



(Translation)

May 31, 2017

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Masahiko Uotani
President and CEO
(Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
Contact: Tetsuaki Shiraiwa
Department Director
Investor Relations Department
(Tel: +81 3 3572 5111)

Notice of Transfer of Shares, Etc. of Subsidiary (KINARI Inc.)

It is hereby notified that Shiseido Company, Limited (the “Company”) agreed to transfer the shares and related assets of its consolidated subsidiary KINARI Inc. (“KINARI”) to Scroll Corporation (“Scroll”).

1. Background of the transfer

Toward the goal of realizing its Medium-to-Long-Term Strategy “VISION 2020,” the Company has been reviewing its brand portfolio and examining the positioning and development policies of all brands managed by the Shiseido Group. In the course of narrowing down the investment targets of its resources to strengthen individual brands, the Company decided to transfer its shares in KINARI and its assets related to *Soka Mocka*, a nature-oriented brand offered by KINARI primarily through online/catalogue mail order.

Scroll, the transferee of the shares and assets, is an online/catalogue mail order service provider with a competitive edge in its membership organization, marketing channels and infrastructure. Scroll has recently been focusing on strengthening its health and beauty segment, dealing in health foods and cosmetics. Scroll has regarded *Soka Mocka* as a brand that will contribute significantly to the growth of its health and beauty segment, and agreed to acquire shares of KINARI, expecting that the synergistic effect between the *Soka Mocka*’s brand concept and Scroll’s abovementioned strengths will lead to Scroll’s sustainable growth into the future and enhancement of its brand value.



2. Summary of KINARI

(1)	Company name	KINARI Inc.	
(2)	Location	7-5-5, Ginza, Chuo-ku, Tokyo	
(3)	Representative's name and title	Tamotsu Sakakura, President and Representative Director	
(4)	Content of business	Sale of cosmetics, etc.	
(5)	Capital	¥10 million	
(6)	Establishment	April 2001	
(7)	Principle shareholder and shareholding ratio	100% owned by Shiseido Company, Limited	
(8)	Relationships between the Company and the relevant company	Capital relationship	As stated in (7) above, the Company owns a 100% interest in KINARI.
		Human resources relationship	The Company has appointed its employee as the President and Representative Director of KINARI. In addition, a Department Director of the Internal Auditing Department of the Company concurrently serves as an auditor for KINARI. Furthermore, 11 employees of the Company are concurrently employed by KINARI as of today (excluding the President and Representative Director and Auditor).
		Transaction relationship	Between the Company and KINARI, some transactions are conducted such as commissioning the manufacturing of <i>Soka Mocka</i> brand products through another subsidiary of the Company.
(9)	Consolidated operating results of KINARI		
Fiscal Period		Fiscal year ended December 2016	
Net sales		2,269 million yen	
Operating income		67 million yen	
Ordinary income		51 million yen	
Net income		43 million yen	
Net income per share		215,702 yen	



3. Summary of Scroll

(1)	Company name	Scroll Corporation	
(2)	Location	2-24-1, Sato, Naka-ku, Hamamatsu-shi, Shizuoka Prefecture	
(3)	Representative's name and title	Mamoru Horita, Chairman, CEO & COO	
(4)	Content of business	Catalogue mail order and e-commerce services offering women's fashionwear, innerwear, accessories, interior goods, cosmetics, and health-related goods	
(5)	Capital	5,812 million yen (As of March 31, 2017)	
(6)	Establishment	October 1, 1943	
(7)	Consolidated net assets	22,495 million yen	
(8)	Consolidated total assets	37,962 million yen	
(9)	Principle shareholder and shareholding ratio	Marubeni Corporation	8.4%
		Shareholding association of Scroll's business partners	5.6%
		Shizuoka Bank, Ltd.	3.7%
		The Master Trust Bank of Japan, Ltd. (Trust account)	3.6%
(10)	Relationships between the Company and the relevant company	There exists no capital, human resources, or transaction relationship requiring a description between the Company and Scroll.	

4. Number of shares to be transferred, transfer price and the numbers of shares held before and after the transfer

(1)	Number of shares held before the transfer	Common stock 200 shares (Number of voting rights: 200) (Ratio of voting rights: 100%)
(2)	Number of shares to be transferred	Common stock 200 shares (Number of voting rights: 200)
(3)	Number of shares to be held after the transfer	Common stock 0 shares (Number of voting rights: 0) (Ratio of voting rights: 0%)

*The transfer price is undisclosed, but was determined through appropriate due diligence through negotiation between the Company and Scroll.



5. Schedule

(1)	Date of conclusion of the agreement	May 31, 2017
(2)	Date of the transfer of the shares	July 3, 2017 (expected)

6. Future outlook

The transfer of the shares, etc. will have a minor effect on the consolidated business results of the Company for the year ending December 31, 2017, but is expected to contribute to enhancing the Shiseido Group's profitability going forward.

- END of News Release -