

Shiseido Announces 2030 Medium-Term Strategy

- Maximizing Brand Value for a New Growth Trajectory -

Shiseido Company, Limited (hereafter, “Shiseido”) hereby announces its new “2030 Medium-Term Strategy,” setting its sights on the year 2030. In our previous strategy, “SHIFT 2025 and Beyond,” along with the “Action Plan 2025-2026,” we focused on the selection and concentration of key brands and implementing fundamental global structural reforms to fortify our business foundation. Building upon this solid base, the new strategy aims to maximize brand value through various initiatives, fostering a virtuous cycle that enables reinvestment in new value creation essential for sustainable growth. Through these efforts, we will strive to maximize both corporate and social value. Our plan is to achieve the core operating profit margin target of 7% set under the Action Plan by 2026, followed by an additional 3% improvement through cost structure optimization. Furthermore, from 2025 to 2030, Shiseido targets an average annual sales growth rate of +2-5% above market growth, to achieve a core operating profit margin exceeding 10% by 2030.

Overview of the 2030 Medium-Term Strategy

Guided by our corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD,” Shiseido’s new vision for 2030 is: “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives.” To embody this vision, we are reaffirming our 2005 slogan, “In every moment, in every life, beauty,” with a renewed interpretation that reflects the future we aspire to. In a rapidly changing society where lifestyles continue to diversify, Shiseido strives to engage sincerely with each individual, pursue authentic beauty, and deliver it to people around the world.

Our strengths lie in value creation, value communication, and our people who bring these to life. Value creation is driven by R&D that supports people over a lifetime—studying the skin, body, and mind as a whole—alongside production technologies and quality assurance systems that ensure safe, reliable quality and earn lasting trust. Value communication includes creativity that proposes new cultures and values that resonate emotionally, and a spirit of hospitality that delivers inspiring consumer experiences and fosters deep connections. Supporting all of these is the strength and dedication of our employees. By leveraging these strengths, we aim to enhance brand value and maximize corporate value through the establishment and execution of three strategic pillars that drive corporate and social value creation.

Strategic Pillar 1: Accelerate Growth with Brand Power

We have identified key growth areas where Shiseido’s strengths can be fully leveraged, and defined category-specific strategies based on market opportunities and our competitive advantages. As a result, we will focus on skincare and suncare as our core categories, while also strengthening our presence in makeup, fragrance, medical & derma, and lifestyle. In line with this, we have restructured

our brand portfolio by positioning brands that aim to lead in each of these growth categories. We will drive progress through the following three approaches:

1. Maximize Innovation by Leveraging Technological Strengths

We will maximize the value of innovation by utilizing our proprietary research technologies as the core of specific brands and across the corporate organization. Our products already incorporate the latest scientific insights to address concerns such as dark spots, wrinkles, and sagging. Going forward, we plan to integrate more than ten additional cutting-edge technologies into our brands by 2028, ensuring the continuous launch of new products.

2. Accelerate Growth by Expanding Our Global Reach

Fragrance: Untap growth opportunities in the Americas and Asia Pacific to strengthen our presence beyond Europe.

Suncare: Leverage our advanced UV and formulation technologies to capture growth opportunities in western markets.

Skincare: Deliver unparalleled brand experience to affluent consumers worldwide through prestige beauty brands.

3. Create New Markets through Expansion into New Categories and Domains

We will establish new markets by strengthening Medical & Derma and Lifestyle categories. By leveraging our expertise in aging care, we will expand into new areas such as “Life Stage Partnerships,” addressing the needs of individuals aged 65 and older, as well as “Beauty Checkups,” unlocking new dimensions of market value. Additionally, under the direct leadership of the CEO, we will challenge new value creation models through co-creation with consumers and collaboration with external partners.

Furthermore, by strengthening brand experiences that deeply connect with consumers, we aim to meet individual needs while maintaining and expanding our loyal customer base. Through the disciplined execution of action plans aligned with each region’s key focus, we will enhance profitability across all regions. We aim to achieve double-digit core operating profit margins in Asia Pacific, the Americas, and EMEA, while optimizing the current profit balance concentrated in Japan, China, and Travel Retail.

Strategic Pillar 2: Evolve Global Operations

- **Pursuing Operational Excellence across the Value Chain**

We will optimize the entire value chain from two perspectives—global optimization and lead time reduction—to achieve end-to-end efficiency. Cross-functional teams that span regions and functions will accelerate problem-solving and maximize results.

- **Strategic use of Digital Technologies and AI**

We will strengthen our investment in AI and accelerate its application across the organization to enhance our value creation capabilities, advance and automate back-office operations, and improve customer experience and loyalty.

- **Advancement of the Matrix Organization**

We will further strengthen individual functions while optimizing the organization as a whole to build a more agile global structure capable of responding swiftly to change.

Strategic Pillar 3: Drive Sustainable Value Creation

- **Talent Strategy: Building an Organization that Enables Employee Growth**

We will advance talent development by expanding opportunities for new challenges, embodying the values that define Shiseido, and fostering a strong sense of unity across our global organization. Over the next five years, we will triple our investment in talent development compared to the 2025 level.

- **Sustainability Strategy: Creating Social Value through DE&I and Addressing Social Issues through Responsible Environmental Actions**

From a societal perspective, we aim to create a world where everyone can live beautifully and authentically. We will accelerate initiatives focused on gender equality, empowering people through the power of beauty, and promoting respect for human rights.

From an environmental perspective, we will enhance sustainability for both people and the planet by establishing the “Shiseido Beauty Circular Model,” which contributes to a richer natural environment. We will work on reducing environmental footprint, developing sustainable products, and promoting sustainable and responsible procurement, embodying the origin of our company name, “Shiseido,” which means “to praise the virtues of the Earth, which nurtures new life and brings forth significant values.”

Financial Strategy

We aim to achieve growth that outpaces the market through proactive investments in key areas while ensuring stable management that consistently generates returns exceeding the cost of capital. As our financial targets for 2030, we have set a core operating profit margin of over 10%, ROIC of over 10%, ROE of over 12%, and free cash flow exceeding 100 billion yen. In terms of cash allocation and shareholder returns, we will maximize corporate value and further enhance shareholder value by strategically distributing capital between growth investments and shareholder returns. This approach will be supported by disciplined, return-focused investments that strengthen our cash generation capabilities.

From 2026 to 2030, we expect to generate cumulative operating cash flow of 500 to 600 billion yen, which will be allocated in the following order: capital investments, debt repayment, and dividends. Capital investments will be prioritized in areas that reinforce future competitiveness, including AI and digital-related initiatives. For dividends, we aim to maintain a long-term, stable, and continuous return policy with a target DOE (Dividend on Equity) of 2.5% or higher. Taking into account business performance and market conditions, we will remain flexible in considering share buybacks to further enhance shareholder returns.