SHISEIDO

(Translation)

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Notice of Revision of the Consolidated Forecast for the Fiscal Year Ending December 31, 2021, and Recording of Extraordinary Profit and Extraordinary Loss

Shiseido Company, Limited (the "Company") hereby announces that it has revised its consolidated forecast for the fiscal year ending December 31, 2021, previously announced on February 9, 2021, as described below.

1. Revised Forecast for Consolidated Results for the Fiscal Year Ending December 31, 2021 (from January 1 to December 31, 2021)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Profit (Loss)	Ordinary Profit (Loss)	Net Profit (Loss) Attributable to Owners of Parent	Net Profit (Loss) per Share (Yen)
Previous Forecast (A)	1,100,000	35,000	31,000	11,500	28.79
Revised Forecast (B)	1,067,000	27,000	27,000	35,500	88.87
Change (B−A)	(33,000)	(8,000)	(4,000)	24,000	
Change (%)	(3.0)%	(22.9)%	(12.9)%	208.7%	
(Reference) Results for the Previous Period (Ended December 31, 2020)	920,888	14,963	9,638	(11,660)	(29.19)

2. Reasons for the Revision

Though the Company does not expect any changes to its forecast for net sales and profit of existing businesses announced in February 2021, it forecasts a decrease in net sales and operating profit in the second half of the year as a result of the Personal Care business (the "Business") transfer and joint venture establishment, and continued distribution of personal care products to the succeeding company following the transfer. Therefore, the consolidated forecast for the fiscal year ending December 31, 2021, has been revised. Net sales are expected at 1,067.0 billion yen, down 33.0 billion yen from the previous forecast, and operating profit is expected at 27.0 billion yen, down 8.0 billion yen.

Net profit attributable to owners of parent will be affected by the following factors: 87.0 billion yen recorded as extraordinary profit due to a gain on transfer of shares of the Business, and 35.0 billion yen recorded as extraordinary losses due to an impairment loss on trademark rights resulting from partial termination of a license agreement with DOLCE&GABBANA S.R.L. ("D&G"). In addition, the Company expects other impacts such as organizational reform in EMEA. As a result, the net profit forecast has been revised to 35.5 billion yen, up 24.0 billion yen from the previous forecast.

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3. Details of Extraordinary Profit

(1) Amount to be recorded

Due to the transfer of the Business, the Company expects to record 87.0 billion yen as a gain on transfer of all shares of the newly established company and assets related to the Business in the third quarter of the fiscal year ending December 31, 2021.

(2) Details

As announced on February 3, 2021, in July 2021, the Company plans to transfer shares of the new company, which will succeed the Business in Japan, to K.K. Oriental Beauty Holding ("OBH"), as well as assets associated with the Business in China to an OBH subsidiary. In September 2021, the Company plans to transfer assets associated with the Business from its wholly owned subsidiaries in Hong Kong and the Asia Pacific region. Asset transfers from joint venture companies in charge of the Business in the Asia Pacific region will be executed in stages from 2022.

4. Details of Extraordinary Losses

(1) Amount to be recorded

Due to the termination of a global license agreement with D&G, the Company expects to record extraordinary losses totaling approximately 35.0 billion yen: 15.3 billion yen as an impairment loss on trademark rights in the first quarter, and approximately 20.0 billion yen as one-time expenses related to partial termination of the license including retirement premiums in the second through fourth quarters of the fiscal year 2021.

(2) Details

As announced on April 28, 2021, the license termination would be effective on December 31, 2021 for all activities and markets with the exception of activities carried out in France. License termination in France will occur through proper local information and consultation processes with employee representatives in full alignment with French labor law. In addition, both parties are currently considering the continued production and distribution of D&G beauty products on a worldwide scale for a minimum 12-month period.

5. Dividend Forecast

This revision of the consolidated results forecast for the fiscal year ending December 31, 2021 does not impact the Company's dividend forecast: the interim dividend at 20 yen, and the year-end dividend at 30 yen per share. As a result, the annual dividend will be 50 yen per share, up 10 yen from the previous year.

Note: The above forecasts are based on the information currently available to the Company. Due to various factors, actual results may differ from such forecasts.

—End of News Release—