
Results of Operations

Fiscal Year Ended December 31 , 2024



KOSÉ Corporation

February 12, 2025

1) FY12/2024 Results of Operations

Keita Matsunami, Executive Officer & CFO

2) Progress Report of Milestone2030 in 2024 and Upcoming Initiatives

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

¥322.7 billion: up ¥22.3 billion (+7.4%) YoY (up 5.0% excluding forex); up ¥2.7 billion (+0.9%) vs. plan

 - YoY change: Sales up as a result of strong sales in Japan and at Tarte, offsetting lower sales in mainland China and the China travel retail sector
 - Vs. plan: Mainland China and travel retail were below the plan but total sales were as planned because of above-plan sales in Japan.
- ✓ Operating profit

¥17.3 billion: up ¥1.3 billion (+8.6%) YoY; down ¥0.6 billion (-3.5%) vs. plan

 - YoY change: Increased because higher sales and the control of selling expenses more than offset the increase in the cost of sales ratio.
 - Vs. plan: Slightly below the plan because lower Tarte earnings offset higher than planned earnings at KOSÉ Sales Co., ALBION and KOSÉ Cosmeport in Japan.

Area		2024 annual results (vs. revised plan)
Japan	Sales at KOSÉ Sales Co., ALBION and KOSÉ Cosmeport were above the plan that was revised upward on Nov. 11. Operating profit at these three companies was above the plan mainly due to the control of selling expenses.	
China (excluding TR)	Although the outlook was revised to well below the initial plan, sales and earnings were only slightly below the revised plan.	
China/South Korea TR	The outlook was revised to well below the initial plan and sales and earnings were below the revised plan.	
North America, others (Tarte)	Tarte sales rose to a record high and achieved the revised plan. Operating profit fell short of the plan because of one-time expenses for compliance with restrictions on certain ingredients used in cosmetics.	

*The plan on this page is the revised plan announced on November 11, 2024.

Consolidated Income Statement Highlights

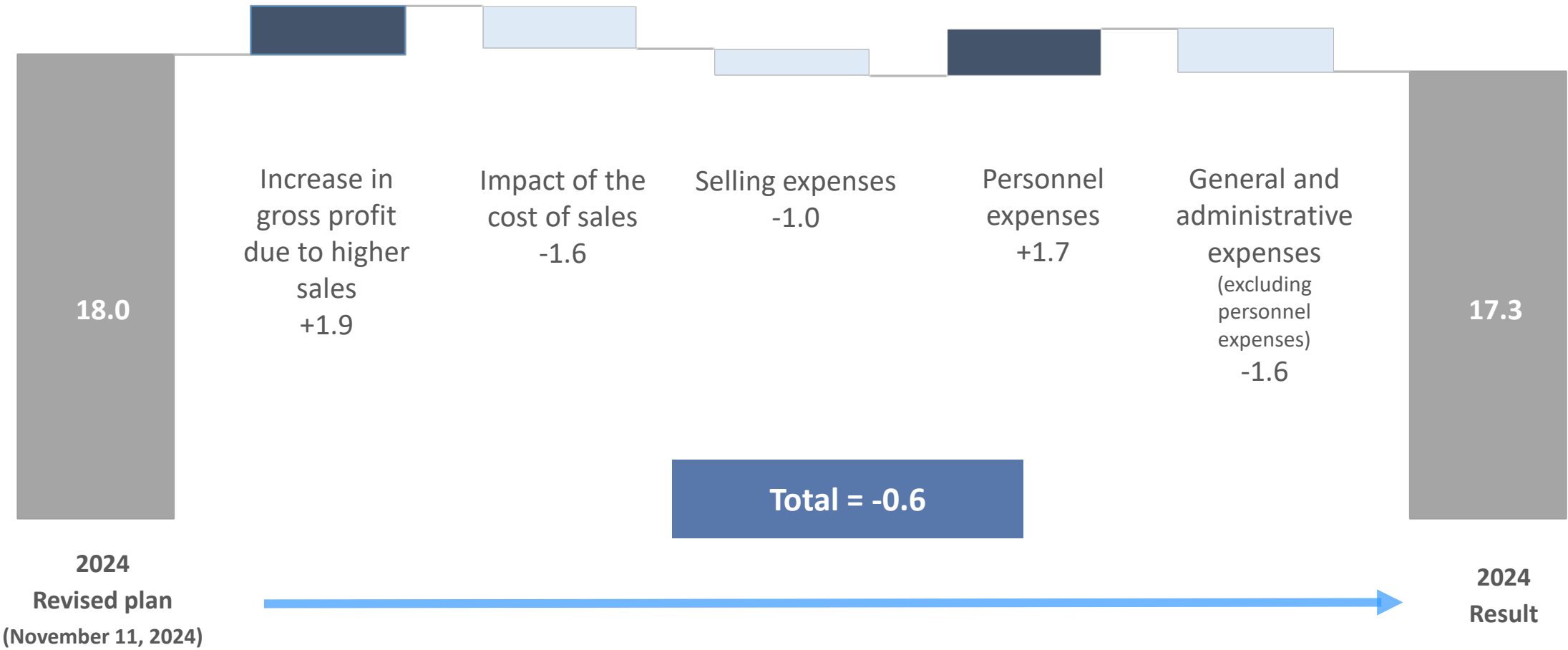
- YoY change: Operating and ordinary profit increased but profit attributable to owners of parent was down because of an extraordinary loss for China structural reforms in the 3Q.
- Vs. plan: Operating profit was somewhat below the plan and ordinary profit exceeded the plan because of a higher foreign exchange gain. Profit attributable to owners of parent was slightly below the plan.

(billion yen)	2023		2024		Change (amount)	Change (ratio)	2024 revised plan (announced on Nov. 11, 2024)		Change (amount)	Change (ratio)
	Amount	Ratio to net sales	Amount	Ratio to net sales			Amount	Ratio to net sales		
Net sales	300.4	100.0%	322.7	100.0%	+22.3	+7.4%	320.0	100.0%	+2.7	+0.9%
Cost of sales	89.2	29.7%	100.1	31.0%	+10.9	+12.3%	97.6	30.5%	+2.5	+2.6%
Gross profit	211.1	70.3%	222.5	69.0%	+11.3	+5.4%	222.3	69.5%	+0.2	+0.1%
SG&A expenses	195.2	65.0%	205.2	63.6%	+9.9	+5.1%	204.3	63.9%	+0.8	+0.4%
Operating profit	15.9	5.3%	17.3	5.4%	+1.3	+8.6%	18.0	5.6%	-0.6	-3.5%
Ordinary profit	20.2	6.7%	21.6	6.7%	+1.3	+6.9%	21.1	6.6%	+0.5	+2.6%
Profit before income taxes	19.5	6.5%	18.6	5.8%	-0.8	-4.4%	17.8	5.6%	+0.8	+4.8%
Profit attributable to owners of parent	11.6	3.9%	7.5	2.3%	-4.1	-35.6%	8.0	2.5%	-0.4	-6.1%
Net income per share	204.43 yen		131.62 yen		-72.81 yen		140.19 yen		+8.57 yen	
ROA	4.7%		4.9%							
ROE	4.4%		2.8%							
Capital expenditures	5.8		21.4							
Depreciation	9.5		9.7							

* Segment and major group company sales comparisons with 2024 plan are on page 41 of the Supplementary Information.

➤ Operating profit was slightly below the plan as the higher gross profit due to sales growth was offset by a higher cost of sales ratio and an increase in all categories of SG&A expenses except personnel.

(billion yen)



Cost of Sales and SG&A Expenses

- The cost of sales ratio increased mainly because of a change in the product mix and higher product disposal expenses.
- Selling expenses increased, chiefly in Japan and at Tarte, but were lower as a pct. of sales because of overall sales growth and cost controls in China.
- General and administrative expenses increased mainly because of higher personnel expenses at Tarte.

1Q-4Q									
				2023		2024		Change (billion yen)	Change (ratio)
				Amount (billion yen)	Ratio to net sales	Amount (billion yen)	Ratio to net sales		
Cost of sales				89.2	29.7%	100.1	31.0%	+10.9	+12.3%
SG&A expenses				195.2	65.0%	205.2	63.6%	+9.9	+5.1%
	Selling expenses		Sales promotion	46.7	15.5%	49.1	15.2%	+2.4	+5.1%
			Advertising	27.3	9.1%	27.7	8.6%	+0.4	+1.7%
			Marketing cost	74.0	24.6%	76.8	23.8%	+2.8	+3.9%
			Freightage and packing	18.8	6.3%	19.3	6.0%	+0.4	+2.6%
		Subtotal		92.8	30.9%	96.2	29.8%	+3.3	+3.6%
	General and administrative expenses		Personnel	60.1	20.0%	62.5	19.4%	+2.3	+4.0%
			R&D	6.4	2.2%	6.3	2.0%	-0.0	-1.2%
			Depreciation	5.0	1.7%	5.4	1.7%	+0.3	+7.6%
			Others	30.6	10.2%	34.5	10.7%	+3.9	+12.8%
	Subtotal			102.3	34.1%	108.9	33.8%	+6.6	+6.5%

Sales and Operating Profit by Segment

- In the cosmetics segment, sales increased due to double-digit growth at Tarte and in Japan despite a sharp drop in sales in China. Profitability was lower because a change in the product mix of DECORTÉ and higher cost of sales ratio involving global restrictions on certain ingredients used in cosmetics.
- In the cosmetaries segment, sales and earnings increased. Strong performance of KOSÉ Cosmeport brands and MAKE KEEP Series and other KOSÉ brands was the primary driver of sales growth. A big upturn in profitability due to sales growth and measures to control marketing expenses.

Net sales

Operating segment	1Q-4Q					
	2023		2024		Change (billion yen)	Change (ratio)
	Amount (billion yen)	Ratio to net sales	Amount (billion yen)	Ratio to net sales		
Cosmetics	240.4	80.0%	255.3	79.1%	+14.8	+6.2%
Cosmetaries	57.6	19.2%	64.7	20.1%	+7.0	+12.3%
Others	2.2	0.8%	2.6	0.8%	+0.3	+16.9%
Total	300.4	100.0%	322.7	100.0%	+22.3	+7.4%

Operating profit

Operating segment	1Q-4Q					
	2023		2024		Change (billion yen)	Change (ratio)
	Amount (billion yen)	Operating margin	Amount (billion yen)	Operating margin		
Cosmetics	17.8	7.4%	15.0	5.9%	-2.8	-15.8%
Cosmetaries	2.9	5.1%	6.9	10.8%	+4.0	+137.3%
Others	0.9	34.5%	1.4	44.5%	+0.4	+45.9%
Adjustment	-5.8	-	-6.0	-	-0.2	-
Total	15.9	5.3%	17.3	5.4%	+1.3	+8.6%

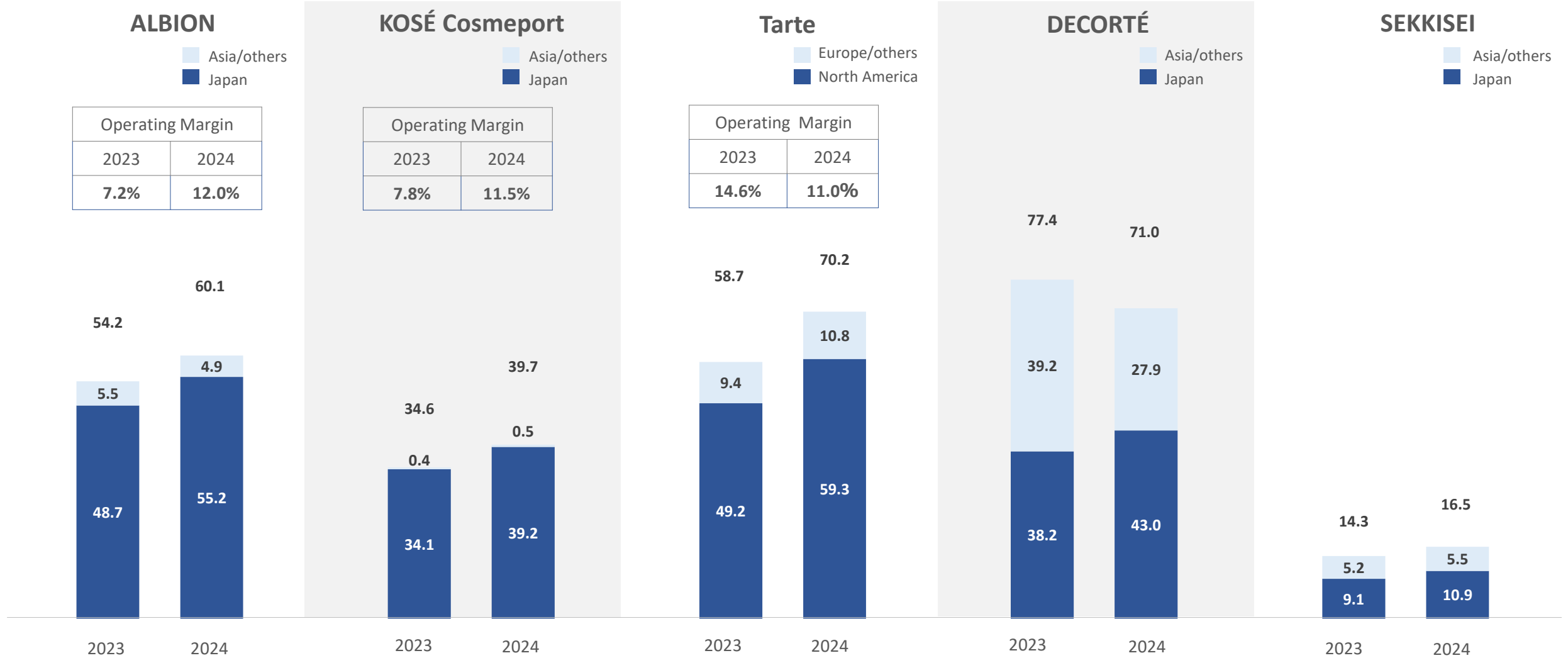
Global Sales of Major Group Companies and Major Brands



(billion yen)

Major group companies (The Accounting Standard for Revenue Recognition is applied.)

Major brands (The Accounting Standard for Revenue Recognition is not applied.)



- Although the pace of sales growth in Japan’s cosmetics market is slowing, KOSÉ’s strong growth of sales continued in the 4Q and 2024 sales were up by double digits.
- Sales were higher in all sales channels, particularly at department stores and drug stores.

	2023		2024		YoY change (amount)	YoY change (ratio)
	Sales (billion yen)	Ratio to net sales	Sales	Ratio to net sales		
Total	189.7	63.2%	211.3	65.5%	+21.6	+11.4%
1Q	41.3	60.6%	48.8	62.9%	+7.5	+18.2%
2Q	46.2	60.7%	52.3	64.2%	+6.1	+13.2%
3Q	50.3	67.4%	54.3	68.3%	+3.9	+7.9%
4Q	51.9	63.7%	55.9	66.5%	+3.9	+7.7%

Market Trends

- The Japanese economy recovered at a moderate pace with brief periods of stagnation, due primarily to sluggish consumer spending.
- Cosmetics sales were supported by purchases by foreign tourists in Japan, although the upturn in sales triggered by the lifting of pandemic restrictions came to an end.

KOSÉ	
High prestige	<ul style="list-style-type: none">■ Record high sales at DECORTÉ. Double-digit year-on-year sales growth in the 4Q and strong sales of skin care and base makeup products throughout 2024.■ Double-digit sales growth at ALBION backed by sales of new products and sales to foreign tourists in Japan.
Prestige	<ul style="list-style-type: none">■ Double-digit 4Q and 2024 sales growth at SEKKISEI due to the launch of new products and promotions during the year.■ Double-digit sales growth at ONE BY KOSÉ and ESPRIQUE.
Cosmetaries	<ul style="list-style-type: none">■ Double-digit sales growth at KOSÉ Cosmeport including contributions to growth by the Softymo and CLEAR TURN brands.■ Products of the MAKE KEEP Series performed well.

➤ The overall market was stagnant and KOSÉ sales were down sharply in mainland China and the travel retail sector.

(billion yen)	2023		2024		YoY change (amount)	YoY change (ratio)
	Sales	Ratio to net sales	Sales	Ratio to net sales		
Total	52.7	17.6%	40.6	12.6%	-12.1	-23.0%
1Q	12.6	18.6%	9.6	12.4%	-3.0	-23.7%
2Q	19.2	25.3%	13.6	16.8%	-5.6	-29.2%
3Q	8.8	11.9%	6.7	8.4%	-2.1	-24.5%
4Q	11.9	14.7%	10.6	12.6%	-1.3	-11.3%

Market Trends

China	<ul style="list-style-type: none">■ The GDP growth rate achieved the government’s target, but weakness in consumer spending is evident.■ In the large-scale EC sales in November, many platforms set the longest sales period ever, but overall sales of cosmetics decreased.
South Korea (duty-free)	<ul style="list-style-type: none">■ The volume of purchases by Chinese visitors remains low, and restrictions on bulk sales by duty-free store companies to resellers continue.

KOSÉ	
China (excluding TR)	<ul style="list-style-type: none">■ In e-commerce, efforts were focused on reducing excessive GWP (gift-with-purchase) offer and utilizing multiple KOLs (Key Opinion Leaders) to effectively communicate product appeal. Total EC sales declined, despite an improvement in share ranking at some platforms.■ In the offline category, DECORTÉ faced challenges in both customer traffic and sales per customer, partly due to the reduction in GWP rates. Performance fell below market trends.
China TR	<ul style="list-style-type: none">■ Sales declined significantly due to slow-moving inventories in the market and KOSÉ’s efforts to control shipments.
South Korea TR	<ul style="list-style-type: none">■ Continuing negative effects of restrictions on bulk sales by duty-free store companies to resellers.

*Information about sales excluding forex changes is in “Sales Growth Rate by Business Segment” on page 41 of the Supplementary Information.

- Tarte’s 4Q sales were comparable to the previous year, but its annual sales reached a record high.
- In addition, driven by the strong performance of KOSÉ America, the entire region also recorded a double-digit sales increase compared to the previous year.

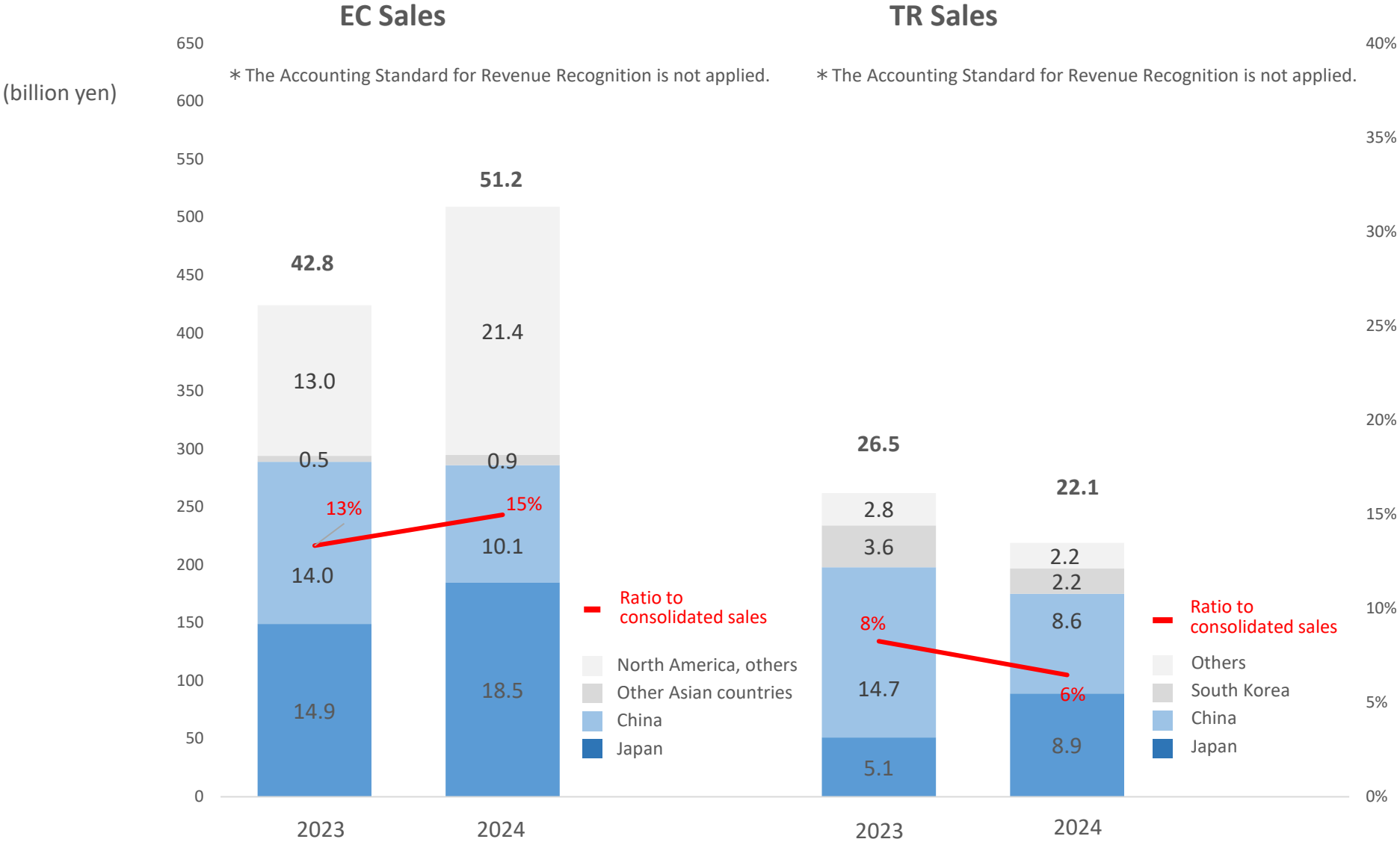
(billion yen)	2023		2024		YoY change (amount)	YoY change (ratio)
	Sales	Ratio to net sales	Sales	Ratio to net sales		
Total	57.8	19.3%	70.7	21.9%	+12.8	+22.3%
1Q	14.1	20.8%	19.0	24.6%	+4.9	+34.6%
2Q	10.6	14.0%	15.5	19.1%	+4.9	+46.3%
3Q	15.4	20.7%	18.5	23.3%	+3.1	+20.2%
4Q	17.5	21.6%	17.5	20.9%	-0.0	-0.3%

Market Trends

USA	<ul style="list-style-type: none">■ Inflation remained moderate and there was no significant increase in unemployment.■ In the prestige category, the sales growth rate slowly decreased during 2024 but sales increased year-on-year during the year-end holiday season.
Europe	<ul style="list-style-type: none">■ Inflation rates varies from country to country and economic growth rates may be affected if the U.S. revises tariffs.

KOSÉ	
Tarte (USA)	<ul style="list-style-type: none">■ As sales growth in the cosmetics market slowed down, the growth rate of sales at Tarte generally mirrored the overall market.■ E-commerce 4Q sales were up by double digits year on year because of the success of holiday sale promotions. EC sales contributed to an overall sales growth in 2024.■ Lip and mascara products sold well and contributed to sales growth.
Tarte (Europe & other)	<ul style="list-style-type: none">■ Double-digit sales growth as color makeup sales increased faster than overall sales of this product category.
KOSÉ America	<ul style="list-style-type: none">■ 4Q sales were down year on year because shipments of some new SEKKISEI products were shifted into the 3Q. 2024 sales were up by double digits mainly because of higher sales of SEKKISEI products.

*Information about sales excluding forex changes is in “Sales Growth Rate by Business Segment” on page 41 of the Supplementary Information.



*Reference: "E-commerce/Travel Retail Sales (by region) —Quarterly" on page 42 includes offline sales in China.

Balance Sheet and Cash Flow Highlights

➤ BS: Total assets amounted to ¥ 383.1 billion and equity ratio was above 70%.

(billion yen)	As of December 31, 2023		As of December 31, 2024		Change
	Amount	Share	Amount	Share	Amount
Current assets	256.7	69.1%	240.3	62.7%	-16.3
Cash and deposits	132.8	35.7%	113.9	29.7%	-18.8
Accounts receivable	44.4	11.9%	50.0	13.1%	+5.6
Inventories	70.8	19.1%	69.6	18.2%	-1.2
Non-current assets	114.9	30.9%	142.7	37.3%	+27.8
Property, plant and equipment	61.2	16.5%	73.7	19.2%	+12.5
Intangible assets	14.1	3.8%	23.2	6.1%	+9.1
Total assets	371.6	100.0%	383.1	100.0%	+11.4

Current liabilities	70.2	18.9%	71.1	18.6%	+0.9
Accounts payable	27.1	7.3%	22.2	5.8%	-4.9
Short-term borrowings	0.5	0.1%	0.8	0.2%	+0.3
Non-current liabilities	18.3	4.9%	21.3	5.6%	+2.9
Total liabilities	88.6	23.8%	92.4	24.1%	+3.8
Total net assets	283.0	76.2%	290.6	75.9%	+7.5
Shareholders' equity*	266.1	71.6%	272.2	71.1%	+6.1
Non-controlling interests	16.8	4.5%	18.3	4.8%	+1.4
Total liabilities and net assets	371.6	100.0%	383.1	100.0%	+11.4

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

➤ CF: Maintaining financial soundness even as uses of cash increased for purchase of non-current assets.

(billion yen)	1Q-4Q	
	2023	2024
Profit before income taxes	+19.5	+18.6
Depreciation	+9.5	+9.7
Working capital (+Accounts receivable + Inventories - Accounts payable)	+9.9	-9.6
Others	-8.5	-0.4
Cash flows from operating activities	+30.4	+18.3
(Increase) decrease in time deposits	-4.6	+21.6
Purchase of non-current assets	-5.5	-21.0
Others	-1.0	-9.5
Cash flows from investing activities	-11.2	-8.9
Funds procured from external sources and repayments	-1.0	-
Cash dividends paid	-8.4	-8.4
Others	-0.1	-0.2
Cash flows from financing activities	-9.6	-8.6
Effect of exchange rate change on cash and cash equivalents	+2.0	+1.3
Change in cash and cash equivalents	+11.6	+2.0
Cash and cash equivalents at beginning of period	94.0	105.6
Cash and cash equivalents at end of period	105.6	107.7

2025 Sales Plan (Regional/ Business Segment/ Major Group Companies)

Region (YoY change)	2024 sales (%)	2025 sales plan (%)	2025 outlook
Japan	+11.4%	+ mid single-digit %	The current period of sluggish consumer spending and other factors are risks regarding the outlook for 2025. The goal is another year of higher sales, with growth mainly in the high prestige and cosmetaries categories.
Asia	-23.0%	- high single-digit %	The outlook for overall sales is lower due to slowing sales resulting from business reforms in mainland China and controls of shipments in the travel retail sector, despite growing sales at Panpuri in Thailand.
North America, others	+22.3%	+ mid single-digit %	There is uncertainty about the economic effects of the new U.S. government policies. The goal is more sales growth, mainly at Tarte, as no significant negative changes are expected concerning inflation and unemployment.

➤ In the cosmetics segment, sales in the high prestige category are expected to increase as strong sales at PURI in Thailand, acquired in December 2024, and higher sales at Tarte and ALBION will more than offset lower sales in mainland China and the travel retail sector. Planning on lower sales in the prestige category following strong 2024 sales backed by new products. Forecast strong sales in the cosmetaries segment.

Segment (YoY change)	2024 sales (%)	2025 sales plan (%)
Consolidated sales*note 1	+7.4%	+4.1%
Cosmetics*note 1	+6.2%	+3.9%
High prestige	+5.1%	+ mid single-digit %
DECORTÉ	-8.3%	- mid single-digit %
Prestige	+7.5%	- low single-digit %
SEKKISEI	+13.6%	- low single-digit %
Cosmetaries*note 1	+12.3%	+5.1%

➤ At existing businesses, the outlook is for higher sales at KOSÉ Sales Co., ALBION and KOSÉ Cosmeport in Japan and at Tarte in the U.S. and Europe. This sales growth is expected to more than offset lower mainland China sales caused by business reforms. In addition, the first inclusion of PURI in sales, the outlook is for higher consolidated sales in 2025.

Major group companies (YoY change)		2024 sales (%)	2025 sales plan (%)
JPY	ALBION	+10.8%	+ low single-digit %
	KOSÉ Cosmeport	+12.0%	+ mid single-digit %
	KOSÉ China*notes 1 , 2	-33.4%	-
	Tarte*note 1	+19.5%	+ low single-digit %
Local currency	KOSÉ China*notes 1 , 2	-37.2%	-
	Tarte*note 1	+10.9%	+ mid-single-digit %

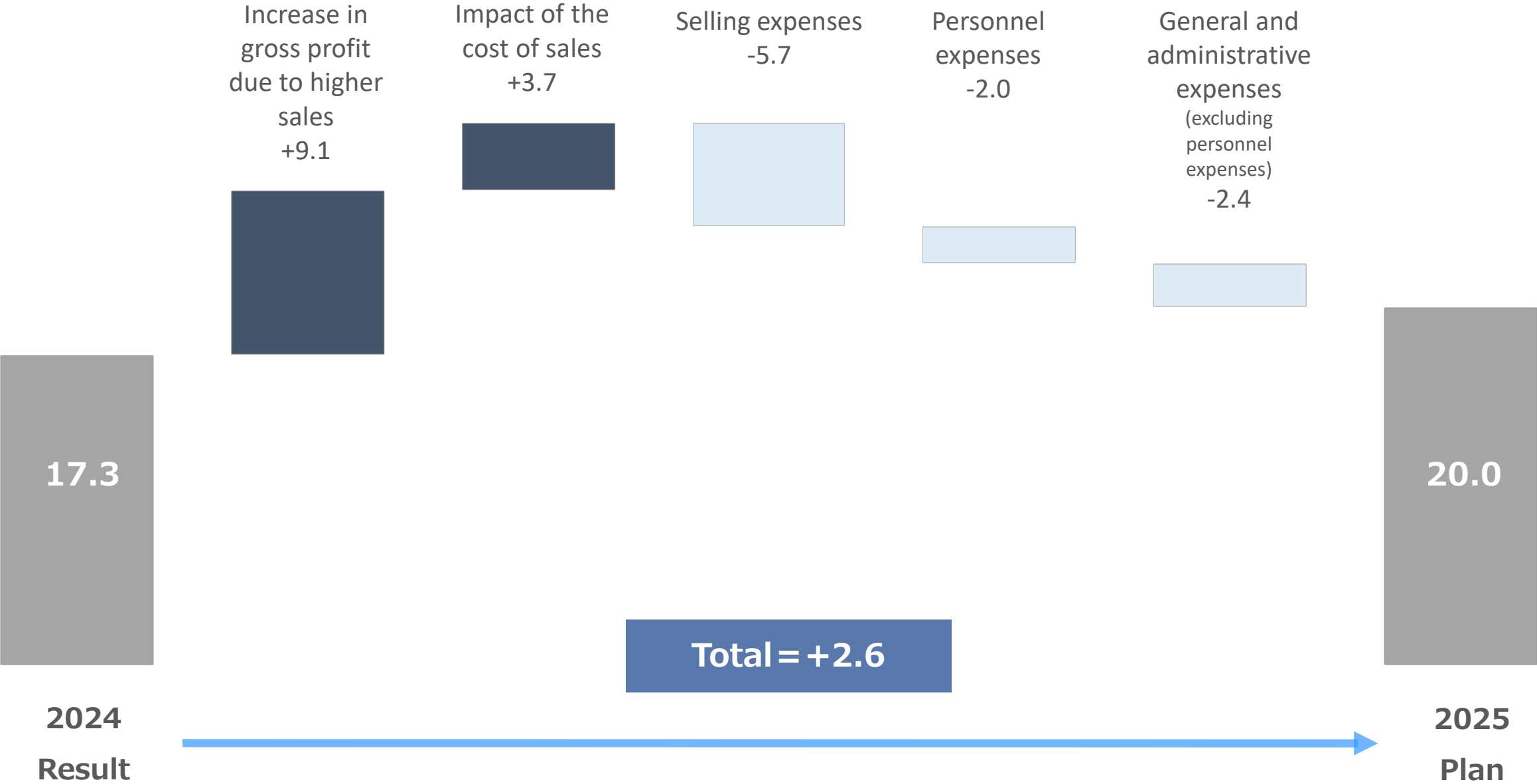
Note 1: Figures are after applying the Accounting Standard for Revenue Recognition. All other figures are before applying the standard.

Note 2: KOSÉ China sales includes online and offline operations and does not include travel retail.

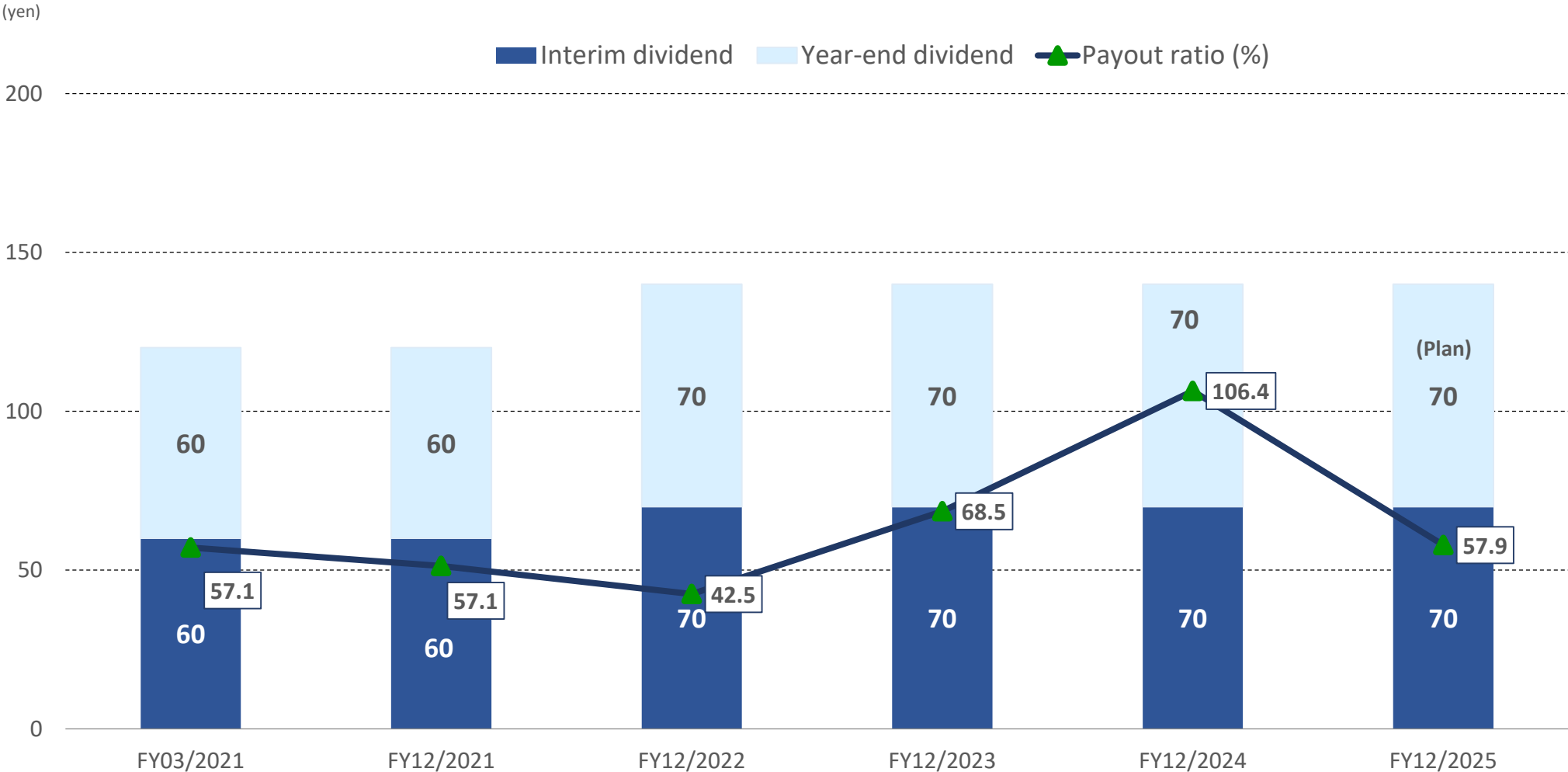
- In existing businesses, the outlook is for lower sales in China but higher sales in Japan and at Tarte. In addition, 2025 sales will include Panpuri for the first time. As a result, the forecast is yen-based sales growth of 4.1%.
- The operating profit forecast is an increase of 15.2%. The negative effect of lower travel retail sales is outweighed by positive effects of higher gross profit due to higher sales, an improvement in profitability following the structural reforms in mainland China, and higher earnings at Tarte.
- Although ordinary profit is expected to be lower as no foreign exchange gain is expected, profit attributable to owners of parent is expected to increase significantly due to the absence of the extraordinary loss which was recorded in 2024.

(billion yen)	2024 results		2025 plan		YoY change (amount)	YoY change (ratio)															
	Amount	Ratio to net sales	Amount	Ratio to net sales																	
Net sales	322.7	100.0%	336.0	100.0%	+13.2	+4.1%															
Cosmetics	255.3	79.1%	265.2	78.9%	+9.8	+3.9%															
Cosmetaries	64.7	20.0%	68.0	20.2%	+3.2	+5.1%															
Others	2.6	0.8%	2.8	0.8%	+0.1	+4.1%															
Operating profit	17.3	5.4%	20.0	6.0%	+2.6	+15.2%															
Ordinary profit	21.6	6.7%	20.7	6.2%	-0.9	-4.4%															
Profit attributable to owners of parent	7.5	2.3%	13.8	4.1%	+6.2	+83.7%															
Net income per share	131.62 yen		241.83 yen		<table><tr><th colspan="3">Foreign exchange rate</th></tr><tr><th>Currency</th><th>2024 results</th><th>2025 estimate</th></tr><tr><td>US dollar/yen</td><td>151.5</td><td>150.0</td></tr><tr><td>Chinese yuan/Yen</td><td>21.0</td><td>19.7</td></tr><tr><td>Korean won/yen</td><td>0.111</td><td>-</td></tr></table>		Foreign exchange rate			Currency	2024 results	2025 estimate	US dollar/yen	151.5	150.0	Chinese yuan/Yen	21.0	19.7	Korean won/yen	0.111	-
Foreign exchange rate																					
Currency	2024 results	2025 estimate																			
US dollar/yen	151.5	150.0																			
Chinese yuan/Yen	21.0	19.7																			
Korean won/yen	0.111	-																			
ROA	4.9%																				
ROE	2.8%																				
ROIC	2.6%																				
Capital expenditures	21.4		25.5																		
Depreciation	9.7		10.2																		

(billion yen)



- For 2024, the dividend per share is expected at ¥140 (¥70 interim and year-end dividends), a payout ratio of more than 100% as KOSÉ continues its policy of paying a stable dividend.
- Although earnings are expected to increase, the plan at this time for 2025 is to keep the dividend unchanged at ¥140 per share.



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Keita Matsunami, Executive Officer & CFO

2) Progress Report of Milestone2030 in 2024 and Upcoming Initiatives

Kazutoshi Kobayashi, President & CEO

3) Supplementary Information

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

Belief Basis for all business activities

Values

KOSÉ Beauty Partnership

Builds relationships for mutual progress among all stakeholders

Seven strengths

Diverse brand portfolio

Internal R&D infrastructure

Internal manufacturing infrastructure

A sales system that delivers value directly to customers

Highly engaged human resources

The spirit of taking on new challenges

Management based on a long-term perspective

Business conduct guidelines

Embracing each other, we color our lives with beautiful moments

3G Activities
(Global/Gender/Generation)

Adaptability
(Activities that meet diverse expectations)

Sustainability & Connectivity
(Activities as a constant partner)

Strategies Business operations



Outcome Offer value

Vision

Your Lifelong Beauty Partner

Being free to define what beauty means to you

Accepting each other as we are and growing together

Building a future while honoring all our bonds

Living in harmony with a healthy Earth for generations

Financial targets

- Ratio to net sales
- Overseas sales ratio
- Operating margin
- EBITDA margin
- ROIC

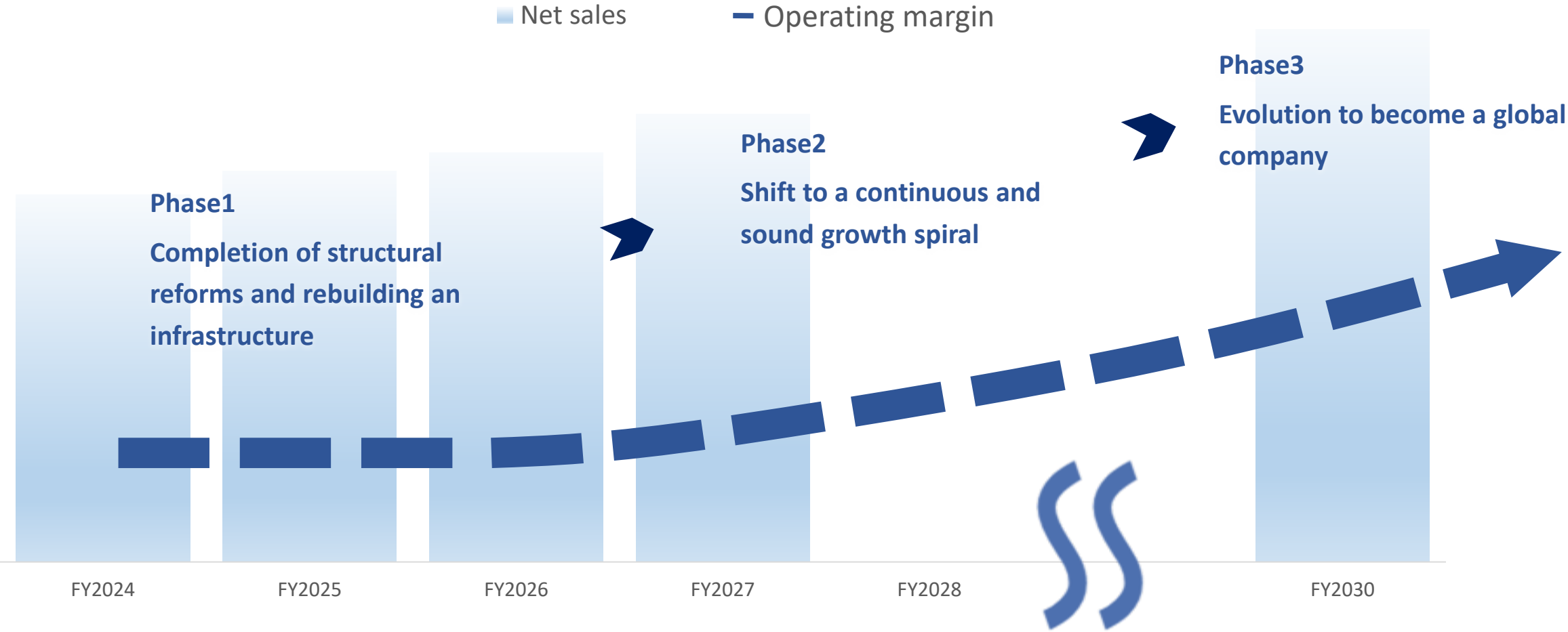
Non-financial targets

- Global personnel vs. Global key posts
- Product/service ratio using Adaptability ∞
- Activities contributing to wellbeing
- People who have raised environmental awareness
- CO₂ emission reduction rate

	Themes		Indicators		2024	2030 Milestone
Financial targets	Sales	Consistent sales growth	Ratio to net sales		+7.4%	CAGR of more than +5%
		Stronger global operations	Overseas sales ratio		34.5%	More than 50%
	Profitability	Continuously generate earnings	Operating margin		5.4%	More than 12%
			EBITDA margin		8.8%	More than 18%
	Efficiency	Efficient and effective investments for growth	ROIC*1		2.6%	More than 10%
Non-Financial targets	Human capital	Human resources that can support global growth	Global personnel vs. Global key posts*2		1.4 times*4	More than 2.5 times
	Social issues	Respect for a diverse array of beauty	Product/service ratio using Adaptability ∞*3		86.4%	100%
		Support for enjoying fulfilling and healthy lives	Activities contributing to wellbeing		198	More than 500
	Environmental issues	Increasing awareness of environmental issues	People who have raised environmental awareness		7.4 million people	More than 10 million people
		Measures to the environmental impact of KOSÉ's business operations	CO ₂ emission reduction rate	Scope1・2	-45.1%*4	-55%*5
				Scope 3	-26.5%*4	-30%

*1 Before application of new lease accounting standard, ROIC = Operating profit after tax / (average of total of interest-bearing liabilities and net assets during the period) x 100 *2 Global personnel divided by the number of global key posts
*3 For the eight KOSÉ action themes of Adaptability ∞, key annual themes of individual brands were selected and the number of products and services that accomplished these themes were counted to calculate the achievement ratio.
*4 Results for 2023 *5 Cumulative values since 2020 *6 Reduction in relation to the 2018 level

- ◆ The plan is consistent annual sales growth of CAGR of more than +5%.
- ◆ Operating profit growth will remain largely stable, with only minor fluctuations in Phase 1 due to structural reforms in Japan and the Greater China, as well as the increased depreciation following the start of operation at the Minami Alps Factory in 2026. However, it is expected to improve in Phases 2 and 3.

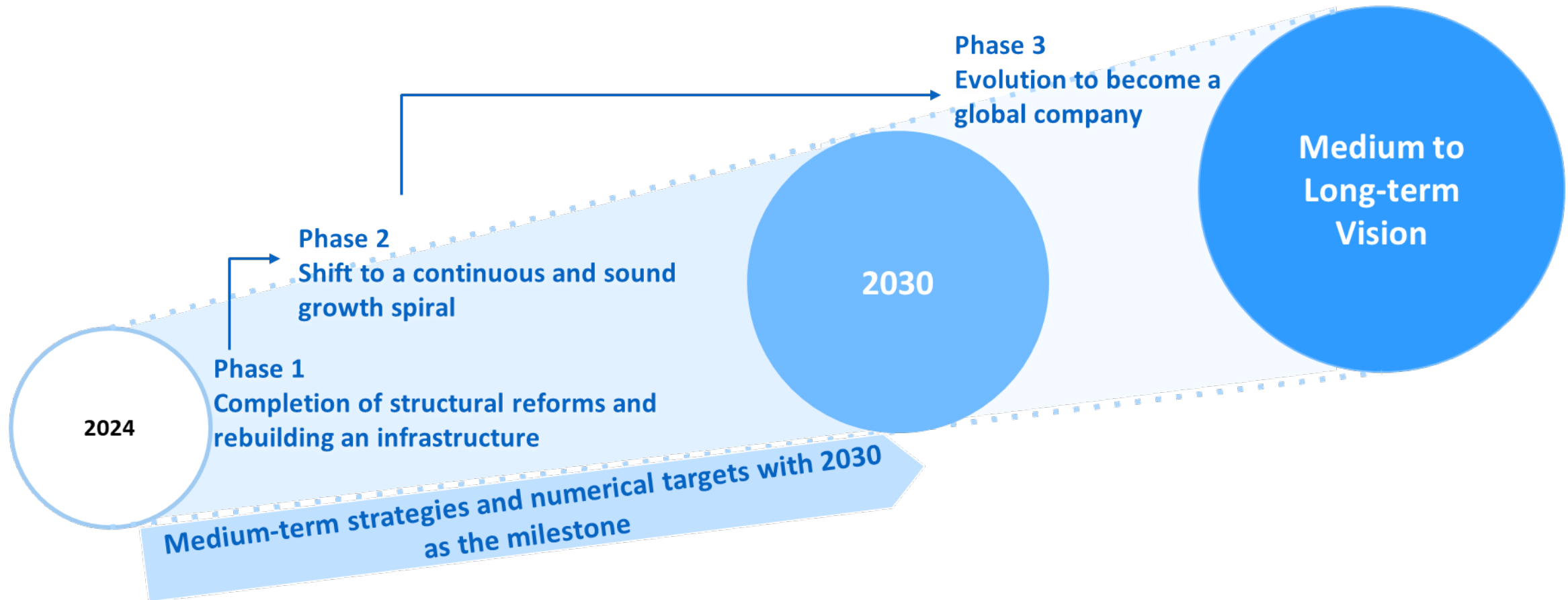


* Strategies for achieving the 2030 milestone will be updated as needed to reflect progress and changes in the business climate.

◆ About ¥200 billion of investments planned for the six years from 2025 to 2030

Major investments	Plans	Investments
M&A and equity alliances	Mainly in the Global South, Europe and North America	¥60 billion
Manufacturing upgrades (Minami Alps Factory)	2024 to 2026 Buildings and utilities Equipment and other items	Over ¥50 billion
Manufacturing upgrades (existing factories)	Upgrades of older equipment at Sayama Factory and Gunma Factory	
Digital transformation projects More R&D expenditures and other measures	Better customer experiences and CRM, Business process reforms Infrastructure/communication system Infrastructure for business operations, unification of KOSÉ Group IT systems	Over ¥50 billion
Total with other investments		Approx. ¥200 billion

- ◆ Initiatives guided by the basic strategy of completing structural reforms and rebuilding an infrastructure to reach the 2030 milestone



◆ Structural reforms and infrastructure rebuilding for achieving consistent growth

Goals of Phase 1		
Strategies	Structural reforms	Infrastructure rebuilding
Business Strategy	<ul style="list-style-type: none"> ➤ Outside Japan, target the premium mass sector 	<ul style="list-style-type: none"> ➤ Increase earnings in the high prestige category ➤ Use M&A/alliances for asset utilization that upgrades capabilities
Regional Strategy	<ul style="list-style-type: none"> ➤ More resilient structure for Japan operations and the head office ➤ Structural reforms in the Greater China business ➤ Structural reforms for the Global South operations <ul style="list-style-type: none"> - Reinforce local marketing and manufacturing in India 	<ul style="list-style-type: none"> ➤ Use customer ID data for even stronger personal relationships in Japan ➤ Establish a regional headquarters for overseeing all Global South operations
Customer Strategy		<ul style="list-style-type: none"> ➤ More customers centered on the themes of gender and generations
Functional Strategy	<ul style="list-style-type: none"> ➤ Optimization of locations of marketing/manufacturing activities ➤ Business Process Reforms and IT Systems Overhaul 	<ul style="list-style-type: none"> ➤ Training for and increase in global personnel ➤ Use the Minami Alps Factory as the base for rebuilding manufacturing operations ➤ Clear structuring and diversification of product development processes ➤ Maximize SKU efficiency ➤ Reducing costs, inventories and waste ➤ Upgrading business management functions (Management using ROIC, investment governance) ➤ Progress with a sustainability strategy
Strategy for the KOSÉ Group	<ul style="list-style-type: none"> ➤ Use the change to a holding company for a reorganization of functions 	<ul style="list-style-type: none"> ➤ Stronger governance of operating companies

Strategies	Key points Blue :Key Initiatives in Phase 1
Business Strategy	<ul style="list-style-type: none"> ➤ Position the cosmetaries category as the priority business domain while using a business structure centered on the high prestige category as the main source of earnings
Regional Strategy	<ul style="list-style-type: none"> ➤ Shift strategy from a high dependence on the Greater China market to the Global South market(ASEAN/India) as the next growth area
	<ul style="list-style-type: none"> ➤ Investments for inorganic growth centered on the high prestige/cosmetaries categories and Global South(ASEAN/India)/U.S./Europe regions ➤ Starting in Japan, use the KOSÉ ID for stronger personal ties with customers and use digital technologies to offer customers new experiences
Customer Strategy	<ul style="list-style-type: none"> ➤ Strengthen activities for attracting new customers from the gender/generation perspective, positioning these activities as new opportunities for growth
Functional Strategy	<ul style="list-style-type: none"> ➤ Build a powerful infrastructure and delegate more responsibility to local managers for the optimization of regional business operations (Manufacturing/HR)
	<ul style="list-style-type: none"> ➤ Finance: Change to a lean and efficient management system to transform to a resilient business structure (higher profitability and efficiency) ➤ Sustainability: Incorporate the KOSÉ Sustainability Plan in the medium to long-term vision and speed up activities to achieve value creation and a stronger infrastructure
Strategy for the KOSÉ Group	<ul style="list-style-type: none"> ➤ Establish a management framework that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources
	<ul style="list-style-type: none"> ➤ Accelerate the expansion of our diverse business models globally and enhance the value we deliver in the wellbeing domain

Business Strategy: Position High Prestige as the Main Source of Earnings

- ◆ **DECORTÉ:** Continue attracting new customers by using AQ and LIPOSOME products and adding new products in Japan.
- ◆ **ALBION:** Maximize value provided at stores by upgrading counseling at stores while preparing e-commerce operations.



Left: DECORTÉ sales in Japan increased to a record high in 2024.

Right: Sales of ROUGE DECORTÉ Cream Glow started on January 16. Added new products in the lip category, where a high pct. of buyers are new KOSÉ customers.



Left: Sales of ALBION STUDIO Tough Wear Solid foundation will start on February 18. Expansion of the popular makeup series is attracting even more attention for ALBION.

Right: Sales of the INFINESSE moisturizing series have been growing since the August 2024 renewal. The March renewal of the brightening series is expected to increase the speed of sales growth of this brand.



◆ More sales growth backed by a product strategy centered on concealers and a marketing strategy with a focus on digital channels

Tarte Business Strategies	
Product Strategy	➤ Concealer: Maintain share and grow shape tape category
	➤ Mascara: Grow category with new launches and virality of tubing mascara
	➤ Lip: Maintain share in lip with new launches
Marketing Strategy	➤ Promotional activities with a focus on digital channels
	Further expansion of points of contact with customers
	➤ Offline: Strategic expansion of store network in North America, Europe, Asia, Oceania
	➤ Online: Continue to consider opening new stores on the EC platforms



Online sales increased from about 18% of total sales in 2023 to 25% in 2024 because of a rapid increase in sales in existing EC platforms. Continuing sales activities for existing EC platforms and studies concerning the addition of new sales channels

- ◆ Continuing strategic activities with the goal of becoming the leader in each category for the overall cosmetaries segment
- ◆ Aiming to transport to a resilient business structure at KOSÉ Cosmeport to generate funds for more investments for growth

KOSÉ Cosmeport Business Strategies		Blue: Strategic initiatives starting in 2025
Expansion in growing categories (top-line growth)	➤ Make core brands more powerful	
More competitive in key market categories (deepening strengths)	➤ Activities to be the leader in targeted categories	
Use marketing 3Shift to become even more competitive	➤ Value Shift: Actions driven by customers' needs and delivering value ➤ Digital Shift: Fusion of digital/store operations for stronger customer relationships ➤ Global Shift: Stronger branding using a global perspective combining Japan/other countries and tourism	
Rebuild operations outside Japan	➤ Regional optimization of marketing activities	
Reinforce framework for business operations	➤ Develop the best organizational structure for operations ➤ Reexamine the product supply infrastructure to prepare for sales growth	

Products in priority categories

Cleansing products
Softymo cleansing series



Sheet masks
CLEAR TURN
Gommenne Suhada high volume series



Sunscreen
SUNCUT
Multi Vitamin UV series



- ◆ Extensive structural reforms in the China business in 2024 realigned stores and personnel and disposed surplus inventories. These steps prevented damage to the value of brands. Operations are shifting to a structure capable of consistently generating sales and earnings.
- ◆ An extraordinary loss of ¥ 4.4 billion was recorded for expenses involving these structural reforms.

Structural Reforms for Business Operations in China		
Disposal of surplus inventories	¥ 3.1 billion	<ul style="list-style-type: none">■ Disposal of surplus inventories resulting from the structural reforms in China<ul style="list-style-type: none">• KOSÉ CHINA: ¥ 2.1 billion• KOSÉ (TR) ¥ 1.0 billion
Stores/personnel	¥ 1.2 billion	<ul style="list-style-type: none">■ Consolidation and upgrading of sales counters at department stores<ul style="list-style-type: none">• Number of DECORTÉ stores: halved*¹• KOSÉ (SEKKISEI, etc.): Channel shift from department stores to cosmetics specialty stores *²*¹ Shifting to emphasis on sales of high-end products Changing to operating dept. store sales counters only in large cities*² Mismatch of SEKKISEI core targets and sales channels Stopping mass dept. store sales activities targeting middle class and shifting to cosmetics stores where offline sales are increasing■ Disposal of products returned from stores in China that terminated sales contract with KOSÉ■ Economic compensation payments for some employees

◆ **Planning on lower sales at the China/South Korea travel retail in 2025 because of ongoing strategic activities to control sales via unauthorized channels. However, a recovery in profitability is expected after the structural reforms in China.**

	Brands	Strategies
Mainland China	DECORTÉ	<ul style="list-style-type: none">➤ Structural reforms accompanied by branding initiatives, mainly for AQ and LIPOSOME, to firmly position them as high-prestige brands➤ Department store sales counters focused on large cities➤ More emphasis on effective ingredients of products to meet the needs of customers in China
	SEKKISEI	<ul style="list-style-type: none">➤ Shift sales channels from dept. stores to cosmetics stores and expand sales to more areas of China➤ Open stores on EC platforms with strong sales in China’s secondary cities
	Others	<ul style="list-style-type: none">➤ Use MAKE KEEP MIST to enlarge mass-market sales channels➤ More activities for KOSÉ Cosmeport products and studies to begin production in local countries for quickly starting sales of new products
China/South Korea TR	DECORTÉ	<ul style="list-style-type: none">➤ Use counseling by beauty consultants to raise awareness of the brand image➤ Return to a business model that targets tourists
	SEKKISEI	<ul style="list-style-type: none">➤ Raise the market stature of SEKKISEI BLUE* to increase sales to customers who travel to other countries to purchase various products

*SEKKISEI BLUE: a brand that represents a commitment to protecting the environment. See P49 for details.

◆ Acquisition of PURI CO., LTD. in Thailand, the first M&A for Global South sales growth. The goal is business portfolio expansion by adding business categories new to the KOSÉ Group.



Puri sells fragrance products and operates a spa and wellness business mainly in Thailand. Operations use the holistic wellness* PAÑPURI brand.
KOSÉ purchased 79.89% of Puri stock for approx. 12.0 billion yen and plans to acquire all remaining stock within the next three to five years.

* A concept that aims to maintain one’s comprehensive physical, mental, and social health

	Overview of Puri
Brand name	PAÑPURI
Profile	Puri sells products and services using the traditional Thai wellness approach that focuses on using fragrances for harmony of the body, heart and spirit. The company uses herbs, essential oils and other plant-based substances that date back to the Ayutthaya Kingdom.
Establishment	2003 (Bangkok, Thailand)
Founder & CEO	Vorravit Siripark
Total revenues	2022: THB 313 million 2023: THB 580 million 2024: THB 1,108 million
Price range	Products: ¥2,000-¥20,000; Spa services: ¥15,000-¥25,000
Adjusted EBITDA	2024: 27.3%
Number of employees	261 (as of April 2024, includes approximately 80 spa employees)
Sales by area (Sales comp.)	Thailand (79%), spa business (13%), overseas* (6%), others (2%) *Overseas: China, Japan and others
Number of stores	■ 28 (20 in Bangkok, 2 in Pattaya, 3 in Phuket, 2 in Chiangmai, 1 in Hong Kong) 15 directly operated stores, 3 department stores, 10 travel retail stores

◆ **Strategic alliance and 10% equity interest in Foxtale in India. Speeding up activities for local marketing and manufacturing for global growth with optimization of regional operations by no longer using the approach of doing everything on our own.**



This strategic alliance allows KOSÉ to increase its position in India by using the marketing and other skills of Foxtale. Preparations are moving forward to establish a company in India jointly owned with Foxtale in 2025.

	Overview of Foxtale
Brand name	Foxtale
Profile	<ul style="list-style-type: none">■ Foxtale uses extensive research concerning the requirements of consumers in India to sell skincare products that are effective, safe and affordable, using only a small number of SKUs to cover many types of skin. The company has many hero products.■ The company’s goals for 2032 are revenue of more than 10 billion rupees*¹ (more than ¥18 billion) and an EBITDA margin of 20%*².
Establishment	2021 (Mumbai, India) (Sales started in 2022)
Founder & CEO	Romita Mazumdar (former investment banker and venture capitalist)
Total revenues	FY03/2024: INR 1,280 million* ³ (¥2.4 billion) FY03/2025 est.: INR 3,040 million* ³ (¥5.6 billion)
Price range	Products: ¥700-¥1,400
Number of employees	200 (as of October 2024)
Area	Operations are only in India (22 out of 28 states)
Sales channel	<ul style="list-style-type: none">■ D2C (direct online sales) 50-55%■ Market Place (B2B, B2C) 30-35% (Amazon, Nykka and others)■ Offline (mainly general trade) 10-15%

*1: Net revenue *2: Gross revenue *3: Calculated at INR 1 = JPY 1.9

◆ Increase profitability by reexamining every layer of the cost structure, primarily in Japan

Major steps for increasing profitability		
Net sales		➤ Make investments for growth for consistent sales growth
Cost		➤ Lower the cost of sales ratio by maximizing the efficiency of every SKU ➤ Increase the gross profit by raising the EC (D2C) sales ratio to a suitable level
Selling expenses		➤ Use digital marketing activities for more efficient use of selling expenses
Administrative expenses	R&D expenses	➤ More R&D for creating products with substantial added value (high gross margin)
	Depreciation/ amortization of goodwill	➤ Maximize the effectiveness of investments for growth as these investments increase ➤ Lower inventories to generate cash for investments for growth
	Personnel expenses	➤ Use business process improvements and reforms to raise productivity
	Other administrative expenses	➤ Conduct a thorough examination of administrative expenses

- ◆ The new medium to long-term vision includes a revised sustainability strategy
- ◆ KOSÉ's first semi-grand prize at D&I AWARD 2024 and first certification at the highest rating as a Best Workplace
- ◆ Three stars, the highest rating, in Eruboshi Certification as a company that supports the participation and advancement of women



D&I AWARD is Japan's premier program for certifying and awarding companies with a commitment to diversity and inclusion. KOSÉ received an award (semi-grand prize) for the first time at D&I AWARD 2024 in the category for companies with between 301 and 3,000 employees.

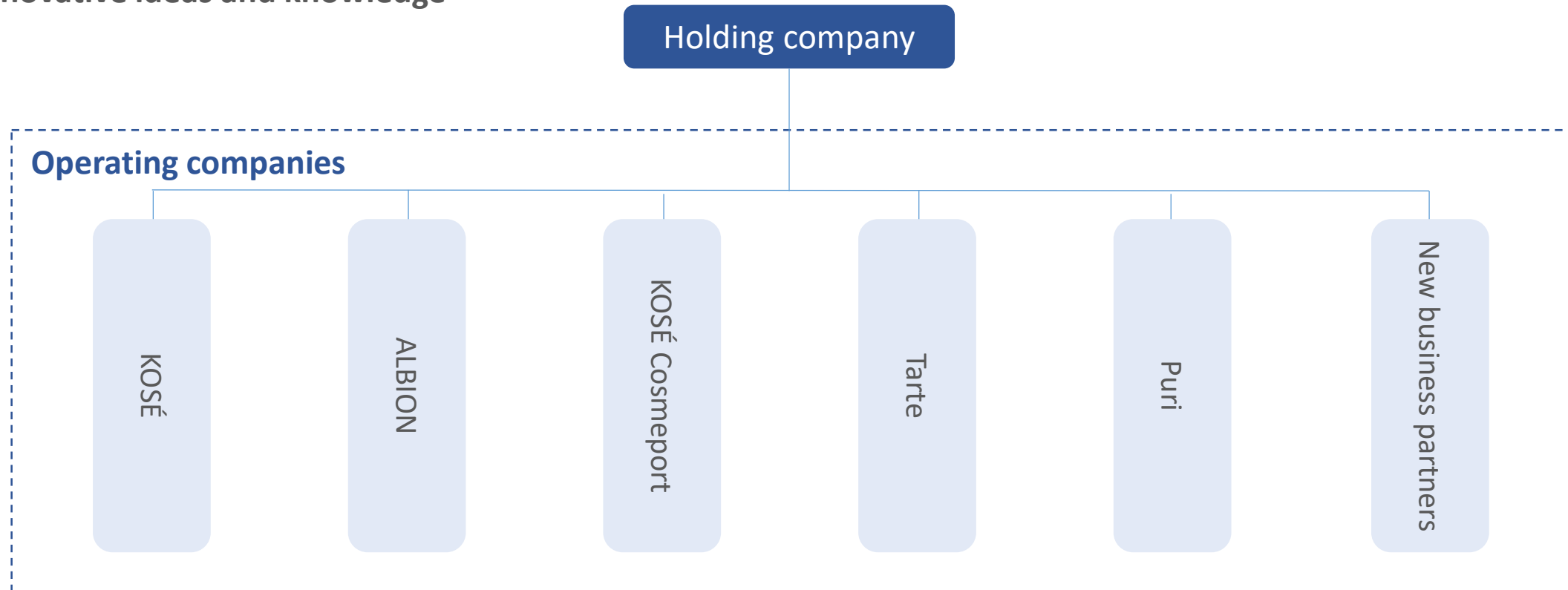
In addition, KOSÉ was certified by this program as a Best Workplace, receiving the highest of four rankings for D&I measures.



Eruboshi Certification is given by the Ministry of Health, Labour and Welfare to companies with outstanding programs for maintaining a pleasant workplace for women and an environment where women can realize their full potential. We received the highest rating, three stars.

This certification recognizes KOSÉ's commitment to help with social opportunities to enable all employees, regardless of personal characteristics, to advance and achieve their goals. This is one of the core themes of KOSÉ's medium to long-term vision.

- ◆ Establish a management framework that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources
- ◆ Create an environment where all business partners can participate with ease and that promotes the creation of innovative ideas and knowledge



The holding company structure is expected to lower expenses through higher efficiency by accurately centralizing and allocating resources, establishing a single IT system for the group, establishing a unified SCM/manufacturing framework for the group, and facilitating the reorganization of group companies, locations of operations and functions as needed in the future.



Your Lifelong Beauty Partner

誰とも比べることができない、自分だけの輝き。
世界中の一人ひとりが、その価値に気づき
どんな瞬間も、あなたらしく自由に輝けるように。
ともに個性を引き出し、幸せで満たしたい。

コーセーは、美を通じて人と地球に寄り添い
かけがえない生涯を
いつまでも明るく彩っていきます。

美しい知恵 人へ、地球へ。

1) FY12/2024 Results of Operations

Keita Matsunami, Executive Officer & CFO

2) Progress Report of Milestone2030 in 2024 and Upcoming Initiatives

Kazutoshi Kobayashi, President & CEO

3) Supplementary Information

Regional outlook	2025 sales plan	Initiatives
Overall	+4.1%	<ul style="list-style-type: none"> ■ Position the cosmetaries category as the priority business domain while using a business structure centered on the high prestige category as the main source of earnings ■ Increase profitability and improve efficiency by reexamining every layer of the cost structure, primarily in Japan
Japan	+ mid single-digit %	<ul style="list-style-type: none"> ■ For cosmetics, the strategy is to position high prestige category as the main source of earnings ✓ At DECORTÉ, the goal is to continue attracting new customers by using AQ and LIPOSOME products and adding new products ✓ At ALBION, the plan is to upgrade counseling at stores to maximize value provided to customers ■ For cosmetaries, strategic activities will continue with the goal of becoming the leader in each category for the overall cosmetaries segment
Asia	- high single-digit %	<ul style="list-style-type: none"> ■ In Greater China, the goal is to improve profitability through strategic activities to continuously control sales via unauthorized channels and structural reforms ■ In the Global South, the plan is to use M&A/alliances for asset utilization to upgrade capabilities in this region
North America, others	+ mid single-digit %	<ul style="list-style-type: none"> ■ More sales growth backed by a product strategy centered on concealers and a marketing strategy with a focus on digital channels

Global Sales of Major Group Companies and Major Brands —Quarterly



Major group companies (billion yen)	ALBION						KOSÉ Cosmeport						Tarte					
	2023		2024		YoY change (ratio)		2023		2024		YoY change (ratio)		2023		2024		YoY change (ratio)	
	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	North America	Europe/ others	North America	Europe/ others	North America	Europe/ others
1Q	9.9	1.3	11.7	1.0	+17.9%	-21.4%	7.1	0.1	8.8	0.2	+24.3%	+48.3%	12.2	1.7	15.5	2.6	+27.0%	+51.2%
2Q	12.2	1.5	14.3	1.3	+17.4%	-10.6%	8.9	0.1	10.6	0.1	+19.1%	-16.6%	8.6	2.9	13.3	2.5	+55.4%	-14.0%
3Q	12.8	1.0	14.3	1.1	+11.9%	+4.1%	9.7	0.0	11.3	0.1	+16.0%	+74.1%	12.9	2.2	15.3	2.7	+19.0%	+19.6%
4Q	13.7	1.6	14.7	1.4	+7.7%	-14.0%	8.3	0.0	8.4	0.0	+1.4%	-43.7%	15.5	2.4	15.0	2.9	-3.0%	+19.9%
Subtotal	48.7	5.5	55.2	4.9	+13.3%	-11.3%	34.1	0.4	39.2	0.5	+15.0%	+10.6%	49.2	9.4	59.3	10.8	+20.4%	+15.0%
Total sales	54.2		60.1		+10.8%		34.6		39.7		+14.9%		58.7		70.2		+19.5%	
OP (ratio)	3.9 (7.2%)		7.2(12.0%)		+84.5%		2.7 (7.8%)		4.5(11.5%)		+69.8%		8.5 (14.6%)		7.7(11.0%)		-9.7%	

Major brands (billion yen)	DECORTÉ						SEKKISEI					
	2023		2024		YoY change (ratio)		2023		2024		YoY change (ratio)	
	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others	Japan	Asia/ others
1Q	8.7	10.5	10.0	6.5	+15.4%	-38.5%	1.9	1.2	2.4	1.7	+28.0%	+38.7%
2Q	9.0	15.4	10.0	10.1	+10.7%	-34.1%	2.3	1.2	3.0	1.2	+30.6%	+5.0%
3Q	9.1	5.5	9.7	4.0	+6.7%	-26.8%	2.3	1.5	2.3	1.5	-2.8%	-1.3%
4Q	11.3	7.6	13.2	7.2	+16.9%	-6.3%	2.4	1.1	3.1	1.0	+24.4%	-14.1%
Subtotal	38.2	39.2	43.0	27.9	+12.7%	-28.8%	9.1	5.2	10.9	5.5	+19.6%	+7.0%
Total sales	77.4		71.0		-8.3%		14.3		16.5		+15.0%	

* The Accounting Standard for Revenue Recognition is applied for major group companies.

* The Accounting Standard for Revenue Recognition is not applied for major group companies.

	2023		2024		YoY change (billion yen)	YoY change (ratio)
	Amount (billion yen)	Ratio to net sales	Amount (billion yen)	Ratio to net sales		
Japan	189.7	63.2%	211.3	65.5%	+21.6	+11.4%
Asia	52.7	17.6%	40.6	12.6%	-12.1	-23.0%
North America	51.1	17.0%	62.0	19.2%	+10.8	+21.1%
Others	6.6	2.2%	8.7	2.7%	+2.0	+31.2%
Total	300.4	100.0%	322.7	100.0%	+22.3	+7.4%
Overseas sales	110.6	36.8%	111.3	34.5%	+0.7	+0.7%

Sales Growth Rate by Business Segment



YoY changes in sales, %		FY2023					FY2024					FY2023 sales plan
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Consolidated sales* ¹		+15.5%	+6.4%	+6.2%	-7.7%	+3.9%	+13.8%	+7.1%	+6.6%	+3.2%	+7.4%	+4.1%
【Segment】												
Cosmetics* ¹		+19.6%	+3.9%	+4.1%	-11.1%	+2.3%	+11.2%	+5.6%	+5.7%	+2.9%	+6.2%	+3.9%
High prestige		+17.3%	+4.3%	-2.4%	-14.8%	-0.9%	+6.4%	+3.7%	+6.2%	+4.2%	+5.1%	+ mid single-digit %
DECORTÉ		+8.6%	-0.1%	-29.9%	-42.3%	-19.5%	-14.1%	-17.5%	-5.9%	+7.5%	-8.3%	- mid single-digit %
Prestige		+23.9%	+13.4%	+29.3%	+5.3%	+17.1%	+14.0%	+10.7%	+9.3%	-2.4%	+7.5%	- low single-digit %
SEKKISEI		+28.1%	+22.4%	+40.1%	+0.7%	+20.6%	+28.2%	+21.1%	-2.4%	+10.6%	+13.6%	- low single-digit %
Cosmetaries* ¹		-0.6%	+17.5%	+13.4%	+10.3%	+10.4%	+25.9%	+13.5%	+9.3%	+3.4%	+12.3%	+5.1%
【Major Group Companies】												
JPY	ALBION	-2.7%	+4.5%	+10.7%	+4.0%	+4.3%	+12.7%	+14.3%	+11.1%	+5.9%	+10.8%	+ low single-digit %
	KOSÉ Cosmeport	-5.4%	+14.6%	+6.3%	+0.0%	+3.8%	+21.2%	+16.8%	+10.6%	+0.7%	+12.0%	+ mid single-digit %
	KOSÉ China* ^{1,2}	-5.4%	+8.6%	-20.7%	-52.3%	-25.1%	-28.2%	-37.4%	-34.4%	-31.1%	-33.4%	—
	KOSÉ China TR	-8.9%	-2.6%	-77.4%	-87.3%	-51.3%	-71.4%	-20.1%	-54.4%	+0.7%	-43.2%	—
	KOSÉ Korea* ¹	-68.5%	-78.3%	-67.0%	-85.7%	-76.1%	+43.7%	-27.8%	-56.7%	—	-38.5%	—
	Tarte* ¹	+66.5%	+7.4%	+25.5%	+20.4%	+27.1%	+30.0%	+37.5%	+19.1%	+0.1%	+19.5%	+ low single-digit %
Local currency	KOSÉ China* ^{1,2}	-10.6%	+7.2%	-19.1%	-53.9%	-26.4%	-32.7%	-42.6%	-35.8%	-33.6%	-37.2%	—
	KOSÉ China TR	-21.0%	-9.5%	-78.7%	-87.7%	-55.8%	-73.3%	-29.5%	-58.9%	+5.5%	-47.7%	—
	KOSÉ Korea* ¹	-70.7%	-79.0%	-68.9%	-87.2%	-77.4%	+33.7%	-33.6%	-55.9%	—	-40.5%	—
	Tarte* ¹	+46.4%	+2.2%	+19.6%	+14.4%	+18.9%	+15.8%	+21.1%	+14.7%	-3.8%	+10.9%	+ mid single-digit %

*1 Figures are after applying the Accounting Standard for Revenue Recognition. All other figures are before applying the standard.

*2 KOSÉ China sales includes online and offline operations and does not include travel retail.

EC (billion yen)	Total		YoY change
	2023	2024	
Total	42.8	51.2	+19.7%
1Q	9.0	10.5	+17.2%
2Q	10.5	14.1	+34.3%
3Q	8.5	9.5	+11.7%
4Q	14.7	17.0	+15.4%

TR (billion yen)	Total		YoY change
	2023	2024	
Total	26.5	22.1	-16.4%
1Q	7.7	5.1	-33.8%
2Q	10.2	8.0	-21.6%
3Q	4.4	4.3	-1.9%
4Q	4.1	4.6	+13.5%

Japan			China			Other Asian countries			North America, others		
2023	2024	YoY change	2023	2024	YoY change	2023	2024	YoY change	2023	2024	YoY change
14.9	18.5	+24.0%	14.0	10.1	-27.6%	0.5	0.9	+60.0%	13.0	21.4	+63.9%
3.1	3.8	+21.3%	3.1	2.2	-30.1%	0.1	0.1	+62.2%	2.5	4.3	+68.1%
3.5	4.6	+28.5%	5.2	3.6	-30.4%	0.1	0.2	+27.8%	1.4	5.6	+277.8%
3.6	4.5	+23.1%	1.3	1.2	-10.6%	0.1	0.2	+32.5%	3.3	3.5	+7.2%
4.5	5.5	+23.1%	4.2	3.0	-27.8%	0.1	0.2	+144.8%	5.7	7.9	+39.0%

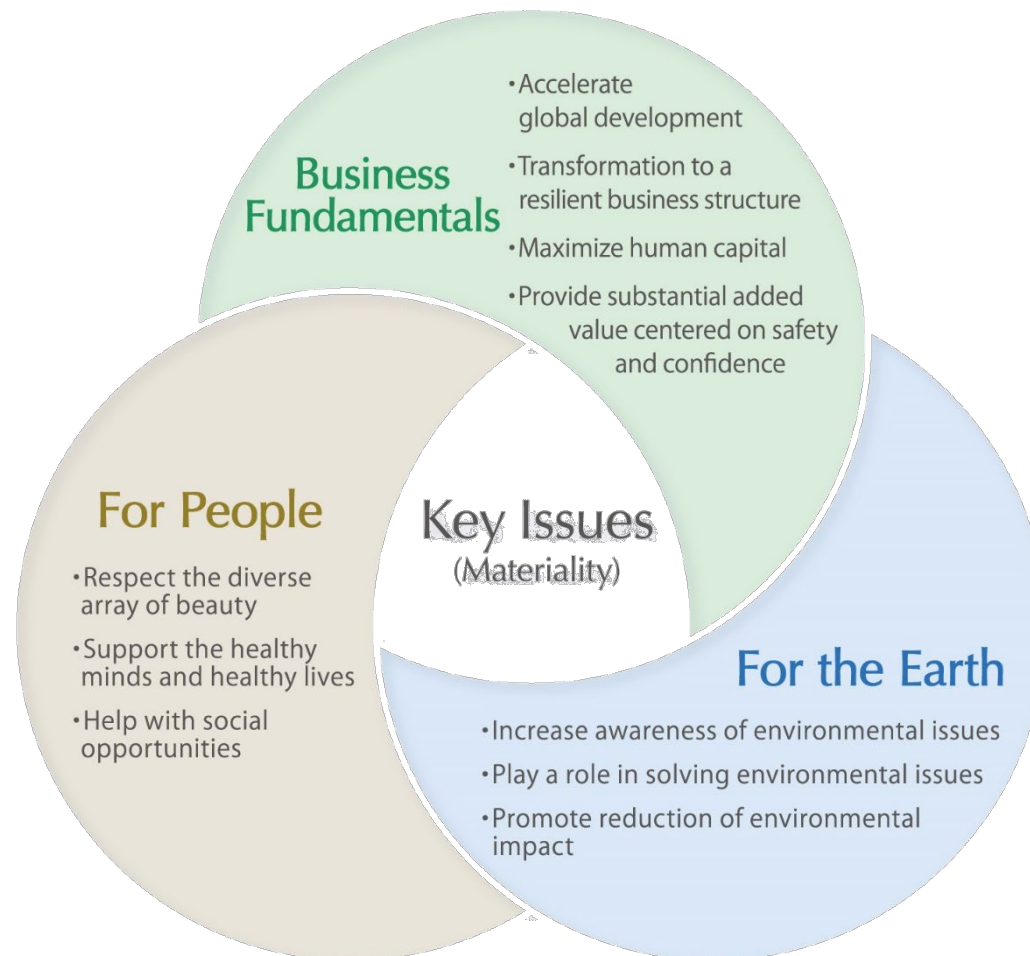
Japan			China			South Korea			Others		
2023	2024	YoY change	2023	2024	YoY change	2023	2024	YoY change	2023	2024	YoY change
5.1	8.9	+74.5%	14.7	8.6	-41.7%	3.6	2.2	-38.7%	2.8	2.2	-21.0%
0.5	1.5	+216.3%	6.0	1.7	-71.0%	0.6	0.9	+49.1%	0.5	0.8	+51.3%
1.5	2.2	+46.0%	5.6	4.6	-18.9%	1.3	1.0	-26.8%	1.6	0.1	-91.3%
1.1	2.7	+126.8%	1.7	0.8	-50.0%	1.1	0.5	-55.1%	0.3	0.2	-30.6%
1.9	2.4	+27.7%	1.3	1.3	+4.7%	0.4	-0.2	—	0.3	1.0	+183.3%

Offline (billion yen)	China		
	2023	2024	YoY change
Total	7.3	4.2	-41.4%
1Q	1.1	0.7	-30.3%
2Q	2.3	1.3	-45.0%
3Q	1.9	0.9	-49.5%
4Q	1.8	1.1	-34.9%

*The Accounting Standard for Revenue Recognition is not applied.

	2023				2024				
	(yen)	Jan. – Mar.	Jan. – Jun	Jan. – Sep.	Jan. – Dec.	Jan. – Mar.	Jan. – Jun	Jan. – Sep.	Jan. – Dec.
US\$		132.3	134.8	138.1	140.5	148.6	152.2	151.2	151.5
CN¥		19.3	19.4	19.6	19.8	20.6	21.0	20.9	21.0
KRW		0.103	0.104	0.106	0.107	0.111	0.112	0.111	0.111















- ◆ Creation of the next vision was based on work remaining to be done following VISION2026, identification of issues concerning the gap between KOSÉ today and Our Vision, and changes in the business climate and society issues. These factors were combined with assessments by individual KOSÉ business units and by external parties to determine key issues.
- ◆ Issues that are part of the new vision are divided into three categories: business, society and the environment.



◆After quantitative evaluations, we integrated several items including issues from reviewing the previous medium- to long-term Vision, and they are identified as material issues for the current medium- to long-term Vision. The addition and integration of business financial perspectives from material issues identified in 2020 is a major point of change.

	Matters that must be faced and society expectations		Material issues	
Business Issues	Development of priority global brands	Adapting to global market	Accelerate global development	Business fundamentals
	Reconstruction of business in China	Creating an attractive brand portfolio		
	Improving profitability and efficiency	Optimizing inventory and investments for growth		
	Upgrading business management functions	Promoting long-term management	Transformation to a resilient business structure	
	Creating a value chain with a competitive edge(research, production to sales)	Creating an efficient production system		
	Developing leading technologies (raw material/formulation development and manufacturing technology)	Strengthening function linkage within the Group and improving comprehensive abilities		
	Reconstructing work processes and work fundamentals	Creating an organizational/mindset/workplace culture and improving productivity	Maximize human capital	
	Promoting DE&I (employee attributes, experience, and skills)	Improving employee engagement		
	Revitalizing manufacturing (quality, technology, and cost	Creating values not limited to cosmetics (well-being value)		
	Increasing seamless contact points with customers and gaining customer experience	Increasing LTV while focusing on customer data (KOSE-ID)		
	Increasing awareness of and empathy toward a wide range of generations	Creating business value linked to external resources and technologies		
	Operating business from the customers' perspective			
Social Issues	Respecting diverse beauty values	Responsible advertising	Respect the diverse array of beauty	For people
	Contribute to providing value in the well-being domain	Improving consumer QOL	Support the healthy minds and healthy lives	
	Awareness of proper beauty habits and product use	Responsible raw material procurement with good working conditions		
	Gender equality	Promoting DE&I (society and employee diversity)	Help with social opportunities	
Environment Issues	Raising environmental awareness of consumers through marketing		Increasing awareness of environmental issues	For the Earth
	Environmental programs where KOSE operates	Specific initiatives for biodiversity4545	Play a role in solving environmental issues	
	Climate change initiatives like CO2 reduction	Reducing environmental loading throughout product life cycles	Promote reduction of environmental impact	
	Promoting waste reduction and resource recycling	Developing sustainable packaging		





Sustainability Strategy: Material Issues and Medium-to-long-term Targets (For People)

For People	Activity Theme	Commitment	Indicators	Target	Achieve by	Examples of Specific Measures	Relevant SDGs
	Respect the diverse array of beauty	Through adaptability, provide products and services where customers of various backgrounds can experience their own unique beauty	Ratio of products and services provided based on Adaptability ∞ (Eight)	100%*1	2030	<ul style="list-style-type: none"> • Designing products that meet diverse skin colors and textures • Adopting universal design • Developing beauty techniques that accommodates diversity • Developing products that meet various policies 	   
	Support the healthy minds and healthy lives	Pursue activities where the people of society can experience well-being through beauty	No. of initiatives for achieving well-being	500 or more activities	2030	<ul style="list-style-type: none"> • Activities to raise awareness in next generation about protecting healthy skin • Supporting promotion of health and community revitalization • Supporting sports promotion 	   
			Responsible procurement of palm oil (purchase of RSPO certification credits)	100%	2030	<ul style="list-style-type: none"> • Procuring certified raw materials and using palm oil through the Book and Claim model • Collaborating with suppliers on human rights aspects (procurement with no child labor, forced labor, etc.) 	 
	Help with social opportunities	Raise awareness and provide opportunities to participate in society for people of all diversities	Raising awareness of and initiatives in DE&I focusing on the 3Gs*2	1 million or more people	2030	<ul style="list-style-type: none"> • Promoting DE&I in the KOSÉ Group • Raising awareness about gender gaps • Initiatives to eliminate disparities caused by various attributes 	   











*1 Based on the unique eight initiatives in KOSÉ's Adaptability ∞ (Eight), we decide the focus items of each brand every year and calculate the overall achievement rate by counting the number of products and services that meet the targets those items.

*2 Global, Gender, and Generation

For the Earth

Activity Theme	Commitment		Indicators	Target	Achieve by	Examples of Specific Measures	Relevant SDGs
Increase awareness of environmental issues	Provide customers with opportunities to become aware of environmental issues through products, services, and information communicated		Increase in awareness of environmental issues through products, services and information transmissions	10 million people or more	2030	<ul style="list-style-type: none">•Activities such as SEKKISEI Save the Blue, DECORTÉ Sustainable Ingredients Project, BIOLISS Peaceful Green•Communicating information through media and websites•Participating in events for raising environmental awareness	   
Play a role in solving environmental issues	Pursue conservation and solving issues in various regions around the world		Area planted with coral reefs	20,000m ² About 53 times the area of a 25m Regulation size swimming pool	2030	<ul style="list-style-type: none">•Evolving SEKKISEI Save the Blue activities*Target is total area since 2009	
			Local community environmental conservation activities	100 activities or more	2030	<ul style="list-style-type: none">•Conservation of forests, oceans, and satoyama (semi-natural areas)•Environmental programs where KOSÉ operates (cleaning activities, environmental events, etc.)•Resource recycling initiatives (plastic container collection, upcycling)	

Sustainability Strategy: Material Issues and Medium-to-long-term Targets (For the Earth 2)

Activity Theme	Commitment		Indicators	Target		Achieve by	Examples of Specific Measures	Relevant SDGs	
Promote reduction of environmental impact	Reduce CO ₂ emissions		Scope 1・2	-55% (Target for total emission reduction vs. 2018)		2030	・Using renewable energy ・Introducing energy-efficient equipment, etc. ・Introducing hydrogen energy ・Fuel transition ・Introducing carbon pricing system ・Reducing CO2 across the value chain ・Developing low-carbon products *Green-house gas possibly emitted by the KOSÉ Group only identified as CO2	 	
				Carbon Neutrality		2040			
			Scope 3	-30% (Target for total emission reduction vs. 2018)		2030			
			Scope1・2・3	Net Zero		2050			
	Sustainability-conscious design for plastic packaging materials		Use of containers and packaging materials aligned with the 4Rs		100%*1	2030	・Using containers and packing materials aligned with the 4 Rs* * Reduce, Reuse, Recycle, Renewable ・Using recycled resin and biomass resin ・Switching from existing resin-derived materials ・Promoting use of refillable containers	 	
			Usage rate of recycled and biomass plastic		50%*1				
			Amount of usage of petroleum-based virgin plastic		- 50%*1 (Production units vs.2018)				
			Refillable container share	To be disclosed in 2025					
	Waste reduction for the purpose of responsible resource utilization				100%*2		2025	・Promoting the 3 Rs* for reducing waste *Reduce, Reuse, Recycle ・Effective use of bulk and unused materials ・Strengthening relations with recyclers	 
	Reduce use of water resources through responsible practices				-12%*2 (Production units vs. 2018)		2030	・Promoting the 3 Rs for water resources ・Introducing water recycling system and using recycled water	 
	Responsible palm oil procurement		Procuring certified raw materials and using palm oil through the Book and Claim model		100%		2030	・Procuring and using certified palm oil ・Strengthening cooperation with suppliers ・Establishing relationships with stakeholders of palm oil manufacturing country	 

*1 Figures for new products launched within the target achievement year

*2 KOSÉ Group Production Department

- ◆ To capture the “natural clean beauty” market segment, SEKKISEI BLUE and Prédia BLUE will be launched on May 16.

雪肌精 BLUE

SEKKISEI BLUE

Prédia

BLUE



The well-known SEKKISEI and Prédia brands—the latter known for its distinctive product development centered around marine-derived ingredients—will be integrated under the BLUE series and showcased together in the same retail space. By offering a diverse range of natural clean beauty products, the initiative aims to create synergies and expand the customer base for both brands.

SEKKISEI BLUE has already been launched in Singapore, Malaysia, Indonesia, and South Korea (duty-free). It is also set to roll out gradually in other countries and regions, including Japan, China, France, Thailand, and Taiwan.

SEKKISEI (to be released on March 16)

- ◆ SEKKISEI BRIGHTENING CLENSING OIL
- ◆ SEKKISEI BRIGHTENING FOAM CLEANSER



The fourth additions to the BRIGHTENING Series, these cleansing and face washing products, which are frequently used skin care items, are expected to attract new customers for the SEKKISEI brand.

Visée (to be released on March 16)

- ◆ DOUBLE MOOD EYES



A new product in the eye color category, one of the main categories of the Visée brand. The goal is to use this product with many types of popular eye colors and textures to increase sales in this category.

These materials include estimates on the basis of the outlook on the future and plans as of February 12, 2025, 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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- 2025 Earnings Announcement Schedule (tentative)

1st quarter earnings announcement:	May 9, 2025
2nd quarter earnings announcement:	August 7, 2025
3rd quarter earnings announcement:	November 10, 2025
Full-year earnings announcement:	February 12, 2026

*Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded. In addition, cases where the percentage of change exceeds 1,000% are shown as “-%”.