

**KOSÉ Corporation**

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**Notice Regarding Construction of a New Production Facility in Yamanashi Prefecture**

KOSÉ Corporation (President & CEO: Kazutoshi Kobayashi, Headquarters: Chuo-ku, Tokyo) has made the decision to construct the Minami Alps Factory (tentative name), a production facility, in the city of Minami Alps in Yamanashi prefecture. Please see below for details.

**1. Reason for constructing a new factory**

KOSÉ is taking many actions in order to achieve the goals of VISION2026, which has the central objective of becoming a company with a global presence.

To meet the recent growing demand for cosmetics in Japan and other countries, KOSÉ started operation of a new production facility at the Gunma Factory in 2017 and completed an upgrade of the Sayama Factory in 2018 for the purpose of increasing production capacity. The construction of this new factory is a step for building a sound manufacturing and quality control infrastructure for meeting the continuing growth in demand from a long-term perspective.

KOSÉ aims to build an even stronger foundation for growth by using production facilities in a flexible manner in order to supply highly competitive products with outstanding quality in a certain and timely manner while reducing inventories and costs.



Rendering of the Minami Alps Factory

## **2. The Minami Alps Factory (tentative name)**

The new factory will be in the Minami Alps region of Japan, which is known for its beautiful nature and clear and clean water nurtured by the Minami Alps mountains. The factory will comply with ISO 22716, the Good Manufacturing Practices standard for cosmetics. The production under a state-of-the-art quality assurance system will create a new added value and make this factory highly economical, functional and environmentally friendly. Operations will be centered on skin care and hair care products. The factory will be capable of quickly making changes to the increasing demand for these products.

To increase the motivation of its workforce, the factory will have a pleasant and productive workplace environment. In addition, manufacturing expertise accumulated over many years at other KOSÉ factories will be incorporated through digital technology in the new factory by utilizing the Internet of things and artificial intelligence. People at the factory will also benefit from an infrastructure for the seamless sharing of R&D data created by research laboratories. All of these features will make this factory a manufacturing base able to capture the greatest possible synergies with other KOSÉ production bases.

KOSÉ is committed to conducting many activities to preserve the forest that is critical to the abundant supply of clear and clean water in this region of Yamanashi prefecture. In addition, there will be activities to maintain sound ties with the residents of this region in order to coexist with the nature surrounding the factory.

## **3. Overview of the Minami Alps Factory (tentative name)**

Proposed site:	Minami Alps City, Yamanashi
Site area:	111,525 m <sup>2</sup>
Use:	Cosmetics factory (mainly skin care and hair care products in large lots)
Production capacity:	100 million items or more
Investment:	15 to 25 billion yen
Start of production:	During FY03/2022

## **4. The city of Minami Alps**

Yamanashi prefecture is a mountainous region best known for Mount Fuji, a UNESCO World Heritage Site. People also visit the prefecture to enjoy Minami Alps, Yatsugatake, Oku-Chichibu and many other scenic areas. The prefecture is also famous as a producer of a large volume of clear and clean water that comes from the region's abundant rainfall and snow and is cleansed and filtered by forests. The city of Minami Alps is located in the west of Yamanashi prefecture. At the foot of the Minami Alps mountain range, which includes an area with UNESCO Eco Park status, this city is surrounded by beautiful nature. This region is also well known as the home of many fruit orchards. All these attributes give Minami Alps a reputation in Japan as a city with excellent water, clean air and beautiful surroundings.

## **5. Outlook**

The construction of the new Minami Alps Factory will have no effect on results of operations in the current fiscal year because the new factory is expected to start operations in 2021 or afterward.

## Reference

### KOSÉ Corporation Major Production Facilities

#### ■ Gunma Factory

Location: 1913 Sakaiiyoku, Isesaki City, Gunma  
Start of operation: 1979  
Site area: 88,987 m<sup>2</sup>  
Products produced: Cosmetics and cosmetaries products

#### ■ Sayama Factory

Location: 2-20-1 Fujimi, Sayama City, Saitama  
Start of operation: 1964  
Site area: 106,161 m<sup>2</sup>  
Products produced: Cosmetics

#### ■ ADVANCE CO., LTD. (special subsidiary)

Location: 856-4 Kitairiso, Sayama City, Saitama  
Start of operation: 1992  
Products produced: Cosmetics

### Overseas Production Facilities

#### ■ TAIWAN KOSÉ CO., LTD. Hsinchu Factory (Taiwan)

Location: Hsinchu Industrial Park, Hsinchu County, Taiwan  
Start of operation: 2004  
Site area: 7,173 m<sup>2</sup>  
Products produced: Cosmetics