Notice of Convocation

The 125th Ordinary General Meeting of Shareholders

Disclaimer: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of our shareholders with voting rights outside Japan for reference. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please be advised that certain expressions for domestic voting procedures that are not applicable to the aforesaid shareholders are omitted or modified to avoid confusion. Please also be advised that this material will not facilitate your status as a registered shareholder, who is authorized to physically attend the ordinary general meeting of shareholders in person, unless presenting the original Notice of Convocation and the Voting Form in Japanese to the receptionist at the place of the meeting.

SHISEIDO

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SHISEIDO

Securities Code: 4911
March 7, 2025

Notice of Convocation of the 125th Ordinary General Meeting of Shareholders

Dear Shareholders:

We express our deep appreciation to each of you for your extraordinary daily support.

We are pleased to announce the 125th ordinary general meeting of shareholders of Shiseido Company, Limited (the "Company"), which will be held as described on page 5.

In convening this general meeting of shareholders, the Company provides the Reference Document Concerning the General Meeting of Shareholders and other information (matters to be provided electronically) in electronic form, and the Notice of Convocation of the 125th Ordinary General Meeting of Shareholders is posted on our corporate information website and shareholders' meeting material website below. Please access either of the following websites and check the information.

Our corporate information website

https://corp.shiseido.com/en/ir/shareholder/

Shareholders' meeting material website

https://d.sokai.jp/4911/teiji/

(in Japanese only)

Yours truly,

Shiseido Company, Limited



Kentaro Fujiwara

Director, Representative Corporate Executive Officer, President and CEO

Registered Head Office:
5-5, Ginza 7-chome, Chuo-ku, Tokyo
Principal Business Office:
6-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo

(VOTING PROCEDURE FOR REGISTERED SHAREHOLDERS IN JAPAN)[1]

When you exercise your voting rights via the Internet, etc., please access to Proxy Voting Website (https://www.web54.net).

[1] Please note that shareholders outside Japan shall not use these voting procedures.

SHISEIDO

PARTICULARS

Date and Time of the Meeting:

Wednesday, March 26, 2025 at **10:00 a.m.**

Place of the Meeting:

Imperial Hotel, 2F, Peacock Room

1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo, Japan

Matters to Be Dealt With at the Meeting:

Matters for Reporting:

Report on the business report, the consolidated financial statements and non-consolidated financial statements, and the results of the audits of consolidated financial statements by the accounting auditor and the Audit Committee for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

Matters for Resolution:

First Item of Business: Dividends of Retained Earnings

Second Item of Business: Election of Eleven (11) Directors

Matters Related to Exercise of Voting Rights:

1. Requirement for exercise of voting rights through proxy

   Shareholders may exercise voting rights through a proxy who shall be a shareholder with voting rights of the Company.

   In this case, the shareholder or the proxy shall be required to submit a document certifying the power of representation to the Company at the general meeting of shareholders.

2. Validity of the voting in the event of exercise of voting rights by one and the same shareholder via both return mail and via website

   In the event that one and the same shareholder exercises voting rights via both return mail and via website, the exercise of voting rights via website shall be considered valid.

   Moreover, in the event that one and the same shareholder exercises voting rights via website several times, the last exercise of voting rights via website shall be considered valid.

3. Handling of approval/disapproval on the voting form

   In the event that there is no indication of approval or disapproval for each proposal on the returned Voting Form, the vote will be regarded as having indicated approval for proposals made by the Company.

4. Diverse exercise of votes

   Shareholders wishing to diversely exercise the votes they hold shall notify the Company to that effect and of the reasons thereof via website or in writing no later than three days prior to the day of the general meeting.

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2022 and the figures for the fiscal year ended December 31, 2021 have also been reclassified from Japanese GAAP to IFRS for comparison.

Business Report

(Fiscal Year from January 1, 2024 to December 31, 2024)

1. Matters Concerning the Shiseido Group

1.1 Business Overview

(1) Progress and Results

1) Overview

■ Progress and Results in the Fiscal Year Ended December 2024

During the fiscal year ended December 31, 2024, global economic uncertainty remained elevated amid escalating geopolitical risks, rising prices, and a higher volatility in the foreign exchange market. China continued to experience deceleration in economic growth, while Europe enjoyed moderate growth throughout the period. The U.S. economy grew at a solid pace on the back of favorable employment conditions, although concerns grew over the economy with signs of a slowdown in consumer spending. Meanwhile, Japan's economy remained on track for modest recovery over the period.

The domestic cosmetics market remained solid even though higher prices continued to weigh on household spending. The number of foreign visitors to Japan continued to exceed its pre-pandemic levels to hit a new record high, however, inbound consumption grew at a more moderate pace than anticipated on the back of shifting trends in purchasing behavior of foreign visitors.

In the overseas cosmetics market, the trends and pace of growth were mixed across regions. The duty-free retail market including Hainan Island continued to face challenges amid deceleration in consumer spending driven primarily by Chinese tourists, while the impact of retailer inventory adjustments in response to tighter regulations had receded steadily over the period. China's cosmetics market suffered a prolonged downturn, weighed down by a decline in consumer spending and rising household savings amid worsening economic sentiment. Meanwhile, the markets in the U.S. and Europe saw modest growth overall, with signs of a slowdown starting to be seen in the latter half of the year.

Driven by its corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, the Shiseido Group (the "Group") actively promotes innovations aiming to resolve social and environmental issues with a particular focus on diversity, equity, and inclusion, and the Company is united in its effort to become a "Personal Beauty Wellness Company," one that combines skin beauty and wellness to make enduring contributions to the genuine health and beauty of individuals. Together, we remain steadfast in our commitment to achieving our vision for 2030: realizing a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty.

In the fiscal year 2024, the Company has entered its second year under the medium-term strategy "SHIFT 2025 and Beyond" which focuses on a three-year period from 2023 through 2025, and we continued to advance towards completion of key strategic actions for structural reforms to achieve cost reduction on a global basis, while optimizing our organizational structure to drive gross profit maximization. In the Japan Business segment, we are progressively moving forward to achieve profitable growth through the implementation of "Mirai Shift NIPPON 2025," a business transformation plan which consists of three pillars: sustainable growth, building a profitable foundation, and human capital transformation, delivering tangible results by executing cost restructuring strategies. Also, we have made a steady progress on our global cost reduction and profitability improvement initiatives on track with the plan. Moreover, in the China and Travel Retail Businesses, we have been optimizing our business foundation and strive to ensure sustainable growth by exploring opportunities aligned with changing market dynamics. In the Americas, EMEA, and Asia Pacific Businesses, we will accelerate growth by proactively investing our business resources. Through these efforts, we will optimize our regional portfolio while rebuilding our business

foundation that better enables us to adopt to an uncertain, volatile market environment with greater flexibility.

In November 2024, the Company launched the "Action Plan 2025-2026" to be executed over the next two fiscal years in order to better ensure a swift recovery in our profitability to drive sustainable growth thereafter. Under the "Action Plan 2025-2026," we will strive to "reinforce brand foundation," "rebuild profitable foundation," and "enhance operational governance" to establish a resilient business model to drive sustainable profit growth amid volatile market conditions.

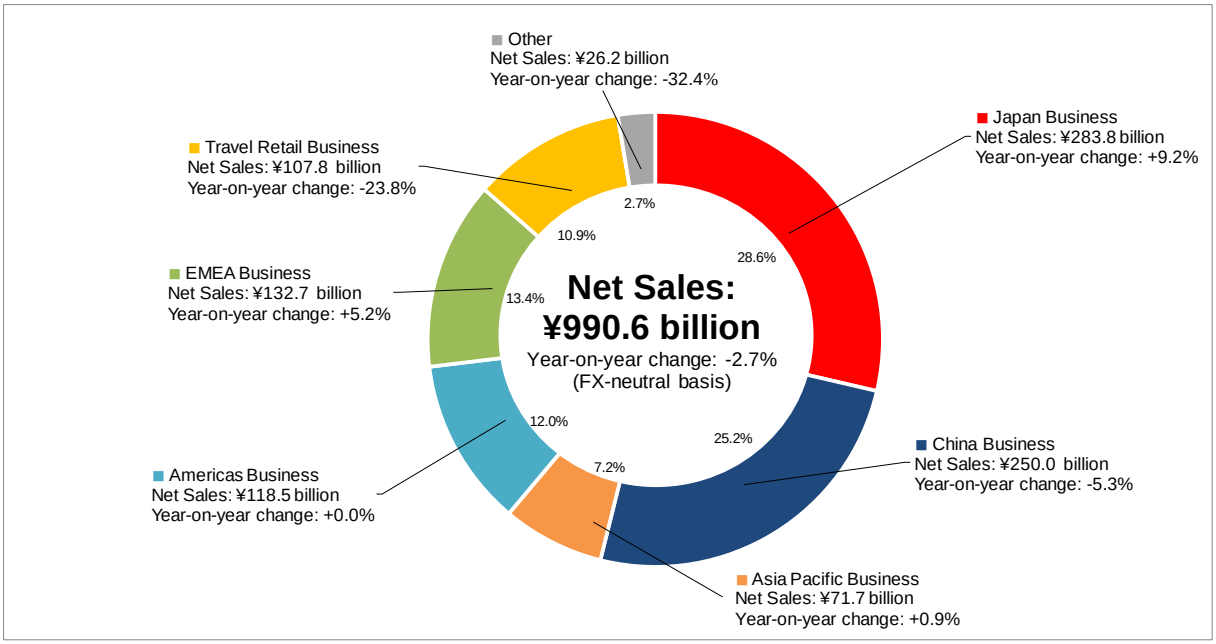
Net sales for the consolidated fiscal year increased 1.8% year-on-year to ¥990.6 billion on a reported basis, down 2.7% year-on-year on a FX-neutral basis, or down 1.3% year-on-year on a like-for-like basis, excluding the impacts of foreign exchange translation and business transfers, as well as the acquisition of *Dr. Dennis Gross Skincare*. Net sales on a like-for-like basis decreased year-on-year in the Travel Retail Business due to lower shipping volumes which reflected the slowdown in consumer spending driven primarily by Chinese tourists, as well as in the China Business which was adversely affected by a persistent decline in consumption on the back of worsening economic sentiment. Net sales in the Americas Business also declined year-on-year due to a delayed recovery in sales subsequent to the temporary declines in production and shipments in the first half of the year, although stabilized in the third quarter. Conversely, the Japan and EMEA Businesses continued to grow strongly, benefitting from the success of proactive investments in key focus areas offering opportunities for higher growth and profitability, as well as strategic marketing activities. Meanwhile, the Asia Pacific Business experienced modest growth overall compared to the prior year.

Core operating profit was ¥36.4 billion, which exceeded our forecast of ¥35.0 billion announced in November last year albeit with a year-on-year decline of ¥3.5 billion. The positive impacts of strong profit growth in the Japan Business segment as well as global-wide restructuring and cost management were more than offset by the decline in profits in the Travel Retail and Americas Businesses. Also, we posted a year-on-year decline in the Other segment due to a decrease in intersegment sales to the Travel Retail and China Businesses, as well as in the Adjustments, which was largely attributable to changes in elimination of unrealized gains.

Profit attributable to owners of parent decreased year-on-year by ¥32.6 billion, incurring a loss of ¥10.8 billion due in part to a decline in core operating profit as well as the recognition of structural reform expenses in non-recurring items associated primarily with the Early Retirement Incentive Plan in the Japan Business segment. In addition, the decline in profit attributable to owners of parent also reflected the impact of the recognition of a provision of ¥12.8 billion as finance costs associated with a seller note. This recognition of a provision has had no impact on cash flow of the Company in the fiscal year 2024.

The EBITDA margin was 9.0%.

■ Net Sales by Reportable Segment



■ Core Operating Profit (Loss) by Reportable Segment

(Billions of yen)

	124th Business Term	Ratio to Net Sales (%)	125th Business Term (Current)	Ratio to Net Sales (%)	Increase/ decrease
Japan Business	1.3	0.5	28.1	9.9	+26.7
China Business	7.0	2.8	12.3	4.8	+5.3
Asia Pacific Business	5.1	7.1	6.0	8.0	+0.9
Americas Business	11.2	9.7	0.2	0.2	(11.0)
EMEA Business	3.3	2.7	3.7	2.6	+0.3
Travel Retail Business	17.1	12.9	5.0	4.6	(12.1)
Other	(22.8)	(9.0)	(24.9)	(10.2)	(2.1)
Adjustments	17.6	–	6.0	–	(11.6)
Total	39.8	4.1	36.4	3.7	(3.5)

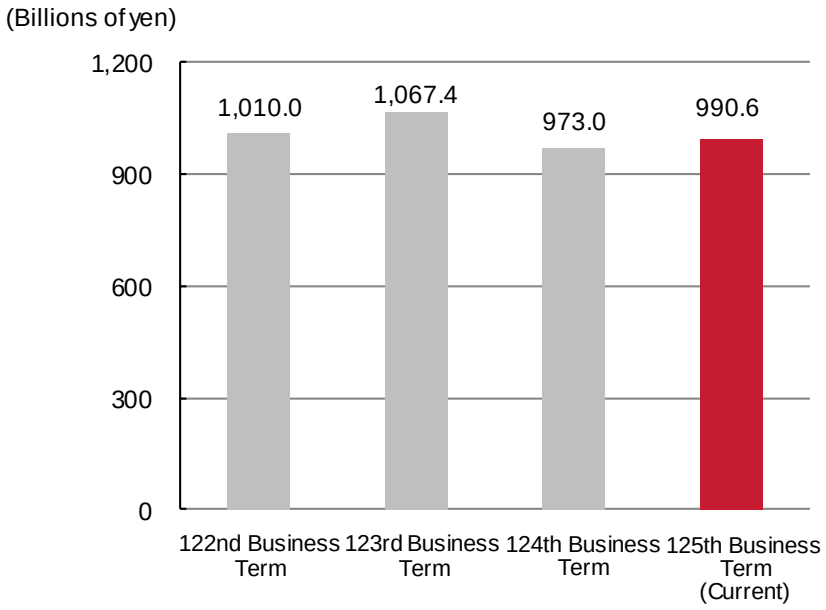
Notes:

1. The Group has revised its reportable segment classifications from the fiscal year 2024. The part of business results previously included in the Japan Business segment, are now included in the Other segment. As a result, segment information for the fiscal year ended December 31, 2023 has been restated to reflect this reclassification.
2. Like-for-like increase (decrease) in net sales excludes foreign exchange translation, the business transfer impacts and the impact of the acquisition of *Dr. Dennis Gross Skincare*.
3. Net sales from the Personal Care Business in the Other segment are no longer recorded with some exceptions from April l, 2023 due to the transfer of Shiseido Kuki Factory.
4. The Other segment includes head office administration departments, IPSA Co., Ltd., manufacturing operations, the restaurant business, and the healthcare business (sale of health and beauty foods.)
5. Core operating profit (loss) is calculated as operating profit excluding profits or losses incurred by non-ordinary factors (non-recurring items), such as costs and expenses related to structural reforms, impairment losses, acquisitions, etc.
6. The ratio of core operating profit (loss) to net sales shows core operating profit or loss as a percentage of total sales including intersegment sales and internal transfers between segments.
7. The core operating profit (loss) adjustment amount is primarily the elimination of transactions between segments.

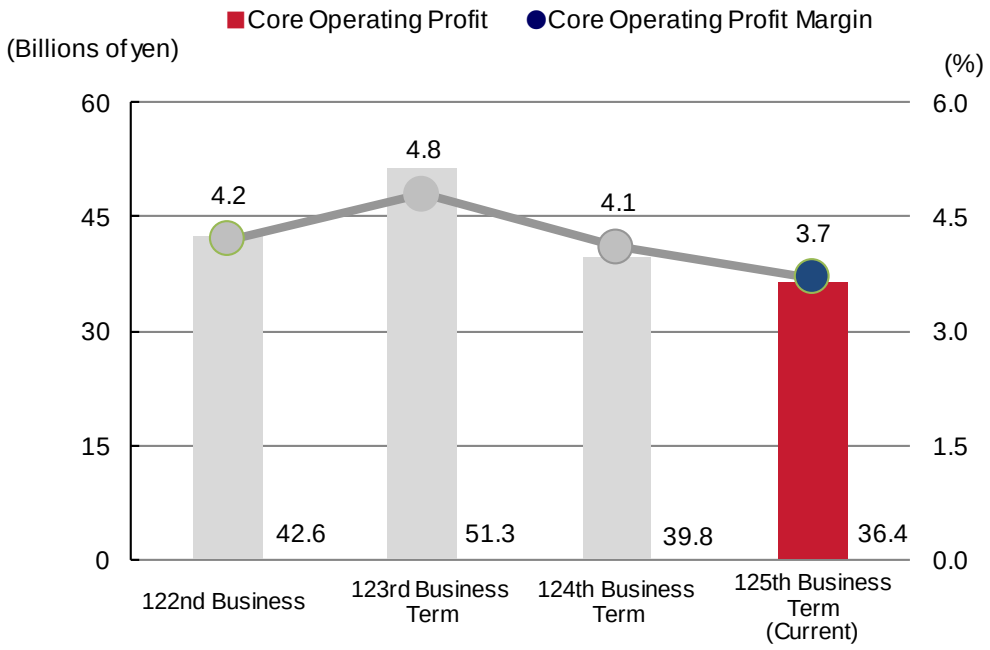
■ Consolidated Results

Net Sales

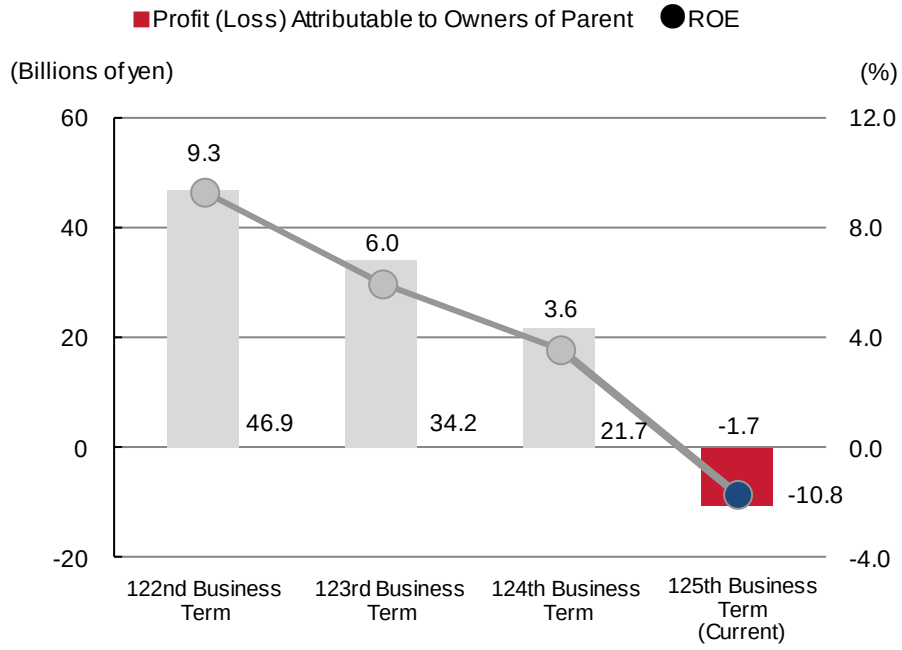
Fiscal 2024: **¥990.6 billion**
Year-on-year change: +1.8%
(FX-neutral basis: -2.7%)
Like for like: -1.3%



Core Operating Profit	**Core Operating Profit Margin**
Fiscal 2024: **¥36.4 billion** Year-on-year change: -¥3.5 billion	Fiscal 2024: +**3.7%** Year-on-year change: -0.4 points



Profit (Loss) Attributable to Owners of Parent	ROE
Fiscal 2024: **-¥10.8 billion** Year-on-year change: -¥32.6 billion	Fiscal 2024: **-1.7%**



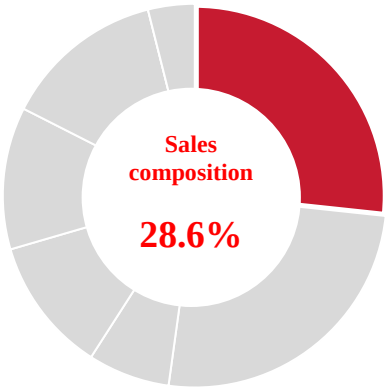
Note: The major foreign currency exchange rates applicable to income and expense accounting line items in the consolidated financial statements for the fiscal year 2024 are US$1: ¥151.5, €1: ¥163.8, and CNY1: ¥21.0.

2) Activities by Business Segment

Japan Business

Achieved growth driven primarily by core brands, including a new market creation of foundation serum

Core operating profit grew significantly, benefiting from structural reforms



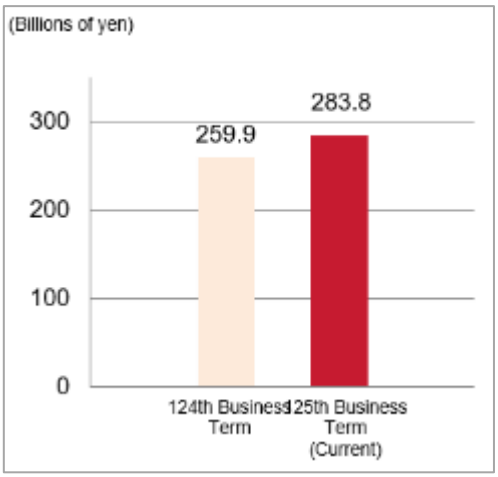


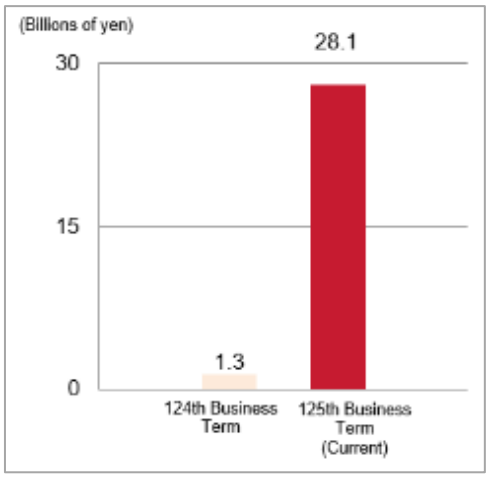
Foundation serum using Serum First technology

In the Japan Business segment, we continue to make progress on our strategic efforts to improve profitability through the implementation of the business transformation plan "Mirai Shift NIPPON 2025." During the year, we continued to accelerate growth by focusing our activities on high-growth, high-profit brands and products as well as consumer touchpoints. As a result, we delivered robust growth in key brands led by *SHISEIDO*, *Clé de Peau Beauté and ELIXIR*, on the back of a steady increase of loyal users. We also advanced our efforts to create a new market of foundation serum through strategic marketing, benefitting from the continued momentum of SHISEIDO REVITALESSENCE SKIN GLOW Foundation, while also driving growth buoyed by the success of new product launches in *Clé de Peau Beauté and ELIXIR*. While the number of foreign visitors to Japan continued to exceed its pre-pandemic levels to hit a new record high, inbound consumption grew at a more moderate pace than anticipated on the back of shifting trends in purchasing behavior of foreign visitors.

As a result, we ended the year with net sales of ¥283.8 billion, up 9.2% year-on-year on a reported basis, or up 9.5% year-on-year on a like-for-like basis excluding the impact of business transfers. Core operating profit was ¥28.1 billion with an improvement of ¥26.7 billion from the prior year, thanks to the higher gross profit driven by sales growth as well as increased cost efficiencies.

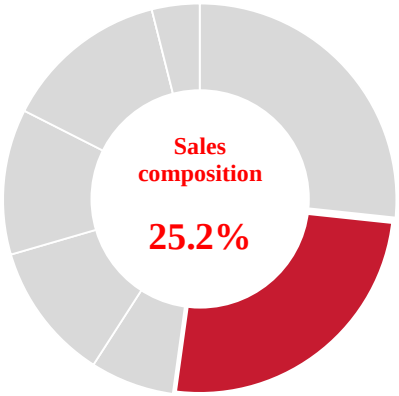
Net Sales: ¥283.8 billion Year-on-year change: +9.2% (Like for like: +9.5%)	Core Operating Profit ¥28.1 billion Year-on-year change: +¥26.7 billion


(Billions of yen)
300
200
100
0
259.9
283.8
124th Business Term
125th Business Term (Current)


(Billions of yen)
30
15
0
1.3
28.1
124th Business Term
125th Business Term (Current)

China Business

Achieved a year-on-year growth in core operating profit thanks to structural reform benefits albeit a negative impact from decline in consumer spending amid worsening economic sentiment



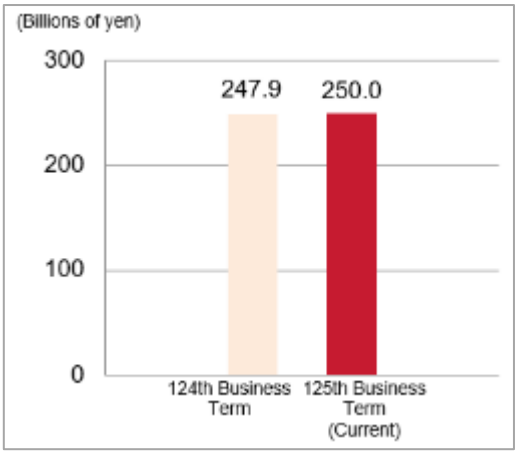


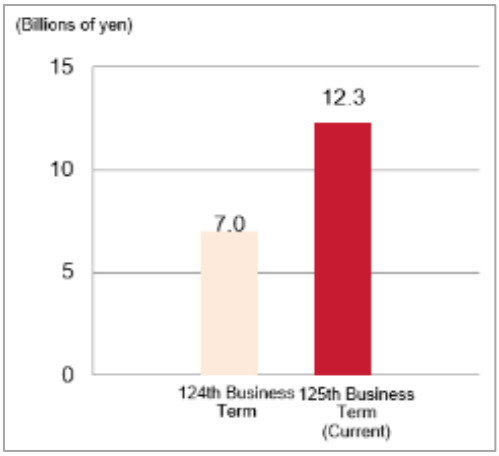
Clé de Peau Beauté promotion

In the China Business, we are taking a balanced approach to achieving growth and profitability amid volatile market conditions to make a shift towards a sustainable growth model which focuses more on value-based brand and product communication tailored to consumer needs. While the Business continued to be adversely impacted by the decline in consumer spending amid worsening economic sentiment in China over the course of the year, we still managed to deliver strong growth during "Double 11," the largest e-commerce event in China, due largely to the low prior year comparison, reflecting the impact of consumer pull back on purchases of Japanese products after the release of treated water. During the year, *Clé de Peau Beauté*, *ANESSA*, and *NARS* delivered growth while *SHISEIDO* continued to face headwinds.

As a result, net sales were ¥250.0 billion, up 0.8% year-on-year on a reported basis, down 5.3% on a FX-neutral basis, or down 4.6% year-on-year on a like-for-like basis excluding the impacts of foreign exchange and business transfers. Core operating profit increased year-on-year by ¥5.3 billion to ¥12.3 billion, with a decline in gross profit due to lower sales being more than offset by the positive impacts of structural reforms which included a reduction in cost of sales as well as fixed costs and expenses.

Net Sales: ¥250.0 billion	Core Operating Profit: ¥12.3 billion
Year-on-year change: +0.8% (FX-neutral basis: -5.3%) (Like for like: -4.6%)	Year-on-year change: +¥5.3 billion

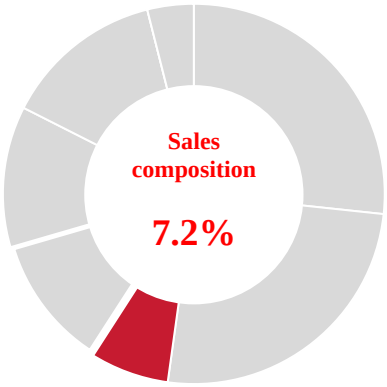




Asia Pacific Business

Strong momentum continued in *ANESSA*, *Clé de Peau Beauté* and Fragrances

Delivered strong growth in Southeast Asia driven by Thailand



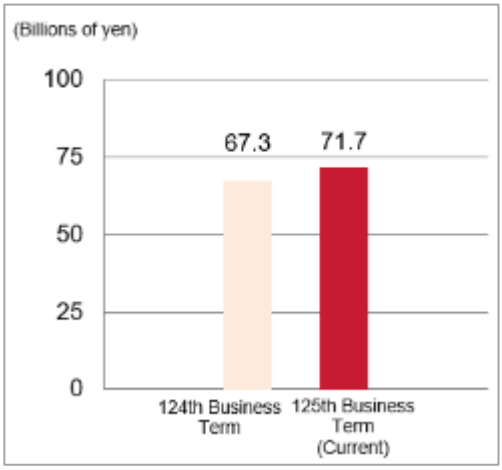


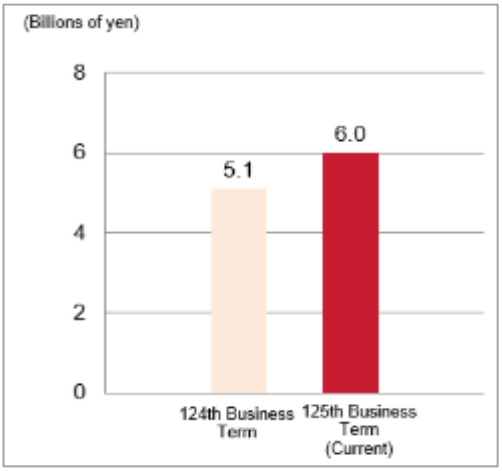
An event of "*ANESSA*" in Thailand

In the countries and regions of the Asia Pacific Business, while our business was unfavorably impacted by the decline in consumption in Taiwan, we nevertheless maintained steady growth driven by the markets in Southeast Asia led by Thailand. Overall, we delivered strong growth in *ANESSA, Clé de Peau Beauté* as well as in Fragrances.

As a result, net sales were ¥71.7 billion, up 6.5% year-on-year on a reported basis, up 0.9% year-on-year on a FX-neutral basis, or up 2.5% year-on-year on a like-for-like basis excluding the impacts of foreign exchange and business transfers. Core operating profit increased year-on-year by ¥0.9 billion to ¥6.0 billion due primarily to an increase in gross profit driven by sales growth.

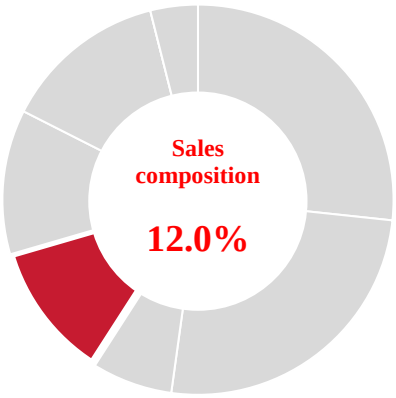
Net Sales: ¥71.7 billion	Core Operating Profit: ¥6.0 billion
Year-on-year change: +6.5% (FX-neutral basis: +0.9%) (Like for like: +2.5%)	Year-on-year change: +¥0.9 billion





Americas Business

Drunk Elephant posted a year-on-year revenue decline due to a delayed recovery in sales after temporary declines in production and shipments



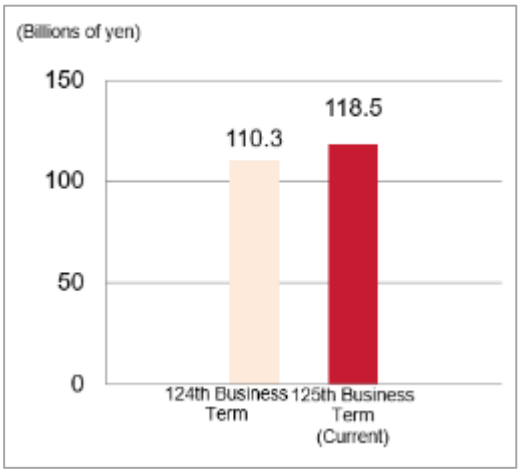


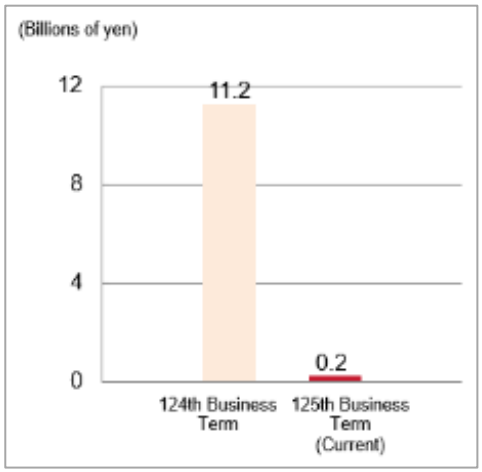
NARS Explicit lipstick

In the Americas Business, we delivered a year-on-year revenue growth in _NARS_ and _Tory Burch_. Conversely, _Drunk Elephant_ continued to suffer a slow recovery in sales subsequent to the temporary declines in production and shipments in the first half of the year, although stabilized in the third quarter.

As a result, net sales were ¥118.5 billion, up 7.5% year-on-year on a reported basis, flat year-on-year on a FX-neutral basis, or down 7.0% year-on-year on a like-for-like basis excluding the impacts of foreign exchange and business transfers as well as the acquisition of _Dr. Dennis Gross Skincare_. Core operating profit decreased year-on-year by ¥11.0 billion to ¥0.2 billion, owing primarily to a lower gross profit driven by sales decline.

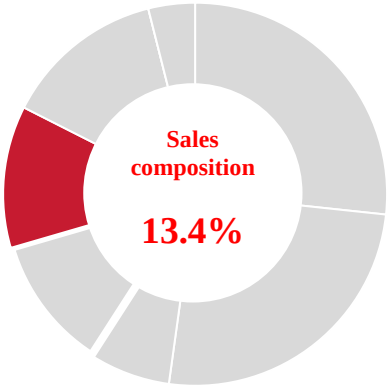
Net Sales: ¥118.5 billion Year-on-year change: +7.5% (FX-neutral basis: +0.0%) (Like for like: -7.0%)	Core Operating Profit: ¥0.2 billion Year-on-year change: -¥11.0 billion





EMEA Business

NARS, _SHISEIDO_ and Fragrances drove growth, benefitting from strategic marketing activities and the launch of a new product



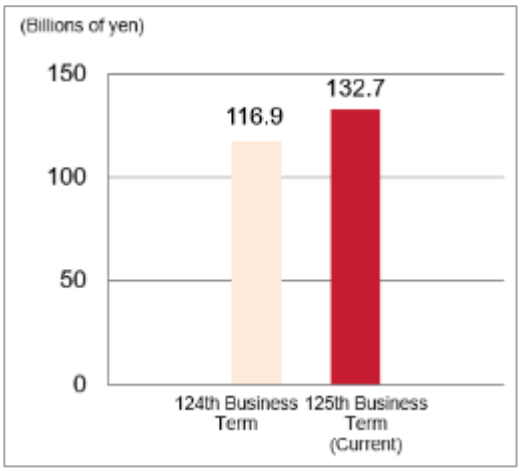


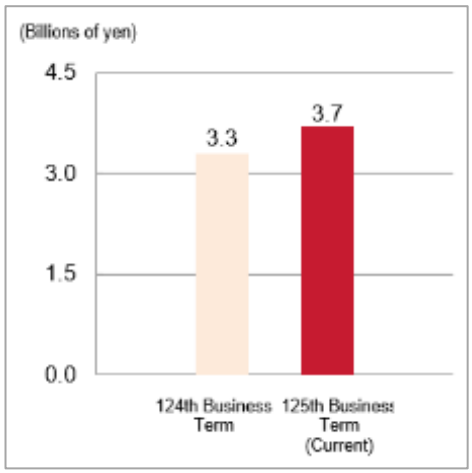
ISSEY MIYAKE
LE SEL D'ISSEY

In the EMEA Business, *SHISEIDO* and *NARS* enjoyed healthy growth. In Fragrances, *narciso rodriguez* fueled growth, as did *ISSEY MIYAKE* which benefited from the launch of a new product.

As a result, net sales were ¥132.7 billion, up 13.4% year-on-year on a reported basis, up 5.2% year-on-year on a FX-neutral basis, or up 8.2% year-on-year on a like-for-like basis excluding the impacts of foreign exchange and business transfers. Core operating profit increased by ¥0.3 billion year-on-year to ¥3.7 billion, due primarily to a higher gross profit driven by sales growth.

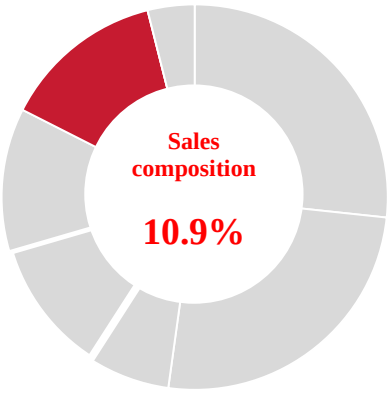
Net Sales: ¥132.7 billion Year-on-year change: +13.4% (FX-neutral basis: +5.2%) (Like for like: +8.2%)	Core Operating Profit: ¥3.7 billion Year-on-year change: +¥0.3 billion





Travel Retail Business

Delivered growth in Japan on the back of a growing number of foreign visitors to the country, but posted a year-on-year revenue decline due to the slowdown in consumer spending driven by Chinese tourists



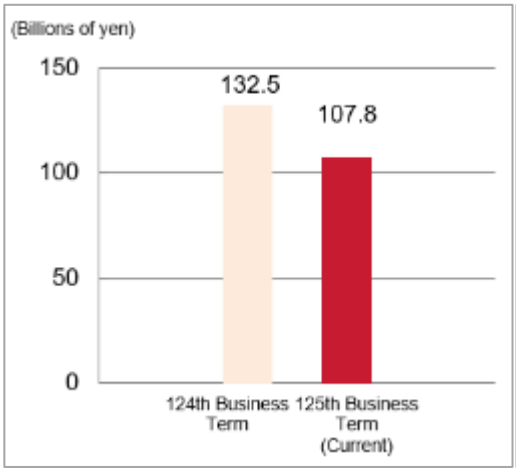


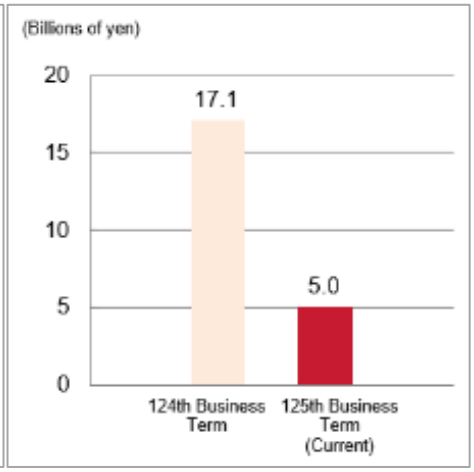
SHISEIDO Promotion in Hainan

In the Travel Retail Business (sales of cosmetics and fragrances primarily through airport and downtown duty-free stores), we achieved solid recovery in Japan thanks to the rising number of foreign visitors. Conversely, in Hainan Island and South Korea, sales were continued to be affected by lower shipping volumes owing primarily to a sharp decline in consumption driven primarily by Chinese tourists.

As a result, net sales were ¥107.8 billion, down 18.6% year-on-year on a reported basis, down 23.8% year-on-year on a FX-neutral basis, or down 23.8% year-on-year on a like-for-like basis excluding the impacts of foreign exchange and business transfers. Core operating profit decreased by ¥12.1 billion year-on-year to ¥5.0 billion, primarily attributable to a lower gross profit due to a decline in sales.

Net Sales: ¥107.8 billion Year-on-year change: -18.6% (FX-neutral basis: -23.8%) (Like for like: -23.8%)	Core Operating Profit: ¥5.0 billion Year-on-year change: -¥12.1 billion





(2) Capital Expenditures

	Investment (Millions of yen)	Purpose of Investment
Property, Plant and Equipment	23,389	Renovation and renewal of production facilities
Intangible Assets	25,507	Global expansion of core IT system
Total	48,896	

Note: Capital expenditures: Includes capital expenditures, and investments in property, plant and equipment and intangible assets (excluding trademarks). Right-of-use assets are not included.

(3) Financing

The Company arranged financing via issuance of bonds of ¥15 billion and bank loans of ¥51 billion during the fiscal year to use the funds for the acquisition of Dr. Dennis Gross Skincare and for working capital.

(4) Summary of Consolidated Profit and Assets of the Shiseido Group

(Millions of yen, unless otherwise noted)

	122nd Business Term (1/1/2021 - 12/31/2021)	123rd Business Term (1/1/2022 - 12/31/2022)	124th Business Term (1/1/2023 - 12/31/2023)	125th Business Term (Current term) (1/1/2024 - 12/31/2024)
Net Sales	1,009,966	1,067,355	973,038	990,586
Core Operating Profit	42,553	51,340	39,842	36,359
Core Operating Profit Margin (%)	4.2	4.8	4.1	3.7
Profit (Loss) Attributable to Owners of Parent	46,909	34,202	21,749	(10,813)
Comprehensive Income	90,198	89,061	59,488	41,142
Total Assets	1,300,979	1,307,661	1,255,497	1,331,848
Total Equity	562,179	625,754	640,392	654,643
Equity Attributable to Owners of Parent per Share (Yen)	1,353.45	1,512.36	1,548.20	1,583.47
Cash Flows from Operating Activities	134,249	46,735	89,026	48,403
Cash Flows from Investing Activities	66,733	(41,308)	(35,536)	(83,738)
Cash Flows from Financing Activities	(190,575)	(52,418)	(75,642)	23,357
Cash and Cash Equivalents at End of Year/Period	156,503	119,036	104,685	98,479

(5) Capital Policy

1) Fundamental Approach to Capital Policy (As of December 31, 2024)

The Company endeavors to maintain its shareholders' equity at a certain level in order to invest promptly and decisively when considered necessary in order to ensure sustainable growth. In addition, the Company places importance on increasing the efficiency of working capital with an emphasis on free cash flow and days sales in inventory, and practices management focused on ensuring capital efficiency by reinforcing its management of cash flows and its balance sheet.

The Company arranges financing making timely use of optimal financing methods taking into account the market environment and other factors, and accordingly targets net debt-to-equity ratio of 0.2 and net debt-to-EBITDA ratio of 0.5 in order to maintain a single-A credit rating which enables it to obtain financing on favorable terms. However, upon considering the Company's future earnings ability and capability to generate cash flows, we will review these indices in conjunction with the shareholder return policy in order to develop an optimal capital structure that contributes to further heightening capital efficiency.

The Company aims to achieve "total equity returns" through direct profit distribution and medium- to long-term increases share prices for its profit distribution to shareholders. Based on this concept, our basic policy is to place top priority on strategic investments for sustainable growth and aim to maximize corporate value, while increasing the invested capital efficiency with the capital cost in mind, which will lead to increase dividends and share prices over the medium to long term.

In determining dividends, we emphasize consolidated performance and free cash flow, and we achieve long-term stable and continuous return with a target of Ratio of Dividend to Equity Attributable to Owners of Parent (DOE) of 2.5% or more as one of the indicators that reflect equity policies. With regards to acquisition of treasury stock, the Company's policy is to act in a flexible manner in light of market conditions.

2) Profit Distribution

	122nd Business Term (1/1/2021 - 12/31/2021)	123rd Business Term (1/1/2022 - 12/31/2022)	124th Business Term (1/1/2023 - 12/31/2023)	125th Business Term (Current term) (1/1/2024 - 12/31/2024)
Annual cash dividends per share (Yen)	50	100 (including a commemorative dividend of 50)	60	40 (Plan)
Annual dividends (Millions of yen)	19,974	39,954	23,978	15,985 (Plan)
Consolidated payout ratio (%)	42.6	116.8	110.2	–
DOE (%)	4.0	7.0	3.9	2.6 (Plan)

Notes:

1. Figures of each item for the 125th Business Term (current term) are predicated on the approval of the First Item of Business (Dividends of Retained Earnings) as originally proposed at the ordinary general meeting of shareholders to be held on March 26, 2025.
2. Consolidated payout ratio for the 125th Business Term (current term) is not shown because the amount of profit attributable to owners of parent is negative.

(6) Issues to Be Addressed

1) THE SHISEIDO PHILOSOPHY

Shiseido celebrated its 150th anniversary in 2022. Since our founding in 1872, we have been committed to serving our customers and contributing to society through our expertise in beauty and wellness. In 2019, we adopted THE SHISEIDO PHILOSOPHY, the guiding light in our quest to become the world's most trusted beauty company and remain vital for the next 100 years and beyond. Our corporate philosophy is at the heart of everything we do at Shiseido, uniting us across countries, regions, organizations, and brands as we strive to be a global winner with our heritage.

THE SHISEIDO PHILOSOPHY consists of:

1. OUR MISSION, which is the reason we exist since our founding
2. OUR DNA embodies our unique heritage of over 150 years
3. OUR PRINCIPLES serve as the working principles we live by

THE SHISEIDO PHILOSOPHY



OUR MISSION

BEAUTY INNOVATIONS FOR A BETTER WORLD

We believe that beauty inspires hope and empowers happiness, contributing to a world of wellness and a lifetime of fulfillment for all.

Since our founding, we have been dedicated to discovering and creating new value, unlocking the possibilities of beauty to bring happiness to all.

We have always been—and always will be— committed to creating a sustainable world of beauty and wellness.

Creating a better world through the power of beauty.

That is our mission.

Learn more about THE SHISEIDO PHILOSOPHY on our corporate website:

ABOUT US > THE SHISEIDO PHILOSOPHY

https://corp.shiseido.com/en/company/philosophy/

2) SHIFT 2025 and Beyond & Action Plan 2025–2026: An Update on Our Medium-Term Strategies

In 2023, we launched SHIFT 2025 and Beyond, our medium-term strategy covering the three-year period from 2023 to 2025. This strategy focuses on accelerating investments in three key areas—brands, innovation, and people—to drive sustainable, long-term growth.

In addition, Shiseido has designated the two-year period from 2025 to 2026 as an accelerated phase of structural reform and formulated Action Plan 2025–2026 in response to rapid changes in the external environment. This plan focuses on improving profitability, overcoming current challenges, and rebuilding a strong foundation for sustained growth.

Action Plan 2025–2026 aims to establish a resilient corporate structure capable of delivering stable profit growth in volatile market conditions. As top priorities for 2025–2026, it lays out specific measures to "reinforce our brand foundation," "rebuild a profitable foundation," and "enhance operational governance."



For more details on Action Plan 2025–2026, please visit our corporate website and refer to the presentation materials available under Investors > IR Library > Consolidated Settlements of Accounts / Briefing Materials > "Action Plan 2025–2026" for Medium-Term Strategy (Nov. 29, 2024) (https://corp.shiseido.com/en/ir/library/tanshin/).

3) Efforts to Create Social Value

Our Approach to Sustainability

BEAUTY INNOVATIONS FOR A BETTER WORLD. This corporate mission guides everything we do at Shiseido. As part of our vision for 2030, we wish to enhance people's sense of happiness and fulfillment through our businesses, aiming to bring about a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty. With sustainability at the center of our management strategy, we will work to create social value and address social issues through our core business.

A System for Promoting Sustainability

At Shiseido, we work to promote sustainability across the entire company through our brands and regional businesses. The Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, the committee was held regularly. The Sustainability Committee makes decisions on specific action plans, including strategic actions and policies related to sustainability for the entire Shiseido Group, risks and opportunities associated with climate change and the natural environment, and initiatives to address human rights. The committee also monitors the progress of medium- to long-term targets in our sustainability strategy. The committee consists of the representative corporate executive officers in charge of Corporate Strategy, Finance, R&D, Supply Network, Human Resources, DE&I, Corporate Communications, and our brand holders, as well as other corporate officers from different fields, allowing us to discuss a range of issues from different perspectives. In addition, important matters in the execution of business, which require approvals are proposed or reported to the Global Strategy Committee or the Board of Directors.

We also publish an annual sustainability report[1] in which we disclose the medium- to long-term targets we have for actions that can be taken toward sustainability in our business, as well as our progress toward those goals. Shiseido also promotes sustainable initiatives through long-term incentive-type remuneration for leaders including corporate executive officers by utilizing multiple internal and external targets concerning Environmental, Social, and Governance (ESG) targets, including CO2 emissions[2] reductions and female ratio in managerial positions.

1: The latest Sustainability Report can be found here:
https://corp.shiseido.com/en/sustainability/report.html
2: Greenhouse gases (GHGs) can include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3, but in this report, GHGs specifically refer to CO_2.

Medium-to Long-Term Targets

Environment

Strategic Action	Targets			Target Year[3]
Reducing our environmental footprint	CO_2 emissions reduction	Scope 1 and Scope 2 [4]	-46.2%[5] (SBTi approved)	2030
		Scope 3	-55%[6] (SBTi approved)	2030
	Reduction of water consumption		-40%[7]	2026
Developing sustainable products	Switching to sustainable packaging[8]		100%	2025
Promoting sustainable and responsible procurement	Replacement with sustainable palm oil[9]		100%	2026
	Replacement with sustainable paper[10]		100%	2023 (Continued in 2024)

3 Actual results for 2024 will be disclosed in the Sustainability Report to be issued in 2025
4: Includes our goal of achieving carbon neutrality by 2026 (covering all our sites, including carbon offsetting)
5: At all our sites (compared to 2019)
6: Economic intensity target throughout our value chain, excluding Shiseido sites (compared to 2019)
7: Economic intensity across all our sites (compared to 2014)
8: For plastic containers
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

Society

Strategic Action	Targets		Target Year
Advancing gender equality	Ratio of women leaders at all levels in Japan	50%	2030
	- Women's empowerment in Japan	One million people (reached directly)	2030

	- Supporting education and financial independence for socially vulnerable women worldwide		
Empowering people through the power of beauty	- Cultivating self-efficacy through the power of beauty - Challenging the unconscious biases and prejudices that limit individual beauty	One million people (reached directly)	2030

Initiatives for Climate Change and Biodiversity

To achieve sustainable business growth, it is essential to address pressing global environmental challenges, especially in climate change and biodiversity, which continue to worsen each year. Shiseido has committed to making company-wide efforts initiatives aimed at contributing to solve these environmental issues.

As part of our response to climate change, we have set a target to reduce CO_2 emissions by 46.2% by 2030 compared to 2019, for Scope 1 and Scope 2. Additionally, we have established based goals for Scope 3 emissions target across our entire value chain.[2] Both of our 2030 reduction targets align with the 1.5°C trajectory and have been certified by Science Based Targets initiative (SBTi)[1]. We have also joined the RE100 initiative[3] since 2022.

We are actively promoting the use of renewable energy in our business sites such as offices, factories and distribution centers. By 2023, we successfully transitioned 100% of the electricity used in all of 11 factories and our company-operated distribution centers to renewable electricity. Furthermore, we are accelerating the transition at all our sites globally.

Additionally, solar panels have been installed on buildings across 9 sites (factories, innovation centers) in various countries and regions[4].

In the area of biodiversity, we utilize frameworks of the Taskforce on Nature-related Financial Disclosures (TNFD[5]) to assess the relationship between our business activities and nature. Through these assessments, we have identified significant dependencies and impacts on nature, particularly raw material procurement. Given the considerable biodiversity impact of palm oil and paper sourcing, we announced medium- to long-term sustainability targets for these materials in 2020 and have been promoting a transition to more sustainable raw materials. Additionally, we conduct ecosystem assessments at our factories and surrounding areas to enhance our understanding of local biodiversity and implement conservation actions. The details of these assessments and initiatives were disclosed in 2024 in the Shiseido Climate/Nature-related Financial Disclosure Report[6].

A wide variety of plant-derived ingredients are used for cosmetic ingredients, not only palm oil. We have long been engaged in nature conservation activities at Mt. Ibuki[7] for many years, which was historically known as a sanctuary of medicinal herbs. Extracts from Japanese hollyhock cultivated in a medicinal herb garden at the foot of Mt. Ibuki are incorporated into the Future Solution LX series within our brand SHISEIDO. Additionally, FIBONA, an open innovation program launched in 2023, promotes collaborative projects with local organizations, contributing to vegetation restoration efforts on Mt. Ibuki. As part of the program, herbal-based bath salts were developed, which were distributed as crowdfunding rewards to support conservation initiatives.

We also collaborate with universities and research institutions to assess the impact of the UV-protective agents in our products on coral reefs. The findings from these studies are used to inform ingredient selection and formulation in product development to minimize any potential harm to coral ecosystems. These insights have been applied in the development of our sun care products, including *SHISEIDO* and *ANESSA*.

1: 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

2: Indirect GHG emissions from the value chain, other than Scope 2

3: RE100 (100% Renewable Electricity) is a global initiative bringing together the world's most influential companies committed to 100% renewable electricity for electricity used in their business operations

4: The 8 factories are: Kakegawa (Japan), Osaka Ibaraki (Japan), Fukuoka Kurume (Japan), Shanghai (China), Beijing (China), Taiwan factory, East Windsor (US), Gien (France). (Country/Region). And Global Innovation Center (Yokohama)

5: Task Force on Climate-related Financial Disclosures

6: The Shiseido Climate/Nature-Related Financial Disclosure Report is available here:

https://corp.shiseido.com/en/sustainability/env/pdf/risks_report.pdf

7: A semi-independent peak in the Ibuki Mountains, spanning Maibara City in Shiga Prefecture and Ibigawa Town and Sekigahara Town in Fuwa County, Gifu Prefecture

Developing sustainable products

At Shiseido, we are strengthening our efforts to develop sustainable products in recognition of urgent global environmental issues such as climate change and marine plastic issue. Shiseido has set an ambitious goal of achieving 100% sustainable packaging for plastic containers by 2025, driven by innovation grounded in our proprietary packaging development policy, the 5Rs: Respect, Reduce, Reuse, Recycle, and Replace.

In 2024, we continued to promote packaging innovation not only for key brands such as *SHISEIDO*, *Clé de Peau Beauté*, and *ELIXIR* but also across a wide range of brand categories. In June, our commitment to sustainable packaging was recognized at WorldStar C ompetition 2024, hosted by the World Packaging Organisation (WPO), where *SHISEIDO* EUDERMINE Activating Essence and *Clé de Peau Beauté* Lune Joaillier were awarded the prestigious WorldStar Award. Looking ahead, we will continue to explore fields of research and adapt quickly and comprehensively to the changing social landscape and demand.

Commitment to Social Issues

At Shiseido, we are committed to realizing our corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD.” Central to this mission is Diversity, Equity & Inclusion (DE&I), which we position as a core pillar of our management strategy. We cultivate a culture of innovation by recognizing and respecting individual differences—regardless of gender, age, nationality, sexual orientation, gender identity, or disability. Building on the knowledge and experience gained from our ongoing initiatives, we have identified “Advancing Gender Equality” and “Empowering People through the Power of Beauty” as strategic action areas, aiming to support one million people in each by 2030. Additionally, we are committed to respecting the human rights of all stakeholders and fostering an inclusive society where everyone can be their authentic selves—working hand-in-hand with employees, consumers, and broader communities.

As part of our gender equality efforts, we aim to achieve 50% female representation in leadership roles across all levels in Japan by 2030, a benchmark for equal opportunity. As of 2024, women comprised 40% of women leaders at all levels in Japan. Our long-standing commitment to empowering women has produced a wealth of case studies on workplace reforms that advance DE&I principles. Established in 2023, the Shiseido DE&I Lab conducts hypothesis testing based on internal data and shares its progress with external stakeholders.

In 2024, we placed a particular focus on the inclusion of both LGBTQ+ individuals and people with disabilities, holding two “Diversity Week” campaigns to deepen employees’ understanding of DE&I. These initiatives sparked grassroots movements within the company, leading to more dynamic employee resource groups that amplify employee voices in corporate activities.

We also expanded our Inclusive Marketing Learning Sessions in 2024 to further integrate DE&I approaches into our business strategies, enabling our marketing teams to co-create value through dialogue with people with disabilities and LGBTQ+ communities. These sessions fostered discussions on how our brands can deliver meaningful and inclusive experiences.

Our efforts have been widely recognized. Shiseido has been named a Nadeshiko Brand for four consecutive years and ranked #1 in *Nikkei Woman*’s “100 Best Companies Where Women Actively Take Part” for three years in a row. In the PRIDE Index, which evaluates workplace initiatives for sexual minorities, we achieved the highest Gold rating and received our first Rainbow Certification. We will continue to harness the power of diversity to create a more inclusive society.

Commitment to People and Organizational Culture

"PEOPLE FIRST," a core element of OUR DNA within THE SHISEIDO PHILOSOPHY, signifies our belief that beauty innovation begins with our people. We regard our employees—the source of value creation—as our most valuable asset as we continue to invest in people and organizational culture to maximize this potential.

We have defined our ideal organizational culture as a "Beauty Innovation Atelier – Energized by Passion, Collaboration, and Excellence." This vision portrays a dynamic workplace where individuals channel their passion, combine their unique strengths, and drive impactful outcomes together, fostering continuous beauty innovations. We share this vision with employees in nearly 100 countries and regions worldwide, embedding it deeply within our organization.

To gauge employee perception of these initiatives, we utilize a PDCA cycle through regular global engagement surveys, which help us identify challenges and drive improvements. The May 2024 survey showed a positive response rate of 68%, marking a three-point improvement from the previous survey conducted in 2022.

In FY2024, we launched various initiatives aimed at fostering stronger connections among employees. Led jointly by our Corporate Communications, Marketing, and Human Resources teams, these initiatives focused on our Global Headquarters and included events promoting direct dialogue between employees and senior management, as well as "Brand Days" designed to deepen employees' understanding and affinity for our brands and new products. Additionally, Shiseido Future University, established in the fall of 2023 as a platform for personal growth for individuals who will shape the future, continued to offer selective leadership training for global talent and hosted the Shiseido Learning Festival, an initiative aimed at fostering a culture of learning for all employees. We also made progress with initiatives to improve the employee experience and enhance productivity through workstyle transformation, launching the ChatGPT-based Shiseido AI Concierge and introducing PASS (People Assistance Solutions Salon), a new HR support platform.



"Beauty Innovation Atelier" key visual



Experiential programs to enrich sensitivity of beauty at the Shiseido Learning Festival

Leveraging Our Heritage for Future Growth

One of Shiseido's strengths lies in its heritage, cultivated over the 150 years since its founding in 1872. In 2024, we expanded the Shiseido Future University's heritage training program to include not only next-generation business leaders but also mid-career hires. Approximately 800 employees from Japan and abroad participated, sharing the knowledge and values that have shaped Shiseido's journey and will continue to guide us into the future.

Externally, in 2024, we undertook a major revamp of our corporate culture magazine, *Hanatsubaki*, to mark the 100th anniversary of its predecessor publication, *Shiseido Geppo*. With creative direction from a globally recognized figure in fashion and culture based in Paris, the magazine embraces Shiseido's heritage while exploring diverse and timeless expressions of beauty. Fully bilingual in Japanese and English, the publication has expanded its distribution to major cities across Europe, the U.S., and Asia.

Going forward, we will continue to embrace our heritage to create unique value and deeper connections with stakeholders worldwide, strengthening our corporate value and supporting future business growth.



Shiseido Future University





Front and back cover of Hanatsubaki 2024 (No. 832)

Through these initiatives, we strive to become a leading global beauty company with a distinct Japanese heritage, creating a legacy that will continue to shape the beauty industry around the world for the next 100 years. We sincerely appreciate the continued support of our shareholders.

1.2 Outline of the Shiseido Group (As of December 31, 2024)

(1) Principal Businesses of the Shiseido Group

Segment	Principal Business
Japan Business	Cosmetics business (sale of cosmetics and cosmetic accessories, etc.) and Healthcare business (sale of over-the-counter drugs), etc. in Japan
China Business	Cosmetics business in China (production and sale of cosmetics and cosmetic accessories), etc.
Asia Pacific Business	Cosmetics business in Asia and Oceania excluding Japan and China (production and sale of cosmetics, and cosmetic accessories), etc.
Americas Business	Cosmetics business in the Americas (production and sale of cosmetics and cosmetic accessories), etc.
EMEA Business	Cosmetics business in Europe, Middle East and Africa (production and sale of cosmetics and cosmetic accessories), etc.
Travel Retail Business	Cosmetics business in worldwide duty-free stores (sale of cosmetics and cosmetic accessories), etc.
Other	Cosmetics business (sale of cosmetics and cosmetic accessories), Manufacturing business, Restaurant business and Healthcare business (sale of health and beauty foods), etc.

(2) Major Business Hubs

Registered Head Office (Ginza Office): 5-5, Ginza 7-chome, Chuo-ku, Tokyo

Principal Business Office (Shiodome Office): 6-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo

Factories:

Name	Location
Shiseido Kakegawa Factory	Kakegawa-shi, Shizuoka Pref.
Shiseido Osaka Factory	Higashi-Yodogawa-ku, Osaka-shi, Osaka Pref.
Shiseido Nasu Factory	Ohtawara-shi, Tochigi Pref.
Shiseido Osaka Ibaraki Factory	Ibaraki-shi, Osaka Pref.
Shiseido Fukuoka Kurume Factory	Kurume-shi, Fukuoka Pref.
Shiseido Cosmetics Manufacturing Co., Ltd.	Shanghai, China
Shiseido Liyuan Cosmetics Co. Ltd.	Beijing, China
Taiwan Shiseido Co., Ltd. Hsinchu Factory	Hsinchu County, Taiwan
Shiseido America, Inc. East Windsor Factory	East Windsor, New Jersey, U.S.A.
Shiseido International France S.A.S. Unité du Val de Loire	Ormes, Loiret, France
Shiseido International France S.A.S. Unité de Gien	Gien, Loiret, France

Laboratories:

Name	Location
Shiseido Global Innovation Center	Nishi-ku, Yokohama-shi, Kanagawa Pref.
Shiseido China Innovation Center, Shanghai Zhangjiang Branch	Shanghai, China
Shiseido China Innovation Center, Shanghai Fengxian Branch	Shanghai, China
Shiseido China Innovation Center, Shanghai Zhangjiang Second Branch	Shanghai, China
Shiseido Asia Pacific Innovation Center	Singapore
Shiseido Americas Innovation Center	East Windsor, New Jersey, U.S.A.
Shiseido Europe Innovation Center	Ormes, Loiret, France

(3) Major Subsidiaries of the Shiseido Group

Company Name	Location	Paid-in Capital	Ownership Percentage of Voting Rights	Principal Business
Shiseido Japan Co., Ltd.	Chuo-ku, Tokyo	(million JPY) 100	% 100.0	Sale of cosmetics, etc.
Shiseido International Inc.	Chuo-ku, Tokyo	(million JPY) 30	100.0	Sale of cosmetics, etc.
Shiseido FITIT Co., Ltd.	Chuo-ku, Tokyo	(million JPY) 10	100.0	Sale of cosmetics, etc.
Shiseido (China) Co., Ltd.	Shanghai, China	(thousand CNY) 565,093	100.0	Holding company and sale of cosmetics, etc. in China
Shiseido Hong Kong Ltd.	Hong Kong, China	(thousand HKD) 123,000	100.0	Sale of cosmetics, etc.
Shiseido Commercial (Shanghai) Co., Ltd	Shanghai, China	(thousand CNY) 100,000	— (100.0)	Sale of cosmetics, etc.
Shiseido Liyuan Cosmetics Co. Ltd.	Beijing, China	(thousand CNY) 94,300	32.0 (65.0)	Production and sale of cosmetics, etc.
Taiwan Shiseido Co., Ltd.	Taoyuan, Taiwan	(thousand TWD) 1,154,588	51.0	Holding company and production and sale of cosmetics, etc. in Taiwan
Shiseido Asia Pacific Pte. Ltd.	Singapore	(thousand SGD) 49,713	100.0	Holding company and sale of cosmetics, etc. in Asia Pacific region
Shiseido Americas Corp.	Delaware, U.S.A.	(thousand USD) 403,070	100.0	Holding company and sale of cosmetics, etc. in Americas
Shiseido America Inc.	New York, U.S.A.	(thousand USD) 28,000	— (100.0)	Production of cosmetics, etc.
Beauté Prestige International S.A.S.	Paris, France	(thousand EUR) 32,937	— (100.0)	Sale of cosmetics, etc.
Shiseido Italy S.p.A.	Milan, Italy	(thousand EUR) 5,036	— (100.0)	Sale of cosmetics, etc.
Shiseido Germany GmbH	Düsseldorf, Germany	(thousand EUR) 8,700	— (100.0)	Sale of cosmetics, etc.
Shiseido (RUS) LLC	Moscow, Russia	(thousand RUB) 106,200	— (100.0)	Sale of cosmetics, etc.

Company Name	Location	Paid-in Capital	Ownership Percentage of Voting Rights	Principal Business
Shiseido International France S.A.S.	Paris, France	(thousand EUR) 36,295	— (100.0)	Production of cosmetics, etc.
Shiseido Europe S.A.	Paris, France	(thousand EUR) 257,032	100.0	Holding company in Europe
Shiseido Travel Retail Asia Pacific Pte. Ltd.	Singapore	(thousand USD) 48	— (100.0)	Sale of cosmetics, etc.
Shiseido Beauty Salon Co., Ltd.	Chuo-ku, Tokyo	(million JPY) 100	100.0	Operation of beauty salons
IPSA Co., Ltd.	Minato-ku, Tokyo	(million JPY) 100	100.0	Sale of cosmetics, etc.
Shiseido Parlour Co., Ltd.	Chuo-ku, Tokyo	(million JPY) 100	99.3	Operation of restaurants, etc.
THE GINZA Co., Ltd.	Chuo-ku, Tokyo	(million JPY) 100	98.1	Sale of cosmetics, etc.
Shiseido Cosmetics Manufacturing Co., Ltd.	Shanghai, China	(thousand CNY) 418,271	26.2 (92.6)	Production of cosmetics, etc.
Selan Anonymous Association	Chiyoda-ku, Tokyo	(million JPY) 27,150	— [100.0]	Management of real estate, etc.

Notes:

1. Figures in parentheses ( ) in the Ownership Percentage of Voting Rights column include the share of indirect ownership. Those in brackets [ ] indicate the share of related or approved parties.
2. Effective January 1, 2024, Shiseido Japan Co., Ltd. took over the business of Shiseido Pharmaceutical Co., Ltd. through a company split (absorption-type split).

(4) Matters Concerning Employees of the Group

Business Segment	Number of Employees		Comparison with the Corresponding Period of the Previous Fiscal Year	
Japan Business	8,665	[2,657]	-1,816	[-98]
China Business	5,946	[84]	-935	[-12]
Asia Pacific Business	2,483	[243]	-59	[-30]
Americas Business	1,880	[30]	+75	[+13]
EMEA Business	2,673	[208]	+152	[-20]
Travel Retail Business	550	[16]	-12	[+4]
Corporate staff	5,711	[1,846]	-37	[-92]
Total	27,908	[5,084]	-2,632	[-235]

Notes:

1. The number of employees shown is the number of full-time employees. The annual average number of temporary employees is shown in [ ] separately. Temporary employees refer to contract employees and part-time workers and excludes dispatched employees.
2. As a revision of the reportable segment classification method was carried out, and partial changes to the aggregation method were made, the numbers of employees after these changes are shown above for the fiscal year ended December 31, 2024, and corresponding period of the previous fiscal year.
3. The ratio of female employees in the Shiseido Group worldwide is 81.9%, while in Japan the ratio is 79.6%.

(5) Main Suppliers of Loans to the Group

Lender	Outstanding Balance
Mizuho Bank, Ltd.	92,000 million JPY

2. Matters Concerning Shares Issued by the Company (As of December 31, 2024)

(1) Total Number of Shares Authorized to Be Issued:

1,200,000,000 shares

(2) Number of Shares Issued and Outstanding:

400,000,000 shares (including 576,863 shares of treasury stock)

(3) Number of Shareholders:

131,423

(4) Principal Shareholders:

Shareholders	Investment in the Company	
	Number of Shares Held	Percentage of Shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	(thousand shares) 76,196	% 19.07 <19.04>
Custody Bank of Japan, Ltd. (Trust Account)	27,073	6.77 <6.76>
JPMorgan Securities Japan Co., Ltd.	9,783	2.44 <2.44>
GOVERNMENT OF NORWAY	9,442	2.36 <2.36>
STATE STREET BANK AND TRUST COMPANY 505001	8,498	2.12 <2.12>
STATE STREET BANK WEST CLIENT-TREATY 505234	7,569	1.89 <1.89>
Mizuho Trust & Banking Co., Ltd. re-trusted to Custody Bank of Japan, Ltd. Employees Pension Trust for Mizuho Bank	7,000	1.75 <1.75>
SMBC Nikko Securities Inc.	6,740	1.68 <1.68>
THE BANK OF NEW YORK 134104	6,338	1.58 <1.58>
Nippon Life Insurance Company	5,615	1.40 <1.40>

Notes:

1. Calculations of percentage of shareholding, including below Notes are based on the total number of issued and outstanding shares excluding treasury stock. Calculations of percentage of shareholding indicated in < > are based on the total number of issued and outstanding shares including treasury stock.
2. All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are in connection with the respective bank's trust business.
3. A report of amendment to large shareholdings from Mizuho Bank, Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on July 7, 2023, it held 21,455 thousand shares through joint holdings (percentage of shareholding: 5.36%), of which 12,435 thousand shares (3.11%) are held by Asset Management One Co., Ltd.

   However, Mizuho Bank, Ltd. has been excluded from the above principal shareholders, as the actual number of shares held by said company had not been confirmed by the Company as of the end of the fiscal year.
4. A report of amendment to large shareholdings from Sumitomo Mitsui Trust Bank, Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on June 20, 2024, it held 26,325 thousand shares through joint holdings (percentage of shareholding: 6.59%), of which 14,757 thousand shares (3.69%) and 11,567 thousand shares (2.89%) are held by Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., respectively.

   However, Sumitomo Mitsui Trust Bank, Limited and Nikko Asset Management Co.Ltd. have been excluded from the above principal shareholders, as the actual number of shares held by the above two companies had not been confirmed by the Company as of the end of the fiscal year.
5. A report of amendment to large shareholdings from BlackRock Japan Co., Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on July 3, 2024, it held 28,097 thousand shares through joint holdings (percentage of shareholding: 7.03%), of which 8,798 thousand shares (2.20%) were held by BlackRock Japan Co., Ltd. and 7,553 thousand shares (1.89%) were held by BlackRock Fund Advisors.

   However, BlackRock Japan Co., Ltd. and BlackRock Trust advisers have been excluded from the above principal shareholders, as the actual number of shares held by the above two companies had not been confirmed by the Company as of the end of the fiscal year.

6. A report of amendment to large shareholdings from Norges Bank has been filed with the Director-General of the Kanto Finance Bureau. The report said that on November 5, 2024, it held 26,842 thousand shares (percentage of shareholding: 6.72%).

   However, Norges Bank has been excluded from the above principal shareholders, as the actual number of shares held by said company had not been confirmed by the Company as of the end of the fiscal year.

7. A report of amendment to large shareholdings from Nomura Securities Co., Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on November 7, 2024, it held 27,778 thousand shares through joint holdings (percentage of shareholding: 6.95%), of which 25,974 thousand shares (6.50%) are held by Nomura Asset Management Co., Ltd.

   However, Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd. have been excluded from the above principal shareholders, as the actual number of shares held by said companies had not been confirmed by the Company as of the end of the fiscal year.

(5) Shares Issued to Directors and Corporate Executive Officers of the Company in Consideration of Execution of Duties in the Fiscal Year Ended December 31, 2024:

Shares issued to directors and corporate executive officers of the Company in consideration of duties executed in the fiscal year ended December 31, 2024 are as follows.

	Number of Shares	Number of Eligible Persons
Directors (excluding External Directors)	6,299	1
Corporate executive officers	739	1
Retired directors (excluding External Directors)	423	1
Retired corporate executive officers	514	1

Notes:

1. The one (1) corporate executive officer who concurrently serves as a director is included under “Directors (excluding External Directors)” but not under “corporate executive officers.”
2. The one (1) corporate executive officer who retired from the position of director at the close of the 124th Ordinary General Meeting of Shareholders on March 26, 2024, is included under “corporate executive officers” but not under “Directors (excluding External Directors)” or “Retired directors (excluding External Directors).”
3. The one (1) person who retired from the position of director at the close of the 124th Ordinary General Meeting of Shareholders on March 26, 2024, and who also retired from the position of corporate executive officer on June 30, is included under “Retired corporate executive officers” but not under “Retired directors (excluding External Directors).”

In addition, during the fiscal year ended December 31, 2024, no stock option rights issued as long-term incentive-type remuneration to directors in the past fiscal years were exercised, and no shares were delivered to directors based on the exercise of such rights.

3. Matters Concerning Shares Held by the Company (As of December 31, 2024)

(1) The Company's Policy with Regard to Reduction of Strategic Shareholdings:

The Company conducts strategic shareholdings in accordance with the policy below and keeps such shareholdings at the minimum level necessary.

- The Company holds the minimum amount of shareholdings necessary, only when it determines that such shareholdings would contribute to its sustainable growth and medium-to long-term improvement of corporate value.
- The Company periodically checks its individual shareholdings to see whether or not such shares are being held for the intended purpose and whether or not benefits associated with their ownership are commensurate with the associated cost of capital. The Board of Directors then verifies the appropriateness of maintaining ownership of such holdings and discloses circumstances attributable to any reduction of holdings.
- If the Company receives a request for sale from a company that holds the Company's shares as strategic shareholdings, the Company should neither prevent the sale nor imply that it would reduce transactions with the holding company.

(2) The Company's Criteria for Exercising Voting Rights with Regard to Strategic Shareholdings:

When exercising its voting rights with regard to shares of strategic shareholdings, the Company confirms whether the proposed item of business would lead to impairment of shareholder value. It then considers the situation of an investee company and other factors to determine its approval or disapproval before exercising its voting rights.

If the Company wishes to confirm the intent of an item of business, etc., it will discuss the matter with the investee company in accordance with the purport of Japan's Stewardship Code and Japan's Corporate Governance Code.

(3) Number of Shareholdings the Company Holds for Purposes Other Than Realizing Direct Investment Gains and Total Amount on the Balance Sheet:

	Number of Issues	Amount on Balance Sheet (Millions of yen)
Unlisted shares	21	1,520
Listed shares	3	1,405

(4) Information on the Number of Shares, Balance Sheet Amount, etc. of Specified Investment Shares by Issue:

Company	FY2024 Number of Shares (thousand shares) / Amount on Balance Sheet (million yen)	FY2023 Number of Shares (thousand shares) / Amount on Balance Sheet (million yen)	Purpose of holding, outline of business alliance, etc., quantitative holding effects, and reasons for increase in the number of shares	Holding of the Company's shares
AEON CO., LTD.	203 751	203 640	The Company makes transactions of product sales with subsidiaries of this company. In order to maintain and strengthen the favorable business relationship with this company, the Company holds its shares in accordance with "The Company's Policy with Regard to Reduction of Strategic Shareholdings." While quantitative holding effects are not stated from the viewpoint of business information management and other related factors, the Company determines as at the end of the fiscal year that there is reasonability of holdings based on the policy and verification as described above.	Yes
Perfect Corp.	1,300 577	1,300 571	The Company pursues collaboration in the digital area with this company primarily for the development of virtual makeup and beauty platforms. In order to further strengthen the relationship with this company, the Company holds its shares in accordance with "The Company's Policy with Regard to Reduction of Strategic Shareholdings." While quantitative holding effects are not stated from the viewpoint of business information management and other related factors, the Company determines as at the end of the fiscal year that there is reasonability of holdings based on the policy and verification as described above.	No
TNL Mediagene	62 77	- -	The Company engages in transactions related to beauty information content with the subsidiary of this company and holds shares of this company in line with the "The Company's Policy with Regard to Reduction of Strategic Shareholdings." Although the Company held said shares as unlisted shares for some time, they were newly listed in December 2024. As a result, the shares are now categorized as specified investment shares for the current fiscal year.	No

Notes:

1. The Company does not hold shares for the purpose of realizing direct investment gains.
2. Of the companies listed above, the top one stock has amounts reported on the balance sheet that exceed one percent of the amount of capital of the Company.

4. Matters Concerning Stock Acquisition Rights (As of December 31, 2024)

The Company issues stock acquisition rights for directors, corporate executive officers and executive officers, etc. These are stock options for directors, corporate executive officers and executive officers, etc., which are offered as long-term incentives.

Total number of shares that are the object of all stock acquisition rights issued as of December 31, 2024 and the percentage thereof to the total number of shares issued and outstanding as of the same date, excluding treasury stock are as follows:

Total Number of Shares that are the Object of Stock Acquisition Rights	Percentage of Total Number of Shares Issued and Outstanding (Excluding Treasury Stock)
Shares	%
184,400	0.05

These stock acquisition rights were granted as stock options in order to link remuneration of the directors, corporate executive officers and executive officers, etc. of the Company with an increase in its shareholder value on a long-term basis, while placing emphasis on their sharing interests with shareholders. All stock options are stock compensation-type stock options whose amount payable is set at ¥1 when exercising stock acquisition rights as one type of performance-linked remuneration for the remuneration system for directors and corporate officers since fiscal 2008.

The Company revised the directors and corporate officers remuneration policy in fiscal 2015, and implemented a design to increase or decrease the number of the stock compensation-type stock options as long-term incentive-type remuneration to be allotted by using the performance indicators for annual incentive after approval of the maximum number to be allotted at the general meeting of shareholders and the business performance for the business year relevant to the remuneration is fixed.

In fiscal 2019, the Company introduced performance share units, which are a type of performance-linked stock remuneration as a new long-term incentive (LTI).

The status of stock acquisition rights issued in the past fiscal years is posted as “matters not included in the documents delivered to shareholders who make a request for the delivery of hard copies in accordance with the relevant laws and regulations and the Articles of Incorporation of the Company in regard to the Notice of Convocation for the 125th Ordinary General Meeting of Shareholders” on our corporate information website: INVESTORS / General Meeting of Shareholders (https://corp.shiseido.com/en/ir/shareholder/).

No stock acquisition rights were allotted to external directors or Audit & Supervisory Board members prior to the transition to a Company with Three Statutory Committees.

■ Stock Acquisition Rights Issued as a Consideration for the Execution of Duties as of December 31, 2024

Issue Date of Stock Acquisition Rights	Grantees of Stock Acquisition Rights	Amount Paid for Stock Acquisition Rights	Amount Contributed upon Exercise of Stock Acquisition Rights	Exercise Period of Stock Acquisition Rights	As of December 31, 2024	
					Holding Condition and Number of the Stock Acquisition Rights	Class and Number of Shares to Be Issued Upon Exercise of Stock Acquisition Rights
August 30, 2012	Directors and corporate officers of the Company 19 persons	1,001 yen	1 yen per share	From August 1, 2015 to July 31, 2027	Others 4 persons 173 rights	Common stock of the Company 17,300 shares
August 29, 2013	Directors and corporate officers of the Company 16 persons	1,434 yen	1 yen per share	From August 1, 2016 to July 31, 2028	Others 7 persons 214 rights	Common stock of the Company 21,400 shares
August 28, 2014	Directors, corporate officers, etc. of the Company 18 persons	1,898.5 yen	1 yen per share	From August 1, 2017 to July 31, 2029	Others 6 persons 321 rights	Common stock of the Company 32,100 shares
March 30, 2016	Directors, corporate officers, etc. of the Company 18 persons	2,515.5 yen	1 yen per share	From September 1, 2018 to February 28, 2031	Others 5 persons 151 rights	Common stock of the Company 15,100 shares
March 30, 2017	Directors, corporate officers, etc. of the Company 24 persons	2,990 yen	1 yen per share	From September 1, 2019 to February 29, 2032	Directors of the Company (excluding external directors) 1 person 33 rights	Common stock of the Company 3,300 shares
					Corporate Executive Officers of the Company 1 person 20 rights	Common stock of the Company 2,000 shares
					Others 12 persons 412 rights	Common stock of the Company 41,200 shares
March 28, 2018	Directors, corporate officers, etc. of the Company 21 persons	6,615 yen	1 yen per share	From September 1, 2020 to February 28, 2033	Directors of the Company (excluding external directors) 2 persons 130 rights	Common stock of the Company 13,000 shares
					Corporate Executive Officers of the Company 2 persons 46 rights	Common stock of the Company 4,600 shares
					Others 7 persons 200 rights	Common stock of the Company 20,000 shares

Issue Date of Stock Acquisition Rights	Grantees of Stock Acquisition Rights	Amount Paid for Stock Acquisition Rights	Amount Contributed upon Exercise of Stock Acquisition Rights	Exercise Period of Stock Acquisition Rights	As of December 31, 2024	
					Holding Condition and Number of the Stock Acquisition Rights	Class and Number of Shares to Be Issued Upon Exercise of Stock Acquisition Rights
March 27, 2019	Directors, corporate officers, etc. of the Company 18 persons	7,864 yen	1 yen per share	From September 1, 2021 to February 28, 2034	Directors of the Company (excluding external directors) 2 persons 68 rights	Common stock of the Company 6,800 shares
					Corporate Executive Officers of the Company 2 persons 16 rights	Common stock of the Company 1,600 shares
					Others 9 persons 60 rights	Common stock of the Company 6,000 shares

Note: The number of allotted stock acquisition rights and allotted persons in the past fiscal years and class and number of shares to be issued upon exercise of the stock acquisition rights are shown under “Holding Condition and Number of the Stock Acquisition Rights” and “Class and Number of Shares to Be Issued Upon Exercise of Stock Acquisition Rights” as of December 31, 2024. There were no stock acquisition rights issued during fiscal 2024.

5. Status of Corporate Governance and Matters Concerning Directors and Corporate Executive Officers of the Company (As of December 31, 2024)

(1) Corporate Governance Policy

The Shiseido Group including the Company 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."

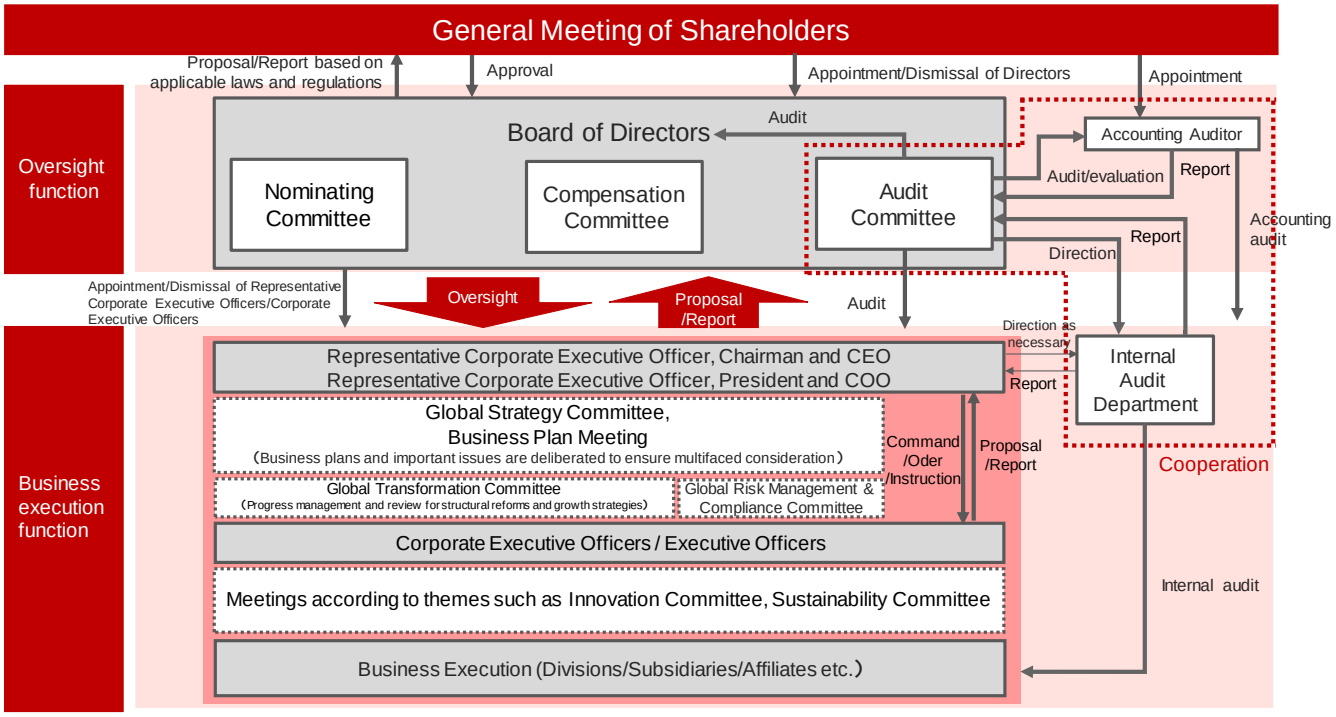
The Company is committed to maintaining and improving management transparency, fairness and speed, by putting into practice and reinforcing the corporate governance, and strives to maximize medium-to long-term corporate and shareholder value through dialogues with all stakeholders, "employees," "consumers," "business partners," "shareholders," and "society and the Earth." In addition, while fulfilling social responsibilities, the Company aims to achieve optimized distribution of values to respective stakeholders.

(2) Outline of the Company's System for the Management and Execution of Business

1) Corporate Governance Framework of the Company

The Company has long been committed to improving the corporate governance through a range of initiatives including the adoption of governance system aligned with the "monitoring board-type system" where the board is putting more focus on oversight responsibilities to ensure transparency and fairness in governance practice, while ensuring effective strategic planning and timely execution thereof. Now, we take this effort a step further, the Company has transited to a Company with Three Statutory Committees in order to maximize corporate value based on resolution of the Ordinary General Meeting of Shareholders held on March 26,2024. The Board of Directors focus on determining the basic management policy and management strategy while overseeing the implementation thereof, while also delegating significant authority to the Corporate Executive Officers, thereby accelerating the decision-making process for executing the Company's business and implementation of its business strategies.

Corporate governance framework of the Company as of December 31, 2024 is as follows.



2) Activities of the Board of Directors and Status of Each Committee

Board of Directors:

The Board of Directors meetings are held approximately once a month. It focuses on deciding basic management policy and management strategy, and overseeing the implementation thereof to reinforce the oversight function and accelerate overall business execution of the Company in a rapidly changing environment. In addition, the Board of Directors discusses and decides matters stipulated in laws and regulations, and the Company's Articles of Incorporation as well as matters provided for in the Regulations of the Board of Directors and delegate the authority to decide on other matters to Representative Corporate Executive Officers or Corporate Executive Officers.
The Company's Board of Directors is composed of eleven (11) Directors including seven (7) External Directors.

Nominating Committee:

The Nominating Committee resolves matters such as proposals regarding appointment and dismissal of directors to be submitted to General Meetings of Shareholders and matters regarding the succession of directors. In addition, the Nominating Committee discusses appointment and dismissal of the Representative Corporate Executive Officers and Corporate Executive Officers, areas for which Corporate Executive Officers take responsibility, appointment and dismissal of the CEO, as well as matters regarding the succession of the CEO etc. and reports to the Board of Directors.
The Committee is composed of four (4) External Directors and its chairperson is selected from the committee members with the resolution of the Nominating Committee.

Compensation Committee:

The Compensation Committee resolves policies on decisions regarding remuneration of individual Directors and Corporate Executive Officers, designs of the remuneration policy for Directors and Corporate Executive Officers, and details of remuneration to individual Directors and Corporate Executive Officers, etc.
The Committee is composed of four (4) External Directors and its chairperson is selected from the committee members with the resolution of the Compensation Committee.

Audit Committee:

The Audit Committee conducts audits and prepares audit reports on performance of duties of Directors and Corporate Executive Officers, etc., and makes decisions on proposals for appointment, dismissal, or non-reappointment of the accounting auditor submitted to General Meetings of Shareholders.
The Committee is composed of three (3) External Directors and two (2) full-time Audit Committee members, and its chairperson is an External Director selected from the Committee members with the resolution of the Audit Committee.

Regarding the corporate governance of the Company, please refer to our corporate information website: INVESTORS / Corporate Governance (https://corp.shiseido.com/en/ir/governance/).

(3) Internal Control System

The Company adopted a resolution to implement the "Basic Policy Regarding Internal Control Systems" at the Board of Directors meeting on May 12, 2006, in order to establish highly effective internal control system operated in accordance with the basic policy and conduct reviews for improvement of the system as necessary. In fiscal 2024, following the transition to a company with three statutory committees, the basic policy was amended by a resolution of the Board of Directors on March 26, 2024, and the internal control system is now operated and monitored in accordance with this amended basic policy.

1) System under Which Performance of Duties by Corporate Executive Officers Is Ensured to Comply with Laws and Regulations and the Articles of Incorporation of the Company; System under Which Business of the Group Is Ensured to Be Duly Conducted

"Basic Policy on Internal Control System" of the Company and the Group is as follows:

(1) System under Which Performance of Duties by Directors, Corporate Executive Officers, and Employees of the Company and All Group Companies Is Ensured in Compliance with the Laws and Regulations, and the Articles of Incorporation of the Company; System under Which the Appropriateness of the Whole Group's Business Is Ensured

The Board of Directors shall define the corporate philosophy and strategy of the Company and the whole Group and oversee their appropriate execution.

The Representative Corporate Executive Officers shall present proposals and provide updates on the business execution and strategic key areas to the Board of Directors on a regular basis. The Audit Committee shall audit the performance of duties by the Corporate Executive Officers and Directors, create audit reports, and present and explain the audit results at General Meetings of Shareholders.

The Company has defined THE SHISEIDO PHILOSOPHY, shared across the Group and built upon three elements: OUR MISSION, which is the reason we exist since our founding, OUR DNA, which embodies our unique heritage of over 150 years, and OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Shiseido Group employee in their work. THE SHISEIDO PHILOSOPHY, together with the "Shiseido Code of Conduct and Ethics," which set out action standards for business conduct with the highest ethical principles, promote corporate activities that are both legitimate and fair. (*)

The Company shall establish a basic policy and rules based on the "Shiseido Code of Conduct and Ethics" with which the whole Shiseido Group is required to comply. Every Group company and business site shall be fully aware of these policies and rules, along with THE SHISEIDO PHILOSOPHY. This will help create an environment where detailed internal regulations of the Company can be developed at every Group company and business site.

The Company has set up a Committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This Committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

The Company deploys a person in charge of promoting legitimate and fair corporate activities of the whole Group and risk management at every Group company and business site, plans and promotes regular training and educational activities on corporate ethics, and responds to incidents and manages risks. The department in charge of risk management and the Committee that oversees compliance and risk management will share information regularly with the persons in charge deployed within every Group company and business site.

To detect and remedy any type of conduct within the Group that violates laws, the Articles of Incorporation, and internal regulations, the Company shall set up a hotline for whistle-blowers in every Group company. Additionally, employees will have access to a hotline where employees can directly report and consult with the officer in charge of risk management. In the Japan region, the Company shall establish hotlines staffed by both internal and external personnel and counselors.

The department in charge of internal audit, which operates independently, shall conduct group-wide internal audit to ensure the appropriateness of business based on the instructions of the Audit Committee and the Representative Corporate Executive Officers, following the regulations related to internal audit. If there is any inconsistency between the instructions of the Audit Committee and those of the Representative Corporate Executive Officers, the instructions of the Audit Committee shall take precedence. The results of internal audit shall be regularly reported to the Audit Committee as well as the Representative Corporate Executive Officers.

*** Basic Policy on Exclusion of Anti-Social Forces and Its Implementation Status**

The Shiseido Code of Conduct and Ethics states the following: "We do not work with individuals or organizations that engage in illegal activities such as threatening public order or safety. We also do not respond to any requests for money or support from such individuals or organizations." A coordination office is established in the department in charge of risk management to effectively gather information. The Company also maintains manuals on the intranet on how to cope with such forces. The Company is taking measures to strengthen its collection of outside information and cooperation with external organizations by coordinating with local police offices and being a member of an organization that promotes the exclusion of anti-social forces.

(2) System under Which Directors and Corporate Executive Officers of the Company and All Group Companies Shall Be Ensured to Efficiently Perform Duties

The Board of Directors shall focus on determining the basic management policy and management strategy and overseeing the implementation thereof. It shall significantly delegate the authority to determine particulars of business execution to the Corporate Executive Officers to increase the flexibility in performing their duties. Additionally, to achieve swift and efficient corporate management, the Representative Corporate Executive Officers shall manage and oversee the performance of duties of the entire Group to achieve targets.

The Corporate Executive Officers and Executive Officers shall set specific targets in the assigned fields, including all Group Companies, and establish a business system that ensures efficient achievement of the targets.

The Group's business plans and important matters shall be deliberated from a multifaceted perspective at the relevant decision-making meetings composed of the Representative Corporate Executive Officers, Corporate Executive Officers, and Executive Officers.

The relevant meeting for decision-making on the execution of business shall confirm the status of progress against the target and implement the necessary measures for improvement.

(3) System under Which Information Regarding Performance of Duties by the Company's Corporate Executive Officers Shall Be Maintained and Managed; System under Which Items Regarding Performance of Duties by Directors and Employees of All Group Companies Shall Be Reported to the Company

Important documents such as minutes of General Meetings of Shareholders, the Board of Directors meetings, meetings of respective committees, and of relevant meetings for decision-making on business execution shall be appropriately created, filed, and managed in compliance with laws and regulations. These important documents shall be filed and managed in a highly searchable manner and should be readily available for inspection by the Directors, Corporate Executive Officers, Audit Committee and the department in charge of internal audit.

Regulations on information asset protection and information disclosure shall be established to appropriately prepare, file, and manage a variety of documents, books, and records related to the performance of duties of Directors, Corporate Executive Officers, and employees, and other information.

Important information regarding the performance of duties by Directors and employees of all Group companies shall be reported in a timely manner to the Company by all Group companies in accordance with the internal regulations of the Company that stipulate reporting to the Company or through the reporting line to Corporate Executive Officers and Executive Officers.

(4) Regulations Regarding Control of Risk for Loss at the Company and All Group Companies and Other Regulation Systems

Organizations are set up in the respective regional headquarters located in the major regions across the globe for the purpose of performing the compliance and risk management functions. These organizations will be responsible for overseeing risks related to corporate activities through Group-wide cross-sectional communication.

The Committee that oversees compliance and risk management recognizes and evaluates risks associated with management strategy and business execution, and takes necessary measures, or assists the regional headquarters located in the major regions across the globe to prepare their own contingency responses to deal with emergency situations.

In the case of emergency, the regional headquarters of the affected area, the Company, or both, pursuant to the situation, the seriousness of the impact on the Group and other factors shall establish Emergency Task Forces to take necessary actions.

(5) Matters Related to Employees to Assist Duties of Audit Committee, the Independence of Such Employees from Corporate Executive Officers, and Ensuring the Effectiveness of Instructions from Audit Committees to Such Employees

The Audit Committee shall establish a secretariat in the department in charge of internal audit to support the duties of the Audit Committee, and employees shall be assigned to the secretariat.

To ensure the independence of the said employees and the effectiveness of instructions from the Audit Committee, prior approval of the Audit Committee shall be required for staffing (appointment and dismissal, and evaluation) of the department head in charge of internal audit, who has the authority and responsibility to manage the secretariat, and determination of the particulars of the audit resources (including budget) of said department. In addition, matters to determine members who work for the secretariat of the Audit Committee, including their appointment, transfer, and evaluation, shall require approval of the Audit Committee.

(6) System under Which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and Employees of the Company and All Group Companies Report to Audit Committee and Other Systems under Which Any Report Is Made to Audit Committee; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit Committee

Directors, Corporate Executive Officers, and employees shall regularly or promptly report to the Audit Committee on the progress of performance of their duties. In addition, they shall promptly report to the Audit Committee on the progress of the performance of their duties and asset situation on request from the Audit Committee.

The Company shall establish means by which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees, including those of all Group companies, can directly inform the Audit Committee of issues and build awareness of these means across the Group.

The Company and all Group companies shall develop internal regulations of the Company to ensure that the said Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees are not dismissed, discharged from service, or otherwise disadvantaged because of their reporting to the Audit Committee or informing the committee of issues and shall announce these regulations.

(7) Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit Committee Members' Performance of Duties or Other Expenses or Debts Arising from the Said Performance of Duties

Expenses deemed necessary for the performance of duties by the Audit Committee and its members shall be budgeted for and recorded in advance.

However, expenses paid urgently or temporarily shall be compensated by compensated by subsequent refund.

(8) Other Systems to Ensure the Effective Performance of Audit by Audit Committee

The Audit Committee shall provide instructions to the department in charge of internal audit. In addition, regular meetings shall be held to exchange opinions between the Representative Corporate Executive Officers and Audit Committee members. The Company shall establish a system to ensure that audits are effectively conducted by the Audit Committee through measures such as holding liaison meetings between the Audit Committee, the department in charge of internal audit, and Independent Auditor and ensuring that Audit Committee members or members of the department in charge of internal audit attend the relevant meetings, on request from the Audit Committee.

2) Overview of Operation Status of System to Ensure That Performance of Duties by Corporate Executive Officers Is in Compliance with Laws and Regulations and the Articles of Incorporation of the Company; System to Ensure That Business of the Group Is Duly Conducted

The Company continues to make progress on implementation and operation of its internal control system in accordance with the aforementioned basic policy and has operated the system during fiscal 2024 as described below. Overall status of implementation and operation of the internal control system at the Company and its subsidiaries are included in the scope of the audit by the Audit Committee and monitored by the internal audit division.

(1) System under Which Performance of Duties by Directors, Corporate Executive Officers, and Employees of the Company and All Group Companies Is Ensured in Compliance with the Laws and Regulations, and the Articles of Incorporation of the Company; System under Which the Appropriateness of the Whole Group's Business Is Ensured.

- The Company conducted training on the "Shiseido Code of Conduct and Ethics" for all global employees to strengthen its ethical foundation into one that is apt for a truly global beauty wellness company. The Company conducted the training on the "Shiseido Code of Conduct and Ethics" for new and mid-career employees.
- The Company conducted e-learning and on-site training regarding the "Compliance Rules Regarding Prevention of Bribery" and the "Compliance Rules Regarding Prevention of Cartels," which are detailed rules of the "Shiseido Code of Conduct and Ethics" in Japan, China, Asia Pacific, the Americas, Europe and other regions.
- The Global Risk Management & Compliance Committee was held in December and discussed material risks for the Shiseido Group and the response as well as compliance related topics. Matters such as response to major incidents were reported to the Board of Directors (matters for the first half: August; matters for the second half: January 2025). In Japan, the HQ/SJ Compliance Committee was held in June and November to discuss issues and actions mainly on disciplinary cases and the Shiseido Hotline cases in the Japan region.
- Whistleblowing reports were accepted through the Global Hotline directly managed by the headquarters (HQ) and hotline systems managed by each region. The hotline in the Japan region includes the Shiseido Hotline and the Business Partner Hotline to provide the function of a whistleblower contact point.
- Based on the Regulations for Internal Audits, the Company verified the status of the establishment and operation of internal controls in the overall Shiseido Group, from the perspectives of the effectiveness and efficiency of business operations, reliability of reports and compliance with the applicable laws, regulations, and internal rules, as well as safeguarding assets. At the same time, the Company assessed the appropriateness and effectiveness of risk management and provided advice and suggestions for its improvement. The results of internal audits are reported on a monthly basis to the Representative Corporate Executive Officer, Chairman and CEO, Corporate Executive Officer, Chief Financial Officer and full-time Audit Committee members, and every two months to the Audit Committee, and biannually to the Board of Directors.

<Action Plans for Exclusion of Anti-Social Forces>

The pre-screening for antisocial forces was made more rigorous by connecting it to the operation of the NAIS accounting system. In December 2017, the Company introduced a preliminary screening system for new customers of the cosmetics business, and it continuously promotes the system. The Company is a member of two organizations promoting the exclusion of anti-social forces including the Special Violence Prevention Measures Association for the Jurisdiction of the Metropolitan Police Department (Tokubouren). Moreover, employees in charge of related efforts conduct information gathering through seminars and other means and strived to coordinate with local police departments.

(2) System under Which Directors and Corporate Executive Officers of the Company and All Group Companies Shall Be Ensured to Efficiently Perform Duties

- We have long been committed to improving the Company's corporate governance through a range of initiatives including the adoption of governance system aligned with the "monitoring board-type system" where the board is putting more focus on oversight responsibilities to ensure transparency and fairness in governance practices, while ensuring effective strategic planning and timely execution thereof. However, we take this effort a step further, the Company has transitioned to a company with three statutory committees by resolution of the Ordinary General Meeting of Shareholders held on March 26, 2024 in order to maximize corporate value. The Board of Directors focuses on determining the basic management policy and management strategy and overseeing the implementation thereof, while it has expedited decision-making regarding business execution and implementation of business strategies by delegating significant authority to Corporate Executive Officers.
- Corporate Executive Officers and Executive Officers are responsible for the execution of the Company's business through an accelerated decision-making process under the direct supervision of Representative Corporate Executive Officers, with decision-making for important matters and plans taking place after deliberation by the Global Strategy Committee or other important meetings related to business execution. Each Executive Officer is in charge of the Performance of Duties in the areas for which they are responsible, and they submitted reports on their own areas of responsibility to the Global Strategy Committee or other important meetings related to business execution, as necessary.
- Effective January 1, 2025, Yoshihiko Hatanaka, an External Director, will assume the role of Chairman of the Board of Directors to further strengthen the separation of execution and oversight, thereby enhancing the transparency and objectivity of the Board of Directors.

(3) System under Which Information Regarding Performance of Duties by the Company's Corporate Executive Officers Shall Be Maintained and Managed; System under Which Items Regarding Performance of Duties by Directors and Employees of All Group Companies Shall Be Reported to the Company

- The minutes of General Meetings of Shareholders, the Board of Directors meetings and meetings of respective committees are prepared by the Corporate Governance Department (the meeting minutes of the Audit Committee are prepared by the Internal Audit Department) and retained permanently, which is a longer duration than the statutory retention period of 10 years. Minutes of important meetings related to the execution of the Global Strategy Committee, etc. are prepared by the COO Office Strategy Acceleration Department and retained for 10 years or permanently depending on the meeting body. With regard to the protection of information assets, the Company has developed and implemented the "Information System Usage Regulation," "Shiseido Group Information Asset Handling Regulation," "Confidential Information Controlling Regulation," "Shiseido Group Privacy Rules," "Personal Information Protection Regulation" under the "Shiseido Group Information Security Management Policy." Furthermore, with regard to information disclosure, the Company has developed and implemented the Internal Regulation on Internal Information Management and Regulations on Transactions of Internal Personnel (for Directors, Audit & Supervisory Board members, Executive Officers, and Employees).
- In addition, the Company has developed and implemented the system for the process for disclosing facts of decisions made and financial results and the system for the process for disclosing facts of actual events. With regard to important reports made by Group companies, the Company has arranged for executive officers in charge of a respective Group company to report to the CEO and COO or to the Global Strategy Committee and the Board of Directors in compliance with the "Regulation of the Board of Directors," as well as the "Regulation of the Executive Officers" or other internal rules and regulations.

(4) Regulations Regarding Control of Risk for Loss at the Company and All Group Companies and Other Regulation Systems

- The newsletters were continuously distributed (with two issues published annually) to provide helpful information to RMO and risk managers across the world. In the Japan region, we conducted a presentation meeting in February and September for newly appointed managers (approximately 40 persons) of the risk managers (114 sections) appointed for the purpose of reinforcing support in our response when an incident occurs. Moreover, in August and September we broadened the scope to include not only risk managers but also the job-appointment managers who will be responsible for reacting in the event of such an event occurring, and implemented e-learning with the objective of promoting understanding of the basic principles for responding to such incidents.
- In addition, we conducted drills in June for an HQ Emergency Task Force in anticipation of an earthquake directly under Tokyo, and in November the Osaka Emergency Task Force (established as an alternative to the HQ Emergency Task Force) conducted team-specific training, with about 50 participants combined. Furthermore, we implemented e-learning in March to enhance our ability to deal with product recalls.

(5) Matters Related to Employees to Assist Duties of Audit Committee, the Independence of Such Employees from Corporate Executive Officers, and Ensuring the Effectiveness of Instructions from Audit Committee to Such Employees

- An Audit Committee Secretariat, which supports the Audit Committee in its duties or performs some of those duties on behalf of the Audit Committee, has been established within the Internal Audit Department under the jurisdiction of the Audit Committee. Three employees have been concurrently assigned to this Secretariat to perform the secretarial work of the Audit Committee, such as gathering information and preparing materials required for the conduct of audits by the Audit Committee. In addition, in order to ensure the independence of the employees from the Corporate Executive Officers, etc. and the effectiveness of directions of the Audit Committee, matters relating to appointment, relocation, evaluation and other personnel related matters regarding the employees are made by the director of Internal Audit Department, following consent of the Audit Committee.
- The Audit Committee is consulted and its approval obtained on matters pertaining to the Internal Audit Department plan for the fiscal year (including budget).

(6) System under Which Directors, Audit and Supervisory Board Members, Corporate Executive Officers and Employees of the Companies and All Group Companies Report to Audit Committee and Other Systems under Which Any Report Is Made to Audit Committee; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit Committee

- The Company ensures that the full-time Audit Committee members are offered opportunities to attend important meetings for business execution, such as the meetings of the Global Strategy Committee, and the Global Risk Management & Compliance Committee, as observers. Through these meetings, reports and information are provided to the Audit Committee. When requested by the Audit Committee, Corporate Officers in charge of specific areas and heads of departments submit reports or provide materials and information to the Audit Committee.
- A Shiseido Group Audit Committee Whistleblowing System has been established, and in Japan, training is provided to new and mid-career employees at the time of joining the Company, as well as training for employees newly appointed to managerial positions, while e-learning pertaining to harassment is provided to all employees by the HQ. During this training, explanations of the Shiseido Hotline and other consultation contact points and hotlines are given to ensure that employees are fully aware of their existence. We have also formulated Shiseido Group Audit Committee Whistleblowing System Rules that conform to the revised Whistleblower Protection Act, and disadvantageous treatment of employees and others on the grounds that they have being involved in whistleblowing is forbidden.

(7) Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit Committee Members' Performance of Duties or Other Expenses or Debts Arising from the Said Performance of Duties

- The Company budgets expenses necessary for the performance of duties based on the annual activity plan at the beginning of every business year. The Company has established a rule that in cases where the disbursement exceeds the budgeted amount and an extra expense is needed, a request for an additional amount can be made.

(8) Other Systems to Ensure the Effective Performance of Audits by Audit Committee

- The Audit Committee receives reports on the status of audits every other month from the Internal Audit Department that constitutes the department in charge of internal auditing and conveys audit-related instructions and opinions as required. The Audit Committee also receives reports from the Financial Accounting Department, Quality Management Department, Information Security Department, Risk Management Department, and Sustainability Strategy Acceleration Department on the status of activities, issues, and other matters in their respective areas. Moreover, full-time Audit Committee members exchange information with the Internal Audit Department on a weekly basis.
- The Representative Corporate Executive Officer and the Audit Committee members hold opinion exchange meetings as needed. In addition, the accounting auditor and Audit Committee members hold opinion exchange meetings as needed, and also hold meetings on reporting accounting auditor's audit results on a quarterly basis. Of these quarterly meetings, the external directors also attended the meetings, at the end of the first half and at the end of the fiscal year for sharing of information. In addition, "three-way audit liaison meetings" are held on a quarterly basis to allow full-time Audit Committee members, the accounting auditor, and the Internal Audit Department to share audit information.
- The full-time Audit Committee members attend important meetings related to business execution, such as the Board of Directors, the Global Strategy Committee, to confirm the details of the deliberations.

3) The Confirmation Procedures for Transactions with Related Parties

The Company investigates to identify related parties that may potentially have an impact on the Company's financial position and operating results, and confirms the existence of any transactions involving the said related parties and determine the materiality thereof. Should there be any transaction that needs to be disclosed, the Company will publicly disclose such information accordingly.

The existence of related parties and transactions with such related parties, as well as the details of transactions or any other information related thereto are reported to the Board of Directors prior to the disclosure thereof, to be reviewed from quantitative perspective with respect to materiality, as well as qualitative materiality including the terms and conditions and rationale of the transaction. The Company applies certain criteria for determining quantitative materiality of such transactions.

(4) Name, Position and Responsibilities at the Company for Directors and Corporate Executive Officers of the Company

1) Name, Position and Responsibilities at the Company for Directors of the Company

(As of December 31, 2024)

Position	Name	Responsibilities at the Company
Director	Masahiko Uotani	Chairman of the Board
Director	Kentaro Fujiwara	
Director	Hiromi Anno	Member of the Audit Committee (Full-time)
Director	Takeshi Yoshida	Member of the Audit Committee (Full-time)
External Director <Independent>	Kanoko Oishi	Member of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Shinsaku Iwahara	Chair of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Mariko Tokuno	Member of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Yoshihiko Hatanaka	Member of the Nominating Committee Chair of the Compensation Committee
External Director <Independent>	Hiroshi Ozu	Chair of the Audit Committee
External Director <Independent>	Yasuko Gotoh	Member of the Audit Committee
External Director <Independent>	Ritsuko Nonomiya	Member of the Audit Committee

(As of January 1, 2025)

Position	Name	Responsibilities at the Company
Director	Kentaro Fujiwara	
Director	Masahiko Uotani	
Director	Hiromi Anno	Member of the Audit Committee (Full-time)
Director	Takeshi Yoshida	Member of the Audit Committee (Full-time)
External Director <Independent>	Kanoko Oishi	Member of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Shinsaku Iwahara	Chair of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Mariko Tokuno	Member of the Nominating Committee Member of the Compensation Committee
External Director <Independent>	Yoshihiko Hatanaka	Chairman of the Board Member of the Nominating Committee Chair of the Compensation Committee
External Director <Independent>	Hiroshi Ozu	Chair of the Audit Committee
External Director <Independent>	Yasuko Gotoh	Member of the Audit Committee
External Director <Independent>	Ritsuko Nonomiya	Member of the Audit Committee

Notes:

1. There are eleven (11) Directors in total as of December 31, 2024, of which six (6) are male and five (5) are female.
2. Ms. Kanoko Oishi, Mr. Shinsaku Iwahara, Ms. Mariko Tokuno, Mr. Yoshihiko Hatanaka, Mr. Hiroshi Ozu, Ms. Yasuko Gotoh and Ms. Ritsuko Nonomiya are external directors as provided in Article 2, item (xv) of the Companies Act of Japan.
3. The Company has designated Ms. Kanoko Oishi, Mr. Shinsaku Iwahara, Ms. Mariko Tokuno, Mr. Yoshihiko Hatanaka, Mr. Hiroshi Ozu, Ms. Yasuko Gotoh and Ms. Ritsuko Nonomiya as independent directors as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

   All of these external directors (collectively the "External Directors") meet the Company's "Criteria for Independence of External Directors" and have sufficient independency. The criteria are posted on our corporate information website: INVESTORS / Corporate Governance / Corporate Governance System (https://corp.shiseido.com/en/ir/governance/system.html).
4. At the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, the Company transitioned to a Company with Three Statutory Committees and, accordingly, Ms. Hiromi Anno, Mr. Takeshi Yoshida, Mr. Hiroshi Ozu, Ms. Yasuko Gotoh and Ms. Ritsuko Nonomiya retired as members of the Audit & Supervisory Board upon the expiration of their terms of office and were newly elected as directors at the same general meeting of shareholders and took office on the same day. Other directors were reelected at the said general meeting of shareholders and reappointed. The legal name of Ms. Hiromi Anno, a director, is Hiromi Hara.
5. In order to promptly and appropriately perform auditing functions and further strengthen the internal control system and corporate governance structure, the Company has selected Ms. Hiromi Anno and Mr. Takeshi Yoshida as full-time members of the Audit Committee, who will obtain accurate information through interviews with corporate executive officers, reports from the department in charge of internal auditing, and other routine auditing activities such as on-site inspections of subsidiaries, as well as by attending important meetings in various fields of the Company.
6. Mr. Takeshi Yoshida has had experience as the director of the Internal Audit Department of the Company and has respectable knowledge in finance and accounting. Ms. Yasuko Gotoh has experience as Director, Audit and Supervisory Committee Member after leading the Finance & Accounting Department as the Managing Director and CFO of Kyushu

Railway Company and has knowledge in finance and accounting. In addition, Ms. Ritsuko Nonomiya has accumulated business experience in accounting offices of the KPMG Group and other places in the U.S. and Japan, and has engaged in M&A and business development in the UBS Group, the GE Group and the Houlihan Lokey Group. Thus, she has expert knowledge in finance and accounting.

2) Name, Position and Responsibilities at the Company for Corporate Executive Officers of the Company

(As of December 31, 2024)

Position	Name	Responsibilities at the Company
Representative Corporate Executive Officer Executive Officer Chairman and CEO	Masahiko Uotani	
Representative Corporate Executive Officer Executive Officer President and COO	Kentaro Fujiwara	Japan Region CEO
Corporate Executive Officer Executive Officer Executive Vice President	Yoshiaki Okabe	Chief Marketing & Innovation Officer Chief Brand Officer (brand SHISEIDO)
Corporate Executive Officer Executive Officer Senior Executive Officer	Norio Tadakawa	Chief Strategic Business Development Officer
Corporate Executive Officer Executive Officer	Ayako Hirofuji	Chief Financial Officer Chief DE&I Officer
Corporate Executive Officer Executive Officer	Toshinobu Umetsu	China Region CEO

(As of January 1, 2025)

Position	Name	Responsibilities at the Company
Representative Corporate Executive Officer Executive Officer President and CEO	Kentaro Fujiwara	Japan Region CEO
Representative Corporate Executive Officer Executive Officer	Ayako Hirofuji	Chief Financial Officer Chief DE&I Officer
Corporate Executive Officer Executive Officer	Yoshiaki Okabe	Chief Marketing & Innovation Officer
Corporate Executive Officer Executive Officer	Norio Tadakawa	Chief Business Transformation Officer Chief Corporate Communication Officer Chief Quality Officer
Corporate Executive Officer Executive Officer	Toshinobu Umetsu	China Region CEO

Notes:

1. Mr. Masahiko Uotani and Mr. Kentaro Fujiwara concurrently serve as director.
2. The names and other information of the corporate executive officers who retired during the period are as follows.

Name	Positions and Responsibilities Upon Retirement	Date of Retirement
Takayuki Yokota	Corporate Executive Officer Executive Officer Chief Financial Officer	June 30, 2024
Masahiko Uotani	Representative Corporate Executive Officer Executive Officer Chairman and CEO	December 31, 2024

3. Ms. Ayako Hirofuji was appointed as a corporate executive officer on July 1, 2024, and selected as a representative corporate executive officer on January 1, 2025, and assumed both positions.
4. Regarding executive officers who do not concurrently serve as either directors or corporate executive officers, please refer to "Global Leadership | ABOUT US| Shiseido Company" on our corporate information website (https://corp.shiseido.com/en/company/executiveofficers/).

(5) Matters Concerning Important Positions at Other Organizations Concurrently Assumed by Directors and Corporate Executive Officers

Position	Name	Important Positions at Other Organizations Concurrently Assumed
Director Representative Corporate Executive Officer	Masahiko Uotani	Outside Director of SEIKO GROUP CORPORATION
External Director	Kanoko Oishi	CEO of MEDIVA Inc. CEO of Seeds 1 Co., Ltd. Outside Director of Ezaki Glico Co., Ltd. Outside Director of SANTEN PHARMACEUTICAL CO., LTD.
External Director	Mariko Tokuno	Outside Director of Mitsubishi Materials Corporation Outside Director of YAMATO HOLDINGS CO., LTD. Outside Director of Nissan Motor Co., Ltd.
External Director	Yoshihiko Hatanaka	Outside Director of SONY GROUP CORPORATION Outside Director of Sekisui Chemical Co., Ltd.
External Director	Hiroshi Ozu	Attorney Representative Director of Shimizu Scholarship Foundation (general incorporated foundation)
External Director	Yasuko Gotoh	Outside Auditor & Supervisory Board Member of DENSO CORPORATION Outside Audit & Supervisory Board Member of Mitsui Chemicals, Inc. Audit and Inspection Commissioner of the Tokyo Metropolitan Government
External Director	Ritsuko Nonomiya	Outside Director of NAGASE & CO., LTD. CEO, Representative Director of Houlihan Lokey Corporation

Notes:

1. The Company has established "Criteria for "Important Concurrent Positions" of Directors." The above information is provided in accordance with the criteria. The criteria are posted on our corporate information website: INVESTORS / Corporate Governance/Corporate Governance System (https://corp.shiseido.com/en/ir/governance/system.html).
2. External Director Ms. Kanoko Oishi retired from the post of Outside Director of SANTEN PHARMACEUTICAL CO., LTD. in June 2024.
3. External Director Ms. Mariko Tokuno retired from the post of Outside Director of Mitsubishi Materials Corporation in June 2024.

(6) Outline of Execution of Liability Limitation Agreements

The Company has entered into an agreement with all of the seven external directors to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, based on the provisions of Article 427, paragraph (1) of the said Act and Article 27, paragraph (2) of the Articles of Incorporation of the Company. The limited liability amount for damages based on the agreement is the aggregate of the amounts as provided in Article 425, paragraph (1) of the same Act.

(7) Outline of Execution of Directors and Officers Liability Insurance Agreement

Pursuant to Article 430-3, paragraph (1) of the Companies Act, the Company has concluded a directors and officers liability insurance agreement with an insurance company that covers the directors, corporate executive officers and executive officers of the Company, as well as the directors and the Audit & Supervisory Board members of subsidiaries. In the event that an insured becomes subject to a claim for damages from a shareholder or third party, the said insurance agreement will compensate for damages, including compensation for damages and legal expenses to be borne by the insured. The Company bears the full cost of the insurance premium. The insurance does not cover damages resulting from criminal acts committed by the insureds or actions taken with knowledge that they violated laws and regulations.

(8) Important Positions at Other Organizations Concurrently Assumed by External Directors and Relationships between Such Organizations and the Company

	Concurrent Positions at Other Organizations	Relationships Between Such Organizations and the Company				
		Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
External Director Kanoko Oishi	CEO of MEDIVA Inc.	The Company has no special relationships of interest with MEDIVA Inc.				
	CEO of Seeds 1 Co., Ltd.	The Company has no special relationships of interest with Seeds 1 Co., Ltd.				
	Outside Director of Ezaki Glico Co., Ltd.	Snacks, etc. (mail order)	Ezaki Glico Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net sales of Ezaki Glico Co., Ltd. for the fiscal year ended December 31, 2024
	Outside Director of SANTEN PHARMA-CEUTICAL CO., LTD.	Cosmetics, etc. (sales)	Shiseido Group	SANTEN PHARMA-CEUTICAL Group	Less than 1%	Net sales of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of SANTEN PHARMACEUTICAL CO., LTD. on a consolidated basis for the fiscal year ended March 31, 2024
External Director Mariko Tokuno	Outside Director of Mitsubishi Materials Corporation	The Company has no special relationships of interest with Mitsubishi Materials Corporation.				
	Outside Director of YAMATO HOLDINGS CO., LTD.	Outsourcing business, etc.	YAMATO HOLDINGS Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated operating revenue of YAMATO HOLDINGS CO., LTD. for the fiscal year ended March 31, 2024
	Outside Director of Nissan Motor Co., Ltd.	Outsourcing business, etc.	Nissan Motor Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net sales of Nissan Motor Co., Ltd. for the fiscal year ended March 31, 2024
External Director Yoshihiko Hatanaka	Outside Director of SONY GROUP CORPORATION	Outsourcing business, etc.	SONY Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net sales and financial services revenue of SONY GROUP CORPORATION for the fiscal year ended March 31, 2024
	Outside Director of Sekisui Chemical Co., Ltd.	Raw materials, etc.	Sekisui Chemical Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net sales of Sekisui Chemical Co., Ltd. for the fiscal year ended March 31, 2024

	Concurrent Positions at Other Organizations	Relationships Between Such Organizations and the Company				
		Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
External Director Hiroshi Ozu	Attorney	There are no special relationships of interest.				
	Representative Director of Shimizu Scholarship Foundation (general incorporated foundation)	The Company has no special relationships of interest with Shimizu Scholarship Foundation (general incorporated foundation).				
External Director Yasuko Gotoh	Outside Auditor & Supervisory Board Member of DENSO CORPORATION	Outsourcing business, etc.	DENSO Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net revenue of DENSO CORPORATION for the fiscal year ended March 31, 2024
	Outside Audit & Supervisory Board Member of Mitsui Chemicals, Inc.	Raw materials, etc.	Mitsui Chemicals Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net revenue of Mitsui Chemicals, Inc. for the fiscal year ended March 31, 2024
	Audit and Inspection Commissioner of the Tokyo Metropolitan Government	The Company has no special relationships of interest with the Tokyo Metropolitan Government.				
External Director Ritsuko Nonomiya	Outside Director of NAGASE & CO., LTD.	Raw materials, etc.	NAGASE & CO. Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
					Less than 1%	Consolidated net sales of NAGASE & CO., LTD. for the fiscal year ended March 31, 2024
	CEO, Representative Director of Houlihan Lokey Corporation	The Company has no special relationships of interest with Houlihan Lokey Corporation.				

Notes:

1. This table indicates important positions at other organizations concurrently assumed by external directors and the existence of relationships with the Company. Where transactions exist between such organizations and the Company, the table is intended to indicate that the transactions are minimal in terms of scale, and where transactions exist that are in competition with organizations in which positions are concurrently assumed, the table is intended to indicate that the transactions have no negative impact on the interests of shareholders.
2. In the table, the name of the company group at which the external director holds a concurrent position includes that company itself, as well as parent companies, consolidated subsidiaries, equity- method associates, etc. whose names are listed under the “Information on subsidiaries and associates” in “1. Overview of the Company” of “Part I. Information on the Company” in the Securities Report submitted by that company in the immediately preceding business year; similarly, “the Shiseido Group” includes Shiseido Co., Ltd, as well as parent companies, consolidated subsidiaries, and equity-method associates whose names are listed under the “Information on subsidiaries and associates” in “1. Overview of the Company” of “Part I. Information on the Company” in the Securities Report submitted in the immediately preceding business year.
3. The Company has established “Criteria for stating the relationship between the Company and the organizations in which the Company’s External Director holds “Important Concurrent Positions.”” The above information is provided in accordance with the criteria. The criteria are posted as items voluntarily disclosed relating to business report on our corporate information website: INVESTORS / Corporate Governance/Corporate Governance System (https://corp.shiseido.com/en/ir/governance/system.html)

(9) Other Main Activities of External Directors

Position and Name	Attendance Status	Remarks and Outline of Duties Performed in Relation to the Expected Roles as External Director
External Director Kanoko Oishi	14 out of 14 Board of Directors meetings (100%) 7 out of 8 Nominating Committee meetings (87.5%) 9 out of 10 Compensation Committee meetings (90%)	Based on her experience and knowledge gained through her career as a consultant in business management inside and outside Japan as well as from a standpoint of an active manager who is pushing forward with a patient-centered transformation of the medical industry, Ms. Oishi raised questions and made remarks particularly on management strategy and consumer-oriented brand and marketing strategies, and fulfilled an oversight function in regard to the management. As a member of the Nominating Committee and the Compensation Committee, she enhanced the discussions with opinions based on her experience and expertise as an active executive.
External Director Shinsaku Iwahara	14 out of 14 Board of Directors meetings (100%) 8 out of 8 Nominating Committee meetings (100%) 10 out of 10 Compensation Committee meetings (100%)	Based on his knowledge concerning the capital market, financial industry, and corporate governance, in addition to his legal knowledge as a legal scholar specializing in legal studies, Mr. Iwahara raised questions and made remarks, particularly on internal control, corporate governance and risks associated with individual agenda items, and also asked questions and made comments from the perspective of the capital markets, and fulfilled an oversight function in regard to the management. He served as Chair of the Nominating Committee, leading the discussions at committee meetings, and as a member of the Compensation Committee, he enhanced the discussions by expressing his opinions based on his insights into value sharing with the capital markets, legal systems and corporate governance.
External Director Mariko Tokuno	13 out of 14 Board of Directors meetings (92.8%) 8 out of 8 Nominating Committee meetings (100%) 10 out of 10 Compensation Committee meetings (100%)	Based on her abundant experience and track record in business management at companies having global prestigious brands, Ms. Tokuno raised questions and made remarks particularly on management strategy and brand and marketing strategies, and fulfilled an oversight function in regard to the management. As a member of the Nominating Committee and the Compensation Committee, she enriched the deliberations with her opinions based on her experience and expertise as a manager and external director at multiple listed companies.
External Director Yoshihiko Hatanaka	13 out of 14 Board of Directors meetings (92.8%) 7 out of 8 Nominating Committee meetings (87.5%) 9 out of 10 Compensation Committee meetings (90%)	Based on his diversified and broad knowledge of corporate management in addition to his experience and track record as a top executive of a globally operating listed company, Mr. Hatanaka raised questions and made remarks particularly on management strategy, global business development, and dialogue with the capital markets, and fulfilled an oversight function in regard to the management. As a member of the Nominating Committee, he expressed opinions based on his experience and knowledge as a top executive of a globally operating listed company, and as the Chair of the Compensation Committee, he led discussions of the Committee and contributed to productive deliberations.

Position and Name	Attendance Status	Remarks and Outline of Duties Performed in Relation to the Expected Roles as External Director
External Director Hiroshi Ozu	13 out of 14 Board of Directors meetings (92.8%) 2 out of 2 Audit & Supervisory Board meetings (100%) 12 out of 13 Audit Committee meetings (92.3%)	Based on his wide-ranging experience and knowledge focused on the legal field from having held a series of important positions in the legal world, as well as his abundant experience and knowledge gained through serving as an external director of multiple companies, including the Company, Mr. Ozu raised questions and made remarks particularly on risks, internal controls and management strategies, and fulfilled an oversight function in regard to the management. As the Chair of the Audit Committee, he led the discussions at Committee meetings, and enriched the discussions by expressing his opinions based on his knowledge of the legal field and his experience as an external Audit & Supervisory Board member.
External Director Yasuko Gotoh	14 out of 14 Board of Directors meetings (100%) 2 out of 2 Audit & Supervisory Board meetings (100%) 13 out of 13 Audit Committee meetings (100%)	Based on her experience as a public officer inside and outside Japan and her experience and knowledge gained through participation in management of a listed business company, Ms. Gotoh raised questions and made remarks on management strategies, global business development, and finance and accounting, and fulfilled an oversight function in regard to the management. As a member of the Audit Committee, she enhanced the discussions by expressing opinions based on her experience as an external Audit & Supervisory Board member of several listed companies and her experience and knowledge in finance and accounting.
External Director Ritsuko Nonomiya	14 out of 14 Board of Directors meetings (100%) 2 out of 2 Audit & Supervisory Board meetings (100%) 13 out of 13 Audit Committee meetings (100%)	In addition to having extensive knowledge in finance and accounting, based on experience gained through her work as an M&A specialist and experience and knowledge cultivated through international business, Ms. Nonomiya raised questions and made comments on management strategies, financial strategies, and structural reform proposals, and fulfilled an oversight function in regard to the management. As a member of the Audit Committee, she enhanced the discussions by expressing opinions based on her experience in management at a company where she has served as CEO and her experience and insights in business, including M&A, which is her area of expertise.

Notes:

1. As of the close of the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, the Company transitioned from a Company with an Audit & Supervisory Board to a Company with Three Statutory Committees. Therefore, the attendance at meetings of the Committees reflects the situation after March 26. In addition, the attendance of Mr. Hiroshi Ozu, Ms. Yasuko Gotoh and Ms. Ritsuko Nonomiya at the meetings of the Board of Directors includes the number of times they attended as external Audit & Supervisory Board members prior to the change in the corporate governance structure.
2. In addition to the number of Board of Directors meetings shown above, there were two deemed resolutions where the resolution of the Board of Directors was deemed to have been made pursuant to the provisions of Article 370 of the Companies Act and Article 26, paragraph (2) of the Articles of Incorporation of the Company.

(10) Remuneration, etc. to Directors and Corporate Executive Officers

1) Basic Philosophy of the Remuneration to Directors and Corporate Executive Officers of the Company

The Company regards the remuneration policy for the directors and corporate executive officers (including directors and corporate executive officers, as well as executive officers who do not concurrently serve as directors or corporate executive officers; the same applies below) as an important matter for corporate governance. For this reason, in accordance with the following basic philosophy, the directors and corporate executive officers remuneration policy of the Company is deliberated and determined in the Compensation Committee chaired by an external director to incorporate objective points of view.

Basic Philosophy and Policy of the Remuneration to Directors and Corporate Executive Officers

The remuneration policy to directors and corporate executive officers shall:

1. encourage to realize the corporate mission;
2. aim to ensure attractive remuneration to acquire and retain top talent in global talent market;
3. aim to enhance the long-term corporate value and strongly incentivize to achieve the company's long-term vision and medium-to long-term strategy;
4. have a mechanism incorporated to prevent overemphasis on short-term views while instilling motivation to achieve short-term goals;
5. be designed as transparent, fair and reasonable from the viewpoint of accountability to stakeholders including shareholders and employees, and remuneration shall be determined through appropriate processes to ensure those points.
6. be designed to establish remuneration standards based on the significance (Grade) of role/responsibility reflecting the mission of respective directors and executive officers, and differentiate remuneration according to the level of strategic target accomplished (achievements).

2) The Company's Directors and Corporate Executive Officers Remuneration Policy

Based on the above basic philosophy, the Compensation Committee of the Company has resolved its policy on decisions regarding matters including remuneration, etc. of individual directors and corporate executive officers.

The Company's directors and corporate executive officers remuneration policy, including an outline of the contents of the policy on decisions regarding matters including remuneration, etc. of individual directors and corporate executive officers, is described below in detail.

■ Overall Picture

The remuneration of the directors and corporate executive officers of the Company comprises "basic remuneration" as fixed remuneration as well as "annual incentive" and "long-term incentive-type remuneration (non-monetary remuneration)" as performance-linked remuneration, and the Company sets remuneration levels by benchmarking peer companies in the same business industry or in the similar business size inside or outside Japan and by taking the Company's financial condition into consideration. Matters including remuneration, etc. of individual directors and corporate executive officers are deliberated on and determined by the Compensation Committee. Matters including the remuneration, etc. of individual directors and corporate executive officers for the fiscal year ended December 31, 2024 were deliberated on and determined by the Compensation Committee, while taking into account the social conditions and economic situation surrounding the Company, according to the specific remuneration framework and indicators designed based on the policy on decisions regarding matters including remuneration, etc. of individual directors and corporate executive officers. The Company therefore determines that matters including remuneration, etc. are in line with the aforementioned policy on decisions.

All of the Company's corporate executive officers concurrently serve as executive officers, and their remuneration is determined based on their Grade as executive officers, among other factors. On the other hand, directors who do not concurrently serve as corporate executive officers of the Company receive only basic remuneration and do not receive variable remuneration such as performance-linked remuneration. In addition, in the case of directors who also serve as corporate executive officers, compensation for their service as a director is not included in this remuneration. Furthermore, the Company does not have an officers' retirement benefit plan.

[The Proportion of Each Remuneration Element by Remuneration Type and Rank as Executive Officer]

The proportion of remuneration is set by Grade, and the higher the Grade becomes, the higher the proportion of performance-linked remuneration becomes.

Rank as Executive Officer	Composition of Remuneration for Directors, Corporate Executive Officers and Executive Officers			
	Basic Remuneration	Performance-linked Remuneration		Total
		Annual Incentive	Long-Term Incentive-Type Remuneration	
Chairman and CEO	33.3%	33.3%	33.3%	100%
President and COO, Executive Vice President, Senior Executive Officer and Executive Officer	36%–63%	18.5%–32%	18.5%–32%	

Notes:

1. The proportions shown in the above table may change depending on the Company's performance and/or its stock price's fluctuation, as financial value of performance-linked remuneration is shown at target where the Company pays 100%.
2. There is no differentiated proportion of each remuneration element for corporate executive officers pegged to having a representation right.
3. Because different remuneration tables will be applied depending on the Grade of executive officers, proportions of each individual remuneration element will vary even within a same rank.

■ Basic Remuneration

Basic remuneration is deliberated on and determined by the Compensation Committee and is paid in equal installments every month.

Concerning the basic remuneration for executive officers of the Company, it is designed in accordance with Grades based on the size and level of responsibility of executive officers in charge, as well as the impact on business management of the Group. In addition, even at the same Grade, the basic remuneration may increase within a certain range based on the individual executive's performance for the previous fiscal year (numerical business performance and personal performance evaluation). This ensures the Company to reward executive officers for their individual outstanding achievement.

Regarding the basic remuneration for directors who do not concurrently serve as corporate executive officers, they only receive fixed remuneration, which is set in accordance with their respective roles.

■ Performance-Linked Remuneration

The performance-linked remuneration consists of an "annual incentive" provided as an incentive for achieving goals for the corresponding fiscal year, and "performance-linked stock compensation (performance share units) as long-term incentive-type remuneration" provided with the aims of establishing a sense of common interests with the shareholders and instilling motivation to enhance corporate value over the medium to long term. Accordingly, it is designed to motivate the corporate

executive officers and executive officers to manage business operations while being more conscious about the Company's performance and share price from the perspectives of not only a single year but also over the medium to long term.

● **Annual Incentive**

Of the performance-linked remuneration, the Company has set evaluation items for the annual incentive in accordance with the scope of responsibility of executive officers as described in the following table, in addition to the achievement rate of target consolidated net sales and core operating profit, which are financial indicators, as common performance indicators across all the corporate executive officers and executive officers, and the range of changes in the percentage amount of payment is set between 0% and 200%. Although it is essential that the entire management team remains aware of matters involving profit attributable to owners of parent, it is crucial that management not let the benchmark weigh too heavily on proactive efforts particularly involving future growth-oriented investment and resolving challenges with our sights set on achieving long-term growth. As such, upon the Compensation Committee deliberation, the Company has preliminarily established certain performance standards (thresholds) as described in the table below, with the evaluation framework designed so that the Compensation Committee will consider the possibility of lowering the percentage amount of the annual incentive payment attributable to the whole group performance component of the total annual incentive, if results fall below the thresholds. In determining the achievement rate of each target and threshold for consolidated net sales, core operating profit and profit attributable to owners of parent, actual performance may be adjusted based on the deliberations and decisions by the Compensation Committee. In cases where such adjustments are made, it shall be stated in the disclosure materials of the actual remuneration of corporate executive officers.

In addition, we set the personal performance evaluation of all executive officers in order to add the level of achievement regarding strategic goals that cannot be measured by the financial performance figures alone, such as efforts for restructuring of the business platform to realize sustainable growth, to evaluation criteria.

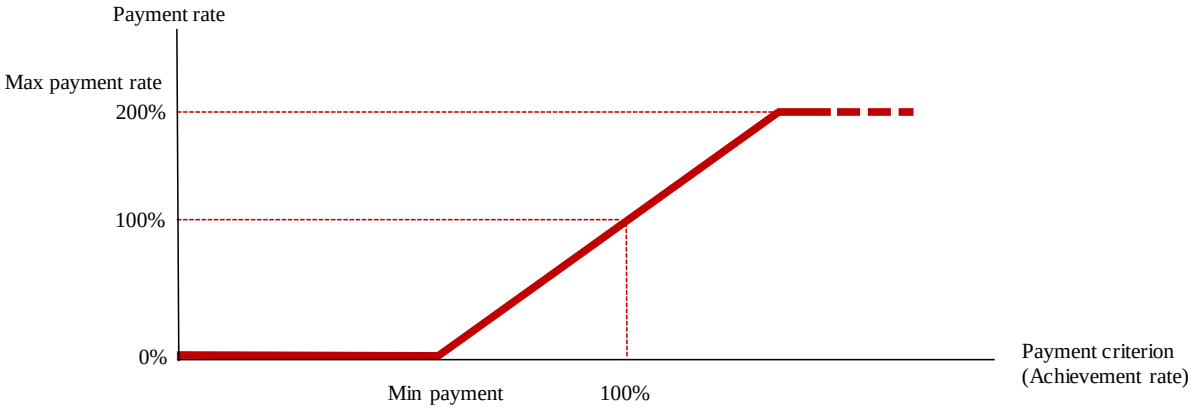
Annual incentive is paid once a year.

Performance Indicators and Evaluation Weights for Annual Incentive, Which Are Determined Based on the Scope of Responsibility of an Executive Officer

<table>
<tr><th rowspan="3">Evaluation Item</th><th rowspan="3">Performance Indicators</th><th colspan="8">Evaluation Weight</th></tr>
<tr><th colspan="2" rowspan="2">Chairman and CEO
President and COO,
Executive Vice President</th><th colspan="4">Executive Officers in Charge of Businesses</th><th colspan="2" rowspan="2">Executive Officers Other than Those in Charge of Businesses</th></tr>
<tr><th colspan="2">Regional Headquarters President</th><th colspan="2">Others</th></tr>
<tr><td rowspan="3">Whole Group Performance</td><td>Consolidated net sales</td><td>30%</td><td rowspan="2">70%</td><td>10%</td><td rowspan="2">20%</td><td>10%</td><td rowspan="2">20%</td><td>30%</td><td rowspan="2">70%</td></tr>
<tr><td>Core operating profit</td><td>40%</td><td>10%</td><td>10%</td><td>40%</td></tr>
<tr><td>Profit attributable to owners of parent</td><td colspan="8">If this amount ends up below the threshold, the Compensation Committee will consider lowering the percentage amount of the payment attributable to the whole group performance component.</td></tr>
<tr><td>Performance of Business Unit in Charge</td><td>Business performance evaluation</td><td colspan="2">—</td><td colspan="2">50%</td><td colspan="2">50%</td><td colspan="2">—</td></tr>
<tr><td rowspan="2">Personal Performance</td><td rowspan="2">Level of achievement of strategic goals set individually</td><td colspan="8">30%</td></tr>
<tr><td colspan="8">Strategically prioritized transformations and initiatives for realizing our long-term vision and strategy, building and strengthening organizational capabilities to realize said transformations and initiatives and own growth goals.</td></tr>
</table>

Note: There is no difference in the performance indicators and the weight of performance indicators applied to corporate executive officers based on whether a corporate executive officer has a representation right or otherwise.

Model of annual incentive payment rate



● **Long-Term Incentive-Type Remuneration**

From fiscal 2019, the Company has introduced performance share units, a type of performance-linked stock compensation, and has incentivized the creation of corporate value over the medium to long term through annual grants. As performance indicators to evaluate the enhancement of economic value, a mix of quantitative targets to be aimed for with a long-term perspective has been set under the medium- to long-term strategy. In addition, as benchmarks on creation of social value, the Company has set multiple internal and external indicators pertaining to the environment, society and governance (ESG). Accordingly, the remuneration is designed for the purpose of creating corporate value from both aspects of economic and social values, as well as establishing a sense of common interests with shareholders.

Purposes of introducing the LTI

The LTI is adopted for the purposes of establishing effective incentives for creating and maintaining corporate value over the long term, and ensuring that the directors' and corporate executive officers' interests consistently align with those of our shareholders. To such ends, the LTI will help:

i) promote efforts to create value by achieving our long-term vision and strategic goals,

ii) curb potential damage to the corporate value and maintain substantial corporate value over the long term,

iii) attract and retain talent capable of taking on leadership in business, and

iv) realize a "Global One Team" by fostering a sense of solidarity among management teams of the entire Shiseido Group and instilling the consciousness of participating in the running of the Company.

Under the Company's performance share units, the Company will grant a reference share unit to each of the eligible parties once every fiscal year, and on each annual grant, the number of fiscal years that the payment relates to shall be one fiscal year. To make such grants, the Company shall establish multiple performance indicators whose evaluation period is for three years including the fiscal year related to the payment. The Company shall use the respective achievement ratios of each performance indicator to calculate the payment rate in a range from 50% to 150% after the end of the evaluation period, and it shall use the payment rate to increase or decrease the number of share units. The eligible parties shall be paid monetary remuneration claims for the delivery of the shares of the Company's common stock and cash corresponding to the applicable number of share units, and then each eligible party shall receive delivery of shares of common stock of the Company by paying all the monetary remuneration claims using the method of contribution in kind. Meanwhile, it features a fixed portion involving a set payment in addition to its performance-linked portion. As such, the LTI is designed to help eligible parties realize the aims of more robustly ensuring that their sense of interests consistently aligns with those of our shareholders, curbing potential damage to corporate value and maintaining substantial corporate value over the long term, and helping to attract and retain competent talent.

The performance indicators for the 2024 long-term incentive-type remuneration have been determined by setting the following benchmarks to measure economic value: the compound average growth rate (CAGR) of consolidated net sales calculated based on performance in fiscal 2023 through

fiscal 2026, and the core operating profit margin designated as a target in the medium-term strategy "SHIFT 2025 and Beyond." In addition, as benchmarks pertaining to social value, the Company has adopted multiple internal and external indicators pertaining to the environment, society and governance (ESG). The composition of these performance indicators pushes forward the enhancement of corporate value from both aspects of economic and social values. Moreover, the performance indicators also include consolidated ROE which acts as an important benchmark for measuring corporate value from the perspective of sharing common interests with our shareholders.

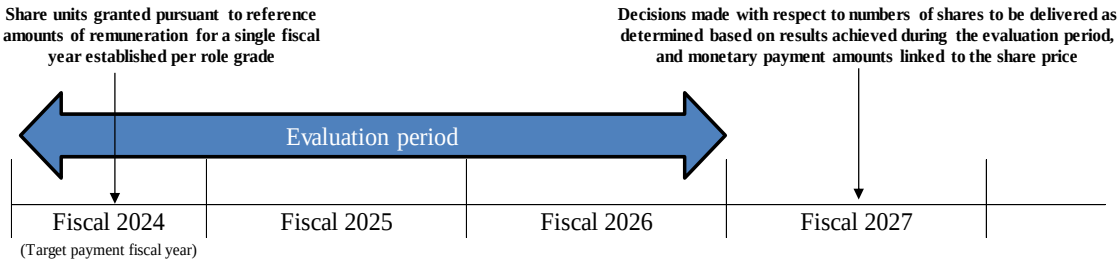
Additionally, in order to realize share price-conscious management and steadily promote the "Action Plan 2025-2026" announced in November 2024, which aims to build a resilient business model for sustainable profit growth amid volatile market conditions, the Company will introduce a shareholder value indicator (TSR: total shareholder return) and a capital efficiency indicator (ROIC: return on invested capital) as performance indicators for the 2025 long-term incentive-type remuneration.

To receive payments under the LTI, eligible parties are required to have served continuously in the position of corporate executive officer or executive officer during a certain period set in advance.

The Company adopts the malus and clawback provisions with regard to performance share units. Specifically, under certain conditions, such as in case of serious misconduct of a person eligible for payment, the Compensation Committee may, based on its decision, reduce the number of share units or receive a refund.

In addition, the Company grants LTI for key global executives, with the aim to realize a "Global One Team" by fostering a sense of solidarity among management teams around the world and instilling the consciousness of participating in the running of the Company.

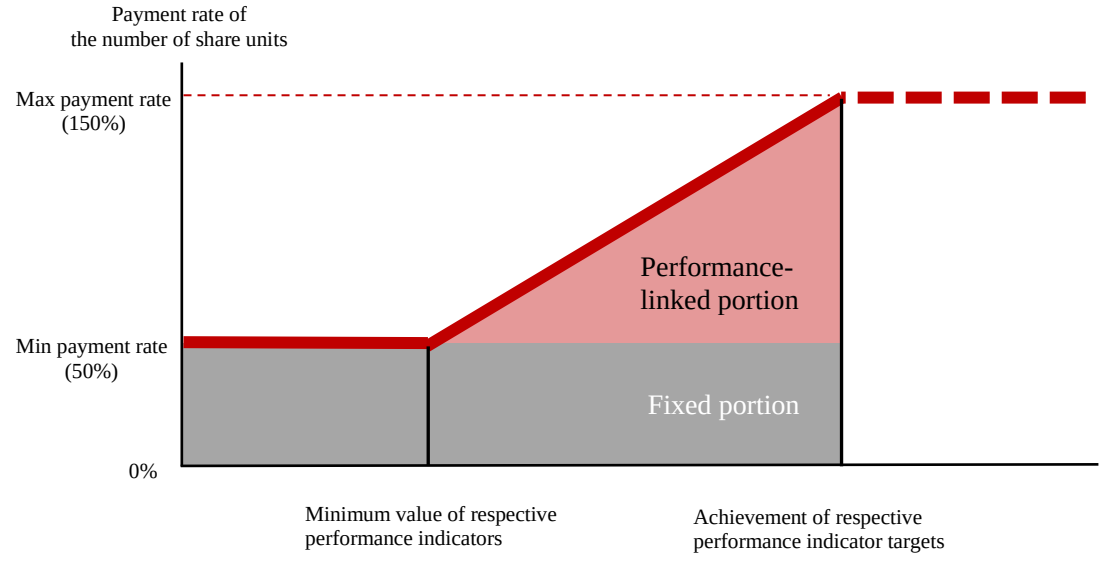
LTI schedule



Performance indicators and evaluation weights for performance-linked portion of the LTI

Evaluation Item	Performance Indicators		Evaluation Weight	
Economic Value	Core operating profit margin in the final fiscal year of the evaluation period		50%	100%
	Compound average growth rate (CAGR) of consolidated net sales		30%	
Social Value	Environment	Status of the achievement of the CO_2 emissions reduction target	20%	
	Society	Ratio of female managers/leaders in Japan and overseas at the Company, and the status of inclusion in the indices related to the promotion of women by ESG rating agencies designated by the Company		
	ESG	Evaluation scores by ESG rating agencies designated by the Company		
Economic Value	Consolidated ROE		If this ends up below the threshold, the Compensation Committee will consider lowering the percentage amount of the payment attributable to the performance-linked portion.	

Model for payment rate of the number of share units for the LTI



■ Framework to Ensure Objectivity, Fairness and Transparency of Evaluation That Serves as a Basis for Determination for Remuneration

In the Company's directors and corporate executive officers remuneration policy, personal performance evaluation of each individual as an executive officer has a significant impact on the determination of the amount of remuneration including basic remuneration and annual incentive for executive officers. Unlike evaluations based on performance indicators such as consolidated net sales, personal performance evaluation is not a quantitative evaluation. It therefore requires a framework to ensure its objectivity, fairness and transparency.

To this end, the Compensation Committee, which comprises only external directors and plays an extensive role in determining incentives, conducts overall business evaluation including the performance evaluation for the CEO.

For the personal performance evaluation of executive officers who concurrently serve as corporate executive officers, excluding the CEO, the CEO makes a proposal to the Compensation Committee, and the Compensation Committee monitors the evaluation process and the evaluation approach and makes a decision.

Personal performance evaluation of executive officers other than those mentioned above is performed by the CEO. Objectivity, fairness and transparency of this personal performance evaluation are ensured by the Compensation Committee, which monitors this evaluation process and the evaluation approach.

3) Amount of Remuneration, etc. to Directors, Corporate Executive Officers and Audit & Supervisory Board Members for the Fiscal Year Ended December 31, 2024 (From January to March 2024)

(Millions of yen)

	Basic Remuneration, etc.	Annual Incentive	Total of the left* (a)	Long-Term Incentive (Stock Compensation) (b)	Total [(a)+(b)]
Directors (10 persons)*	103	32	136	24	160
External Directors Among Directors (5 persons)	18	—	18	—	18
Audit & Supervisory Board Members (5 persons)	26	—	26	—	26
External Audit & Supervisory Board Members Among Audit & Supervisory Board Members (3 persons)	9	—	9	—	9
Total	130	32	162	24	186

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

1. Based on the resolution of the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with Three Statutory Committees, effective the same day. The table above shows the remuneration of directors and Audit & Supervisory Board members who were in office before the Company transitioned to a Company with Three Statutory Committees.
2. The total amount of the basic remuneration and annual incentive for directors has a ceiling of ¥2.0 billion annually (including a total of ¥0.2 billion or less for external directors) as per the resolution of the 118th ordinary general meeting of shareholders held on March 27, 2018. The number of directors at the conclusion of the said general meeting of shareholders was six (three of whom were external directors). Basic remuneration for Audit & Supervisory Board members has a ceiling of ¥10 million per month as per the resolution of the 105th ordinary general meeting of shareholders held on June 29, 2005. The number of Audit & Supervisory Board members at the conclusion of the said general meeting of shareholders was five.
3. The annual incentive of directors for fiscal 2024 indicated above represent the amounts that will be paid upon the resolution of the Board of Directors based on the resolution of the 118th ordinary general meeting of shareholders, as stated in note 2. Regarding the calculation of those amounts, please refer to the following 5) Performance-linked targets, actual performance and payment percentage, etc. of annual incentive paid to directors excluding external directors and corporate executive officers.
4. The amount of long-term incentive-type remuneration (stock compensation) indicated above represents the total amount of the expenses recognized and measured in accordance with IFRS 2 “Share-based Payment” for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units), in consideration of duties executed by directors. It has been resolved that the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for

the delivery of shares of the common stock of the Company and the rest in cash. The said amount of the expenses recognized includes -¥5 million in adjustment to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).

5. In addition, an adjustment of -¥0.4 million was recorded to the expenses recognized for prior years, on the performance-linked stock compensation (performance share units) delivered to one director of the Company, at the time the directors served as executive officers or employee not holding the office of directors.

(From April to December 2024)

(Millions of yen)

	Basic Remuneration, etc.	Annual Incentive	Total of the left* (a)	Long-Term Incentive (Stock Compensation) (b)	Total [(a)+(b)]
Directors (9 persons)	155	—	155	(5)	149
External Directors Among Directors (7 persons)	94	—	94	—	94
Corporate Executive Officers (7 persons)	359	137	496	123	620
Total	514	137	652	117	769

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

1. The Company does not provide directors' remuneration to directors who concurrently serve as corporate executive officers. Therefore, the remuneration of the two directors who concurrently serve as corporate executive officers is included in the "Corporate Executive Officers" category, not the "Directors" category.
2. The amount of long-term incentive-type remuneration (stock compensation) for directors and corporate executive officers indicated above represents the total amount of the expenses recognized and measured in line with IFRS 2 "Share-based Payment" for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units) granted in consideration of duties executed by directors and corporate executive officers. The amount of long-term incentive-type remuneration (stock compensation) for directors includes the expense recognized for the fiscal year ended December 31, 2024 related to the unvested portion of performance-linked stock compensation (performance share units) for directors who retired in March 2024. In addition, it has been resolved that the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for the delivery of shares of the common stock of the Company and the rest in cash. The said amount of the expenses recognized includes -¥15 million in adjustment to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).
3. In addition, an adjustment of -¥4 million was recorded to the expenses recognized for the fiscal year ended December 31, 2023, on the performance-linked stock compensation (performance share units) delivered to four

corporate executive officers of the Company at the time the corporate executive officers held the position of executive officer or employee without concurrently serving as a director or corporate executive officer.

4. Of the above, the remuneration paid in local currency was translated into Japanese yen using the average internal exchange rate during the fiscal year ended December 31, 2024.

4) Amounts of Remuneration, etc. to Representative Directors, Directors and Corporate Executive Officers Whose Total Amount of Remuneration, etc. Exceeded ¥100 Million for the Fiscal Year Ended December 31, 2024

(Millions of yen)

	Basic Remuneration, etc.	Annual Incentive	Total of the left* (a)	Long-Term Incentive (Stock Compensation) (b)	Total [(a)+(b)]
Masahiko Uotani, Director Representative Corporate Executive Officer Chairman and CEO	169	79	248	68	316
Kentaro Fujiwara Director Representative Corporate Executive Officer President and COO	70	26	96	36	133
Toshinobu Umetsu Corporate Executive Officer China Region CEO (Note 2.)	70	22	93	14	108

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

1. The amount of long-term incentive-type remuneration (stock compensation) for directors and corporate executive officers indicated above represents the total amount of the expenses recognized and measured in line with IFRS 2 “Share-based Payment” for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units) granted in consideration of duties executed by directors and corporate executive officers. The said amount of the expenses recognized includes an adjustment of -¥13 million to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).
2. The above amount, concerning additional expenses, etc. incurred due to the corporate executive officer Mr. Umetsu being stationed abroad, includes the tax adjustments, etc., associated with the international transfer to ensure that the remuneration that would be expected if the corporate executive officer were not stationed overseas is reflected.
3. Of the above, the remuneration paid in local currency was translated into Japanese yen using the average internal exchange rate during the fiscal year ended December 31, 2024.
4. No director and corporate executive officer above were paid remuneration other than described above (including that described in notes 1. through 3.).

5) Performance-linked targets, actual performance and payment percentage, etc. of annual incentive paid to directors excluding external directors and corporate executive officers

(Billions of yen)

Performance Evaluation Indicators	Fluctuation Range of Payment Percentage	Targets for Payment Factor at 100%	Actual Performance	Achievement Rate	Payment Factor Calculated Based on the Target Achievement Rate
Consolidated Net Sales	0%–200%	1,000.0	990.6	99.1%	(Note 1.) 56.0%
Core Operating Profit		55.0	36.4	66.2%	(Note 1.) 0.0%
Profit Attributable to Owners of Parent	–	(Note 2.)	(10.8)	–	(Note 2.)
Performance of Business in Charge	0%–200%	(Note 3.)			
Personal Performance Evaluation		(Note 4.)	–	–	(Note 4.) 90.0% (Average)

Total payment rate	(Note 5.) 47.8%

Notes:

1. With regard to consolidated net sales and core operating profit, in the calculation of the payment factor, adjustments are made to exclude the impact of business transfers, foreign exchange and other factors on targets and actual performance set at the beginning of the period, in order to compare the targets and the actual performance in the practically same situation. The payment factors reflect those adjustments.
2. The Company has set profit attributable to owners of parent as a benchmark for the Compensation Committee to discuss the notion of lowering the payment percentage of the annual incentive based on company-wide performance in the event that profit attributable to owners of parent falls below certain thresholds set. For the fiscal 2024, the profit attributable to owners of parent fell under the thresholds. Following the deliberations of the Compensation Committee, it was decided that the annual incentive calculated with the payment percentage based on performance should be paid. The Committee determined that a sound connection between performance, which should be emphasized for the annual incentive, and the remuneration to be disbursed is secured.
3. Key performance evaluation indicators such as net sales, profits and cost indices, etc. are set to measure performance of respective business. Specific figures are not disclosed.
4. Each individual's priority targets are set in personal performance evaluation considering not only a single fiscal year performance but also initiatives to realize long-term strategies that reflect management approach and Corporate Philosophy, such as improvement in organizational capabilities.
5. The total payment rate is the ratio of the actual amount paid to the target amount of annual incentive for directors and corporate executive officers.

6) Performance-linked targets, actual performance and payment percentage, etc. of long term incentive-type remuneration granted for fiscal 2021 and paid to directors excluding external directors

Performance Evaluation Indicators		Fluctuation Range of Payment Percentage (Note 3)	Weight	Targets for Maximum Payment Percentage	Actual Perfor-mance	Achievement Rate against Target for Maximum Payment Percentage	Payment Percentage
Compound average growth rate (CAGR) of consolidated net sales		50%–150% (including fixed portion 50.0%)	30.0%	Compound average growth rate (CAGR) from 2019: 7.0%	-1.2%	0.0%	15.0%
Consolidated operating profit margin			60.0%	Consolidated operating profit margin in the final fiscal year of the evaluation period Operating profit margin: 15%	2.9%	0.0%	30.0%
Multiple internal and external indicators pertaining to the environment, society and governance (ESG) with focus on the area of "empowered beauty"	Ratio of female managers in Japan		2.0%	40% in the final fiscal year of the three-year period	40%	100.0%	3.0%
	Ratio of female leaders in overseas		2.0%	50% in the final fiscal year of the three-year period	57%	100.0%	3.0%
	MSCI Japan Empowering Women Select Index		1.0%	Continuing adoption as main stock in the final fiscal year of the three-year period	Continued adoption	100.0%	1.5%
	Dow Jones Sustainability Indices (DJSI)		5.0%	Difference between top rated companies of DJSI World and DJSI Asia Pacific in the final fiscal year of the three-year period: Average 90 to 100 percentiles	100%iles	100.0%	7.5%
Consolidated ROE		thresholds	-	Threshold target: Average of 5.0% or more in the past 10 years	7.2%	Achieved	-

Total payment rate	60.0% (including fixed portion 50.0%)

Notes:

1. The period of evaluation for the performance-linked stock remuneration (performance share units) granted for fiscal 2021 is from January 1, 2021 to December 31, 2023.
2. As for performance evaluation indicators, from the perspective of creating corporate value from both aspects of economic and social values, the Company has adopted the compound average growth rate (CAGR) of consolidated net sales and the consolidated operating profit margin as indicators related to economic value among corporate value, and the multiple internal and external indicators pertaining to the environment, society and corporate governance (ESG) as benchmarks on creation of social value.
3. Since the fixed portion (50%) is set, the fluctuation range of the total payment percentage, which is the sum of the fixed portion and the performance-linked portion, is from 50% to 150%.

4. Consolidated ROE is set as a benchmark for the Compensation Committee to discuss the notion of lowering the percentage amount of payment of the performance-linked portion in the event that consolidated ROE falls below certain thresholds set.
5. The payment rate is calculated by applying the actual results for each item to the prescribed payment percentage table. Of the performance evaluation indicators, the actual performance ratio of the ESG indicator is calculated by rounding off to the nearest whole number.

(11) Matters Concerning Accounting Auditor

1) Name of Accounting Auditor

KPMG AZSA LLC

Notes:

1. The Company has not entered into a liability limitation agreement with KPMG AZSA LLC.
2. Of the significant subsidiaries of the Company, some overseas subsidiaries are subject to audits of accounts by a certified public accountant or incorporated accounting firm (including overseas auditors possessing similar qualifications) other than the accounting auditor of the Company.

2) Remuneration, etc. to the Accounting Auditor

(Millions of yen)

Category	Amount
Remuneration paid for services rendered as the accounting auditor for the fiscal year ended December 31, 2024	255
Total cash and other remuneration to be paid by the Company and its subsidiaries to the accounting auditor	304

Notes:

1. In the audit contract between the Company and its accounting auditor, remuneration paid for audits under the Companies Act and remuneration paid for audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be practically separated. Therefore, the total payment for both is shown in "Remuneration paid for services rendered as the accounting auditor for the fiscal year ended December 31, 2024" above.
2. In addition to the above, the amount of remuneration paid for services rendered as the accounting auditor includes ¥10 million as the amount of additional fees related to the preceding fiscal year.

3) Reason for Audit Committee to Have Agreed to Remuneration, etc. to the Accounting Auditor

The Audit Committee of the Company reviewed the status of performance of duties and basis for the calculation of the estimated amount of remuneration in the previous fiscal year as well as the validity of both descriptions in the audit plan prepared by the accounting auditor during the current fiscal year and the estimated amount of remuneration, using the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association as a guide, and by way of necessary documents obtained from the directors, internal relevant departments and the accounting auditor as well as interviews to obtain information from them, and determined that the fees, etc. of the accounting auditor were appropriate, and expressed agreement in accordance with Article 399, paragraph (1) and paragraph (4) of the Companies Act.

4) Details of Services Other Than Audit

The Company entrusted the accounting auditor with the "preparation of 'document from the accounting auditor to the managing underwriting firm' concerning bond issuance," which is a service other than services under Article 2, paragraph (1) of the Certified Public Accountants Act (services other than audit). The amount of remuneration, etc. is ¥2 million, which is included in the "Total cash and other remuneration to be paid by the Company and its subsidiaries to the accounting auditor" under the "2) Remuneration, etc. to the Accounting Auditor" above.

5) Policy Relating to Determination of Dismissal of or Not to Reappoint Accounting Auditor

In the event that the Company determines that keeping an accounting auditor as its accounting auditor causes material trouble to the Company for the reasons, among others, that the accounting auditor has violated its duties, negated its duties or behaved in a manner inappropriate as an accounting auditor, the Audit Committee shall dismiss the accounting auditor pursuant to Article 340 of the Companies Act.

Furthermore, in the event that it is deemed that the accounting auditor is unable to carry out its duties duly or change of the accounting auditor to another audit firm is reasonably required to enhance the appropriateness of accounting audit, the Board of Directors shall submit a proposal to the general meeting of shareholders for the dismissal of the accounting auditor or not to reappoint the accounting auditor in accordance with the resolution of the Audit Committee on the proposal resolved in consideration of the opinion of the executive agency.

Notes:

1. Amounts in this business report given in billions of JPY have been rounded to the nearest 0.1 billion, and other amounts have been rounded down to the nearest million JPY, thousand USD, thousand EUR, thousand RUB, thousand CNY, thousand TWD or thousand SGD. In the notation of 1,000 shares, shares of less than one unit have been omitted.
2. In regard to the calculation of percentages, the ownership percentage of shares, the composition percentage of directors and the attendance rate of the respective meetings are rounded down to one decimal place. In general, other amounts are rounded to one decimal place.
3. Figures in parentheses ( ) or "-" in graphs and tables denote negative value such as loss or decrease.
4. "Shain (employee)" in this business report is not "shain (shareholder/interest holder)" as defined by the Companies Act, but has the same meaning as "employee."

The business report according to Article 435, paragraph (2) of the Companies Act is as indicated above.

SHISEIDO

Consolidated Statement of Financial Position

(As of December 31, 2024)

(Millions of yen)

	December 31, 2024	December 31, 2023 (Reference)
ASSETS		
Current Assets:	**477,800**	**470,014**
Cash and Cash Equivalents	98,479	104,685
Trade and Other Receivables	154,305	149,688
Inventories	160,507	149,646
Other Financial Assets	28,382	21,956
Other Current Assets	36,125	44,038
Non-Current Assets:	**854,048**	**785,483**
Property, Plant and Equipment	294,411	301,838
Goodwill	108,013	62,143
Intangible Assets	179,390	137,663
Right-of-Use Assets	104,876	100,548
Investments Accounted for Using Equity Method	2,908	18,449
Other Financial Assets	89,556	95,321
Retirement Benefit Asset	10,261	—
Deferred Tax Assets	54,782	61,187
Other Non-Current Assets	9,848	8,331
TOTAL ASSETS	**1,331,848**	**1,255,497**

	December 31, 2024	December 31, 2023 (Reference)
LIABILITIES		
Current Liabilities:	**398,562**	**368,345**
Trade and Other Payables	152,199	178,526
Bonds and Borrowings	107,000	50,000
Lease Liabilities	21,223	21,916
Other Financial Liabilities	6,391	5,385
Income Taxes Payable	3,413	3,553
Provisions	4,527	5,847
Other Current Liabilities	103,807	103,116
Non-Current Liabilities:	**278,642**	**246,758**
Bonds and Borrowings	131,620	110,559
Lease Liabilities	103,317	98,506
Other Financial Liabilities	20,630	6,482
Retirement Benefit Liability	5,037	15,055
Provisions	1,852	1,227
Deferred Tax Liabilities	3,640	2,870
Other Non-Current Liabilities	12,544	12,056
Total Liabilities	**677,205**	**615,104**
EQUITY		
Share Capital	64,506	64,506
Capital Surplus	74,138	74,000
Treasury Shares	(2,325)	(1,591)
Retained Earnings	356,877	380,208
Other Components of Equity	139,277	101,624
Total Equity Attributable to Owners of Parent	632,474	618,748
Non-Controlling Interests	**22,169**	**21,644**
Total Equity	**654,643**	**640,392**
TOTAL LIABILITIES AND EQUITY	**1,331,848**	**1,255,497**

SHISEIDO

Consolidated Statement of Profit or Loss

(Fiscal Year from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Fiscal Year 2024	Fiscal Year 2023 (Reference)
Net Sales	990,586	973,038
Cost of Sales	237,394	259,674
Gross Profit	**753,191**	**713,364**
Selling, General and Administrative Expenses	751,444	696,625
Other Operating Income	8,561	21,023
Other Operating Expenses	2,733	9,629
Operating Profit	**7,575**	**28,133**
Finance Income	8,292	6,734
Finance Costs	19,186	7,574
Share of Profit (Loss) of Investment Accounted for Using Equity Method	2,052	3,744
Profit Before Tax (Loss)	(1,265)	31,037
Income Tax Expense	8,028	6,860
Profit (Loss)	(9,294)	24,177
Profit (Loss) Attributable to		
Owners of Parent	(10,813)	21,749
Non-Controlling Interests	1,518	2,427
Profit (Loss)	(9,294)	24,177

Reference: Consolidated Statement of Comprehensive Income

(Fiscal Year from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Fiscal Year 2024	Fiscal Year 2023 (Reference)
Profit (Loss)	**(9,294)**	**24,177**
Other Comprehensive Income:		
Items That Will Not Be Reclassified to Profit or Loss		
Financial Assets Measured at Fair Value Through Other Comprehensive Income	(273)	(823)
Remeasurements of Defined Benefit Plans	11,816	6,568
Share of Other Comprehensive Income of Investments Accounted for Using Equity Method	7	68
Total of Items That Will Not Be Reclassified to Profit or Loss	11,550	5,813
Items That May Be Reclassified to Profit or Loss		
Exchange Differences on Translation of Foreign Operations	39,722	30,007
Cash Flow Hedges	—	43
Share of Other Comprehensive Income of Investments Accounted for Using Equity Method	(835)	(553)
Total of Items That May Be Reclassified to Profit or Loss	38,886	29,497
Other Comprehensive Income, Net of Tax	50,437	35,311
Comprehensive Income	**41,142**	**59,488**
Comprehensive Income Attributable to		
Owners of Parent	38,375	55,801
Non-Controlling Interests	2,767	3,687
Comprehensive Income	41,142	59,488

SHISEIDO

Consolidated Statement of Changes in Equity

(Fiscal Year from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Equity Attributable to Owners of Parent					
					Other Components of Equity	
	Share Capital	Capital Surplus	Treasury Shares	Retained Earnings	Exchange Differences on Transition of Foreign Operations	Financial Assets Measured at Fair Value Through Other Comprehensive Income
Balance as of January 1, 2024	64,506	74,000	(1,591)	380,208	101,624	—
Comprehensive Income						
Profit (Loss)				(10,813)		
Other Comprehensive Income					37,652	(245)
Total Comprehensive Income	—	—	—	(10,813)	37,652	(245)
Transactions with Owners						
Purchase of Treasury Shares			(1,047)			
Disposal of Treasury Shares		(17)	313	(15)		
Dividends				(23,981)		
Change in Ownership Interest in Subsidiaries		(0)				
Share-Based Payment Transactions		155		380		
Transfer to Retained Earnings				11,535		245
Other				(437)		
Total Transactions with Owners	—	138	(734)	(12,517)	—	245
Balance as of December 31, 2024	64,506	74,138	(2,325)	356,877	139,277	—

(Millions of yen)

	Equity Attributable to Owners of Parent			Non-Controlling Interests	Total
	Other Components of Equity		Total		
	Remeasurements of Defined Benefit Plans	Total			
Balance as of January 1, 2024	—	101,624	618,748	21,644	640,392
Comprehensive Income					
Profit (Loss)		—	(10,813)	1,518	(9,294)
Other Comprehensive Income	11,781	49,188	49,188	1,248	50,437
Total Comprehensive Income	11,781	49,188	38,375	2,767	41,142
Transactions with Owners					
Purchase of Treasury Shares		—	(1,047)		(1,047)
Disposal of Treasury Shares		—	280		280
Dividends		—	(23,981)	(1,917)	(25,898)
Change in Ownership Interest in Subsidiaries		—	(0)	0	—
Share-Based Payment Transactions		—	536		536
Transfer to Retained Earnings	(11,781)	(11,535)	—		—
Other		—	(437)	(325)	(762)
Total Transactions with Owners	(11,781)	(11,535)	(24,650)	(2,242)	(26,892)
Balance as of December 31, 2024	—	139,277	632,474	22,169	654,643

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Standards for the Preparation of Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter the "Group") are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") under the provision of Article 120, paragraph (1) of the Regulations on Corporate Accounting. The consolidated financial statements omit part of the disclosures required under IFRS pursuant to the provisions of the second sentence of the first paragraph of Article 120.

2. Scope of Consolidation

Number of consolidated subsidiaries: 71

Principal subsidiaries are listed in 1 Matters Concerning the Shiseido Group 1.2 Outline of the Shiseido Group (3) Major Subsidiaries and Affiliated Companies of the Shiseido Group.

[Addition: 4 companies]

Four companies have been included in the scope of consolidation effective from the fiscal year following the acquisition of DDG Skincare Holdings LLC and the establishment of new companies.

[Exclusion: 2 companies]

Two companies were excluded from the scope of consolidation effective from the fiscal year following the completion of the liquidation of Shiseido China Research Center Co., Ltd. and other reasons.

3. Application of the Equity Method

Associates accounted for under the equity method: 3

Major company name: Pierre Fabre Japon Co., Ltd.

[Exclusion: 14 companies]

FineToday Holdings Co., Ltd. was excluded from the scope of equity method application effective from the fiscal year following the transfer of all shares of FineToday Holdings Co., Ltd.

4. Notes on Accounting Policies

(1) Basis of consolidation

1) Subsidiaries

Subsidiary refers to an entity controlled by the Group. An entity is deemed to be controlled by the Group when the Group has exposure or rights to variable returns arising from its involvement in the entity and has the ability to influence such returns through its power over the entity.

The financial statements of subsidiaries are included in consolidation from the date the Group obtains control until the date it loses control. Balances of receivables and payables between Group companies and internal transactions, as well as unrealized gains and losses arising from transactions between Group companies, are eliminated in the preparation of the consolidated financial statements.

Partial disposals of interests in subsidiaries are accounted for as equity transactions if control continues. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is recognized directly in equity as equity attributable to owners of parent.

When control is lost, any gain or loss arising from the loss of control is recognized in profit or loss.

2) Associates

Associate refers to an entity over which the Group does not have control or joint control, despite having significant influence over finance or operating policy of the entity. Generally, when the Group has between 20% and 50% of the voting rights of another entity, the Group is assumed to have significant influence over that entity.

In principle, associates are accounted for by the equity method from the day that the Group assumes significant influence until the day that it loses the significant influence. Investments in associates include goodwill recognized upon acquisition (net of accumulated impairment losses).

Where associates have adopted accounting policies that are different from those adopted by the Group, adjustments are made to the associates' financial statements as needed.

(2) Business combinations

Business combinations are accounted for under the acquisition method. Non-controlling interests are initially measured at fair value or their proportionate share of the acquiree's identifiable net assets at the acquisition date.

If the sum of the fair value of the consideration paid, the amount of non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree at the acquisition date in the case of an acquisition in phases, exceeds the fair value of the identifiable assets and liabilities assumed at the acquisition date, the excess amount is recognized as goodwill in the consolidated statement of financial position. On the other hand, if the total consideration is less than the fair value of the identifiable assets and liabilities assumed, it is recognized immediately in profit or loss in the consolidated statement of profit or loss.

Acquisition-related costs incurred in connection with a business combination are recognized as expenses incurred.

If the initial accounting for the business combination is not completed by the end of the fiscal year in which the business combination occurred, items not completed are accounted for using provisional amounts and the provisional amounts recognized at the acquisition date are adjusted retrospectively for measurement periods within one year of the acquisition date.

(3) Foreign currency translation

1) Foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each entity in the Group using the exchange rates at the date of the transactions.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated into the functional currency at the exchange rate at the reporting date.

Translation differences arising from translation or settlement are recognized in profit or loss. However, the translation differences arising from equity financial assets measured at fair value through other comprehensive income and from the hedging instruments of cash flow hedges are recognized in other comprehensive income to the extent that the hedges are effective.

2) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the exchange rate at the reporting date, and revenues and expenses are translated into Japanese yen at the average exchange rate unless the exchange rate fluctuates significantly. Translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income, the accumulated amount of which is recognized as other components of equity. Upon disposal of a subsidiary resulting in loss of control, the entire cumulative amount of translation differences related to the foreign operation is reclassified to profit or loss.

(4) Financial instruments

1) Non-derivative financial assets

(i) Initial recognition and measurement

Financial assets measured at amortized cost are initially recognized on the date they arise. All other financial assets are recognized on the date of becoming a party to the contract for the financial instrument.

Financial assets are classified at initial recognition as follows:

(a) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are classified as financial assets measured at amortized cost.

- Financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity financial assets measured at fair value through other comprehensive income

The Group has elected to present subsequent changes in the fair value of investments in all equity instruments, which are not held for sale, in other comprehensive income at the time of initial recognition.

(c) Debt financial assets measured at fair value through other comprehensive income

Financial assets that meet both of the following conditions are classified as debt financial assets measured at fair value through other comprehensive income:

- Financial assets held in a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss.

In principle, financial assets are measured at fair value plus transaction costs directly attributable to the financial assets. However, for financial assets measured at fair value through profit or loss, transaction costs are recognized in profit or loss as incurred.

In addition, trade receivables that do not contain a significant financing component are measured at transaction price.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method, with interest recognized in profit or loss. When necessary, a loss allowance is deducted from the gross carrying amount to which the effective interest method is applied.

(b) Financial assets measured at fair value

For equity financial assets measured at fair value through other comprehensive income, changes in fair value and gains or losses on derecognition are recognized in other comprehensive income. The cumulative amount recognized as other comprehensive income is transferred to retained earnings immediately after recognition in other components of

equity. Dividends from such financial assets are recognized in profit or loss for the period as part of finance income, unless such dividends clearly represent a recovery of the cost of the investment.

Changes in the fair value of financial assets measured at fair value, other than those above, are recognized in profit or loss.

(iii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all the risks and rewards of ownership of the asset to another entity.

(iv) Impairment of financial assets

For impairment losses on financial assets, etc. measured at amortized cost, a loss allowance is recognized for expected credit losses on such assets.

The Group assesses whether the credit risk associated with each financial asset has increased significantly since the initial recognition at each reporting date, and when the credit risk has not increased significantly, the Group recognizes the 12-month expected credit loss as loss allowance.

When the credit risk has increased significantly since the initial recognition, the Group recognizes the amount equal to the lifetime expected credit loss as loss allowance.

For trade and lease receivables that do not contain a significant financial component, the Group always recognizes a loss allowance in an amount equal to the expected credit loss for the entire term, regardless of whether credit risk has increased significantly from the time of initial recognition.

The Group measures expected credit loss by grouping assets with similar credit risk characteristics, considering past credit loss experience, current conditions, and information that is reasonably available and supportable (internal and external credit ratings, etc.). Expected credit loss is measured based on the present value of the difference between all contractual cash flows payable to a company, and all contractual cash flows expected to be received by a company.

Any issuer or debtor is deemed to be in default when the recovery of all or a portion of financial assets to such an issuer or debtor is judged to be impossible or extremely difficult due to condition such as its significant financial difficulty or breach of contract including past due status. In the event of default, it is determined that objective evidence of credit impairment exists and the asset is classified as a credit impaired financial asset.

In addition, if the Group does not have a reasonable expectation of recovering all or a portion of given financial assets, the Group directly reduces the gross carrying amount of financial assets.

The provision for loss allowance on financial assets is recognized as profit or loss. When an event that reduces the loss allowance occurs, a reversal of the loss allowance is recognized as profit or loss.

2) Non-derivative financial liabilities

The Group initially recognizes financial liabilities on the date when they arise, and measures them at amortization cost. At initial recognition, financial liabilities are measured at fair value less transaction costs directly attributable to the issuance of the financial liability. In addition, after initial recognition, they are measured at amortized cost based on the effective interest method.

Financial liabilities are derecognized when they are extinguished, that is, when the obligations specified in the contract are discharged, cancelled or expired.

3) Derivatives and hedge accounting

The Group uses derivatives such as foreign exchange forward contracts and interest rate swaps to hedge foreign exchange risk and interest rate risk. Of these derivatives, derivative instruments that meet requirements for hedge accounting are designated as hedging instruments, and hedge accounting is applied to them.

In applying hedge accounting, the Group formally documents risk management purposes, relationship between the hedging instrument and the hedged item in executing the hedge transaction, and method for assessing effectiveness of the hedging relationship at the inception of the hedge. In addition, the Group assesses whether the derivative designated as a hedging instrument is effective in offsetting changes in cash flows of the hedged item at the inception of the hedge and on an ongoing basis.

These derivatives are initially recognized at fair value when the contract is entered into, and subsequently remeasured at fair value, and the subsequent fair value changes are accounted for as follows:

(i) Cash flow hedges

Of gains or losses on hedging instruments, the effective portion is recognized in other comprehensive income, and the ineffective portion is recognized immediately in profit or loss in the consolidated statement of profit or loss.

Amounts relating to hedging instruments recognized in other comprehensive income and accumulated in other components of equity are reclassified to profit or loss when a transaction that is the hedged item affects profit or loss. If a hedged forecast transaction gives rise to the recognition of non-financial assets or non-financial liabilities, the amount recognized in other comprehensive income is accounted for as adjustment to the initial carrying amount of the non-financial assets or non-financial liabilities.

(ii) Derivatives not designated as hedges

Changes in the fair value of derivatives are recognized in profit or loss in the consolidated statement of profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits withdrawable at any time, and short-term investments that are readily convertible to cash and subject only to insignificant risk of changes in value and that have a maturity of three months or less from the acquisition date.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the amount of the estimated selling price in the ordinary course of business less the estimated costs and estimated selling costs required up to the completion. Cost is calculated based on the weighted-average method, and includes cost of purchase, processing cost, and all expenses required to reach the current place and status.

(7) Property, plant and equipment

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses, using the cost model.

Cost includes expenses directly related to acquisition of assets, demolition and removal costs and restoration costs for land, and borrowings costs to be capitalized.

Depreciation of each asset other than land and construction in progress is recognized using the straight-line method over respective estimated useful lives. Estimated useful lives by major asset item are as follows:

Buildings and structures:	2–50 years
Machinery, equipment and vehicles:	2–15 years
Tools, furniture and fixtures:	2–15 years

Estimated useful lives, residual value and depreciation method are reviewed at the end of each fiscal year, and if there is any change, the change is applied prospectively as a change in accounting estimates.

(8) Goodwill

Goodwill is not amortized. Goodwill is allocated to cash-generating units that are expected to benefit from synergies of the business combination, and is tested for impairment in each period, or whenever there is any indication of impairment.

Impairment losses on goodwill are recognized in the consolidated statement of profit or loss, and no subsequent reversal is made.

In addition, goodwill is presented at cost less accumulated impairment losses in the consolidated statement of financial position.

(9) Intangible assets

Intangible assets are presented at cost less accumulated amortization and accumulated impairment losses, using the cost model.

Individually acquired intangible assets are measured at cost at initial recognition. Intangible assets acquired through business combinations are recognized separately from goodwill at initial recognition, and measured at fair value on the date of obtaining control.

Internally generated research-related costs are recognized as expenses when they arise. Internally generated development costs are recognized as assets only if all the requirements for being recognized as assets are met. When research-related costs and development costs are not clearly distinguishable, they are recognized as expenses, as research-related costs, when they arise.

Acquisition of software for internal use and its development costs are recognized as intangible assets when future economic benefits are expected to flow to the Group.

Intangible assets with definite useful lives are amortized using the straight-line method over respective estimated useful lives after initial recognition. Estimated useful lives of major intangible assets are as follows:

Software:	5–15 years

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized. Such intangible assets are tested for impairment individually or at the level of each cash-generating unit in each period and whenever there is any indication of impairment.

Estimated useful lives, residual value and amortization method are reviewed at the end of each fiscal year, and if there is any change, the change is applied prospectively as a change in accounting estimates.

(10) Leases

The Group assesses whether a contract is a lease or contains a lease, at the inception of the contract. If the contract transfers the right to control the use of an identified asset over a certain period of time in exchange for consideration, the contract is judged to be a lease or contain a lease.

(i) Lessee

In leases as a lessee, right-of-use assets and lease liabilities are recognized at the commencement date of the lease. The amount of initial measurement of right-of-use assets is the amount of initial measurement of the lease liability adjusted for lease payments that were paid at or before the commencement date. Lease liabilities are initially measured at the present value of lease payments that have not been paid as at the commencement date, discounted using the interest

rate implicit in the lease. When the interest rate implicit in the lease cannot be calculated easily, the Group's incremental borrowing rate of interest is used.

After initial recognition, right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use assets and the end of the lease term. Estimated useful lives of right-of-use assets are determined in the same manner as the Group's own property, plant and equipment. Lease liabilities are measured at amortized cost based on the effective interest method. Lease payments are allocated to interest expenses and repayments of lease liabilities based on the effective interest method. Interest expenses are included in "Finance costs" in the consolidated statement of profit or loss.

The Group has chosen not to recognize right-of-use assets and lease liabilities for leases with the lease term of 12 months or less or leases of low-value assets. The Group recognizes lease payments for these leases as expenses over the lease term using either the straight-line method or any other systematic basis. In addition, as a practical expedient, the Group has chosen to account for a lease component and related non-lease components as a single lease component without separating non-lease components from lease components.

(ii) Lessor

When the Group is a lessor in leases, each lease is classified as finance lease or operating lease at the time of entering into a lease contract. In classifying each lease, the Group comprehensively assesses whether or not all risks and rewards incidental to ownership of the underlying asset are transferred. Leases are classified as finance leases if such risks and rewards are transferred, and otherwise as operating leases.

When the Group is an intermediate lessor, head leases and sub leases are accounted for separately. The classification of sub leases is determined by reference to right-of-use assets generated from head leases, rather than underlying assets.

Lease payments in operating lease transactions are recognized as income using the straight-line method over the lease term, and included in "Other operating income" in the consolidated statement of profit or loss.

(11) Impairment of non-financial assets

For carrying amounts of non-financial assets of the Group other than inventories and deferred tax assets, it is determined at the end of fiscal year whether there is any indication of impairment. If there is an indication of impairment, the recoverable amount of the relevant asset is estimated. For goodwill and intangible assets with indefinite useful lives or those which are not yet available for use, the recoverable amount is estimated at the same time each year, regardless of any indication of impairment.

The recoverable amount of assets or cash-generating units is the higher of value in use or fair value less costs of disposal. In the calculation of value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects time value of money and risks inherent in the asset. Assets that are not tested individually for impairment are aggregated to the smallest cash-generating unit which generates cash inflows from continuing use that are largely independent of cash inflows from other assets or asset groups. When goodwill is tested for impairment, cash-generating units to which the goodwill is allocated are aggregated so that the level at which impairment is tested reflects the lowest level to which the goodwill relates. Goodwill acquired through business combinations is allocated to the cash-generating unit expected to benefit from synergies of the combinations.

Impairment losses are recognized in profit or loss if the carrying amount of assets or cash-generating units exceeds the estimated recoverable amount. Impairment losses recognized in relation to a cash-generating unit are first allocated to reduce the carrying amount of the goodwill allocated to the unit, and then to reduce the carrying amount of other assets in the cash-generating unit on a pro rata basis.

Previously recognized impairment losses, except for goodwill, are assessed at the end of fiscal year for whether or not there is any indication that the loss no longer exists or decreased, and reversed

up to the carrying amount after deducting necessary depreciation and amortization that would have been determined in the case where the impairment losses had not been recognized.

(12) Employee benefits

The Group adopts defined benefit pension plans and defined contribution pension plans as post-employment benefits for employees.

The Group determines the present value of defined benefit obligations and related current service cost and past service cost using the projected unit credit method.

The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period corresponding to the discount period, which is established to reflect the period until the estimated timing of benefit payments in each fiscal year in the future.

Liabilities or assets pertaining to defined benefit pension plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations.

Remeasurements of defined benefit pension plans are collectively recognized in other comprehensive income for the period when they are incurred, and the cumulative amount is immediately transferred from other components of equity to retained earnings.

Past service cost is recognized in profit or loss for the period when it is incurred.

Expenses relating to defined contribution retirement benefits are recognized as expenses in the period when employees render services.

(13) Share-based payments

The Group has adopted a share option plan as equity-settled share-based compensation plan, and a performance share unit plan as equity-settled and cash-settled performance-linked share remuneration plan.

Share options are estimated based on fair value on the grant date, and recognized as expenses in the consolidated statement of profit or loss over the vesting period with consideration of the number of share options expected to eventually vest, and the same amount is recognized as an increase in equity in the consolidated statement of financial position. Fair value of granted options is calculated using the Hull-White modified binomial model with consideration of various conditions of the options. In addition, the conditions are reviewed regularly, and the estimate of the number of share options vested is revised, as necessary.

Of the performance share unit plan, the portion that falls under the category of equity-settled payment transactions is measured by reference to fair value of the Company's shares granted and recognized as expenses over the vesting period, and the same amount is recognized as an increase in equity. On the other hand, for the portion that falls under the category of cash-settled payment transactions, services received are measured at fair value of liabilities arising and recognized as expenses over the vesting period, and the same amount is recognized as an increase in liabilities. The fair value of these liabilities is remeasured on the reporting date and the settlement date, and any change in the fair value is recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligations, and the amount of the obligations can be estimated reliably. When time value of money is material, estimated future cash flows are discounted to the present value using a pre-tax interest rate that reflects time value of money and risks inherent in the liabilities. Unwinding of the discount over time is recognized as finance costs.

(15) Revenue

The Group is engaged in manufacturing and sales of cosmetics such as skin-care products, makeup products and fragrances, and in restaurant and hair salon businesses. As for sales of products, because customers obtain control of the product at the time of delivery of the product, etc., revenue is recognized at the time of delivery of the product, etc. In addition, revenue is measured at an amount of consideration promised in the contract with the customer less discounts, rebates, sales returns and others. The consideration expected to be refunded to customers is recorded as refund liabilities in "Trade and other payables" in the consolidated statement of financial position. Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur, when uncertainty associated with the variable consideration is subsequently resolved.

The consideration in contracts with customers does not contain a significant financing component.

The Group offers a point program to customers according to sales of products under which customers can make payments using the points at the time of purchase of products in the future, and the Group identifies the portion of points expected to be exercised by customers in the future as performance obligations in the point program. Transaction prices are allocated to these performance obligations based on the ratio of stand-alone selling prices, which are consideration promised in the contract with the customer less discounts, rebates, sales returns and others. The amount allocated to performance obligations in the point program is deferred as contract liabilities and included in "Other current liabilities" in the consolidated statement of financial position, and revenue is recognized according to the use of points with consideration of the forfeit rate.

(16) Governmental subsidies

Governmental subsidies are recognized at fair value when incidental conditions for grant of subsidies are satisfied, and reasonable assurance that the subsidies will be received is obtained.

If governmental subsidies relate to an expense item, they are recognized as revenue on a systematic basis over the period in which related costs that are intended to be covered by the subsidiaries are recognized as expenses. Subsidies related to assets are recognized as deferred revenue, and recognized in profit or loss on a systematic basis over useful lives of the related assets.

(17) Income taxes

Income tax expenses consist of current taxes and deferred taxes. They are recognized in profit or loss, unless they arise from items recognized directly in other comprehensive income or equity, and from business combinations.

Current taxes are measured at an amount expected to be paid to or refunded from tax authorities. Tax rates and tax law used in the calculation of the tax amount are those which have been enacted or substantially enacted by the period-end.

Deferred taxes are recognized for temporary differences, which are differences between tax base of assets and liabilities and their carrying amount at period-end, unused tax losses and unused tax credits.

For the following temporary differences: deferred tax assets and liabilities are not recognized.

- Taxable temporary differences arising from initial recognition of goodwill
- Temporary differences arising from initial recognition of assets and liabilities generated from transactions that affect neither accounting profit nor taxable income for tax purposes (tax loss) at the time of the transaction, and that do not give rise to an equal amount of taxable temporary differences and deductible temporary differences, except for business combination transactions
- As for deductible temporary differences related to investments in subsidiaries and associates, cases where it is probable that the temporary difference will not be reversed in the foreseeable future, or where it is less likely that taxable income will be earned against which the temporary difference will be used

- As for taxable temporary differences related to investments in subsidiaries and associates, cases where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future

Deferred tax liabilities are recognized for all taxable temporary differences in principle, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits will be used.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that are expected to be applied during the period in which the assets will be realized or the liabilities will be settled based on tax rates and tax laws which have been enacted or substantially enacted by the period-end.

Deferred tax assets and liabilities are offset when the legally enforceable right to set off current tax assets against current tax liabilities is possessed, and taxes are levied by the same taxation authority on the same taxable entity.

The Group has applied a temporary exception under the amendments to IAS 12 "Income Taxes," and the Group does not recognize nor disclose information about deferred tax assets and liabilities related to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development (OECD).

(18) Earnings per share

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

(19) Non-current assets held for sale

When the carrying amount of non-current assets (or disposal groups) is recovered principally through a sale transaction rather than continuing use, the non-current assets (or disposal groups) are classified as held for sale. To be classified as held for sale, assets are subject to the condition that the sale is highly probable and the asset is available for immediate sale in its present state, and are classified as held for sale only if the management of the Group is committed to implementation of a plan to sell the asset and the sale is expected to be completed within one year.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the carrying amount or fair value less costs to sell, and they are not depreciated or amortized after being classified as held for sale.

(20) Equity and other equity items

(i) Ordinary share

Ordinary share is recognized at issuance value in share capital and capital surplus. In addition, share issuing expenses are deducted from issuance value.

(ii) Treasury shares

Treasury shares are valued at acquisition cost and deducted from equity. In purchase, sale or cancellation of treasury shares of the Company, gains or losses are not recognized. A difference between the carrying amount and consideration at the time of sale is recognized as equity.

(iii) Dividends

Of dividends paid to shareholders of the Company, a year-end dividend is recognized as a liability in the period in which the day when it was resolved at the Company's General Meeting of Shareholders falls, and an interim dividend is recognized as a liability in the period in which the day when it was resolved by the Board of Directors falls.

(21) Other significant accounting policies for preparation of the consolidated financial statements

Application of the group tax sharing system

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

Notes to Accounting Estimates

The preparation of the Group's consolidated financial statements under IFRS requires management to adopt the accounting policies, to make judgements, estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and the underlying assumptions are continuously reviewed. The impact of the revision of the estimates will be recognized in the accounting period in which the estimates are revised and the future accounting periods.

The items which may significantly affect the consolidated financial statements for the following fiscal year, are as follows:

Valuation of Goodwill related to each operating segment cash-generating unit

(1) Main carrying amounts of the goodwill allocated to each operating segment cash-generating unit

The main carrying amounts of goodwill allocated to each cash-generating unit are as follows. The Group has identified a significant estimate risk for the valuation of goodwill related to each operating segment cash-generating unit.

Furthermore, because we began to expand sales of Drunk Elephant worldwide during the current fiscal year and the management resource allocation decision and business performance evaluation have been changed from units for the brand to units for each segment, resulting in a change in the cash-generating units. The previous Shiseido Americas Corp. cash-generating unit has been renamed the Americas Business, and the Drunk Elephant cash-generating units for the segments other than the Americas have been changed to cash-generating units for each operating segment.

Cash-generating unit	Amounts (Millions of yen)
Americas Business	58,420
EMEA Business	13,246
China Business	10,414
Travel Retail Business	9,713

(2) Other information that contributes to the understanding of users of the consolidated financial statements regarding the accounting estimates

The recoverable amount for each operating segment cash-generating unit is calculated using value in use. Estimates of value in use are calculated by the discounted cash flow method, which uses many estimates and assumptions such as discount rates, long-term market growth rate. Future cash flow is based on future projections, which consider information such as past performance, current and expected economic conditions, and market data. These estimates and assumptions may significantly affect the result of impairment test and impairment losses. Valuations by external specialists are utilized for the estimate of the value in use and the impairment test of the goodwill.

For the current fiscal year, because the recoverable amount for each operating segment cash-generating unit exceeded the carrying amount based on the results of the annual test for impairment, an impairment loss on goodwill is not recognized. Future cash flow used to calculate the value in use is estimated based on the future business plan of each cash-generating unit and long-term market growth rate of from 1.5% to 2.1%, and incorporates as primary assumptions, the long-term market growth rate of the cosmetic market, and improvement of sales and profit margin through the sales expansion plans.

In addition, discount rate of from 10.4% to 11.8% which considers the risk premium and risk-free rate in each country is used.

Management determined that the estimates for the value in use on this test is reasonable, however, it is possible that the recoverable amount declines and impairment loss occurs due to unexpectable changes in the future business assumptions.

Notes to Changes in Accounting Estimates

(Changes in the useful life of intangible assets)

The Group has, from the current fiscal year, changed the useful lives of certain software based on the expected economic useful lives, which are more in line with actual conditions.

Due to the change, "Operating Profit" increased by ¥2,368 million and "Loss Before Tax" decreased ¥2,368 million for the current fiscal year.

Notes to Consolidated Statement of Financial Position

(1) Inventories

Merchandise and finished goods	¥97,285 million
Work in process	¥8,823 million
Raw materials and supplies	¥54,398 million

(2) Accumulated depreciation of property, plant and equipment ¥291,744 million

(3) Accumulated amortization of intangible assets ¥62,748 million

(4) Accumulated depreciation of right-of-use assets ¥69,910 million

(5) Loss allowance directly deducted from the amount of assets

Other financial assets	¥13,300 million

Notes to Consolidated Statement of Profit or Loss

(1) Other operating income and operating expenses

The breakdown of other operating income is as follows:

	Millions of yen
Rental income	501
Government grant income	2,489
Gain on sale of non-current assets	2,117
Reversal of impairment losses	1,145
Gain on settlement of retirement benefit obligations	1,173
Other	1,134
Total	8,561

The breakdown of other operating expenses is as follows:

	Millions of yen
Structural reform expenses	1,876
Other	856
Total	2,733

(2) Reversal of impairment losses

For the Shiseido Osaka Factory (Reportable segment: Other), ¥1,145 million was recorded as a reversal of impairment losses as a result of the recovery of profitability for a portion of the manufacturing facilities, for which an impairment loss was recognized in the past. This recognized reversal of impairment loss is included in “Other operating income” in the consolidated statement of profit or loss.

(3) Finance costs

The major breakdown of finance costs is a provision for loss allowance on long-term loans receivable of ¥12,784 million.

Notes to Consolidated Statement of Changes in Equity

(1) Shares issued (including treasury shares)

Class and number of shares issued (including treasury shares) as of December 31, 2024

Ordinary share 400,000 thousand shares

(2) Dividends

1) Cash dividends paid

Resolution	Share Class	Cash Dividends Paid (Millions of yen)	Cash Dividends per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on March 26, 2024	Ordinary share	11,989	30.00	December 31, 2023	March 27, 2024
Board of Directors Meeting on August 7, 2024	Ordinary share	11,991	30.00	June 30, 2024	September 5, 2024
Total		23,981			

2) Dividends on ordinary shares with a record date in the current fiscal year but with an effective date after the end of the fiscal year

The following matters will be placed on the agenda at the Ordinary General Meeting of Shareholders scheduled to be held on March 26, 2025.

Cash dividends to be paid:	¥3,994 million
Cash dividends per share:	¥10
Record date:	December 31, 2024
Effective date:	March 27, 2025
Funding source:	Retained earnings

(3) Class and number of share acquisition rights outstanding at fiscal year-end, excluding those for which the exercisable period has not commenced

Ordinary share	184 thousand shares

Financial Instruments

1. Financial Instruments

(1) Financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, and market risk) in the course of its business activities. To mitigate such financial risks, the Group conducts risk management in accordance with certain policies. The Group limits its investment to short-term deposits and securities, and other similar instruments, and has a policy to use bank borrowings, commercial papers, bonds, and other instruments to procure funds. The Group uses derivatives to avoid the risk of foreign exchange fluctuations of foreign currency-denominated receivables and payables and the risk of fluctuation of borrowing interest rates. The Group limits the use of derivatives to the extent of the balance of receivables and payables and actual demand, and does not engage in speculative transactions. The Group executes and manages derivatives in accordance with the internal rules and regulations that prescribe transaction authority.

1) Credit risk management

Credit risk is the risk that a counterparty to a financial asset held by the Group will default on its contractual obligations, resulting in a financial loss to the Group. Credit risk arises principally from the Group's receivables from customers, loans receivable, and derivatives.

The Group manages due dates and outstanding balances for each counterparty and periodically monitors the credit status of major counterparties. The Group does not have any credit risk overly concentrated in a specific counterparty or a group to which such counterparty belongs.

To mitigate counterparty risk associated with the use of derivatives, the Group enters into derivatives only with highly creditworthy financial institutions and other such counterparties.

The carrying amount of impaired financial assets presented in the consolidated financial statements represents the maximum exposure of the Group's financial assets to credit risk, without taking into account the assessed value of collateral obtained.

2) Liquidity risk management

Liquidity risk is the risk that the Group is unable to perform the repayment obligations of financial liabilities on their due dates.

The Group strives to generate stable operating cash flows and secure a wide range of financing sources, while always seeking to appropriately secure adequate funds for its business activities, maintain liquidity, and achieve a sound financial condition. The Group limits its investments to short-term deposits and securities, and other similar instruments.

The Group manages its liquidity risk mainly by preparing and updating a cash management plan on a monthly basis.

3) Market risk management

The Group is exposed to risks associated with market fluctuations such as foreign exchange fluctuations and interest rate fluctuations in the course of its business activities. To appropriately manage these market risks, the Group may use derivatives, including foreign exchange forward contracts, currency swap contracts, and interest rate swap contracts. The Group executes and manages derivatives in accordance with the internal rules and regulations that prescribe transaction authority. The Group does not use derivatives for speculative purposes. Therefore, changes in the fair value of derivatives held by the Company generally have the effect of offsetting changes in the fair value or cash flows of the corresponding transactions.

(i) Foreign exchange risk

The Group is engaged in business on a global scale and therefore is exposed to the risk of foreign exchange fluctuations of foreign currency-denominated receivables and payables mainly arising from foreign currency transactions. The risk of foreign exchange fluctuations associated with foreign currency transactions are hedged using derivatives (foreign exchange forward contracts and foreign currency options) to mitigate its impact on operating results.

(ii) Interest rate risk management

The Group is exposed to various interest rate fluctuation risks in its business activities. Among interest-bearing debts, short-term borrowings and commercial papers are primarily used to procure funds for operating transactions, whereas long-term borrowings, bonds, and lease liabilities are primarily used to procure funds for investments and loans, capital expenditures, and operating transactions. Since floating-rate borrowings are exposed to interest rate fluctuation risk, the Group hedges interest rate fluctuation risk by using derivatives instruments such as interest rate swaps for each individual contract, as necessary. Therefore, exposure to the interest rate fluctuation risk of the Group is limited, and the impact on the interest rate fluctuation is determined to be immaterial.

2. Fair Value of Financial Instruments

(1) Carrying amount and fair value of financial instruments

The carrying amounts and fair values as of December 31, 2024 are as follows. Financial instruments measured at fair value and financial instruments measured at amortized cost whose carrying amount and fair value closely approximate are not included in the following table.

(Millions of yen)

	Carrying amount	Fair value
Assets:		
Financial assets measured at amortized cost		
Other financial assets (non-current)		
Leasehold and guarantee deposits	23,150	16,065
Long-term loans receivable	43,142	31,791

Note: Leasehold and guarantee deposits are classified as level 2 in the fair value hierarchy.
Long-term loans receivable are classified as level 3 in the fair value hierarchy.

(2) Method of calculating fair value of financial instruments

(Cash and cash equivalents, trade and other receivables, trade and other payables)

The carrying amount is used for the fair value of these short-term items because these amounts are approximately the same.

(Other financial assets and other financial liabilities)

Among financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, listed shares are calculated using the market price on the last day of the period. Unlisted shares and investments in capital are calculated using the discounted cash flow method, etc.

Other financial assets measured at amortized cost are mainly long-term loans receivable and leasehold and guarantee deposits. Other financial liabilities measured at amortized cost are mainly long-term payables. Long-term loans receivable are measured using the option pricing model with equity volatility, risk free rates, etc. as inputs. Leasehold and guarantee deposits, and long-term payables are calculated at present value by discounting future cash flows using current market interest rates, etc. The fair value of financial assets and financial liabilities measured at amortized cost that have short settlement periods is measured at the carrying amount as their fair value approximates their carrying amount.

Of the derivatives that are either financial assets or financial liabilities measured at fair value through profit or loss, foreign exchange forward contracts and interest rate swap contracts are measured based on forward foreign exchange rates provided by counterparty financial institutions or interest rates of interest rate swap contracts, etc. at the end of the accounting period.

(Bonds and borrowings)

The fair value of short-term borrowings is measured at their carrying amount as their fair value approximates their carrying amount because of their short settlement periods.

The fair value of long-term borrowings with floating interest rates is measured at their carrying amount as their fair value reflects the market interest rates within a short period of time and therefore approximates their carrying amount.

The fair value of long-term borrowings with fixed interest rates is measured at the present value of future cash flows discounted at an interest rate assumed to be applied if similar contracts were newly executed.

The fair value of bonds is measured based on quoted market prices, etc.

3. Matters related to the breakdown, etc. of the fair value of financial instruments by appropriate category

Financial instruments measured at fair value are classified into the following three levels according to the observability and materiality of inputs used to measure such financial instruments.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Fair value measured by directly or indirectly using observable prices, other than level 1 prices
Level 3: Fair value measured using valuation techniques that incorporate unobservable inputs

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	–	2,533	–	2,533
Investments in capital	–	–	4,604	4,604
Other	83	–	3,601	3,684

Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Shares and investments in capital	3,586	160	4,971	8,718
Total	3,669	2,693	13,177	19,540
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities				
Derivatives	–	2,921	–	2,921
Total	–	2,921	–	2,921

Transfers between levels of the fair value hierarchy were recognized on the date the event or change in circumstances giving rise to the transfer occurred. No transfer was made between level 1 and level 2 of the fair value hierarchy in the previous and current fiscal years.

Per-Share Information

Equity attributable to owners of parent per share	¥1,583.47
Basic loss per share	¥(27.06)

Notes to Revenue Recognition

(1) Disaggregation of revenue

The net sales of the Group consists mainly of revenue recognized from contracts with customers, and a breakdown by segment, mainly by region, is as follows.

(Millions of yen)

	Japan Business	China Business	Asia Pacific Business	Americas Business	EMEA Business	Travel Retail Business
Revenue recognized from contracts with customers	283,776	249,952	71,650	118,547	132,665	107,834

	Other	Total
Revenue recognized from contracts with customers	26,158	990,586

Notes:
1. The amounts indicate the net sales to external customers.
2. The EMEA Business includes the Middle East and African regions.
3. The Other segment includes head office administration departments, IPSA Co., Ltd., manufacturing operations, the restaurant business, and the healthcare business (sale of health and beauty foods.)

(2) Contract balances

A breakdown of the contract balances in the Shiseido Group is as follows.

Receivables from contracts with customers	
Notes and accounts receivable	¥150,720 million
Contract liabilities	¥7,312 million

Contract liabilities mainly consist of advances received in connection with customer loyalty programs that award points to customers.

In the consolidated statement of financial position, notes and accounts receivable are included in "Trade and Other Receivables" and contract liabilities are included in "Other Current Liabilities."

The balances of contract liabilities as of the beginning of the previous and current fiscal years have each been recognized as revenue for the previous and current fiscal years, respectively.

The amounts of revenue recognized from performance obligations satisfied in prior periods were immaterial in the previous and current fiscal years.

(3) Transaction price allocated to remaining performance obligations

As the Group has no significant transactions for which the individual expected contract period exceeds one year, it has applied the practical expedient and omitted the presentation of information on remaining performance obligations. In addition, considerations arising from contracts with customers do not include any significant amounts that are not included in transaction prices.

(4) Assets recognized from the costs to obtain or fulfil contracts with a customer

The amounts of assets recognized from costs to obtain or fulfill contracts with customers were immaterial in the current fiscal year. If the amortization period of an asset to be recognized is one year or less, the Group applies the practical expedient and recognizes the incremental costs of obtaining a contract as an expense as incurred.

Business Combination

(1) Overview of business combination

On December 22, 2023, the Company entered into an agreement on the acquisition of DDG Skincare Holdings LLC (hereinafter, "the Acquiree"), owner of Dr. Dennis Gross Skincare which is the dermatologist-led, science-based prestige skincare brand, via the Company's subsidiary Shiseido Americas Corporation (hereinafter, "SAC"). The equity purchase agreement was concluded by SAC, the Acquiree and the shareholders of the Acquiree. On February 5, 2024, the Company completed the procedures to acquire the shares of the Acquiree pursuant to the agreement.

(2) Name and business description of the Acquiree

Name: DDG Skincare Holdings LLC
Business description: Cosmetics sales

(3) Reason for business combination

By acquiring Dr. Dennis Gross Skincare brand, the Company will accelerate its mainstay prestige beauty business to capture opportunity in the rapidly growing dermatologist-developed skincare products market, unlocking further potential in the U.S. The addition of the brand to the Americas region is expected to drive significant benefits to the Company both in terms of growth and profitability, in addition to providing an opportunity to diversify our geographical footprint. Together, we are well positioned to leverage the Company's rich heritage in skincare, R&D capabilities, and global platforms to make the brand grow into one of our iconic prestige beauty brands in the future.

(4) Form of business combination

Acquisition of shares by cash consideration

(5) Date of acquisition

February 5, 2024

(6) Percentage of equity acquired

100%

Note: A company by the name of MPGC DDG II Blocker, LLC (hereinafter, "Blocker") exists to temporarily hold a portion of equity (10%) to organize the equity owners of the Acquiree. SAC has also acquired Blocker and holds 100% of the equity in the Acquiree, either directly or indirectly.

(7) Fair value of consideration transferred

Cash: ¥65,321 million

(After adjustment for net operating capital, etc.)

The consideration transferred has been revised from the initial provisional amounts by ¥708 million. For the payment on the date of acquisition, the Company took out the short-term borrowings of ¥48,000 million on February 2, 2024.

(8) Transactions recognized separately from the business combination

The Company incurred acquisition-related costs of ¥392 million for the current fiscal year.

The total bonuses of US$16 million (¥2,423 million) to be paid under certain conditions after the business combination is recognized separately from the business combination and will be included in "Selling, General and Administrative Expenses" for a certain period of time starting from the current fiscal year.

(9) Assets acquired and liabilities assumed

Fair value of the assets acquired and liabilities assumed as of the date of acquisition was previously disclosed as provisional amounts due to the allocation of acquisition cost not having been completed, but such allocation was completed in the current fiscal year. After the completion of allocation, the fair value of assets acquired and liabilities assumed on the date of acquisition are as follows. The main revisions to the initial provisional amounts were an increase in current liabilities of ¥65 million and a decrease in non-current liabilities of ¥61 million.

	Millions of yen
Breakdown of assets at the time of acquisition	
Current assets (Note)	5,756
Non-current assets	25,938
Breakdown of liabilities at the time of acquisition	
Current liabilities	2,566
Non-current liabilities	855

Note: Of the fair value of ¥1,148 million for trade and other receivables acquired, the total amount of the contract is the same as fair value, and the amount of uncollectible estimated is ¥34 million.

(10) Payments for acquisition of subsidiaries

	Millions of yen
Acquisition consideration in cash	65,321
Cash and cash equivalents of newly consolidated subsidiaries	1,803
Other payables	14,615
Payments for acquisition of subsidiaries	48,902

(11) Recognized goodwill

The goodwill arising from the business combination is mainly due to the effects of synergies with existing businesses and excess earning power that are expected to arise from the acquisition, amounting to ¥37,048 million. The amount expected to be deductible for tax purposes is ¥29,294 million. The initial provisional amounts have been revised as follows.

	Millions of yen
Goodwill (before revision)	37,374
Revision to goodwill amount	
Adjustment to acquisition consideration	(329)
Current liabilities	65
Non-current liabilities	(61)
Goodwill (after revision)	37,048

(12) Impact on business results

Net sales and loss for the current fiscal year arising from the business combination after the date of acquisition amounted to ¥15,899 million and ¥(279) million, respectively. Net sales and loss for the current fiscal year as though the business combination had been taken place at the beginning of the current fiscal year would have been ¥991,949 million and ¥(9,213) million, respectively. Such pro forma information has not been audited.

Significant Subsequent Events

Not applicable.

Other

The amounts presented have been rounded down to the nearest million yen.

SHISEIDO

Non-Consolidated Balance Sheet

(As of December 31, 2024)

(Millions of yen)

	December 31, 2024	December 31, 2023 (Reference)
ASSETS		
Current Assets:	**204,674**	**206,801**
Cash and Deposits	10,803	19,207
Accounts Receivable	80,004	73,900
Merchandise and Finished Goods	10,176	10,811
Work in Process	5,136	5,585
Raw Materials and Supplies	19,051	21,948
Prepaid Expenses	5,638	6,143
Short-Term Loans Receivable	734	—
Other Accounts Receivable	14,653	22,453
Other Current Assets	58,957	46,948
Less: Allowance for Doubtful Accounts	(482)	(196)
Non-current Assets:	**731,565**	**662,792**
Property, Plant and Equipment:	**209,833**	**216,293**
Buildings	**102,681**	107,813
Structures	3,530	3,850
Machinery and Equipment	53,866	56,064
Vehicles	99	127
Tools, Furniture and Fixtures	9,096	10,483
Land	34,889	34,889
Leased Assets	1,927	1,907
Construction in Progress	3,742	1,158
Intangible Assets:	**61,145**	**55,105**
Patent Rights	8	11
Telephone Rights	97	95
Software	48,734	48,307
Software in Progress	11,864	5,998
Leased Assets	28	49
Other Intangible Assets	410	643
Investments and Other Assets:	**460,586**	**391,392**
Investment Securities	3,222	3,058
Shares of Subsidiaries and Associates	388,730	315,257
Investments in Other Securities of Subsidiaries and Associates	27,150	27,150
Investments in Capital	110	110
Investments in Capital of Subsidiaries and Associates	13,164	12,565
Long-Term Loans Receivable	544	1,278
Long-Term Prepaid Expenses	903	480
Deferred Tax Assets	21,392	25,795
Other Investments	5,367	5,695
TOTAL ASSETS	**936,240**	**869,593**

	December 31, 2024	December 31, 2023 (Reference)
LIABILITIES		
Current Liabilities:	**291,625**	**240,839**
Electronically Recorded Obligations-Operating	21,944	33,650
Accounts Payable	8,183	10,593
Short-Term Borrowings	62,000	20,000
Current Portion of Long-Term Borrowings	5,000	30,000
Current Portion of Bonds Payable	40,000	—
Lease Liabilities	1,038	1,073
Other Payables	24,367	28,187
Accrued Expenses	2,079	1,097
Income Taxes Payable	657	173
Deposits Received	1,215	1,243
Deposits Received from Subsidiaries and Affiliates	105,760	100,115
Provision for Bonuses	3,919	5,137
Provision for Bonuses for Directors (and Other Officers)	147	208
Provision for Structural Reforms	—	687
Other Current Liabilities	15,309	8,670
Non-current Liabilities:	**136,252**	**117,245**
Bonds	35,000	60,000
Long-Term Debt	96,000	50,000
Lease Liabilities	954	928
Provision for Retirement Benefits	2,128	3,440
Provision for Loss on Guarantees	350	350
Asset Retirement Obligation	387	432
Other Non-current Liabilities	1,432	2,094
Total Liabilities	**427,877**	**358,084**
NET ASSETS		
Shareholders' Equity:	**507,126**	**510,351**
Share Capital	64,506	64,506
Capital Surplus	70,258	70,275
Legal Capital Surplus	70,258	70,258
Other Capital Surplus	—	17
Retained Earnings	374,687	377,160
Legal Reserve	16,230	16,230
Other Retained Earnings	358,456	360,929
Reserve for Tax Purpose Reduction Entry of Non-current Assets	4,850	4,795
Retained Earnings Brought Forward	353,606	356,134
Less: Treasury Shares	(2,325)	(1,591)
Valuation, Translation Adjustments and Others:	**588**	**441**
Valuation Difference on Available-for-Sale Securities	588	441
Stock Acquisition Rights	**647**	**716**
Total Net Assets	**508,363**	**511,508**
TOTAL LIABILITIES AND NET ASSETS	**936,240**	**869,593**

SHISEIDO

Non-Consolidated Statement of Income

(Fiscal Year from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Fiscal Year 2024	Fiscal Year 2023 (Reference)
Net Sales	245,678	259,361
Cost of Sales	139,880	153,161
Gross Profit	105,797	**106,200**
Selling, General and Administrative Expenses	108,393	109,931
Operating Loss	**(2,595)**	**(3,730)**
Non-operating Income	25,303	37,876
Interest Income	2,510	1,849
Dividend Income	16,342	31,015
Foreign Exchange Gains	654	—
Gain on Investments in Investment Partnerships	1,649	1,548
Royalty Income	1,107	1,205
Other	3,038	2,257
Non-operating Expenses	4,675	4,685
Interest Expense	3,762	3,438
Interest Expenses on Bonds	141	133
Loss on Investments in Investment Partnerships	361	314
Provision of Allowance for Doubtful Accounts	286	41
Foreign Exchange Losses	—	527
Other	122	230
Ordinary Profit	**18,032**	**29,459**
Extraordinary Income	12,825	15,724
Gain on Sale of Non-current Assets	65	7,080
Gain on Sale of Investment Securities	0	143
Gain on Sale of Shares of Subsidiaries and Associates	12,755	8,500
Gain on Cancellation of Leases	3	0
Extraordinary Losses	4,092	28,185
Loss on Disposal of Non-current Assets	633	1,049
Impairment Losses	136	6,889
Structural Reform Expenses	1,822	5,957
Loss on Valuation of Shares of Subsidiaries and Associates	1,500	—
Loss on Valuation of Investment Securities	—	1,368
Loss on Sale of Businesses	—	12,920
Profit before Income Taxes	**26,765**	**16,999**
Income Taxes – Current	905	(256)
Income Taxes – Deferred	4,336	(2,091)
Net Profit	**21,523**	**19,346**

SHISEIDO

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' Equity			
	Share Capital	Capital Surplus		
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus
Balance at the Beginning of Period	64,506	70,258	17	70,275
Changes during Period				
Dividends of Surplus				
Net Profit				
Provision of Reserve for Tax Purpose Reduction Entry				
Purchase of Treasury Shares				
Disposal of Treasury Shares			(17)	(17)
Net Changes of Items Other than Shareholders' Equity				
Total Changes during Period	—	—	(17)	(17)
Balance at the End of Period	64,506	70,258	—	70,258

(Millions of yen)

	Shareholders' Equity					
	Retained Earnings				Treasury Shares	Total Shareholders' Equity
	Legal Retained Earnings	Other Retained Earnings		Total Retained Earnings		
		Reserve for Tax Purpose Reduction Entry of Non-current Assets	Retained Earnings Brought Forward			
Balance at the Beginning of Period	16,230	4,795	356,134	377,160	(1,591)	510,351
Changes during Period						
Dividends of Surplus			(23,981)	(23,981)		(23,981)
Net Profit			21,523	21,523		21,523
Provision of Reserve for Tax Purpose Reduction Entry		55	(55)	—		—
Purchase of Treasury Shares					(1,047)	(1,047)
Disposal of Treasury Shares			(15)	(15)	313	280
Net Changes of Items Other than Shareholders' Equity						—
Total Changes during Period	—	55	(2,528)	(2,473)	(734)	(3,225)
Balance at the End of Period	16,230	4,850	353,606	374,687	(2,325)	507,126

(Millions of yen)

	Valuation Difference on Available-for-Sale Securities		Share Acquisition Rights	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Total Valuation and Translation Adjustments and Others		
Balance at the Beginning of Period	441	441	716	511,508
Changes during Period				
Dividends of Surplus				(23,981)
Net Profit				21,523
Provision of Reserve for Tax Purpose Reduction Entry				—
Purchase of Treasury Shares				(1,047)
Disposal of Treasury Shares				280
Net Changes of Items Other than Shareholders' Equity	147	147	(68)	79
Total Changes during Period	147	147	(68)	(3,145)
Balance at the End of Period	588	588	647	508,363

Notes to Non-Consolidated Financial Statements

The amounts presented have been rounded down to the nearest million yen.

Significant Accounting Policies

(1) Valuation of Assets

1) Securities

Shares of subsidiaries and associates: Valued at cost, based on the moving-average method.

Available-for-sale securities

Other than non-marketable equity securities:

Market value method (Unrealized gains and losses are included directly in net assets, and the cost of securities sold is determined primarily by the moving-average method.)

Securities that have the same characteristics as deposits are valued at cost determined by the moving-average method.

Non-marketable equity securities:

Cost method determined by the moving-average method

However, investments in limited liability investment partnerships, etc. are recorded as securities at the amount equivalent to the Company's interest in the assets of the partnerships, etc., and the Company's interest in the profits or losses earned by the partnerships, etc. from operations is recognized in profit or loss.

2) Inventories

Inventories are valued at cost, determined by the weighted-average method. (The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

(2) Depreciation of Non-current Assets

1) Property, Plant and Equipment (Excluding Leased Assets)

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings:	2–50 years
Structures:	7–50 years
Machinery and equipment:	2–15 years
Vehicles:	3–7 years
Tools, furniture and fixtures:	2–15 years

2) Intangible Assets (Excluding Leased Assets)

Intangible assets are amortized using the straight-line method over the following estimated useful lives:

Software:	5–15 years

3) Leased Assets

Leased assets associated with finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the period of the lease, with zero residual value.

4) Long-Term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method.

(3) Provisions

1) Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on historical loss ratios as compared to the balance of total receivables for the general receivables and the estimate on an individual basis for the doubtful receivables.

2) Provision for Bonuses

The Company provides accrued bonuses for employees based on the estimated amounts to be paid for the fiscal year. This provision includes bonuses for executive officers who are non-corporate executive officers, for whom the calculations are the same as those for provision for bonuses for directors (and other officers).

3) Provision for Bonuses for Directors (and Other Officers)

The Company provides accrued bonuses for corporate executive officers who concurrently serve as Executive Officers based on the estimated amounts to be paid for the fiscal year.

4) Provision for Structural Reforms

The Company provides accrued expenses (losses) related to structural reforms based on the amount of losses expected to be incurred in the future.

5) Provision for Retirement Benefits

The Company has an obligation to pay retirement benefits to the employees, therefore the Company provides accrued retirement benefits based on the estimated amount of projected benefit obligation and the fair value of plan assets at the end of the fiscal year.

In calculating the benefit obligation, the benefit formula basis is adopted for the purpose of attributing estimated retirement benefits to the period up to the end of the current fiscal year.

Past service cost is amortized by the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized from the following year on a straight-line basis over a fixed number of years (10 years) within the average remaining years of service of the eligible employees.

6) Allowance for Losses on Guarantees

The Company provides an allowance for estimated probable losses on guarantees based on the financial status of the parties for which guarantees have been provided.

(4) Significant Hedge Accounting

Methods of Hedge Accounting

Deferred hedge accounting is applied. With regard to interest and currency swaps that meet the requirements for special accounting treatment (“tokurei-shori,” exceptional accounting, and “furiate-shori”), special accounting treatment is employed.

(5) Recognition of Revenues and Expenses

The Company is primarily engaged in the manufacture and sale of cosmetics and related products. For the sale of goods, revenue is recognized at the time of transfer, etc. of the goods and services since the customer acquires control over them at the time they are transferred. Furthermore, revenue is measured at the amount of consideration promised in contracts with customers less discounts, rebates, returns, etc.

(6) Other Significant Accounting Policies for Preparation of Non-Consolidated Financial Statements

1) Application of the group tax sharing system: The Company applied the group tax sharing system.

2) Accounting Treatment Related to Retirement Benefits: The method of accounting for unrecognized actuarial gain or loss and unrecognized past service cost related to retirement benefits is different from the method adopted in the consolidated financial statements.

Notes to Accounting Estimates

(Valuation of shares of subsidiaries and associates in connection with Shiseido Americas Corp. ("Shiseido Americas"))

(1) The amount recorded in the financial statements for the current fiscal year

Shares of subsidiaries and associates in connection with Shiseido Americas	¥334,234 million
Loss on valuation of shares of subsidiaries and associates in connection with Shiseido Americas	¥— million

(2) Other information that contributes to the understanding of users of the financial statements regarding the accounting estimates

As for non-marketable equity securities, such as investments in subsidiaries and associates, when actual value of the shares declines significantly due to deterioration in their issuer's financial position, valuation loss needs to be recognized for the investment, unless the recoverability is backed up by sufficient evidence. For shares of subsidiaries and associates in connection with Shiseido Americas, the carrying amount in the balance sheet is based on the acquisition cost. Since the real value had not declined significantly as at the end of the fiscal year, no loss on valuation of shares of subsidiaries and associates in connection with Shiseido Americas was recorded. The real value of Shiseido Americas includes excess earning power related to Americas Business cash-generating unit. For details, please refer to "Notes to Accounting Estimates" in the Notes to Consolidated Financial Statements.

Notes to Changes in Accounting Estimates

(Change in useful lives of intangible assets)

The Company has, from the current fiscal year, changed the useful lives of certain software based on the expected economic useful lives, which are more in line with actual conditions.
Due to the change, "Operating Loss" decreased by ¥1,509 million for the current fiscal year and "Profit before Income Taxes" increased by ¥1,509 million for the current fiscal year.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: ¥116,134 million

(2) Monetary receivables from and payables to subsidiaries and associates are as follows. (Note)

Short-term receivables	¥143,892 million
Long-term receivables	¥544 million
Short-term payables	¥18,402 million

Note: Items presented separately on the non-consolidated balance sheet are excluded from the above.

Notes to Non-Consolidated Statement of Income

(1) Transactions with subsidiaries and associates

Net sales	¥242,010 million
Purchases	¥10,610 million
Other operating transactions	¥22,272 million
Non-operating transactions	¥25,446 million

(2) Gain on sale of shares of subsidiaries and associates

As a result of the Company transferring all shares of FineToday Holdings Co., Ltd., which is involved in the personal care business, to Oriental Beauty Holding (HK) Limited, a gain on sale of shares of subsidiaries and associates was recorded as extraordinary income.

(3) Structural reform expenses

Structural reform expenses recorded under "Extraordinary losses" include expenses of ¥804 million associated with the advisory costs related to structural reform, etc. and expenses of ¥435 million in connection with an early retirement support plan as part of business transformation.

Notes to Non-Consolidated Statement of Changes in Net Assets

Treasury shares

(Thousand shares)

	Number of shares on the beginning of the current fiscal year	Increase in shares in the current fiscal year	Decrease in shares in the current fiscal year	Number of shares on the end of the current fiscal year
Common stock	344	300	68	576

Note 1: Shares of common stock held as treasury shares increased due to the acquisition of 300 thousand shares of treasury shares based on a resolution of the Board of Directors and the purchase of 0 thousand shares in response to purchase demands for less than one unit.

Note 2: Shares of common stock held as treasury shares decreased due to exercise of stock options for 23 thousand shares, disposal of 44 thousand shares as long-term incentive-type remuneration in accordance with the performance-linked stock remuneration plan, and sale of 0 thousand shares in response to requests from less-than-one-unit shareholders.

Tax-Effect Accounting

Major components of deferred tax assets and deferred tax liabilities

	(Millions of yen)
Deferred tax assets	
Shares of subsidiaries and associates	24,129
Carryforward of unused tax losses	11,799
Foreign tax credit carryforwards	2,068
Provision for retirement benefits	579
Inventories	3,377
Depreciation	3,910
Provision for bonuses	1,478
Write-down of investment securities and other investments	237
Refund liabilities	196
Allowance for doubtful accounts	149
Other	2,756
Subtotal of deferred tax assets	50,682
Valuation allowance related to carryforward of unused tax losses	(75)
Valuation allowance related to total deductible temporary differences	(26,344)
Subtotal	(26,419)
Total deferred tax assets	24,262
Deferred tax liabilities	
Reserve for tax purpose reduction entry	(2,179)
Unrealized losses on non-current assets due to company split	(322)
Unrealized losses on available-for-sale securities	(204)
Asset retirement obligation	(164)
Total	(2,870)
Net deferred tax assets	21,392

(Income taxes and inhabitant tax or accounting treatment of tax effects relevant to these taxes)

The Company has adopted the group tax sharing system and follows the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force No. 42, August 12, 2021, hereinafter "PITF No. 42.").

Transactions with Related Parties

Subsidiaries, associates and other related parties

Type	Name	Voting Rights Held by Company (or held by others)	Relationship	Transactions	Amount of Transactions (Millions of yen)	Accounts Name	Balance as of December 31, 2024 (Millions of yen)
Subsidiary	Shiseido Japan Co., Ltd.	Direct, 100%	Product sales Concurrent directors	Sales of cosmetics (Note 1)	36,865	Accounts receivable	24,633
				Deposit received (Note 2)	–	Deposits received from subsidiaries and associates	12,018
Subsidiary	Shiseido Americas Corp.	Direct, 100%	Product sales Concurrent directors	Deposit of funds (Note 2)	–	Other current assets	42,033
				Underwriting of capital increase (Note 3)	74,973	–	–
Subsidiary	Shiseido Europe S.A.	Direct, 100%	Concurrent directors	Deposit received (Note 2)	–	Deposits received from subsidiaries and associates	63,909
Subsidiary	Shiseido (China) Co., Ltd.	Direct, 100%	Product sales Concurrent directors	Sales of cosmetics (Note 1)	49,498	Accounts receivable	15,663
Subsidiary	Shiseido Travel Retail Asia Pacific Pte. Ltd.	Indirect, 100%	Product sales	Sales of cosmetics (Note 1)	32,739	Accounts receivable	4,988
				Deposit received (Note 2)	–	Deposits received from subsidiaries and associates	14,216

Note 1: Transaction Terms and Relevant Policies

For prices and other transaction terms, the Company sets prices in consideration of market prices and decides final prices based on negotiation.

Note 2: Funding transactions with subsidiaries are carried out as a part of a cash management system.

Note 3: This consists of the conversion to shares of liabilities owed by subsidiaries to the Company (debt-equity swap) and the acceptance of the total amount of share offerings executed by subsidiaries.

Per-Share Information

Net assets per share	¥1,271.12
Net profit per share	¥53.87

Significant Subsequent Events

Not applicable.

Copy of the Accounting Auditor's Report (Consolidated)

Independent Auditor's Report

February 20, 2025

To the Board of Directors of Shiseido Company, Limited:

KPMG AZSA LLC

Tokyo Office, Japan

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Hayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuki Kodaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes, of Shiseido Company., Limited. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") as at December 31, 2024 and for the year from January 1, 2024 to December 31, 2024 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit Committee is responsible for overseeing the corporate executive officers' and the directors' performance of their

duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depend on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which forms the basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Copy of the Accounting Auditor's Report

Independent Auditor's Report

February 20, 2025

To the Board of Directors of Shiseido Company, Limited:

KPMG AZSA LLC

Tokyo Office, Japan

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Hayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuki Kodaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules"), of Shiseido Company., Limited. ("the Company") as at December 31, 2024 and for the year from January 1, 2024 to December 31, 2024 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit Committee is responsible for overseeing the corporate executive officers' and the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

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

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Copy of the Audit Committee's Report

Audit Report

The Audit Committee has audited the performance of duties by the Directors and Corporate Executive Officers, etc. during the 125th business period (from January 1, 2024 to December 31, 2024). The following is a report on the method and results of the audit.

Please note that the Company shifted from a Company with an Audit & Supervisory Board to a Company with Three Statutory Committees on March 26, 2024 based on the resolution made by the 124th Ordinary General Meeting of Shareholders held on the same day. The method and contents of audit of the relevant status between January 1, 2024 and the end of the Meeting held on March 26, 2024 were based on those taken over from the Audit & Supervisory Board and its members.

1. Method and Contents of Audit

As part of the supervisory functions to be fulfilled by the Board of Directors, the Audit Committee creates audit plans, etc., following the audit policy that, through conducting audits, it should carry out its role in establishing a good corporate governance structure that meets the trust of various stakeholders in order to ensure the sound and sustainable growth of the Shiseido Group and improve its corporate value for the medium to long term.

With respect to contents of the Board of Directors' resolutions regarding matters set forth in Article 416, paragraph (1), items (i)-(b) and (i)-(e) of the Companies Act of Japan and systems (internal control systems) developed based on such resolutions, the Audit Committee received reports from the Directors, Corporate Executive Officers, and Executive Officers, etc. on the status of the establishment and operation of such systems; requested explanations from them as necessary, and expressed opinions, on the status of development, etc. of governance mechanisms that enable the Company to make prompt and bold decisions; and conducted audits based on the methods described below:

(1) In accordance with the audit policy and audit plans, etc., the Audit Committee cooperated with the Directors, Corporate Executive Officers, Executive Officers, and the internal audit division, etc., attended important meetings, received reports on the status of performance of duties associated with these roles, and requested explanations as necessary. The Committee also examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, the Committee achieved a mutual understanding and exchanged information with the heads of the business locations, and visited business locations as necessary to receive reports on their business and management status.

(2) The Audit Committee monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. The Audit Committee was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on March 12, 2024), and requested explanations as necessary.

Based on the above-described methods, the Audit Committee examined the business report and the supplementary schedules, the financial statements (balance sheet, profit and loss statement, statement of changes in net assets, and schedule of individual notes) and the annexed specifications thereto, as well as the consolidated financial statements (consolidated statement of financial position, consolidated profit and loss statement, consolidated statement of changes in equity, and schedule of consolidated notes), for the business period under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the Company.

ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of the Company was found with respect to the performance of duties by Directors and Corporate Executive Officers, etc.

iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the business report and the performance of duties by Directors and Corporate Executive Officers, etc. concerning the internal control systems.

(2) Results of Audit of Financial Statements and their Annexed Specifications

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

February 20, 2025

Audit Committee of Shiseido Company, Limited

Hiroshi Ozu (sign and seal)
Chair of Audit Committee (External Director)
Hiromi Anno
Audit Committee Member (Full-time)
Takeshi Yoshida
Audit Committee Member (Full-time)
Yasuko Gotoh
Audit Committee Member (External Director)
Ritsuko Nonomiya
Audit Committee Member (External Director)

Reference Document Concerning the General Meeting of Shareholders

1. Total Number of Voting Rights Held by Shareholders: 3,989,203

2. Items of Business and Reference Information:

First Item of Business: Dividends of Retained Earnings

The Company would like to propose the amount of dividends for the fiscal year ended December 31, 2024 as follows, taking into account the basic policy for shareholder returns below, the consolidated financial results for the fiscal year, and future business development, among other factors.

If this proposal is accepted, total dividends per share for the fiscal year 2024 including the interim dividend will be ¥40, a decrease of ¥20 from the previous fiscal year.

Matters related to the year-end dividend

(1) Type of assets to be distributed as dividend

Cash

(2) Matter related to assignment of assets to be distributed to shareholders and the total amount thereof

An amount per share of common stock of the Company:	¥10.00
The total amount thereof:	¥3,994,231,370

(3) The date on which dividends of retained earnings become effective (the commencement day for payment)

March 27, 2025

Basic Policy for Shareholder Returns (As of December 31, 2024)

The Company aims to achieve “total equity returns” through direct profit distribution and medium- to long-term increases share prices for its profit distribution to shareholders. Based on this concept, our basic policy is to place top priority on strategic investments for sustainable growth and aim to maximize corporate value, while increasing the invested capital efficiency with the capital cost in mind, which will lead to increase dividends and share prices over the medium to long term.

In determining dividends, we emphasize consolidated performance and free cash flow, and we achieve long-term stable and continuous return with a target of Ratio of Dividend to Equity Attributable to Owners of Parent (DOE) of 2.5% or more as one of the indicators that reflect equity policies.

With regards to acquisition of treasury stock, the Company's policy is to act in a flexible manner in light of market conditions.

Trends of Dividends, etc.

	122nd Business Term (1/1/2021 - 12/31/2021)	123rd Business Term (1/1/2022 - 12/31/2022)	124th Business Term (1/1/2023 - 12/31/2023)	125th Business Term (Current term) (1/1/2024 - 12/31/2024)
Annual cash dividends per share (Yen)	50	100 (including a commemorative dividend of ¥50)	60	40 (Plan)
Annual dividends (Millions of yen)	19,974	39,954	23,978	15,985 (Plan)
Consolidated payout ratio (%)	42.6	116.8	110.2	– (Plan)
DOE (%)	4.0	7.0	3.9	2.6 (Plan)

Notes:

1. Figures of each item for the 125th Business Term (current term) are predicated on the approval of this item of business at this general meeting of shareholders.
2. Consolidated payout ratio for the 125th Business Term (current term) is not shown because the amount of profit attributable to owners of parent is negative.

Second Item of Business: Election of Eleven (11) Directors

The term of office of all eleven (11) directors will expire immediately upon the conclusion of the general meeting of shareholders. Accordingly, based on the decision of the Nominating Committee, the Company cordially asks shareholders to elect eleven (11) directors, including seven (7) external directors.

<Reference>

- **Skills and Experience Required for the Company's Directors**

While our ultimate goal is to realize our corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD," in response to the recent rapid changes in the external environment, we have formulated and are implementing the "Action Plan 2025-2026," which consists of three pillars: "Reinforce Brand Foundation," "Rebuild Profitable Foundation," and "Enhance Operational Governance," with the aim of building a resilient business model for stable profit growth amid volatile market conditions.

The Company believes that the Board of Directors' supervision of the executive division and provision of advice to management are critical elements for realizing and achieving our corporate mission and management plans, and in order to fulfill these expected roles, the Company has defined the knowledge and expertise required for the entire Board of Directors and each Director on page 113.

In selecting candidates for Director, the Company attaches importance to such required knowledge and insights while also aiming for a high degree of diversity among its members in terms of background, experience, etc., ensuring that the Board of Directors consists of diverse members.

- **Percentage of External Directors and Female Directors After the Conclusion of This General Meeting of Shareholders**

Percentage of External Directors	63.6% (7 out of 11)
Percentage of Female Directors	54.5% (6 out of 11)

Candidates for Directors

No.	Name	Main Position(s) and Responsibilities Currently Held at the Shiseido Group	Attributes of the Candidates
1	Kentaro Fujiwara	Director Representative Corporate Executive Officer Executive Officer President and CEO Japan Region CEO	
2	Ayako Hirofuji	Representative Corporate Executive Officer Executive Officer Chief Financial Officer Chief DE&I Officer	Candidate for New Director
3	Hiromi Anno	Director Member of the Audit Committee (Full-time)	
4	Takeshi Yoshida	Director Member of the Audit Committee (Full-time)	
5	Kanoko Oishi	External Director Member of the Nominating Committee Member of the Compensation Committee	Candidate for External Director Candidate for Independent Director
6	Shinsaku Iwahara	External Director Chair of the Nominating Committee Member of the Compensation Committee	Candidate for External Director Candidate for Independent Director
7	Mariko Tokuno	External Director Member of the Nominating Committee Member of the Compensation Committee	Candidate for External Director Candidate for Independent Director
8	Yoshihiko Hatanaka	External Director Chairperson of the Board of Directors Member of the Nominating Committee Chair of the Compensation Committee	Candidate for External Director Candidate for Independent Director
9	Yasuko Gotoh	External Director Member of the Audit Committee	Candidate for External Director Candidate for Independent Director
10	Ritsuko Nonomiya	External Director Member of the Audit Committee	Candidate for External Director Candidate for Independent Director
11	Yasuhiro Nakajima		Candidate for New Director Candidate for External Director Candidate for Independent Director

Details of main knowledge and expertise

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

	Fujiwara	Hirofuji	Anno	Yoshida	Oishi	Iwahara	Tokuno	Hatanaka	Gotoh	Nonomiya	Nakajima
Experience as top management of a listed company	○							○			
Corporate management experience	○	○	○	○	○		○	○	○	○	○
Experience in BtoC, neighboring industry	○	○	○	○	○		○	○			
Brand marketing	○						○				
Legal affairs and risk management			○	○		○					○
Finance, accounting, financial systems		○		○		○		○	○	○	○

	Corporate Management Structure After the Conclusion of the 125th Ordinary General Meeting of Shareholders (Planned)			
	Main Position(s) and Responsibilities at the Group	Nominating Committee	Compensation Committee	Audit Committee
Kentaro Fujiwara	Director Representative Corporate Executive Officer Executive Officer President and CEO Japan Region CEO			
Ayako Hirofuji	Director Representative Corporate Executive Officer Executive Officer Chief Financial Officer Chief DE&I Officer			
Hiromi Anno	Director			○ Full-time
Takeshi Yoshida	Director			○ Full-time
Kanoko Oishi	External Director	○	○	
Shinsaku Iwahara	External Director	○	○	
Mariko Tokuno	External Director	○	○	
Yoshihiko Hatanaka	External Director Chairperson of the Board of Directors	○	○	
Yasuko Gotoh	External Director			○
Ritsuko Nonomiya	External Director			○
Yasuhiro Nakajima	External Director			○



- Number of shares of the Company owned

  6,500 shares

- Number of years in office of the Company as Director

  2 years

- Number of attendance at the Board of Directors meetings of the Company for the fiscal year ended December 31, 2024

  14 out of 14 Board of Directors meetings (100%)

1. Kentaro Fujiwara

(Date of birth: December 21, 1966)

Career Summary / Positions and Responsibilities in the Company

Apr.	1991:	Joined the Company
Jul.	2004:	Director, Europe Distribution Center, Shiseido Europe S.A.
Nov.	2011:	Director, President, Shiseido Korea Co., Ltd.
May	2013:	Director, President, Shiseido Professional Korea Co., Ltd.
Apr.	2015:	Vice President, Corporate Strategy Department of the Company Group Leader, Digital Strategy Group of the Company
Nov.	2015:	Chairman of the Board, President of Shiseido (China) Co., Ltd.
Jan.	2016:	Corporate Officer of the Company, China Region
Jan.	2018:	Corporate Officer of the Company, China Region Chief Executive Officer (CEO)
Jan.	2020:	Senior Executive Officer of the Company, China Region CEO
Jan.	2021:	Executive Officer of the Company [incumbent]
Jan.	2023:	President and Chief Operating Officer (COO) of the Company
Mar.	2023:	Representative Director of the Company
Sep.	2023:	Representative Director, Chairman of Shiseido Japan Co., Ltd.
Jan.	2024:	Japan Region CEO of the Company [incumbent] Representative Director, President and CEO of Shiseido Japan Co., Ltd. [incumbent]
Mar.	2024:	Director of the Company [incumbent] Representative Corporate Executive Officer of the Company [incumbent]
Jan.	2025:	President and CEO of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

None

Reasons for Nomination of the Candidate for Director

Since joining the Company, Mr. Kentaro Fujiwara has been in charge primarily of the overseas business in Europe, Korea, and other regions, driving business operations while promoting interactions with diverse cultures and human resources. Since 2015, he has headed our Chinese business, deepening his knowledge on the latest digital business and achieving significant growth in business while gaining experience in managing a large organization with nearly 10,000 people. Mr. Fujiwara, as President and COO since 2023, and as President and CEO since January 2025, has led overall management based on the medium-term management strategy “SHIFT 2025 and Beyond.” Further, since January 2024, Mr. Fujiwara, as Japan Region CEO of the Company, has been driving the restructuring of the revenue base of the Japanese business.

Considering this proven track record and in anticipation that he will continue to undertake his role as a management leader who is capable of further pursuing “the hands-on, realistic approach” the Company has been practicing to date, the Nominating Committee has decided to continuously select him as a candidate for director to ensure the effectiveness of the Board of Directors.

Based on his career stated in “Career Summary / Positions and Responsibilities in the Company” and other background, Mr. Fujiwara has experience as follows:

Experience of the candidate

- Experience as top management of a listed company
- Corporate management experience
- Experience in BtoC, neighboring industries
- Brand marketing

Special Interest between the Candidate and the Company

There is no special interest between Mr. Kentaro Fujiwara and the Company.



- Number of shares of the Company owned
  1,500 shares
- Number of years in office of the Company as Director
  -
- Number of attendance at the Board of Directors meetings of the Company for the fiscal year ended December 31, 2024
  -

2. Ayako Hirofuji (Date of birth: October 3, 1979)

Candidate for New Director

Career Summary / Positions and Responsibilities in the Company

Apr.	2003:	Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)
Aug.	2005:	Joined the Company
Jul.	2014:	President of Director, PT SHISEIDO Cosmetics Indonesia
Jul.	2015:	President of Director, PT Shiseido Professional Indonesia
Jan.	2019:	Vice President, Strategic Finance Department of the Company
Jan.	2022:	Vice President, IR Department of the Company
Jan.	2024:	Executive Officer of the Company [incumbent] Chief Investor Engagement Officer of the Company Chief DE&I Officer of the Company [incumbent]
May	2024:	Deputy Chief Financial Officer of the Company
Jul.	2024:	Corporate Executive Officer of the Company Chief Financial Officer of the Company [incumbent]
Jan.	2025:	Representative Corporate Executive Officer of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

None

Reasons for Nomination of the Candidate for Director

Since joining the Company, Ms. Ayako Hirofuji has gained a vast amount of management experience in a global business environment through her leadership roles as President of Director of our local subsidiaries in Indonesia, while acquiring extensive knowledge and expertise in finance, accounting, and investor relations (IR) as Vice President of Strategic Finance and IR departments of the Company. Since January 2024, she has been promoting diversity, equity, and inclusion as Chief DE&I Officer, and since July 2024, she has been taking the lead in financial areas of the Company's business as Chief Financial Officer. In addition to these roles, she assumed the position of Representative Corporate Executive Officer in January of this year and aims to further enhance overall management and corporate value from a financial strategy perspective.

Given her extensive roles, the Nominating Committee has nominated her as a candidate for director to achieve further improvement of the effectiveness of the Board of Directors. After appointment, she is expected to fulfill her role as a member of the Board of Directors.

Based on her career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Ms. Hirofuji has experience as follows:

Experience of the candidate

- Corporate management experience
- Experience in BtoC, neighboring industries
- Finance, accounting, financial systems

Special Interest between the Candidate and the Company

There is no special interest between Ms. Ayako Hirofuji and the Company.



- Number of shares of the Company owned

  1,400 shares

- Number of years in office of the Company as Director

  1 year

- For the fiscal year ended December 31, 2024

  Number of attendance at the Board of Directors meetings of the Company[*2]

  14 out of 14 Board of Directors meetings (100%)

  Number of attendance at the Audit Committee meetings of the Company

  13 out of 13 Audit Committee meetings (100%)

*1 The legal name of Ms. Hiromi Anno, a candidate for director, is Hiromi Hara.

*2 This includes the number of attendance as an Audit & Supervisory Board member before the transition to a Company with Three Statutory Committees.

3. Hiromi Anno [*1] (Date of birth: July 27, 1970)

Career Summary / Positions and Responsibilities in the Company

Apr. 1995: Joined the Company
Jan. 2018: Chief Manager of Global Communications Department of the Company
Jan. 2020: Corporate Officer, Chief Public Relations Officer of the Company
Jan. 2021: Executive Officer of the Company
Mar. 2023: Audit & Supervisory Board Member of the Company
Mar. 2024: Director of the Company [incumbent]
Member (Full-time), Audit Committee of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

None

Reasons for Nomination of the Candidate for Director

Since joining the Company, Ms. Hiromi Anno has gained experience in the sales sites of our domestic business, IR involving dialogues with investors, and business planning, among others. She has also been serving as the head of Global Communications Dept., Corporate Officer and Executive Officer, and also has experience and extensive knowledge in corporate governance and compliance. Utilizing her experience and knowledge, Ms. Anno has sufficiently fulfilled the role of a full-time Audit & Supervisory Board member since 2023 and that of a director and a full-time member of the Audit Committee since 2024. In addition, she has been candidly providing recommendations on management and organizational issues from an unbiased and objective viewpoint based on a deep understanding of the Company's business at the Board of Directors meetings and has been adequately fulfilling her duties and responsibilities including the oversight of business execution.

For the reasons stated above, the Company is of the opinion that she will adequately fulfill the role of a director. Accordingly, the Nominating Committee has continuously nominated her as a candidate for director. After appointment, she is expected to continue fulfilling her role as a member of the Board of Directors and as a full-time member of the Audit Committee.

Based on her career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Ms. Anno has experience as follows:

Experience of the candidate

- Corporate management experience
- Experience in BtoC, neighboring industries
- Legal affairs and risk management

Special Interest between the Candidate and the Company

There is no special interest between Ms. Hiromi Anno and the Company.



- Number of shares of the Company owned
  4,200 shares
- Number of years in office of the Company as Director
  1 year
- For the fiscal year ended December 31, 2024

  Number of attendance at the Board of Directors meetings of the Company*
  14 out of 14 Board of Directors meetings (100%)

  Number of attendance at the Audit Committee meetings of the Company
  13 out of 13 Audit Committee meetings (100%)

* This includes the number of attendance as an Audit & Supervisory Board member before the transition to a Company with Three Statutory Committees.

4. Takeshi Yoshida (Date of birth: October 4, 1961)

Career Summary / Positions and Responsibilities in the Company

Aug.	1985:	Joined Okura Keiei Keiri Gakuin Co., Ltd.
Feb.	1992:	Joined the Company
Apr.	2009:	General Manager of Cosmetics Business Planning Department, General Manager of Business Administration Group, Cosmetics Business Planning Department of the Company
Apr.	2011:	Executive Vice President, Shiseido Americas Corp.
Oct.	2014:	Department Director, Internal Audit Department of the Company
Jan.	2016:	Department Director, Business Planning Department, Shiseido Japan Co., Ltd.
Jan.	2017:	Director, Personal Care Planning Department, FT Shiseido Co., Ltd. (currently FineToday Holdings Co., Ltd.)
Mar.	2018:	Audit & Supervisory Board Member of the Company
Mar.	2024:	Director of the Company [incumbent] Member (Full-time), Audit Committee of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

None

Reasons for Nomination of the Candidate for Director

Mr. Takeshi Yoshida was engaged in the management of various business departments and internal audits of the Company. Drawing on this experience, he adequately fulfilled the role of a full-time audit & supervisory board member since 2018 and that of a director and a full-time member of the Audit Committee since 2024 through demonstrating skills in performing audits of accounting audits by accounting auditors and auditing the legality and appropriateness of business execution and the Board of Directors. In addition, he is well versed in business, accounting and finance, and has candidly raised management issues regarding the execution of the Company's business operations as well as offered recommendations to resolve such issues from a company-wide, objective perspective at all times and has fulfilled adequately the role including oversight of the Company's business execution.

For the reasons stated above, the Company is of the opinion that he will adequately fulfill the role of a director. Accordingly, the Nominating Committee has continuously nominated him as a candidate for director. After appointment, he is expected to continue fulfilling his role as a member of the Board of Directors and as a full-time member of the Audit Committee.

Based on his career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Mr. Yoshida has experience as follows:

Experience of the candidate

- Corporate management experience
- Experience in BtoC, neighboring industries
- Legal affairs and risk management
- Finance, accounting, financial systems

Special Interest between the Candidate and the Company

There is no special interest between Mr. Takeshi Yoshida and the Company.

Candidate for External Director
Candidate for Independent Director



5. Kanoko Oishi (Date of birth: March 24, 1961)

- Number of shares of the Company owned
  3,900 shares
- Number of years in office of the Company as External Director
  9 years
- For the fiscal year ended December 31, 2024
  Number of attendance at the Board of Directors meetings of the Company
  14 out of 14 Board of Directors meetings (100%)
  Number of attendance at the Nominating Committee meetings of the Company
  7 out of 8 Nominating Committee meetings (87.5%)
  Number of attendance at the Compensation Committee meetings of the Company
  9 out of 10 Compensation Committee meetings (90%)

Career Summary / Positions and Responsibilities in the Company

Apr.	1983:	Joined Nippon Life Insurance Company
Aug.	1987:	McKinsey & Company, Inc. New York Office
Nov.	1988:	McKinsey & Company, Inc. Tokyo Office
Jun.	2000:	CEO, MEDIVA Inc. [incumbent]
Jul.	2000:	CEO, Seinan MEDIVA Co., Ltd. (currently Seeds 1 Co., Ltd.) [incumbent]
Aug.	2001:	Outside Auditor, ASKUL Corporation
Aug.	2002:	Outside Director, ASKUL Corporation
Jun.	2010:	Outside Director, Astellas Pharma Inc.
Jun.	2015:	Outside Director, Ezaki Glico Co., Ltd. [incumbent] External Board Member, SANTEN PHARMACEUTICAL CO., LTD.
Mar.	2016:	External Director of the Company [incumbent]
Apr.	2018:	Chair, Remuneration Advisory Committee of the Company
Mar.	2024:	Member, Nominating Committee of the Company [incumbent] Member, Compensation Committee of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

CEO, MEDIVA Inc.

CEO, Seeds 1 Co., Ltd.

Outside Director, Ezaki Glico Co., Ltd.*

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Ms. Kanoko Oishi is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

She has experience and knowledge gained through her career in business management inside and outside Japan as a consultant as well as from a standpoint of active manager who is pushing forward patient-centered transformation of the medical industry. Based on such knowledge and experience, she has been fulfilling the role adequately including oversight on business execution as an external director of the Company by asking questions and making comments during the meetings of the Board of Directors about management strategies and consumer-oriented branding and marketing strategies.

In addition, as a member of the Nominating Committee and the Compensation Committee, she has actively expressed precise opinions from the perspective of an incumbent management executive.

For the reasons stated above, the Company is of the opinion that she would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has continuously selected her as a candidate for external director. After appointment, she is expected to continue fulfilling the aforementioned role as well as to fulfill the role as a member of the Nominating Committee and the Compensation Committee.

Based on her career stated in “Career Summary / Positions and Responsibilities in the Company” and other background, Ms. Oishi has experience as follows:

Experience of the candidate

Corporate management experience

Experience in BtoC, neighboring industries

Special Interest between the Candidate and the Company

Ms. Kanoko Oishi concurrently holds the office of Outside Director of Ezaki Glico Co., Ltd. (“Ezaki Glico”), with which the Company has the following transactions:

<Organizations at Which the Candidate Concurrently Assumes the Position of External Director>

Organization where Concurrent Position is Held	Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
Ezaki Glico Co., Ltd.	Snacks, etc. (mail order)	Ezaki Glico Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net sales of Ezaki Glico for the fiscal year ended December 31, 2024



- Number of shares of the Company owned
  1,400 shares
- Number of years in office of the Company as External Director
  7 years
- For the fiscal year ended December 31, 2024
  Number of attendance at the Board of Directors meetings of the Company
  14 out of 14 Board of Directors meetings (100%)
  Number of attendance at the Nominating Committee meetings of the Company
  8 out of 8 Nominating Committee meetings (100%)
  Number of attendance at the Compensation Committee meetings of the Company
  10 out of 10 Compensation Committee meetings (100%)

6. Shinsaku Iwahara

Candidate for External Director
Candidate for Independent Director

(Date of birth: December 17, 1952)

Career Summary / Positions and Responsibilities in the Company

Aug.	1978:	Associate Professor, Faculty of Law, The University of Tokyo
Sep.	1981:	Visiting Researcher, Harvard Law School, U.S.A.
Dec.	1982:	Visiting Researcher, University of California, Berkeley, School of Law, U.S.A.
Sep.	1991:	Visiting Professor, Harvard Law School, U.S.A.
Nov.	1991:	Professor, Graduate School of Law and Politics, The University of Tokyo
Apr.	2003:	Member, Postal Services Policy Council
Jan.	2005:	Member, Business Accounting Council, Financial Services Agency
Apr.	2009:	Director, Financial Accounting Standards Foundation
Apr.	2010:	Member, Legislative Council, Ministry of Justice, Chair, Corporate Legislation Subcommittee, Legislative Council, Ministry of Justice
Apr.	2013:	Professor, Faculty of Law, Waseda University
Jun.	2013:	Professor Emeritus, The University of Tokyo [incumbent]
Jan.	2015:	Member and Chair, Financial System Council, Financial Services Agency
Jul.	2017:	Adviser to Mori Hamada & Matsumoto [incumbent]
Mar.	2018:	External Director of the Company [incumbent]
Jun.	2019:	Chair, Legislative Council, Ministry of Justice
Sep.	2021:	Chair, Nomination & Remuneration Advisory Committee of the Company
Apr.	2023:	Emeritus Professor, Waseda University [incumbent]
Dec.	2023:	Member, The Japan Academy [incumbent]
Mar.	2024:	Chair, Nominating Committee of the Company [incumbent] Member, Compensation Committee of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

None

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Mr. Shinsaku Iwahara is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

He is a jurist and researcher specializing in legal studies, mainly with regard to companies and financial systems, with deep knowledge of law. He has also played important roles at the Legislative Council and Financial System Council, and has been involved in the establishment of the supervisory and examination systems of authorities such as the Financial Services Agency. Based on such knowledge and experience, he has been contributing to improving the effectiveness of the Board of Directors of the Company by asking questions and making comments about internal controls, corporate governance and the risks associated with individual agenda items.

In addition, as the chair of the Nominating Committee, and as a member of the Compensation Committee, he has actively expressed precise opinions based on his insights into value sharing with the capital markets, legal systems and corporate governance.

He has not been engaged in management of any companies or any positions other than an external director. For the reasons stated above, however, the Company is of the opinion that he would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has decided to continuously select him as a candidate for external director. After appointment, he is expected to continue fulfilling the aforementioned role as well as to fulfill the role as the chair of the Nominating Committee and as a member of the Compensation Committee.

Based on his career stated in “Career Summary / Positions and Responsibilities in the Company” and other background, Mr. Iwahara has experience as follows:

Experience of the candidate


Legal affairs and risk management


Finance, accounting, financial systems

Special Interest between the Candidate and the Company

There is no special interest between Mr. Shinsaku Iwahara and the Company.

7. Mariko Tokuno

Candidate for External Director
Candidate for Independent Director

(Date of birth: October 6, 1954)



- Number of shares of the Company owned
  2,100 shares
- Number of years in office of the Company as External Director
  3 years
- For the fiscal year ended December 31, 2024

  Number of attendance at the Board of Directors meetings of the Company
  13 out of 14 Board of Directors meetings (92.8%)

  Number of attendance at the Nominating Committee meetings of the Company
  8 out of 8 Nominating Committee meetings (100%)

  Number of attendance at the Compensation Committee meetings of the Company
  10 out of 10 Compensation Committee meetings (100%)

Career Summary / Positions and Responsibilities in the Company

Apr.	1978:	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
Jan.	1994:	Joined Louis Vuitton Japan K.K
Apr.	2002:	Senior Director, Sales Administration, Louis Vuitton Japan K.K
Mar.	2004:	Vice President, Tiffany & Co., Japan Inc.
Aug.	2010:	Representative Director, President, Christian Dior K.K
Jun.	2013:	Outside Director, HAPPINET CORPORATION
Sep.	2013:	Representative Director, President and CEO, Ferragamo Japan K.K
Jun.	2016:	Outside Director, Mitsubishi Materials Corporation
Jun.	2017:	Outside Director, YAMATO HOLDINGS CO., LTD. [incumbent]
Mar.	2022:	External Director of the Company [incumbent]
Mar.	2024	Member, Nominating Committee of the Company [incumbent] Member, Compensation Committee of the Company [incumbent]
Jun.	2024:	Outside Director, Nissan Motor Co., Ltd. [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

Outside Director, YAMATO HOLDINGS CO., LTD.*

Outside Director, Nissan Motor Co., Ltd.*

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Ms. Mariko Tokuno is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

Through her extensive experience of assuming executive roles at owner companies of global prestige brands, she has deep knowledge of the prestige brand business as well as insight into corporate management, marketing, and other areas from a global perspective. Based on her experience and knowledge, she has been actively expressing her opinions concerning the business strategy, branding and marketing strategies at the Board of Directors meetings and adequately serving the role as the Company's external director through offering advice from both management and marketing perspectives and providing oversight.

In addition, as a member of the Nominating Committee and the Compensation Committee, she has actively made appropriate comments based on her experience and expertise as a manager and an external director at multiple listed companies.

For the reasons stated above, the Company is of the opinion that she would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has continuously selected her as a candidate for external director. After appointment, she is expected to continue fulfilling the aforementioned role as well as to fulfill the role as a member of the Nominating Committee and the Compensation Committee.

Based on her career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Ms. Tokuno has experience as follows:

Experience of the candidate

- Corporate management experience
- Experience in BtoC, neighboring industries
- Brand marketing

Special Interest between the Candidate and the Company

Ms. Mariko Tokuno concurrently holds the office of Outside Director of YAMATO HOLDINGS CO., LTD. ("YAMATO HOLDINGS") and Outside Director of Nissan Motor Co., Ltd. ("Nissan Motor") with which the Company has the following transactions:

<Organizations at Which the Candidate Concurrently Assumes the Position of External Director>

Organization where Concurrent Position is Held	Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
YAMATO HOLDINGS CO., LTD.	Outsourcing business, etc.	YAMATO HOLDINGS Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated operating revenue of YAMATO HOLDINGS for the fiscal year ended March 31, 2024
Nissan Motor Co., Ltd.	Outsourcing business, etc.	Nissan Motor Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net sales of Nissan Motor for the fiscal year ended March 31, 2024

Candidate for External Director
Candidate for Independent Director



8. Yoshihiko Hatanaka

(Date of birth: April 20, 1957)

- Number of shares of the Company owned
  800 shares
- Number of years in office of the Company as External Director
  2 years
- For the fiscal year ended December 31, 2024
  Number of attendance at the Board of Directors meetings of the Company
  13 out of 14 Board of Directors meetings (92.8%)
  Number of attendance at the Nominating Committee meetings of the Company
  7 out of 8 Nominating Committee meetings (87.5%)
  Number of attendance at the Compensation Committee meetings of the Company
  9 out of 10 Compensation Committee meetings (90%)

Career Summary / Positions and Responsibilities in the Company

Apr.	1980:	Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
Jun.	2005:	Corporate Executive, Vice President, Corporate Planning, Corporate Strategy Division, Astellas Pharma Inc.
Apr.	2006:	Corporate Executive, Astellas Pharma Inc. and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc.
Jun.	2008:	Senior Corporate Executive, Astellas Pharma Inc. and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc.
Apr.	2009:	Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CSTO & CFO), Astellas Pharma Inc.
Jun.	2011:	Representative Director, President and CEO, Astellas Pharma Inc.
Apr.	2018:	Representative Director, Chairman of the Board, Astellas Pharma Inc.
Jun.	2019:	Outside Director, Sony Corporation (currently SONY GROUP CORPORATION) [incumbent]
Mar.	2023:	External Director of the Company [incumbent]
Jun.	2023:	Outside Director, Sekisui Chemical Co., Ltd. [incumbent]
Mar.	2024:	Member, Nominating Committee of the Company [incumbent]
		Chair, Compensation Committee of the Company [incumbent]
Jan.	2025:	Chair, the Board of Directors of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

Outside Director, SONY GROUP CORPORATION*

Outside Director, Sekisui Chemical Co., Ltd.*

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Mr. Yoshihiko Hatanaka is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

Mr. Hatanaka has diversified and broad knowledge into corporate management based on his extensive experience and achievements as a top executive of a globally operating listed company, as well as experience as a CEO of overseas subsidiaries and a head of corporate planning and finance. Based on his experience and knowledge, he has been actively asking questions and making comments on management strategies, global business development, and dialogue with the capital markets at the meetings of the Board of Directors and adequately serving the role as the Company's external director through providing supervision, etc., for further enhancement of corporate governance.

In addition, as a member of the Nominating Committee and the chair of the Compensation Committee, he has actively made precise comments based on his accumulated experience as a top executive of a globally operating listed company and as an external director at several companies.

For the reasons stated above, the Company is of the opinion that he would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has continuously selected him as a candidate for external director. After appointment, he is expected to continue fulfilling the aforementioned role as well as to fulfill the role as a member of the Nominating Committee and as the chair of the Compensation Committee.

Based on his career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Mr. Hatanaka has experience as follows:

Experience of the candidate

Experience as top management of a listed company

Corporate management experience



Experience in BtoC, neighboring industries



Finance, accounting, financial systems

Special Interest between the Candidate and the Company

Mr. Yoshihiko Hatanaka concurrently holds the office of Outside Director of SONY GROUP CORPORATION ("SONY GROUP") and Outside Director of Sekisui Chemical Co., Ltd. ("Sekisui Chemical"), with which the Company has the following transactions:

<Organizations at Which the Candidate Concurrently Assumes the Position of External Director>

Organization where Concurrent Position is Held	Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
SONY GROUP CORPORATION	Outsourcing business, etc.	SONY Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net sales and financial services revenue of SONY Group for the fiscal year ended March 31, 2024
Sekisui Chemical Co., Ltd.	Raw materials, etc.	Sekisui Chemical Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net sales of Sekisui Chemical Co., Ltd. for the fiscal year ended March 31, 2024



- Number of shares of the Company owned
  1,300 shares
- Number of years in office of the Company as External Director
  1 year
- For the fiscal year ended December 31, 2024

  Number of attendance at the Board of Directors meetings of the Company*
  14 out of 14 Board of Directors meetings (100%)

  Number of attendance at the Audit Committee meetings of the Company
  13 out of 13 Audit Committee meetings (100%)

* This includes the number of attendance as an Audit & Supervisory Board member before the transition to a Company with Three Statutory Committees.

9. Yasuko Gotoh (Date of birth: February 19, 1958)

Candidate for External Director
Candidate for Independent Director

Career Summary / Positions and Responsibilities in the Company

Apr.	1980:	Joined Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism (MLIT))
Jun.	2004:	Director, Tourism Promotion Bureau at New York, Tourist Bureau of Japan
Oct.	2005:	Deputy Governor, Yamagata Prefecture
Jul.	2008:	Director, Regional Transport Bureau of Hokuriku and Shinetsu Regions, MLIT
Jul.	2013:	Director General, Policy Research Institute for Land, Infrastructure and Transport and Tourism, MLIT
Oct.	2014:	Joined Kyushu Railway Company
Jun.	2015:	Deputy Director General, Railway Operations Headquarters, Kyushu Railway Company Director General, Travel Services Headquarters, Kyushu Railway Company
Jun.	2017:	Managing Director, CFO in charge of the Treasury Department, Kyushu Railway Company
Jun.	2018:	Director, Audit and Supervisory Committee Member, Kyushu Railway Company
Mar.	2019:	External Audit & Supervisory Board Member of the Company
Jun.	2019:	Outside Audit & Supervisory Board Member, DENSO CORPORATION [incumbent]
Apr.	2023:	Guest professor, Faculty of Tourism and Community Development, Kokugakuin University [incumbent]
Jun.	2023:	Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc. [incumbent]
Oct.	2023:	Audit and Inspection Commissioners, the Tokyo Metropolitan Government [incumbent]
Mar.	2024:	External Director of the Company [incumbent] Member, Audit Committee of the Company [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

Outside Audit & Supervisory Board Member, DENSO CORPORATION*
Outside Audit & Supervisory Board Member, Mitsui Chemicals, Inc.*
Audit and Inspection Commissioners, the Tokyo Metropolitan Government

Reasons for Nomination of the Candidate for External Audit & Supervisory Board Member and Outline of Expected Roles

Ms. Yasuko Gotoh is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

She was the first female career bureaucrat in the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)) and served as Director of Tourism Promotion Bureau at New York of Tourist Bureau of Japan. Meanwhile, she has an extensive network having held a succession of various important posts including that of Deputy Governor of Yamagata Prefecture and Director General of the Policy Research Institute for Land, Infrastructure and Transport and Tourism. After retiring from MLIT, she held various executive positions in Kyushu Railway Company including the Managing Director in the business and financial divisions as well as Director, Audit and Supervisory Committee Member responsible for auditing of the business execution process by the directors. Currently, she serves as Outside Audit & Supervisory Board Member at other firms and has experience and knowledge in finance and accounting. Based on such experience and knowledge, she has been asking questions and making comments on management strategies, global business development, and finance and accounting at the meetings of the Board of Directors and adequately serving the role as the Company's external director through providing supervision of the Company's business execution.

In addition, as a member of the Audit Committee, she actively provided accurate opinions based on her experience as an outside audit & supervisory board member of several listed companies and her experience and knowledge in finance and accounting.

For the reasons stated above, the Company is of the opinion that she would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has continuously selected her as a candidate for external director. After appointment, she is expected to continue fulfilling the aforementioned role as well as to fulfill the role as a member of the Audit Committee.

Based on her career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Ms. Gotoh has experience as follows:

Experience of the candidate



Corporate management experience



Finance, accounting, financial systems

Special Interest between the Candidate and the Company

Ms. Yasuko Gotoh concurrently holds the office of Outside Audit & Supervisory Board Member of DENSO CORPORATION ("DENSO") and Outside Audit & Supervisory Board Member of Mitsui Chemicals, Inc. ("Mitsui Chemicals"), with which the Company has the following transactions:

<Organizations at Which the Candidate Concurrently Assumes the Position of External Director>

Organization where Concurrent Position is Held	Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
DENSO CORPORATION	Outsourcing business, etc.	DENSO Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net revenue of DENSO CORPORATION for the fiscal year ended March 31, 2024
Mitsui Chemicals, Inc.	Raw materials, etc.	Mitsui Chemicals Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net revenue of Mitsui Chemicals, Inc. for the fiscal year ended March 31, 2024



- Number of shares of the Company owned
  1,000 shares
- Number of years in office of the Company as External Director
  1 year
- For the fiscal year ended December 31, 2024

  Number of attendance at the Board of Directors meetings of the Company*

  14 out of 14 Board of Directors meetings (100%)

  Number of attendance at the Audit Committee meetings of the Company

  13 out of 13 Audit Committee meetings (100%)

* This includes the number of attendance as an Audit & Supervisory Board member before the transition to a Company with Three Statutory Committees.

10. Ritsuko Nonomiya

Candidate for External Director
Candidate for Independent Director

(Date of birth: November 28, 1961)

Career Summary / Positions and Responsibilities in the Company

Sep.	1987:	Joined Pete Murwick Maine Accounting Firm (currently KPMG LLP)
Apr.	1997:	Partner, KPMG Corporate Finance Co., Ltd.
Nov.	2000:	Joined UBS Warburg Securities Co., Ltd. (currently UBS Securities Japan Co., Ltd.)
Jan.	2005:	M&A Advisor, Managing Director, UBS Warburg Securities Co., Ltd. (currently UBS Securities Japan Co., Ltd.)
Jul.	2008:	Senior Vice President, Business Development Leader, GE Capital Asia Pacific
Apr.	2013:	Senior Executive Officer and Business Development Leader, GE Capital Japan, GE Japan (currently GE Japan Inc.)
Dec.	2013:	Managing Director, GCA Savvian Corporation (currently GCA, LLC)
Mar.	2017:	Director, GCA Savvian Corporation (currently GCA, LLC)
Mar.	2020:	External Audit & Supervisory Board Member of the Company Director, GCA Advisers k.k. (currently Houlihan Lokey Corporation)
Jun.	2020:	Outside Director, NAGASE & CO., LTD. [incumbent]
Feb.	2022:	CEO, Representative Director, Houlihan Lokey Corporation [incumbent]
Mar.	2024:	External Director of the Company [incumbent] Member, Audit Committee of the Company [incumbent] Executive Officer, GCA, LLC [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

Outside Director, NAGASE & CO., LTD.*

CEO, Representative Director, Houlihan Lokey Corporation

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Ms. Ritsuko Nonomiya is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

She has accumulated business experience in accounting offices of the KPMG Group and other firms in the U.S. and Japan and has engaged in M&A and business development processes in the UBS Group and the GE Group. Thus, she has extensive knowledge in finance and accounting, as well as experience gained through her work as an M&A specialist and experience and knowledge cultivated through international business. Drawing on this experience and knowledge, she has been asking questions and making comments regarding management strategies, financial strategies, and structural reform proposals at the meetings of the Board of Directors and adequately serving the role as the Company's external director through providing supervision of the Company's business execution.

In addition, as a member of the Audit Committee, she actively provided accurate opinions based on her experience in management at a company where she has served as CEO and her experience and insights in business, including M&A, which is her area of expertise.

For the reasons stated above, the Company is of the opinion that she would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has continuously selected her as a candidate for external director. After appointment, she is expected to continue fulfilling the aforementioned role as well as to fulfill the role as a member of the Audit Committee.

Based on her career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Ms. Nonomiya has experience as follows:

Experience of the candidate

Corporate management experience

Finance, accounting, financial systems

Special Interest between the Candidate and the Company

Ms. Ritsuko Nonomiya concurrently holds the office of Outside Director of NAGASE & CO., LTD. ("NAGASE & CO."), with which the Company has the following transactions:

<Organizations at Which the Candidate Concurrently Assumes the Position of External Director>

Organization where Concurrent Position is Held	Transaction Matter, etc.	Vendor, Recipient of Supporting Money, etc.	Purchaser, Provider of Supporting Money, etc.	Percentage of Transaction Value	Value for Comparison
NAGASE & CO., LTD.	Raw materials, etc.	NAGASE & CO. Group	Shiseido Group	Less than 1%	Total amount of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis for the fiscal year ended December 31, 2024
				Less than 1%	Consolidated net sales of NAGASE & CO., LTD. for the fiscal year ended March 31, 2024

Candidate for New Director
Candidate for External Director
Candidate for Independent Director



11. Yasuhiro Nakajima

(Date of birth: October 13, 1961)

- Number of shares of the Company owned
  0 shares
- Number of years in office of the Company as External Director
  -
- Number of attendance at the Board of Directors meetings of the Company for the fiscal year ended December 31, 2024
  -

Career Summary / Positions and Responsibilities in the Company

Apr.	1984:	Joined Hitachi Ltd.
Mar.	1995:	Certified Public Accountant
Jul.	2007:	Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Jul.	2012:	Executive Officer (Leader of Quality Management), PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Jul.	2014:	General Manager, Nagoya Office, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Jul.	2017:	Oversight Board Member, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Apr.	2022:	Project Professor, Graduate School of Business, Osaka Metropolitan University [incumbent]
Jul.	2022:	Representative, Nakajima CPA Office [incumbent]
Mar.	2023:	Member of the Board as Outside Director, Bridgestone Corporation [incumbent]

Important Positions at Other Organizations Concurrently Held

(* indicates a listed company)

Certified Public Accountant

Member of the Board as Outside Director, Bridgestone Corporation*

Reasons for Nomination of the Candidate for External Director and Outline of Expected Roles

Mr. Yasuhiro Nakajima is a candidate for external director fulfilling the requirements set forth in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

He possesses extensive experience and achievements in accounting audits and advisory services as a certified public accountant, as well as insights and accurate problem identification regarding the management of global companies. By appointing him as an external director, he is expected to provide advice, opinions and oversight from a financial and accounting expert's perspective on the Company's management and financial strategies, which are globally oriented. It is believed that his appointment will further enhance the effectiveness of the Board of Directors, and thus, the Nominating Committee has nominated him as a candidate for external director.

He has not been engaged in management of any companies or any positions other than an external director. For the reasons stated above, however, the Company is of the opinion that he would be able to adequately fulfill the role of an external director. Accordingly, the Nominating Committee has decided to newly select him as a candidate for external director. After appointment, he is expected to fulfill the aforementioned role as well as to fulfill the role as a member of the Audit Committee.

Based on his career stated in "Career Summary / Positions and Responsibilities in the Company" and other background, Mr. Nakajima has experience as follows:

Experience of the candidate

- Corporate management experience
- Legal affairs and risk management
- Finance, accounting, financial systems

Special Interest between the Candidate and the Company

There is no special interest between Mr. Yasuhiro Nakajima and the Company.

Notes:

1. Conclusion of liability limiting agreement

   The Company has entered into an agreement with Ms. Kanoko Oishi, Mr. Shinsaku Iwahara, Ms. Mariko Tokuno, Mr. Yoshihiko Hatanaka, Ms. Yasuko Gotoh, and Ms. Ritsuko Nonomiya to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, based on the provisions of Article 427, paragraph (1) of the said Act and Article 27, paragraph (2) of the Articles of Incorporation of the Company. The limited liability amount for damages based on the agreement is the aggregate of the amounts provided in Article 425, paragraph (1) of the same Act. If this item of business is approved as originally proposed and they are appointed, the Company plans to renew the agreement with the same details. In addition, if this item of business is approved as originally proposed and Ms. Hiromi Anno, Mr. Takeshi Yoshida and Mr. Yasuhiro Nakajima are appointed, the Company plans to enter into a new agreement with each of them with the same terms.

2. Execution of Directors and Officers Liability Insurance Agreement

   The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The said insurance agreement shall cover damages including compensation for damages and legal expenses to be borne by the insureds. The candidates will be included as insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

3. Independent Directors

   The Company has designated Ms. Kanoko Oishi, Mr. Shinsaku Iwahara, Ms. Mariko Tokuno, Mr. Yoshihiko Hatanaka, Ms. Yasuko Gotoh and Ms. Ritsuko Nonomiya as Independent Directors prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange. Upon appointment at this general meeting of shareholders, the Company will once again designate all of these External Directors as Independent Directors. In addition, the Company will newly designate Mr. Yasuhiro Nakajima as Independent Director upon his appointment at this ordinary general meeting of shareholders.

4. Number of shares of the Company owned by each candidate

   The number of shares owned less than one hundred has been omitted, including those held through the Shiseido Board Members' Company Stock Ownership Association.

- End -

Information on Other Matters Related to This Notice of Convocation of the Ordinary General Meeting of Shareholders on Our Corporate Information Website

The Company's Notice of Convocation of the Ordinary General Meeting of Shareholders is posted on our corporate information website (https://corp.shiseido.com/en/ir/shareholder/) and on the Japan Exchange Group's website (https://www.jpx.co.jp/) (Japanese and English).

1. On our corporate information website, the following are voluntarily disclosed by the Company in the column entitled "INVESTORS / General Meeting of Shareholders"

   (https://corp.shiseido.com/en/ir/shareholder/)

2. Items voluntarily disclosed on our corporate information website relating to business report:

   "Criteria for Independence of External Directors"

   (https://corp.shiseido.com/en/ir/governance/pdf/system01.pdf)

   "Criteria for Important Concurrent Positions Assumed by the Company's Directors"

   (https://corp.shiseido.com/en/ir/governance/pdf/system04.pdf)

   "Criteria for Stating the Relationship between the Company and the Organizations in Which the Company's External Directors hold Important Concurrent Positions"

   (https://corp.shiseido.com/en/ir/governance/pdf/system05.pdf)

3. In cases that the attached documents and "Reference Document Concerning the General Meeting of Shareholders" are amended, the Company will announce the updated version on our following corporate information website.

   (https://corp.shiseido.com/en/ir/shareholder/)