

KOSÉ Corporation

President & CEO: Kazutoshi Kobayashi

Stock exchange listing: Tokyo Stock Exchange, First Section; Stock code: 4922

Contact: Hitonori Nakata, General Manager of Investor Relations Department

Tel: +81-(0) 3-3273-1511

Notice Regarding Revision to Sales and Earnings Forecasts, Dividends from Surplus and Revision to Dividend Forecast

KOSÉ Corporation has reviewed current trends in its performance and revised its sales and earnings forecasts and dividend forecast that were announced on April 30, 2021 as follows.

In addition, the KOSÉ Board of Directors approved a resolution on October 29, 2021 to pay a dividend from surplus with a record date of September 30, 2021.

1. Revision to Sales and Earnings Forecasts

Revision to Consolidated Forecast for the Fiscal Year Ending December 31, 2021

(April 1, 2021 – December 31, 2021)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Net income per share |
|------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------|----------------------|
| | <i>Millions of yen</i> | <i>Millions of yen</i> | <i>Millions of yen</i> | <i>Millions of yen</i> | <i>Yen</i> |
| Previous forecast (A) | 238,000 | 20,000 | 20,500 | 14,200 | 248.92 |
| Revised forecast (B) | 224,000 | 16,000 | 17,100 | 12,100 | 212.10 |
| Change (B – A) | (14,000) | (4,000) | (3,400) | (2,100) | - |
| Percentage change (%) | (5.9) | (20.0) | (16.6) | (14.8) | - |
| (Reference) Previous fiscal year results (FY03/2021) | 279,389 | 13,294 | 18,745 | 11,986 | 210.11 |

Reasons for Revisions

Although sales in China and the sales of Tarte are currently in line with the initial plan, total sales are expected to be below the initial plan for the transitional fiscal year ending in December 2021. The main reason is a downturn in consumer sentiment in Japan as people stay home for safety in response to another state of emergency due to a new wave of COVID-19 cases and to other measures involving the pandemic. Earnings are also expected to be less than planned because of a decline in the gross profit caused mainly by lower sales.

By business segment, KOSÉ has decreased the sales forecasts by 8,200 million yen, or 4.2%, to 188,500 million yen in the cosmetics business, and reduced 5,500 million yen, or 13.9%, to 34,000 million yen in the cosmetaries business and 300 million yen, or 16.7%, to 1,500 million yen in the other business segment, from the previous forecasts.

2. Dividends from Surplus

| | Final amount | Most recent dividend forecast (announced on April 30, 2021) | Previous fiscal year (ended March 31, 2021) |
|---------------------------|--------------------|-------------------------------------------------------------------|------------------------------------------------|
| Record date | September 30, 2021 | September 30, 2021 | September 30, 2020 |
| Dividend per share | 60.00 yen | 70.00 yen | 60.00 yen |
| Total amount of dividends | 3,422 million yen | - | 3,422 million yen |
| Effective date | December 10, 2021 | - | December 10, 2020 |
| Dividend resource | Retained earnings | - | Retained earnings |

3. Revision to Dividend Forecast

| | Dividend per share | | |
|------------------------------------------------|--------------------|-----------|------------|
| | 2Q-end | Year-end | Total |
| Previous forecast (April 30, 2021) | | 70.00 yen | 130.00 yen |
| Revised forecast (October 29, 2021) | | 60.00 yen | 120.00 yen |
| Current fiscal year (ending December 31, 2021) | 60.00 yen | | |
| Previous fiscal year (ended March 31, 2021) | 60.00 yen | 60.00 yen | 120.00 yen |

Reasons

KOSÉ's basic policy for determining dividends is to pay steady and continuous dividends while retaining sufficient funds to build a more powerful foundation for long-term growth.

The COVID-19 pandemic has severely impacted the performance of the KOSÉ Group. After taking all applicable factors into consideration, KOSÉ plans to maintain the interim dividend at 60 yen per share, the same amount as the previous fiscal year, and to pay a year-end dividend of 60 yen per share. As a result, the dividend for the fiscal year ending December 2021 is expected to be 120 yen per share.

* The above forecasts are based on judgments made in accordance with information available as of the announcement date of this report. Actual results may differ significantly from these forecasts for a number of reasons.