

(Translation)

August 26, 2021

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)
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### **Notice of Transfer of Prestige Makeup Brands *bareMinerals*, *BUXOM*, and *Laura Mercier***

Shiseido Company, Limited (the “Company”) hereby announces that Shiseido Americas Corporation, the Company’s regional headquarters for the Americas and its consolidated subsidiary (headquartered in Delaware, United States; “SAC”) has determined to sell the related assets of prestige makeup brands *bareMinerals*, *BUXOM*, and *Laura Mercier* (including shares of a SAC’s subsidiary; the “Transfer”) to an entity owned by independent private equity partnership Advent International (headquartered in Massachusetts, United States; “Advent”) pursuant to the terms of an Asset Purchase Agreement (the “Agreement”) which SAC entered into on August 25 (August 26, Japan time), 2021.

Regarding the transfer of the French business related to the brands and all its employees to Advent, a final decision will be made after completion of the information and consultation processes with employee representatives, in alignment with French labor law.

#### **1. Reasons for the Transfer**

Under its medium-to-long-term business strategy “WIN 2023 and Beyond,” the Shiseido Group is shifting to a new business structure, with skin beauty positioned as its core category. To that end, we have launched a fundamental business transformation and aim to become a global leader in skin beauty by 2030. Amid an extremely volatile business environment, mostly impacted by the spread of COVID-19, we are making steady progress as we focus on profitability and cash-flow management in the three years from 2021 to 2023, in order to solidify the business foundation required for a global Skin Beauty Company.

As we are taking steps to prioritize our brands, optimize our portfolio, and strengthen our competitive advantages under this strategy, we have decided to transfer the business of three of the Company’s makeup brands—*bareMinerals* and *BUXOM*, acquired in 2010, and *Laura Mercier*, acquired in 2016—to an external party. The transfer of the brands’ employees to the new owner along with the businesses is an important consideration and factor in this transaction.

Among the numerous interested contenders, we have concluded that Advent, a private equity partnership founded in 1984 with proven expertise in consumer products, will provide optimal support for further global growth and success of the brands through marketing investment and a high level of professionalism in business expansions, and have reached an agreement on the Transfer.

The Company will reinvest the funds obtained from the Transfer into areas crucial for its long-term growth, such as development of key brands and acquisitions, mainly in the skin beauty category, digital transformation, and enhancement of production capabilities and innovations. Through these investments, the Company will solidify its foundation to ensure business continuity in the new normal during and after the COVID-19 pandemic and achieve growth required for complete recovery by 2023, aiming to “Be a Global Winner with Our Heritage.”



## 2. Overview of the Transfer

This transaction will be executed through a transfer of all related assets of the three brands (including all shares of Bare Escentuals K.K. (Japan), a wholly owned subsidiary of SAC and the operating company of *bareMinerals* in Japan; “Bare Japan”) (the “Related Assets”) to Advent.

A final decision to transfer the French business and all its employees will be made after completion of the consultation processes with employee representatives, in alignment with French labor law.

### (1) Overview of the Transferor

1.	Trade name	Shiseido Americas Corporation
2.	Location	Delaware, United States
3.	Representative’s name	Ron Gee
4.	Main business activities	A holding company and distributor of cosmetics and other products in the Americas region
5.	Capital	403.07 million US dollars
6.	Established	1965
7.	Major shareholders and their shareholding ratios	Wholly owned by Shiseido Company, Limited

### (2) Operating results, assets and liabilities of the transferring brands, and overview of the transferring subsidiary of SAC

Combined sales of the three brands in the fiscal year ending December 31, 2020, were 44.8 billion yen (4.9% of the Company’s consolidated net sales; sales of Bare Japan account for less than 0.1%).

The Related Assets to be transferred from SAC to Advent include intellectual property rights and inventories associated with the brands as well as shares of the following SAC’s subsidiary. The carrying amount of these Related Assets as of March 31, 2021 is approximately 133 million US dollars.

### 3. Overview of the Transferee

1.	Trade name	AI Beauty Holdings Ltd.	
2.	Location	Suite 1, 3rd Floor 11 - 12 St James’s Square, London, United Kingdom	
3.	Representative’s name and position	Christopher John Coombe, Director	
4.	Main business activities	Management of the three brands to be transferred	
5.	Established	2021	
6.	Major shareholders and their shareholding ratios	100% owned by Advent International GPE IX Limited Partnership	
7.	Relationship between the Company and AI Beauty Holdings Ltd.	Capital relationship	None
		Personal relationship	None
		Business relationship	None
		Related parties or affiliates of the concerned parties	None

### 4. Transfer Price (Prior to Closing Adjustments) and Settlement Method

The transfer price of the Related Assets shall be 700 million US dollars, of which 350 million shall be paid in cash upon closing, and the remainder—as deferred payment in the form of a seller note\* payable on the seventh anniversary of the closing. Relating to the above asset transfer, the Company shall also contribute 90 million US dollars to the transferee mainly as working capital adjustments and initial funds.

\*A type of debt financing in which the seller partially extends credit to the buyer



**5. Schedule**

1. Approval by the Board of Directors	August 25, 2021 (Japan time)
2. Date of agreement	August 25, 2021
3. Asset transfer date	Transfer completion date (planned)
4. Transfer completion date	On or before December 31, 2021 (planned)

**6. Future outlook**

The Company is currently examining the impact of the Agreement on its consolidated financial results for the fiscal year ending December 31, 2021 and will announce the details as soon as they are finalized.

—End of News Release—