

Summary of Financial Results for the Third Quarter of Fiscal Year Ending December 31, 2025 (Nine Months Ended September 30, 2025)

[Japanese GAAP]

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, Prime Market
 Stock code: 4922 URL: <https://corp.kose.co.jp/en/>
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 Scheduled date of dividend payment: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2025 (January 1, 2025 – September 30, 2025)

(1) Consolidated financial results (YoY change % represents changes from the previous fiscal year)

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)
3Q 2025	240,510	0.7	13,575	(27.8)	13,543	(34.5)	9,387	(0.3)
3Q 2024	238,725	9.0	18,815	17.4	20,685	(1.8)	9,412	(28.4)

Note: Comprehensive income (million yen) 3Q 2025: 6,776 (down 30.8%) 3Q 2024: 9,796 (down 44.1%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
3Q 2025	164.50	-
3Q 2024	164.96	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
3Q 2025	373,999	290,325	72.3	4,739.07
2024	386,793	292,276	70.4	4,771.69

Ref.: Shareholders' equity (million yen) 3Q 2025: 270,479 2024: 272,295

Note: The provisional accounting treatment for a business combination has been finalized in the second quarter of 2025.
 All figures for 2024 reflect the finalized figures.

2. Dividends

	Dividend per share				
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)
2024	-	70.00	-	70.00	140.00
2025	-	70.00	-	-	-
2025 (forecast)	-	-	-	70.00	140.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for 2025 (January 1, 2025 – December 31, 2025)

(YoY change % represents changes from the previous fiscal year)

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)	Net income per share (Yen)
Full year	336,000	4.1	20,000	15.2	20,700	(4.4)	13,800	83.7	241.83

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Significant changes in scope of consolidation during the period: None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting consolidated quarterly financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others : None

2) Changes in accounting policies other than 1) above : None

3) Changes in accounting-based estimates : None

4) Restatements : None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (incl. treasury shares) at end of the period

As of September 30, 2025	60,592,541 shares	As of December 31, 2024	60,592,541 shares
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2) Number of treasury shares at end of the period

As of September 30, 2025	3,518,181 shares	As of December 31, 2024	3,527,676 shares
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3) Average number of shares outstanding during the period

3Q 2025	57,070,125 shares	3Q 2024	57,061,603 shares
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Note 1: Review of the attached consolidated quarterly financial statements by a certified public accountant or auditing firm: None

Note 2: Cautionary statement with respect to forward-looking statements

These materials contain forward-looking statements and statements of this nature based on assumptions judged to be valid and information available to KOSÉ as of the announcement date of the summary. These statements are not promises by KOSÉ regarding future performance. As such, actual results may differ significantly from these projections resulting from changes in the economic environment and other risks and uncertainties. For discussion of the assumptions and other factors considered by KOSÉ in preparing the above projections, please refer to the section "1. Qualitative Information on Consolidated Quarterly Financial Performance, (2) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 of the attachments.

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Explanation of Results of Operations

Nine Months Ended September 30, 2025 (January 1, 2025 – September 30, 2025)

Millions of yen, %

Operating segment	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	187,447	78.5	189,939	79.0	2,491	1.3
Cosmetaries	49,440	20.7	48,391	20.1	(1,048)	(2.1)
Others	1,837	0.8	2,179	0.9	341	18.6
Total net sales	238,725	100.0	240,510	100.0	1,784	0.7

	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	18,815	7.9	13,575	5.6	(5,239)	(27.8)
Ordinary profit	20,685	8.7	13,543	5.6	(7,141)	(34.5)
Profit attributable to owners of parent	9,412	3.9	9,387	3.9	(24)	(0.3)

During the first nine months (January 1 to September 30) of 2025, the slow recovery of the Japanese economy continued. Although consumer spending is rebounding, consumer sentiment is declining due to inflation and there are still numerous risk factors, including U.S. tariffs, that could cause an economic downturn.

The economic outlook in Asia and the United States, the primary markets for the KOSÉ Group outside Japan, remained uncertain. In China, economic growth is slowing due to trade friction with the United States and the continuation of real estate sector weakness and price declines. In the United States, demand is decreasing after the rush to make purchases prior to the March tariff hikes. Inflation due to high interest rates and tariff hikes are holding down consumer spending and capital expenditures. Overall, the U.S. economy remains stable but is slowing down slightly.

In the Japanese cosmetics market, sales have been firm with no significant changes even following the end in the second half of 2024 of the post-pandemic upturn in demand. Spending by foreign tourists in Japan decreased briefly but subsequently started to recover due to the big increase in the number of these tourists that began in August.

The Asian cosmetics market, particularly in China, remains polarized due to the rise of Chinese cosmetics brands and sluggish consumer spending.

In the United States, the business climate is challenging for cosmetics, particularly for middle to high-end brands, as consumers become more price sensitive. In addition, close monitoring is still required concerning the outlook for cosmetic product expenditures by consumers in part because of emerging business risks such as higher costs caused by additional tariffs.

In November 2024, KOSÉ announced a medium to long-term vision called Vision for Lifelong Beauty Partner–Milestone 2030. Phase 1 of this vision is currently under way with the goal of completing structural reforms and rebuilding an infrastructure. Measures during this phase include a reexamination of the structure of business operations to improve profitability in Japan and investments for the growth of sales in Asia.

In the first nine months of 2025, sales increased slightly, as a significant increase in sales at DECORTÉ and ALBION CO., LTD. in Japan more than offset lower sales in Greater China and at KOSÉ Cosmeport Corp. As a result, consolidated sales increased 0.7% from the same period of 2024 to 240,510 million yen (up 1.3% after excluding the effects of changes in foreign exchange rates). Overseas sales were 34.7% of total sales.

Operating profit decreased 27.8% from the same period of 2024 to 13,575 million yen mainly because of higher

SG&A expenses. Goodwill amortization and administrative expenses of the newly consolidated PURI CO., LTD. and higher marketing costs and logistics expenses at Tarte, Inc. were the main reasons for the lower earnings.

Ordinary profit decreased 34.5% to 13,543 million yen due to a rise in foreign exchange losses caused by the yen appreciation. Profit attributable to owners of parent was down 0.3% to 9,387 million yen due to a loss on liquidation of business in the same period of 2024 associated with structural business reforms in China.

In the cosmetics segment, sales increased in the high prestige category but decreased in the prestige category. The result was a slight overall increase.

In the high prestige category, sales of JILL STUART and other makeup brands were down. Sales increased at the major brands of ALBION, and at DECORTÉ and Tarte. The first inclusion of newly consolidated PAÑPURI also contributed to sales growth. Although DECORTÉ sales declined in Asia, sales of this brand returned to growth in the first nine months of 2025 because of a big increase in sales in Japan.

In the prestige category, ONE BY KOSÉ and ESPRIQUE sales increased. Sales of SEKKISEI, the core brand in this category, were down from the same period of 2024.

The segment operating profit in mainland China was higher but was insufficient to offset the decreases in operating profit at the China Travel Retail sector and at Tarte. In the first nine months, mainland China remained profitable because the benefits of structural reforms began to appear. At Tarte, in a challenging business climate, earnings were impacted by higher marketing expenses for activities to maintain a strong brand presence and higher logistics expenses.

As a result, sales in the cosmetics business segment increased 1.3% from the same period of 2024 to 189,939 million yen and operating profit was down 24.6% to 11,684 million yen.

In the cosmetaries business segment, sales of MAKE KEEP products were strong. However, segment sales decreased due to lower sales of KOSÉ's self-makeup brands and to intense competition that held down sales of hair care brands and other products at KOSÉ Cosmeport.

The segment operating profit decreased mainly due to a lower gross profit caused by a higher cost of sales ratio and sales decline, as well as an increase in selling expenses at KOSÉ Cosmeport.

As a result, sales in this business segment decreased 2.1% from the same period of 2024 to 48,391 million yen and operating profit decreased 22.7% to 5,248 million yen.

Earnings in the others business segment were higher because of an increase in gross profit resulting from higher sales of amenity products. As a result, sales in this business segment increased 18.6% from the same period of 2024 to 2,179 million yen. Operating profit increased 17.9% to 1,108 million yen.

Net Sales by Region (Sales to Third Parties)

Millions of yen, %

	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Japan	155,483	65.1	157,046	65.3	1,563	1.0
Asia	30,015	12.6	29,883	12.4	(132)	(0.4)
North America	46,711	19.6	47,402	19.7	690	1.5
Others	6,514	2.7	6,177	2.6	(336)	(5.2)
Total net sales	238,725	100.0	240,510	100.0	1,784	0.7

Japan

In the cosmetics segment, sales increased mainly because of higher sales of DECORTÉ products and the major brands of ALBION. Meanwhile, cosmetics segment sales decreased at self-makeup brands of KOSÉ Corporation and KOSÉ Cosmeport. As a result, there was a small increase in sales in Japan.

DECORTÉ sales increased because of the success of new products.

Elégance sales decreased because of a decline in sales following a rush to make purchases prior to the April price revisions of some Elégance products. The ALBION brand performed strongly by capturing domestic demand, especially through the EXCIA series. Overall, the company-wide sales at ALBION were higher than one year earlier.

Sales of ONE BY KOSÉ and ESPRIQUE, the primary brands of the prestige category, increased. Sales of SEKKISEI products decreased due to the discontinuation of certain series, despite strong sales of the Brightening series.

As a result, sales in Japan increased 1.0% from the same period of 2024 to 157,046 million yen.

Asia

Although sales increased at PURI CO., LTD, which became a newly consolidated subsidiary in 2025, the increase was not enough to offset the decrease in sales in the duty-free channel. Overall sales in this region decreased slightly compared to the same period of 2024.

In the duty-free channel, KOSÉ is continuing its voluntary shipment controls. Another reason for the year-on-year decrease in sales in this region was the increase in shipments during the second quarter of 2024. These shipments were made in anticipation of a rapid recovery in China in the second half of 2024.

In mainland China, structural reforms implemented in the same period of 2024 have steadily produced benefits. Sales recovered to the same level as one year earlier in the first nine months of 2025.

As a result, sales in Asia decreased 0.4% from the same period of 2024 to 29,883 million yen.

North America/Others

Sales increased at Tarte, which accounts for most of the sales in these areas. Offline channel sales in North America were down because of negative consumer sentiment. However, sales in existing e-commerce channels were strong and an additional shipment to the newly contracted major e-commerce platform contributed to sales.

Among the brands of KOSÉ, sales of SEKKISEI products were down from one year earlier when there were large orders for these products during the same period of 2024. In 2025, orders to be received in the third quarter have been pushed back to the fourth quarter.

As a result, sales in North America increased 1.5% from the same period of 2024 to 47,402 million yen, and sales in Others (including Europe) decreased 5.2% to 6,177 million yen.

(2) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the full-year earnings forecast announced on February 12, 2025.

2. Details of Stock, etc.**(1) Total Number of Shares, etc.****(i) Total number of shares**

Class	Total number of authorized shares (Shares)
Common stock	200,000,000
Total	200,000,000

(ii) Outstanding shares

Class	Number of shares outstanding as of Sep. 30, 2025 (Shares)	Number of shares outstanding as of the filing date (Nov. 10, 2025) (Shares)	Name of financial instruments exchange or authorized financial instruments firms association (where shares are listed or registered)	Description
Common stock	60,592,541	60,592,541	Prime Market of Tokyo Stock Exchange	The number of shares per one unit is 100 shares.
Total	60,592,541	60,592,541	-	-

(2) Transition of Total Number of Shares Outstanding and Amount of Share Capital

Date	Increase (decrease) in total number of shares outstanding (Thousand shares)	Balance of total number of shares outstanding (Thousand shares)	Increase (decrease) in share capital (Million yen)	Balance of share capital (Million yen)	Increase (decrease) in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
Jul. 1, 2025 – Sep. 30, 2025	-	60,592	-	4,848	-	6,390

(3) Voting Rights**(i) Outstanding shares**

As of September 30, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 3,518,100	-	-
Shares with full voting rights (other)	Common stock 56,930,300	569,303	-
Odd-lot shares	Common stock 144,141	-	Less than one unit (fewer than 100 shares)
Total number of shares outstanding	60,592,541	-	-
Voting rights held by all shareholders	-	569,303	-

Note: "Shares with full voting rights (other)" of common stock includes 3,800 shares of unknown holders' stock registered under the name of Japan Securities Depository Center, Inc.

"Number of voting rights" includes 38 units of voting rights related to such shares with full voting rights under the name of Japan Securities Depository Center, Inc.

(ii) Treasury shares, etc.

As of September 30, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' name (Shares)	Total number of shares held (Shares)	Ratio against total number of shares outstanding (%)
KOSÉ Corporation	3-6-2 Nihonbashi, Chuo-ku, Tokyo	3,518,100	-	3,518,100	5.81
Total	-	3,518,100	-	3,518,100	5.81

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

	<i>Millions of yen</i>	
	2024 (As of Dec. 31, 2024)	3Q 2025 (As of Sep. 30, 2025)
Assets		
Current assets		
Cash and deposits	113,970	86,249
Notes and accounts receivable-trade	50,020	49,264
Merchandise and finished goods	40,216	46,703
Work in process	3,105	4,418
Raw materials and supplies	26,311	26,211
Other	6,864	6,028
Allowance for doubtful accounts	(151)	(154)
Total current assets	240,336	218,721
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,466	54,854
Accumulated depreciation	(29,694)	(30,797)
Buildings and structures, net	24,771	24,056
Machinery, equipment and vehicles	22,967	23,098
Accumulated depreciation	(19,772)	(20,406)
Machinery, equipment and vehicles, net	3,194	2,691
Tools, furniture and fixtures	45,881	46,020
Accumulated depreciation	(40,715)	(40,036)
Tools, furniture and fixtures, net	5,166	5,984
Land	18,800	18,517
Leased assets	14,675	14,367
Accumulated depreciation	(4,957)	(5,437)
Leased assets, net	9,717	8,929
Construction in progress	12,099	22,054
Total property, plant and equipment	73,749	82,234
Intangible assets		
Software	5,535	4,895
Goodwill	6,972	5,657
Other	14,436	13,904
Total intangible assets	26,944	24,457
Investments and other assets		
Investment securities	16,750	19,802
Retirement benefit asset	18,828	18,939
Deferred tax assets	6,131	5,798
Other	4,752	4,748
Allowance for doubtful accounts	(700)	(702)
Total investments and other assets	45,762	48,585
Total non-current assets	146,456	155,277
Total assets	386,793	373,999

Millions of yen

	2024 (As of Dec. 31, 2024)	3Q 2025 (As of Sep. 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,356	10,032
Electronically recorded obligations-operating	14,859	14,393
Short-term borrowings	831	779
Lease liabilities	1,406	1,373
Accounts payable-other	16,628	12,131
Accrued expenses	13,447	12,691
Income taxes payable	5,721	1,662
Accrued consumption taxes	1,736	496
Refund liabilities	6,532	5,711
Other	2,641	2,078
Total current liabilities	71,162	61,350
Non-current liabilities		
Lease liabilities	8,985	8,247
Deferred tax liabilities	8,893	9,276
Other	5,474	4,798
Total non-current liabilities	23,353	22,322
Total liabilities	94,516	83,673
Net assets		
Shareholders' equity		
Share capital	4,848	4,848
Capital surplus	179	206
Retained earnings	243,345	244,766
Treasury shares	(9,055)	(9,031)
Total shareholders' equity	239,316	240,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,929	4,497
Foreign currency translation adjustment	18,461	16,191
Remeasurements of defined benefit plans	9,588	9,002
Total accumulated other comprehensive income	32,979	29,690
Non-controlling interests	19,980	19,846
Total net assets	292,276	290,325
Total liabilities and net assets	386,793	373,999

(2) Consolidated Quarterly Statements of Income and Comprehensive Income**Consolidated Quarterly Statement of Income
(For the Nine-month Period)***Millions of yen*

	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)	3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)
Net sales	238,725	240,510
Cost of sales	71,913	73,362
Gross profit	166,812	167,148
Selling, general and administrative expenses		
Advertising expenses	19,528	19,932
Promotion expenses	34,377	34,468
Freight and packing costs	13,862	15,143
Salaries and allowances	40,379	41,211
Retirement benefit expenses	40	(82)
Legal welfare expenses	6,231	6,249
Depreciation	3,693	4,714
Other	29,884	31,933
Total selling, general and administrative expenses	147,997	153,572
Operating profit	18,815	13,575
Non-operating income		
Interest income	718	698
Dividend income	125	297
Subsidy income	87	449
Consumption taxes refund	65	48
Foreign exchange gains	715	-
Miscellaneous income	326	285
Total non-operating income	2,038	1,779
Non-operating expenses		
Interest expenses	3	39
Provision of allowance for doubtful accounts	55	1
Loss on investments in investment partnerships	57	58
Foreign exchange losses	-	1,670
Miscellaneous losses	51	40
Total non-operating expenses	168	1,811
Ordinary profit	20,685	13,543
Extraordinary income		
Gain on sale of non-current assets	2,336	2,715
Gain on sale of investment securities	1	96
Total extraordinary income	2,337	2,812
Extraordinary losses		
Loss on disposal of non-current assets	101	275
Impairment losses	322	2
Loss on liquidation of business	4,106	-
Total extraordinary losses	4,531	277
Profit before income taxes	18,492	16,078
Income taxes-current	9,513	5,113
Income taxes-deferred	(1,371)	847
Total income taxes	8,142	5,961
Profit	10,349	10,117
Profit attributable to non-controlling interests	937	729
Profit attributable to owners of parent	9,412	9,387

Consolidated Quarterly Statement of Comprehensive Income
(For the Nine-month Period)

Millions of yen

	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)	3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)
Profit	10,349	10,117
Other comprehensive income		
Valuation difference on available-for-sale securities	(326)	(423)
Foreign currency translation adjustment	347	(2,302)
Remeasurements of defined benefit plans, net of tax	(574)	(614)
Total other comprehensive income	(553)	(3,340)
Comprehensive income	9,796	6,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,861	6,099
Comprehensive income attributable to non-controlling interests	934	677

(3) Notes to Consolidated Quarterly Financial Statements**Going Concern Assumption**

Not applicable.

Precaution Concerning Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

I. 3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)

1. Information related to net sales and profit for each reportable segment

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	187,447	49,440	236,887	1,837	238,725	-	238,725
(2) Intragroup sales and transfers	-	-	-	390	390	(390)	-
Total sales	187,447	49,440	236,887	2,228	239,116	(390)	238,725
Segment profit	15,505	6,790	22,296	940	23,236	(4,421)	18,815

Notes: 1 The "other" segment consists of activities that are not included in any of the reportable segments: amenity products, etc.

2. Adjustments to segment profit are as follows.

Millions of yen

Eliminations for intersegment transactions	(119)
Corporate expenses that cannot be allocated to reportable segments	(4,301)

Corporate expenses consist primarily of expenses related to the administration division at KOSÉ and expenses for basic research that are not assigned to any particular reportable segment.

3. Segment profit is adjusted with operating profit shown on the consolidated quarterly statement of income.

2. Information related to impairment losses on non-current assets and goodwill, etc. for each reportable segment

No significant items in 3Q 2024.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
155,483	30,015	46,711	6,514	238,725

II. 3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)

1. Information related to net sales and profit or loss for each reportable segment

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	189,939	48,391	238,330	2,179	240,510	-	240,510
(2) Intragroup sales and transfers	-	-	-	374	374	(374)	-
Total sales	189,939	48,391	238,330	2,553	240,884	(374)	240,510
Segment profit	11,684	5,248	16,932	1,108	18,041	(4,465)	13,575

Notes: 1. The “other” segment consists of activities that are not included in any of the reportable segments: amenity products, etc.

2. Adjustments to segment profit are as follows.

Millions of yen

Eliminations for intersegment transactions	64
Corporate expenses that cannot be allocated to reportable segments	(4,530)

Corporate expenses consist primarily of expenses related to the administration division at KOSÉ and expenses for basic research that are not assigned to any particular reportable segment.

3. Segment profit is adjusted with operating profit shown on the consolidated quarterly statement of income.

2. Information related to impairment losses on non-current assets and goodwill, etc. for each reportable segment

Significant change in goodwill

In the cosmetics segment, a provisional accounting treatment was applied in 2024 for the acquisition of PURI CO., LTD. on December 26, 2024. This treatment was finalized in the second quarter of 2025. Please refer to “Finalization of provisional accounting treatment of business combination” under “Notes (Business Combinations, etc.)” for further information.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
157,046	29,883	47,402	6,177	240,510

Consolidated Quarterly Statement of Cash Flows

A consolidated quarterly statement of cash flows for 3Q 2025 has not been prepared. Depreciation (including amortization expenses related to intangible assets other than goodwill) and goodwill amortization for 3Q 2024 and 3Q 2025 are as follows.

Millions of yen

	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)	3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)
Depreciation	6,768	7,917
Goodwill amortization	827	1,253

Business Combinations

Finalization of provisional accounting treatment of business combination

In 2024, a provisional accounting treatment was applied for the acquisition of PURI CO., LTD. on December 26, 2024. This treatment was finalized in the second quarter of 2025.

Due to the finalization of the provisional accounting treatment, the comparative information for the third quarter included in the consolidated financial statements for the first nine months of 2025 reflects a significant revision of the initial acquisition cost allocation. As a result, provisional goodwill of 10,625 million yen decreased 6,537 million yen to 4,087 million yen due to the finalized accounting treatment. Consequently, there were increases of 10,229 million yen in other intangible assets, 2,026 million yen in deferred tax liabilities and 1,645 million yen in non-controlling interests, while there was a decrease of 19 million yen in deferred tax assets.

Information Concerning Revenue Recognition

Division of sales

The KOSÉ Group has two reportable segments: cosmetics business and cosmetaries business. These are business units where the Board of Directors performs periodic studies in order to determine the allocation of resources and evaluate performance. The revenue of these two businesses is presented as sales. In addition, geographic sales are divided according to the locations of customers. The relationship between these geographic divisions of revenue and segment sales is as follows.

I. 3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)

	Millions of yen				
	Japan	Asia	North America	Others	Total
Cosmetics	105,452	28,790	46,711	6,493	187,447
Cosmetaries	48,194	1,224	-	20	49,440
Total	153,646	30,014	46,711	6,514	236,887
Others (Note)	1,680	1	-	-	1,682
Revenue from contracts with customers	155,327	30,015	46,711	6,514	238,570
Other revenue	155	-	-	-	155
Sales to third parties	155,483	30,015	46,711	6,514	238,725

Note: The "others" segment consists of activities that are not included in any of the reportable segments: amenity products, etc.

II. 3Q 2025 (Jan. 1, 2025 – Sep. 30, 2025)

	Millions of yen				
	Japan	Asia	North America	Others	Total
Cosmetics	107,843	28,533	47,402	6,158	189,939
Cosmetaries	47,023	1,348	-	18	48,391
Total	154,867	29,882	47,402	6,177	238,330
Others (Note)	2,019	0	-	-	2,019
Revenue from contracts with customers	156,887	29,883	47,402	6,177	240,350
Other revenue	159	-	-	-	159
Sales to third parties	157,046	29,883	47,402	6,177	240,510

Note: The "others" segment consists of activities that are not included in any of the reportable segments: amenity products, etc.

Note: This is a translation of Japanese Kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.