The figures for these Financial Statements are prepared in accordance with the accounting principles based on Japanese law. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts.

Consolidated Settlement of Accounts for the Fiscal Year Ended March 31, 2014

[Japanese Standards]

Shiseido Company, Limited

Listing: Tokyo Stock Exchange, First Section (Code Number: 4911)
URL: http://www.shiseidogroup.com
Representative: Shinzo Maeda, Representative Director, Chairman
Contact: Tetsuaki Shiraiwa, General Manager, Investor Relations Department
Tel. +81-3-3572-5111

Annual Meeting of Shareholders: June 25, 2014 (plan)
Filing of Securities Report: June 25, 2014 (plan)
Start of cash dividend payments: June 26, 2014 (plan)
Supplementary materials prepared: Yes (Supplementary information will be uploaded to the corporate website on Friday, April 25, 2014.)
Financial results information meeting held: Yes (for institutional investors, analysts, etc.)

1. Performance in the Fiscal Year Ended March 31, 2014 (April 1, 2013–March 31, 2014)

* Amounts under one million yen have been rounded down.

(1) Consolidated Operating Results

(Millions of yen; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal Year Ended Mar. 2014	762,047 [+12.4%]	49,644 [+90.6%]	51,426 [+81.0%]	26,149 [—]
Fiscal Year Ended Mar. 2013	677,727 [–0.7%]	26,045 [–33.4%]	28,406 [–28.0%]	–14,685 [—]

Note: Comprehensive income:
Fiscal year ended Mar. 2014: ¥90,722 million (+353.9%)
Fiscal year ended Mar. 2013: ¥19,985 million (—%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income/ Total Assets	Operating Income/ Net Sales
Fiscal Year Ended Mar. 2014	65.65	65.54	8.4%	6.8%	6.5%
Fiscal Year Ended Mar. 2013	–36.90	—	–5.1%	4.0%	3.8%

Reference: Equity in earnings of affiliates:
Fiscal year ended Mar. 2014: ¥82 million
Fiscal year ended Mar. 2013: ¥46 million

Effective the fiscal year under review, the Company has applied International Accounting Standard No. 19, “Employee Benefits” (amended June 16, 2011), to certain consolidated subsidiaries. This has resulted in a change in recognition of changes in the Company’s net defined benefit liabilities. The change in accounting policy has been applied retrospectively and is reflected in the consolidated financial statements for the previous fiscal year (ended March 31, 2013). For more information, please refer to “(Changes in Accounting Policies)” on page 24. The retrospective application of the aforementioned accounting standard is not reflected in percentage increase/decrease in comprehensive income for the year ended March 31, 2013.

(2) Consolidated Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal Year Ended Mar. 2014	801,346	358,707	42.2%	849.42
Fiscal Year Ended Mar. 2013	715,593	303,153	40.1%	721.21

Reference: Equity at year-end (consolidated):
Fiscal year ended Mar. 2014: ¥338,561 million
Fiscal year ended Mar. 2013: ¥287,069 million

The Company has applied International Accounting Standard No. 19, "Employee Benefits" (amended June 16, 2011), to certain consolidated subsidiaries. This has resulted in a change in recognition of changes in the Company's net defined benefit liabilities and has been applied retrospectively to the consolidated financial statements for fiscal 2012, ended March 31, 2013. For more details, refer to "For more information, please refer to "(Changes in Accounting Policies)" on page 24." of this document.

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
Fiscal Year Ended Mar. 2014	84,320	(16,799)	(47,462)	110,163
Fiscal Year Ended Mar. 2013	42,040	(25,534)	(24,745)	80,253

2. Cash Dividends

(Cut-off Date)	Cash Dividends per Share (Yen)					Total Dividends Paid (Full Year) (Millions of Yen)	Payout Ratio (Consolidated)	Dividends Paid/ Net Assets (Consolidated)
	1Q	2Q	3Q	Year-End	Full Year			
Fiscal Year Ended Mar. 2013	—	25.00	—	25.00	50.00	19,900	—	6.9%
Fiscal Year Ended Mar. 2014	—	10.00	—	10.00	20.00	7,968	30.5%	2.5%
Fiscal Year Ending Mar. 2015 (plan)	—	10.00	—	10.00	20.00		21.0%	

Note: Figures for cash dividends per share (year-end), cash dividends per share (full year), total dividends paid (full year), payout ratio (consolidated), and dividends paid/net assets (consolidated) for the year ended March 2014 are based on estimated figures as of April 25, 2014, the date of this report's issue.

3. Projections for the Fiscal Year Ending March 2015 (April 1, 2014–March 31, 2015)

(Millions of yen, except per share figures; percentage figures denote year-on-year change)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
First Half Ending Sept. 2014	366,000 [+1.5%]	14,500 [–28.9%]	14,500 [–31.0%]	24,500 [+355.6%]	61.47
Fiscal Year Ending Mar. 2015	780,000 [+2.4%]	42,000 [–15.4%]	42,000 [–18.3%]	38,000 [+45.3%]	95.34

Notes

(1) Significant changes in subsidiaries during period (changes in specific subsidiaries due to change in scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates; restatements

1) Changes in accounting policies due to amendment of accounting standards: Yes
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Restatements: None

For more information, please refer to "(Changes in Accounting Policies)" on page 24.

(3) Shares outstanding (common stock) at year-end

1. Number of shares outstanding (including treasury stock)
   Fiscal year ended Mar. 2014: 400,000,000
   Fiscal year ended Mar. 2013: 400,000,000
2. Number of treasury shares outstanding
   Fiscal year ended Mar. 2014: 1,422,159
   Fiscal year ended Mar. 2013: 1,960,234
3. Average number of shares over period
   Fiscal year ended Mar. 2014: 398,300,719
   Fiscal year ended Mar. 2013: 398,007,190

Note: For information on number of shares used as basis for calculating net income per share, please refer to "(Per-Share Data)" on page 29.

Implementation status of review procedures
At the time of disclosure of this report, review procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

Appropriate use of business forecasts; other special items
In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "(Outlook for the Fiscal Year Ending March 2015)" on page 8 for information on preconditions underlying the above outlook and other related information.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Review of Performance in the Fiscal Year Ended March 2014)

In the fiscal period under review (year ended March 31, 2014), the Japanese economy enjoyed moderate recovery underpinned by government economic measures. The domestic cosmetics market also showed indications of a turnaround. Moreover, there were signs of temporary growth in demand ahead of the consumption tax hike in April 2014. Overseas, however, cosmetics markets are closely linked with economic conditions in their respective countries. In the United States, the cosmetics market maintained firm growth thanks to ongoing expansion of the local economy. In Europe, where economic growth was weakened by the debt crisis and high unemployment rates, the cosmetics market saw only minimal growth. In Asia, where some nations are impacted by political conditions, the cosmetics market posted moderate overall growth.

In this environment, the Shiseido Group continued implementing its three-year business plan (covering the three-year period from April 2011 to March 2014), designed to help get back on a growth trajectory. Impacted by the prolonged debt crisis in Europe, a worsening business environment in China sparked by the Senkaku Islands issue, and other factors, during fiscal 2012 we changed the course of the plan with an emphasis on “building a high earnings structure capable of delivering steady profit growth even if revenue growth and market growth are on the same level.” We positioned the year under review, the final period of the plan, as a “year of paving the way to sustained growth backed by a rigorous distinction and concentration strategy aimed at removing obstacles to lay the groundwork for growth.” During the year, we continued implementing cost structural reforms and business structural reforms and began efforts to optimize store-level inventories, while taking actions to enhance the soundness of unprofitable and low-profit businesses. At the same time, we allocated resources to strong, big, and highly profitable fields, both in Japan and overseas. To this end, we focused on reinforcing our strengths in three areas: Japan, China, and Bare Escentuals, Inc.

As a result, the Group posted consolidated net sales of ¥762.0 billion, up 12.4% from the previous year. Domestic sales rose 1.1% year on year, and overseas sales jumped 26.4%. Operating income surged 90.6%, to ¥49.6 billion. This was due to a marginal gain stemming from higher net sales, as well as foreign exchange factors. Other factors included ongoing Groupwide efforts to implement cost structural reforms and enhance the efficiency of expenditures, together with declines in Japan of personnel expenses, such as bonuses and pension costs. In the previous fiscal year, the Group reported a net loss due to extraordinary losses that included an impairment loss on goodwill in Bare Escentuals. In the year under review, the Group returned to profitability, with net income of ¥26.1 billion, owing to the significant increase in operating income, as well as a gain on sales of some real estate such as building owned by a sales subsidiary. This was despite posting extraordinary losses, including from recovery of finished products aimed at optimizing store-level inventories, as well as a tax payment based on an expectation that the possibility of an investigation into transfer pricing is high. The operating margin was 6.5%, consolidated ROE was 8.4%, and the ratio of overseas sales to net sales was 50.5%.

Consolidated Performance

(Sales) (Millions of yen)

	Fiscal Year Ended Mar. 2014	Share of Total (%)	Fiscal Year Ended Mar. 2013	Share of Total (%)	Year-on-Year Increase/Decrease		% Change in Local Currency Terms
					Amount	% change	
Domestic Cosmetics Business	349,718	45.9%	345,882	51.0%	+3,835	+1.1%	+1.1%
Global Business	402,213	52.8%	322,349	47.6%	+79,864	+24.8%	+1.4%
Others	10,114	1.3%	9,494	1.4%	+619	+6.5%	+6.5%
Sales Total	762,047	100.0%	677,727	100.0%	+84,319	+12.4%	+1.3%
Domestic Sales	377,272	49.5%	373,252	55.1%	+4,020	+1.1%	+0.9%
Overseas Sales	384,774	50.5%	304,475	44.9%	+80,299	+26.4%	+1.8%

(Income)

	Fiscal Year Ended Mar. 2014	Ratio to Net Sales (%)	Fiscal Year Ended Mar. 2013	Ratio to Net Sales (%)	Year-on-Year Increase/Decrease	
					Amount	% change
Domestic Cosmetics Business	39,460	11.2%	27,508	7.9%	+11,952	+43.5%
Global Business	7,659	1.9%	(3,288)	–1.0%	+10,947	—
Others	2,081	13.8%	1,964	13.4%	+116	+5.9%
Elimination/Corporate	442	—	(138)	—	+581	—
Operating Income Total	49,644	6.5%	26,045	3.8%	+23,598	+90.6%
Ordinary Income	51,426	6.7%	28,406	4.2%	+23,020	+81.0%
Net Income / (Loss)	26,149	3.4%	(14,685)	–2.2%	+40,834	—

[Review by Reportable Segment]

Domestic Cosmetics Business

(Sales)

Sales in the Domestic Cosmetics Business increased 1.1%, to ¥349.7 billion. In the cosmetics business category, we maintained a focused effort to expand over-the-counter sales, with particular emphasis on reinforcing our prestige business. Despite efforts to recover inventories with a view to optimizing store-level inventories, the cosmetics business posted a year-on-year rise in sales, bolstered somewhat by a greater-than-expected surge in demand ahead of the consumption tax hike. The healthcare business also enjoyed higher sales.

In the cosmetics business, we continued efforts from the previous year reflecting a policy of meticulously selecting only products that can earn a high level of customer support. We also continued nurturing existing mainstay products. As a result, two core lines in the mid-priced range performed well: the ***ELIXIR*** skincare and base-makeup line and the ***MAQuillAGE*** comprehensive makeup line. We also stepped up communications activities designed to strengthen our position in the prestige domain. These included airing television commercials for the global brand ***SHISEIDO*** and the top-end brand ***clé de peau BEAUTÉ.*** We reported sales growth as a result, especially in department stores.

One challenge from the previous year is addressing the needs of seniors. To this end, we set up a dedicated site for seniors within the Shiseido watashi+ website, which is a next-generation beauty solutions and services website that brings together the web and existing retail stores. In addition, we set up a dedicated free-dial line for seniors and launched a dedicated tabloid, called *Kirameki Ms. Tsushin.* We also

hosted Kirameki Master Salon seminars to help seniors rediscover their unique qualities and master beauty care techniques.

During the year, the Group began efforts to optimize store-level inventories, with the aim of eliminating problems that obstruct the path to growth. To this end, we sought to build a framework that prevents inventories from accumulation. This will entail implementation in fiscal 2014 of business management reforms that focus on store-level sales. In addition, we worked to streamline store-level inventories, including by recovering finished products and products with high stock rates.

In the healthcare business, we focused on ***The Collagen,*** a mainstay health and beauty food line. Accordingly, we maintained a high share despite continued contraction of the retail sales market for collagen. Moreover, we sought to increase recognition of ***Chomeiso,*** a health and beauty food containing button parsnip—grown on a contracted farm in Yonaguni Island that does not use agrochemicals—and expand the number of stores handling this product. During the year, we also launched and began sales in convenience stores, complementing existing sales channels, of ***Tsuyatsuya Purun Jelly*** as part of the ***KIREI NO SUSUME*** line of beauty drinks designed to enhance beauty. In these ways, we strove to increase interaction with customers.

(Operating Income)

The Domestic Cosmetics Business segment posted a 43.5% jump in operating income, to ¥39.5 billion. This was mainly due to a marginal gain stemming from the increase in revenue, as well as cost structural reforms and efforts to improve efficiency of expenditures.

[Global Business]

(Sales)

Sales in the Global Business segment rose 24.8%, to ¥402.2 billion, and grew 1.4% on a local-currency basis. Both the cosmetics business and professional business categories posted year-on-year sales increases.

At the prestige end of the cosmetics business, the global brand ***SHISEIDO*** and makeup artist brand ***NARS*** again performed well, especially in the United States. Our designer fragrances business also enjoyed solid growth as we began handling the ***Ferragamo*** and ***BURBERRY*** brands, which complemented firm demand for ***narciso rodriguez*** and other brands. In the meantime, Bare Escentuals, Inc., which sells ***Bare Minerals*** and other brands, laid the groundwork for growth in fiscal 2015 and beyond, having positioned fiscal 2013 and 2014 as a period for rebuilding its business foundation.

Conditions are gradually improving in the top-priority Chinese market, where we faced a difficult challenges, including purchasing restraint for our products sparked by the Senkaku Islands issue. However, there was a slight year-on-year sales decline due to adjustments in shipments aimed at optimizing store-level inventories. Thanks to foreign exchange factors, however, sales in yen terms increased.

In the Asian masstige market, we reinforced ***Za*** and other masstige brands. We also sought to strengthen our Asia-wide masstige marketing activities by translating existing successes—notably amassed self-marketing know-how in Taiwan and sales promotional activities in Thailand—laterally across other Asian nations. We achieved sales growth in this market as a result.

The Group did not enter new countries or regions among emerging nations in the year under review. In the previous fiscal year, however, we opened a representative office in India to establish a foundation for full-scale entry into that market, where we have advanced our business via sales agencies since 2001. In the year under review, we established a wholly owned subsidiary. We also strengthened our business foundation in other ways. For example, we established a joint venture company to coordinate our business across seven nations in the Middle East, where we have sold our products in conjunction with sales agencies since 1997. As of December 31, 2013, the global brand ***SHISEIDO*** had a presence in 89 nations and regions (including Japan).

In the professional business, we have focused on tapping Asian markets since 2010. In the year under review, this business was driven by growth in South Korea and China. Together with sales in the Americas and Europe, which were mostly unchanged, overall overseas sales in the professional business increased year on year. In Japan, where our priority focus was on the hair-care and hair-color domains, two products

performed well: ***Adenovital Scalp Essence V,*** a new product in ***The Hair Care*** line; and ***Salon Solutions,*** a system-based product exclusively for salons.

During the year, we began negotiations to sell the ***DECLÉOR*** and ***CARITA*** esthetic skincare brands, sold mainly in Europe, to L'Oréal S.A., a French cosmetics company. We subsequently reached an agreement and concluded the contract for sale in February 2014.

(Operating Income)

The Global Business segment posted operating income of ¥7.7 billion, up ¥10.9 billion from the previous year, when we posted an operating loss. This was due mainly to the marginal gain stemming from increased sales, as well as foreign exchange factors.

[Others]

(Sales)

Sales in the Others segment climbed 6.5%, to ¥10.1 billion. The year-on-year increased stemmed from a healthy performance by the Frontier Science Division, as well as growth in the food and beverage business, where both restaurants and retail delivered solid results.

The Frontier Science Division posted a year-on-year increase in sales. Here, we enjoyed healthy sales of the ***2e*** and ***Navision*** lines of cosmetics for medical institutions derived from our beauty care skin research. Another major contributor was high-speed liquid chromatography-related machinery employing powder surface treatment technology gained through our experience with cosmetics.

Meanwhile, our restaurant business posted a significant year-on-year increase in sales. Shiseido Parlour Co., Ltd., a subsidiary in the restaurant business, reported solid sales at restaurants and at retail outlets, including department stores, railway stations, and airports. The restaurant business was also bolstered by the renewal and reopening of French restaurant L'Osier in October 2013.

(Operating Income)

Operating income in this segment rose 5.9%, to ¥2.1 billion, owing to an increase in the marginal gain stemming from higher sales.

(Outlook for the Fiscal Year Ending March 2015)

Consolidated Net Sales

(Billions of yen)

	Fiscal Year Ending Mar. 2015 (Estimate)	Fiscal Year Ended Mar. 2014	Year-on-Year Increase/Decrease	
			Amount	% change
Domestic Cosmetics business	344.0	349.7	–5.7	–1.6%
Global Business	426.0	402.2	+23.8	+5.9%
Others	10.0	10.1	–0.1	–1.1%
Net Sales	780.0	762.0	+18.0	+2.4%

Domestic Sales	370.0	377.3	–7.3	–1.9%
Overseas Sales	410.0	384.8	+25.2	+6.6%
Overseas Sales Ratio	52.6%	50.5%		

Consolidated Income

(Billions of yen)

	Fiscal Year Ending Mar. 2015 (Estimate)	Percent of Net Sales	Fiscal Year Ended Mar. 2014	Percent of Net Sales	Year-on-Year Increase/Decrease	
					Amount	% change
Operating Income	42.0	5.4%	49.6	6.5%	–7.6	–15.4%
Ordinary Income	42.0	5.4%	51.4	6.7%	–9.4	–18.3%
Net Income	38.0	4.9%	26.1	3.4%	+11.9	+45.3%

	Fiscal Year Ending Mar. 2015 (Estimate)	Fiscal Year Ended Mar. 2014	Year-on-Year Increase/Decrease
Return on Equity (ROE)	10.7%	8.4%	+2.3%
Net Income per Share (Yen)	95.34	65.65	+29.69
Payout Ratio consolidated	21.0%	30.5%	–9.5%
Dividends per Share (Yen):			
Interim	10.00	10.00	—
Year-End	10.00	10.00 (plan)	—

In fiscal 2014, ending March 2015, we expect revenue to be impacted by several factors. In Japan, for example, we predict a recoil from the rush in demand at the end of fiscal 2013 ahead of the consumption tax hike. The sale of the ***CARITA*** and ***DECLÉOR*** brands to French cosmetics company L'Oréal will also have a downward effect on revenue. Nevertheless, we look forward to a year-on-year increase in net sales, driven by revenue growth in the Americas, China, emerging nations, and elsewhere, as well as foreign exchange factors. Despite the marginal gains stemming from higher revenue, however, we expect both operating income and ordinary income to decline. This will stem mainly from an increase in marketing expenditures aimed at maximizing our growth potential and higher personnel expenses due to increased bonuses.

For the year, we forecast consolidated net sales of ¥780 billion (up 2.4% year on year), operating income of ¥42 billion (down 15.4%), ordinary income of ¥42 billion (down 18.3%), and net income of ¥38 billion (up 45.3%).

Outlook by Reportable Segment

Domestic Cosmetics Business

In fiscal 2014, we expect the domestic cosmetics market to expand moderately in line with economic recovery, despite a recoil from the rush in demand at the end of fiscal 2013 ahead of the consumption tax hike. In this environment, we will work actively to innovate core brands to alleviate the impact of the demand recoil. However, the impact will be strong, and so we forecast a year-on-year decline in segment sales. We also forecast a decrease in segment operating income due to increases in marketing costs and personnel expenses, as well as a marginal loss associated with lower segment sales.

Global Business

In Europe, we expect conditions in the cosmetics market to remain difficult due to the impact of the debt crisis. In the Americas, the cosmetics market is expected to maintain moderate growth. In Asia, meanwhile, we look forward to continued market growth, especially in China. In this context, We will focus on reinforcing our Chinese business, which is strong, and enhancing the value of Bare Escentuals, Inc. We will also strengthen our responsiveness to newly emerging nations, slated to be next "growth engine" economies. Through these efforts, together with foreign exchange factors, we forecast a year-on-year increase in

segment sales and a rise in segment operating income.

Others

Going forward, we will continue striving to reinforce our presence in the frontier science division, which is underpinned by cosmetics raw materials, medical-use pharmaceuticals, chromatography-related machinery, and cosmetics for medical institutions. For the segment, we forecast that sales and operating income will remain mostly unchanged year on year.

We base our predictions on exchange rates of ¥100 per U.S. dollar, ¥135 per euro, and ¥16.5 per Chinese yuan.

(Reference)

[Overseas Sales (by Destination)]

(Millions of yen)

	Fiscal Year Ended March 2014	Share of Total (%)	Fiscal Year Ended March 2013	Share of Net Sales (%)	Year-on-Year Increase/Decrease		
					Amount	% change	% change in local currency terms
Americas	118,682	15.6%	92,973	13.7%	+25,708	+27.7%	+4.2%
Europe	102,137	13.4%	79,127	11.7%	+23,010	+29.1%	+2.6%
Asia/Oceania	163,954	21.5%	132,374	19.5%	+31,580	+23.9%	–0.3%
(Incl. China)	111,495	14.6%	90,723	13.4%	+20,771	+22.9%	–1.8%
Overseas Sales	384,774	50.5%	304,475	44.9%	+80,299	+26.4%	+1.8%

(2) Analysis of Financial Position

As of March 31, 2104, total assets amounted to ¥801.3 billion, up ¥85.8 billion from a year earlier. This was due mainly to the effects of yen's depreciation on foreign exchange markets. Total liabilities increased ¥30.2 billion, mainly reflecting an increase in other payables and a revision to the Accounting Standard for Retirement Benefits. Net assets grew ¥55.6 billion due to a number of factors. These included an increase in shareholders' equity (as net income outweighed cash dividend payments), as well as a rise in total valuation and translation adjustments, which included a jump in foreign currency translation adjustments stemming from the yen's depreciation. Accordingly, the equity ratio at fiscal year-end was 42.2%, up from 40.1% a year earlier.

Net cash provided by operating activities amounted to ¥84.3 billion. Net cash used in investing activities totaled ¥16.8 billion. This was due mainly to investments in fixed assets. Net cash used in financing activities was ¥47.5 billion, due primarily to repayment of interest-bearing debt and cash dividend payments. As a result, cash and cash equivalents at the end of the year amounted to ¥110.2 billion, up ¥29.9 billion from a year earlier. In the year ahead, we do not expect cash and cash equivalents to change significantly.

Consolidated Cash Flows (Summary)

(Billions of yen)

Cash and Cash Equivalents at Beginning of Term	80.3
Net Cash Provided by Operating Activities	84.3
Net Cash Used in Investing Activities	(16.8)
[Investments in Fixed Assets]	[(28.3)] *
Net Cash Used in Financing Activities	(47.5)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	9.9
Net Change in Cash and Cash Equivalents	29.9
Cash and Cash Equivalents at End of Term	110.2

*Investments in Fixed Assets (Billions of yen)

Acquisition of Property, Plant, and Equipment	(18.0)
Increase in Intangibles	(4.4)
Long-Term Prepaid Expenses	(6.0)

As shown below, the equity ratio was in the 40% range based on book value and the 90% range based on market price. The debt repayment term (1.8 years) is generally regarded as a safe level.

Cash Flow Indexes

	Fiscal Year Ended Mar. 2010	Fiscal Year Ended Mar. 2011	Fiscal Year Ended Mar. 2012	Fiscal Year Ended Mar. 2013	Fiscal Year Ended Mar. 2014
Equity Ratio (%)	44.9	41.6	40.3	40.1	42.2
Equity Ratio Based on Market Price (%)	104.1	77.5	78.9	73.8	90.3
Debt Repayment Term (Years)	3.1	2.9	3.5	4.4	1.8
Interest Coverage Ratio (Times)	45.4	32.8	27.3	22.5	47.5

Notes:
1. Equity ratio: (Net assets – Stock acquisition rights – Minority interests) ÷ Total assets
   Equity ratio based on market price: Market value of total stock ÷ Total assets
   Debt repayment term: Interest-bearing debt ÷ Operating cash flows
   Interest coverage ratio: Operating cash flows ÷ Payment of interest expenses
2. Each index is calculated based on consolidated financial figures.
3. Market value of total stock is calculated by multiplying the closing stock price at the end of the term by the number of shares outstanding at the end of the term (after deduction of treasury stock).
4. Interest-bearing debt refers to all liabilities listed in Consolidated Balance Sheets that incur interest. For payment of interest expenses, amounts shown in the Consolidated Statements of Cash Flows are used.

(3) Basic Shareholder Return Policy; Cash Dividends

Our total shareholder return policy emphasizes maximizing returns to shareholders through direct means, in addition to generating medium- and long-term share price gains. To this end, our fundamental policy is deploy to growth-oriented strategic investments to drive increases in earnings and improvements in capital efficiency, which will lead to medium- and long-term increases in dividends and higher share prices.

Going forward, our medium-term profit return objective is to achieve a consolidated dividend payout ratio of 40%. To this end, we will prioritize payment of stable dividends while implementing share buybacks in a flexible manner.

In the fiscal year ended March 2014, the Company plans to declare a year-end cash dividend of ¥10.00 per share, as originally planned. Coupled with the ¥10.00 interim dividend, this will bring total annual dividends to ¥20.00 per share. As a result, the consolidated payout ratio will be 30.5%.

In the fiscal year ending March 2015, we plan to pay both the interim and year-end dividends of ¥10.00 per share each, for total annual dividends of ¥20.00.

(4) Business and Other Risks

Business and other risks that could potentially affect the Shiseido Group are described in its most recent Securities Report (filed on June 26, 2013). Since there are no major changes, that section has been omitted from this report.

(Company Website)
http://www.shiseidogroup.jp/ir/library/syoken/pdf/2012/1303all.pdf (Japanese only)

2. The Shiseido Group

For details about major changes in subsidiaries during the period, please refer to “(Basis of Presenting Consolidated Financial Statements)” on page 24.

3. Management Policies

(1) Basic Corporate Policies

Shiseido has a corporate philosophy—“Our Mission, Values and Way”—that transcends nations, organizations, and brands. This philosophy sets a course for all of our activities and ensures that each and every employee shares the Shiseido *raison d’être* and spirit. “Our Mission” sets out a universal identity that forms the foundation of the Shiseido Group by identifying how and with what we can play a useful role in society. “Our Values” establishes the approach shared by all Group employees in order to realize “Our Mission.” “Our Way” sets out the conduct required of employees when working with different stakeholders in order to accomplish “Our Mission.” It sets out standards of behavior that include not only complying with the laws and regulations of each country or region and in-house regulations, but also performing duties to the highest of ethical standards.

[Our Mission]
We cultivate relationships with people
We appreciate genuine, meaningful values
We create beauty, we create wellness

[Our Values]
In Diversity, Strength
In Challenge, Growth
In Heritage, Excellence

[Our Way]
Toward Consumers
Toward Business Partners
Toward Shareholders
Toward Employees
Toward Society and the Earth

(2) Management Strategies and Targets

Committed to fulfilling "Our Mission," we at the Shiseido Group are working hard to benefit society by enhancing the beauty of customers worldwide and thus achieve sustained increases in corporate value. Positioning the year 2020, when Tokyo hosts the Olympics and Paralympics, as a turning point, we will embrace a management approach emphasizing consolidated ROE and other capital efficiency indicators in addition to revenue growth and operating margin. In these ways, we will strive to become a formidable global marketing company with powerful brands and unparalleled strengths in marketing and innovation.

(3) Issues to Address

(1) Medium- and Long-Term Issues

The Shiseido Group's core business is the "brand business," which entails creating attractive brands and conveying the value of those brands to customers. The Group's brands are its most important assets, so continuous creation of brand value is a crucial factor in its growth potential. In order to continuously create brand value, we must consistently deliver products and services that customers support. This means making maximum use of our six core tangible and intangible assets: financial capital (shareholder capital, etc.), manufacturing capital (manufacturing facilities, etc.), intellectual capital (expertise, know-how, intellectual property, cultural assets, etc.), human capital (human resources, etc.), social capital (strong relationships of trust with stakeholders, networks, etc.) and natural capital (energy, raw materials, etc.). To achieve this goal, we will harness our Groupwide strengths to pursue integrated marketing based on the core belief that "marketing is the essence of corporate management."

In fiscal 2014, we will focus on preparing for the next stage of growth under a new management structure headed by President Masahiko Uotani, a marketing professional from outside the Group. Specifically, we will address three major priorities: "strengthening marketing execution and brand attractiveness from the customer's perspective," "reforming our organization and corporate culture," and "reinforcing our operational foundation." At the same time, we will formulate a new medium-term business plan targeting continuous and powerful growth. We are already implementing relentless structural reforms ahead of the plan, which will start in fiscal 2015.

Strengthening marketing execution and brand attractiveness from the customer's perspective

With respect to strengthening marketing execution, we will work to improve the organizational functions of all parts of the Group with direct customer interface, including the marketing departments (responsible for brand management), sales departments, and beauty consultants (handling store-level responses). To this end, we will reinforce our creative skills, rigorously embrace a spirit of *Omotenashi* (hospitality), and significantly strengthen our digital marketing and e-commerce systems.

As for reinforcing brand attractiveness, we will establish a brand portfolio that clearly defines fostered brands and priority investment brands along global regional lines.

Reforming our organization and corporate culture

In order to become a truly global corporation, we will reassess our organizational structure and human resource allocations in response to our brand strategies and global regional strategies, in order to advance an organization that has flat, simple business execution rules and processes. To embrace a renewed global perspective according to business management directions, we will set up a Global Leadership Committee that will involve management of group companies from around the world to engage in decision-making on business strategies.

Through these initiatives, we will discard organizational hierarchy and reform ourselves as an organization that conducts business as a team that is transparent and focuses on the customer.

From the perspective of gender equality in business participation, we will target a 30% female leadership ratio in Japan for the Shiseido Group during fiscal 2016, well ahead of the objective set by the national government. Rather than simply achieving numerical targets, however, we wish to appoint talented people to leadership positions. For this reason, we will place importance on nurturing human resources irrespective of gender, with the aim of fostering a corporate culture that will consistently give rise to female leaders.

Reinforcing our operational foundation

Seeking to further reinforce our operational foundation, we will continue promoting cost structural reforms and business structural reforms pursued to date in order to strengthen our financial position. We will strengthen our financial position by, for example, enhancing the effectiveness of asset deployment and the efficiency of capital, in addition to improving cash flows, while making market-winning investments.

In addition, we believe it is necessary to have a flexible business decision-making from the global perspective with an overseas sales ratio in excess of 50%. To this end, in calendar 2015 we will shift our fiscal year-end from March 31 to December 31, so that all Group companies will have the same fiscal periods. Accordingly, fiscal 2015 will become a nine-month period ending December 31, 2015, and fiscal 2016 will be a one-year period from January to December 2016. This will enable us to accelerate management decisions related to swift allocation of investments and the like, and thus raise the transparency and quality of management by disclosing information in a timely and appropriate manner.

Innovation for sustainable growth

Building brand value requires generation of two types of elements: successive innovation and non-successive innovation. Successive innovation means developing solutions based on customer feedback, and providing a united response from the marketing, R&D, and sales teams. By contrast, non-successive innovation means producing innovations based on totally new perspectives, using open innovation unconstrained by conventional wisdom.

In the past, the Shiseido Group has tended to rely on successive innovation. To achieve sustained growth, however, we will deploy our capabilities in generating non-successive innovation. Our aim is for all departments—product development, research, and production—to unite in generating both successive and non-successive innovations.

(2) Main Challenges for Fiscal 2014

Address recoil in demand after consumption tax hike

In Japan, we expect a recoil in demand, following the rush in demand ahead of the consumption tax hike, to continue until around June. We will take swift measures to address this market environment.

Step up brand strategy promotion

In order to establish an effective brand portfolio, from fiscal 2014 we will highlight the core value of ***SHISEIDO*** as a corporate brand and narrow our focus to brands/lines that strongly enhance its appeal while making aggressive investments aimed at achieving high levels of growth.

In Japan, we have selected six such brands/lines: global brand ***SHISEIDO***, ***ELIXIR, MAQuillAGE, BENEFIQUE*** (exclusive cosmetics specialy store brand), ***HAKU*** (special complexion-lightening brand derived from long-term research into skin blemish prevention), and a new line for seniors scheduled for launch in fiscal 2014. With respect to three of the brands—***SHISEIDO*** (global brand), ***ELIXIR, MAQuillAGE,*** and ***BENEFIQUE***—we are pursuing innovations under a marketing reform project established in fiscal 2013, and we will undertake a renewal of those brands in fiscal 2014.

In the global business, we will establish an overwhelming presence in various ways, including renewal of the global brand ***SHISEIDO*** and the exclusive Chinese brand ***AUPRES,*** as well as launching the first liquid foundation in ***Bare Minerals***.

Reinforce distribution strategy and promote over-the-counter development

In line with our brand re-launch effort, we will promote new specialty store strategies and collaborations with large-scale retailers, with the aim of reinforcing our sales and distribution strategies.

Pursue rigorous cost reassessment and efficiency enhancement

In addition to cost structural reforms pursued to date, we will emphasize cost reassessment and efficiency enhancement by carefully scrutinizing each aspect of outlays, including raw materials and other costs, marketing costs, and personnel expenses. We will also initiate a project to address the aforementioned recoil in demand in order to further raise profitability.

Build and operate a business management cycle

In order to swiftly address changes in market and competitive environments, we will innovate and reinforce a business management cycle based on such factors as reviews of business management in each business, as well as future projections and consideration of action plans. Entrenching such a management cycle will enable us to flexibly shift resources between brands and businesses.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
ASSETS		
Current Assets:		
Cash and Time Deposits	59,330	95,774
Notes and Accounts Receivable	118,232	138,282
Short-Term Investments in Securities	31,933	33,129
Inventories	84,552	90,244
Deferred Tax Assets	24,943	26,568
Other Current Assets	14,712	20,076
Less: Allowance for Doubtful Accounts	(1,023)	(1,487)
Total Current Assets	332,681	402,588
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and Structures	158,731	166,117
Less: Accumulated Depreciation	(102,689)	(103,099)
Buildings and Structures (net of depreciation)	56,042	63,018
Machinery, Equipment and Vehicles	84,597	91,092
Less: Accumulated Depreciation	(73,018)	(78,320)
Machinery, Equipment and Vehicles (net of depreciation)	11,579	12,771
Fixtures and Fittings	64,078	74,194
Less: Accumulated Depreciation	(44,130)	(52,108)
Fixtures and Fittings (net of depreciation)	19,948	22,086
Land	31,833	30,853
Lease Assets	7,517	7,359
Less: Accumulated Depreciation	(4,211)	(4,492)
Leased Assets (net)	3,306	2,867
Construction in Progress	5,095	3,282
Total Property, Plant and Equipment	127,805	134,879
Intangible Assets:		
Goodwill	57,127	63,377
Lease Assets	534	586
Trademarks	45,246	55,173
Other Intangible Assets	47,784	47,595
Total Intangible Assets	150,692	166,732
Investments and Other Assets:		
Investments in Securities	30,510	26,889
Prepaid Pension Expenses	17,155	—
Long-Term Prepaid Expenses	10,087	11,994
Deferred Tax Assets	20,589	33,118
Other Investments	26,121	25,200
Less: Allowance for Doubtful Accounts	(49)	(56)
Total Investments and Other Assets	104,413	97,145
Total Fixed Assets	382,912	398,758
Total Assets	715,593	801,346

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
LIABILITIES		
Current Liabilities:		
Notes and Accounts Payable	43,542	50,945
Short-Term Debt	5,975	6,727
Current Portion of Bonds Payable	—	50,000
Current Portion of Long-Term Debt	31,685	5,926
Lease Obligations	1,733	1,400
Other Payable	39,627	48,043
Accrued Income Taxes	9,113	17,503
Reserve for Sales Returns	10,609	11,084
Accrued Bonuses for Employees	12,493	18,094
Accrued Bonuses for Directors	268	290
Provision for Liabilities and Charges	386	486
Provision for Structural Reforms	361	122
Deferred Tax Liabilities	8	35
Other Current Liabilities	31,417	39,123
Total Current Liabilities	187,225	249,783
Long-Term Liabilities:		
Bonds	90,000	40,000
Long-Term Debt	53,028	49,714
Lease Obligations	2,245	2,149
Accrued Retirement Benefits	44,151	—
Liability Related to Retirement Benefits	—	60,825
Allowance for Losses on Guarantees	350	350
Allowance for Environmental Measures	445	395
Provision for Structural Reforms	1,396	1,061
Deferred Tax Liabilities	28,931	33,413
Other Long-Term Liabilities	4,665	4,945
Total Long-Term Liabilities	225,214	192,855
Total Liabilities	412,439	442,638
NET ASSETS		
Shareholders' Equity:		
Common Stock	64,506	64,506
Capital Surplus	70,258	70,258
Retained Earnings	191,476	203,452
Less: Treasury Stock, at Cost	(3,697)	(2,682)
Total Shareholders' Equity	322,543	335,535
Valuation and Translation Adjustments		
Unrealized Gains on Available-for-Sale Securities, Net of Taxes	2,799	3,544
Foreign Currency Translation Adjustments	(37,832)	19,690
Adjustment for Retirement Benefits (Cumulative)	(440)	(20,207)
Total Valuation and Translation Adjustments	(35,474)	3,026
Stock Acquisition Rights	846	941
Minority Interests in Consolidated Subsidiaries	15,237	19,204
Total Net Assets	303,153	358,707
Total Liabilities and Net Assets	715,593	801,346

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
Net Sales	677,727	762,047
Cost of Sales	166,783	189,559
Gross Profit	510,944	572,487
Selling, General and Administrative Expenses	484,898	522,843
Operating Income	26,045	49,644
Other Income		
Interest Income	671	985
Dividend Income	628	624
Equity in Earnings of Affiliates	46	82
Rental Income	774	890
Subsidy Income	758	687
Foreign Exchange Gain	1,133	739
Others	1,057	1,164
Total Other Income	5,069	5,173
Other Expenses		
Interest Expense	1,781	1,731
Other	928	1,660
Total Other Expenses	2,709	3,391
Ordinary Income	28,406	51,426
Extraordinary Income		
Gain on Sales of Property, Plant and Equipment	1,384	6,664
Gain on Sales of Investments in Securities	88	648
Total Extraordinary Income	1,472	7,313
Extraordinary Losses		
Impairment Loss	29,121	969
Structural Reform Expenses	5,745	5,555
Loss on Disposal of Property, Plant and Equipment	1,419	1,704
Loss on Sales of Investments in Securities	14	6
Loss on Revaluation of Investments in Securities	19	76
Total Extraordinary Losses	36,320	8,312
Income before Income Taxes	(6,442)	50,427
Income Taxes –Current	15,374	22,155
Prior-Year Corporate Taxes, etc.	—	1,700
Income Tax –Deferred	(9,104)	(2,164)
Total Income Taxes	6,269	21,690
Income before Minority Interests	(12,712)	28,736
Minority Interests in Earnings of Consolidated Subsidiaries	1,973	2,587
Net Income	(14,685)	26,149

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
Income (loss) before Minority Interests	(12,712)	28,736
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	2,297	814
Foreign Currency Translation Adjustment	30,849	60,698
Adjustment for Retirement Benefits	(486)	391
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	37	81
Other Comprehensive Income	32,698	61,986
Comprehensive Income	19,985	90,722
Comprehensive Income Attributable to Owners of the Parent	15,944	84,750
Comprehensive Income Attributable to Minority Interests	4,041	5,971

(3) Consolidated Statements of Changes in Shareholders' Equity
(Fiscal Year Ended March 2013)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Term	64,506	70,263	225,598	(3,778)	356,590
Effect of Changes in Accounting Policies (Cumulative)			(42)		(42)
Balance at Beginning of Term Reflecting Changes in Accounting Policies	64,506	70,263	225,555	(3,778)	356,547
Total Changes during Term					
Distribution of Retained Earnings			(19,899)		(19,899)
Net Loss			(14,685)		(14,685)
Acquisition of Treasury Stock				(2)	(2)
Disposal of Treasury Stock		(5)	(5)	83	71
Change in Consolidation Scope			92		92
Noncontrolling Interests, Capital Transactions, Others			419		419
Changes during Term Not Related to Shareholders' Equity					
Total Changes during Term	—	(5)	(34,078)	80	(34,004)
Balance at End of Term	64,506	70,258	191,476	(3,697)	322,543

	Valuation and Translation Adjustments				Stock Acquisition Rights	Minority Interests	Total Net Assets
	Net Unrealized Gains or Losses on Securities	Translation Adjustments	Accumulated Adjustment Related to Retirement Benefits	Total Valuation and Translation Adjustments			
Balance at Beginning of Term	605	(66,702)	—	(66,096)	668	12,553	303,715
Effect of Changes in Accounting Policies (Cumulative)			(7)	(7)		(43)	(94)
Balance at Beginning of Term Reflecting Changes in Accounting Policies	605	(66,702)	(7)	(66,104)	668	12,509	303,621
Total Changes during Term							
Distribution of Retained Earnings							(19,899)
Net Loss							(14,685)
Acquisition of Treasury Stock							(2)
Disposal of Treasury Stock							71
Change in Consolidation Scope							92
Noncontrolling Interests, Capital Transactions, Others							419
Changes during Term Not Related to Shareholders' Equity	2,193	28,869	(432)	30,629	177	2,728	33,536
Total Changes during Term	2,193	28,869	(432)	30,629	177	2,728	(467)
Balance at End of Term	2,799	(37,832)	(440)	(35,474)	846	15,237	303,153

(Fiscal Year Ended March 2014)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Term	64,506	70,258	191,476	(3,697)	322,543
Changes during Term					
Distribution of Retained Earnings			(13,933)		(13,933)
Net Income			26,149		26,149
Acquisition of Treasury Stock				(5)	(5)
Disposal of Treasury Stock			(234)	1,021	786
Noncontrolling Interests, Capital Transactions, Others			(5)		(5)
Changes during Term Not Related to Shareholders' Equity					
Total Changes during Term	—	—	11,975	1,015	12,991
Balance at End of Term	64,506	70,258	203,452	(2,682)	335,535

	Valuation and Translation Adjustments				Stock Acquisition Rights	Minority Interests	Total Net Assets
	Net Unrealized Gains or Losses on Securities	Translation Adjustments	Accumulated Adjustment Related to Retirement Benefits	Total Valuation and Translation Adjustments			
Balance at Beginning of Term	2,799	(37,832)	(440)	(35,474)	846	15,237	303,153
Changes during Term							
Distribution of Retained Earnings							(13,933)
Net Income							26,149
Acquisition of Treasury Stock							(5)
Disposal of Treasury Stock							786
Noncontrolling Interests, Capital Transactions, Others							(5)
Changes during Term Not Related to Shareholders' Equity	744	57,523	(19,767)	38,500	95	3,966	42,562
Total Changes during Term	744	57,523	(19,767)	38,500	95	3,966	55,554
Balance at End of Term	3,544	19,690	(20,207)	3,026	941	19,204	358,707

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
Cash Flows from Operating Activities		
Income before Income Taxes	(6,442)	50,427
Depreciation	32,046	33,618
Amortization of Goodwill	5,491	4,571
Impairment Loss	29,121	969
(Gain) Loss on Disposal of Property, Plant and Equipment	35	(4,960)
(Gain) Loss on Sales of Investments in Securities	(73)	(702)
Loss on Valuation of Investments in Securities	19	76
Structural Reform Expenses	3,986	—
Increase (Decrease) in Allowance for Doubtful Accounts	(52)	213
Increase (Decrease) in Reserve for Sales Returns	(937)	(580)
Increase (Decrease) in Accrued Bonuses for Employees	(3,046)	4,482
Increase (Decrease) in Accrued Bonuses for Directors	(127)	21
Increase (Decrease) in Provision for Liabilities and Charges	(234)	1
Increase (Decrease) in Provision for Structural Reforms	1,758	(574)
Increase (Decrease) in Accrued Retirement Benefits	850	(45,042)
Increase (Decrease) in Liability Related to Retirement Benefits	—	29,504
Increase(Decrease) in Allowance for Environmental Measures	(41)	(49)
(Increase) Decrease in Prepaid Pension Expenses	3,793	17,155
Interest and Dividends Received	(1,299)	(1,610)
Interest Expense	1,781	1,731
Equity in (Earnings) Losses of Affiliates	(46)	(82)
(Increase) Decrease in Notes and Accounts Receivable	2,870	(3,000)
(Increase) Decrease in Inventories	(5,890)	7,827
Increase (Decrease) in Notes and Accounts Payable	(10,952)	6,260
Others	1,703	1,980
Subtotal	54,312	102,239
Interest and Dividends Received	1,292	1,461
Interest Paid	(1,867)	(1,775)
Income Tax Paid	(11,697)	(17,605)
Net Cash Provided by Operating Activities	42,040	84,320

(Millions of yen)

	Fiscal Year Ended March 2013	Fiscal Year Ended March 2014
Cash Flows from Investing Activities		
Transfers to Time Deposits	(18,269)	(22,273)
Proceeds from Maturity of Time Deposits	19,605	17,702
Acquisition of Short-Term Investments in Securities	(231)	(816)
Proceeds from Sales of Short-term Investments in Securities	282	883
Acquisition of Investments in Securities	(15)	(1,504)
Proceeds from Sales of Investments in Securities	187	6,440
Acquisition of Property, Plant and Equipment	(18,763)	(17,964)
Proceeds from Sales of Property, Plant and Equipment	1,933	7,462
Acquisition of Intangible Assets	(5,755)	(4,393)
Payments of Long-Term Prepaid Expenses	(5,173)	(5,955)
Other	663	3,618
Net cash Used in Investing Activities	(25,534)	(16,799)
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-Term Debt	3,296	(395)
Proceeds from Long-Term Debt	1,507	22,874
Repayment of Long-Term Debt	(5,994)	(52,496)
Repayment of Lease Obligations	(2,147)	(2,222)
Acquisition of Treasury Stock	(2)	(5)
Sales of Treasury Stock	71	786
Cash Dividends Paid	(19,897)	(13,949)
Cash Dividends Paid to Minority Shareholders	(1,578)	(2,053)
Net Cash Used in Financial Activities	(24,745)	(47,462)
Effect of Exchange Rate Changes on Cash and Cash Equivalents·	5,517	9,852
Net Change in Cash and Cash Equivalents	(2,721)	29,910
Cash and Cash Equivalents at Beginning of Term	82,974	80,253
Cash and Cash Equivalents at End of Term	80,253	110,163

(5) Notes Concerning Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable

(Basis of Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 94

Apart from the change described below, principal subsidiaries are listed in the Group's most recent Securities Report (submitted June 26, 2013). Since there are no other major changes, the list is omitted from this report. Please refer to the following website for the list of principal subsidiaries.

http://www.shiseidogroup.jp/ir/library/syoken/pdf/2012/1303all.pdf (Japanese only)

[Additions: 1 company]

One company— Japan Retail Innovation Co., Ltd. —was established during the period and thus has been included in the scope of consolidation in the year under review.

(2) Nonconsolidated subsidiaries

Major Company Name: Beauté Prestige International Ltd. (UK)

(Reasons for excluding nonconsolidated subsidiaries from scope of consolidation)

Since the company is small in scale or does not engage in full-scale operations, and its combined assets, net sales, net income (the Company's interest share) and retained earnings (the Company's interest share) have a minimal effect on the Company's consolidated financial statements, and it is insignificant in general, it is not included in the scope of consolidation.

(Changes in Accounting Policies)

Effective the end of the fiscal year under review, the Company has applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012). (However, provisions stated in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits are excluded.) Under the new policy, pensions assets are deducted from retirement benefits liabilities and stated as "liability related to retirement benefits," and unrecognized actuarial gains and losses and unrecognized prior service cost are recognized within said liability. The Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. At the end of the fiscal year under review, the effect of the change in accounting standard is stated as an accumulated retirement benefit adjustment increase or decrease under "Accumulated Other Comprehensive Income." As a result of this change, the Balance Sheets for the fiscal year under review shows a liability related to retirement benefits of ¥60,825 million. The change also caused deferred tax assets to increase by ¥11,552 million and the adjustment for retirement benefits (cumulative), under valuation and translation adjustments, to decrease by ¥20,101 million. The effect on per-share data is stated in the relevant location.

Effective the fiscal year under review, the Company has applied International Accounting Standard No. 19, "Employee Benefits" (amended June 16, 2011), to certain consolidated subsidiaries. This has resulted in a change in recognition of changes in the Company's net defined benefit liabilities. The change in accounting policy has been applied retrospectively and is reflected in the consolidated financial statements for the previous fiscal year (ended March 31, 2013). Compared with figures prior to retrospective application, deferred tax assets and accrued retirement benefits in the previous fiscal year increased by ¥215 million and ¥795 million, respectively, as a result of the change, while retained earnings, adjustment for retirement

benefits (cumulative), and minority interest, declined by ¥42 million, ¥440 million, and ¥96 million, respectively. In the previous fiscal year, the Consolidated Statements of Comprehensive Income showed a ¥486 million decrease in remeasurement of defined benefit plans, net of tax with comprehensive income decreasing by the same amount. Because there was minimal effect on the profits and losses in the previous fiscal year, the change was not reflected in the consolidated statements of income for that period. However, the cumulative effect on net assets at the beginning of the previous fiscal year has been reflected, with the result that retained earnings, adjustment for retirement benefits (cumulative), and minority interests in consolidated subsidiaries declined by ¥42 million, ¥7 million, and ¥43 million, respectively.

(Supplementary Information)

Change in legal taxation rate

March 31, 2014 saw the promulgation of the "Partial Revision of Income Tax Act" (Act No. 10 of 2014). Accordingly, the Special Restoration Tax will be abolished for fiscal years beginning on or after April 1, 2014.

In fiscal 2014 (April 1, 2014–March 31, 2015), therefore, the temporary difference and other items are expected to be abolished, with the result that the effective legal tax rate, used to calculate deferred tax assets and deferred tax liabilities, will decline from 38% to 36%.

As result of the change, net deferred tax assets (after deducting deferred tax liabilities) at fiscal year-end decreased by ¥886 million, while income taxes (deferred) increased by ¥886 million.

(Consolidated Statements of Income)

***1 Impairment Loss**

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

Impairment loss on fixed assets in Japan and overseas are as follows.

Use	Type	Location
Business-use assets	Goodwill	United States
	Fixtures and fittings	United States, Shinjuku-ku (Tokyo)

The Shiseido Group pools its business-use assets according to the minimum independent cash-flow-generating unit, based on business classification. Business-use assets are pooled according to individual property.

In the Global Business segment, goodwill related to the acquisition of Zotos International, Inc. was subject to impairment tests based on U.S. accounting standards. Consequently, such assets were devalued to their recoverable value, resulting in a ¥936 million loss (excluding the amount already amortized pursuant to Japanese accounting standards), reported as an extraordinary loss. The recoverable value is measured as the usage value, at a discount rate, 11.5% discount rate.

Among business-use assets, the book values of tools, instruments, and fixtures have been devalued to their recoverable value, resulting in a ¥33 million extraordinary loss. The recoverable amount is estimated based on the expected selling price after calculating net sale value.

***2 Structural Reform Expenses**

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

"Structural Reform Expenses" refers to expenses related to "optimizing store-level inventories" (building frameworks to prevent accumulation of store-level inventories) and "strengthening human resource and personnel cost management." These are part of one-time expenses pertaining to "structural reforms" (drastic reassessments of organization, infrastructure, and business administration aimed at building a robust business structure).

Expenses associated with optimization of store-level inventories	¥3,961 million
Retirement premiums for early retirees, etc.	¥1,593 million

***3 Prior-Year Corporate Taxes, etc.**

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

This refers to estimated additional taxes, such as corporate taxes related to transactions between the Company and its overseas affiliates.

(Segment Information)

1. Overview of Reportable Segments

With respect to its reportable segments, the Company is able to obtain delineated financial data from among its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

The Company's main business is the production and sale of cosmetics. Under a business structure classified according to domestic and global regions, various business departments in the head office formulate comprehensive strategies and promote business activities. Consequently, the Company has classified its operations into two segments along geographical lines: Domestic Cosmetics Business and Global Business.

The Domestic Cosmetics Business segment includes the domestic cosmetics business (production and sale of cosmetics, cosmetic accessories, and toiletries), the healthcare business (production and sale of health & beauty foods and over-the-counter drugs), and the production and sale of non-Shiseido-brand products and mail-order products.

The Global Business segment covers the overseas cosmetics business (production and sale of cosmetics, cosmetic accessories, and toiletries) and the domestic and overseas professional business (production and sale of beauty salon products).

2. Method of Computing Sales, Income/Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting treatment method for the Group's reported business segments is generally the same as described in the Company's most recent Securities Report (filed on June 26, 2013) and "Basis of Presenting Consolidated Financial Statements." Also, segment income is based on operating income. The prices of inter-segment transactions and transfers are determined by price negotiations based on the Company's submission of preferred prices after taking market conditions into account.

3. Sales, Income(Loss), Assets, and Other Items by Reportable Segment

Fiscal Year Ended March 2013 (April 1, 2012–March 31, 2013)

(Millions of yen)

	Domestic Cosmetics Business	Global Business	Others ((Note 1)	Subtotal	Adjustment ((Note 2)	Total (Note 3)
Net Sales						
Sales to Outside Customers	345,882	322,349	9,494	677,727	—	677,727
Intersegment Sales or Transfers	1,897	2,870	5,209	9,977	(9,977)	—
Total	347,780	325,220	14,704	687,705	(9,977)	677,727
Segment Income (Loss)	27,508	(3,288)	1,964	26,184	(138)	26,045
Segment Assets	205,464	401,991	44,396	651,851	63,740	715,593
Other Items						
Depreciation and Amortization (Note 4)	14,882	16,124	1,007	32,015	31	32,046
Amortization of Goodwill	141	5,349	—	5,491	—	5,491
Increase in Tangible and Intangible Fixed Assets	12,908	15,169	220	28,298	—	28,298

Notes: 1. “Others” includes businesses not included in the reporting segments. These include the frontier science business (production and sale of cosmetic raw materials, medical-use drugs, medical cosmetics, precision and analytical equipment, etc. and the restaurant business.

2. Below is a description of adjustments.

(1) The “Segment Income (Loss)” adjustment refers to inter-segment transaction eliminations amounting to –¥138 million.

(2) The “Segment Assets” adjustment includes inter-segment eliminations amounting to –¥2,648 million and companywide assets (not allocated to specific segments) totaling ¥66,388 million. Companywide assets consist mainly of assets not belonging to specific segments (cash and time deposits, short-term investments in securities, investments in securities, etc.) and assets related to administrative operations.

(3) The “Depreciation and Amortization” adjustment refers to depreciation expenses related to companywide assets and intersegment eliminations.
Long-term prepaid expenses are included in “Depreciation and Amortization” and “Increase in Tangible and Intangible Fixed Assets.”

3. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

4. Pursuant to an amendment to the Corporation Tax Act, the Company and its consolidated subsidiaries, effective the fiscal year ended March 31, 2013, have changed the depreciation method for property, plant and equipment purchased on/after April 1, 2012. That method now conforms to the amended Act, and the depreciation method used by reportable segments also conforms to the amended Act. The aforementioned change had a minimal effect on income/loss of the Domestics Cosmetics Business, Global Business, and Others segments in the year under review.

Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

(Millions of yen)

	Domestic Cosmetics Business	Global Business	Others (Note 1)	Subtotal	Adjustment (Note 2)	Total (Note 3)
Net Sales						
Sales to Outside Customers	349,718	402,213	10,114	762,047	—	762,047
Intersegment Sales or Transfers	2,108	3,280	4,937	10,326	(10,326)	—
Total	351,826	405,494	15,052	772,373	(10,326)	762,047
Segment Income	39,460	7,659	2,081	49,201	442	49,644
Segment Assets	199,326	483,606	44,044	726,977	74,369	801,346
Other Items						
Depreciation and Amortization	12,770	19,856	965	33,592	26	33,618
Amortization of Goodwill	141	4,430	—	4,571	—	4,571
Increase in Tangible and Intangible Fixed Assets	14,318	15,098	199	29,616	—	29,616

Notes: 1. "Others" includes businesses not included in the reporting segments. These include the frontier science business (production and sale of cosmetic raw materials, medical-use drugs, medical cosmetics, precision and analytical equipment, etc.) and the restaurant business.

2. Below is a description of adjustments.
   (1) The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to –¥442 million.
   (2) The "Segment Assets" adjustment includes inter-segment eliminations amounting to –¥2,421 million and companywide assets (not allocated to specific segments) totaling ¥76,790 million. Companywide assets consist mainly of assets not belonging to specific segments (cash and time deposits, short-term investments in securities, investments in securities, etc.) and assets related to administrative operations.
   (3) The "Depreciation and Amortization" adjustment refers to depreciation expenses related to companywide assets and intersegment eliminations.
   Long-term prepaid expenses are included in "Depreciation and Amortization" and "Increase in Tangible and Intangible Fixed Assets."

3. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

4. As stated in "Changes in Accounting Policies," effective the end of the fiscal year under review, the Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. As a result, segment assets for the Domestics Cosmetics Business, Global Business, and Others segments decreased by ¥3,374 million, ¥193 million, and ¥165 million, respectively.

5. As stated in "Changes in Accounting Policies," amended "Employee Retirement Benefits" are applied effective the fiscal year under review. This change has been applied retrospectively, with the result that segment assets of the Global Business segment in the previous fiscal year increased by ¥215 million.

(Per-Share Data)

(Yen)

Fiscal Year Ended March 2013 (April 1, 2012–March 31, 2013)		Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)	
Net assets per share	721.21	Net assets per share	849.42
Net loss per share	(36.90)	Net income per share	65.65
Net income per share (fully diluted)	—	Net income per share (fully diluted)	65.54

1. Despite the existence of latent shares, the Group has not stated a figure for fully diluted net income per share because it posted a net loss per share in the previous fiscal year.

2. The basis for calculating net assets per share is shown below.

	Fiscal Year Ended March 2013 (April 1, 2012–March 31, 2013)	Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)
Total net assets (¥ millions)	303,153	358,707
Amount deducted from total net assets (¥ millions)	16,083	20,145
[Stock acquisition rights (¥ millions)]	(846)	(941)
[Minority interests (¥ millions)]	(15,237)	(19,204)
Net assets at term-end related to common stock (¥ millions)	287,069	338,561
Common stock at term-end used to calculate net assets per share (1,000 shares)	398,039	398,577

3. The basis for calculating net income/(loss) per share and fully diluted net income per share is shown below.

	Fiscal Year Ended March 2013 (April 1, 2012–March 31, 2013)	Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)
Net income/(loss) per share		
Net income/(loss) (¥ millions)	(14,685)	26,149
Amount not belonging to common stockholders (¥ millions)	—	—
Net income/(loss) related to common stock (¥ millions)	(14,685)	26,149
Average shares outstanding (1,000 shares)	398,007	398,300
Net income per share (fully diluted)		
Net income adjustment (¥ millions)	—	—
Increase in common stock (1,000 shares)	—	651
(Stock options made available through new share subscription rights) (1,000 shares)	(—)	(651)
Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect.	Stock options made available through stock acquisition rights (1,098 stock acquisition rights): 1,098 thousand shares of common stock	Stock options made available through stock acquisition rights (300 stock acquisition rights): 300 thousand shares of common stock

4. As stated in “Changes in Accounting Policies,” the Accounting Standard for Retirement Benefits is being applied transitionally as determined in its Clause 37. As a result, net assets per share in the fiscal year under review decreased by ¥50.43.

5. As stated in “Changes in Accounting Policies,” amended “Employee Retirement Benefits” are applied retrospectively to the Consolidated Financial Statements of the previous fiscal year. Compared with the figure prior to retrospective application, net assets per share in the previous fiscal year decreased by ¥1.21.

(Important Subsequent Event)

Transfer of important business and sale of shares in important subsidiaries

On February 19, 2014, the Company signed an agreement with L’Oréal S.A. Under the agreement, the Company will sell shares and related assets of its affiliates handling the ***CARITA*** and ***DECLÉOR*** brands of skincare, body care, and hair care products to L’Oréal.

1. Reasons for the sale
In its Professional Division, the Company will direct its focus on ***SHISEIDO PROFESSIONAL***, which is growing significantly in Asia (especially in Japan and China) and ***JOICO***, which is growing in the United States and Europe, in order to maximize its strengths in the hair-care domain. In terms of region, we are seeking to accelerate deployment in Asia, where the professional hair care market is growing rapidly. ***CARITA*** and ***DECLÉOR*** are currently advancing their skincare and other businesses, mainly in Europe. These brands have strengths in business areas other than “hair” and “Asia,” which are core priority domains for the Professional Division going forward. Accordingly, the Company reached an agreement for L’Oréal to purchase ***CARITA*** and ***DECLÉOR,*** having determined that selling the two brands to L’Oréal is the best choice for both the Company and the brands.

2. Name of counterparty to agreement
L’Oréal S.A.

3. Timeline
Conclusion of agreement: February 19, 2014
Date of share/asset transfer: April 30, 2014 (plan)

4. Overview of companies subject to transfer and related assets
The companies subject to the transfer are Carita International S.A. (which handles the ***CARITA*** brand) and FIPAL S.A.S. (holding company of Laboratoires Decléor S.A.S, which handles the ***DECLÉOR*** brand). Overviews of the two companies are given below.

(1) Overview of Carita
(1) Name: Carita International S.A.
(2) Main business: Sale of cosmetics
(3) Transactions with Company: No direct transactions
(4) Net sales: ¥3,151 million (year ended December 31, 2013)

(2) Overview of FIPAL
(1) Name: FIPAL S.A.S.
(2) Main business: Holding company of Decléor Group (manufacture and sale of cosmetics)
(3) Transactions with Company: No direct transactions (including with Decléor Group)
(4) Non-operating income: ¥193 million* (year ended December 31, 2013)

* FIPAL is the holding company of the Decléor Group, consisting of Laboratoires Decléor and its subsidiaries. Accordingly, FIPAL receives dividend income from the Decléor Group, stated as non-operating income. In the year ended December 31, 2013, Laboratoires Decléor and its subsidiaries (Decléor U.S.A., Inc. and Decléor UK Ltd.) posted net sales of ¥7,576 million in total.

(3) Overview of related assets

Related assets to be transferred to L'Oréal include inventories and fixed assets such as cosmetics counters in retail stores) related to the ***CARITA*** and ***DECLÉOR*** activities. At present, the combined book value of these assets is approximately €2 million.

5. Transfer price, number of shares to be transferred, equity stake after transfer

(1) Transfer price

Transfer price of ***CARITA*** and ***DECLÉOR*** brands: €230 million (combined value of shares in Carita International and FIPAL and related assets)

(2) Number of shares to be transferred

Carita International: 148,575
FIPAL: 990,700

(3) Equity ratio after transfer

The Company will have 0% equity ration in both Carita International and FIPAL (holding 0 shares)

6. Effect of transfers on the Company's financial position, business results, and cash flows

Items related to the transfer, including gain on sales, are currently being computed and will be reflected in the Company's consolidated financial statements for the year ending March 31, 2015.

5. Other

(1) Top Management Changes

[Directors]

[New candidates]

(Scheduled for election at the 114th Annual General Meeting at the end of June 2014. As regards Representative Director, scheduled to be decided at the Board of Directors meeting following the 114th Annual General Meeting at the end of June 2014)

Title	Name
Representative Director	Masahiko Uotani
Director	Tsunehiko Iwai

[Retiring]

(Effective at the close of the 114th Annual General Meeting at the end of June 2014)

Title	Name
Representative Director	Shinzo Maeda
Director	Tatsuomi Takamori
Director	Yoshinori Nishimura

[Audit & Supervisory Board Members]

[New candidates]

(Scheduled for election at the 114th Annual General Meeting at the end of June 2014)

Title	Name
Audit & Supervisory Board Member (Full-time)	Yoshinori Nishimura

[Retiring]

(Effective at the close of the 114th Annual General Meeting at the end of June 2014)

Title	Name
Audit & Supervisory Board Member (Full-time)	Toshio Yoneyama

[Corporate Officers]

[Promotions]

(Effective April 1, 2014)

Title	Name	Main Responsibilities or Positions
Corporate Executive Officer	Tsunehiko Iwai	Responsible for Research & Development, Production and Technical Information
Corporate Executive Officer	Chikako Sekine	Responsible for Beauty Domain, Beauty Creation, Consumer Information, and Domestic Non-Shiseido-Brand Businesses
Corporate Executive Officer	Ryuichi Yabuki	Responsible for Sales of Domestic Cosmetics Business President & CEO of Shiseido Sales Co., Ltd. President & CEO of FT Shiseido Co., Ltd.

[New Appointed]
(Effective April 1, 2014)

Title	Name	Main Responsibilities or Positions
President & CEO	Masahiko Uotani	CEO
Corporate Officer	Jean-Philippe Charrier	Chief Officer of Professional Business Operations Division
Corporate Officer	Masaya Hosaka	Responsible for Technical Planning, Quality Management, Pharmaceuticals Affairs, and Frontier Science Business General Manager of Technical & Production Planning Department
Corporate Officer	Norio Iwasaki	Responsible for Domestic Cosmetic Business Strategies and New Business Models General Manager of Business Planning Department, Domestic Cosmetics Business Division
Corporate Officer	Kazuhisa Shibata	Responsible for General Affairs, Legal Affairs, Executive Affairs, CSR, and Environmental Affairs
Corporate Officer	Norio Tadakawa	Chief Financial Officer Responsible for Finance, Investor Relations, Information System Planning, and Internal Control

[Retiring]
(Effective March 31, 2014)

Title	Name	Main Responsibilities or Positions
President & CEO	Shinzo Maeda	CEO
Corporate Executive Officer	Tatsuomi Takamori	Responsible for Domestic Cosmetics Business Chief Officer of Domestic Cosmetics Business Division
Corporate Executive Officer	Masaru Miyagawa	Responsible for Marketing of Domestic Cosmetics Business Division, Clé de Peau BEAUTÉ Marketing Unit, Healthcare Business, and Domestic Non-Shiseido-Brand Businesses
Corporate Officer	Yoshinori Nishimura	Chief Financial Officer Responsible for Finance, Investor Relations, Information System Planning, and Internal Control

[Reference]
Top Management Structure at Close of 114th Annual General Meeting at the end of June 2014 (plan)

[Directors]

Title	Name	Main Responsibilities or Positions
Representative Director President & CEO	Masahiko Uotani	CEO, Chairman of the Board
Representative Director Corporate Senior Executive Officer	Carsten Fischer	Responsible for Global Business (International Business, China Business, and Professional Business) Chief Officer of International Business Division Chairman and CEO, Shiseido Americas Corporation Chairman and CEO, Shiseido America Inc. Chairman, Zotos International, Inc.
Director Corporate Executive Officer	Tsunehiko Iwai	Responsible for Research & Development, Production, and Technical Affairs
Director Corporate Executive Officer	Yu Okazawa	Responsible for Asian Strategy Chief Officer of China Business Division Chairman, Shiseido China Co., Ltd. Chairman, Shiseido Liyuan Cosmetics Co., Ltd. Chairman, Shanghai Zotos Citic Cosmetics Co., Ltd.
Director Corporate Executive Officer	Toru Sakai	Responsible for Domestic Cosmetics Business and Healthcare Business Chief Officer of Domestic Cosmetics Business Division
External Director (Independent)	Shoichiro Iwata	President & CEO, ASKUL Corporation
External Director (Independent)	Taeko Nagai	President, Setagaya Arts Foundation External Director, Mitsui Chemicals, Inc. Chairman of International Theatre Institute
External Director (Independent)	Tatsuo Uemura	Professor, School of Law, Waseda University Management Committee Member(Acting Chairman), Japan Broadcasting Corporation (NHK)

Notes: 1. Representative directors are scheduled to be decided at the Board of Directors meeting held following the 114th Annual General Meeting at the end of June 2014.
2. Independent: Shoichiro Iwata, Taeko Nagai, and Tatsuo Uemura are designated as independent directors under Article 436-2 of Securities Regulations of the Tokyo Stock Exchange, and are expected to be reappointed as independent directors following their election at the Annual Meeting of Shareholders.

[Audit & Supervisory Board Members]

Title	Name	Main Responsibilities or Positions
Audit & Supervisory Board Members (Full-time)	Yoshinori Nishimura	—
Audit & Supervisory Board Members (Full-time)	Yasuko Takayama	—
Audit & Supervisory Board Members (External) (Independent; part-time)	Akio Harada	External Director, Seiko Holdings Corporation External Diretor, Sumitomo Corporation External Director, Yamazaki Baking Co., Ltd. President, Young Men's Christian Association at the University of Tokyo (Todai-YMCA) President, Japan Criminal Policy Society President, International Civil and Commercial Law Centre Foundation
Audit & Supervisory Board Members (External) (Independent; part-time)	Nobuo Otsuka	Chairman, Keiseikai Hospital Group
Audit & Supervisory Board Members (External) (Independent; part-time)	Eiko Tsujiyama	Professor, School of Commerce and the Graduate School of Commerce, Waseda University External Corporate Auditor, Mitsubishi Corporation External Corporate Director, ORIX Corporation External Corporate Auditor, Lawson, Inc. External Corporate Auditor, NTT DoCoMo, Inc.

Note: Independent: Akio Harada, Nobuo Otsuka, and Eiko Tsujiyama are designated as independent directors under Article 436-2 of Securities Regulations of the Tokyo Stock Exchange.

[Corporate Officers Not Serving Concurrently as Directors]

Title	Name	Main Responsibilities or Positions
Corporate Executive Officer	Chikako Sekine	Responsible for Beauty Consultation, Beauty Creation, Consumer Information, and Domestic Non-Shiseido-Brand Businesses
Corporate Executive Officer	Ryuichi Yabuki	Responsible for Sales of Domestic Cosmetics Business President & CEO of Shiseido Sales Co., Ltd. President & CEO of FT Shiseido Co., Ltd.
Corporate Officer	Jean-Philippe Charrier	Chief Officer of Professional Business Operations Division
Corporate Officer	Takahiro Hayashi	Responsible for Corporate Culture and Advertising Creation and Public Relations
Corporate Officer	Masaya Hosaka	Responsible for Technical Planning, Quality Management, Pharmaceuticals Affairs, and Frontier Science Business, General Manager of Technical & Production Planning Department
Corporate Officer	Kiyoshi Ishimoto	Responsible for Production, Purchasing, and Logistics
Corporate Officer	Norio Iwasaki	Responsible for Domestic Cosmetics Business Strategies and New Business Models General Manager of Business Planning Department, Domestic Cosmetics Business Division
Corporate Officer	Hiroshi Maruyama	Responsible for International Business Strategy and Marketing
Corporate Officer	Shigeto Ohtsuki	Responsible for Human Resources and Corporate Culture Reforms (General Managers of Human Resources Department)
Corporate Officer	Kazuhisa Shibata	Responsible for General Affairs, Legal Affairs, Executive Affairs, CSR, and Environmental Affairs
Corporate Officer	Youichi Shimatani	Responsible for Research and Development
Corporate Officer	Shigekazu Sugiyama	Responsible for Marketing of Domestic Cosmetics Business Division, Clé de Peau BEAUTÉ Marketing Unit General Manager of Marketing Department, Domestic Cosmetics Business Division
Corporate Officer	Norio Tadakawa	Chief Financial Officer Responsible for Finance, Investor Relations, Information System Planning, and Internal Control