

Shiseido to acquire Dr. Dennis Gross Skincare

Strategic transaction adds dermatologist-led prestige
skincare brand to Shiseido's global portfolio

Shiseido Company, Limited ("Shiseido") today announced that a resolution was adopted by the Board of Directors on December 20, 2023, upon discretionary approval of the Representative Director for the terms and conditions, to acquire DDG Skincare Holdings LLC ("DDG," headquartered in New York, USA). DDG is a leading company offering dermatologist-led, science-based prestige skincare. To complete this transaction, Shiseido Americas Corporation (headquartered in Delaware, USA), a consolidated subsidiary of Shiseido has signed a definitive agreement to acquire DDG on December 22, 2023 (JST December 23, 2023).

About Dr. Dennis Gross Skincare

Launched in New York City in 2000, Dr. Dennis Gross Skincare is a skincare brand founded by former skin cancer researcher and practicing dermatologist Dr. Dennis Gross along with his wife Carrie Gross. Their mission is "To make the difference in the lives of all people everywhere by helping them have healthier skin." Together, they disrupted the beauty industry by asking people to peel daily with their now-iconic Alpha Beta® Daily Peels. With innovative formulas incorporating simple, straightforward instructions, clients became instant believers. Dr. Gross continues to bring innovations and expertise from the dermatology practice to retail consumers around the globe in the form of easy-to-use at home products designed to work together in customizable regimens to treat multiple concerns.

Significance of the acquisition

This acquisition will provide the following benefits to Shiseido to drive further growth.

1) Adding a highly complementary brand to our existing portfolio

We expect to see a growing interest in health and beauty as consumers increase their awareness of "skin health." As a derma cosmetics, doctor-led brand Dr. Dennis Gross Skincare strengthens our position in a rapidly growing skincare segment. By tapping the great potential of the growing market in the U.S. with its unique positioning coupled with a complementary fit with our prestige portfolio, this will be a strategic addition to Shiseido along with our prestige beauty brands SHISEIDO and Clé de Peau Beauté.

2) Driving growth and profitability in a critical market in the Americas business

The acquisition of a high-growth, profit accretive skincare brand will contribute to the ongoing expansion of the Americas business, a strategically important region for Shiseido. This will enable us to diversify our geographical footprint while resolving the imbalances in our revenue streams.

3) Creating synergistic effects with Shiseido's strengths, bolstering innovation and driving global business growth

With a philosophy rooted in research, dermatology and technology, the brand is well aligned with Shiseido's rich heritage in skincare, global platforms, and R&D capabilities. This will in turn support Dr. Dennis Gross Skincare to accelerate its next phase of growth. Together, we will be well positioned to capture opportunities in the rapidly growing doctor-led skincare market around the world.

Expected impact on earnings

This acquisition will have no significant impact on the consolidated financial results of the Shiseido Group for the fiscal period ending December 2023. The impact on our financial results in 2024 and onwards will be disclosed at an appropriate timing.