

## Summary of Financial Results for the Fiscal Year Ended December 31, 2025

[Japanese GAAP]

Company name: **KOSÉ Holdings Corporation** Stock listing: Tokyo Stock Exchange, Prime Market  
 Stock code: 4922 URL: <https://koseholdings.co.jp/en/>  
 President & CEO: Kazutoshi Kobayashi  
 Contact: Hiroko Hanakura, General Manager of IR Department Tel: +81- (0) 3-3273-1511  
 Scheduled date of general meeting of shareholders: March 27, 2026  
 Scheduled date of filing of Securities Report: March 24, 2026  
 Scheduled date of dividend payment: March 31, 2026  
 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 Fiscal Year Ended December 31, 2025

(January 1, 2025 – December 31, 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 (%)
2025	330,193	2.3	18,467	6.3	21,463	(0.8)	15,114	101.2
2024	322,758	7.4	17,364	8.6	21,646	6.9	7,510	(35.6)

Note: Comprehensive income (million yen) 2025: 21,258 (up 35.9%) 2024: 15,646 (down 2.5%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
2025	264.84	-	5.4	5.5	5.6
2024	131.62	-	2.8	5.7	5.4

Ref.: Equity in earnings of affiliates (million yen) 2025: - 2024: -

#### (2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
2025	393,454	304,784	72.2	4,979.35
2024	386,793	292,276	70.4	4,771.69

Ref.: Shareholders' equity (million yen) 2025: 284,193 2024: 272,295

Note: The accounting treatment for the business combination was finalized during the interim consolidated fiscal period ended December 2025. Accordingly, the figures for the fiscal year ended December 2024 reflect the finalization of the provisional accounting treatment.

#### (3) Consolidated cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period (Million yen)
	Operating activities (Million yen)	Investing activities (Million yen)	Financing activities (Million yen)	
2025	11,138	(17,744)	(10,000)	90,747
2024	18,379	(8,932)	(8,684)	107,757

### 2. Dividends

	Dividend per share					Total dividends (Million yen)	Payout ratio (consolidated) (%)	Dividend on net assets (consolidated) (%)
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)			
2024	-	70.00	-	70.00	140.00	7,989	106.4	3.0
2025	-	70.00	-	70.00	140.00	7,990	52.9	2.9
2026 (forecast)	-	70.00	-	80.00	150.00		-	

Note: The year-end dividend forecast for 2026 comprises an ordinary dividend of 70.00 yen and a commemorative dividend of 10.00 yen.

### 3. Consolidated Forecast for 2026 (January 1, 2026 – December 31, 2026)

(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	350,000	6.0	20,000	8.3	21,000	(2.2)	12,100	(19.9)	212.00

**\* Notes**

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

Newly added: -

Excluded: -

(2) 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

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (incl. treasury shares) at end of the period			
As of December 31, 2025	60,592,541 shares	As of December 31, 2024	60,592,541 shares
2) Number of treasury shares at end of the period			
As of December 31, 2025	3,518,215 shares	As of December 31, 2024	3,527,676 shares
3) Average number of shares outstanding during the period			
2025	57,071,175 shares	2024	57,062,418 shares

**(Reference) Non-consolidated financial results**

**Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2025**

**(January 1, 2025 – December 31, 2025)**

(1) Non-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 (%)	Net income (Million yen)	YoY change (%)
2025	120,150	5.6	910	-	13,359	-	14,579	-
2024	113,735	1.1	(5,824)	-	46	(99.4)	(657)	-

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
2025	255.46	-
2024	(11.52)	-

(2) Non-consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
2025	200,593	157,820	78.7	2,765.17
2024	190,216	151,711	79.8	2,658.59

Ref.: Shareholders' equity (million yen) 2025: 157,820

2024: 151,711

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

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 Holdings as of the announcement date of the summary. These statements are not promised by KOSÉ Holdings 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 Holdings in preparing the above projections, please refer to the section "1. Overview of Results of Operations (4) Outlook" of the attachments.

## Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	5
(3) Cash Flows	5
(4) Outlook	6
(5) Profit Allocation Policy and Dividends for 2025 and 2026	7
(6) Management Policies	7
2. Basic Approach for the Selection of Accounting Standards	9
3. Consolidated Financial Statements and Notes	10
(1) Consolidated Balance Sheet	10
(2) Consolidated Statements of Income and Comprehensive Income	12
Consolidated Statement of Income	12
Consolidated Statement of Comprehensive Income	13
(3) Consolidated Statement of Changes in Equity	14
(4) Consolidated Statement of Cash Flows	16
(5) Notes to Consolidated Financial Statements	18
(Going Concern Assumption)	18
(Reclassifications)	18
(Business Combinations)	18
(Information Concerning Revenue Recognition)	19
(Segment and Other Information)	19
(Per Share Information)	21
(Subsequent Events)	21

## 1. Overview of Results of Operations

### (1) Results of Operations

#### a. Review of Operations

Operating segment	2024 (Jan. 1, 2024 – Dec. 31, 2024)		2025 (Jan. 1, 2025 – Dec. 31, 2025)		Millions of yen, %	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	255,349	79.1	262,303	79.4	6,954	2.7
Cosmetaries	64,719	20.1	64,493	19.5	(226)	(0.3)
Others	2,689	0.8	3,396	1.0	707	26.3
Total net sales	322,758	100.0	330,193	100.0	7,435	2.3

	2024 (Jan. 1, 2024 – Dec. 31, 2024)		2025 (Jan. 1, 2025 – Dec. 31, 2025)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	17,364	5.4	18,467	5.6	1,102	6.3
Ordinary profit	21,646	6.7	21,463	6.5	(183)	(0.8)
Profit attributable to owners of parent	7,510	2.3	15,114	4.6	7,604	101.2

In 2025 (January 1, 2025 to December 31, 2025), the Japanese economy recovered slowly as employment and personal income improved. 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 Holdings 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, inflation driven by continuing high interest rates and tariff hikes is 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. Inbound demand had been on a recovery trend since August as the number of tourists increased. However, spending by Chinese tourists began to decline in December following the Chinese government's request in mid-November to refrain from travelling to Japan.

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 mid to high-end brands, as consumers become more price sensitive. There is still uncertainty about the outlook even though concerns about business risk involving tariffs decreased somewhat as some countries eliminated retaliatory tariffs and lowered other tariffs. Trends involving consumer spending for cosmetics in the United States will have to be monitored closely.

In November 2024, we 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. More information is in section (6) Management Policies.

In 2025, sales increased due to sales growth at the KOSÉ business, the ALBION business and the KOSÉ Cosmepoort business, which are core businesses of the KOSÉ Holdings Group. As a result, consolidated sales increased 2.3% from 2024 to 330,193 million yen (up 2.6% after excluding the effects of changes in foreign exchange rates). Overseas sales were 34.8% of total sales.

Operating profit increased 6.3% from 2024 to 18,467 million yen, as an improvement in profitability at the KOSÉ business offset lower earnings at the Tarte business and the ALBION business.

Ordinary profit decreased 0.8% to 21,463 million yen because the foreign exchange gain decreased. Profit attributable to owners of parent was up 101.2% to 15,114 million yen due to a loss on liquidation of business in 2024 associated with structural business reforms in mainland China and a decrease in income taxes payable.

### b. Results by Business Segment

#### Cosmetics Business

	2024	2025	Millions of yen, %	
			Amount	%
Sales to third parties	255,349	262,303	6,954	2.7
Intragroup sales and transfers	-	-	-	-
Total net sales	255,349	262,303	6,954	2.7
Operating profit	15,052	16,768	1,715	11.4
Operating margin	5.9	6.4	-	-

In the cosmetics business segment, sales increased because of higher sales in the high prestige category and prestige category.

In the high prestige category, sales of JILL STUART and other makeup brands were down. DECORTÉ sales and sales of the major brands of the ALBION business increased. The first inclusion of newly consolidated PAÑPURI also contributed to sales growth.

In the prestige category, sales increased due to a significant increase in sales of ONE BY KOSÉ and higher overseas sales of SEKKISEI, which are major brands of this category.

The segment operating profit increased. Profit decreased at the Tarte business and the ALBION business due to aggressive marketing investments aimed at improving brand presence. Meanwhile, operations in mainland China turned profitable due to the benefits of structural reforms and the KOSÉ business earnings increased in part because of measures to hold down SG&A expenses.

As a result, sales in this business segment increased 2.7% from 2024 to 262,303 million yen and operating profit was up 11.4% to 16,768 million yen.

#### Cosmetaries Business

	2024	2025	Millions of yen, %	
			Amount	%
Sales to third parties	64,719	64,493	(226)	(0.3)
Intragroup sales and transfers	-	-	-	-
Total net sales	64,719	64,493	(226)	(0.3)
Operating profit	6,980	6,252	(728)	(10.4)
Operating margin	10.8	9.7	-	-

In the cosmetaries business segment, sales were the same as one year earlier. Sales of the KOSÉ business's self-makeup brands decreased but sales of MAKE KEEP products were strong and the KOSÉ Cosmeport business sales achieved a record high.

Operating profit in this segment decreased; while the KOSÉ Cosmeport business maintained performance levels from the previous year, it was insufficient to offset the decline in gross profit from Visée and other makeup brands.

As a result, sales in this business segment decreased 0.3% from 2024 to 64,493 million yen and operating profit decreased 10.4% to 6,252 million yen.

**Others**

	2024	2025	Millions of yen, %	
			YoY change	
			Amount	%
Sales to third parties	2,689	3,396	707	26.3
Intragroup sales and transfers	517	515	(2)	(0.5)
Total net sales	3,206	3,911	704	22.0
Operating profit	1,427	1,695	268	18.8
Operating margin	44.5	43.3	-	-

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 26.3% from 2024 to 3,396 million yen. Operating profit increased 18.8% to 1,695 million yen.

**c. Net Sales by Region (Sales to Third Parties)**

	2024		2025		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Japan	211,385	65.5	215,333	65.2	3,948	1.9
Asia	40,620	12.6	44,100	13.4	3,480	8.6
North America	62,009	19.2	61,848	18.7	(160)	(0.3)
Others	8,743	2.7	8,910	2.7	166	1.9
Total net sales	322,758	100.0	330,193	100.0	7,435	2.3

**Japan**

Sales in Japan increased mainly because of higher sales at ALBION and of DECORTÉ and ONE BY KOSÉ products in the cosmetics segment and higher sales of MAKE KEEP products and of Softymo and other products sold by the KOSÉ Cosmeport business in the cosmetaries segment.

DECORTÉ sales in Japan increased to a record high with the support of strong sales of two new products: AQ PORE BLACKHEAD DISSOLVER (Deep Pore Cleanser) and YOUTH POWER ESSENCE LOTION.

At the ALBION business, Elégance sales were lower than one year earlier, but overall sales increased mainly due to strong sales of the EXCIA Series of ALBION brand.

Successful new products also contributed to sales growth of the ONE BY KOSÉ brand. SEKKISEI sales decreased in Japan despite a big increase in sales of the Brightening series. The main reasons are lower sales of the Classic series and the discontinuation of certain series.

As a result, sales in Japan increased 1.9% from 2024 to 215,333 million yen.

**Asia**

Sales in Asia increased even though duty-free channel sales decreased due to measures by KOSÉ to control the volume of shipments in this channel. Mainland China sales increased due to the success of activities involving a large e-commerce sales and newly consolidated the PURI business contributed to sales growth.

As a result, sales in Asia increased 8.6% from 2024 to 44,100 million yen.

**North America/Others**

Tarte sales remained flat on a local currency basis, though they were slightly lower on a yen basis. Offline channel sales in North America decreased because of negative consumer sentiment. This decline was offset by strong sales in existing e-commerce channels and additional shipments because of the start of sales on a major e-commerce platform.

Among the brands of KOSÉ, sales of SEKKISEI products were up due to a higher volume of shipments to a major retailer.

As a result, sales in North America decreased 0.3% from 2024 to 61,848 million yen, and sales in Others (including Europe) increased 1.9% to 8,910 million yen.

## (2) Financial Position

The current ratio was 362.2%, 24.5 percentage points higher than one year earlier, and the quick ratio was 235.0%, an increase of 4.6 percentage points, as of December 31, 2025. These changes were attributable mainly to the following reasons:

Assets increased 6,661 million yen mainly the result of increases of 6,055 million yen in notes and accounts receivable-trade, 3,321 million yen in merchandise and finished goods, 10,162 million yen in construction in progress, 3,102 million yen in investment securities and 8,900 million yen in retirement benefit asset, and decreases of 21,508 million yen in cash and deposits, and 1,343 million yen in goodwill.

Liabilities decreased 5,846 million yen mainly due to increases of 1,848 million yen in notes and accounts payable-trade and 3,243 million yen in long-term deferred tax liabilities, and decreases of 3,030 million yen in accrued expenses and 3,079 million yen in income taxes payable.

Interest-bearing debt amounted to 10,668 million yen, and the debt-to-equity ratio was 0.04.

## (3) Cash Flows

### 1) Analysis of Cash Flows

	Millions of yen		
	2024	2025	YoY change
Net cash provided by (used in) operating activities	18,379	11,138	(7,240)
Net cash provided by (used in) investing activities	(8,932)	(17,744)	(8,812)
Net cash provided by (used in) financing activities	(8,684)	(10,000)	(1,316)
Increase in cash and cash equivalents	2,088	(17,010)	(19,098)
Cash and cash equivalents at end of period	107,757	90,747	(17,010)

Cash and cash equivalents (consolidated basis) as of December 31, 2025 were 90,747 million yen, a decrease of 17,010 million yen, or 15.8%, compared with December 31, 2024. The status of each cash flow and its factors at the end of the current fiscal period are as follows.

Net cash provided by operating activities decreased 39.4 % to 11,138 million yen. This was mainly the net result of profit before income taxes of 23,224 million yen, depreciation, a non-cash expense of 10,879 million yen, an increase of 5,982 million yen in trade receivables, an increase of 3,280 million yen in inventories, a decrease of 4,788 million yen in other liabilities, and payment of corporate income taxes of 8,838 million yen.

Net cash used in investing activities increased 98.7% to 17,744 million yen. The major factors were net inflow of 4,325 million yen from a decrease in time deposits, purchase of property, plant and equipment of 17,062 million yen, gain on sale of non-current assets of 3,133 million yen, purchase of intangible assets of 4,329 million yen, and purchase of investment securities of 3,712 million yen.

Net cash used in financing activities increased 15.2 % to 10,000 million yen. The major factors include dividends payment of 7,989 million yen.

## 2) Cash Flow Indicators

	FY12/2021 (9 months)	2022 (12 months)	2023 (12 months)	2024 (12 months)	2025 (12 months)
Shareholders' equity ratio (%)	74.5	72.0	71.6	70.4	72.2
Shareholders' equity ratio based on market prices (%)	232.6	228.8	162.3	105.9	76.0
Interest-bearing debt to cash flow ratio	0.1	0.5	0.3	0.6	1.0
Interest coverage ratio	2,385.1	382.7	2,338.6	1,874.1	309.2

Notes:

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows (before deducting interests and income taxes) / Interest payments

- These indicators are calculated on a consolidated basis.

- Market capitalization is based on the number of shares issued excluding treasury shares.

The closing price of stock on the balance sheet date is adjusted in case KOSÉ Holdings conducts a stock split for shareholders of record at the fiscal year end.

- Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

- Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest. Interest expenses paid on the consolidated statement of cash flows is used for interest payments.

## (4) Outlook

The global economy is expected to remain firm in 2026 with the support of large high-tech investments, timely fiscal and monetary measures, monetary easing, and slowing inflation. Despite this positive outlook, there is a risk of an economic downturn due to U.S. tariffs and rising geopolitical tension.

In Japan, the outlook is for the economy to continue growing slowly as higher wages boost personal income and capital expenditures involving digital and labor-saving technologies increase. There is still uncertainty about the economy because of rising interest rates, the impact of renewed inflation sparked by foreign exchange rates and other factors on consumer spending, the possibility of an economic downturn in other countries, and other reasons.

In Asia, although government activities are continuing to support the economy in mainland China, more time will probably be needed until the economy stages a full-scale recovery due to the weak real estate market and sluggish domestic demand.

In the United States, the economy is likely to remain healthy as the labor supply-demand dynamics improve and inflationary pressure eases. Uncertainty remains concerning the effects of government policies and actions. Due to this situation, changes in consumer spending in the U.S. cosmetics market must be followed closely and flexible responses to any changes will be needed.

KOSÉ Holdings forecasts a 6.0% increase in sales to 350,000 million yen in 2026 mainly based on the outlook for higher sales in the three main businesses in Japan, Tarte and PAÑPURI in Thailand.

The operating profit forecast is an increase of 8.3% to 20,000 million yen. This will be driven by increased gross profit due to sales growth and the profitability improvement in the KOSÉ business resulting mainly from a reduction in the cost of sales and reviews of SG&A expenses, which are expected to absorb the increase in depreciation expenses for the newly constructed Minami Alps factory. Ordinary profit is forecast to decrease 2.2% to 21,000 million yen, as effects of foreign exchange rate fluctuations are expected to be neutral. Profit attributable to owners of parent is forecast to decrease 19.9% to 12,100 million yen.

The forecast for capital expenditures is 30,000 million yen with depreciation of 13,000 million yen. Major expenditures in 2026 include the construction of the Minami Alps factory and IT systems at group companies.

\* Forecasts are based on foreign exchange rates of 156 yen to the U.S. dollar and 22.3 yen to the Chinese yuan.

Operating segment	2025		2026		YoY change	
	Amount		Amount		Amount	%
Cosmetics	262,303		279,000		16,696	6.4
Cosmetaries	64,493		67,000		2,506	3.9
Others	3,396		4,000		603	17.8
Total net sales	330,193		350,000		19,806	6.0

  

	2025		2026		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	18,467	5.6	20,000	5.7	1,532	8.3
Ordinary profit	21,463	6.5	21,000	6.0	(463)	(2.2)
Profit attributable to owners of parent	15,114	4.6	12,100	3.5	(3,014)	(19.9)

## (5) Profit Allocation Policy and Dividends for 2025 and 2026

The KOSÉ Group's medium to long-term vision includes targets for the operating margin, EBITDA margin and ROIC for the purpose of effectively using shareholders' equity. KOSÉ Holdings uses dividends and the repurchase of stock to return earnings to shareholders. Our basic policy is to maintain stable dividends by taking into account our financial position, business conditions, and payout ratio, while ensuring sufficient internal reserves for future business expansion. The timing of stock repurchase will be determined based on investment opportunities for growth, return on capital, stock prices and other factors.

KOSÉ Holdings plans to pay a year-end dividend of 70 yen per share as initially planned. With the interim dividend paid of 70 yen on September 10, 2025, this will result in a dividend applicable to 2025 of 140 yen per share.

For 2026, KOSÉ Holdings plans to increase the annual dividend to 150 yen per share, up 10 yen from the previous year. This consists of a 140-yen ordinary dividend and a 10-yen commemorative dividend to mark the company's 80th anniversary in March 2026 and express our gratitude to our shareholders. Furthermore, in accordance with the cash allocation approach that is included in "Vision for Lifelong Beauty Partner—Milestone 2030" medium to long-term vision, KOSÉ Holdings decided to repurchase 3 billion yen of stock. This repurchase is aimed at enhancing capital efficiency and increasing shareholder returns, while taking into account investment opportunities for growth, return on capital, stock prices, and our liquidity position.

## (6) Management Policies

### 1) Fundamental Management Policy

KOSÉ, our predecessor company, was established in 1946 with the mission of creating cosmetics that inspire hopes and dreams and build a brighter world. Since then, we have retained this focus on cosmetics as we pursue the essence of beauty. Our purpose is the creation of a culture and values embodying a distinctive beauty through the sophisticated fusion of sensuousness and intelligence. Our corporate message is "Creating beauty in a sustainable world." Guided by these themes, we will evolve into a company that is close to people and the Earth and colors the irreplaceable lives of people with beautiful moments.

### 2) Vision for the KOSÉ Holdings Group: Your Lifelong Beauty Partner

The medium to long-term vision announced in November 2024 has the goal of providing diverse options for beauty to enable people worldwide to discover and enjoy their own beauty throughout their lives. This goal is firmly rooted in KOSÉ Group's dedication since its establishment to being a lifelong partner that can use the power of beauty for a better and more beautiful world.

We are focused on the growth of corporate value that is driven by building even stronger ties with customers, business partners, employees and people worldwide while also operating in a manner that reflects the interests of future generations and the need for a beautiful and sustainable Earth.

### 3) Medium- and Long-Term Strategies and Important Issues

The 80th anniversary in 2026 of KOSÉ's founding is also the first year of the company's new holding company structure. The change to this structure was made to speed up decision-making, maximize synergies among group companies, and reinforce governance of the group while preserving the distinctive strengths of every group company. Moreover, the holding company structure strengthens the ability of management to allocate resources among group companies in a strategic and efficient manner.

We will establish a powerful base for business operations and an even more prominent market profile in Japan for the consistent creation of resources for growth. These resources will be invested in global initiatives aimed at supporting sustainable growth. For global growth, our businesses are centered on the optimization of activities in every region where we operate by no longer using the approach of doing everything on our own. This involves shifting to local marketing and manufacturing operations and using M&A and alliances to add regionally rooted brands. Another priority is more measures for providing value that is not bound by gender and generation barriers as future growth domains for KOSÉ Holdings. This includes expansion to the wellbeing domain and to business domains that use experiences to be a source of value. By using all these actions, we are determined to grow and become more profitable as markets worldwide undergo rapid and dramatic changes while continuing to deliver diverse beauty values for customers around the world.

#### ■ Numerical targets with 2030 as the milestone

	Indicators	Milestone
Financial targets	Ratio to net sales	CAGR of more than +5%
	Operating margin	More than 12%
	EBITDA margin	More than 18%
Non-financial targets	ROIC (Note 1)	More than 10%
	Global personnel vs. Global key posts (Note 2)	More than 2.5 times
	Product/service ratio using Adaptability $\infty$ (Note 3)	100%
	Activities contributing to wellbeing (Note 4)	More than 500
	People who have raised environmental awareness	More than 10 million people
	CO2 emission reduction rate (Note 5)	Scope 1, 2: -55% / Scope 3: -30%

Note 1: (Operating profit after tax / average of total of interest-bearing liabilities and net assets during the period) X 100

Note 2: Global personnel divided by the number of global key posts

Note 3: For the eight KOSÉ Group action themes of Adaptability  $\infty$ , 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.

Note 4: Cumulative values since 2020

Note 5: Reduction in relation to the 2018 level

More information about the vision is on the website at the following URL.

(Japanese) <https://koseholdings.co.jp/ja/ir/library/strategy/>

(English) <https://koseholdings.co.jp/en/ir/library/strategy/>

## **2. Basic Approach for the Selection of Accounting Standards**

The KOSÉ Holdings Group is continuing studies for the future adoption of International Financial Reporting Standards (IFRS) with objectives that include improved international comparability of financial data in capital markets and higher creditworthiness overseas. This is in line with its medium- and long-term strategies and factors in domestic and international circumstances in achieving the aim of becoming a company with a global presence.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

	Millions of yen	
	2024 (As of Dec. 31, 2024)	2025 (As of Dec. 31, 2025)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	113,970	92,462
Notes and accounts receivable-trade	50,020	56,075
Merchandise and finished goods	40,216	43,537
Work in process	3,105	3,931
Raw materials and supplies	26,311	25,551
Other	6,864	7,529
Allowance for doubtful accounts	(151)	(141)
<b>Total current assets</b>	<b>240,336</b>	<b>228,947</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	54,466	54,564
Accumulated depreciation	(29,694)	(31,002)
Buildings and structures, net	24,771	23,562
Machinery, equipment and vehicles	22,967	22,998
Accumulated depreciation	(19,772)	(20,468)
Machinery, equipment and vehicles, net	3,194	2,530
Tools, furniture and fixtures	45,881	43,765
Accumulated depreciation	(40,715)	(37,910)
Tools, furniture and fixtures, net	5,166	5,855
Land	18,800	18,527
Leased assets	14,675	14,955
Accumulated depreciation	(4,957)	(5,891)
Leased assets, net	9,717	9,063
Construction in progress	12,099	22,262
<b>Total property, plant and equipment</b>	<b>73,749</b>	<b>81,800</b>
<b>Intangible assets</b>		
Software	5,535	4,929
Goodwill	6,972	5,629
Other	14,436	14,933
<b>Total intangible assets</b>	<b>26,944</b>	<b>25,492</b>
<b>Investments and other assets</b>		
Investment securities	16,750	19,852
Retirement benefit asset	18,828	27,729
Deferred tax assets	6,131	5,639
Other	4,752	4,665
Allowance for doubtful accounts	(700)	(673)
<b>Total investments and other assets</b>	<b>45,762</b>	<b>57,213</b>
<b>Total non-current assets</b>	<b>146,456</b>	<b>164,506</b>
<b>Total assets</b>	<b>386,793</b>	<b>393,454</b>

	<i>Millions of yen</i>	
	2024 (As of Dec. 31, 2024)	2025 (As of Dec. 31, 2025)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	7,356	9,204
Electronically recorded obligations-operating	14,859	13,127
Short-term borrowings	831	799
Lease liabilities	1,406	1,465
Accounts payable-other	16,628	15,563
Accrued expenses	13,447	10,417
Income taxes payable	5,721	2,641
Accrued consumption taxes	1,736	717
Refund liabilities	6,532	6,510
Other	2,641	2,765
<b>Total current liabilities</b>	<b>71,162</b>	<b>63,212</b>
<b>Non-current liabilities</b>		
Lease liabilities	8,985	8,391
Deferred tax liabilities	8,893	12,137
Other	5,474	4,928
<b>Total non-current liabilities</b>	<b>23,353</b>	<b>25,457</b>
<b>Total liabilities</b>	<b>94,516</b>	<b>88,669</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,848	4,848
Capital surplus	179	206
Retained earnings	243,345	250,470
Treasury shares	(9,055)	(9,031)
<b>Total shareholders' equity</b>	<b>239,316</b>	<b>246,493</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,929	4,441
Foreign currency translation adjustment	18,461	18,796
Remeasurements of defined benefit plans	9,588	14,461
<b>Total accumulated other comprehensive income</b>	<b>32,979</b>	<b>37,699</b>
<b>Non-controlling interests</b>	<b>19,980</b>	<b>20,591</b>
<b>Total net assets</b>	<b>292,276</b>	<b>304,784</b>
<b>Total liabilities and net assets</b>	<b>386,793</b>	<b>393,454</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)	<i>Millions of yen</i>
Net sales	322,758	330,193	
Cost of sales	100,185	102,219	
Gross profit	222,573	227,974	
Selling, general and administrative expenses			
Advertising expenses	27,786	28,621	
Promotion expenses	49,107	46,748	
Freight and packing costs	19,317	20,499	
Salaries and allowances	54,174	55,393	
Retirement benefit expenses	74	(99)	
Legal welfare expenses	8,347	8,385	
Depreciation	5,448	6,350	
Other	40,952	43,608	
Total selling, general and administrative expenses	205,208	209,507	
Operating profit	17,364	18,467	
Non-operating income			
Interest income	948	864	
Dividend income	171	353	
Consumption taxes refund	116	57	
Gain on investments in investment partnerships	-	23	
Foreign exchange gains	2,708	507	
Compensation income	31	413	
Miscellaneous income	525	876	
Total non-operating income	4,503	3,096	
Non-operating expenses			
Interest expenses	7	44	
Provision of allowance for doubtful accounts	6	-	
Commission expenses	13	13	
Loss on investments in investment partnerships	118	-	
Miscellaneous losses	75	42	
Total non-operating expenses	221	100	
Ordinary profit	21,646	21,463	
Extraordinary income			
Gain on sale of non-current assets	2,336	2,718	
Gain on sale of investment securities	1	96	
Total extraordinary income	2,338	2,814	
Extraordinary losses			
Loss on disposal of non-current assets	290	518	
Loss on valuation of investment securities	3	-	
Impairment losses	460	534	
Loss on liquidation of business	4,572	-	
Total extraordinary losses	5,327	1,053	
Profit before income taxes	18,656	23,224	
Income taxes-current	9,761	5,812	
Income taxes-deferred	(32)	1,320	
Total income taxes	9,729	7,133	
Profit	8,927	16,091	
Profit attributable to non-controlling interests	1,417	976	
Profit attributable to owners of parent	7,510	15,114	

**Consolidated Statement of Comprehensive Income**

	<i>Millions of yen</i>	
	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)
Profit	8,927	16,091
Other comprehensive income		
Valuation difference on available-for-sale securities	195	(474)
Foreign currency translation adjustment	4,273	467
Remeasurements of defined benefit plans, net of tax	2,250	5,173
Total other comprehensive income	<u>6,718</u>	<u>5,166</u>
Comprehensive income	<u>15,646</u>	<u>21,258</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,055	19,835
Comprehensive income attributable to non-controlling interests	1,591	1,422

**(3) Consolidated Statement of Changes in Equity**

2024 (Jan. 1, 2024 – Dec. 31, 2024)

	Millions of yen				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,848	123	243,823	(9,073)	239,721
Changes during period					
Dividends of surplus			(7,988)		(7,988)
Profit attributable to owners of parent			7,510		7,510
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		55		19	75
Net changes of items other than shareholders' equity					
Total changes during period	-	55	(477)	17	(404)
Balance at end of period	4,848	179	243,345	(9,055)	239,316

	Millions of yen				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,747	14,256	7,430	26,434	16,881	283,038
Changes during period						
Dividends of surplus						(7,988)
Profit attributable to owners of parent						7,510
Purchase of treasury shares						(2)
Disposal of treasury shares						75
Net changes of items other than shareholders' equity	181	4,205	2,157	6,544	3,099	9,643
Total changes during period	181	4,205	2,157	6,544	3,099	9,238
Balance at end of period	4,929	18,461	9,588	32,979	19,980	292,276

2025 (Jan. 1, 2025 – Dec. 31, 2025)

Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,848	179	243,345	(9,055)	239,316
Changes during period					
Dividends of surplus			(7,989)		(7,989)
Profit attributable to owners of parent			15,114		15,114
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		27		24	52
Net changes of items other than shareholders' equity					
Total changes during period	-	27	7,125	23	7,176
Balance at end of period	4,848	206	250,470	(9,031)	246,493

Millions of yen

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,929	18,461	9,588	32,979	19,980	292,276
Changes during period						
Dividends of surplus						(7,989)
Profit attributable to owners of parent						15,114
Purchase of treasury shares						(0)
Disposal of treasury shares						52
Net changes of items other than shareholders' equity	(487)	335	4,872	4,720	610	5,331
Total changes during period	(487)	335	4,872	4,720	610	12,507
Balance at end of period	4,441	18,796	14,461	37,699	20,591	304,784

**(4) Consolidated Statement of Cash Flows**

	<i>Millions of yen</i>	
	2024	2025
	(Jan. 1, 2024 – Dec. 31, 2024)	(Jan. 1, 2025 – Dec. 31, 2025)
<b>Cash flows from operating activities</b>		
Profit before income taxes	18,656	23,224
Depreciation	9,778	10,879
Impairment losses	460	534
Amortization of goodwill	1,105	1,645
Loss on liquidation of business	4,572	-
Increase (decrease) in allowance for doubtful accounts	38	(40)
Decrease (increase) in retirement benefit asset	(3,122)	(1,610)
Loss (gain) on disposal of non-current assets	(2,046)	(2,199)
Interest and dividend income	(1,120)	(1,217)
Interest expenses	7	44
Foreign exchange losses (gains)	(962)	(5)
Loss (gain) on sale of investment securities	(1)	(96)
Loss (gain) on valuation of investment securities	3	-
Loss (gain) on investment partnerships	118	(23)
Decrease (increase) in trade receivables	(3,776)	(5,982)
Decrease (increase) in inventories	1,314	(3,280)
Increase (decrease) in trade payables	(7,150)	1,868
Increase (decrease) in refund liabilities	391	(0)
Decrease (increase) in other assets	2,829	(230)
Increase (decrease) in other liabilities	2,897	(4,788)
<b>Subtotal</b>	<b>23,997</b>	<b>18,720</b>
Interest and dividends received	1,095	1,319
Interest paid	(13)	(62)
Compensation paid for business restructuring	(153)	-
Income taxes paid	(6,546)	(8,838)
<b>Net cash provided by (used in) operating activities</b>	<b>18,379</b>	<b>11,138</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(20,497)	(1,868)
Proceeds from withdrawal of time deposits	42,119	6,193
Purchase of property, plant and equipment	(18,761)	(17,062)
Proceeds from sale of property, plant and equipment	2,758	3,133
Purchase of intangible assets	(2,286)	(4,329)
Proceeds from sale of intangible assets	-	54
Purchase of investment securities	(942)	(3,712)
Proceeds from sale and redemption of investment securities	225	134
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,588)	(84)
Decrease (increase) in investments and other assets	63	(125)
Net decrease (increase) in short-term loans receivable	(23)	(78)
Proceeds from collection of long-term loans receivable	0	-
<b>Net cash provided by (used in) investing activities</b>	<b>(8,932)</b>	<b>(17,744)</b>

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)	<i>Millions of yen</i>
Cash flows from financing activities			
Net decrease (increase) in treasury shares	(2)	(0)	
Cash dividends paid	(7,988)	(7,989)	
Dividends paid to non-controlling interests	(439)	(812)	
Other, net	(253)	(1,197)	
Net cash provided by (used in) financing activities	(8,684)	(10,000)	
Effect of exchange rate change on cash and cash equivalents	1,325	(403)	
Net increase (decrease) in cash and cash equivalents	2,088	(17,010)	
Cash and cash equivalents at beginning of period	105,669	107,757	
Cash and cash equivalents at end of period	107,757	90,747	

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Reclassifications****Consolidated Statement of Income**

“Compensation income,” included in “miscellaneous income” under “non-operating income” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year due to an increase in the materiality of impact in the context of consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are restated.

Accordingly, “miscellaneous income” of 557 million yen under “non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as “compensation income” of 31 million yen and “miscellaneous income” of 525 million yen.

“Commission expenses,” included in “miscellaneous losses” under “non-operating expenses” in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year due to an increase in the materiality of impact in the context of consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are restated.

Accordingly, “miscellaneous losses” of 88 million yen under “non-operating expenses” in the consolidated statement of income for the previous fiscal year has been reclassified as “commission expenses” of 13 million yen and “miscellaneous losses” of 75 million yen.

**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 2025.

Due to the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for 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.

The amortization period of goodwill, trademarks under other intangible assets other than goodwill and customer-related assets are 10 years, 13 years and 15 years, respectively.

## Information Concerning Revenue Recognition

### Division of sales

The KOSÉ Holdings 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.

2024 (Jan. 1, 2024 – Dec. 31, 2024)

	Millions of yen				
	Japan	Asia	North America	Others	Total
Cosmetics	145,663	38,963	62,009	8,712	255,349
Cosmetaries	63,034	1,654	-	31	64,719
Total	208,698	40,618	62,009	8,743	320,069
Others (Note)	2,479	2	-	-	2,481
Revenue from contracts with customers	211,177	40,620	62,009	8,743	322,550
Other revenue	207	-	-	-	207
Sales to third parties	211,385	40,620	62,009	8,743	322,758

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

2025 (Jan. 1, 2025 – Dec. 31, 2025)

	Millions of yen				
	Japan	Asia	North America	Others	Total
Cosmetics	149,250	42,335	61,848	8,869	262,303
Cosmetaries	62,691	1,761	-	41	64,493
Total	211,941	44,096	61,848	8,910	326,797
Others (Note)	3,179	4	-	-	3,183
Revenue from contracts with customers	215,120	44,100	61,848	8,910	329,980
Other revenue	213	-	-	-	213
Sales to third parties	215,333	44,100	61,848	8,910	330,193

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

## Segment and Other Information

### Segment Information

#### (1) Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

To offer products that meet a diverse range of customer needs, the KOSÉ Holdings Group uses a variety of brands to sell products that it conceives and develops. Group companies conduct business activities by establishing and implementing comprehensive strategies in Japan and overseas for each brand.

As a result, KOSÉ Holdings has two reportable business segments, cosmetics and cosmetaries, that are based on individual brands.

In the cosmetics segment, principal products are KOSÉ, SEKKISEI, ESPRIQUE, LECHÉRI, ONE BY KOSÉ, DECORTÉ, PRÉDIA, INFINITY, JILL STUART, ADDICTION, ALBION, Tarte and others. In the cosmetaries segment, principal products are Visée, FASIO, MAKE KEEP MIST, NAIL HOLIC, Softymo, SUNCUT®, CLEAR TURN, STEPHEN KNOLL NEW YORK and others.

#### (2) Calculation methods for net sales and profit or loss for each reportable segment

The accounting method used for reportable segments is generally the same as the methods listed in “Basis of Preparation of Consolidated Financial Statements”.

Profit or loss for reportable segments are based on operating profit figures.

Intra-segment sales and transfers are based on market prices.

## (3) Information related to net sales and profit or loss for each reportable segment

2024 (Jan. 1, 2024 – Dec. 31, 2024)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Millions of yen
	Cosmetics	Cosmetaries	Subtotal				Amounts shown on consolidated financial statements (Note 3)
Net sales							
(1) Sales to third parties	255,349	64,719	320,069	2,689	322,758	-	322,758
(2) Intragroup sales and transfers	-	-	-	517	517	(517)	-
Total sales	255,349	64,719	320,069	3,206	323,276	(517)	322,758
Segment profit	15,052	6,980	22,033	1,427	23,460	(6,095)	17,364

2025 (Jan. 1, 2025 – Dec. 31, 2025)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Millions of yen
	Cosmetics	Cosmetaries	Subtotal				Amounts shown on consolidated financial statements (Note 3)
Net sales							
(1) Sales to third parties	262,303	64,493	326,797	3,396	330,193	-	330,193
(2) Intragroup sales and transfers	-	-	-	515	515	(515)	-
Total sales	262,303	64,493	326,797	3,911	330,709	(515)	330,193
Segment profit	16,768	6,252	23,020	1,695	24,716	(6,249)	18,467

Notes: 1. The “others” segment consists of activities that are not included in any of the reportable segments: amenity products and real estate leasing.

2. Adjustments to segment profit are as follows.

	2024	2025
Eliminations for intersegment transactions	(162)	(74)
Corporate expenses that cannot be allocated to reporting segments	(5,933)	(6,174)
Total	(6,095)	(6,249)

Corporate expenses consist primarily of expenses related to the administration division at KOSÉ Holdings 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 financial statements.

## (4) Geographic sales information

2024 (Jan. 1, 2024 – Dec. 31, 2024)

					Millions of yen
Japan	Asia	North America	Others	Total	
211,385	40,620	62,009	8,743	322,758	

2025 (Jan. 1, 2025 – Dec. 31, 2025)

					Millions of yen
Japan	Asia	North America	Others	Total	
215,333	44,100	61,848	8,910	330,193	

**Per Share Information**

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)	Yen
Net assets per share	4,771.69	4,979.35	
Net income per share	131.62	264.84	

Notes: 1. Net income per share (diluted) is not presented since KOSÉ Holdings has no outstanding dilutive securities.

2. The following is a reconciliation of net income per share.

	2024 (Jan. 1, 2024 – Dec. 31, 2024)	2025 (Jan. 1, 2025 – Dec. 31, 2025)	Millions of yen
Profit attributable to owners of parent	7,510	15,114	
Net income not attributable to common shareholders	-	-	
Profit attributable to owners of parent available to common stock	7,510	15,114	
Average number of shares outstanding (thousand shares)	57,062	57,071	

**Subsequent Events****Transition to a Pure Holding Company Structure**

On February 26, 2025, the Board of Directors of KOSÉ (now KOSÉ Holdings Corporation; formerly KOSÉ Corporation) 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. However, these operations do 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.

On January 1, 2026, KOSÉ changed its name to KOSÉ Holdings Corporation and KOSÉ Split Preparation Corporation changed its name to KOSÉ Corporation.

**1. Purpose of the transition to a pure holding company**

KOSÉ Holdings 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 Group 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 (In this section, "KOSÉ" corresponds to the former KOSÉ.)

(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
Effective date of the absorption-type split:	January 1, 2026

(2) Method used for the absorption-type split

Business operations divested by KOSÉ are 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 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 receives 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 are 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. Summary of divested businesses

(1) Activities of businesses divested

Manufacturing and sales of cosmetics and other beauty products

## (2) Sales of divested businesses (Fiscal year ended December 2025) (Japanese GAAP)

	Divested business results	Non-consolidated results
Net sales	119,651 million yen	120,150 million yen

## (3) Assets and liabilities divested (Fiscal year ended December 2025) (Japanese GAAP)

Assets		Liabilities	
	Amount (Million yen)		Amount (Million yen)
Current assets	63,935	Current liabilities	29,640
Non-current assets	5,996	Non-current liabilities	-
Total	69,932	Total	29,640

## 4. Profiles of KOSÉ and KOSÉ Split Preparation after the split (As of January 1, 2026)

	Former KOSÉ	Former KOSÉ Split Preparation
(1) Name	KOSÉ Holdings Corporation *Name was changed from KOSÉ Corporation to KOSÉ Holdings Corporation on January 1, 2026	KOSÉ Corporation *Name was 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	Shinji Tanaka, Representative Director
(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

## 5. 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 the former KOSÉ, currently KOSÉ Holdings Corporation.

## 6. Summary of accounting methods applied

Accounting methods used for this acquisition as a transaction under common control are based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

## Disposal of Treasury Shares as Restricted Stock for Employee Stock Ownership Plan

The Board of Directors of the Company approved a resolution on March 28, 2025 for the disposal of treasury shares to the KOSÉ Employee Stock Ownership Plan (KOSÉ ESOP), which will hold these shares as restricted stock. The disposal of the treasury shares took place in accordance with the KOSÉ ESOP restricted stock incentive program. The treasury shares have been disposed as follows.

## 1. Summary of disposal of treasury shares

(1) Deadline	January 7, 2026
(2) Type and number of shares	KOSÉ Holdings common stock: 172,110 shares
(3) Price	6,415 yen per share
(4) Total proceeds	1,104 million yen
(5) Method (recipient of stock allocation)	Through a third-party allocation of stock (KOSÉ ESOP: 172,110 shares)

## 2. Purpose and reasons for the disposal of treasury shares

On November 11, 2024, KOSÉ announced a new medium to long-term vision called “Vision for Lifelong Beauty Partner–Milestone 2030” as the basis for the company’s strategy for growth. The directors approved the KOSÉ ESOP restricted stock incentive program for the purposes of enabling eligible employees of KOSÉ and its subsidiaries who are members of the KOSÉ ESOP to benefit with other shareholders from the growth of shareholder value and have a greater awareness of participation in the company’s management for the sustained growth of corporate value. The KOSÉ ESOP will be used to provide additional benefits to eligible employees by creating an opportunity for these people to receive newly issued KOSÉ Holdings stock or KOSÉ Holdings treasury shares as restricted stock. Receiving this stock will enable eligible employees to accumulate savings and gives them an even greater incentive to contribute to accomplishing the new vision.

### Repurchase of Treasury Shares

The Board of Directors of KOSÉ Holdings approved a resolution on February 12, 2026 to repurchase stock pursuant to Article 156 of the Companies Act which is applicable in lieu of Article 165, Paragraph 3 of the Companies Act.

#### 1. Reason for repurchasing stock

The decision to repurchase stock was made for the purposes of using capital more efficiently and returning more earnings to shareholders. This decision is also based on investment opportunities for growth, return on capital, stock prices, and our liquidity position. Furthermore, the repurchase of stock is part of the cash allocation approach that is included in “Vision for Lifelong Beauty Partner–Milestone 2030,” which is KOSÉ Holdings’ medium to long-term vision.

#### 2. Details of repurchase

(1) Type of shares to be repurchased	Common stock of KOSÉ Holdings
(2) Total number of shares to be repurchased	Up to 650,000 shares (1.14% of total number of shares outstanding, excluding treasury shares)
(3) Total value of shares to be repurchased	Up to 3,000 million yen
(4) Period for repurchase	From February 13, 2026 to April 20, 2026
(5) Method of repurchase	Purchase on the Tokyo Stock Exchange

*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.*