(Translation)

May 19, 2025

Name of Company: Shiseido Company, Limited
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Representative Corporate Executive Officer
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Notice of Disposal of Treasury Stock under the Performance-Linked Stock Compensation Plan as Long-Term Incentive-Type Remuneration

Shiseido Company, Limited (the "Company") today announced that its Representative Corporate Executive Officer, by delegation of the Board of Directors, has approved a resolution to dispose the Company's treasury stock (the "Disposal") under the performance-linked stock compensation plan (the "Plan") as long-term incentive-type remuneration (the "LTI") which takes effect on May 19, 2025 as provided below.

1. Summary of the Disposal

(1) Date of Disposal	June 13, 2025
(2) Class and Number of Shares to be Disposed	91,654 shares of common stock of the Company
(3) Disposal Price	¥ 2,362 per share
(4) Total Disposal Value	¥ 216,486,748
(5) Planned Allottees	・ Directors (excluding external directors) or executive officers of the Company whom the Plan had been applied as part of the compensation for fiscal 2022 : 17 persons, 30,039 shares ・ Officers of the Company's subsidiaries whom the Plan had been applied as part of the compensation for fiscal 2022: 4 persons, 9,079 shares ・ Employees of the Company whom the Plan had been applied as of June 2023: 182 persons, 25,560 shares ・ Employees of the Company's subsidiaries whom the Plan had been applied as of June 2023: 46 persons, 26,976 shares
(6) Other	The Disposal shall be effective subject to the condition that a Securities Registration Statement being filed by the Company pursuant to the Financial Instruments and Exchange Act becomes effective.

2. Background and Purpose of the Disposal

On February 21, 2019, the Board of Directors of the Company adopted a resolution to implement a new performance-linked stock compensation plan utilizing a form of performance share units, which is intended to enhance motivation of directors (excluding external directors) of the Company (the "Eligible Directors") to be committed to drive corporate value over the long term and to ensure that they share common interests with shareholders. For the details of the Plan applicable to directors, all relevant agenda items had been submitted and obtained shareholder approval at the Ordinary General Meeting

of Shareholders every fiscal year until fiscal 2023 prior to the transition from a "Company with an Audit & Supervisory Board" to a "Company with Three Statutory Committees" in 2024. Additionally, the proposed agenda for the Plan in fiscal 2022 subject to the Disposal had also been approved at the 122nd Ordinary General Meeting of Shareholders held on March 25, 2022.

The Company also decided to make the Plan applicable to executive officers of the Company as well as officers of its subsidiaries, such as CEOs of regional headquarters, as well as employees of the Company and its subsidiaries.

The Disposal will be made in accordance with the Plan based on approval of the Representative Corporate Executive Officer on May 19, 2025, which is intended to grant shares of the Company's common stock to 17 Eligible Directors or executive officers of the Company, and 4 officers of its subsidiaries whom the Plan had been applied as part of the compensation paid for fiscal 2022, as well as 182 employees of the Company and 46 employees of its subsidiaries whom the Plan had been applied as of June 2023 (all of which include retired employees and hereinafter collectively referred to as the "Eligible Officers and Employees"), for the evaluation period covering the three fiscal years from January 1, 2022 to December 31, 2024 (the "Evaluation Period") in accordance with the target achievement rate measured by performance metrics during the Evaluation Period.

The Disposal will be made in the manner in which the Eligible Officers and Employees receive monetary compensation claims issued by the Company, whereby they shall be granted with common shares of the Company in exchange for in-kind contribution of the said monetary compensation claims in full.

For the Disposal, the Representative Corporate Executive Officer, by delegation of the Board of Directors and upon deliberation of the Compensation Committee comprised solely of external directors, has approved the Company to issue monetary compensation claims in the sum of ¥216,486,748 to the Eligible Officers and Employees based on the level of target achievement measured by performance metrics during the Evaluation Period. The Eligible Officers and Employees will receive a total of 91,654 shares of the Company's common stock granted in exchange for in-kind contribution of the said monetary compensation claims in full. Since the Company was, at the time of the 122nd Ordinary General Meeting of Shareholders, a "Company with an Audit & Supervisory Board," the number of the Company's common shares to be allocated to the Eligible Directors was to be determined by the Board of Directors upon deliberation of the Nomination & Remuneration Advisory Committee chaired by an external director. However, subject to the approval for the amendment to the Articles of Incorporation obtained at the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, the Company transitioned to a "Company with Three Statutory Committees" effective on the same date, and the authority for the approval of any decisions pertaining to the terms of disposal of treasury shares was delegated to the Representative Corporate Executive Officer by the Board of Directors. As such, upon deliberation of the Compensation Committee, the Representative Corporate Executive Officer has approved the Disposal as provided in the preceding paragraph.

The number of the Company's common shares to be disposed is 91,654 shares which accounts for 0.02% of the total number of outstanding shares issued by the Company (as of March 31, 2025 excluding treasury stock). The dilution effect of the Disposal will be limited and we determined that it would be reasonable in light of the purpose and reason thereof.

Additionally, based on the Plan, the Company will also provide cash incentives in the sum of ¥111,602,752 to 203 Eligible Officers and Employees who have been able to satisfy certain requirements.

3. Details of the Plan

(1) Overview

Under the Plan, every year a set of performance metrics is established in advance for the applicable evaluation period of three fiscal years, including the fiscal year in which the abovementioned compensation is provided under the Plan. After the end of each evaluation period, monetary compensation claims issued for granting of the Company's common stock as well as cash incentives shall be provided to the Eligible Officers and Employees according to the target achievement rates measured by the performance metrics. For Eligible Officers and Employees residing outside of Japan, the Company may from time to time only grant shares of its common stock. **(2) Structure of the Plan and Performance Metrics being Applied during the Evaluation Period**

1) The Plan is comprised of two components of compensation: a variable component linked to performance and a fixed component that is not contingent on performance.
2) The performance metrics and performance-based coefficients used in the Plan, or any other performance metrics required to be used for calculating the number of common shares granted to each Eligible Officer or Employee, as well as a payout ratio according to the level of target achievement rate measured by each performance metric shall be determined at the discretion of the Board of Directors according to the level of their positions in the organization or other conditions (as mentioned above, due to the transition to a "Company with Three Statutory Committees," decisions are made by the CEO as a Representative Executive Officer by delegation of the Compensation Committee or the Board of Directors, and the same applies to the following paragraphs) or Human Resources Division (hereinafter collectively referred to as the "Board of Directors, etc."). The overview of the performance metrics being applied during the Evaluation Period is provided in the table below. The performance targets for a consolidated operating profit margin for the final year of the Evaluation Period categorized as the economic value metrics is 15%, and if this target is met, the maximum payout ratio for the corresponding performance metrics will be applied. In addition, the lower limit of an evaluation result is 10%, and the variable component of the Plan for the corresponding metrics will be excluded from the compensation if the result of performance is to fall below this threshold. The performance targets for a compound average growth rate (CAGR) of the consolidated net sales for the Evaluation Period categorized as the economic value metrics is 7%, and the maximum payout ratio shall be applied if this target is met, while the variable component of the Plan for the corresponding metrics will be excluded from the compensation, if the result of performance is to fall below 4% (the CAGR of the consolidated net sales will be calculated by excluding the sales from the divested businesses and/or brands from the overall performance from the results in fiscal 2019 which will be used as a benchmark for measurement). For performance metrics categorized as the social value metrics, targets are established according to a different set of internal and external metrics related to environmental, social, and corporate governance (ESG) and applicable payout ratio is subject to change according to the target achievement rate. Additionally, for the consolidated Return on Equity (ROE), a certain level of target achievement (threshold) is predetermined by the Company upon deliberation of the Nomination & Remuneration Advisory Committee (currently, the Compensation Committee and the same applies to the following paragraphs) based on the idea that any performance metric should not be an obstacle that may discourage investment for future business growth and/or proactive engagement of employees in addressing issues for achieving long-term growth. The Nomination & Remuneration Advisory Committee shall, therefore, consider lowering of the payout ratio for the variable component of the Plan if and when the result of the performance falls below that threshold.

Performance Metrics of the LTI and Weight of the Performance Metrics

<table>
<tr><th>Evaluation Criteria</th><th colspan="2">Performance Metrics</th><th colspan="2">Evaluation Weighting</th></tr>
<tr><td rowspan="2">Economic Value Metrics*</td><td colspan="2">Consolidated operating profit margin for the final year of the Evaluation Period</td><td>50 %</td><td rowspan="5">100 %</td></tr>
<tr><td colspan="2">The CAGR of the consolidated net sales</td><td>30 %</td></tr>
<tr><td rowspan="3">Social Value Metrics</td><td>Environment</td><td>Level of achievement in CO_2 emission reduction</td><td rowspan="3">20 %</td></tr>
<tr><td>Social</td><td>Ratio of global female leaders across the organization, status of inclusion in ESG indices representing female leadership adopted by the ESG rating agencies adopted by the Company</td></tr>
<tr><td>ESG (Overall)</td><td>ESG evaluation scores from rating agencies adopted by the Company</td></tr>
<tr><td>Economic Value Metrics</td><td colspan="2">Consolidated ROE</td><td colspan="2">If the result falls below the threshold, the Nomination & Remuneration Advisory Committee will consider lowering of the payout ratio applied to the variable component of compensation linked to performance.</td></tr>
</table>

* Effective for the fiscal year ended December 31, 2022, the Company voluntarily applies International Financial Reporting Standards (IFRS) to its consolidated financial statements including balance sheet and profit and loss statement, etc. Therefore, economic value metrics under the Plan is evaluated based on the results of consolidated operating profit and net sales of the Company reported in compliance with IFRS.

(3) Methods of Calculation for the Number of Shares of the Company's Common stock to be granted and Amount of Cash Incentives for Eligible Officers and Employees

The Company will calculate the number of shares of the Company's common stock to be granted to each Eligible Officer or Employee based on the formula in the 1) below and will calculate the amount of cash incentives for tax payments to each Eligible Officer or Employee based on the formula in the 2) below.

1) The number of common shares of the Company to be granted to each Eligible Officer or Employee[*3]
Basic number of share unit(s)[*1] × payout ratio[*2] × 50%[*4]

2) Amount of cash incentives to be paid to each Eligible Officer or Employee[*3, *5]
{(Basic number of share unit(s)[*1] × payout ratio[*2]) − number of common shares of the Company to be granted to each Eligible Officer or Employee based on the formula in 1) above} × share price at time a grant is made.
However, for Eligible Officers and Employees residing outside of Japan or those who are in an employment relationship with a Company's subsidiary outside of Japan (excluding expatriates from Japan) at the time when the share units are granted, only shares of the Company's common stock will be granted. The calculation is as follows.
Basic number of share unit(s)[*1] × Payout ratio [*2]

Notes:

1. The number of basic share units will be granted to each Eligible Officer or Employee according

to their position and responsibilities within the organization.

2. The payout ratio is subject to change according to the level of target achievement rate measured by each performance metric within a certain range and based on the method of calculation predetermined by the Board of Directors, etc.
3. In the event that the number of shares grated and/or amount of cash incentive calculated by using the above formula paid to the Eligible Directors exceeds the maximum number of shares to be granted (43,000 shares) or the maximum amount cash payout for each Eligible Director, the Company shall then reduce the number of shares granted and amount of cash incentives paid to each Eligible Director by proportional allocation or any other reasonable method specified by the Board of Directors, so as to ensure that the maximum number of shares to be granted and/or the amount of cash incentive paid to each Eligible Director will not exceed the limit.
4. For the Eligible Employees, the ratio of 60% will be applied.
5. Any fractions of less than 1 yen from the calculation above is rounded off.

(4) Requirements for the Provision of Monetary Compensation Claims and Cash Incentives Based on the Plan

The Company will issue and provide monetary compensation claims and cash incentives for grant of its common shares and other incentives based on the Plan to the Eligible Officers and Employees who deemed to have fulfilled the following conditions. The Eligible Officers and Employees entitled to receive monetary compensation claims and cash incentives for the grant of the Company's common shares shall be determined at the discretion of the Board of Directors (in practice, such decision is made by the CEO as a Representative Corporate Executive Officer by delegation of the Board of Directors), and shares of the Company's common stock will be granted either by issuing of shares or disposal of treasury stock, and the terms and conditions of issuance of shares or disposal of treasury stock shall be determined by the Board of Directors after the end of each evaluation period in accordance with a set of requirements provided in either 1) or 3) below, as well as the method of calculation provided in the preceding paragraph.

1) The Eligible Directors must have continuously held the position of either of a director or an executive officer of the Company or its subsidiaries during the fiscal year in which the abovementioned compensation is provided under the Plan. For Eligible Officers and Employees other than the Eligible Directors, it is required that they have filled a position at a certain level within the organization during a certain period of time, both of which shall be determined by the Board of Directors, etc.
2) In the case where any of the Eligible Officers and Employees resigns or retires prior to the date on which the right to receive compensation has been determined, it must be a reason other than a dismissal or any other disciplinary actions.
3) The Eligible Officers and Employees must fulfill any other requirements specified by the Board of Directors, etc. that deemed necessary to achieve the objective of the Plan. In addition, malus and clawback provisions are adopted in the Plan, and therefore, in certain circumstances which includes, for example, any of the Eligible Officers and Employees engages in material misconduct, the Board of Directors, etc. shall have the right to either reduce the number of common shares of the Company to be granted to each Eligible Officer or Employee or request return of shares granted thereto.

(5) Treatment of Retiring Officers and Employees under the Plan

Even in the event that an Eligible Director ceases to be a director or an executive officer of the Company or any of its subsidiaries prior to the end of the evaluation period, such Eligible Director may be granted or provided with, according to the nature of the reason for the loss of such position (for the Eligible Directors, below the maximum amount of payment and/or number of shares to be granted), either or both of the Company's common shares or cash incentives in the number shares or amount of such compensation based on a reasonable method of calculation specified by the Board of Directors (as mentioned above, as a result of the transition to a "Company with Three Statutory Committees," decisions are made by the CEO as a Representative Executive Officer by delegation of the Compensation Committee or the Board of Directors) at the timing deemed appropriate by the Company provided that

all the requirements for the provision of monetary compensation claims and cash incentives in the preceding paragraph have been met.

In the event that an Eligible Officer or an Employee other than the Eligible Director ceases to hold such position in the organization prior to the end of the evaluation period, the Company shall grant its common shares or provide cash incentives, or both, in the number or amount based on a reasonable method of calculation specified by the Board of Directors, etc., provided that such person satisfies the requirements applicable for any such position as determined by the Board of Directors, etc.

4. Rationale for the Calculation of Proceeds of the Disposal and Other Details

The price of Disposal is ¥2,362 per share, the closing price of the Company's common shares traded on the Tokyo Stock Exchange on May 16, 2025 (the previous trading day of the date on which the Disposal has been approved by the Representative Corporate Executive Officer), which is intended to eliminate any arbitrary price distortions. This is the closing price of the Company's common shares immediately preceding the date on which the decision has been made by the Representative Corporate Executive Officer for the Disposal, and unless otherwise specified that the Company is in a situation where it is impossible to rely on the said closing price, the Company determines that such price is reasonable which appropriately reflects the present value of the Company, and, therefore, is not particularly advantageous for the Eligible Officers and Employees.

—End of News Release—