategy, capital efficiency and investment returns, with ROIC as a key indicator
- Strengthening oversight through a deeper understanding of business operations
- Further expanding opportunities for dialogue with diverse stakeholders
- Identifying and developing internal CEO and Corporate Executive Officer candidates, while recruiting external talent as needed
- Securing an optimal Board composition aligned with the business environment, required roles, skills matrix, and diversity balance

Activities of the Nominating, Compensation, and Audit Committees

 Internal Directors  External Directors

Role of the Nominating Committee

(As of March 31, 2026)

Chair: **Yoshihiko Hatanaka**
External Director

Number of members: **5** 

Number of meetings (2025): **13**



The Nominating Committee is composed solely of External Directors, ensuring a high degree of independence from the executive function. It engages in rigorous discussions regarding the appointment of Corporate Executive Officers and other Officers that support the realization of our corporate mission and the achievement of our management plans. The Committee's primary responsibilities include monitoring the structured execution of the CEO succession plan and making proposals to the Board of Directors. Additionally, it oversees the execution of the Director succession plan, considering our Company's management strategy and business environment. The Committee also provides recommendations to the Board of Directors regarding the appointment and dismissal of Representative Corporate Executive Officers and Corporate Executive Officers while overseeing the appointment and dismissal of Officers who are not Directors or Corporate Executive Officers.

Key Activities of the Nominating Committee in 2025

- Deliberation on the CEO succession plan and recommendations to the Board of Directors
- Execution of the Director succession plan and selection of Director candidates for submission to the General Meeting of Shareholders
- Deliberation on the appointment of Representative Corporate Executive Officers and Corporate Executive Officers, and recommendations to the Board of Directors
- Deliberation on the Officer structure

Role of the Compensation Committee

(As of March 31, 2026)

Chair: **Takuya Nakata**
External Director

Number of members: **5** 

Number of meetings (2025): **13**



The Compensation Committee is composed solely of External Directors, ensuring a high degree of independence from the executive function. It engages in rigorous discussions regarding the remuneration of Corporate Executive Officers and other Officers that support the realization of our corporate mission and the achievement of our management plans. The Committee's core responsibilities include designing the remuneration framework for the CEO and other Officers to incentivize the achievement of management plans and drive sustainable long-term growth. It determines the remuneration of Directors and Corporate Executive Officers while also overseeing the remuneration of Officers who are not Directors or Corporate Executive Officers.

Key Activities of the Compensation Committee in 2025

- Review of performance-linked remuneration performance metrics to align with our Medium-Term Strategy
- Determination of FY2024 evaluations of Corporate Executive Officers, including the CEO
- Determination of FY2025 remuneration for Directors and Corporate Executive Officers
- Oversight of remuneration decisions for Executive Officers

Role of the Audit Committee

(As of March 31, 2026)

Chair: **Yasuko Gotoh**
External Director

Number of members: **5**  

Number of meetings (2025): **19**



The Audit Committee is composed of a majority of External Directors and plays a vital role in fulfilling the oversight functions of the Board of Directors. Its fundamental policy is to conduct audits that contribute to "sound and sustainable growth" and "the enhancement of medium- to long-term corporate value" of Shiseido Group by establishing "a high-quality corporate governance system" that earns the trust of our various stakeholders. At the beginning of each fiscal year, the Committee identifies priority audit items and reports the results of those audits to the Board of Directors. In addition, it receives reports on internal audit results from the Internal Audit Department and provides directives as necessary. Furthermore, the Audit Committee conducts evaluation of the effectiveness annually to maintain and enhance the effectiveness of its audits.

Key Activities of the Audit Committee in 2025

- Monitoring and auditing of Board of Directors meetings and other key meetings
- Monitoring and auditing of the execution of duties by Directors and Corporate Executive Officers
- Evaluation of priority audit items and reporting to the Board of Directors
- Monitoring and assessment of internal controls and risk management
- Promotion of three-way audits, reflecting enhancements to organizational audit functions
- Review the appropriateness of Accounting Auditors' execution of duties

Nominations, Appointments, and Succession Planning

Appointment of Directors

We believe that External Directors are a core pillar of our corporate governance and play an important role in helping to maximize corporate and shareholder value through advice and oversight of business execution from an independent perspective. We therefore expect our External Directors to demonstrate a high level of capability as members of the Board of Directors, drawing on diverse perspectives and experience. In order to strengthen the effectiveness of the Board's advice and oversight, we also appoint Non-Executive Internal Directors whose strong expertise in our global business operations is grounded in an understanding of the realities of the business, including key risks and on-site challenges.

Reasons for the Appointment of New Directors

Based on the above approach, at the Annual General Meeting of Shareholders in March 2026, our Company appointed three new External Directors: Takuya Nakata, who brings knowledge and experience as a top executive of a listed company with global manufacturing and sales operations; Andrew House, who brings knowledge and experience as a global leader in the entertainment business centered on game consoles; and Keiko Kaneko, who brings knowledge and experience as an attorney in global corporate legal affairs, particularly in M&A. In addition, our Company appointed a new Non-Executive Internal Director, Hitoshi Okamoto, who brings extensive knowledge and experience across our Group's businesses, including brand marketing, overseas operations, and risk management.

CEO Succession Plan

Given the CEO's central role as the head of management, the Nominating Committee recognizes the CEO succession plan as a top priority for ensuring Shiseido Group's sustainable growth and enhancing corporate value. The committee conducts in-depth discussions from a medium- to long-term perspective, assessing the qualifications and requirements for the next CEO, successor selection criteria, and development policies. It carefully evaluates potential successor candidates, designs an effective development plan to enable them to fully demonstrate their leadership capabilities, and presents the plan to the Board of Directors. Kentaro Fujiwara assumed the position of CEO in January 2025. Subsequently, the Nominating Committee began its deliberations in the same year on the succession plan for the next CEO following Fujiwara. These deliberations include developing a success profile outlining the skills and experience required of the next CEO, identifying internal and external candidates, conducting assessments of candidates by external experts, and discussing development policies. The committee reports on this in-depth consideration to the Board of Directors and provides its

Development of a success profile for the next CEO
(desired qualifications, experience, etc.)
Formulation of a schedule for the succession plan

Identification of internal and external candidates,
execution of assessments, and determination of
development policies

Proposals and reports to the Board of Directors

recommendations. In parallel with the standard CEO succession plan, the Nominating Committee also considers an emergency CEO succession plan in the event of unforeseen circumstances affecting the current CEO and presents it to the Board of Directors. The committee will continue to engage in systematic, thorough discussions to ensure that the most appropriate candidate is selected from among all internal and external candidates.

Succession for Directors, Corporate Executive Officers, and Officers

At Shiseido Group, we consider succession planning essential not only for the CEO but also for Directors, who play a critical role in providing effective oversight of corporate management. With the aim of continuously appointing Directors who contribute to sustainable business growth and the enhancement of corporate value, the Nominating Committee engages in substantive deliberations on the Director succession plan, including clarifying the requirements for candidates, further strengthening diversity, and selecting specific candidates.

In addition to appointing Directors, Corporate Executive Officers, and other Officers with the necessary qualifications, our Company places strong emphasis on providing essential training and information. For newly appointed Directors, our Company provides training on legal and statutory responsibilities. Additionally, new External Directors receive orientation covering our Company's industry, history, business operations, and strategic direction. Furthermore, to develop the next generation of senior leadership, candidates for Corporate Executive Officer and Officer positions participate in training programs to strengthen the leadership and management capabilities required for top executive roles.

Executive Remuneration

Overview of Remuneration Structure

The remuneration structure for Corporate Executive Officers and other Officers (hereinafter referred to as “Officers”) consists of fixed remuneration (“basic remuneration”) and performance-linked remuneration, which includes “annual incentives” and “long-term incentive-type remuneration.” Our Company determines remuneration levels by benchmarking against domestic and international peers of similar size and industry while also considering its financial performance. The Compensation Committee reviews and determines remuneration for Officers on an individual basis.

Basic remuneration is structured in accordance with role grades based on the scope of responsibilities, level of accountability, and amount of impact on Group management. Additionally, Officers within the same grade are eligible for adjustments based on their individual performance results from the previous fiscal year, assessed through business performance metrics and personal evaluations. Basic remuneration is structured to appropriately reward individual achievements.

Performance-linked remuneration includes annual incentives to encourage the achievement of single fiscal year targets and long-term incentive-type remuneration, which consists of performance share units, a type of performance-linked stock compensation. This system is designed to align executive remuneration with shareholder interests while motivating sustainable corporate value creation over

The Proportion of Each Remuneration Element by Remuneration Type for Officers (Proportions of 2026)*1

Title	Basic Remuneration	Performance-Linked Remuneration		Total
		Annual Incentive	Long-Term Incentive-Type Remuneration	
President and CEO	20%	20%	60%	100%
Other Corporate Executive Officers and Other Officers	42%	29%	29%	

*1 The proportions shown in the above table may change depending on our Company’s performance and/or its stock price’s fluctuation, as financial value of performance-linked remuneration is shown at target where our Company pays 100%. Additionally, there is no differentiated proportion of each remuneration element for Corporate Executive Officers pegged to having a representation right

the medium to long term. It encourages Officers to manage our Company with an awareness of both annual business performance and long-term share price appreciation.

Performance-Linked Remuneration Performance Metrics

In November 2025, our Company formulated the 2030 Medium-Term Strategy, a new medium-term strategy that sets the generation of ROIC (return on invested capital) exceeding the cost of capital as one of its key objectives. Accordingly, beginning in 2026, we have made it mandatory for each Officer to set specific targets linked to improvements in ROIC as part of annual incentives.

For performance-linked remuneration in 2026, the target metrics other than individual performance evaluations include the following. All of these performance metrics remain important and effective incentives for achieving the goals of the 2030 Medium-Term Strategy and will continue to be used in 2026.

Target Metrics Other Than Individual Performance Evaluations

Annual incentive	
Whole group performance targets: consolidated net sales and core operating profit Performance of business unit in charge targets: Business performance evaluation	
Long-term incentive-type remuneration	
Economic value metrics include relative total shareholder return (TSR) against a global peer group, which serves as a shareholder value enhancement indicator, and ROIC, a capital efficiency indicator. These metrics are designed to encourage actions that improve shareholder returns and capital efficiency. Social value metrics include multiple internal and external metrics related to environmental and social factors.	

Performance Indicators and Evaluation Weights for Annual Incentive for Officers (Proportions of 2026)

Evaluation Item	Performance Indicators	President and CEO, Corporate Executive Officers, Officers Other than Those in Charge of Businesses		Corporate Executive Officers and Officers in Charge of Businesses—Regional Headquarters President, Others	
Whole Group Performance	Consolidated net sales	30%	70%	10%	20%
	Core operating profit	40%		10%	
Performance of Business Unit in Charge	Business performance evaluation	—		50%	
Personal Performance	Level of achievement of strategic goals set individually	30% (Strategically prioritized transformations and initiatives for realizing our long-term vision and strategy, building and strengthening organizational capabilities to realize said transformations and initiatives)			

Performance Indicators and Evaluation Weights for Performance-Linked Portion of the LTI (Proportions of 2026)

Evaluation Item	Performance Indicators		Evaluation Weight	
Economic Value	Relative TSR		30%	
	ROIC in the final fiscal year of the evaluation period		50%	
Social Value	Environment	Status of the achievement of the CO ₂ emissions reduction target	20%	100%
	Society	Ratio of women managers / leaders in Japan and overseas at our Company, and the status of inclusion in the indices related to the promotion of women by ESG rating agencies designated by our Company		
	ESG	Evaluation scores by ESG rating agencies** designated by our Company		

*2 The evaluation in 2026 is based on the MSCI ESG Rating



Please see here for the total amount of Officer remuneration in 2025.

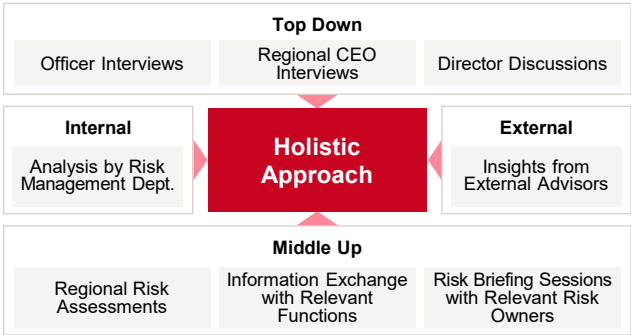
Risk Management System and Operational Framework

Shiseido Group promotes risk management with a primary focus on building trust with all stakeholders and achieving our management strategy. We define risk as the effect of uncertainty on strategic objectives, encompassing not only threats but also opportunities, and have established a framework that enables proactive and timely responses.

To identify and assess material risks, we take a holistic, multifaceted approach. We gather perspectives through interviews and discussions with our Officers, regional CEOs, and Directors, and combine these insights with regional risk assessments, information sharing by relevant departments, analyses conducted by the risk management function, and insights from external experts. Through this process, we identify material risks that could affect the achievement of our 2030 Medium-Term Strategy.

Identified risks are evaluated by the risk management function along three dimensions: potential business impact, likelihood of occurrence, and vulnerability. Company-wide risks and risks related to individual cases, together with their countermeasures, are regularly reviewed by the Global Risk Management & Compliance Committee and the Global Strategy Committee, both chaired by the CEO and comprising Officers and regional CEOs. The material risks identified and assessed each year are reflected in the formulation of our Group’s management strategy. Furthermore, to mitigate their potential impact, a designated risk owner is assigned to each material risk and a consistent framework is applied that covers the formulation of countermeasures, progress monitoring, and regular discussions with the above Committee members and Directors.

Holistic Approach Diagram

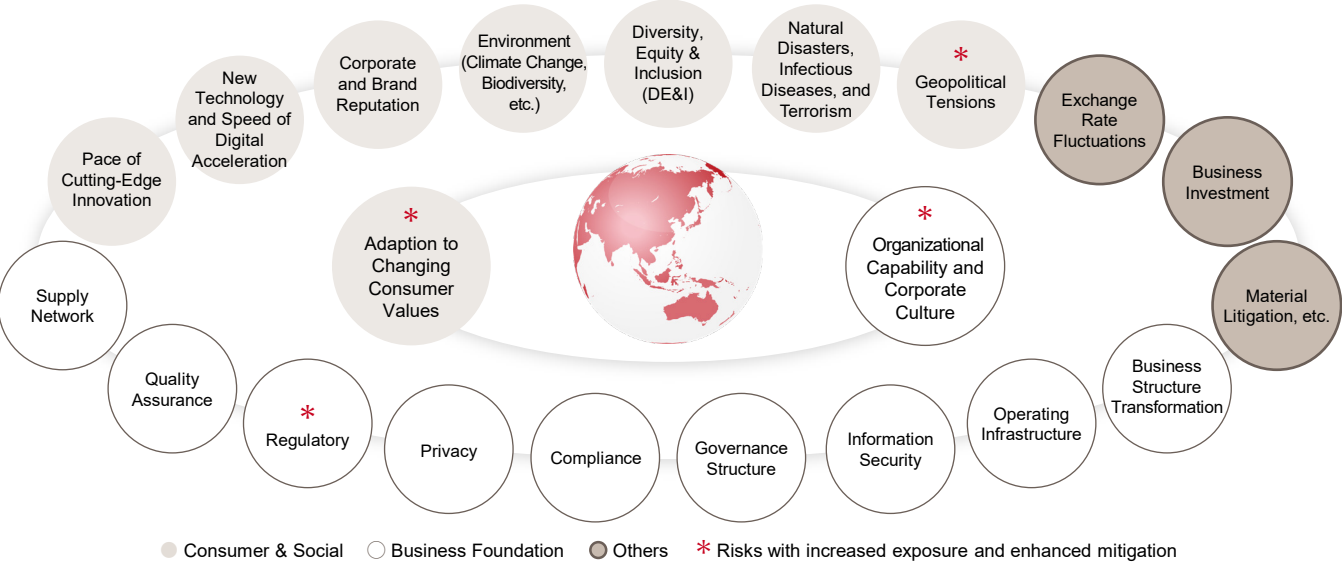


Risk Assessment Criteria

Impact on Business	- Quantitative impact on business performance (e.g., sales) in case of manifestation - Qualitative impact on corporate/brand image and culture
Likelihood	Likelihood and timing of risk manifestation
Vulnerability	- Preparedness to the risk - Controllability of the manifestation of the risk due to external factors

Identified Material Risks

All material risks identified through our risk assessments in 2025 have been classified into three categories—Consumer and Social Risks, Business Foundation Risks, and Other Risks—and managed accordingly.



Data

10-Year Financial Summary (Shiseido Company, Limited and Consolidated Subsidiaries For the fiscal years ended December 31, 2016 to December 31, 2025)

	Japanese GAAP				Millions of yen (Except per-share data)	
	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12
Operating Results:						
Net Sales	850,306	1,005,062	1,094,825	1,131,547	920,888	1,035,165
Cost of Sales	207,553	231,327	231,928	254,844	238,401	262,959
COGS ratio (%)	24.4	23.0	21.2	22.5	25.9	25.4
Selling, General and Administrative Expenses	605,972	693,298	754,545	762,871	667,523	730,619
SG&A ratio (%)	71.3	69.0	68.9	67.4	72.5	70.6
Operating Profit	36,780	80,437	108,350	113,831	14,963	41,586
Operating Margin (%)	4.3	8.0	9.9	10.1	1.6	4.0
EBITDA	90,078	154,741	150,318	169,348	71,393	172,556
EBITDA margin (%)	10.6	15.4	13.7	15.0	7.8	16.7
Net Profit Attributable to Owners of Parent	32,101	22,749	61,403	73,562	-11,660	42,439
Financial Position:						
Total Assets	934,590	949,425	1,009,618	1,218,795	1,204,229	1,179,360
Short-Term Borrowings	16,557	10,662	15,202	144,949	75,565	25,394
Long-Term Borrowings	104,022	70,801	60,574	103,159	248,733	165,588
Interest-Bearing Debt	120,580	81,463	75,776	248,108	324,299	190,983
Equity	392,963	423,447	448,580	496,437	484,289	545,022
Cash Flows:						
Cash Flows from Operating Activities	59,129	95,392	92,577	75,562	64,045	122,887
Cash Flows from Investing Activities	-70,640	-1,061	-103,112	-202,823	-70,084	63,739
Cash Flows from Financing Activities	22,378	-53,117	-29,722	113,678	46,880	-176,222
Free Cash Flow	-11,510	94,331	-10,535	-127,261	-6,039	186,627
Cash and Cash Equivalents at the End of the Fiscal Year	113,122	156,834	111,767	97,466	136,347	156,503

Notes: 1. All figures are rounded down to the nearest million yen.

2. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)* = Profit (Loss) before Income Tax + Interest Expense + Depreciation and Amortization Expense + Impairment Losses such as Goodwill Write-Offs

*EBITDA includes depreciation and amortization and an impairment loss recognized as part of the extraordinary losses incurred by the COVID-19 in the fiscal years 2020 and 2021

3. We have been recognizing payables associated with *Dolce&Gabbana* in the fiscal years between 2016 and 2020 and *Tory Burch* since the fiscal year 2020. For the fiscal year ended December 31, 2021, the Net Debt-Equity Ratio was 0.04, and Interest-Bearing Debt was 195,722 million yen

4. In November 20, 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The ASU 2015-17 requires that deferred tax assets and liabilities be classified as non-current on the balance sheet rather than being separated into current and non-current. Effective from the fiscal year 2017, subsidiaries in the Americas region have retrospectively applied ASU 2015-17. Accordingly, our Company reclassified the current deferred taxes to non-current in the consolidated balance sheet in the fiscal year ended December 31, 2016

	IFRS				Millions of yen (Except per-share data)	Thousands of U.S. dollars (Except per-share data)
	2021/12	2022/12	2023/12	2024/12	2025/12	2025/12
Net Sales	1,009,966	1,067,355	973,038	990,586	969,992	6,191,702
Cost of Sales	271,808	327,071	259,674	237,394	226,989	1,448,928
COGS ratio (%)	26.9	30.6	26.7	24.0	23.4	
Selling, General and Administrative Expenses	767,007	717,841	696,625	751,444	725,558	4,631,418
SG&A ratio (%)	75.9	67.3	71.6	75.9	74.8	
Core Operating Profit	42,553	51,340	39,842	36,359	44,520	284,182
Core Operating Margin (%)	4.2	4.8	4.1	3.7	4.6	
EBITDA	94,516	102,371	91,819	89,564	95,218	607,800
EBITDA margin (%)	9.4	9.6	9.4	9.0	9.8	
Profit Attributable to Owners of Parent	46,909	34,202	21,749	-10,813	-40,680	-259,671
Total Assets	1,300,979	1,307,661	1,255,497	1,331,848	1,267,256	8,089,212
Short-Term Borrowings	41,013	49,747	71,916	128,223	50,205	320,471
Long-Term Borrowings	264,824	250,026	211,570	237,364	274,959	1,755,132
Interest-Bearing Debt	305,837	299,774	283,486	365,587	325,165	2,075,610
Equity Attributable to Owners of Parent	540,695	604,259	618,748	632,474	600,756	3,834,776
Cash Flows from Operating Activities	134,249	46,735	89,026	48,403	109,890	701,455
Cash Flows from Investing Activities	66,733	-41,308	-35,536	-83,738	-43,424	-277,186
Cash Flows from Financing Activities	-190,575	-52,418	-75,642	23,357	-77,248	-493,093
Free Cash Flow	200,983	5,427	53,489	-35,334	66,466	424,269
Cash and cash Equivalents at the End of the Fiscal Year	156,503	119,036	104,685	98,479	91,839	586,231

Notes: 1. All figures are rounded down to the nearest million yen

2. U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥156.66 = US\$1 prevailing on December 31, 2025. Fractions resulting from the translations are rounded down

3. EBITDA = Core Operating Profit + Depreciation and Amortization

4. We have changed the scope of expenses to be included as manufacturing cost from the fiscal year ended December 31, 2023. This change in accounting policy is retrospectively applied, and Consolidated Financial Statements for the fiscal year ended December 31, 2022 has been restated to reflect the change. As a result, compared to the previous method, for the fiscal year ended December 31, 2022, "Cost of Sales" increased by 3,880 million yen, "Selling, General and Administrative Expenses" decreased by 3,880 million yen.

5. Restaurant and food businesses consist of less than 1% of consolidated sales in 2025

10-Year Financial Summary (Shiseido Company, Limited and Consolidated Subsidiaries For the fiscal years ended December 31, 2016 to December 31, 2025)

	Japanese GAAP					Millions of yen (Except per-share data)
	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12
Per-Share Data (in yen and U.S. dollars):						
Net Profit	80.4	56.9	153.7	184.2	-29.2	106.2
Net Assets	984.1	1,059.8	1,123.2	1,242.9	1,212.3	1,364.3
Cash Dividends	20.0	27.5	45.0	60.0	40.0	50.0
Weighted-Average Number of Ordinary Shares (thousands of shares)	399,227	399,466	399,409	399,411	399,458	399,480
Others:						
Capital expenditures	56,488	49,160	126,217	132,212	97,879	89,540
Depreciation and amortization	34,480	39,614	41,994	55,732	61,865	63,562
R&D expenses	18,264	24,230	29,130	31,697	26,992	25,607
Return on Invested Capital (%)	5.0	10.4	13.1	12.9	1.3	3.3
Return on Equity (%)	8.2	5.6	14.1	15.6	-2.4	8.2
Equity Ratio (%)	42.0	44.6	44.4	40.7	40.2	46.2
Net Debt-to-EBITDA Ratio (times)	-0.1	-0.6	-0.3	0.8	2.4	0.1
Net Debt-to-Equity Ratio (times)	-0.02	-0.22	-0.11	0.28	0.36	0.03
Inventory Turnover Ratio	8.18	7.83	6.84	5.25	5.25	6.60
Payout Ratio (Consolidated) (%)	24.9	48.3	29.3	32.6	—	47.1
Dividend Yield (%)	0.7	0.5	0.7	0.8	0.6	0.8
Dividend on Equity (%)	2.0	2.7	4.1	5.1	3.3	3.9
Number of Employees at the End of the Fiscal Year	36,549	37,438	38,640	40,000	39,035	35,318
Net Sales per Employee	23.2	26.8	28.3	28.3	23.6	29.3
Operating Profit per Employee	1.0	2.1	2.8	2.8	0.4	1.2

Notes: 1. All figures are rounded down to the nearest million yen

2. Net Profit (Loss) per Share (primary) is based on the average number of shares outstanding during the fiscal year. Net Assets per Share is calculated using the number of shares outstanding at the end of each reporting period. Net Profit (Loss) per Share is calculated before dilution

3. Capital expenditures, property, plant and equipment, intangible assets (excluding goodwill and trademarks, etc.) and long-term prepaid expenses.

4. Depreciation and amortization are excluded amortization of goodwill

5. Return on Invested Capital (ROIC) = Operating Profit $\times$ (1 - Tax rate) / (Interest-Bearing Debt + Equity)**

*Tax rate = Total income tax / Profit (loss) before income tax

** (Interest-Bearing Debt + Equity) is an average balance at the start and end of each accounting period

6. Net Debt-to-EBITDA Ratio = (Interest-Bearing Debt * - Cash and Time Deposits) / EBITDA

*Interest-Bearing Debt is an ending balance at the end of each accounting period

**Cash and Time Deposits at the end of each accounting period is the total balance of cash and time deposits and short-term investments in securities in current assets

7. Net Debt-to-Equity Ratio = (Interest-Bearing Debt - Cash and Time Deposits) / Equity*

*Equity = Total Net Assets - Stock Acquisition Rights - Non-Controlling Interests in consolidated subsidiaries

8. Inventory Turnover Ratio = Sales (last 12 months) / Inventory (average of the end of the same period of the previous year and the end of the current period)

9. Dividends on Equity = Total Dividends Paid (Full Year) / Equity*

*Equity is the average of the beginning and the ending balances

10. The number of employees at the end of the fiscal year does not include temporary employees

11. We have been recognizing payables associated with *Dolce&Gabbana* in the fiscal years between 2016 and 2020 and *Tory Burch* since the fiscal year 2020. For the fiscal year ended December 31, 2021, the Net Debt-Equity Ratio was 0.04, and Interest-Bearing Debt was 195,722 million yen

12. In November 20, 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The ASU 2015-17 requires that deferred tax assets and liabilities be classified as non-current on the balance sheet rather than being separated into current and non-current. Effective from the fiscal year 2017, subsidiaries in the Americas region have retrospectively applied ASU 2015-17.

Accordingly, our Company reclassified the current deferred taxes to non-current in the consolidated balance sheet in the fiscal year ended December 31, 2016

	IFRS				Millions of yen (Except per-share data)	Thousands of U.S. dollars (Except per-share data)
	2021/12	2022/12	2023/12	2024/12	2025/12	2025/12
Basic Earnings per Share	117.4	85.6	54.4	-27.1	-101.8	-0.65
Equity Attributable to Owners of Parent per Share	1,353.5	1,512.4	1,548.2	1,583.5	1,503.6	9.60
Cash Dividends	50.0	100.0	60.0	40.0	40.0	0.26
Weighted-Average Number of Ordinary Shares (thousands of shares)	399,480	399,538	399,615	399,570	399,486	
Capital expenditures	78,393	59,837	55,446	48,896	42,974	274,314
Depreciation and amortization	55,962	51,031	51,977	53,204	50,697	323,612
R&D expenses	25,814	26,678	27,557	27,185	27,061	172,737
Return on Invested Capital (%)	2.9	5.2	4.0	0.6	-2.0	
Return on Equity Attributable to Owners of Parent (%)	9.3	6.0	3.6	-1.7	-6.6	
Ratio of Equity Attributable to Owners of Parent (%)	41.6	46.2	49.3	47.5	47.4	
Net Debt-to-EBITDA Ratio (times)	-0.1	0.3	0.4	1.3	1.0	
Net Debt-to-Equity Ratio (times)	-0.02	0.05	0.06	0.18	0.16	
Inventory Turnover Ratio	7.5	8.1	6.9	6.4	6.3	
Consolidated Dividend Payout Ratio (%)	42.6	116.8	110.2	—	—	
Dividend Yield (%)	0.8	1.5	1.4	1.4	1.8	
Dividends on Equity Attributable to Owners of Parent (%)	4.0	7.0	3.9	2.6	2.6	
Number of Employees at the End of the Fiscal Year	35,318	33,414	30,540	27,908	26,330	
Net Sales per Employee	28.6	31.9	31.9	35.5	36.8	235
Core Operating Profit per Employee	1.2	1.5	1.3	1.3	1.7	8

Notes: 1. All figures are rounded down to the nearest million yen

2. U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥156.66 = US\$1 prevailing on December 31, 2025. Fractions resulting from the translations are rounded down

3. Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued, which is adjusted for treasury shares during the period. Diluted earnings per share are calculated by adjusting for the effects of all dilutive potential ordinary shares

4. Capital expenditures, property, plant and equipment and intangible assets (excluding trademarks, etc.)

5. Depreciation and amortization excludes depreciation of right-of-use assets

6. ROIC calculations until 2023: Core operating profit $\times$ (1 - Tax rate) / (Interest bearing debt

to owners of parent (average of the beginning and the ending balances), calculation since 2024:

Operating profit $\times$ (1 - Tax rate) / (Interest-bearing debt (average of the beginning and the ending

balances, including lease liabilities) + Equity attributable to owners of parent (average of the

beginning and the ending balances) * The statutory tax rate 31.0% is used for 2024 and 2025

calculation

7. Net Debt-to-EBITDA Ratio = (Interest-Bearing Debt - Cash and Time Deposits) / EBITDA

8. Net Debt-to-Equity Ratio = (Interest-Bearing Debt - Cash and Time Deposits) / Equity

9. Inventory Turnover Ratio = Sales (last 12 months) / Inventory (average of the end of the same period of the previous year and the end of the current period)

10. Dividends on Equity = Total Dividends Paid (Full Year) / Equity

*Equity Attributable to Owners of Parent is the average of the beginning and the ending balances

11. The number of employees at year-end does not include temporary employees

12. We have changed the scope of expenses to be included as manufacturing cost from the fiscal year ended December 31, 2023. This change in accounting policy is retrospectively applied, and Consolidated Financial Statements for the fiscal year ended December 31, 2022 has been restated to reflect the change. As a result, compared to the previous method, for the fiscal year ended December 31, 2022, "Cost of Sales" increased by 3,880 million yen, "Selling, General and Administrative Expenses" decreased by 3,880 million yen.

5-Year Non-Financial Summary

 Sustainability Data

Environment

	2021	2022	2023	2024	2025
CO ₂ emissions (Scope 1, 2, 3)* ¹ (unit: t)	1,585,481	1,556,439	1,008,126	953,036	909,178
CO ₂ emissions (Scope 1)* ² (unit: t)	28,744	23,912	21,105	17,825	17,608
CO ₂ emissions (Scope 2)* ² (unit: t)	36,737	22,527	13,617	10,212	6,571
CO ₂ emissions (Scope 3)* ³ (unit: t)	1,520,000	1,510,000	973,000	925,000	885,000
Water consumption* ⁴ (unit: mil. m ³)	1.2	1.1	0.8	0.6	0.5
Waste discharged* ⁴ (unit: t)	13,096	12,560	10,895	8,694	7,872

Society

	~2025
Women's empowerment in Japan Supporting education and financial independence worldwide (unit: persons)	Approx. 950,000
Cultivating self-efficacy through the power of beauty Challenging the unconscious biases and prejudices that limit individual beauty (unit: persons)	Approx. 400,000

*1 Targeting energy-derived CO₂, the performance data was calculated based on the GHG Protocol. Scope 2 was based on the market-based method

*2 At all our sites (Coverage: 100%)

*3 Throughout our value chain, excluding our sites

*4 Production sites and domestic research centers for 2021, and production sites and research centers for 2022–2025 (Coverage: 100%)

Society

	2022	2023	2024	2025	2026
Group total	58.3%	58.1%	58.8%	59.5%	60.3%
Women at management level* ⁵					
Japan	37.3%	37.6%	40.0%	41.1%	43.3%
Overseas	70.7%	72.0%	72.0%	72.1%	72.3%
Directors* ⁶					
Ratio of women	46.2%	40.0%	45.5%	54.5%	50.0%
Ratio of external directors	53.8%	53.3%	63.6%	63.6%	66.6%
Officers* ⁷					
Ratio of women	35.3%	35.3%	40.0%	47.0%	46.7%
Ratio of foreign nationals	17.6%	17.6%	15.0%	17.6%	20.0%
Employee nationalities (countries / regions)* ⁸	Approx. 100	Approx. 100	Approx. 100	Approx. 100	Approx. 100
Ratio of foreign national managers* ⁹	2%	2%	2%	3%	2%
Ratio of mid-career hires in managerial positions* ⁹	30%	31%	33%	36%	36%
Number of foreign national employees in Japan (share of total)* ⁹	486 (2%)	443 (2%)	386 (2%)	390 (2%)	385 (2%)
Number of mid-career hires in Japan* ¹⁰	376	318	259	136	—
Ratio of employees with disabilities* ¹¹	2.65%	2.82%	2.99%	3.06%	—
Average education / training expenses per employee* ¹²	¥29,892	¥36,199	¥34,134	¥38,360	—

*5 As of January 1 each year for Japan; as of December 31 of the previous year for overseas

*6 As of April 1 of each year. Directors and Audit & Supervisory Board members until 2023

*7 As of April 1 of each year. Executive Officers until 2025

*8 As of December 31 of the previous year

*9 As of January 1 each year; data for Shiseido Group in Japan

*10 Annual results for each year; data based on employment data for Shiseido Group in Japan

*11 As of June 1 each year; data for Shiseido Group in Japan. Ratio of employees with disabilities: Persons with physical and intellectual disabilities are included, and the employment rate for persons with disabilities is indicated by three significant figures

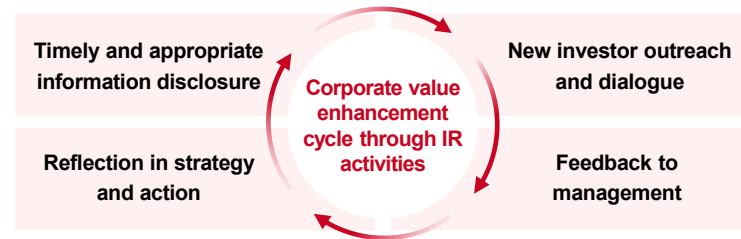
*12 Data per full-time equivalent (FTE)

The full-time equivalent is the conversion of part-time employees or employees who work shorter hours into a number equivalent to a full-time workforce

Shareholder & Investor Engagement

Current Engagement Initiatives

In 2025, responding to investor requests for dialogue with External Directors and for deeper discussions on key business and brand strategies, we expanded our participation in both domestic and international conferences and enhanced our thematic business strategy briefings. The CEO, CFO, Executive Officers responsible for each strategy, and External Directors participated in these sessions and shared insights on our business and strategic initiatives. Feedback gathered through these initiatives, as well as insights from market trends, is reported to the Board of Directors and senior management in a timely and appropriate manner. This input is used to further enhance our disclosure and IR activities. In 2025, such feedback was shared with the Board seven times and discussed in other management meetings on more than ten occasions.



Engagement by Role

CEO	One-on-One Meetings, Earnings Briefings, Large-Scale Meetings, Small-Scale Meetings
CFO	One-on-One Meetings, Earnings Briefings, Large-Scale Meetings, Small-Scale Meetings, Individual Investor Briefings
IR	One-on-One Meetings, Individual Investor Briefings
External Directors	One-on-One Meetings, Engagement Events, Small-Scale Meetings
Regional CEOs	One-on-One Meetings, Business Briefings

Reflecting Shareholder and Investor Perspectives

	2024	2025
Key Engagement Themes and Outcomes	- Expanded dialogue with External Directors - Conducted briefings on key business, regional, and brand strategies - Increased interest from individual investors	- Expanded dialogue with External Directors and enhanced Board effectiveness - Clarified profitability by segment and enhanced risk disclosure - Conducted briefings on key regional and brand strategies - Further growth in interest from individual investors
Major Engagement and Disclosure Initiatives	- Held engagement events with External Directors and investors - Hosted thematic business strategy briefings (EMEA, <i>Clé de Peau Beauté</i>, etc.) - Held online individual investor briefings	- Held engagement events and small-scale meetings with External Directors and investors - Enhanced segment disclosure methods and expanded transparency - Hosted thematic business strategy briefings (<i>ELIXIR</i> and the <i>suncare</i> business) - Held online briefings for individual investors and corporate briefings featuring beauty seminars

Key IR Activities

	2024	2025
Meetings with Investors and Analysts	Approx. 600	Approx. 500
Overseas IR Activities (Including Online)	4	3
Domestic and International Conferences Organized by Securities Firms	10	7
IR Events	13	14
Small-Scale Meetings	4	5
Large-Scale Meetings	2	3
Briefing Sessions / Facility Tours	6	4
Individual Investor Briefings	1	2
SR Dialogues with Major Institutional Investors and Proxy Advisory Firms	12	17
Number of Shareholders Attending the Annual General Meeting of Shareholders	419	400



April 2025

🌐 **ELIXIR and Suncare Strategy Briefing**
Speaker: Chiaki Tomita, then-Chief Brand Officer, Global Premium Brands



November 2025

🌐 **2030 Medium-Term Strategy Briefing**
Kentaro Fujiwara, President & CEO, and Ayako Hirofuji, CFO



July 2025

🌐 **Dialogue between Shiseido's External Directors and Investors**
Speaker: Yoshihiko Hatanaka and Yasuko Gotoh, External Directors



December 2025

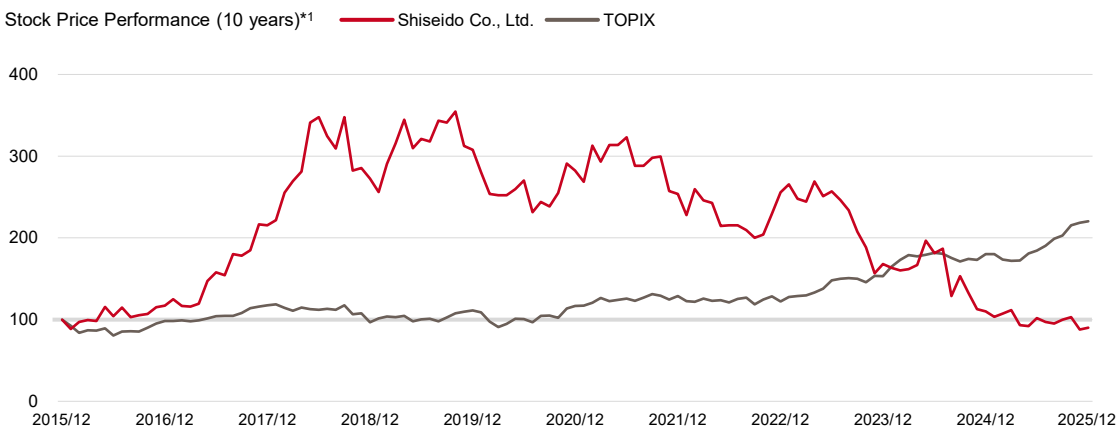
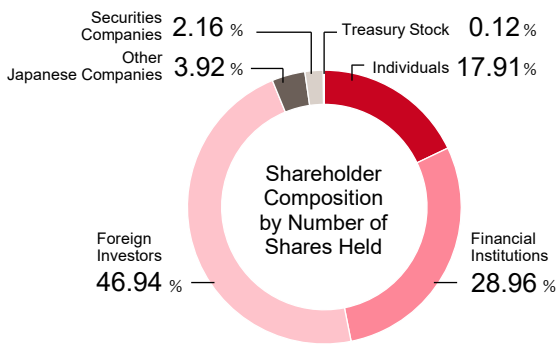
🌐 **Rakuten Securities, Inc. Corporate Presentation for Individual Investors**
Speaker: Ayako Hirofuji, CFO

Stock Information and External Evaluations

External Evaluations and Awards

Stock Information (As of December 31, 2025)

Common Shares Issued	400,000,000 (including 463,674 in treasury stock)
Number of Shareholders	148,791
Stock Listings	Common Stock: Tokyo Stock Exchange (Code: 4911) American Depositary Receipts: U.S. Over-the-Counter
Share Units	100



	1 year	3 years		5 years		10 years	
		Cumulative	Annual	Cumulative	Annual	Cumulative	Annual
Shiseido Co., Ltd.	-14.4%	-59.3%	-25.9%	-62.2%	-17.7%	9.1%	0.9%
TOPIX	25.5%	93.8%	24.7%	113.2%	16.3%	178.6%	10.8%

*1 Closing price on December 31, 2015 indexed at 100
*2 Return on investment assuming that dividends are reinvested. Annual rate based on the geometric mean of cumulative returns. Source: calculated by Shiseido Co., Ltd. based on data from Tokyo Stock Exchange

External Evaluations (As of April 2026)



Major ESG Index Inclusion Trends

	2021	2022	2023	2024	2025
Dow Jones Best-in-Class Indices*3	World	●	●	●	●
	Asia Pacific	●	●	●	●
FTSE4Good Index Series	●	●	●	●	●
MSCI ESG Selection Indexes*3	●	—	—	●	●
FTSE JPX Blossom Japan Index*3	●	●	●	●	●
FTSE JPX Blossom Japan Sector Relative Index*3	●	●	●	●	●
MSCI Nihonkabu ESG Select Leaders Index	●	—	●	●	●
MSCI Japan Empowering Women Index	●	●	●	●	●
S&P/JPX Carbon Efficient Index	●	●	●	●	●
Morningstar® Japan ex-REIT Gender Diversity Tilt Index SM *4	—	—	●	●	●
SOMPO Sustainability Index	●	●	●	●	●

*3 The indexes were renamed in 2025
*4 The inception started in March 2023



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