

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2018 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here. ▶ ☐	
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information		
1a Name of plan <u>SHISEIDO AMERICAS GROUP RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</u>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>SHISEIDO AMERICAS CORPORATION</u> <u>390 MADISON AVENUE</u> <u>NEW YORK, NY 10017</u>		1c Effective date of plan <u>12/01/1974</u>	2b Employer Identification Number (EIN) <u>13-3480646</u>
		2c Plan Sponsor's telephone number <u>212-805-2300</u>	2d Business code (see instructions) <u>551112</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2019	LISA ZANDER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2018)
v. 171027

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 5266
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 3970 6a(2) 3330 6b 13 6c 1350 6d 4693 6e 6f 4693 6g 4256 6h 39
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2R 2S 2T 3D 3H 3F b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection.

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan SHISEIDO AMERICAS GROUP RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 SHISEIDO AMERICAS CORPORATION	D Employer Identification Number (EIN) 13-3480646	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 60 64 65 71	RECORDKEEPER	366262	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

LAIKEN ASSOCIATES INC

13-1980835

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	CONSULTANT	62650	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PORTFOLIO EVALUATIONS, INC. (PEI)

22-3189064

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	CONSULTANT/ACCOUNTANT	40000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

SHEA LABAGH DOBBERSTEIN CPA, INC

94-2290202

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	CONSULTANT/ ACCOUNTANT	28813	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP GROWTH STOCK - T. ROWE PRICE S 52-2269240	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
T ROWE PRICE BLUE CHIP GROWTH INC 4515 PAINTERS MILL RD OWINGS MILLS, MD 21117	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>SHISEIDO AMERICAS GROUP RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>SHISEIDO AMERICAS CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3480646</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2060 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>47-1088316-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1245788</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP STABLE VALUE A</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>52-1309931-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>12708738</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2030 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>38-7010946-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>25837790</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2050 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>30-6303214-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>13225220</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2010 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>32-6199795-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>561965</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2040 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>35-6941729-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>25803625</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>TRP RETIRE 2015 F</u>			
b Name of sponsor of entity listed in (a): <u>T. ROWE PRICE TRUST COMPANY</u>			
c EIN-PN <u>35-6941654-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2073600</u>	

a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2025 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 37-6495447-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17094798
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2035 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 36-7595013-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 22237369
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2045 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 32-6199848-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 18870717
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2055 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 35-6941728-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5536652
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a Name of MTIA, CCT, PSA, or 103-12 IE: MIP II CL 2

b Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

c EIN-PN 04-3022712-025	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 306630
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2005 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 61-6434302-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1052540
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP RETIRE 2020 F

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN 36-7594871-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11163182
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection
For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan SHISEIDO AMERICAS GROUP RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 SHISEIDO AMERICAS CORPORATION	D Employer Identification Number (EIN) 13-3480646	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	227
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	1674306	351888
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	1030010	579792
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property).....	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans.....	1c(8)	4561794	3259919
(9) Value of interest in common/collective trusts	1c(9)	213039840	157722124
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities.....	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	50783779	27301867
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	271089729	189215817

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	28	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	28	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	271089701	189215817
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	11753301	
(B) Participants	2a(1)(B)	16901356	
(C) Others (including rollovers)	2a(1)(C)	2475161	
(2) Noncash contributions	2a(2)	0	31129818
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	19547	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	170074	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		189621
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	3124342
(B) Common stock	2b(2)(B)	17829	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	3106513	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	5128176	158969
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	4969207	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	-21653
(B) Other	2b(5)(B)	-21653	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		-9395796
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-4485806
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		20699495

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	16951423	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		16951423
f Corrective distributions (see instructions)	2f		1974
g Certain deemed distributions of participant loans (see instructions)	2g		9341
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	0	
(4) Other	2i(4)	496200	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		496200
j Total expenses. Add all expense amounts in column (b) and enter total	2j		17458938

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3240557
l Transfers of assets:			
(1) To this plan.....	2l(1)		15528
(2) From this plan.....	2l(2)		85129969

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: SHEA LABAGH DOBBERSTEIN

(2) EIN: 94-2290202

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a	X		8583461
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
HENKEL 401(K) AND DEFINED CONTRIBUTION PLAN	41-1372525	003

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>SHISEIDO AMERICAS GROUP RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SHISEIDO AMERICAS CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3480646</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2018
v. 171027

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2018

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Year Ended December 31, 2018

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SHEA LABAGH DOBBERSTEIN

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

TO THE PLAN ADMINISTRATOR AND PARTICIPANTS

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental Schedule H – Line 4a: Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Schedule H – Line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018 are required by the Department of Labor’s (“DOL”) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

SHEA LABAGH DOBBERSTEIN
Certified Public Accountants, Inc.

A handwritten signature in black ink, reading "Shea Labagh Dobberstein". The signature is written in a cursive, flowing style.

San Francisco, California
October 9, 2019

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2018	2017
<u>ASSETS</u>		
<u>INVESTMENTS, AT FAIR VALUE</u>	<u>\$ 185,955,898</u>	<u>\$ 266,527,907</u>
<u>RECEIVABLES</u>		
Employer Contributions	3,325,839	3,172,786
Participant Contributions	-	107,988
Notes Receivable from Participants	<u>3,259,919</u>	<u>4,561,794</u>
<u>TOTAL RECEIVABLES</u>	<u>6,585,758</u>	<u>7,842,568</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 192,541,656</u>	<u>\$ 274,370,475</u>

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2018

ADDITIONS

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

INVESTMENT INCOME (LOSS)

Interest and Dividend Income	\$ 3,477,905
Net Depreciation in Fair Value of Investments	<u>(14,078,302)</u>

<u>TOTAL INVESTMENT LOSS</u>	<u>(10,600,397)</u>
------------------------------	---------------------

INTEREST INCOME ON NOTES RECEIVABLE

<u>FROM PARTICIPANTS</u>	<u>170,074</u>
--------------------------	----------------

CONTRIBUTIONS

Participants	16,793,368
Employer	11,906,354
Rollover	<u>2,475,161</u>

<u>TOTAL CONTRIBUTIONS</u>	<u>31,174,883</u>
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<u>TOTAL ADDITIONS</u>	<u>20,744,560</u>
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DEDUCTIONS

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

<u>BENEFITS PAID TO PARTICIPANTS</u>	16,962,738
--------------------------------------	------------

<u>ADMINISTRATIVE EXPENSES</u>	<u>496,200</u>
--------------------------------	----------------

<u>TOTAL DEDUCTIONS</u>	<u>17,458,938</u>
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<u>NET INCREASE IN NET ASSETS BEFORE TRANSFER</u>	3,285,622
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<u>NET ASSETS TRANSFERRED TO ANOTHER PLAN</u> (See Note 1)	<u>(85,114,441)</u>
--	---------------------

<u>NET DECREASE IN NET ASSETS</u>	(81,828,819)
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT BEGINNING OF YEAR</u>	<u>274,370,475</u>
-----------------------------	--------------------

NET ASSETS AVAILABLE FOR BENEFITS

<u>AT END OF YEAR</u>	<u>\$ 192,541,656</u>
-----------------------	-----------------------

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General – The Plan is a defined contribution plan sponsored by Shiseido Americas Corporation and adopted by affiliated companies Shiseido America Inc., Davlyn Industries Inc., Shiseido Travel Retail Americas Inc., Bare Escentuals Beauty, Inc., Gurwitch Products, LLC, MatchCo., JWALK, LLC and, through June 30, 2018, Zotos International Inc. (collectively, the “Company”). All employees of the Company are eligible to participate in the Plan, except for the following ineligible classes of employees: (a) employees whose employment is governed by a collective bargaining agreement in which retirement benefits were the subject of good faith bargaining, unless such collective bargaining agreement expressly provides for the inclusion of such employees as participants; (b) employees who are non-resident aliens; (c) leased employees; (d) employees who are employed by an affiliated employer which does not adopt this Plan; (e) employees who are temporarily transferred from Shiseido Japan; (f) employees designated by the employer as interns; and (g) temporary workers. Part-time employees must be credited with one year of service to be eligible to enroll in the Plan. All other employees may enroll in the Plan after 30 days of service.

The Company has appointed an administrative committee which is responsible for oversight of the Plan, determining the appropriateness of the Plan’s investment offerings, and monitoring investment performance. The Plan also provides for a Plan administrator who is responsible for keeping accurate and complete records with regard to the Plan’s operations, informing participants of changes or amendments to the Plan, ensuring that the Plan conforms to the law and government regulations, and providing participants with any reports and documents required by law. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”) and certain provisions of the Internal Revenue Code (“IRC”).

During 2018, the Company acquired Olivo Laboratories, LLC and as a result the Plan was amended, effective January 1, 2018, to allow the employees of Olivo Laboratories, LLC to participate in the Plan and to grant credit for prior service for eligibility and vesting purposes.

The Plan sponsor sold participating employer, Zotos International Inc. on December 28, 2017. Effective July 1, 2018, Zotos International Inc. terminated its status as a participating employer of the Plan. In connection with this termination, Plan assets of \$85,144,441 were transferred out of the Plan in 2018.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Contributions – Participants may make pre-tax and post-tax (“Roth”) contributions to the Plan. A participant’s combined annual pre-tax and Roth contributions to the Plan may not exceed 75% of the participant’s annual compensation, limited to \$18,500 for the Plan year ended December 31, 2018. Additionally, participants who have attained fifty years of age before the end of the Plan year, are eligible to make catch up contributions up to \$6,000 for 2018. Participants may also contribute rollover amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan provides for automatic enrollment. Once an employee satisfies the eligibility requirements and if he or she does not make a deferral election within a reasonable period of time after he or she is hired, rehired or reclassified, or affirmatively opts out, 4% of the employee’s eligible pre-tax compensation will be withheld and automatically contributed to the Plan annually. This will be deemed the employee’s deferral election.

The Plan also provides for an automatic increase in salary deferrals. Each eligible employee whose deferral election is below 12% as of April 1 of any year will automatically have his or her deferral election increased by 1% of compensation unless the employee elects otherwise for that year, takes a hardship distribution, or creates his or her own deferral election increase schedule. This automatic increase will continue annually until the participants deferral election reaches 12% of compensation.

Employer Contributions – The Company has adopted a safe-harbor provision for employer matching contributions. For the year ended December 31, 2018, the Company made safe-harbor employer matching contributions to the Plan equal to 100% of the first 4% of each participant’s eligible compensation. Participants become eligible for employer matching contributions immediately after entry into the Plan.

The Company may also make a discretionary profit sharing contribution to the Plan. Profit sharing contributions, if any, are expressed as a percentage of participants’ compensation and are allocated to participants’ accounts. Participants become eligible for profit sharing contributions on the earlier of the January 1st or July 1st that coincides with or immediately follows the date upon which the participant has completed one year of service. Participants must also have completed 1,000 hours of service during the year and be employed on the last day of the year to be eligible for the profit sharing contribution. The Company made a profit sharing contribution equal to 2% of eligible participants’ eligible compensation for 2018.

All contributions to the Plan are subject to annual limits established by the IRC.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Accounts – The Plan maintains an account for each participant, which is credited with the participant's contributions and employer matching contributions as well as allocations of the Company's discretionary profit sharing contributions, if any, Plan investment earnings or losses and expenses. Allocations are based on participant compensation or account balances, as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that may be provided from the participant's vested account.

Vesting – Participants are immediately vested in their voluntary contributions, safe-harbor employer match contributions and rollover contributions plus actual earnings thereon. Vesting in the Company's discretionary profit sharing contribution is based on years of continuous service. A participant becomes 100% vested after three years of credited service. The participant's account will become 100% vested if, while employed by the Company, the participant dies, becomes disabled, as defined, or reaches normal retirement age.

An employee who became an eligible employee and entered the Plan, as of December 1, 2014, due to the ratification of a collective bargaining agreement which expressly provides for the inclusion of such employees as participants in the Plan, will have a 100% vested interest in his or her profit sharing account.

Investment Options – Upon enrollment in the Plan, participants may direct the investment of their account balance into various funds available through the Plan.

Notes Receivable from Participants – Participants are permitted to borrow from their vested account balances provided they meet the Plan's eligibility requirements. The minimum loan amount is \$1,000 and the maximum amount is the lesser of one-half of the participant's vested account balance or \$50,000. The term of the loan may not exceed five years, except for loans used to finance the purchase of a primary residence. Interest rates, determined quarterly, are set at 1.5% above the prime rate and remain fixed throughout the life of the loan. Principal and interest are paid ratably through payroll deductions and loans are due immediately upon termination of employment. Loans which become delinquent, as defined, are recorded as deemed distributions to the participant in accordance with the terms of the Plan.

Payment of Benefits – Upon termination of service, death, disability or retirement, a participant or beneficiary is entitled to receive the value of the participant's vested interest in his or her account as a lump sum payment. If a terminated participant's account balance is less than \$5,000, and no instructions have been received from such participant, the amount is rolled over to an individual retirement account as designated by the Plan administrator. A participant may also elect to receive a pre-retirement distribution of his or her vested account balance upon reaching age 59½, and of his or her salary deferrals upon incurring a hardship, as defined by the Plan. Benefit payments to the participant generally must begin by the later of the year after the participant attains age 70½ or the year in which the participant terminates employment.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Forfeited Accounts – A participant's non-vested account balance is forfeited upon severance of employment. As of December 31, 2018 and 2017, forfeited non-vested accounts amounted to \$408,638 and \$411,672, respectively. Forfeitures may be used to restore non-vested accounts of employees who are rehired, to pay Plan fees, and/or to reduce Company contributions to the Plan. For the year ended December 31, 2018, forfeitures of \$131,463 were used to pay Plan fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

Investment Valuation and Income Recognition – The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisor and the trustee. See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Payments of Benefits – Benefits are recorded when paid.

Administrative Expenses – Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation or depreciation of fair value of investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the Plan's valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-Directed Brokerage Accounts: Accounts consist of mutual funds, which are valued as described above; common stock, exchange-traded funds and real estate investment trusts valued at the closing price reported on the active market on which the individual securities are traded; interest-bearing cash valued at cost which represents fair value; and also consists of corporate bonds valued using pricing models maximizing the use of observable inputs for similar securities.

Collective Trust Funds: Valued at the NAV of units of the collective trust funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Investments valued using this practical expedient are reported outside of the fair value hierarchy. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that security liquidations will be carried out in an orderly business manner.

These valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments may result in different fair value measurements at the reporting date.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

2018				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 27,437,376	\$ -	\$ -	\$ 27,437,376
Self-Directed Brokerage Accounts	796,398	-	-	796,398
	<u>\$ 28,233,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,233,774</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>157,722,124</u>
Investments at Fair Value				<u>\$ 185,955,898</u>
2017				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 50,624,195	\$ -	\$ -	\$ 50,624,195
Self-Directed Brokerage Accounts	2,863,872	-	-	2,863,872
	<u>\$ 53,488,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>53,488,067</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>213,039,840</u>
Investments at Fair Value				<u>\$ 266,527,907</u>

As of December 31, 2018, investments in four of the Plan's target date funds made up 50% of total investments and the aggregate of the target date funds made up 78% of total investments. As of December 31, 2017, the aggregate of the target date funds made up 71% of total investments and investments in four of the Plan's target date funds made up 48%.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2018 and 2017:

	<u>Fair Value at</u>			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Unfunded Commitments</u>		
Fidelity Managed Income Portfolio II Class 2	\$ 310,140	\$ 333,971	n/a	Daily	1 day
T. Rowe Price Stable Value Trust Fund A	12,708,738	22,435,440	n/a	Daily	1 day
T. Rowe Price Retirement 2005 Trust Class F	1,052,540	1,159,519	n/a	Daily	30 days
T. Rowe Price Retirement 2010 Trust Class F	561,965	759,321	n/a	Daily	30 days
T. Rowe Price Retirement 2015 Trust Class F	2,073,600	3,560,098	n/a	Daily	30 days
T. Rowe Price Retirement 2020 Trust Class F	11,163,182	16,943,976	n/a	Daily	30 days
T. Rowe Price Retirement 2025 Trust Class F	17,094,798	30,292,461	n/a	Daily	30 days
T. Rowe Price Retirement 2030 Trust Class F	25,837,790	39,130,728	n/a	Daily	30 days
T. Rowe Price Retirement 2035 Trust Class F	22,237,369	27,233,942	n/a	Daily	30 days
T. Rowe Price Retirement 2040 Trust Class F	25,803,625	30,151,468	n/a	Daily	30 days
T. Rowe Price Retirement 2045 Trust Class F	18,870,717	22,120,451	n/a	Daily	30 days
T. Rowe Price Retirement 2050 Trust Class F	13,225,220	13,846,804	n/a	Daily	30 days
T. Rowe Price Retirement 2055 Trust Class F	5,536,652	4,406,815	n/a	Daily	30 days
T. Rowe Price Retirement 2060 Trust Class F	1,245,788	664,846	n/a	Daily	30 days
	<u>\$ 157,722,124</u>	<u>\$ 213,039,840</u>			

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – INFORMATION CERTIFIED BY THE TRUSTEE OF THE PLAN

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity, the trustee, has certified to the completeness and accuracy of all investments and notes receivable from participants reflected on the Statements of Net Assets Available for Benefits and in Note 3 as of December 31, 2018 and 2017, on the supplemental Schedule H, line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment income and interest income on notes receivable from participants activity reflected in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018.

NOTE 5 – TAX STATUS

The Plan received a favorable opinion letter from the Internal Revenue Service ("IRS") on March 31, 2014 stating that the volume submitter profit sharing plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the opinion letter, the Plan administrator believes that the Plan is designed and is operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

NOTE 6 – PLAN TERMINATION

The Company has established the Plan with the expressed intention and expectation that it will continue the Plan. However, if circumstances make it impossible or inadvisable to continue the Plan, the Company reserves the right to terminate it at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Benefits will be held in the trust fund which will remain in existence until the Company requests the discontinuance of the trust agreement.

NOTE 7 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares in mutual funds and in a collective trust fund managed by Fidelity. Fidelity is the trustee, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fidelity provides certain administrative services to the Plan pursuant to a services agreement between the Company and Fidelity. Fidelity receives revenue from mutual fund service providers for services Fidelity provides to the funds. This revenue is used to offset certain amounts owed to Fidelity for its administrative services to the Plan. Because these fees are paid through this revenue sharing arrangement, rather than a direct payment, they are netted against net appreciation in fair value of investments.

If the revenue received by Fidelity from such mutual fund service providers exceeds the amount owed under the service agreement, Fidelity remits the excess to the Plan's trust on a quarterly basis. Such amounts may be applied to pay Plan administrative expenses or allocated to the accounts of the participants. As of December 31, 2018, excess revenue credit amounted to \$17,346. The Plan or the Company may make a payment to Fidelity for administrative expenses not covered by revenue sharing.

NOTE 9 – DELINQUENT PARTICIPANT CONTRIBUTIONS

During the years ended December 31, 2018 and 2017, there were unintentional delays by the Company in remitting certain employee contributions and participant loan repayments to the Plan within the period prescribed by Department of Labor regulations amounting to \$4,166,519 and \$4,416,942, respectively. The Company is currently calculating the amount of lost earnings arising from the delays, which will be contributed to the accounts of the affected participants during 2019.

NOTE 10 – NONDISCRIMINATION TESTS

Certain required nondiscrimination tests have not been completed for the 2018 Plan year as of the date the financial statements were available to be issued. Plan management is taking necessary steps to complete the tests and expects that all tests will be passed. However, in the event of any noncompliance, Plan management intends to take any required corrective actions.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per these financial statements to the amounts reported on the Plan's Form 5500 as of December 31:

	<u>2018</u>	<u>2017</u>
Net Assets Available for Benefits per the Financial Statements	\$ 192,541,656	\$ 274,370,475
Reconciling Items:		
Participant Contributions Receivable Recorded on Financial Statements, Not on Form 5500	-	(107,988)
Employer Contributions Receivable Recorded on Financial Statements, Not on Form 5500	<u>(3,325,839)</u>	<u>(3,172,786)</u>
Net Assets Available for Benefits per Form 5500	<u>\$ 189,215,817</u>	<u>\$ 271,089,701</u>

The following is a reconciliation of the net increase in net assets per these financial statements to the amount reported on the Form 5500 for the year ended December 31, 2018:

Net Increase in Net Assets per the Statement of Changes in Net Assets Available for Benefits	\$ 3,285,622
Reconciling Items:	
Change in Participant Contributions Receivable	107,988
Change in Employer Contributions Receivable	<u>(153,053)</u>
Net Increase in Net Assets per Form 5500	<u>\$ 3,240,557</u>

NOTE 12 – SUBSEQUENT EVENTS

The Plan was amended on April 30, 2019, to allow the Plan sponsor to make discretionary profit sharing contributions to the participant accounts of employees of Zotos International Inc. who were employed as of June 30, 2018 and had completed at least 500 hours of service from January 1, 2018 to June 30, 2018 (see Note 1).

The Plan's management has evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4a: SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FEIN: 13-3480646

Plan Number: 001

Year Ended December 31, 2018

Year	Participant Contributions Transferred Late to Plan	Check Here if Late Participant Loan Repayments Are Included	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
			Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2018	\$ 4,166,519	☒	\$ 4,166,519	\$ -	\$ -	\$ -
2017	\$ 4,416,942	☒	\$ 4,416,942	\$ -	\$ -	\$ -

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4i: SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FEIN: 13-3480646

Plan Number: 001

December 31, 2018

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		Mutual Funds:		
	American Funds	American Funds EuroPacific Growth Fund	24,761 Shares ^	\$ 1,113,983
*	Fidelity Investments	Fidelity 500 Index Fund	63,184 Shares ^	5,503,287
*	Fidelity Investments	Fidelity Global ex U.S. Index Fund	81,884 Shares ^	930,198
*	Fidelity Investments	Fidelity Government Money Market Fund	261,369 Shares ^	261,369
*	Fidelity Investments	Fidelity Small Cap Discovery Fund	148,812 Shares ^	2,915,225
*	Fidelity Investments	Fidelity Total Bond Fund	203,937 Shares ^	2,088,315
*	Fidelity Investments	Fidelity U.S. Bond Index Fund	76,590 Shares ^	863,937
	T. Rowe Price	T. Rowe Price Growth Stock Fund	72,012 Shares ^	4,115,482
	T. Rowe Price	T. Rowe Price Instit Mid-Cap Equity Growth Fund	51,930 Shares ^	2,507,709
	Vanguard	Vanguard Equity-Income Fund	37,989 Shares ^	2,523,582
	Vanguard	Vanguard Extended Market Index Fund	35,348 Shares ^	2,675,810
	Vanguard	Vanguard Inflation-Protected Securities Fund	10,690 Shares ^	261,687
	Vanguard	Vanguard Intermediate-Term Treasury Fund	89,146 Shares ^	973,478
	Vanguard	Vanguard Selected Value Fund Investor Shares	31,286 Shares ^	703,314
				<u>27,437,376</u>
		Collective Trust Funds:		
*	Fidelity Investments	Managed Income Portfolio II Class 2	310,140 Shares ^	310,140
	T. Rowe Price	T. Rowe Price Stable Value Trust Fund A	12,708,738 Shares ^	12,708,738
	T. Rowe Price	T. Rowe Price Retirement 2005 Trust Class F	73,093 Shares ^	1,052,540
	T. Rowe Price	T. Rowe Price Retirement 2010 Trust Class F	37,539 Shares ^	561,965
	T. Rowe Price	T. Rowe Price Retirement 2015 Trust Class F	130,662 Shares ^	2,073,600
	T. Rowe Price	T. Rowe Price Retirement 2020 Trust Class F	667,654 Shares ^	11,163,182
	T. Rowe Price	T. Rowe Price Retirement 2025 Trust Class F	976,846 Shares ^	17,094,798
	T. Rowe Price	T. Rowe Price Retirement 2030 Trust Class F	1,419,659 Shares ^	25,837,790
	T. Rowe Price	T. Rowe Price Retirement 2035 Trust Class F	1,189,164 Shares ^	22,237,369
	T. Rowe Price	T. Rowe Price Retirement 2040 Trust Class F	1,355,945 Shares ^	25,803,625
	T. Rowe Price	T. Rowe Price Retirement 2045 Trust Class F	990,589 Shares ^	18,870,717
	T. Rowe Price	T. Rowe Price Retirement 2050 Trust Class F	694,602 Shares ^	13,225,220
	T. Rowe Price	T. Rowe Price Retirement 2055 Trust Class F	290,791 Shares ^	5,536,652
	T. Rowe Price	T. Rowe Price Retirement 2060 Trust Class F	102,281 Shares ^	1,245,788
				<u>157,722,124</u>
	Various	Self-Directed Brokerage Accounts	^	<u>796,398</u>
*	Notes Receivable from Participants	743 loans receivable bearing interest ranging from 3.25% to 10.25% with maturity dates ranging from January 2019 to August 2037	-	<u>3,259,919</u>
				<u>\$ 189,215,817</u>

* Indicates party-in-interest transaction.

^ Column (d) Cost is omitted for participant directed investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2018

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Year Ended December 31, 2018

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SHEA LABAGH DOBBERSTEIN

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

TO THE PLAN ADMINISTRATOR AND PARTICIPANTS

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental Schedule H – Line 4a: Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Schedule H – Line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018 are required by the Department of Labor’s (“DOL”) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

SHEA LABAGH DOBBERSTEIN
Certified Public Accountants, Inc.

A handwritten signature in black ink, reading "Shea Labagh Dobberstein". The signature is written in a cursive, flowing style.

San Francisco, California
October 9, 2019

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2018	2017
<u>ASSETS</u>		
<u>INVESTMENTS, AT FAIR VALUE</u>	<u>\$ 185,955,898</u>	<u>\$ 266,527,907</u>
<u>RECEIVABLES</u>		
Employer Contributions	3,325,839	3,172,786
Participant Contributions	-	107,988
Notes Receivable from Participants	<u>3,259,919</u>	<u>4,561,794</u>
<u>TOTAL RECEIVABLES</u>	<u>6,585,758</u>	<u>7,842,568</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 192,541,656</u>	<u>\$ 274,370,475</u>

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2018

ADDITIONS

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

INVESTMENT INCOME (LOSS)

Interest and Dividend Income	\$ 3,477,905
Net Depreciation in Fair Value of Investments	<u>(14,078,302)</u>

<u>TOTAL INVESTMENT LOSS</u>	<u>(10,600,397)</u>
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INTEREST INCOME ON NOTES RECEIVABLE

<u>FROM PARTICIPANTS</u>	<u>170,074</u>
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CONTRIBUTIONS

Participants	16,793,368
Employer	11,906,354
Rollover	<u>2,475,161</u>

<u>TOTAL CONTRIBUTIONS</u>	<u>31,174,883</u>
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<u>TOTAL ADDITIONS</u>	<u>20,744,560</u>
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DEDUCTIONS

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

<u>BENEFITS PAID TO PARTICIPANTS</u>	16,962,738
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<u>ADMINISTRATIVE EXPENSES</u>	<u>496,200</u>
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<u>TOTAL DEDUCTIONS</u>	<u>17,458,938</u>
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<u>NET INCREASE IN NET ASSETS BEFORE TRANSFER</u>	3,285,622
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<u>NET ASSETS TRANSFERRED TO ANOTHER PLAN</u> (See Note 1)	<u>(85,114,441)</u>
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<u>NET DECREASE IN NET ASSETS</u>	(81,828,819)
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT BEGINNING OF YEAR</u>	<u>274,370,475</u>
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT END OF YEAR</u>	<u><u>\$ 192,541,656</u></u>
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SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General – The Plan is a defined contribution plan sponsored by Shiseido Americas Corporation and adopted by affiliated companies Shiseido America Inc., Davlyn Industries Inc., Shiseido Travel Retail Americas Inc., Bare Escentuals Beauty, Inc., Gurwitch Products, LLC, MatchCo., JWALK, LLC and, through June 30, 2018, Zotos International Inc. (collectively, the “Company”). All employees of the Company are eligible to participate in the Plan, except for the following ineligible classes of employees: (a) employees whose employment is governed by a collective bargaining agreement in which retirement benefits were the subject of good faith bargaining, unless such collective bargaining agreement expressly provides for the inclusion of such employees as participants; (b) employees who are non-resident aliens; (c) leased employees; (d) employees who are employed by an affiliated employer which does not adopt this Plan; (e) employees who are temporarily transferred from Shiseido Japan; (f) employees designated by the employer as interns; and (g) temporary workers. Part-time employees must be credited with one year of service to be eligible to enroll in the Plan. All other employees may enroll in the Plan after 30 days of service.

The Company has appointed an administrative committee which is responsible for oversight of the Plan, determining the appropriateness of the Plan’s investment offerings, and monitoring investment performance. The Plan also provides for a Plan administrator who is responsible for keeping accurate and complete records with regard to the Plan’s operations, informing participants of changes or amendments to the Plan, ensuring that the Plan conforms to the law and government regulations, and providing participants with any reports and documents required by law. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”) and certain provisions of the Internal Revenue Code (“IRC”).

During 2018, the Company acquired Olivo Laboratories, LLC and as a result the Plan was amended, effective January 1, 2018, to allow the employees of Olivo Laboratories, LLC to participate in the Plan and to grant credit for prior service for eligibility and vesting purposes.

The Plan sponsor sold participating employer, Zotos International Inc. on December 28, 2017. Effective July 1, 2018, Zotos International Inc. terminated its status as a participating employer of the Plan. In connection with this termination, Plan assets of \$85,144,441 were transferred out of the Plan in 2018.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Contributions – Participants may make pre-tax and post-tax (“Roth”) contributions to the Plan. A participant’s combined annual pre-tax and Roth contributions to the Plan may not exceed 75% of the participant’s annual compensation, limited to \$18,500 for the Plan year ended December 31, 2018. Additionally, participants who have attained fifty years of age before the end of the Plan year, are eligible to make catch up contributions up to \$6,000 for 2018. Participants may also contribute rollover amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan provides for automatic enrollment. Once an employee satisfies the eligibility requirements and if he or she does not make a deferral election within a reasonable period of time after he or she is hired, rehired or reclassified, or affirmatively opts out, 4% of the employee’s eligible pre-tax compensation will be withheld and automatically contributed to the Plan annually. This will be deemed the employee’s deferral election.

The Plan also provides for an automatic increase in salary deferrals. Each eligible employee whose deferral election is below 12% as of April 1 of any year will automatically have his or her deferral election increased by 1% of compensation unless the employee elects otherwise for that year, takes a hardship distribution, or creates his or her own deferral election increase schedule. This automatic increase will continue annually until the participants deferral election reaches 12% of compensation.

Employer Contributions – The Company has adopted a safe-harbor provision for employer matching contributions. For the year ended December 31, 2018, the Company made safe-harbor employer matching contributions to the Plan equal to 100% of the first 4% of each participant’s eligible compensation. Participants become eligible for employer matching contributions immediately after entry into the Plan.

The Company may also make a discretionary profit sharing contribution to the Plan. Profit sharing contributions, if any, are expressed as a percentage of participants’ compensation and are allocated to participants’ accounts. Participants become eligible for profit sharing contributions on the earlier of the January 1st or July 1st that coincides with or immediately follows the date upon which the participant has completed one year of service. Participants must also have completed 1,000 hours of service during the year and be employed on the last day of the year to be eligible for the profit sharing contribution. The Company made a profit sharing contribution equal to 2% of eligible participants’ eligible compensation for 2018.

All contributions to the Plan are subject to annual limits established by the IRC.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Accounts – The Plan maintains an account for each participant, which is credited with the participant's contributions and employer matching contributions as well as allocations of the Company's discretionary profit sharing contributions, if any, Plan investment earnings or losses and expenses. Allocations are based on participant compensation or account balances, as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that may be provided from the participant's vested account.

Vesting – Participants are immediately vested in their voluntary contributions, safe-harbor employer match contributions and rollover contributions plus actual earnings thereon. Vesting in the Company's discretionary profit sharing contribution is based on years of continuous service. A participant becomes 100% vested after three years of credited service. The participant's account will become 100% vested if, while employed by the Company, the participant dies, becomes disabled, as defined, or reaches normal retirement age.

An employee who became an eligible employee and entered the Plan, as of December 1, 2014, due to the ratification of a collective bargaining agreement which expressly provides for the inclusion of such employees as participants in the Plan, will have a 100% vested interest in his or her profit sharing account.

Investment Options – Upon enrollment in the Plan, participants may direct the investment of their account balance into various funds available through the Plan.

Notes Receivable from Participants – Participants are permitted to borrow from their vested account balances provided they meet the Plan's eligibility requirements. The minimum loan amount is \$1,000 and the maximum amount is the lesser of one-half of the participant's vested account balance or \$50,000. The term of the loan may not exceed five years, except for loans used to finance the purchase of a primary residence. Interest rates, determined quarterly, are set at 1.5% above the prime rate and remain fixed throughout the life of the loan. Principal and interest are paid ratably through payroll deductions and loans are due immediately upon termination of employment. Loans which become delinquent, as defined, are recorded as deemed distributions to the participant in accordance with the terms of the Plan.

Payment of Benefits – Upon termination of service, death, disability or retirement, a participant or beneficiary is entitled to receive the value of the participant's vested interest in his or her account as a lump sum payment. If a terminated participant's account balance is less than \$5,000, and no instructions have been received from such participant, the amount is rolled over to an individual retirement account as designated by the Plan administrator. A participant may also elect to receive a pre-retirement distribution of his or her vested account balance upon reaching age 59½, and of his or her salary deferrals upon incurring a hardship, as defined by the Plan. Benefit payments to the participant generally must begin by the later of the year after the participant attains age 70½ or the year in which the participant terminates employment.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Forfeited Accounts – A participant's non-vested account balance is forfeited upon severance of employment. As of December 31, 2018 and 2017, forfeited non-vested accounts amounted to \$408,638 and \$411,672, respectively. Forfeitures may be used to restore non-vested accounts of employees who are rehired, to pay Plan fees, and/or to reduce Company contributions to the Plan. For the year ended December 31, 2018, forfeitures of \$131,463 were used to pay Plan fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

Investment Valuation and Income Recognition – The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisor and the trustee. See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Payments of Benefits – Benefits are recorded when paid.

Administrative Expenses – Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation or depreciation of fair value of investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the Plan's valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-Directed Brokerage Accounts: Accounts consist of mutual funds, which are valued as described above; common stock, exchange-traded funds and real estate investment trusts valued at the closing price reported on the active market on which the individual securities are traded; interest-bearing cash valued at cost which represents fair value; and also consists of corporate bonds valued using pricing models maximizing the use of observable inputs for similar securities.

Collective Trust Funds: Valued at the NAV of units of the collective trust funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Investments valued using this practical expedient are reported outside of the fair value hierarchy. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that security liquidations will be carried out in an orderly business manner.

These valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments may result in different fair value measurements at the reporting date.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

2018				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 27,437,376	\$ -	\$ -	\$ 27,437,376
Self-Directed Brokerage Accounts	796,398	-	-	796,398
	<u>\$ 28,233,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,233,774</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>157,722,124</u>
Investments at Fair Value				<u>\$ 185,955,898</u>
2017				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 50,624,195	\$ -	\$ -	\$ 50,624,195
Self-Directed Brokerage Accounts	2,863,872	-	-	2,863,872
	<u>\$ 53,488,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>53,488,067</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>213,039,840</u>
Investments at Fair Value				<u>\$ 266,527,907</u>

As of December 31, 2018, investments in four of the Plan's target date funds made up 50% of total investments and the aggregate of the target date funds made up 78% of total investments. As of December 31, 2017, the aggregate of the target date funds made up 71% of total investments and investments in four of the Plan's target date funds made up 48%.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2018 and 2017:

	<u>Fair Value at</u>			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Unfunded Commitments</u>		
Fidelity Managed Income Portfolio II Class 2	\$ 310,140	\$ 333,971	n/a	Daily	1 day
T. Rowe Price Stable Value Trust Fund A	12,708,738	22,435,440	n/a	Daily	1 day
T. Rowe Price Retirement 2005 Trust Class F	1,052,540	1,159,519	n/a	Daily	30 days
T. Rowe Price Retirement 2010 Trust Class F	561,965	759,321	n/a	Daily	30 days
T. Rowe Price Retirement 2015 Trust Class F	2,073,600	3,560,098	n/a	Daily	30 days
T. Rowe Price Retirement 2020 Trust Class F	11,163,182	16,943,976	n/a	Daily	30 days
T. Rowe Price Retirement 2025 Trust Class F	17,094,798	30,292,461	n/a	Daily	30 days
T. Rowe Price Retirement 2030 Trust Class F	25,837,790	39,130,728	n/a	Daily	30 days
T. Rowe Price Retirement 2035 Trust Class F	22,237,369	27,233,942	n/a	Daily	30 days
T. Rowe Price Retirement 2040 Trust Class F	25,803,625	30,151,468	n/a	Daily	30 days
T. Rowe Price Retirement 2045 Trust Class F	18,870,717	22,120,451	n/a	Daily	30 days
T. Rowe Price Retirement 2050 Trust Class F	13,225,220	13,846,804	n/a	Daily	30 days
T. Rowe Price Retirement 2055 Trust Class F	5,536,652	4,406,815	n/a	Daily	30 days
T. Rowe Price Retirement 2060 Trust Class F	1,245,788	664,846	n/a	Daily	30 days
	<u>\$ 157,722,124</u>	<u>\$ 213,039,840</u>			

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – INFORMATION CERTIFIED BY THE TRUSTEE OF THE PLAN

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity, the trustee, has certified to the completeness and accuracy of all investments and notes receivable from participants reflected on the Statements of Net Assets Available for Benefits and in Note 3 as of December 31, 2018 and 2017, on the supplemental Schedule H, line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment income and interest income on notes receivable from participants activity reflected in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018.

NOTE 5 – TAX STATUS

The Plan received a favorable opinion letter from the Internal Revenue Service ("IRS") on March 31, 2014 stating that the volume submitter profit sharing plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the opinion letter, the Plan administrator believes that the Plan is designed and is operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

NOTE 6 – PLAN TERMINATION

The Company has established the Plan with the expressed intention and expectation that it will continue the Plan. However, if circumstances make it impossible or inadvisable to continue the Plan, the Company reserves the right to terminate it at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Benefits will be held in the trust fund which will remain in existence until the Company requests the discontinuance of the trust agreement.

NOTE 7 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares in mutual funds and in a collective trust fund managed by Fidelity. Fidelity is the trustee, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fidelity provides certain administrative services to the Plan pursuant to a services agreement between the Company and Fidelity. Fidelity receives revenue from mutual fund service providers for services Fidelity provides to the funds. This revenue is used to offset certain amounts owed to Fidelity for its administrative services to the Plan. Because these fees are paid through this revenue sharing arrangement, rather than a direct payment, they are netted against net appreciation in fair value of investments.

If the revenue received by Fidelity from such mutual fund service providers exceeds the amount owed under the service agreement, Fidelity remits the excess to the Plan's trust on a quarterly basis. Such amounts may be applied to pay Plan administrative expenses or allocated to the accounts of the participants. As of December 31, 2018, excess revenue credit amounted to \$17,346. The Plan or the Company may make a payment to Fidelity for administrative expenses not covered by revenue sharing.

NOTE 9 – DELINQUENT PARTICIPANT CONTRIBUTIONS

During the years ended December 31, 2018 and 2017, there were unintentional delays by the Company in remitting certain employee contributions and participant loan repayments to the Plan within the period prescribed by Department of Labor regulations amounting to \$4,166,519 and \$4,416,942, respectively. The Company is currently calculating the amount of lost earnings arising from the delays, which will be contributed to the accounts of the affected participants during 2019.

NOTE 10 – NONDISCRIMINATION TESTS

Certain required nondiscrimination tests have not been completed for the 2018 Plan year as of the date the financial statements were available to be issued. Plan management is taking necessary steps to complete the tests and expects that all tests will be passed. However, in the event of any noncompliance, Plan management intends to take any required corrective actions.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per these financial statements to the amounts reported on the Plan's Form 5500 as of December 31:

	<u>2018</u>	<u>2017</u>
Net Assets Available for Benefits per the Financial Statements	\$ 192,541,656	\$ 274,370,475
Reconciling Items:		
Participant Contributions Receivable Recorded on Financial Statements, Not on Form 5500	-	(107,988)
Employer Contributions Receivable Recorded on Financial Statements, Not on Form 5500	<u>(3,325,839)</u>	<u>(3,172,786)</u>
Net Assets Available for Benefits per Form 5500	<u>\$ 189,215,817</u>	<u>\$ 271,089,701</u>

The following is a reconciliation of the net increase in net assets per these financial statements to the amount reported on the Form 5500 for the year ended December 31, 2018:

Net Increase in Net Assets per the Statement of Changes in Net Assets Available for Benefits	\$ 3,285,622
Reconciling Items:	
Change in Participant Contributions Receivable	107,988
Change in Employer Contributions Receivable	<u>(153,053)</u>
Net Increase in Net Assets per Form 5500	<u>\$ 3,240,557</u>

NOTE 12 – SUBSEQUENT EVENTS

The Plan was amended on April 30, 2019, to allow the Plan sponsor to make discretionary profit sharing contributions to the participant accounts of employees of Zotos International Inc. who were employed as of June 30, 2018 and had completed at least 500 hours of service from January 1, 2018 to June 30, 2018 (see Note 1).

The Plan's management has evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4a: SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FEIN: 13-3480646

Plan Number: 001

Year Ended December 31, 2018

Year	Participant Contributions Transferred Late to Plan	Check Here if Late Participant Loan Repayments Are Included	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
			Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2018	<u>\$ 4,166,519</u>	☒	<u>\$ 4,166,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2017	<u>\$ 4,416,942</u>	☒	<u>\$ 4,416,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4i: SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FEIN: 13-3480646

Plan Number: 001

December 31, 2018

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		Mutual Funds:		
	American Funds	American Funds EuroPacific Growth Fund	24,761 Shares ^	\$ 1,113,983
*	Fidelity Investments	Fidelity 500 Index Fund	63,184 Shares ^	5,503,287
*	Fidelity Investments	Fidelity Global ex U.S. Index Fund	81,884 Shares ^	930,198
*	Fidelity Investments	Fidelity Government Money Market Fund	261,369 Shares ^	261,369
*	Fidelity Investments	Fidelity Small Cap Discovery Fund	148,812 Shares ^	2,915,225
*	Fidelity Investments	Fidelity Total Bond Fund	203,937 Shares ^	2,088,315
*	Fidelity Investments	Fidelity U.S. Bond Index Fund	76,590 Shares ^	863,937
	T. Rowe Price	T. Rowe Price Growth Stock Fund	72,012 Shares ^	4,115,482
	T. Rowe Price	T. Rowe Price Instit Mid-Cap Equity Growth Fund	51,930 Shares ^	2,507,709
	Vanguard	Vanguard Equity-Income Fund	37,989 Shares ^	2,523,582
	Vanguard	Vanguard Extended Market Index Fund	35,348 Shares ^	2,675,810
	Vanguard	Vanguard Inflation-Protected Securities Fund	10,690 Shares ^	261,687
	Vanguard	Vanguard Intermediate-Term Treasury Fund	89,146 Shares ^	973,478
	Vanguard	Vanguard Selected Value Fund Investor Shares	31,286 Shares ^	703,314
				<u>27,437,376</u>
		Collective Trust Funds:		
*	Fidelity Investments	Managed Income Portfolio II Class 2	310,140 Shares ^	310,140
	T. Rowe Price	T. Rowe Price Stable Value Trust Fund A	12,708,738 Shares ^	12,708,738
	T. Rowe Price	T. Rowe Price Retirement 2005 Trust Class F	73,093 Shares ^	1,052,540
	T. Rowe Price	T. Rowe Price Retirement 2010 Trust Class F	37,539 Shares ^	561,965
	T. Rowe Price	T. Rowe Price Retirement 2015 Trust Class F	130,662 Shares ^	2,073,600
	T. Rowe Price	T. Rowe Price Retirement 2020 Trust Class F	667,654 Shares ^	11,163,182
	T. Rowe Price	T. Rowe Price Retirement 2025 Trust Class F	976,846 Shares ^	17,094,798
	T. Rowe Price	T. Rowe Price Retirement 2030 Trust Class F	1,419,659 Shares ^	25,837,790
	T. Rowe Price	T. Rowe Price Retirement 2035 Trust Class F	1,189,164 Shares ^	22,237,369
	T. Rowe Price	T. Rowe Price Retirement 2040 Trust Class F	1,355,945 Shares ^	25,803,625
	T. Rowe Price	T. Rowe Price Retirement 2045 Trust Class F	990,589 Shares ^	18,870,717
	T. Rowe Price	T. Rowe Price Retirement 2050 Trust Class F	694,602 Shares ^	13,225,220
	T. Rowe Price	T. Rowe Price Retirement 2055 Trust Class F	290,791 Shares ^	5,536,652
	T. Rowe Price	T. Rowe Price Retirement 2060 Trust Class F	102,281 Shares ^	1,245,788
				<u>157,722,124</u>
	Various	Self-Directed Brokerage Accounts	^	<u>796,398</u>
*	Notes Receivable from Participants	743 loans receivable bearing interest ranging from 3.25% to 10.25% with maturity dates ranging from January 2019 to August 2037	-	<u>3,259,919</u>
				<u>\$ 189,215,817</u>

* Indicates party-in-interest transaction.

^ Column (d) Cost is omitted for participant directed investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2018

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Year Ended December 31, 2018

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SHEA LABAGH DOBBERSTEIN

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

TO THE PLAN ADMINISTRATOR AND PARTICIPANTS

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental Schedule H – Line 4a: Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Schedule H – Line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018 are required by the Department of Labor’s (“DOL”) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

SHEA LABAGH DOBBERSTEIN
Certified Public Accountants, Inc.

A handwritten signature in black ink, reading "Shea Labagh Dobberstein". The signature is written in a cursive, flowing style.

San Francisco, California
October 9, 2019

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2018	2017
<u>ASSETS</u>		
<u>INVESTMENTS, AT FAIR VALUE</u>	<u>\$ 185,955,898</u>	<u>\$ 266,527,907</u>
<u>RECEIVABLES</u>		
Employer Contributions	3,325,839	3,172,786
Participant Contributions	-	107,988
Notes Receivable from Participants	<u>3,259,919</u>	<u>4,561,794</u>
<u>TOTAL RECEIVABLES</u>	<u>6,585,758</u>	<u>7,842,568</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 192,541,656</u>	<u>\$ 274,370,475</u>

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2018

ADDITIONS

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

INVESTMENT INCOME (LOSS)

Interest and Dividend Income	\$ 3,477,905
Net Depreciation in Fair Value of Investments	<u>(14,078,302)</u>

<u>TOTAL INVESTMENT LOSS</u>	<u>(10,600,397)</u>
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INTEREST INCOME ON NOTES RECEIVABLE

<u>FROM PARTICIPANTS</u>	<u>170,074</u>
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CONTRIBUTIONS

Participants	16,793,368
Employer	11,906,354
Rollover	<u>2,475,161</u>

<u>TOTAL CONTRIBUTIONS</u>	<u>31,174,883</u>
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<u>TOTAL ADDITIONS</u>	<u>20,744,560</u>
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DEDUCTIONS

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

<u>BENEFITS PAID TO PARTICIPANTS</u>	16,962,738
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<u>ADMINISTRATIVE EXPENSES</u>	<u>496,200</u>
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<u>TOTAL DEDUCTIONS</u>	<u>17,458,938</u>
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<u>NET INCREASE IN NET ASSETS BEFORE TRANSFER</u>	3,285,622
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<u>NET ASSETS TRANSFERRED TO ANOTHER PLAN</u> (See Note 1)	<u>(85,114,441)</u>
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<u>NET DECREASE IN NET ASSETS</u>	(81,828,819)
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT BEGINNING OF YEAR</u>	<u>274,370,475</u>
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT END OF YEAR</u>	<u>\$ 192,541,656</u>
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SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General – The Plan is a defined contribution plan sponsored by Shiseido Americas Corporation and adopted by affiliated companies Shiseido America Inc., Davlyn Industries Inc., Shiseido Travel Retail Americas Inc., Bare Escentuals Beauty, Inc., Gurwitch Products, LLC, MatchCo., JWALK, LLC and, through June 30, 2018, Zotos International Inc. (collectively, the “Company”). All employees of the Company are eligible to participate in the Plan, except for the following ineligible classes of employees: (a) employees whose employment is governed by a collective bargaining agreement in which retirement benefits were the subject of good faith bargaining, unless such collective bargaining agreement expressly provides for the inclusion of such employees as participants; (b) employees who are non-resident aliens; (c) leased employees; (d) employees who are employed by an affiliated employer which does not adopt this Plan; (e) employees who are temporarily transferred from Shiseido Japan; (f) employees designated by the employer as interns; and (g) temporary workers. Part-time employees must be credited with one year of service to be eligible to enroll in the Plan. All other employees may enroll in the Plan after 30 days of service.

The Company has appointed an administrative committee which is responsible for oversight of the Plan, determining the appropriateness of the Plan’s investment offerings, and monitoring investment performance. The Plan also provides for a Plan administrator who is responsible for keeping accurate and complete records with regard to the Plan’s operations, informing participants of changes or amendments to the Plan, ensuring that the Plan conforms to the law and government regulations, and providing participants with any reports and documents required by law. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”) and certain provisions of the Internal Revenue Code (“IRC”).

During 2018, the Company acquired Olivo Laboratories, LLC and as a result the Plan was amended, effective January 1, 2018, to allow the employees of Olivo Laboratories, LLC to participate in the Plan and to grant credit for prior service for eligibility and vesting purposes.

The Plan sponsor sold participating employer, Zotos International Inc. on December 28, 2017. Effective July 1, 2018, Zotos International Inc. terminated its status as a participating employer of the Plan. In connection with this termination, Plan assets of \$85,144,441 were transferred out of the Plan in 2018.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Contributions – Participants may make pre-tax and post-tax (“Roth”) contributions to the Plan. A participant’s combined annual pre-tax and Roth contributions to the Plan may not exceed 75% of the participant’s annual compensation, limited to \$18,500 for the Plan year ended December 31, 2018. Additionally, participants who have attained fifty years of age before the end of the Plan year, are eligible to make catch up contributions up to \$6,000 for 2018. Participants may also contribute rollover amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan provides for automatic enrollment. Once an employee satisfies the eligibility requirements and if he or she does not make a deferral election within a reasonable period of time after he or she is hired, rehired or reclassified, or affirmatively opts out, 4% of the employee’s eligible pre-tax compensation will be withheld and automatically contributed to the Plan annually. This will be deemed the employee’s deferral election.

The Plan also provides for an automatic increase in salary deferrals. Each eligible employee whose deferral election is below 12% as of April 1 of any year will automatically have his or her deferral election increased by 1% of compensation unless the employee elects otherwise for that year, takes a hardship distribution, or creates his or her own deferral election increase schedule. This automatic increase will continue annually until the participants deferral election reaches 12% of compensation.

Employer Contributions – The Company has adopted a safe-harbor provision for employer matching contributions. For the year ended December 31, 2018, the Company made safe-harbor employer matching contributions to the Plan equal to 100% of the first 4% of each participant’s eligible compensation. Participants become eligible for employer matching contributions immediately after entry into the Plan.

The Company may also make a discretionary profit sharing contribution to the Plan. Profit sharing contributions, if any, are expressed as a percentage of participants’ compensation and are allocated to participants’ accounts. Participants become eligible for profit sharing contributions on the earlier of the January 1st or July 1st that coincides with or immediately follows the date upon which the participant has completed one year of service. Participants must also have completed 1,000 hours of service during the year and be employed on the last day of the year to be eligible for the profit sharing contribution. The Company made a profit sharing contribution equal to 2% of eligible participants’ eligible compensation for 2018.

All contributions to the Plan are subject to annual limits established by the IRC.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Accounts – The Plan maintains an account for each participant, which is credited with the participant's contributions and employer matching contributions as well as allocations of the Company's discretionary profit sharing contributions, if any, Plan investment earnings or losses and expenses. Allocations are based on participant compensation or account balances, as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that may be provided from the participant's vested account.

Vesting – Participants are immediately vested in their voluntary contributions, safe-harbor employer match contributions and rollover contributions plus actual earnings thereon. Vesting in the Company's discretionary profit sharing contribution is based on years of continuous service. A participant becomes 100% vested after three years of credited service. The participant's account will become 100% vested if, while employed by the Company, the participant dies, becomes disabled, as defined, or reaches normal retirement age.

An employee who became an eligible employee and entered the Plan, as of December 1, 2014, due to the ratification of a collective bargaining agreement which expressly provides for the inclusion of such employees as participants in the Plan, will have a 100% vested interest in his or her profit sharing account.

Investment Options – Upon enrollment in the Plan, participants may direct the investment of their account balance into various funds available through the Plan.

Notes Receivable from Participants – Participants are permitted to borrow from their vested account balances provided they meet the Plan's eligibility requirements. The minimum loan amount is \$1,000 and the maximum amount is the lesser of one-half of the participant's vested account balance or \$50,000. The term of the loan may not exceed five years, except for loans used to finance the purchase of a primary residence. Interest rates, determined quarterly, are set at 1.5% above the prime rate and remain fixed throughout the life of the loan. Principal and interest are paid ratably through payroll deductions and loans are due immediately upon termination of employment. Loans which become delinquent, as defined, are recorded as deemed distributions to the participant in accordance with the terms of the Plan.

Payment of Benefits – Upon termination of service, death, disability or retirement, a participant or beneficiary is entitled to receive the value of the participant's vested interest in his or her account as a lump sum payment. If a terminated participant's account balance is less than \$5,000, and no instructions have been received from such participant, the amount is rolled over to an individual retirement account as designated by the Plan administrator. A participant may also elect to receive a pre-retirement distribution of his or her vested account balance upon reaching age 59½, and of his or her salary deferrals upon incurring a hardship, as defined by the Plan. Benefit payments to the participant generally must begin by the later of the year after the participant attains age 70½ or the year in which the participant terminates employment.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Forfeited Accounts – A participant's non-vested account balance is forfeited upon severance of employment. As of December 31, 2018 and 2017, forfeited non-vested accounts amounted to \$408,638 and \$411,672, respectively. Forfeitures may be used to restore non-vested accounts of employees who are rehired, to pay Plan fees, and/or to reduce Company contributions to the Plan. For the year ended December 31, 2018, forfeitures of \$131,463 were used to pay Plan fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

Investment Valuation and Income Recognition – The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisor and the trustee. See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Payments of Benefits – Benefits are recorded when paid.

Administrative Expenses – Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation or depreciation of fair value of investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the Plan's valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-Directed Brokerage Accounts: Accounts consist of mutual funds, which are valued as described above; common stock, exchange-traded funds and real estate investment trusts valued at the closing price reported on the active market on which the individual securities are traded; interest-bearing cash valued at cost which represents fair value; and also consists of corporate bonds valued using pricing models maximizing the use of observable inputs for similar securities.

Collective Trust Funds: Valued at the NAV of units of the collective trust funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Investments valued using this practical expedient are reported outside of the fair value hierarchy. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that security liquidations will be carried out in an orderly business manner.

These valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments may result in different fair value measurements at the reporting date.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

2018				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 27,437,376	\$ -	\$ -	\$ 27,437,376
Self-Directed Brokerage Accounts	796,398	-	-	796,398
	<u>\$ 28,233,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,233,774</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>157,722,124</u>
Investments at Fair Value				<u>\$ 185,955,898</u>
2017				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 50,624,195	\$ -	\$ -	\$ 50,624,195
Self-Directed Brokerage Accounts	2,863,872	-	-	2,863,872
	<u>\$ 53,488,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>53,488,067</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>213,039,840</u>
Investments at Fair Value				<u>\$ 266,527,907</u>

As of December 31, 2018, investments in four of the Plan's target date funds made up 50% of total investments and the aggregate of the target date funds made up 78% of total investments. As of December 31, 2017, the aggregate of the target date funds made up 71% of total investments and investments in four of the Plan's target date funds made up 48%.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2018 and 2017:

	<u>Fair Value at</u>			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Unfunded Commitments</u>		
Fidelity Managed Income Portfolio II Class 2	\$ 310,140	\$ 333,971	n/a	Daily	1 day
T. Rowe Price Stable Value Trust Fund A	12,708,738	22,435,440	n/a	Daily	1 day
T. Rowe Price Retirement 2005 Trust Class F	1,052,540	1,159,519	n/a	Daily	30 days
T. Rowe Price Retirement 2010 Trust Class F	561,965	759,321	n/a	Daily	30 days
T. Rowe Price Retirement 2015 Trust Class F	2,073,600	3,560,098	n/a	Daily	30 days
T. Rowe Price Retirement 2020 Trust Class F	11,163,182	16,943,976	n/a	Daily	30 days
T. Rowe Price Retirement 2025 Trust Class F	17,094,798	30,292,461	n/a	Daily	30 days
T. Rowe Price Retirement 2030 Trust Class F	25,837,790	39,130,728	n/a	Daily	30 days
T. Rowe Price Retirement 2035 Trust Class F	22,237,369	27,233,942	n/a	Daily	30 days
T. Rowe Price Retirement 2040 Trust Class F	25,803,625	30,151,468	n/a	Daily	30 days
T. Rowe Price Retirement 2045 Trust Class F	18,870,717	22,120,451	n/a	Daily	30 days
T. Rowe Price Retirement 2050 Trust Class F	13,225,220	13,846,804	n/a	Daily	30 days
T. Rowe Price Retirement 2055 Trust Class F	5,536,652	4,406,815	n/a	Daily	30 days
T. Rowe Price Retirement 2060 Trust Class F	1,245,788	664,846	n/a	Daily	30 days
	<u>\$ 157,722,124</u>	<u>\$ 213,039,840</u>			

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – INFORMATION CERTIFIED BY THE TRUSTEE OF THE PLAN

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity, the trustee, has certified to the completeness and accuracy of all investments and notes receivable from participants reflected on the Statements of Net Assets Available for Benefits and in Note 3 as of December 31, 2018 and 2017, on the supplemental Schedule H, line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment income and interest income on notes receivable from participants activity reflected in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018.

NOTE 5 – TAX STATUS

The Plan received a favorable opinion letter from the Internal Revenue Service ("IRS") on March 31, 2014 stating that the volume submitter profit sharing plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the opinion letter, the Plan administrator believes that the Plan is designed and is operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

NOTE 6 – PLAN TERMINATION

The Company has established the Plan with the expressed intention and expectation that it will continue the Plan. However, if circumstances make it impossible or inadvisable to continue the Plan, the Company reserves the right to terminate it at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Benefits will be held in the trust fund which will remain in existence until the Company requests the discontinuance of the trust agreement.

NOTE 7 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares in mutual funds and in a collective trust fund managed by Fidelity. Fidelity is the trustee, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fidelity provides certain administrative services to the Plan pursuant to a services agreement between the Company and Fidelity. Fidelity receives revenue from mutual fund service providers for services Fidelity provides to the funds. This revenue is used to offset certain amounts owed to Fidelity for its administrative services to the Plan. Because these fees are paid through this revenue sharing arrangement, rather than a direct payment, they are netted against net appreciation in fair value of investments.

If the revenue received by Fidelity from such mutual fund service providers exceeds the amount owed under the service agreement, Fidelity remits the excess to the Plan's trust on a quarterly basis. Such amounts may be applied to pay Plan administrative expenses or allocated to the accounts of the participants. As of December 31, 2018, excess revenue credit amounted to \$17,346. The Plan or the Company may make a payment to Fidelity for administrative expenses not covered by revenue sharing.

NOTE 9 – DELINQUENT PARTICIPANT CONTRIBUTIONS

During the years ended December 31, 2018 and 2017, there were unintentional delays by the Company in remitting certain employee contributions and participant loan repayments to the Plan within the period prescribed by Department of Labor regulations amounting to \$4,166,519 and \$4,416,942, respectively. The Company is currently calculating the amount of lost earnings arising from the delays, which will be contributed to the accounts of the affected participants during 2019.

NOTE 10 – NONDISCRIMINATION TESTS

Certain required nondiscrimination tests have not been completed for the 2018 Plan year as of the date the financial statements were available to be issued. Plan management is taking necessary steps to complete the tests and expects that all tests will be passed. However, in the event of any noncompliance, Plan management intends to take any required corrective actions.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per these financial statements to the amounts reported on the Plan's Form 5500 as of December 31:

	<u>2018</u>	<u>2017</u>
Net Assets Available for Benefits per the Financial Statements	\$ 192,541,656	\$ 274,370,475
Reconciling Items:		
Participant Contributions Receivable Recorded on Financial Statements, Not on Form 5500	-	(107,988)
Employer Contributions Receivable Recorded on Financial Statements, Not on Form 5500	<u>(3,325,839)</u>	<u>(3,172,786)</u>
Net Assets Available for Benefits per Form 5500	<u>\$ 189,215,817</u>	<u>\$ 271,089,701</u>

The following is a reconciliation of the net increase in net assets per these financial statements to the amount reported on the Form 5500 for the year ended December 31, 2018:

Net Increase in Net Assets per the Statement of Changes in Net Assets Available for Benefits	\$ 3,285,622
Reconciling Items:	
Change in Participant Contributions Receivable	107,988
Change in Employer Contributions Receivable	<u>(153,053)</u>
Net Increase in Net Assets per Form 5500	<u>\$ 3,240,557</u>

NOTE 12 – SUBSEQUENT EVENTS

The Plan was amended on April 30, 2019, to allow the Plan sponsor to make discretionary profit sharing contributions to the participant accounts of employees of Zotos International Inc. who were employed as of June 30, 2018 and had completed at least 500 hours of service from January 1, 2018 to June 30, 2018 (see Note 1).

The Plan's management has evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4a: SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FEIN: 13-3480646

Plan Number: 001

Year Ended December 31, 2018

Year	Participant Contributions Transferred Late to Plan	Check Here if Late Participant Loan Repayments Are Included	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
			Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2018	\$ 4,166,519	☒	\$ 4,166,519	\$ -	\$ -	\$ -
2017	\$ 4,416,942	☒	\$ 4,416,942	\$ -	\$ -	\$ -

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4i: SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FEIN: 13-3480646

Plan Number: 001

December 31, 2018

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		Mutual Funds:		
	American Funds	American Funds EuroPacific Growth Fund	24,761 Shares ^	\$ 1,113,983
*	Fidelity Investments	Fidelity 500 Index Fund	63,184 Shares ^	5,503,287
*	Fidelity Investments	Fidelity Global ex U.S. Index Fund	81,884 Shares ^	930,198
*	Fidelity Investments	Fidelity Government Money Market Fund	261,369 Shares ^	261,369
*	Fidelity Investments	Fidelity Small Cap Discovery Fund	148,812 Shares ^	2,915,225
*	Fidelity Investments	Fidelity Total Bond Fund	203,937 Shares ^	2,088,315
*	Fidelity Investments	Fidelity U.S. Bond Index Fund	76,590 Shares ^	863,937
	T. Rowe Price	T. Rowe Price Growth Stock Fund	72,012 Shares ^	4,115,482
	T. Rowe Price	T. Rowe Price Instit Mid-Cap Equity Growth Fund	51,930 Shares ^	2,507,709
	Vanguard	Vanguard Equity-Income Fund	37,989 Shares ^	2,523,582
	Vanguard	Vanguard Extended Market Index Fund	35,348 Shares ^	2,675,810
	Vanguard	Vanguard Inflation-Protected Securities Fund	10,690 Shares ^	261,687
	Vanguard	Vanguard Intermediate-Term Treasury Fund	89,146 Shares ^	973,478
	Vanguard	Vanguard Selected Value Fund Investor Shares	31,286 Shares ^	703,314
				<u>27,437,376</u>
		Collective Trust Funds:		
*	Fidelity Investments	Managed Income Portfolio II Class 2	310,140 Shares ^	310,140
	T. Rowe Price	T. Rowe Price Stable Value Trust Fund A	12,708,738 Shares ^	12,708,738
	T. Rowe Price	T. Rowe Price Retirement 2005 Trust Class F	73,093 Shares ^	1,052,540
	T. Rowe Price	T. Rowe Price Retirement 2010 Trust Class F	37,539 Shares ^	561,965
	T. Rowe Price	T. Rowe Price Retirement 2015 Trust Class F	130,662 Shares ^	2,073,600
	T. Rowe Price	T. Rowe Price Retirement 2020 Trust Class F	667,654 Shares ^	11,163,182
	T. Rowe Price	T. Rowe Price Retirement 2025 Trust Class F	976,846 Shares ^	17,094,798
	T. Rowe Price	T. Rowe Price Retirement 2030 Trust Class F	1,419,659 Shares ^	25,837,790
	T. Rowe Price	T. Rowe Price Retirement 2035 Trust Class F	1,189,164 Shares ^	22,237,369
	T. Rowe Price	T. Rowe Price Retirement 2040 Trust Class F	1,355,945 Shares ^	25,803,625
	T. Rowe Price	T. Rowe Price Retirement 2045 Trust Class F	990,589 Shares ^	18,870,717
	T. Rowe Price	T. Rowe Price Retirement 2050 Trust Class F	694,602 Shares ^	13,225,220
	T. Rowe Price	T. Rowe Price Retirement 2055 Trust Class F	290,791 Shares ^	5,536,652
	T. Rowe Price	T. Rowe Price Retirement 2060 Trust Class F	102,281 Shares ^	1,245,788
				<u>157,722,124</u>
	Various	Self-Directed Brokerage Accounts	^	<u>796,398</u>
*	Notes Receivable from Participants	743 loans receivable bearing interest ranging from 3.25% to 10.25% with maturity dates ranging from January 2019 to August 2037	-	<u>3,259,919</u>
				<u>\$ 189,215,817</u>

* Indicates party-in-interest transaction.

^ Column (d) Cost is omitted for participant directed investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2018

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Year Ended December 31, 2018

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SHEA LABAGH DOBBERSTEIN

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

TO THE PLAN ADMINISTRATOR AND PARTICIPANTS

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental Schedule H – Line 4a: Schedule of Delinquent Participant Contributions for the year ended December 31, 2018, and Schedule H – Line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018 are required by the Department of Labor’s (“DOL”) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

SHEA LABAGH DOBBERSTEIN
Certified Public Accountants, Inc.

A handwritten signature in black ink, reading "Shea Labagh Dobberstein". The signature is written in a cursive, flowing style.

San Francisco, California
October 9, 2019

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2018	2017
<u>ASSETS</u>		
<u>INVESTMENTS, AT FAIR VALUE</u>	<u>\$ 185,955,898</u>	<u>\$ 266,527,907</u>
<u>RECEIVABLES</u>		
Employer Contributions	3,325,839	3,172,786
Participant Contributions	-	107,988
Notes Receivable from Participants	<u>3,259,919</u>	<u>4,561,794</u>
<u>TOTAL RECEIVABLES</u>	<u>6,585,758</u>	<u>7,842,568</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 192,541,656</u>	<u>\$ 274,370,475</u>

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2018

ADDITIONS

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

INVESTMENT INCOME (LOSS)

Interest and Dividend Income	\$ 3,477,905
Net Depreciation in Fair Value of Investments	<u>(14,078,302)</u>

<u>TOTAL INVESTMENT LOSS</u>	<u>(10,600,397)</u>
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INTEREST INCOME ON NOTES RECEIVABLE

<u>FROM PARTICIPANTS</u>	<u>170,074</u>
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CONTRIBUTIONS

Participants	16,793,368
Employer	11,906,354
Rollover	<u>2,475,161</u>

<u>TOTAL CONTRIBUTIONS</u>	<u>31,174,883</u>
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<u>TOTAL ADDITIONS</u>	<u>20,744,560</u>
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DEDUCTIONS

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

<u>BENEFITS PAID TO PARTICIPANTS</u>	16,962,738
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<u>ADMINISTRATIVE EXPENSES</u>	<u>496,200</u>
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<u>TOTAL DEDUCTIONS</u>	<u>17,458,938</u>
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<u>NET INCREASE IN NET ASSETS BEFORE TRANSFER</u>	3,285,622
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<u>NET ASSETS TRANSFERRED TO ANOTHER PLAN</u> (See Note 1)	<u>(85,114,441)</u>
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<u>NET DECREASE IN NET ASSETS</u>	(81,828,819)
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT BEGINNING OF YEAR</u>	<u>274,370,475</u>
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NET ASSETS AVAILABLE FOR BENEFITS

<u>AT END OF YEAR</u>	<u>\$ 192,541,656</u>
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SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the SHISEIDO AMERICAS GROUP RETIREMENT PLAN (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General – The Plan is a defined contribution plan sponsored by Shiseido Americas Corporation and adopted by affiliated companies Shiseido America Inc., Davlyn Industries Inc., Shiseido Travel Retail Americas Inc., Bare Escentuals Beauty, Inc., Gurwitch Products, LLC, MatchCo., JWALK, LLC and, through June 30, 2018, Zotos International Inc. (collectively, the “Company”). All employees of the Company are eligible to participate in the Plan, except for the following ineligible classes of employees: (a) employees whose employment is governed by a collective bargaining agreement in which retirement benefits were the subject of good faith bargaining, unless such collective bargaining agreement expressly provides for the inclusion of such employees as participants; (b) employees who are non-resident aliens; (c) leased employees; (d) employees who are employed by an affiliated employer which does not adopt this Plan; (e) employees who are temporarily transferred from Shiseido Japan; (f) employees designated by the employer as interns; and (g) temporary workers. Part-time employees must be credited with one year of service to be eligible to enroll in the Plan. All other employees may enroll in the Plan after 30 days of service.

The Company has appointed an administrative committee which is responsible for oversight of the Plan, determining the appropriateness of the Plan’s investment offerings, and monitoring investment performance. The Plan also provides for a Plan administrator who is responsible for keeping accurate and complete records with regard to the Plan’s operations, informing participants of changes or amendments to the Plan, ensuring that the Plan conforms to the law and government regulations, and providing participants with any reports and documents required by law. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”) and certain provisions of the Internal Revenue Code (“IRC”).

During 2018, the Company acquired Olivo Laboratories, LLC and as a result the Plan was amended, effective January 1, 2018, to allow the employees of Olivo Laboratories, LLC to participate in the Plan and to grant credit for prior service for eligibility and vesting purposes.

The Plan sponsor sold participating employer, Zotos International Inc. on December 28, 2017. Effective July 1, 2018, Zotos International Inc. terminated its status as a participating employer of the Plan. In connection with this termination, Plan assets of \$85,144,441 were transferred out of the Plan in 2018.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Contributions – Participants may make pre-tax and post-tax (“Roth”) contributions to the Plan. A participant’s combined annual pre-tax and Roth contributions to the Plan may not exceed 75% of the participant’s annual compensation, limited to \$18,500 for the Plan year ended December 31, 2018. Additionally, participants who have attained fifty years of age before the end of the Plan year, are eligible to make catch up contributions up to \$6,000 for 2018. Participants may also contribute rollover amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan provides for automatic enrollment. Once an employee satisfies the eligibility requirements and if he or she does not make a deferral election within a reasonable period of time after he or she is hired, rehired or reclassified, or affirmatively opts out, 4% of the employee’s eligible pre-tax compensation will be withheld and automatically contributed to the Plan annually. This will be deemed the employee’s deferral election.

The Plan also provides for an automatic increase in salary deferrals. Each eligible employee whose deferral election is below 12% as of April 1 of any year will automatically have his or her deferral election increased by 1% of compensation unless the employee elects otherwise for that year, takes a hardship distribution, or creates his or her own deferral election increase schedule. This automatic increase will continue annually until the participants deferral election reaches 12% of compensation.

Employer Contributions – The Company has adopted a safe-harbor provision for employer matching contributions. For the year ended December 31, 2018, the Company made safe-harbor employer matching contributions to the Plan equal to 100% of the first 4% of each participant’s eligible compensation. Participants become eligible for employer matching contributions immediately after entry into the Plan.

The Company may also make a discretionary profit sharing contribution to the Plan. Profit sharing contributions, if any, are expressed as a percentage of participants’ compensation and are allocated to participants’ accounts. Participants become eligible for profit sharing contributions on the earlier of the January 1st or July 1st that coincides with or immediately follows the date upon which the participant has completed one year of service. Participants must also have completed 1,000 hours of service during the year and be employed on the last day of the year to be eligible for the profit sharing contribution. The Company made a profit sharing contribution equal to 2% of eligible participants’ eligible compensation for 2018.

All contributions to the Plan are subject to annual limits established by the IRC.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Participant Accounts – The Plan maintains an account for each participant, which is credited with the participant's contributions and employer matching contributions as well as allocations of the Company's discretionary profit sharing contributions, if any, Plan investment earnings or losses and expenses. Allocations are based on participant compensation or account balances, as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that may be provided from the participant's vested account.

Vesting – Participants are immediately vested in their voluntary contributions, safe-harbor employer match contributions and rollover contributions plus actual earnings thereon. Vesting in the Company's discretionary profit sharing contribution is based on years of continuous service. A participant becomes 100% vested after three years of credited service. The participant's account will become 100% vested if, while employed by the Company, the participant dies, becomes disabled, as defined, or reaches normal retirement age.

An employee who became an eligible employee and entered the Plan, as of December 1, 2014, due to the ratification of a collective bargaining agreement which expressly provides for the inclusion of such employees as participants in the Plan, will have a 100% vested interest in his or her profit sharing account.

Investment Options – Upon enrollment in the Plan, participants may direct the investment of their account balance into various funds available through the Plan.

Notes Receivable from Participants – Participants are permitted to borrow from their vested account balances provided they meet the Plan's eligibility requirements. The minimum loan amount is \$1,000 and the maximum amount is the lesser of one-half of the participant's vested account balance or \$50,000. The term of the loan may not exceed five years, except for loans used to finance the purchase of a primary residence. Interest rates, determined quarterly, are set at 1.5% above the prime rate and remain fixed throughout the life of the loan. Principal and interest are paid ratably through payroll deductions and loans are due immediately upon termination of employment. Loans which become delinquent, as defined, are recorded as deemed distributions to the participant in accordance with the terms of the Plan.

Payment of Benefits – Upon termination of service, death, disability or retirement, a participant or beneficiary is entitled to receive the value of the participant's vested interest in his or her account as a lump sum payment. If a terminated participant's account balance is less than \$5,000, and no instructions have been received from such participant, the amount is rolled over to an individual retirement account as designated by the Plan administrator. A participant may also elect to receive a pre-retirement distribution of his or her vested account balance upon reaching age 59½, and of his or her salary deferrals upon incurring a hardship, as defined by the Plan. Benefit payments to the participant generally must begin by the later of the year after the participant attains age 70½ or the year in which the participant terminates employment.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Forfeited Accounts – A participant's non-vested account balance is forfeited upon severance of employment. As of December 31, 2018 and 2017, forfeited non-vested accounts amounted to \$408,638 and \$411,672, respectively. Forfeitures may be used to restore non-vested accounts of employees who are rehired, to pay Plan fees, and/or to reduce Company contributions to the Plan. For the year ended December 31, 2018, forfeitures of \$131,463 were used to pay Plan fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

Investment Valuation and Income Recognition – The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisor and the trustee. See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Payments of Benefits – Benefits are recorded when paid.

Administrative Expenses – Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation or depreciation of fair value of investments.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the Plan's valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-Directed Brokerage Accounts: Accounts consist of mutual funds, which are valued as described above; common stock, exchange-traded funds and real estate investment trusts valued at the closing price reported on the active market on which the individual securities are traded; interest-bearing cash valued at cost which represents fair value; and also consists of corporate bonds valued using pricing models maximizing the use of observable inputs for similar securities.

Collective Trust Funds: Valued at the NAV of units of the collective trust funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Investments valued using this practical expedient are reported outside of the fair value hierarchy. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that security liquidations will be carried out in an orderly business manner.

These valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments may result in different fair value measurements at the reporting date.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2018 and 2017:

2018				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 27,437,376	\$ -	\$ -	\$ 27,437,376
Self-Directed Brokerage Accounts	796,398	-	-	796,398
	<u>\$ 28,233,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,233,774</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>157,722,124</u>
Investments at Fair Value				<u>\$ 185,955,898</u>
2017				
	Level 1	Level 2	Level 3	Total
Total Assets in the Fair Value Hierarchy:				
Mutual Funds	\$ 50,624,195	\$ -	\$ -	\$ 50,624,195
Self-Directed Brokerage Accounts	2,863,872	-	-	2,863,872
	<u>\$ 53,488,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>53,488,067</u>
Investments Measured at Net Asset Value:				
Collective Trust Funds				<u>213,039,840</u>
Investments at Fair Value				<u>\$ 266,527,907</u>

As of December 31, 2018, investments in four of the Plan's target date funds made up 50% of total investments and the aggregate of the target date funds made up 78% of total investments. As of December 31, 2017, the aggregate of the target date funds made up 71% of total investments and investments in four of the Plan's target date funds made up 48%.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2018 and 2017:

	<u>Fair Value at</u>			<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Unfunded Commitments</u>		
Fidelity Managed Income Portfolio II Class 2	\$ 310,140	\$ 333,971	n/a	Daily	1 day
T. Rowe Price Stable Value Trust Fund A	12,708,738	22,435,440	n/a	Daily	1 day
T. Rowe Price Retirement 2005 Trust Class F	1,052,540	1,159,519	n/a	Daily	30 days
T. Rowe Price Retirement 2010 Trust Class F	561,965	759,321	n/a	Daily	30 days
T. Rowe Price Retirement 2015 Trust Class F	2,073,600	3,560,098	n/a	Daily	30 days
T. Rowe Price Retirement 2020 Trust Class F	11,163,182	16,943,976	n/a	Daily	30 days
T. Rowe Price Retirement 2025 Trust Class F	17,094,798	30,292,461	n/a	Daily	30 days
T. Rowe Price Retirement 2030 Trust Class F	25,837,790	39,130,728	n/a	Daily	30 days
T. Rowe Price Retirement 2035 Trust Class F	22,237,369	27,233,942	n/a	Daily	30 days
T. Rowe Price Retirement 2040 Trust Class F	25,803,625	30,151,468	n/a	Daily	30 days
T. Rowe Price Retirement 2045 Trust Class F	18,870,717	22,120,451	n/a	Daily	30 days
T. Rowe Price Retirement 2050 Trust Class F	13,225,220	13,846,804	n/a	Daily	30 days
T. Rowe Price Retirement 2055 Trust Class F	5,536,652	4,406,815	n/a	Daily	30 days
T. Rowe Price Retirement 2060 Trust Class F	1,245,788	664,846	n/a	Daily	30 days
	<u>\$ 157,722,124</u>	<u>\$ 213,039,840</u>			

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – INFORMATION CERTIFIED BY THE TRUSTEE OF THE PLAN

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity, the trustee, has certified to the completeness and accuracy of all investments and notes receivable from participants reflected on the Statements of Net Assets Available for Benefits and in Note 3 as of December 31, 2018 and 2017, on the supplemental Schedule H, line 4i: Schedule of Assets (Held at End of Year) as of December 31, 2018, and the related investment income and interest income on notes receivable from participants activity reflected in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2018.

NOTE 5 – TAX STATUS

The Plan received a favorable opinion letter from the Internal Revenue Service ("IRS") on March 31, 2014 stating that the volume submitter profit sharing plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the opinion letter, the Plan administrator believes that the Plan is designed and is operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

NOTE 6 – PLAN TERMINATION

The Company has established the Plan with the expressed intention and expectation that it will continue the Plan. However, if circumstances make it impossible or inadvisable to continue the Plan, the Company reserves the right to terminate it at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Benefits will be held in the trust fund which will remain in existence until the Company requests the discontinuance of the trust agreement.

NOTE 7 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares in mutual funds and in a collective trust fund managed by Fidelity. Fidelity is the trustee, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fidelity provides certain administrative services to the Plan pursuant to a services agreement between the Company and Fidelity. Fidelity receives revenue from mutual fund service providers for services Fidelity provides to the funds. This revenue is used to offset certain amounts owed to Fidelity for its administrative services to the Plan. Because these fees are paid through this revenue sharing arrangement, rather than a direct payment, they are netted against net appreciation in fair value of investments.

If the revenue received by Fidelity from such mutual fund service providers exceeds the amount owed under the service agreement, Fidelity remits the excess to the Plan's trust on a quarterly basis. Such amounts may be applied to pay Plan administrative expenses or allocated to the accounts of the participants. As of December 31, 2018, excess revenue credit amounted to \$17,346. The Plan or the Company may make a payment to Fidelity for administrative expenses not covered by revenue sharing.

NOTE 9 – DELINQUENT PARTICIPANT CONTRIBUTIONS

During the years ended December 31, 2018 and 2017, there were unintentional delays by the Company in remitting certain employee contributions and participant loan repayments to the Plan within the period prescribed by Department of Labor regulations amounting to \$4,166,519 and \$4,416,942, respectively. The Company is currently calculating the amount of lost earnings arising from the delays, which will be contributed to the accounts of the affected participants during 2019.

NOTE 10 – NONDISCRIMINATION TESTS

Certain required nondiscrimination tests have not been completed for the 2018 Plan year as of the date the financial statements were available to be issued. Plan management is taking necessary steps to complete the tests and expects that all tests will be passed. However, in the event of any noncompliance, Plan management intends to take any required corrective actions.

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per these financial statements to the amounts reported on the Plan's Form 5500 as of December 31:

	<u>2018</u>	<u>2017</u>
Net Assets Available for Benefits per the Financial Statements	\$ 192,541,656	\$ 274,370,475
Reconciling Items:		
Participant Contributions Receivable Recorded on Financial Statements, Not on Form 5500	-	(107,988)
Employer Contributions Receivable Recorded on Financial Statements, Not on Form 5500	<u>(3,325,839)</u>	<u>(3,172,786)</u>
Net Assets Available for Benefits per Form 5500	<u>\$ 189,215,817</u>	<u>\$ 271,089,701</u>

The following is a reconciliation of the net increase in net assets per these financial statements to the amount reported on the Form 5500 for the year ended December 31, 2018:

Net Increase in Net Assets per the Statement of Changes in Net Assets Available for Benefits	\$ 3,285,622
Reconciling Items:	
Change in Participant Contributions Receivable	107,988
Change in Employer Contributions Receivable	<u>(153,053)</u>
Net Increase in Net Assets per Form 5500	<u>\$ 3,240,557</u>

NOTE 12 – SUBSEQUENT EVENTS

The Plan was amended on April 30, 2019, to allow the Plan sponsor to make discretionary profit sharing contributions to the participant accounts of employees of Zotos International Inc. who were employed as of June 30, 2018 and had completed at least 500 hours of service from January 1, 2018 to June 30, 2018 (see Note 1).

The Plan's management has evaluated subsequent events through October 9, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4a: SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FEIN: 13-3480646

Plan Number: 001

Year Ended December 31, 2018

Year	Participant Contributions Transferred Late to Plan	Check Here if Late Participant Loan Repayments Are Included	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
			Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
2018	\$ 4,166,519	☒	\$ 4,166,519	\$ -	\$ -	\$ -
2017	\$ 4,416,942	☒	\$ 4,416,942	\$ -	\$ -	\$ -

SHISEIDO AMERICAS GROUP RETIREMENT PLAN

SCHEDULE H – LINE 4i: SCHEDULE OF ASSETS (HELD AT END OF YEAR)

FEIN: 13-3480646

Plan Number: 001

December 31, 2018

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		Mutual Funds:		
	American Funds	American Funds EuroPacific Growth Fund	24,761 Shares ^	\$ 1,113,983
*	Fidelity Investments	Fidelity 500 Index Fund	63,184 Shares ^	5,503,287
*	Fidelity Investments	Fidelity Global ex U.S. Index Fund	81,884 Shares ^	930,198
*	Fidelity Investments	Fidelity Government Money Market Fund	261,369 Shares ^	261,369
*	Fidelity Investments	Fidelity Small Cap Discovery Fund	148,812 Shares ^	2,915,225
*	Fidelity Investments	Fidelity Total Bond Fund	203,937 Shares ^	2,088,315
*	Fidelity Investments	Fidelity U.S. Bond Index Fund	76,590 Shares ^	863,937
	T. Rowe Price	T. Rowe Price Growth Stock Fund	72,012 Shares ^	4,115,482
	T. Rowe Price	T. Rowe Price Instit Mid-Cap Equity Growth Fund	51,930 Shares ^	2,507,709
	Vanguard	Vanguard Equity-Income Fund	37,989 Shares ^	2,523,582
	Vanguard	Vanguard Extended Market Index Fund	35,348 Shares ^	2,675,810
	Vanguard	Vanguard Inflation-Protected Securities Fund	10,690 Shares ^	261,687
	Vanguard	Vanguard Intermediate-Term Treasury Fund	89,146 Shares ^	973,478
	Vanguard	Vanguard Selected Value Fund Investor Shares	31,286 Shares ^	703,314
				<u>27,437,376</u>
		Collective Trust Funds:		
*	Fidelity Investments	Managed Income Portfolio II Class 2	310,140 Shares ^	310,140
	T. Rowe Price	T. Rowe Price Stable Value Trust Fund A	12,708,738 Shares ^	12,708,738
	T. Rowe Price	T. Rowe Price Retirement 2005 Trust Class F	73,093 Shares ^	1,052,540
	T. Rowe Price	T. Rowe Price Retirement 2010 Trust Class F	37,539 Shares ^	561,965
	T. Rowe Price	T. Rowe Price Retirement 2015 Trust Class F	130,662 Shares ^	2,073,600
	T. Rowe Price	T. Rowe Price Retirement 2020 Trust Class F	667,654 Shares ^	11,163,182
	T. Rowe Price	T. Rowe Price Retirement 2025 Trust Class F	976,846 Shares ^	17,094,798
	T. Rowe Price	T. Rowe Price Retirement 2030 Trust Class F	1,419,659 Shares ^	25,837,790
	T. Rowe Price	T. Rowe Price Retirement 2035 Trust Class F	1,189,164 Shares ^	22,237,369
	T. Rowe Price	T. Rowe Price Retirement 2040 Trust Class F	1,355,945 Shares ^	25,803,625
	T. Rowe Price	T. Rowe Price Retirement 2045 Trust Class F	990,589 Shares ^	18,870,717
	T. Rowe Price	T. Rowe Price Retirement 2050 Trust Class F	694,602 Shares ^	13,225,220
	T. Rowe Price	T. Rowe Price Retirement 2055 Trust Class F	290,791 Shares ^	5,536,652
	T. Rowe Price	T. Rowe Price Retirement 2060 Trust Class F	102,281 Shares ^	1,245,788
				<u>157,722,124</u>
	Various	Self-Directed Brokerage Accounts	^	<u>796,398</u>
*	Notes Receivable from Participants	743 loans receivable bearing interest ranging from 3.25% to 10.25% with maturity dates ranging from January 2019 to August 2037	-	<u>3,259,919</u>
				<u>\$ 189,215,817</u>

* Indicates party-in-interest transaction.

^ Column (d) Cost is omitted for participant directed investments.