

KOSÉ Corporation

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Absorption-type Split Agreement and Revisions of Articles of Incorporation (Trade Name and Business Activities) for the Transition to a Pure Holding Company Structure

KOSÉ Corporation plans to transition to a pure holding company structure on January 1, 2026, through an absorption-type split, as was announced on January 8, 2025, in a release titled “Transition to a Pure Holding Company Structure Through a Split and Establishment of a Preparatory Company.”

On February 26, 2025, the KOSÉ Board of Directors approved a resolution to transfer all of the company’s business operations to its wholly owned subsidiary KOSÉ Split Preparation Corporation, through a corporate split effective January 1, 2026 (planned). However, these operations will not include activities involving the control and administration of the business activities of companies in which KOSÉ holds stock, nor activities involving the operation of the KOSÉ Group. To make these changes, an absorption-type split agreement has been signed by KOSÉ and KOSÉ Split Preparation Corporation.

For the transition to a pure holding company structure, the Board of Directors also approved resolutions for revisions to the Articles of Incorporation for a change in the company’s name to KOSÉ Holdings Corporation on January 1, 2026, and in the company’s purpose to the pure holding company business.

The planned absorption-type split and revisions of the Articles of Incorporation are subject to the approval of shareholders at the shareholders meeting to be held on March 28, 2025 and, if required, regulatory approvals.

Some disclosure items and other information have been omitted from this announcement because this absorption-type split involves the divestiture of business operations to a wholly owned subsidiary.

I. Transition to a pure holding company structure through a split

1. Purpose of the transition to a pure holding company

KOSÉ provides various types of value to customers worldwide as a beauty creation company with operations based on the mission of “Creating Beauty in a Sustainable World.”

Significant changes are taking place in the business climate for these activities. Achieving the goals of more growth in Japan and a major expansion of operations outside Japan will require going beyond business models used by KOSÉ in the past to become a source of a diverse array of products and services.

To continue growing as these medium to long-term changes take place in its markets, the KOSÉ Group must reexamine the organizational structure used for business operations. As a result, the decision has been made for transition to a pure holding company structure for accomplishing the following two goals.

(1) Make the KOSÉ Group more competitive and increase corporate value

A pure holding company structure is expected to enable group companies to benefit from more synergies. Other anticipated benefits are better linkage and oversight of the functions of group companies, the more strategic allocation of KOSÉ Group resources among these companies, and the ability to take actions with even greater speed and flexibility. Overall, these benefits are expected to make the entire group more competitive and contribute to the growth of corporate value.

(2) Stronger governance of the KOSÉ Group

Operations on a global scale using many business models will require the ability to make decisions quickly and allocate resources efficiently. The pure holding company structure is expected to facilitate the even stronger governance needed for the optimization of operations of group companies.

2. Major steps for the absorption-type split

(1) Schedule

Establishment of KOSÉ Split Preparation Corporation:	January 23, 2025
Board of Directors approval of absorption-type split agreement:	February 26, 2025
Conclusion of absorption-type split agreement:	February 26, 2025
General Meeting of Shareholders to approve the absorption-type split agreement:	March 28, 2025 (planned)
Effective date of the absorption-type split:	January 1, 2026 (planned)

(2) Method used for the absorption-type split

Business operations divested by KOSÉ will be absorbed by KOSÉ Split Preparation Corporation, which is a wholly owned subsidiary of KOSÉ.

(3) Payment for the absorption-type split

KOSÉ holds all of the stock of KOSÉ Split Preparation Corporation. As a result, there is no plan for a monetary payment or other compensation by KOSÉ Split Preparation Corporation to KOSÉ concerning the rights and obligations to be transferred.

(4) Treatment of share acquisition rights and bonds with share acquisition rights in association with the absorption-type split

KOSÉ has no share acquisition rights or bonds with share acquisition rights.

(5) Change of capital in association with the absorption-type split

There is no change in capital due to this absorption-type split.

(6) Rights and obligations assumed by KOSÉ Split Preparation Corporation

In accordance with the absorption-type split agreement, KOSÉ Split Preparation Corporation will receive from KOSÉ on the date of this split all assets, liabilities, employment contracts, and other rights and obligations concerning the business activities covered by this agreement. However, this excludes items designated otherwise in the absorption-type split agreement. In accordance with the method used for the transfer of debt from KOSÉ to KOSÉ Split Preparation Corporation, these companies will be jointly responsible for the repayment of this debt.

(7) Prospects for fulfilling debt obligations

KOSÉ has performed an assessment of the expected assets, liabilities and earnings of KOSÉ and KOSÉ Split Preparation Corporation following this absorption-type split. This assessment resulted in the conclusions that, following this split, the assets of both companies will continue to be higher than liabilities and no events involving business operations are currently expected that could have a significant negative impact on the ability to fulfill obligations regarding the debt of the two companies.

3. Profiles of KOSÉ and KOSÉ Split Preparation Corporation

	KOSÉ Corporation (As of December 31, 2024)	KOSÉ Split Preparation Corporation (As of establishment on January 23, 2025)
(1) Name	KOSÉ Corporation	KOSÉ Split Preparation Corporation
(2) Head office location	3-6-2 Nihonbashi, Chuo-ku, Tokyo	3-6-2 Nihonbashi, Chuo-ku, Tokyo
(3) Representative	Kazutoshi Kobayashi, Representative Director, President & CEO	Kazutoshi Kobayashi, Representative Director, President & CEO
(4) Business activity	Manufacturing and sales of cosmetics and other beauty products	Manufacturing and sales of cosmetics and other beauty products (No business activities prior to this absorption-type split)
(5) Capital	4,848 million yen	100 million yen
(6) Establishment	June 11, 1948	January 23, 2025
(7) Number of shares outstanding	60,592,541 shares	2,000 shares
(8) Fiscal year-end	December 31	December 31
(9) Major shareholder and shareholding ratio	KOSÉ Management Association: 9.95% Wood Association: 9.80% MYM Laboratories Association: 9.62% The Master Trust Bank of Japan, Ltd. (Trust Account): 9.39% JP Morgan Chase Bank 385632: 3.95% Kazuo Kobayashi: 3.38% Custody Bank of Japan, Ltd. (Trust Account): 2.42% KOSÉ Cosmetology Research Foundation: 2.24% State Street Bank and Trust Company 505103: 1.99% State Street Bank and Trust Company 505223: 1.60%	KOSÉ Corporation: 100%
(10) Financial position and results of operations for the latest fiscal year (Japanese GAAP)		
	Fiscal year ended December 31, 2024 (Consolidated)	As of January 23, 2025 (Non-consolidated)
Net assets	290,630 million yen	100 million yen
Total assets	383,121 million yen	100 million yen
Net assets per share	4,771.69 yen	50,000 yen
Net sales	322,758 million yen	-
Operating profit	17,364 million yen	-
Ordinary profit	21,646 million yen	-
Profit attributable to owners of parent	7,510 million yen	-
Net income per share	131.62 yen	-

Notes: 1. KOSÉ plans to change its name to KOSÉ Holdings Corporation on January 1, 2026.

2. KOSÉ Split Preparation Corporation plans to change its name to KOSÉ Corporation on January 1, 2026.
3. Only balance sheet figures as of the date of establishment are shown for KOSÉ Split Preparation Corporation because there is no prior fiscal year for this company.

4. Summary of divested businesses

(1) Activities of businesses to be divested

Manufacturing and sales of cosmetics and other beauty products

(2) Sales of divested businesses (Fiscal year ended December 31, 2024) (Japanese GAAP)

	Businesses to be divested	KOSÉ (Non-consolidated)
Net sales	113,251 million yen	113,735 million yen

(3) Assets and liabilities to be divested (Fiscal year ended December 31, 2024) (Japanese GAAP)

Assets		Liabilities	
Items	Amount (Million yen)	Items	Amount (Million yen)
Current assets	68,296	Current liabilities	33,936
Non-current assets	4,748	Non-current liabilities	0
Total	73,043	Total	33,936

Note: This information about assets and liabilities is based on the balance sheet as of December 31, 2024 and calculations as of this date. The actual amounts of assets and liabilities transferred to KOSÉ Split Preparation Corporation will be different because of changes that occur between now and the date of the absorption-type split. On December 31, 2025, assets are expected to be more than liabilities.

5. Profiles of KOSÉ and KOSÉ Split Preparation Corporation after the split

(As of January 1, 2026 (planned))

	Former KOSÉ	Former KOSÉ Split Preparation Corporation
(1) Name	KOSÉ Holdings Corporation *Name to be changed from KOSÉ Corporation to KOSÉ Holdings Corporation on January 1, 2026	KOSÉ Corporation *Name to be changed from KOSÉ Split Preparation Corporation to KOSÉ Corporation on January 1, 2026
(2) Head office location	3-6-2 Nihonbashi, Chuo-ku, Tokyo	3-6-2 Nihonbashi, Chuo-ku, Tokyo
(3) Representative	Kazutoshi Kobayashi, Representative Director, President & CEO	To be determined
(4) Business activity	Oversight of management of the KOSÉ Group and other activities	Manufacturing and sales of cosmetics and other beauty products
(5) Capital	4,848 million yen	100 million yen
(6) Fiscal year-end	December 31	December 31

6. Outlook

This absorption-type split is expected to have only a negligible effect on consolidated results of operations because the company receiving businesses due to this split is a wholly owned subsidiary of KOSÉ.

II. Revisions of Articles of Incorporation

1. Purpose of the revisions

The Articles of Incorporation are to be revised on January 1, 2026 to change the trade name and business activities due to the transition to a pure holding company structure.

2. Revisions

(Revised sections are underlined.)

Current	Proposed changes
(Trade Name) Article 1 The name of the Company shall be <u>Kabushiki Gaisha KOSÉ</u> , expressed in English as <u>KOSÉ Corporation</u> .	(Trade Name) Article 1 The name of the Company shall be <u>Kabushiki Gaisha KOSÉ Holdings</u> , expressed in English as <u>KOSÉ Holdings Corporation</u> .
(Purpose) Article 2 The purpose of the Company is to perform businesses described in the following items.	(Purpose) Article 2 The purpose of the Company is to perform businesses described in the following items <u>and to control and oversee the business activities of companies that perform the following businesses by holding the stock of these companies.</u>
(1) to (25) (Omitted)	(1) to (25) (Unchanged)
(Addition)	<u>Supplementary Provisions</u> <u>(Date the revisions to the Articles of Incorporation become effective)</u> <u>Article 1 The revisions to Article 1 (Trade Name) and Article 2 (Purpose) will become effective on January 1, 2026 if the absorption-type split is approved with no changes at the shareholders meeting to be held on March 28, 2025 and if this split becomes effective.</u> <u>2 This article will be deleted after the effective date in the preceding paragraph.</u>

3. Schedule

Shareholders meeting to approve revisions to the Articles of Incorporation: March 28, 2025 (planned)

Effective date: January 1, 2026 (planned)