



(Translation)

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Notice of Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2025 and Recognition of Impairment Loss on Goodwill in the Americas Business

Shiseido Company, Limited (the “Company”) today announced revisions to its consolidated earnings forecasts for the fiscal year ending December 31, 2025 previously announced on February 10, 2025 and the recognition of an impairment loss on goodwill in the Americas Business in the third quarter of fiscal 2025.

1. Revisions to the Consolidated Earnings Forecasts for the Fiscal Year 2025 (from January 1 to December 31, 2025)

(Millions of yen unless otherwise stated)

	Net Sales	Core Operating Profit	Operating Profit (Loss)	Profit (Loss) before Tax	Profit (Loss) Attributable to Owners of Parent	Basic Earnings (Loss) per Share (Yen)
Previous Forecast (A)	995,000	36,500	13,500	14,500	6,000	15.02
Revised Forecast (B)	965,000	36,500	(42,000)	(42,000)	(52,000)	(130.17)
Change (B–A)	(30,000)	—	(55,500)	(56,500)	(58,000)	
Change (%)	(3.0) %	—	—	—	—	
(Reference) Results for the Fiscal Year Ended December 31, 2024	990,586	36,359	7,575	(1,265)	(10,813)	(27.06)

Notes:

- Core operating profit 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.
- Currency exchange assumptions are as follows;
 Previous: USD/JPY: 145 yen, EUR/JPY: 155 yen, CNY/JPY: 20.0 yen
 Revised : USD/JPY: 148 yen, EUR/JPY: 168 yen, CNY/JPY: 20.5 yen

2. Reasons for the Revision

Net sales for the fiscal year ending December 31, 2025 are expected to fall short of the previous forecast, primarily reflecting the deceleration of inbound tourism consumption in Japan, a market slowdown in the U.S., as well as continued weakness with **Drunk Elephant**.

The core operating profit is expected to remain in line with the previous forecast. While there may be an impact of certain factors including a decline in gross profit due to lower sales and the U.S. tariff policy, these will likely be largely offset by the benefits of company-wide structural reforms and cost management.

The operating profit, profit before tax and profit attributable to owners of parent are expected to fall short of the previous forecasts as the Company has recognized a goodwill impairment loss of ¥46.8

billion in the third quarter of the year, in light of the results of an impairment test conducted due to the declined profitability in the Americas Business.

3. Impairment loss on Goodwill in the Americas Business

At the Shiseido Group, 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 fiscal year, and whenever there is any indication of impairment. Regarding a cash-generating unit allocated to the Americas Business, the Company had identified the possibility of an impairment arising from the declined profitability in the region, and conducted an impairment test at the end of the third quarter of fiscal 2025 following the previous quarter. The result of the test had indicated that the recoverable amount of a cash-generating unit was lower than the carrying amount, and the Company thus decided to recognize a goodwill impairment loss of 46.8 billion yen in its consolidated financial results for the third quarter of fiscal 2025.

The loss in the valuation of equity shares associated with the decline in the net book value of shares of Shiseido Americas Corp., a subsidiary owned and controlled by the Company, as a result of the recognition of impairment loss on goodwill in the Americas Business will be recognized in its non-consolidated financial statements for fiscal 2025. The loss in the valuation of equity shares, however, will only be recognized on a non-consolidated basis, and, therefore, will not have any impact on the Company's consolidated financial results for fiscal 2025 as well as its future earnings outlook.

4. Dividend Forecast

The forecast for annual dividend for the fiscal year ending December 31, 2025 remain unchanged. We have declared an annual dividend of ¥40 (the interim dividend (paid out) and the year-end dividend of ¥20 per share, respectively).

Note: The above forecasts are based on the information currently available to the Company. Actual results may differ from these estimates due to various factors.

—End of News Release—