
Results of Operations

Fiscal Year Ended December 31 , 2021



KOSÉ Corporation

February 14, 2022

➤ Fiscal year end changes to December 31 beginning in FY2021

The consolidated financial statements for the transitional fiscal period ending on December 31, 2021 will include the following periods:

- KOSÉ and its consolidated subsidiaries in Japan with a March 31 fiscal year end: April-December 2021
- Consolidated subsidiaries with a December 31 fiscal year end: January-December 2021

The KOSÉ Group applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) from FY2021.

* Adjusted results of operations and their changes

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) have been applied retrospectively. These comparisons have not been audited by the independent auditor and are provided solely for reference purposes.

➤ FY12/2022 Earnings Announcement Schedule (tentative)

1st quarter earnings announcement: Middle of May 2022
 2nd quarter earnings announcement: Early August 2022
 3rd quarter earnings announcement: Early November 2022
 Full-year earnings announcement: Middle of February 2023

➤ FY2022 Small Meetings with CEO: four times a year (tentative)

1. FY12/2021 Results of Operations

Shinichi Mochizuki, Senior Executive Officer & CFO

2. Toward Phase II of VISION2026

Kazutoshi Kobayashi, President & CEO

3. Supplementary Information

*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded.

✓ **Net sales** **¥224.9 billion:** up ¥0.9 billion (0.4%) vs. revised plan; up ¥10.2 billion (4.8%) YoY

- ❑ Sales were below the initial plan but achieved the revised plan as a recovery in consumer spending started in Japan in October.
- ❑ Sales were up 4.8% YoY (up 2.4% after excluding foreign exchange rate changes) mainly because of higher sales in China and USA.

✓ **Operating profit** **¥18.8 billion:** up ¥2.8 billion (17.8%) vs. revised plan; up ¥2.3 billion (14.1%) YoY

- ❑ ¥1.1 billion below the initial plan but higher than the revised plan and higher YoY because of a recovery in Tarte and ALBION performance and cost-cutting measures in all operations.

Initial outlook (sales)		Progress Report (Sales and earnings)	Evaluation (Vs. initial plan)	
			Net sales	Operating profit
Japan	Mid-single-digit increase	Performance started recovering in Oct. after the end of the state of emergency but the upturn did not offset the decline earlier in FY2021.	▲	▲
China	+20%	Offline performance remains strong while competition is still intense in online operations. Travel retail, which was briefly impacted by the pandemic, started recovering in Oct.	▲	▲
South Korea	+10%	High profitability in the travel retail sector; sales were severely affected by supply shortages earlier in FY2021.	▲	▲
Europe & USA (Tarte)	Mid-single-digit increase	Sales and earnings were strong due to the reopening of stores and the recovery of the U.S. market.	○	○

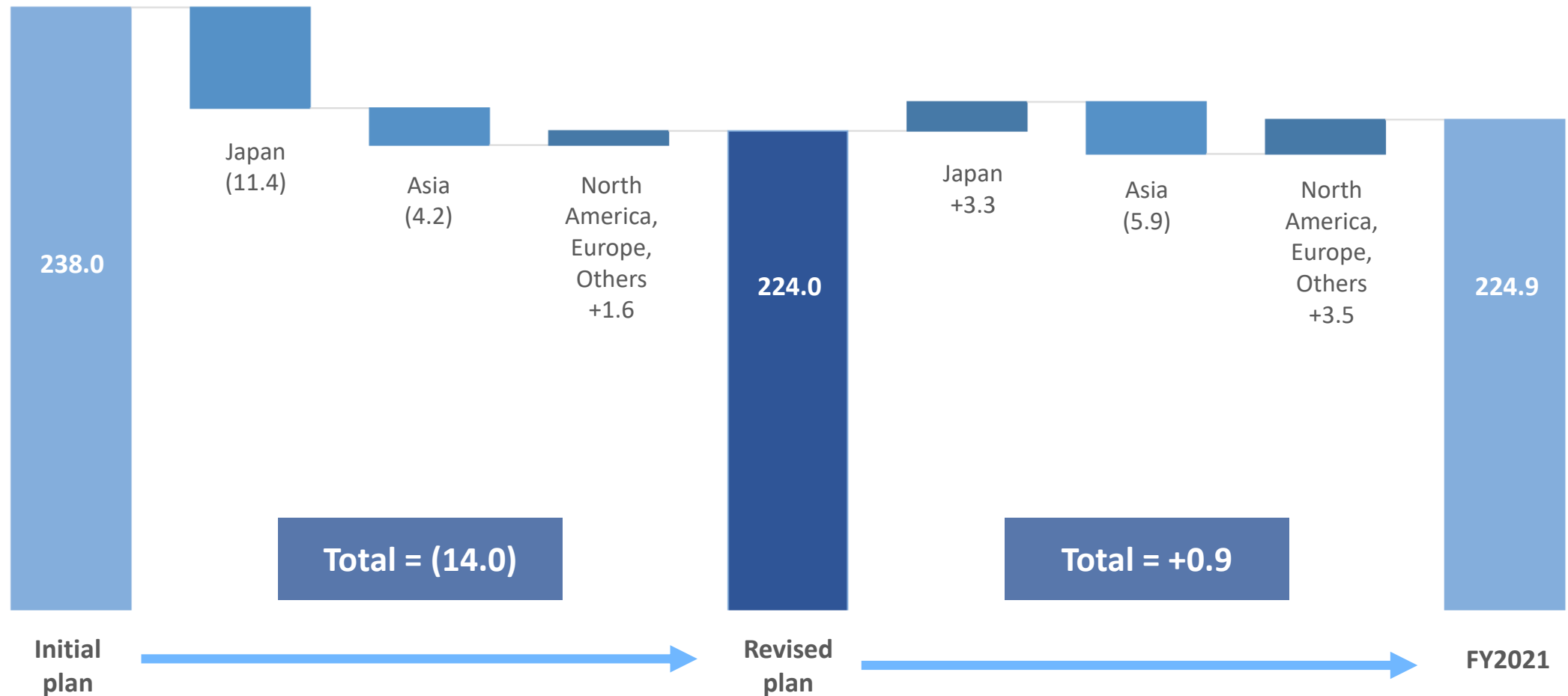
Consolidated Income Statement Highlights

(billion yen)	FY2021 (Apr. - Dec. 2021)		Vs. initial plan (announced on Apr. 30, 2021)				Vs. revised plan (announced on Oct. 29, 2021)				Vs. adjusted FY2020 (Apr. - Dec. 2020)			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change (amount)	Change (%)	Amount	Ratio to net sales	Change (amount)	Change (%)	Amount	Ratio to net sales	Change (amount)	Change (%)
Net sales	224.9	100.0%	238.0	100.0%	(13.0)	(5.5)%	224.0	100.0%	+0.9	+0.4%	214.7	100.0%	+10.2	+4.8%
Cost of sales	68.0	30.3%	68.4	28.8%	(0.3)	(0.5)%	62.9	28.1%	+5.1	+8.1%	64.9	30.3%	+3.0	+4.7%
SG&A expenses	138.0	61.4%	149.5	62.8%	(11.5)	(7.7)%	145.0	64.7%	(6.9)	(4.8)%	133.2	62.0%	+4.8	+3.6%
Operating profit	18.8	8.4%	20.0	8.4%	(1.1)	(5.7)%	16.0	7.1%	+2.8	+17.8%	16.5	7.7%	+2.3	+14.1%
Ordinary profit	22.3	9.9%	20.5	8.6%	+1.8	+9.1%	17.1	7.6%	+5.2	+30.8%	19.0	8.9%	+3.3	+17.4%
Profit before income taxes	21.3	9.5%	20.2	8.5%	+1.1	+5.6%	16.1	7.2%	+5.2	+32.5%	19.8	9.2%	+1.5	+7.7%
Profit attributable to owners of parent	13.3	5.9%	14.2	6.0%	(0.8)	(6.0)%	12.1	5.4%	+1.2	+10.3%	13.9	6.5%	(0.6)	(4.4)%
Net income per share	233.86 yen		248.92 yen				212.10 yen				-		-	

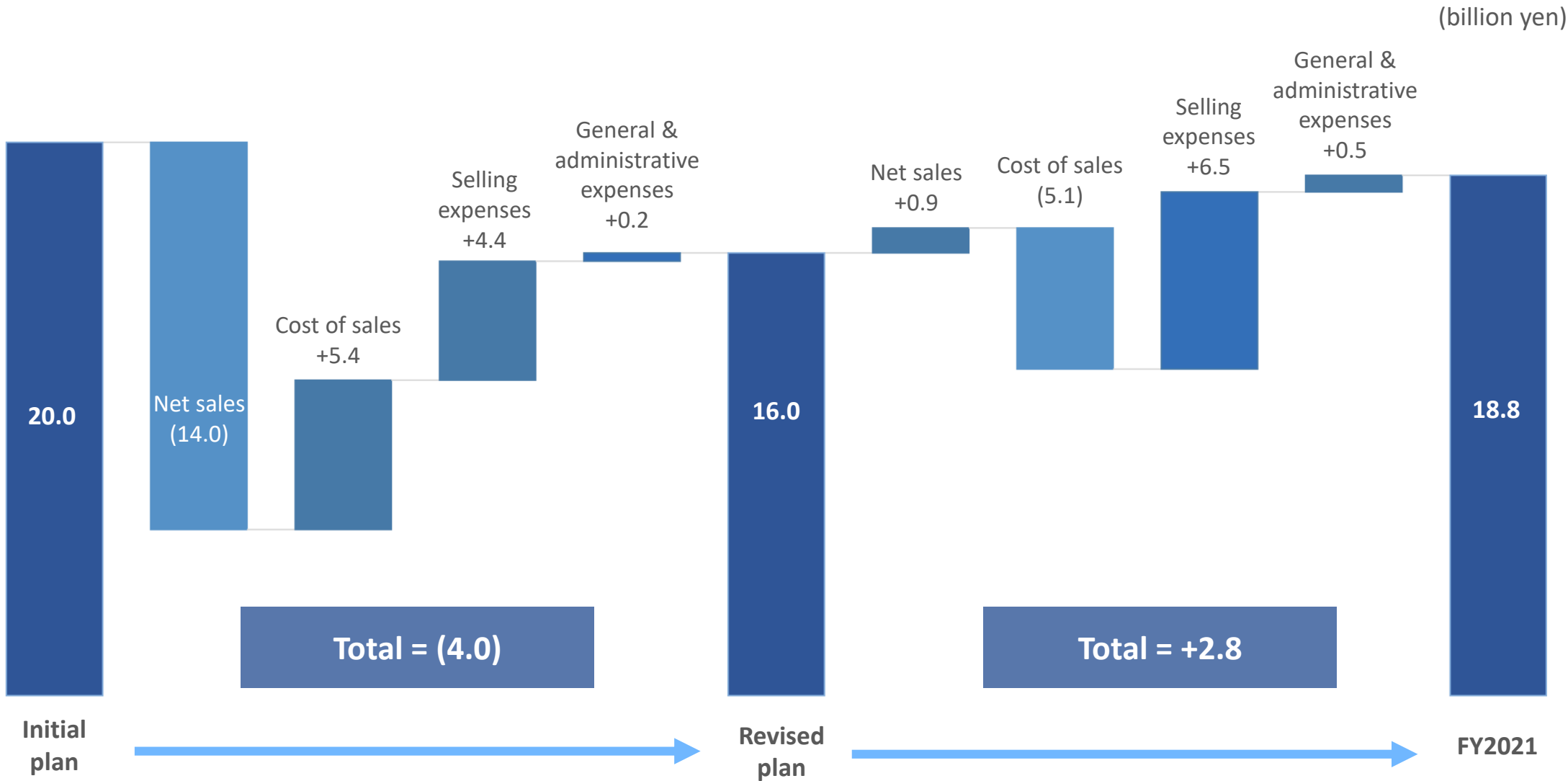
FY2021	
ROA	6.1%
ROE	5.8%

Sales in Japan and South Korea were somewhat weaker than expected, but total sales were about the same as in the revised plan

(billion yen)



Higher than the revised plan because of cost-cutting measures in all operations

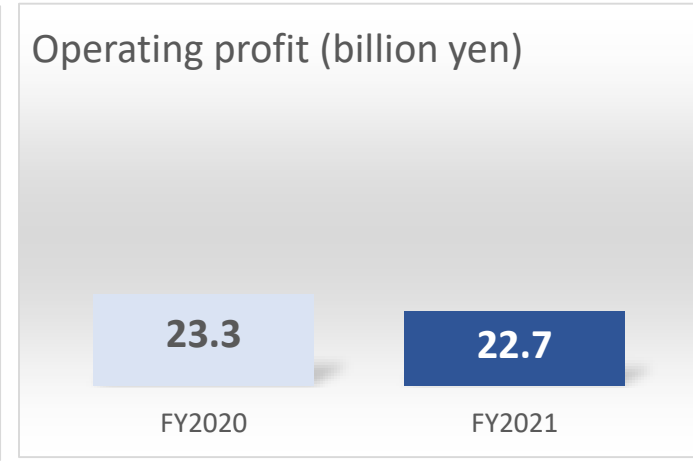
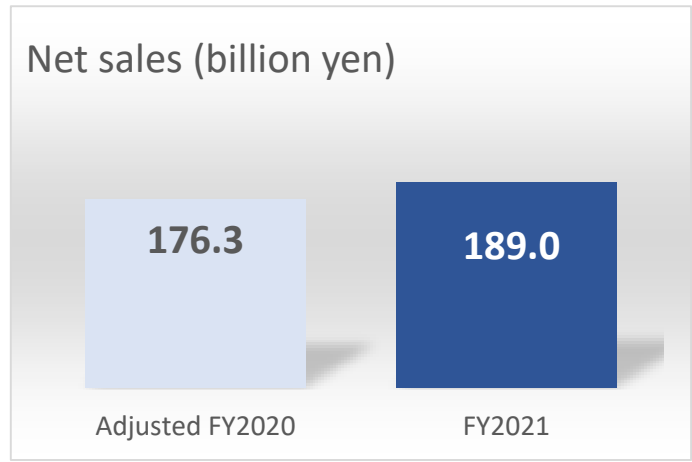


Consolidated Income Statement Highlights

(billion yen)	FY2021 (Apr. - Dec. 2021)		Vs. initial plan (announced on Apr. 30, 2021)				Vs. revised plan (announced on Oct. 29, 2021)				Vs. adjusted FY2020 (Apr. - Dec. 2020)			
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Cost of sales	68.0	30.3%	68.4	28.8%	(0.3)	(0.5)%	62.9	28.1%	+5.1	+8.1%	64.9	30.3%	+3.0	+4.7%
SG&A expenses	138.0	61.4%	149.5	62.8%	(11.5)	(7.7)%	145.0	64.7%	(6.9)	(4.8)%	133.2	62.0%	+4.8	+3.6%
Operating profit	18.8	8.4%	20.0	8.4%	(1.1)	(5.7)%	16.0	7.1%	+2.8	+17.8%	16.5	7.7%	+2.3	+14.1%
Ordinary profit	22.3	9.9%	20.5	8.6%	+1.8	+9.1%	17.1	7.6%	+5.2	+30.8%	19.0	8.9%	+3.3	+17.4%
Profit before income taxes	21.3	9.5%	20.2	8.5%	+1.1	+5.6%	16.1	7.2%	+5.2	+32.5%	19.8	9.2%	+1.5	+7.7%
Profit attributable to owners of parent	13.3	5.9%	14.2	6.0%	(0.8)	(6.0)%	12.1	5.4%	+1.2	+10.3%	13.9	6.5%	(0.6)	(4.4)%
Net income per share	233.86 yen		248.92 yen				212.10 yen				-			

FY2021	
ROA	6.1%
ROE	5.8%

Cosmetics



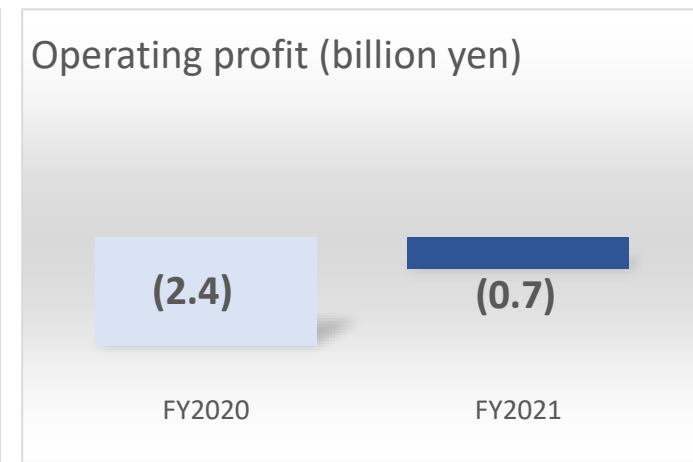
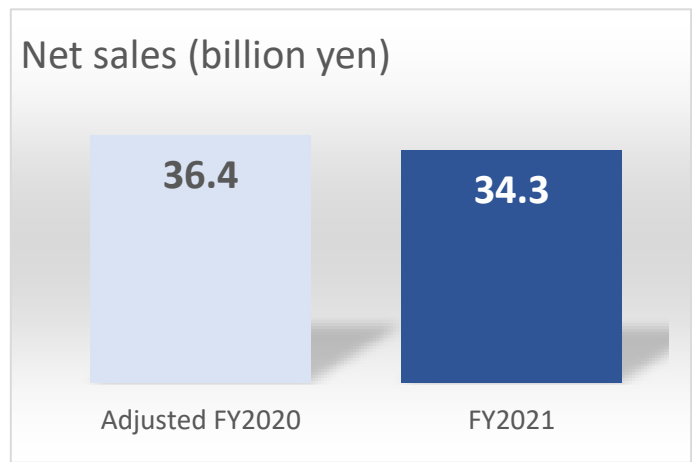
Operating margin

13.2%	12.0%
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- Net sales
- Sales remain strong in China and North America
 - Higher sales of DECORTÉ, ALBION, ADDICTION, JILL STUART, Tarte and other high-prestige brand products

- Operating profit
- Lower profit because of higher SG&A expenses despite a decrease in cost of sales ratio

Cosmetaries



Operating margin

-	-
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- Net sales
- Slow sales of makeup brands

- Operating profit
- Although the volume of products returned and discarded increased, the result of brand renewal activities, the operating loss decreased because of a big reduction in operating expenses

(billion yen)

ALBION CO., LTD.

(After adjustment)

Operating margin	
2020	2021
—	0.2%

KOSÉ Cosmeport Corp.

(After adjustment)

Operating margin	
2020	2021
0.3%	5.5%

Tarte, Inc.

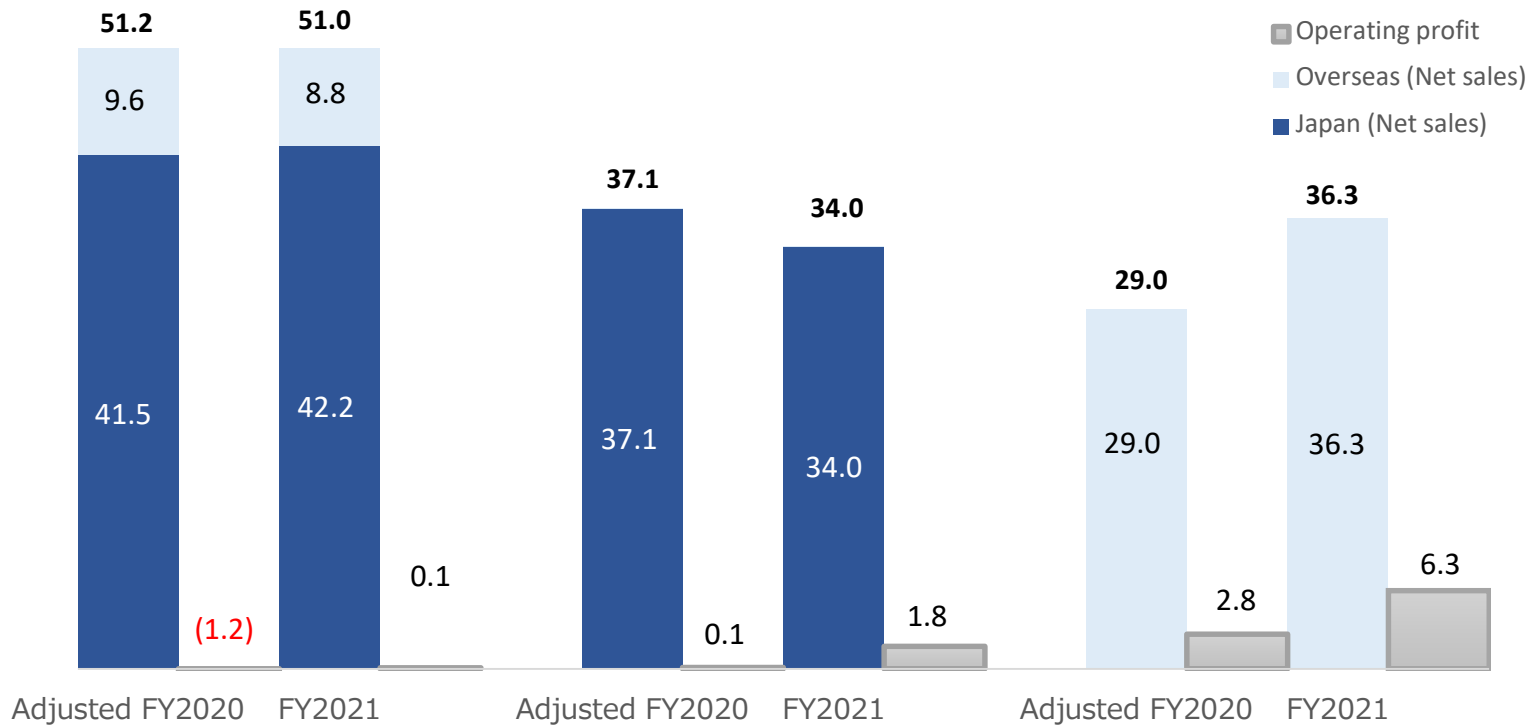
(After adjustment)

Operating margin	
2020	2021
9.6%	17.5%

DECORTÉ

* The Accounting Standard for Revenue Recognition is not used.

	2019	2020	2021
Net sales	80.3	79.0	89.5
Japan	35.1	20.7	22.1
Overseas	45.2	58.3	67.3



SEKKISEI

* The Accounting Standard for Revenue Recognition is not used.

	2019	2020	2021
Net sales	20.2	13.7	11.9
Japan	14.2	9.1	8.0
Overseas	5.9	4.5	3.9

Operating profit of Tarte, Inc. is before goodwill amortization.
 Operating profit does not include amortization of goodwill resulting from acquisitions.

Net Sales by Region (after adjustment)

The overseas sales ratio increased to 49.3% in part because of higher sales in China, Europe and USA (Tarte)

(billion yen)	Adjusted FY2020 (Apr. - Dec. 2020)		FY2021 (Apr. - Dec. 2021)		YoY change (amount)	YoY change (ratio)
	Amount	Ratio to net sales	Amount	Ratio to net sales		
Japan	113.8	53.0%	114.0	50.7%	+0.2	+0.2%
Asia	71.1	33.1%	74.3	33.1%	+3.1	+4.5%
North America	26.4	12.3%	32.7	14.5%	+6.3	+23.9%
Other	3.3	1.6%	3.8	1.7%	+0.4	+14.8%
Total	214.7	100.0%	224.9	100.0%	+10.2	+4.8%
Overseas sales	100.9	47.0%	110.9	49.3%	+9.9	+9.9%

A recovery started in October after the state of emergency ended

(billion yen)	Adjusted FY2020	FY2021	YoY change (amount)	YoY change (ratio)
Total	113.8	114.0	+0.2	+0.2%
1Q	32.0	33.7	+1.7	+5.4%
2Q	39.8	37.0	(2.7)	(7.0)%
3Q	41.9	43.2	+1.3	+3.1%

Market Trends

- The state of emergency was lifted on October 1, 2021
- Consumer spending recovered during the last months of 2021 as the severity of the pandemic decreased nationwide
- Some stores resumed the use of touch-up and samples

KOSÉ

- Overall
 - Slow sales of mid/low-price products continued
 - Department store sales were strong after the state of emergency ended
 - Sales at specialty stores channels were strong throughout the fiscal year
- High prestige
 - Very strong sales of DECORTÉ LIPOSOME ADVANCED SERUM
 - Strong sales of high prestige makeup products, including limited time only coffrets
- Prestige
 - Launched the first SEKKISEI brand beauty serum
 - Strong hand cream sales as more Carté HD items were added
- Cosmetaries
 - At COSMEPORT, signs of a recovery of major brands such as softymo and CLEAR TURN

A brief pandemic impact, strong sales in all channels

(billion yen)	Adjusted FY2020	FY2021	YoY change (amount)	YoY change (ratio)
Total	71.1	74.3	+3.1	+4.5%
1Q	16.6	17.8	+1.2	+7.4%
2Q	19.2	18.5	(0.7)	(3.7)%
3Q (Subsidiaries: Jul. to Dec.)	35.2	37.9	+2.6	+7.6%

Market Trends

- | | |
|-------------|--|
| China | <ul style="list-style-type: none"> ■ Demand for cosmetics remains high ■ Stepped up zero-COVID policy as cases started to increase in October |
| South Korea | <ul style="list-style-type: none"> ■ Improvement in consumer sentiment and return to normal economic activity due to progress with vaccinations ■ Increasing number of customers at duty-free stores |
| Taiwan | <ul style="list-style-type: none"> ■ Economy continues to recover despite a pandemic impact in the July-September quarter |

KOSÉ

- | | |
|-------------|--|
| China | <ul style="list-style-type: none"> ■ In the EC category, Singles Day sales were much higher than in 2020 and at stores, sales were strong at department stores ■ Travel retail was impacted in the July-September quarter by an increase in COVID-19 cases on Hainan Island, but started to recover in October |
| South Korea | <ul style="list-style-type: none"> ■ Sales were lower than one year earlier due to problems involving supply shortages |
| Taiwan | <ul style="list-style-type: none"> ■ Aiming for higher sales of SEKKISEI and other popular brands |

U.S. sales remain strong due to solid consumer spending

(billion yen)	Adjusted FY2020	FY2021	YoY change (amount)	YoY change (ratio)
Total	29.7	36.5	+6.7	+22.8%
1Q	8.5	7.1	(1.4)	(16.8)%
2Q	6.1	8.5	+2.4	+39.0%
3Q (Subsidiaries: Jul. to Dec.)	15.0	20.8	+5.8	+38.7%

Market Trends

- | | |
|--------|---|
| USA | <ul style="list-style-type: none"> ■ Stores are operating normally and the economy continues to grow ■ Many consumers are leaving EC and returning to stores to buy cosmetics |
| Europe | <ul style="list-style-type: none"> ■ Interest in “clean beauty” is growing as big companies buy natural-ingredient product brands ■ COVID-19 cases are increasing but stores remain open as countries continue economic activities while living with the pandemic |

Tarte

- | | |
|---------|---|
| Overall | <ul style="list-style-type: none"> ■ Prestige makeup market share remains high ■ During the year-end selling season, strong sales of concealers and foundation, two major categories, as well as of mascara and eyeshadow palettes ■ Tarte is expanding operations in Europe (Eastern Europe) ■ Started selling products on the Zalando EC website, which is based in Germany |
|---------|---|

Balance Sheet and Cash Flow Highlights

BS: Total assets amounted to ¥320 billion and equity ratio above 70%

BS (billion yen)	As of March 31, 2021		As of December 31 2021		Change
	Amount	Share	Amount	Share	Amount
Current assets	205.0	66.5%	217.3	67.9%	+12.2
Cash and deposits	103.3	33.5%	105.2	32.9%	+1.8
Accounts receivable	39.4	12.8%	44.2	13.8%	+4.7
Inventories	57.3	18.6%	63.7	19.9%	+6.4
Non-current assets	103.3	33.5%	102.6	32.1%	(0.6)
Property, plant and equipment	62.8	20.4%	59.5	18.6%	(3.3)
Intangible assets	14.1	4.6%	14.2	4.5%	+0.1
Total assets	308.3	100.0%	320.0	100.0%	+11.6

Current liabilities	61.6	20.0%	59.1	18.5%	(2.4)
Accounts payable	20.2	6.6%	23.7	7.4%	+3.5
Short-term borrowings	7.6	2.5%	0.6	0.2%	(7.0)
Non-current liabilities	5.4	1.8%	6.6	2.1%	+1.1
Total liabilities	67.0	21.8%	65.7	20.5%	(1.3)
Total net assets	241.2	78.2%	254.2	79.5%	+12.9
Shareholders' equity*	225.5	73.1%	238.3	74.5%	+12.8
Non-controlling interests	15.7	5.1%	15.9	5.0%	+0.1
Total liabilities and net assets	308.3	100.0%	320.0	100.0%	+11.6

* Shareholders' equity = Net assets — Share acquisition rights — Non-controlling interests

CF: Overall cash flow remained stable with an increase of ¥1.8 billion in cash

CF (billion yen)	FY03/2021 (Apr. 2020 – Mar. 2021)	FY12/2021 (Apr.–Dec. 2021)
Profit before income taxes	+19.5	+21.3
Depreciation	+10.3	+7.8
Decrease (increase) in trade receivables	(1.1)	(4.0)
Decrease (increase) in inventories	+3.7	(4.5)
Increase (decrease) in trade payables	(0.5)	+2.8
Others	+5.4	+3.9
Cash flows from operating activities	+23.2	+17.7
Capital expenditures	(10.1)	(4.5)
Cash flows from investing activities	(5.8)	(4.7)
Funds procured from external sources and repayments	+7.0	(6.9)
Cash dividends paid	(9.2)	(7.2)
Acquisition of stock	(4.9)	0.0
Cash flows from financing activities	(7.3)	(14.3)
Effect of exchange rate change on cash and cash equivalents	(0.3)	+3.0
Change in cash and cash equivalents	+9.7	+1.8
Cash and cash equivalents at beginning of period	+70.2	+80.0
Cash and cash equivalents at end of period	+80.0	+81.8

Aiming for a rapid recovery with high-single-digit YoY sales growth and operating profit up by more than 10%

(billion yen)	FY2021 results (Apr. - Dec. 2021)		Adjusted FY2021 (Jan. - Dec. 2021)		FY2022 plan (Jan. - Dec. 2022)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	224.9	100.0%	268.9	100.0%	293.0	100.0%
Cosmetics	189.0	84.0%	217.7	80.9%	238.5	81.4%
Cosmetaries	34.3	15.3%	49.1	18.3%	52.6	17.9%
Other	1.5	0.7%	2.0	0.8%	1.9	0.7%
Operating profit	18.8	8.4%	15.6	5.8%	22.0	7.5%
Ordinary profit	22.3	9.9%	22.0	8.2%	22.6	7.7%
Profit attributable to owners of parent	13.3	5.9%	11.1	4.1%	16.5	5.6%
Net income per share	233.86 yen		-		289.22 yen	
ROA	6.1%		-		7.0%	
ROE	5.8%		-		6.4%	
Capital expenditures	4.5		-		18.9	
Depreciation	7.8		-		10.3	

YoY change amount (Vs. adjusted FY2021)	YoY change ratio (Vs. adjusted FY2021)
+24.0	+8.9%
+20.7	+9.5%
+3.4	+6.9%
(0.1)	(8.0)
+6.3	+40.4%
+0.5	+2.5%
+5.3	+48.2%

Foreign exchange rate		
Currency	Actual	Estimate
US dollar/yen	109.8	108.0
Chinese yuan/Yen	17.0	16.5
Korean won/yen	0.09	0.09

There is no first half forecast because it is difficult to determine a reliable outlook for economy, including the timing of an economic recovery, because of a decline in consumer sentiment, restrictions on business activities, and declines in jobs and personal income caused by lockdowns and restrictions on outings and travel in many countries where COVID-19 cases are increasing again.

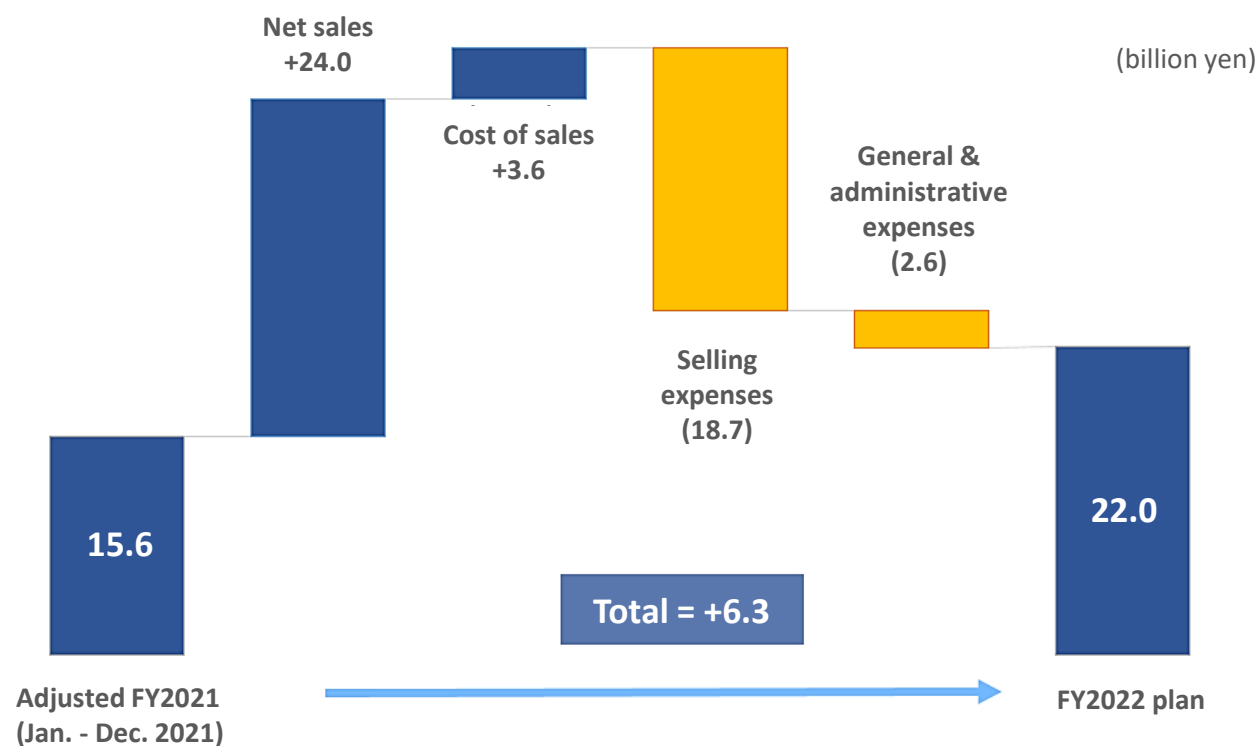
Plan for Sales and Operating Profit by Region and Segment

Area	Initial outlook for Sales	
Japan	Mid-single-digit Increase	Forecast about the same growth as in 2021 due to the outlook for the pandemic to continue to impact economic activity
China (Online/offline)	+10%	Although the zero-COVID policy is limiting economic activity, cosmetics demand is expected to grow steadily as competition remains intense.
TR (including South Korea)	+10%	The duty-free market is expected to continue to grow, primarily on Hainan Island.
Europe & USA (Tarte)	High-single-digit increase	Concerns about a downturn in consumer spending because of the planned interest rate hikes and growing worries about inflation

YoY changes in sales, %	FY12/2021 results	FY12/2022*note
Consolidated sales*note	+4.8	+8.9%
Cosmetics*note	+7.2	+9.5%
High prestige	+10	+10 to 15%
DECORTÉ	+8	+10 to 15%
ALBION	+3	Low-single-digit increase
Tarte	+25	High-single-digit increase
Prestige	(3)	+10 to 15%
Cosmetaries*note	(5.8)	+6.9%
COSMEPORT	+3	Mid-single-digit increase
Other	(14)	+10 to 15%

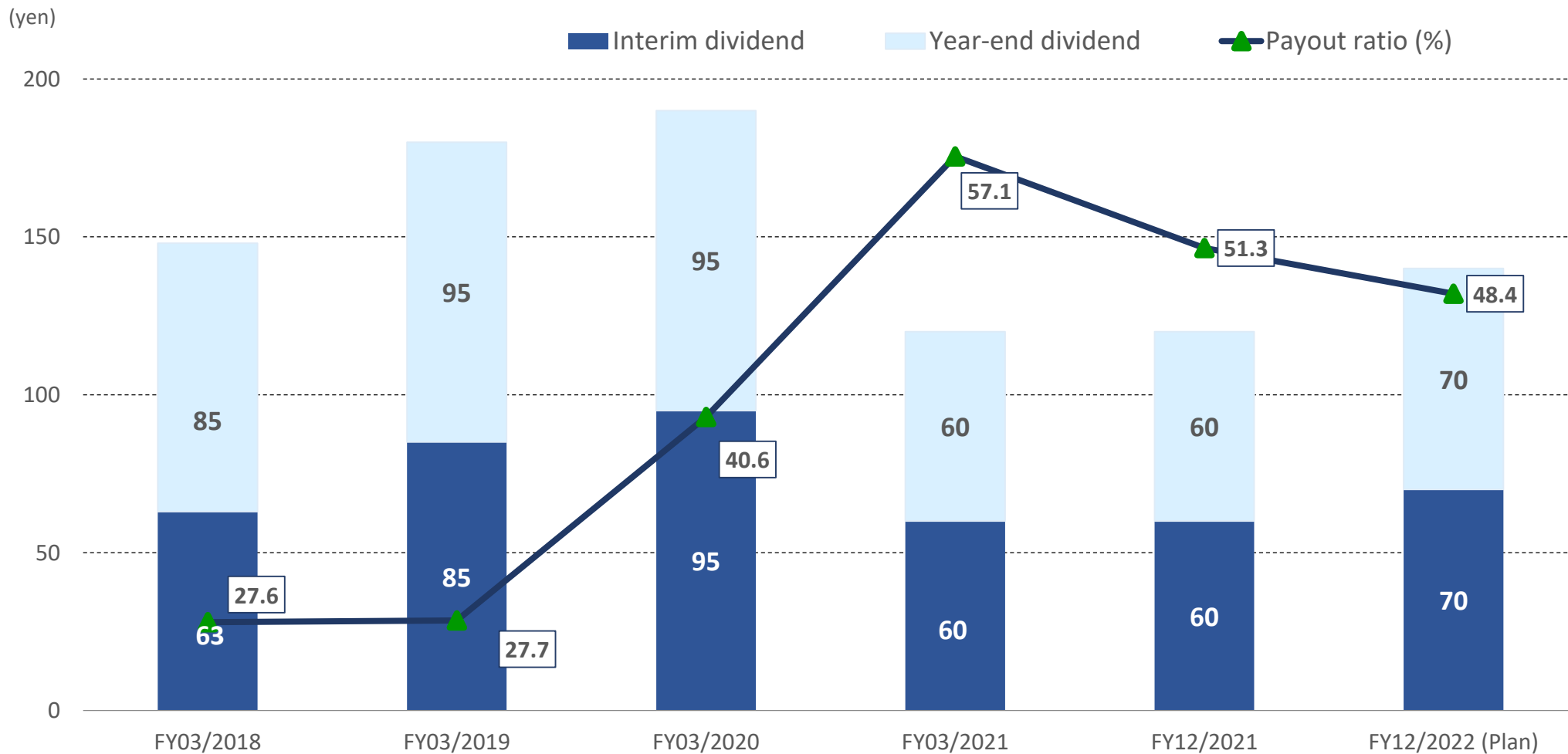
Note: Figures are after applying the Accounting Standard for Revenue Recognition

Plan for Operating Profit for Fiscal Year Ending December 31, 2022 (FY2022)



2021 year-end dividend: No change in initial plan (¥60 year-end, ¥120 for FY2021) even though net income was below the initial plan

2022 year-end dividend: The plan is net income of ¥16.5 billion and a ¥140 dividend (¥70 interim and ¥70 year-end) for FY2022



1. FY12/2021 Results of Operations

Shinichi Mochizuki, Senior Executive Officer & CFO

2. Toward Phase II of VISION2026

Kazutoshi Kobayashi, President & CEO

3. Supplementary Information

Mission

Statement of purpose: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.

Corporate Message:
Creating Beauty in a Sustainable World

Vision

VISION2026: Become a company with a global presence
= We aim to become “a company with ultimately high loyalty”

Sustainability Plan
Beauty Message
Adaptability ∞

NEW

Values

KOSÉ Beauty Partnership

Basic Strategy

Three Growth Strategies

Two Value Creation Vectors

Three Business Foundations

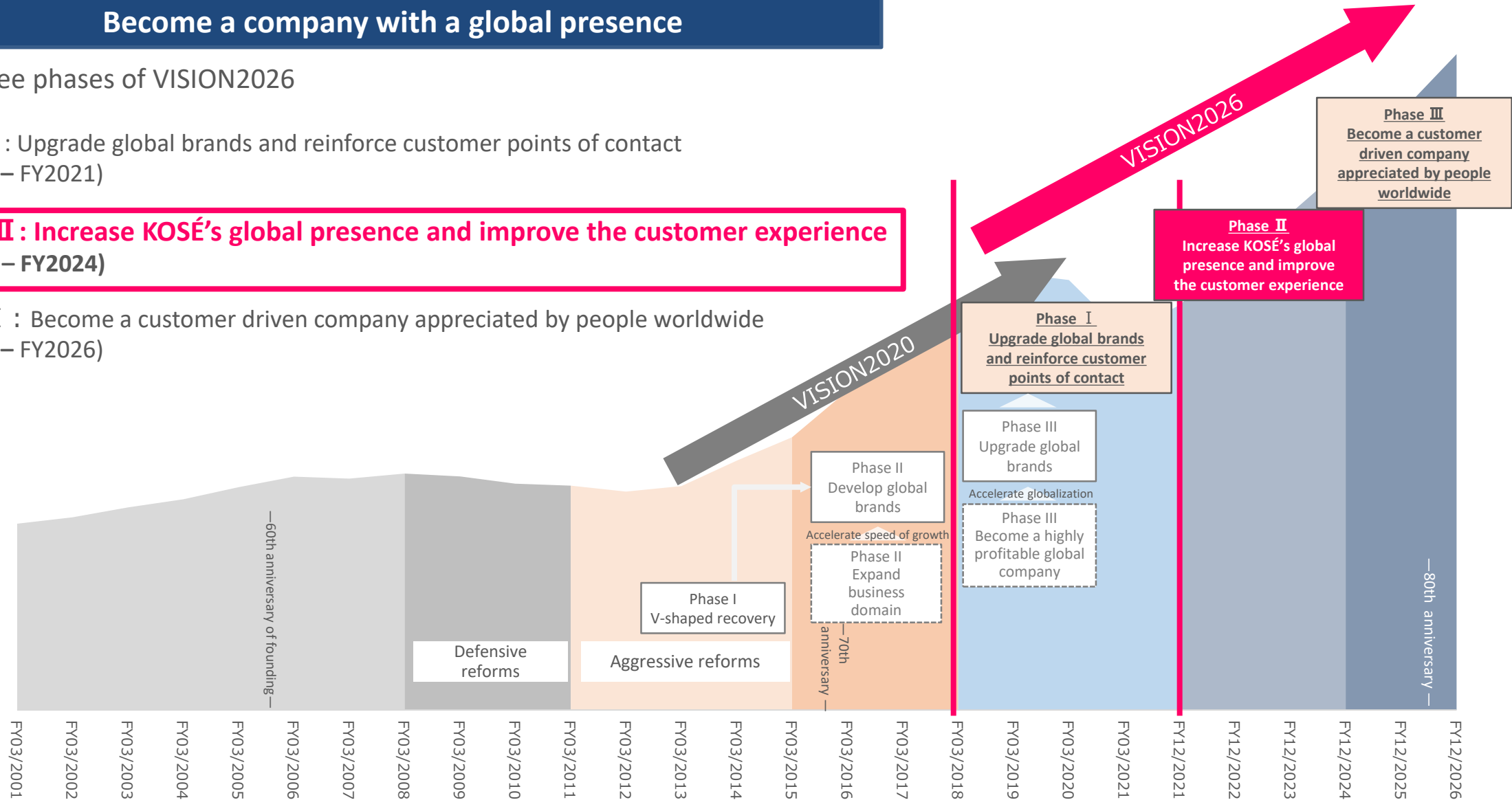
Become a company with a global presence

The three phases of VISION2026

Phase I : Upgrade global brands and reinforce customer points of contact (FY2018 – FY2021)

Phase II : Increase KOSÉ's global presence and improve the customer experience (FY2022 – FY2024)

Phase III : Become a customer driven company appreciated by people worldwide (FY2025 – FY2026)



We aim to become “a company with ultimately high loyalty”

- Portfolio full of attractive brands -

A company dedicated to being a “source of beauty for **everyone**”
Personalization

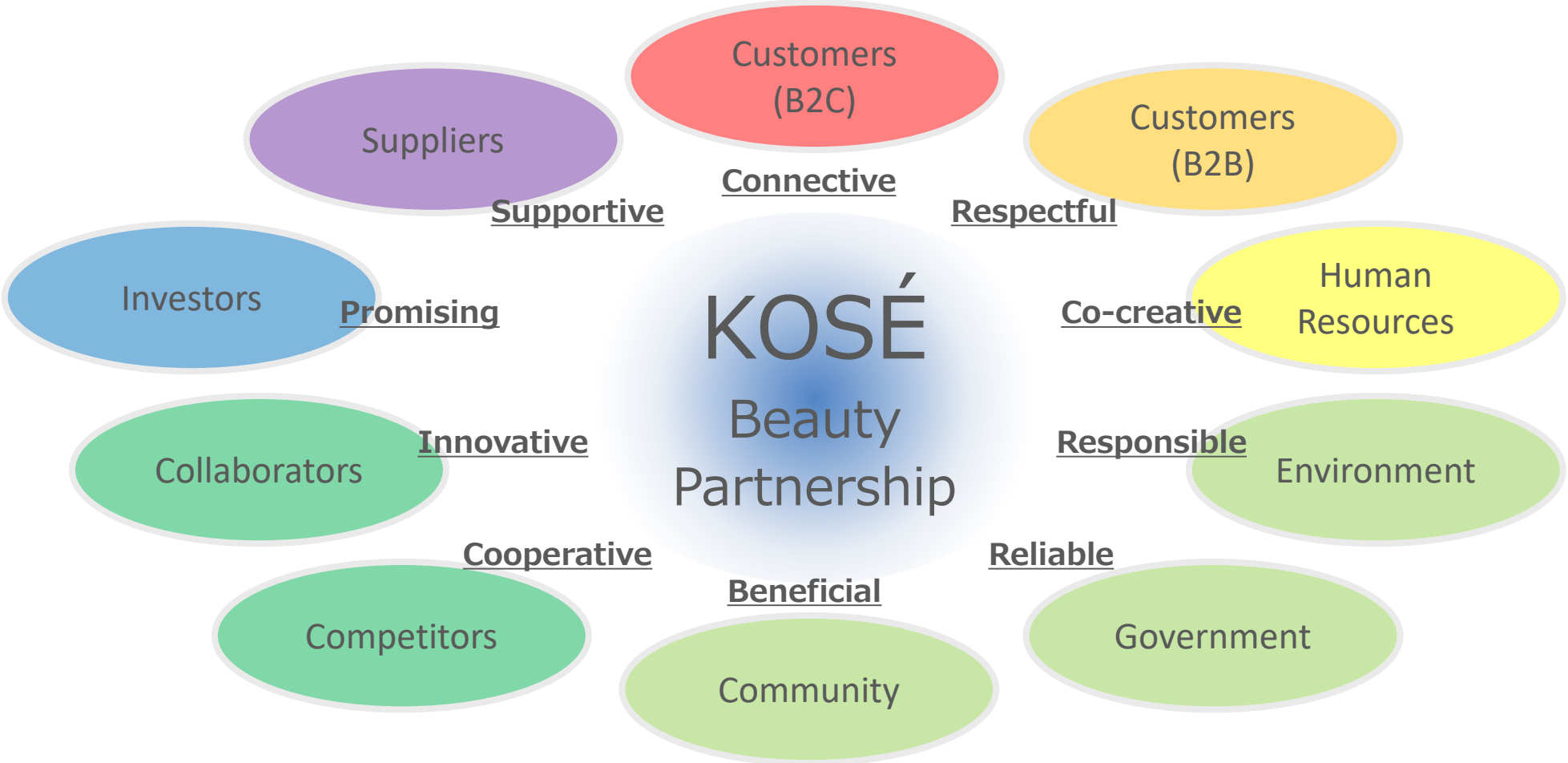
A company that uses foresight for the constant creation of “**innovative value**”
Originality

A company that creates a **diverse array of brands and human resources** that can succeed worldwide
Diversity & Inclusion

A company that **enhances and is enhanced** by stakeholders who all love and support KOSE
KOSÉ Beauty Partnership

We will conduct business activities with an awareness that we are “creating a cosmetics culture unique to Japan and spreading it across the world as Japan’s leading beauty partnership company.”

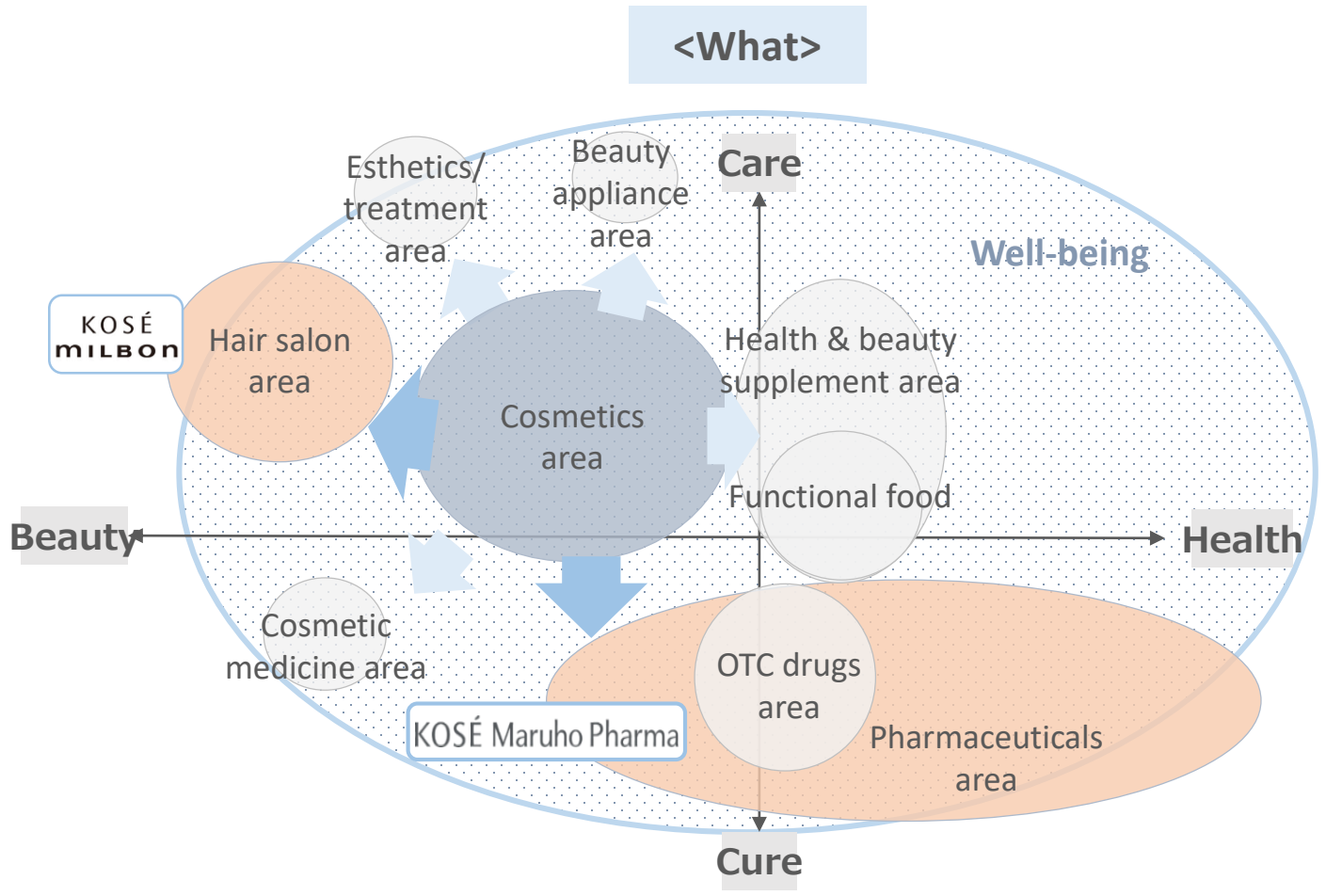
As a beauty partnership company, we will create a cosmetics culture unique to Japan and spread it across the world by establishing mutually enhancing relationships with all stakeholders through our unique wisdom for creating beauty.



To Whom: Expand targets by approaching customers not limited by gender or age

What: Provide value that includes the health and cure areas while remaining grounded in beauty

	<To whom> * Biological women	
	Women*	Other than women
Newborn	Expand	
Infant		
Toddler		
Child	Previous targets	Expand
Adolescent		
Prime age adult		
Middle aged		
Elder		
▼ Expand ▼	Expand	



Basic Strategy		FY12/2021 major initiatives
Three growth strategies	Accelerate globalization of brands	<ul style="list-style-type: none"> • Continue to expand the launch of DECORTÉ stores in the greater China market • Started the provision of DECORTÉ products at Aman Spa locations • More Tarte sales channels by expansion in Europe and China
	Proactively develop unique products	<ul style="list-style-type: none"> • Started a new skin care counseling service (skin diagnostic device) • Use of biomass PET
	Explore new growth domains	<ul style="list-style-type: none"> • Increased points of contact with customers in the inner beauty market (MAIHADA, SEKKISEI) • Used digital technologies to add new business domains
Two value creation vectors	Use digital technology for more and better personal customer experiences	<ul style="list-style-type: none"> • Started an online counseling service (Personal Beauty Concierge)
	Focus on unique forms of value by utilizing external resources and technologies	<ul style="list-style-type: none"> • Developed a digital counseling tool (the KOSÉ HADA mite service) • Joint development of a private brand product (RECIPEO)
Three business foundations	Build a sound foundation for the company growth	<ul style="list-style-type: none"> • Organizational changes for a stronger sales infrastructure in Japan (Consolidation/closing of sales offices) • Collaboration with cosmetics stores (KOSÉ cosmeteria) • Used cost-cutting to improve efficiency
	Promote diversity and inclusion management practices	<ul style="list-style-type: none"> • Recruited people covering a broad range of backgrounds • More ways to do jobs (second career program)
	Develop a sustainability strategy spanning the entire value chain	<ul style="list-style-type: none"> • Cooperation with KAO Corporation concerning sustainability involving the cosmetics business • Received RSPO (Roundtable on Sustainable Palm Oil) supply chain certification

*RSPO supply chain certification is received when the certification requirements have been fulfilled for every step and process for manufacturing products by using certified palm oil.

Key initiatives

- (1) Target China and travel retail for growth**
- (2) Increase brand value (focus on personal customer experiences and distinctive forms of value)**
- (3) Post-COVID Structural Reforms and New Growth Strategy**
- (4) Activities based on the sustainability strategy**

(1) Strategic investments in China/travel retail, the markets with the most growth potential, to achieve global and borderless growth

- ✓ Strategic investments to further increase activities for the growth of flagship global brands

(2) More customer experiences to successfully execute the growth strategy

- ✓ Use digital/real methods for more and better personal customer experiences
- ✓ New forms of customer interaction value involving online and many other types of counseling services
- ✓ More and better digital communications

(3) Enlarge targeted customer segments and review sales infrastructure in Japan to support growth strategies and the provision of value

- ✓ Activities for more new customers
- ✓ Start new initiatives in Japan
- ✓ Use a more powerful sales infrastructure in Japan to improve profitability in Japan

(4) Activities aimed at helping solve issues in order to help achieve a sustainable society

- ✓ Develop products that are environmentally responsible and incorporate features and properties for adaptability

(1) Target China and travel retail for growth

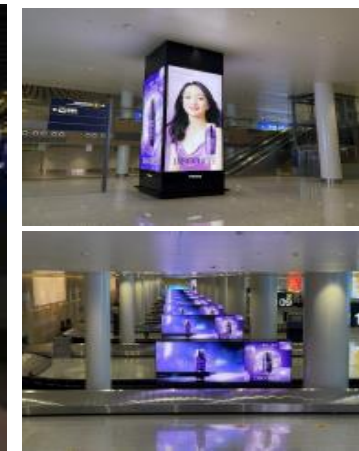
◆ Activities to raise awareness of KOSE Group brands, train beauty consultants and position DECORTÉ as a high-prestige brand in China



Participated in the Fourth China International Import Expo for the first time with ALBION



Launched a new LIPOSOME product in January 2022 and started promotions at Hainan Island



Raise awareness of KOSÉ Group brands in China



Live commerce using KOSÉ beauty consultants



◆ The newly formulated DECORTÉ LIPOSOME ADVANCED REPAIR SERUM is a big hit
A new line of skin care products to make the DECORTÉ brand even stronger



DECORTÉ
LIPOSOME
ADVANCED

新・リポソーム美容液

まさしく、生体サイエンスの結晶。
ひと粒ひと粒、限りなく肌に近い構造の
美肌カプセル「多重層バイオリポソーム」が、
成りかわるように肌に溶け込みます。

9月16日発売 新商品

商品名：コスメドコルテ リポソーム アドバンスド リペアセラム
30mL 8,250円(税込) 50mL 12,100円(税込)
75mL 16,500円(税込) 《付けかえ用》75mL 15,950円(税込)



The updated line of DECORTÉ LIPOSOME ADVANCED REPAIR SERUM, launched in September 2021, has won many awards and ranks first in sales volume among all DECORTÉ brand products.

Started selling HYDRA CLARITY in February 2022 to target new customer segments. This new line of skin care products contains an innovative complex of “skin beauty sugar.”

◆ New services that target the increasingly diverse range of beauty counseling needs



Skin measurement devices used at stores were updated to provide even more detailed counseling. Customers register their KOSÉ ID (a customer ID used to log in at all KOSÉ websites) to receive counseling at a store for the centralized storage of each customer's measurement history.



The DECORTÉ Personal Beauty Concierge online counseling service started in September 2021. This service is popular because of the convenience of the online format.

KOSÉ has developed the world's first online service that uses a numeric model to predict future wrinkles after a customer enters a facial photo and current age.

◆ Digital communication activities for the primary targeted customer segments

Visée

FASIO

FASIO, a line of makeup products women select on their own, was rebranded in May 2021. New products were launched on EC channels prior to sales at stores.

NiziU, a Japanese girl group, is the new brand muse for the Visée line of self-selection makeup products that women select on their own. On the Visée website, customers can input a color photo for a diagnosis that helps them select the most suitable products.

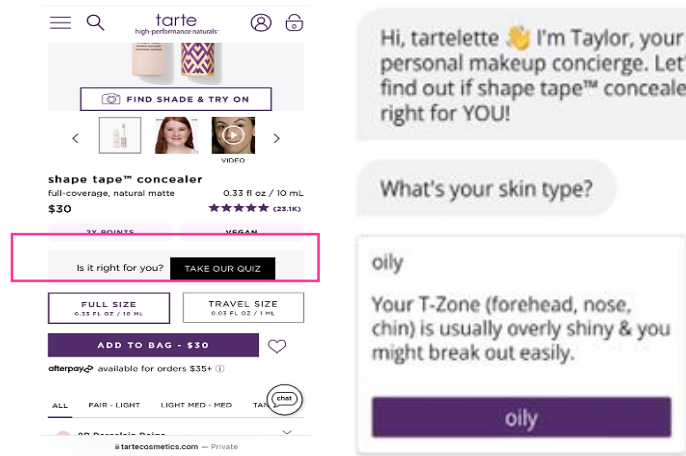
ADDICTION

A live SNS program with makeup recommendations using popular eyeshadow of the high-prestige makeup brand ADDICTION.

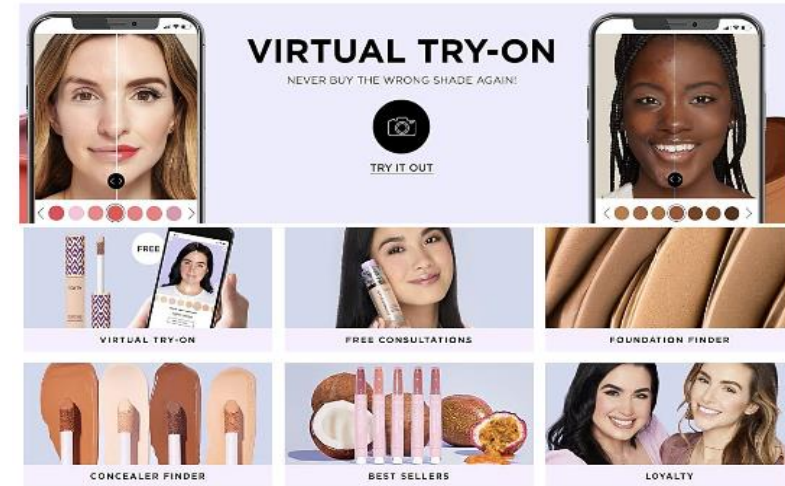
◆ Responded quickly to the changes caused by the pandemic by strengthening e-commerce operations



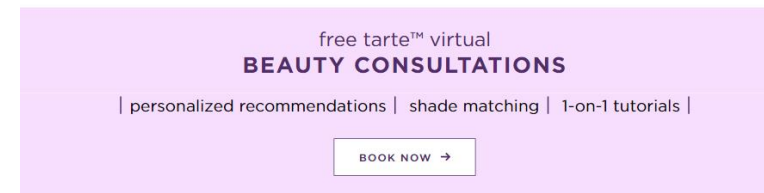
Started targeted videos on Internet TV as one way to attract new customers



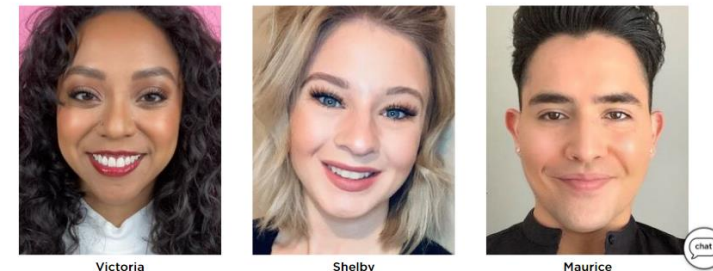
AI counseling using a chatbot



The virtual try-on service



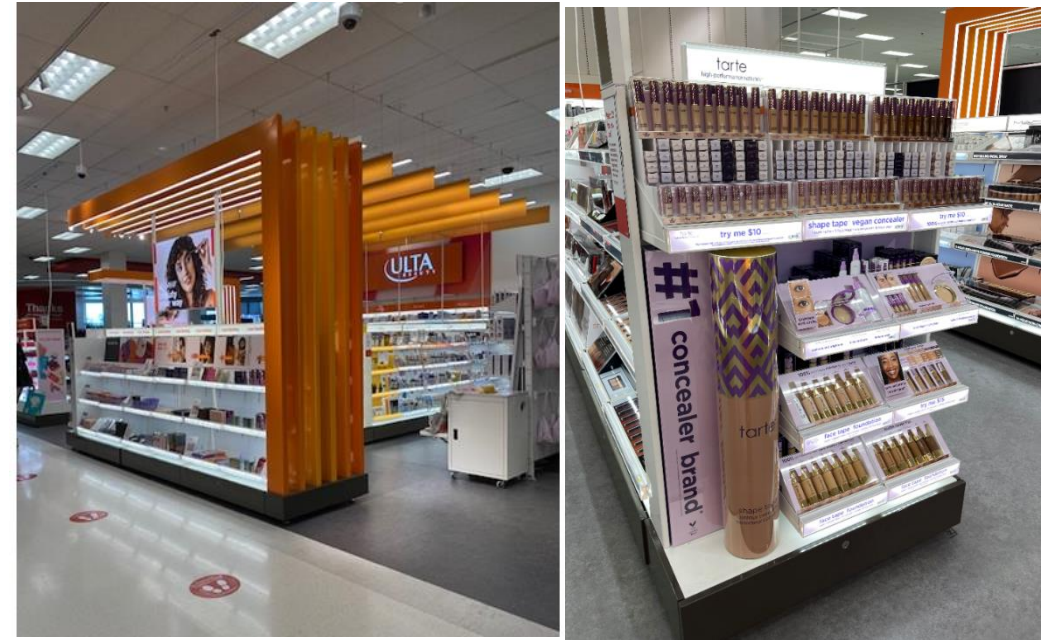
MEET OUR TALENTED TARTE™ ARTISTS!



Virtual counseling by Tarte artists

(2) Increase brand value: Sell products at more stores in North America

◆ Sell products at more Sephora at Kohl's and Ulta Beauty at Target locations during 2022



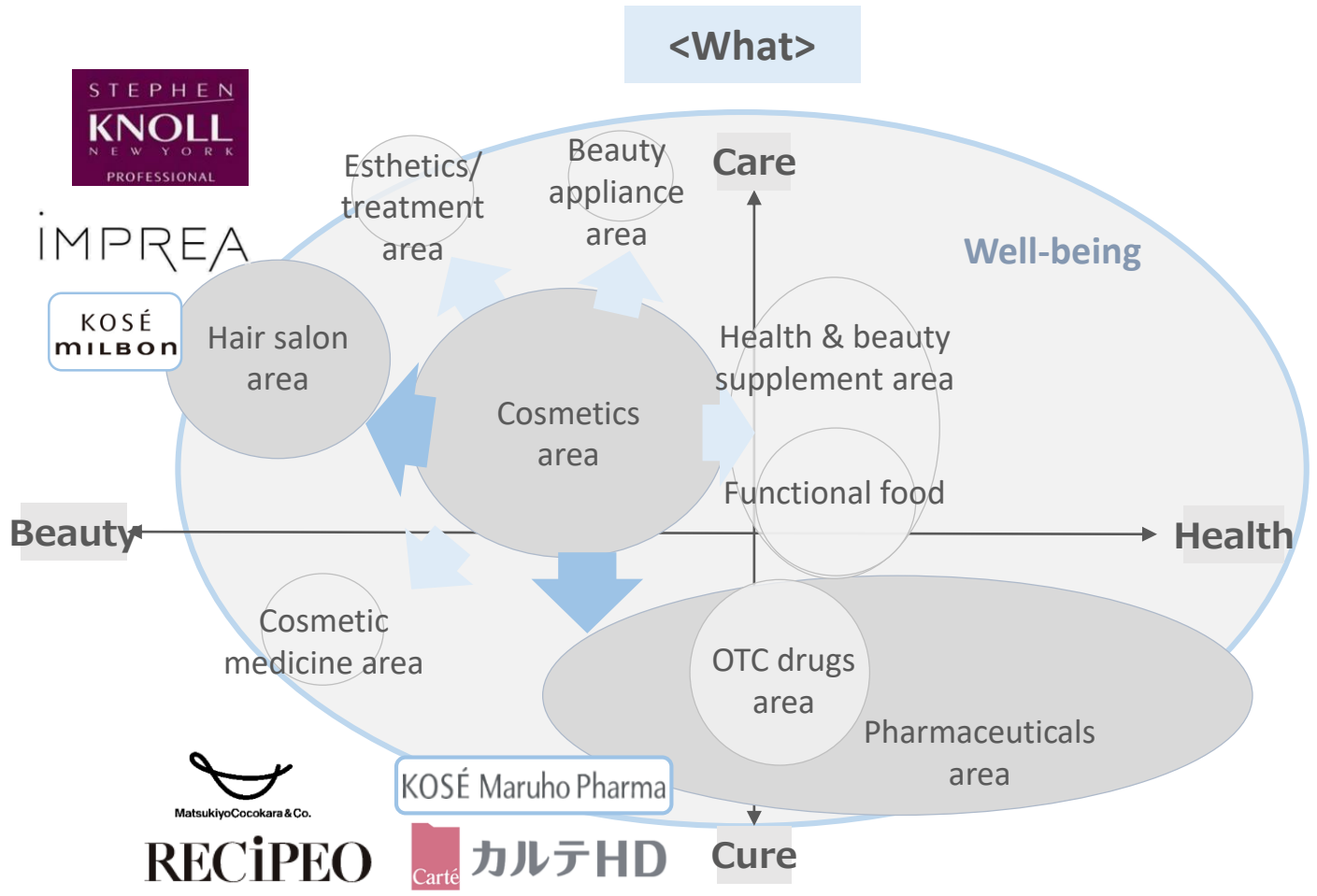
In August 2021, Tarte started selling products at Sephora at Kohl's and Ulta Beauty at Target locations. Tarte quickly became one of the best-selling brands in the makeup category.

About 300 to 400 Sephora at Kohl's and Ulta Beauty at Target stores are expected to open during 2022. Tarte expects growth of both its online and offline sales in 2022.

To Whom: Expand targets by approaching customers not limited by gender or age

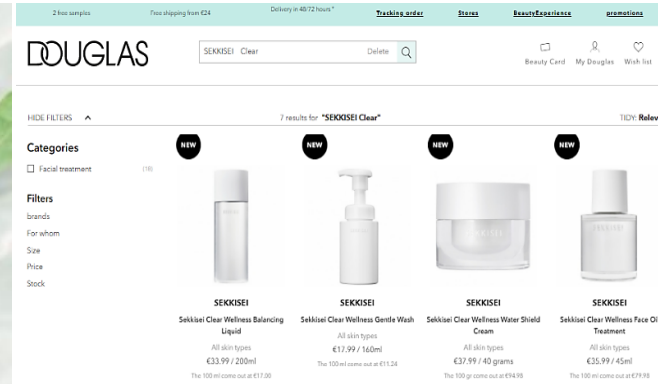
What: Provide value that includes the health and cure areas while remaining grounded in beauty

	<To whom> * Biological women	
	Women*	Other than women
Newborn	Sunshine Delight	
Infant	Expand	
Toddler	KidZania Tokyo	
Child	SEKKISEI 雪肌精	
Adolescent	Previous targets	
Prime age adult	Mo MAGNIFIQUE	Expand
Middle aged	Expand	
Elder	Expand	
▼ Expand ▼	Expand	



(3) Post-COVID Structural Reforms and New Growth Strategy: Seek ways to be a source of new experiences for customers (SEKKISEI)

◆ Establish SEKKISEI Clear Wellness Free Type as a brand for “clean beauty” Genderless marketing activities for all products of this brand



Actors and other celebrities as well as influencers, both men and women, are used to talk about the importance of skin care.



Updated SEKKISEI Clear Wellness Free Type as a product for sensitive skin in March 2022. Sales started in January 2022 at some Douglas drug stores in Spain.

More than 100 members of the media and key opinion leaders were invited to an event in China for the debut of SEKKISEI Clear Wellness V Serum.

◆ Plan to open a Beauty Studio (not final name) pavilion in the fall of 2022 at KidZania Tokyo*

A place to learn about values involving many types of beauty by experiencing work that enhances the beauty of individuals

Note: A family education center and amusement park

Help create a society where people respect diversity

Build beauty partnerships beginning with pre-school children

KidZania
Tokyo



© KidZania



◆ Use partnerships with other companies to develop products that target the symptoms and needs of each customer



Jointly developed with KOSÉ the RECIPEO, a private brand product that is the first product developed following the management integration that created MatsukiyoCocokara & Co.

KOSÉ Maruho
Pharma



Moisture Hand Cream, sold using the Carté HD brand, which has received more than 40 best cosmetics awards, is an enormous success with shipments of 350,000 units in the first month.

◆ **Adaptability measures for contact with a broader spectrum of customers**
- Increasing the number of DECORTÉ customers worldwide

Adaptability



Leave no one behind



Genderless



Compatible with many cultures



Use expressions that everyone feels comfortable



Ideal for any type of skin and hair



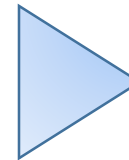
Consistent with all policies



Easy to use and easy to understand



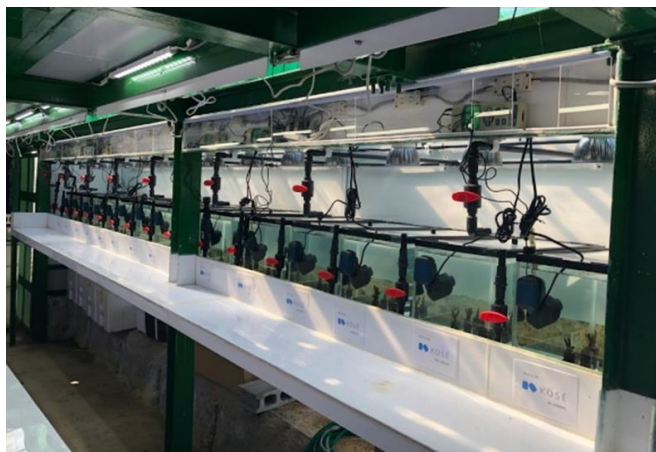
Span a broad range of generations



Released on April 16, 2022
DECORTÉ ZEN WEAR FLUID

Created by analyzing the skin color data of 700 individuals of various races in order to match the diverse skin characteristics (color, problems, appearance) of people worldwide. Created 40 colors for a lineup of products that can increase the beauty of any color of skin. (Started by selling 18 colors in Japan.)

◆ Confirmed that 7 UV ray protection substances are not harmful to coral
- Dedicated to creating cosmetics that are kind to people and the Earth

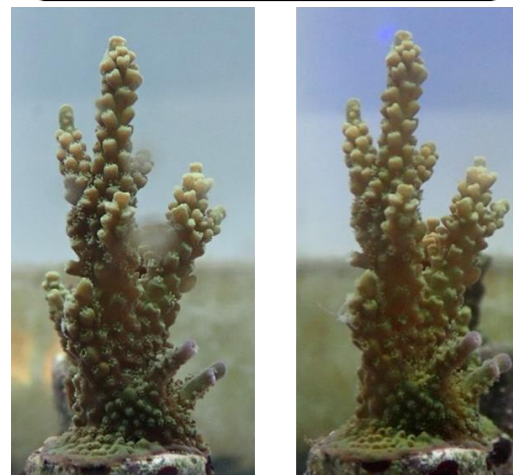


Creation of a stress-free environment for the growth of coral



Studies conducted with Koji Kinjo, an expert in raising coral in Okinawa, to determine the best environment (water temperature, pH, water flow, etc.) for the healthy growth of coral.

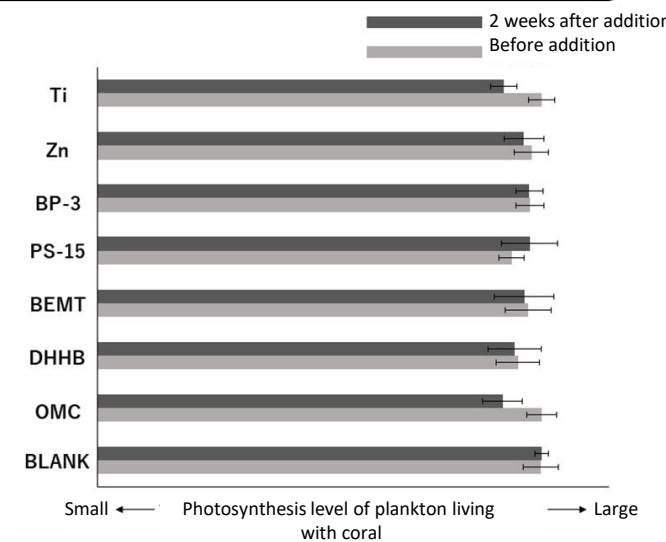
Assessment of appearance



Before addition of OMC

Two weeks after addition

Biochemical assessment



Effect of UV ray protection agents on coral appearance and photosynthesis

Appearance and the level of photosynthesis, an indicator of stress, were checked before and after this test to confirm that there was no negative effect on the growth of coral.

◆ A Joint Project with Kao Corporation
- Joint activities for contributions to achieving a sustainable society -

4R	Activities involving containers and packaging
Reduce	Smaller volume (lighter, thinner containers), switch to materials other than plastic (glass, metal, paper), and other activities
Reuse	Use of refillable and reusable containers and other activities
Recycle	Use of recyclable plastic , switch to container materials suitable for sorting for recycling, and other activities
Renewable	Biomass resins, materials derived from wood, biodegradable plastics and other materials



Joint activities for horizontal recycling of cosmetics bottles

Collaboration for the upcycling of makeup cosmetics

1. FY12/2021 Results of Operations

Shinichi Mochizuki, Senior Executive Officer & CFO

2. Toward Phase II of VISION2026

Kazutoshi Kobayashi, President & CEO

3. Supplementary Information

Cost of Sales and SG&A Expenses

FY12/2021

(billion yen)		Adjusted FY2020 (Apr. - Dec. 2020)		FY2021 (Apr. - Dec. 2021)		YoY change	
		Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio
Cost of sales		64.9	30.3%	68.0	30.3%	+3.0	+4.7%
SG&A expenses		133.2	62.0%	138.0	61.4%	+4.8	+3.6%
<Significant accounts>							
Selling expenses	Sales promotion	32.5	15.2%	33.6	15.0%	+1.1	+3.5%
	Advertising	15.0	7.0%	18.5	8.2%	+3.4	+23.2%
	Freightage and packing	11.9	5.6%	13.1	5.9%	+1.2	+10.0%
Subtotal		59.5	27.7%	65.4	29.1%	+5.8	+9.8%
General and administrative expenses	Personnel	45.7	21.3%	44.8	20.0%	(0.8)	(1.9)%
	Others	19.9	9.3%	19.5	8.7%	(0.3)	(1.7)%
	R&D	4.3	2.0%	4.3	1.9%	(0.0)	(0.5)%
	Depreciation	3.5	1.7%	3.7	1.7%	+0.2	+6.2%
Subtotal		73.6	34.3%	72.6	32.3%	(1.0)	(1.4)%

Sales Growth by Business Segment

Adjusted FY2020 (Apr. - Dec. 2020)					
YoY changes in sales, %	1Q	2Q	3Q	4Q	1Q-4Q
Consolidated sales*note	(26.5)	(21.1)	(5.6)	(4.4)	(14.7)
Cosmetics*note	(25.4)	(21.8)	(0.8)	(3.1)	(13.3)
High prestige	(22)	(19)	+1	+1	(10)
DECORTÉ	(10)	(5)	+21	+39	+10
ALBION	(34)	(24)	(7)	(6)	(19)
Tarte	(17)	(36)	(16)	(42)	(29)
Prestige	(38)	(34)	(8)	(21)	(26)
Cosmetaries*note	(29.7)	(17.9)	(22.3)	(6.7)	(18.7)
COSMEPORT	(32)	(19)	(22)	±0	(17)
Other	(26)	(17)	(23)	(19)	(21)

FY2021 (Apr. - Dec. 2021)			
1Q	2Q	3Q	1Q-3Q
+2.7	(1.7)	+10.6	+4.8
+5.1	+3.2	+10.9	+7.2
+11	+4	+12	+10
+20	+1	+7	+8
+16	(5)	+1	+3
(17)	+41	+43	+25
+6	(12)	(3)	(3)
(5.8)	(16.9)	+9.2	(5.8)
+4	(6)	+15	+3
(15)	(23)	(4)	(14)

Note: Figures are after applying the Accounting Standard for Revenue Recognition.

EC (billion yen)	Japan (Apr. - Dec.)			China (Jan. - Dec.)			Other Asian countries (Jan. - Dec.)			North America, others (Jan. - Dec.)			Total		YoY change
	2020	2021	YoY Change	2020	2021	YoY change	2020	2021	YoY change	2020	2021	YoY change	2020	2021	
Total	5.9	7.1	21.9%	17.8	19.7	+10.8%	0.2	0.3	+82.7%	10.8	9.0	(16.6)%	34.9	36.5	+4.6%
1Q	2.1	1.5	(26.6)%	2.9	3.1	+8.4%	0.1	0.1	+76.3%	1.4	1.8	+24.9%	6.5	6.6	+0.8%
2Q	1.8	2.8	+49.9%	4.3	5.6	+31.6%	0.1	0.1	+80.3%	3.5	2.0	(41.5)%	9.7	10.6	+9.3%
3Q	1.8	2.7	+49.0%	3.4	2.6	(21.9)%	0.1	0.1	+124.2%	2.6	1.9	(26.0)%	8.0	7.5	(5.8)%
4Q	-	-	-	7.1	8.1	+15.0%	0.1	0.1	+56.9%	3.1	3.1	+0.2%	10.3	11.4	+10.8%

TR (billion yen)	Japan (Apr. - Dec.)			China (Apr. - Dec.)			South Korea (Jan. - Dec.)			Other overseas countries (Apr. - Dec.)			Total		YoY change
	2020	2021	YoY Change	2020	2021	YoY Change	2020	2021	YoY Change	2020	2021	YoY Change	2020	2021	
Total	0.2	0.3	+30.9%	18.7	21.1	+13.1%	20.8	19.8	(4.7)%	1.8	1.0	(45.3)%	40.7	41.6	+2.2%
1Q	0.1	0.1	(13.5)%	4.2	8.2	+94.1%	6.4	4.4	(30.7)%	0.1	0.1	(36.6)%	11.0	12.9	+17.5%
2Q	0.1	0.1	+88.5%	6.7	4.4	(34.3)%	4.1	4.7	+12.8%	0.4	0.1	(83.7)%	11.3	9.3	(18.2)%
3Q	0.1	0.1	+68.7%	7.7	8.5	+9.8%	4.2	5.2	+23.4%	1.2	0.8	(32.9)%	13.3	14.7	+10.5%
4Q	-	-	-	-	-	-	5.8	5.3	(9.1)%	-	-	-	5.8	5.3	(9.1)%

Offline (billion yen)	China (Jan. - Dec.)		
	2020	2021	YoY Change
Total	8.4	9.7	+15.3%
1Q	0.9	1.7	+77.3%
1Q	2.3	2.6	+11.7%
3Q	1.9	2.2	+12.9%
4Q	3.1	3.1	(0.2)%

【EC】

Japan 3Q (Oct. - Dec.)

China 3Q (Jul. - Sep.)

China 4Q (Oct. - Dec.)

Other Asian countries 3Q (Jul. - Sep.)

Other Asian countries 4Q (Oct. - Dec.)

North America, others 3Q (Jul. - Sep.)

North America, others 4Q (Oct. - Dec.)

【TR】

Japan 3Q (Oct. - Dec.)

China 3Q (Oct. - Dec.)

South Korea 3Q (Jul. - Sep.)

South Korea 4Q (Oct. - Dec.)

Other overseas countries 3Q (Oct. - Dec.)

DECORTÉ



February 2022
 DECORTÉ
 Launch of HYDRA CLARITY, a new
 lineup of skin care

ALBION



February 2022
 ALBION
 Launch of
 SUCRE WHITE POWDERLESST
 (foundation)

SEKKISEI

雪肌精



March 2022
 Launch of a new sensitive skin
 version of SEKKISEI Clear Wellness
 Free Type

KOSÉ COSMEPORT



February 2022
 SUNCUT®
 Launch of ALL IN ONE UV
 MOUSSE, a foam sunscreen
 product

DECORTÉ Skin Care Product Line Up



AQ MELIORITY

Skin care Base makeup



AQ

Skin care Base makeup Point makeup
Hair care



LIFT DIMENSION

Skin care



Phytotune

Skin care



LIPOSOME

Skin care



WHITELOGIST

Skin care



iP.Shot

Skin care



VITA DE REVE

Skin care



PRIME LATTE

Skin care



SUN SHELTER

Skin care Base makeup



Skin Conditioner Essential



Flora Drip



Eclafutur d



INFINESSE WHITE



EXCIA EMBEAGE



EX-VIE GINZA SPECIA

HIGH-PRESTIGE Brands

The Highest Levels of Quality and Service

A group of top-quality brands developed by integrating all of KOSÉ's cutting-edge technologies. They are sold at specialty cosmetics stores, department stores and other retail outlets that distribute exclusive brands. KOSÉ's specially trained Beauty Consultants offer meticulous counseling to help customers select the products that suit them best.

High Added Value
Cosmetics Business

Individual Brands

DECORTÉ AQ	DECORTÉ	ALBION IGNIS
JILLSTUART	ADDICTION	IN FIORE
Prédia	Paul Stuart	PAUL & JOE
INFINITY KOSÉ	Awake	ANNA SUI
雪肌精 SEKKISEI MIYABI	IMPREA	tarte high-performance naturals

PRESTIGE Brands

High-Value-Added Cosmetics for Everyone

High-value-added brands, each with its own distinctive characteristics. They are sold through a wide range of channels, including specialty cosmetics stores, mass retailers, drugstores and online.

ONE BY KOSÉ	SEKKISEI 雪肌精	ASTALUXE	X-Barrier
LECHÉRI	米肌 MAIHADA	ACNEO	
ESPRIQUE		カルテHD KARTEHD	

COSMETARIES Brands

For Daily Life One Step Above

A group of self-selection brands, including cosmetics and toiletries such as shampoo, that are developed using the same approach as the one used to develop cosmetics. We call this category of products "cosmetaries."** We offer high-quality products at reasonable prices through mass retailers, drugstores, convenience stores and other retail outlets.

Basic Value
Cosmetics Business

Visée	FASIO	STEPHEN KNOLL NEW YORK
MAKE KEEP MIST	NAIL HOLIC	
softymo	Je l'aime	BIOLISS
		Mo
		GRACE ONE

KOSÉ Brands

* Cosmetaries: A coined term combining "cosmetics" and "toiletries"

INFINITY KOSÉ	DECORTÉ	Prédia	tarte high-performance naturals	ADDICTION
INFINITY KOSÉ				

ONE BY KOSÉ	SEKKISEI 雪肌精	ESPRIQUE	LECHÉRI	カルテHD KARTEHD
ONE BY KOSÉ				

Visée	FASIO	Je l'aime	CLEAR TURN クリアターン	STEPHEN KNOLL NEW YORK
Visée				

SEKKISEI
雪肌精



DECORTÉ



tarte
high-performance naturals™



Added March 2021

ADDICTION



Added June 2021

FY2026 Performance Targets	
<p>Net Sales</p> <p>¥500 billion</p> <hr style="border-top: 1px dashed #ccc;"/> <p>Operating Margin</p> <p>16% or more</p> <hr style="border-top: 1px dashed #ccc;"/> <p>ROA</p> <p>18% or more</p>	<p>Overseas Sales Ratio</p> <p>–Initiatives to heighten KOSÉ’s global presence–</p> <p>50% or more</p> <hr style="border-top: 1px dashed #ccc;"/> <p>E-commerce/TR Sales Ratio</p> <p>–Initiatives to target the increasingly diverse preferences of consumers–</p> <p>25% or more</p> <p>(E-commerce: 7% or more; TR: 18% or more)</p>
<p>ROE</p> <p>15% or more</p>	

Global Benchmarks

< Euromonitor Premium Beauty and Personal Care Ranking >

Moving up to the top 8 in the world ranking

These materials include estimates on the basis of the outlook on the future and plans as of February 14, 2022, but are not promises by KOSÉ Corporation regarding future performance. Actual results may differ from these forecasts due to risks associated with economic trends and other items as well as to other uncertainties. KOSÉ Corporation accepts no responsibility whatsoever with regard to any possible mistakes, missing information and other errors in the data and text in these materials.

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