November 2026
Shiseido Company, Limited

Press Release

Notice Regarding Change in Shiseido Liyuan Cosmetics Co., Ltd.

Shiseido Company, Limited (“Shiseido”) announces that it has decided today to transfer all of its equity interest in its consolidated subsidiary, Shiseido Liyuan Cosmetics Co., Ltd. (“SLC”), to an investor consortium led by IDG Capital (“IDG”) (comprising a total of three entities: two special purpose vehicles (SPVs) established by funds managed by IDG, and an external management partnership), and has entered into a legally binding Equity Interest Transfer Agreement (“ETA”) with the transferees, as well as a legally binding Transitional Services Agreement with SLC.

1. Reasons and Overview of Equity Interest Transfer

Under its 2030 Medium-Term Strategy, Shiseido is striving to enhance profitability, capital efficiency, and cash flow generation and ultimately maximize corporate value, based on three strategic pillars: “Accelerate growth with brand power,” “Evolve global operations,” and “Drive sustainable value creation.”

China is a strategically important market for Shiseido and an attractive, dynamic market where the competitive landscape continues to evolve amid the rapid expansion of e-commerce, changing consumer behavior, and the emergence of diverse market participants. Shiseido views these changes as opportunities for growth and seeks to drive sustainable growth and strengthen its competitiveness in China by focusing management resources on areas where it enjoys the greatest competitive advantage.

SLC was established in 1991 as a joint venture with Beijing Liyuan Co., Ltd. (“Beijing Liyuan”), a subsidiary of Yiqing Group, owned by the Beijing Municipal Government. Since 1994, SLC has manufactured and marketed cosmetics under “AUPRES,” a brand dedicated to the Chinese market. In anticipation of the expiration of the current third joint venture agreement in December 2026, the parties engaged in extensive discussions regarding the long-term development and sustainable growth of SLC. As a result, the parties mutually agreed not to renew the joint venture agreement upon its expiration. On September 1, 2026, the Shiseido Group (“the Group”) acquired the equity interest (35%) held by Beijing Liyuan.

To achieve sustainable growth for SLC, continued investment in product innovation and digital capabilities is essential in light of evolving market and competitive dynamics. Following a comprehensive evaluation of business sustainability and investment priorities, Shiseido concluded that transferring the business (including the Beijing Factory of SLC and its production equipment) to IDG would best support SLC’s future development and serve the interests of its stakeholders.

IDG is a leading international private equity investment firm with extensive investment experience and expertise in the consumer sector. Shiseido believes that under IDG, driving agile business execution as an independent brand that leverages the brand equity and business foundation of SLC and the “AUPRES” brand will lead to SLC’s sustainable growth and the enhancement of its brand value. With IDG’s support and a new management team with extensive experience in beauty brand management and business transformation, the business will be better positioned to respond to evolving Chinese consumer needs, and provide better services to consumers and business partners.

To ensure a smooth transition following the transfer, Shiseido will grant licenses for certain intellectual property rights required for business operations. Additionally, for a specified period following the transfer, Shiseido will provide ongoing support on new product development, technical assistance for the stable supply of existing products, and the continued supply of raw materials and selected products, thereby collaborating to maintain innovation capabilities, product quality, and business continuity.

Under this transaction, the equity interest will be transferred to a total of three entities: two SPVs established by funds managed by IDG (total transfer ratio: 95%), and a limited partnership enterprise established primarily by the new management team of SLC (transfer ratio: 5%). The completion of this transaction is subject to receipt of certain necessary regulatory approvals in relevant countries/regions, including China, and the satisfaction of other customary closing conditions.

In the China and Travel Retail business, the Group will continue to drive sustainable growth and enhance its competitiveness by strategically allocating management resources toward nurturing focus brands, strengthening its brand portfolio, advancing R&D, expanding into new growth areas, and leveraging digital and AI capabilities.

2. Overview of SLC

(1) Name	Shiseido Liyuan Cosmetics Co., Ltd.
(2) Headquarters	No. 2 Hongda North Road, Beijing Economic-Technological Development Area, Beijing, China
(3) Title and Name of Representative	Toshinobu Umetsu Chairman of the Board, Legal Representative
(4) Business Description	Manufacture and sale of “AUPRES” brand cosmetics
(5) Capital	RMB 94 million (1,753 million yen) (As of December 31, 2025)
(6) Date of Establishment	December 24, 1991
(7) Major Equity Interest Holders and Equity Interest Ratio	Shiseido Group 100%

3. Equity Interest Transferred, Transfer Price, and Status of Equity Interest Owned Before and After the Transfer

(1) Equity Interest Owned Before Transfer	100%
(2) Equity Interest Transferred	100% (Breakdown: Sunrise Winning Limited 80.66%, Zhuhai Pulai Management Consulting Partnership (Limited Partnership) 14.34%, Shanghai Bozhiyuan Enterprise Management Partnership (Limited Partnership) 5.00%)
(3) Equity Interest Owned After Transfer	0%

※Transfer Price is undisclosed due to confidentiality obligations in the ETA. The transfer price was determined jointly by the parties on the basis of the due diligence results through bilateral arm’s-length negotiations.

4. Schedule

(1) Decision Date (Date of Approval by Representative Corporate Executive Officer)	November 17, 2026
(2) Execution Date of Agreement	November 17, 2026
(3) Expected Closing of Equity Interest Transfer	Q4 2026 to Q1 2027

5. Future Outlook

The estimated impact of this transaction on the consolidated financial results for the fiscal year ending December 31, 2026 has been incorporated into the “Notice of Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2026” announced on November 10.

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