

Cover Story 01

For a Beautiful Future

Creating Beauty in a Sustainable World.

Activity Themes Toward 2030

A source of adaptable products and services

We cherish your unique beauty.
To serve customers with diverse social and cultural backgrounds, genders, ages, skin colors, values and more, we provide products and services that exclude no one.

Support for a beautiful, healthy and happy life

We support lifestyles that allow people to enjoy mental and physical health and happiness, as one of life's fundamental goals. In addition to our commitment to realizing fulfilling lifestyles for all of our stakeholders, including the next generation of children and the customers who use our products and services directly, we are committed to solving social issues.

Help create a world with true gender equality

KOSÉ has continued to provide various cosmetics with the hope of brightening both skin and hearts since its foundation. As one of our initiatives to brighten people's hearts, we will contribute to creating a future where there is no gender gap and individuals can play an active role regardless of gender, both inside and outside of the Company.

Use the theme of beauty to help solve environmental issues

In conducting our business activities that deliver products and services, we have proposed measures for resolving environmental issues through beauty. We will consider environmental issues together with everyone, and raise awareness of our work to solve issues in society.

Environmental conservation programs in areas where KOSÉ operates

For us to carry out corporate activities sustainably, it is important that we co-exist and prosper together with the regions where we manufacture products or offer services. We strive to protect the environment in the regions where we operate and contribute to the ongoing development of each region.

Lower the overall environmental impact of business operations

We benefit from the natural environment every day we do business. For example, many of the ingredients in cosmetics are obtained from nature. As such, we appreciate the blessings of nature, and continue to advance efforts to reduce our environmental impact for a sustainable world.

Cover Story 02

Sources of Value Creation: Brand Lineup

KOSÉ has been creating attractive brands inspired by two keywords—Sensuousness and Intelligence—for many years. By developing our business around distinctive “individual brands” and “KOSÉ brands,” we provide unique value for people of all ages and genders across the globe.

High-Prestige Brands

The Highest Levels of Quality and Service

Prestige Brands

High-Value-Added Cosmetics for Everyone

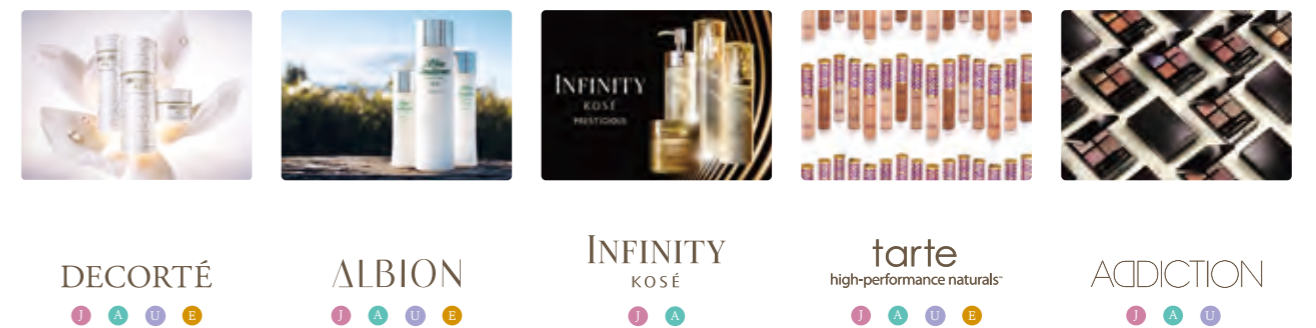
Cosmetaries Brands

For Daily Life One Step Above



Main Countries and Regions Where We Operate: ● Japan ● Asia ● North America/Other ● Europe

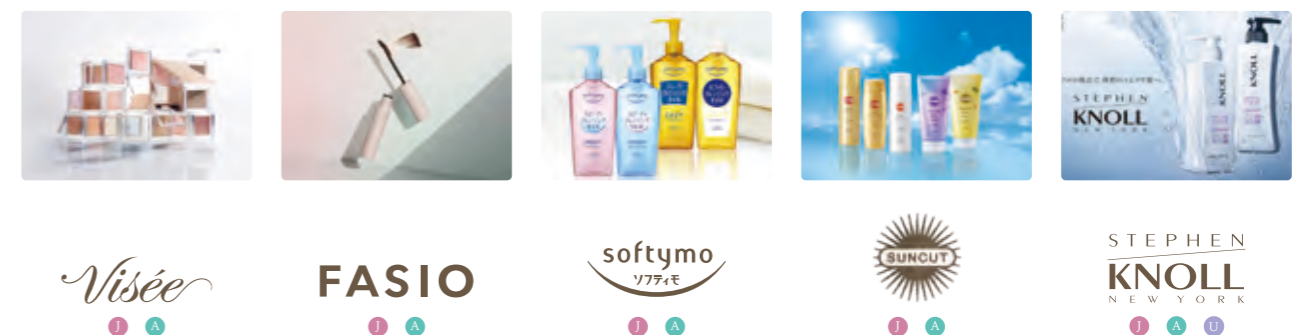
High-Prestige Brands



Prestige Brands



Cosmetaries Brands





Cover Story 03

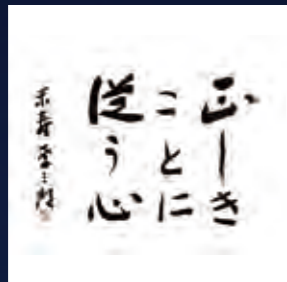
KOSÉ's History of Value Creation

In 1946, Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ, in the Oji (Kita-ku) area of Tokyo. He was convinced that, even in the turmoil of the postwar period, the cosmetics industry would play an important role in rebuilding Japan. With the spirit of co-existence and co-prosperity, and striving to achieve high quality, the Company launched numerous innovative, industry leading products. The attitude that Mr. Kobayashi cherished with regard to manufacturing and sales since the Company's founding is part of the spirit of KOSÉ and has been passed down through generations to the present day.

Statement of Purpose

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

A Spirit Passed Down to the Present Day



Mind to Follow the Right Path

In 1946, at the start of the postwar period, people throughout Japan were suffering from severe economic uncertainty. Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP with the belief that cosmetics would brighten people's hearts and support the country's recovery. To raise funds, he set up a contract sales system, under which he received advance payments from product retailers, and visited retailers throughout Japan to invite them to participate in the system. No matter how small the order, he would package the items and cover the freight cost, and even deliver to individual retailers in regions with no supplies. This approach generated significant trust in KOSÉ as a brand. In this way, the Company's spirit of co-existence and co-prosperity has been developed. Since then, all employees have continued to treat everyone involved with KOSÉ with sincerity and honesty, guided by the spirit, "Mind to Follow the Right Path."

Quality Should Be the Top Priority

The 1940s (the era the Company was founded in) were a time when anything could be sold (as long as it was in stock), and low-quality goods dominated the market. Mr. Kobayashi was concerned that products were being sold at prices that did not reflect their quality. He wanted to provide high-quality products that would give customers peace of mind when using them, and he strived to use the finest raw materials and fragrances. At the time, some people advised him to begin mass production and aggressively expand the scale of the Company's operations. However, Mr. Kobayashi declared that KOSÉ's objective was not quantity, but quality. He focused on development of excellent products, a solid organization and human resources, to create a company that could compete on quality even as a small business. Then, in 1957—at the height of Japan's postwar economic recovery—KOSÉ made a dramatic leap forward by launching the premium cosmetics line *LA BONNE*, which was instantly popular. KOSÉ's commitment to quality, which insists that "quality should be the top priority," is the foundation of the Company's approach to manufacturing to this day.

1946–1960s

Business Environment

Postwar Recovery and Capital Liberalization

Establishment of KOBAYASHI UNLIMITED PARTNERSHIP and creation of high-quality cosmetics

Noting that demand for cosmetics remained unchanged even in the turmoil of the postwar period, Mr. Kobayashi was convinced of the future potential of cosmetics. In March 1946, he founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ. The Company launched a succession of high-quality products, including the long-selling cosmetic cream *PERLIGHT SKIN*, with an innovative formula that prevents crystallization, KOSÉ's first premium product *LA BONNE*, and the *AULIC* premium product line with enhanced beautifying effects for Japanese skin.

KOSÉ's aspiration was to promote "effect equals premium quality" rather than "high price equals premium quality."

1970s–1980s

Rise of International Brands and Japan's Bubble Economy

Birth of innovative products and growth into a general cosmetics manufacturer

Amid the rise of foreign brands in department stores, in the 1970s the Company launched *DECORTÉ*, which represents Mr. Kobayashi's long-held vision for a premium brand.

The Company also led the industry by developing the powder foundation *FIT-ON*, and launched *SEKKISEI*, a lotion containing Japanese and Chinese herbal extracts that is still popular today. Amid fierce sales competition, mainly in department stores, the Company sought to expand its customer base. KOSÉ Cosmeport Corp. was established in 1988 as a company that sells cosmetics through the general retail sales routes, offering products that reflect customer needs at affordable prices.



1946

Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ

1970

Launch of *DECORTÉ*



1985

Launch of *SEKKISEI*



1951

Launch of *PERLIGHT SKIN*

1962

Launch of *AULIC*



1976

World-leading development of *FIT-ON* powder foundation



Cover Story 03 KOSÉ's History of Value Creation

1990s

Business Environment

Struggles of Domestic Brands and Collapse of Japan's Bubble Economy

Introduction of corporate identity and efforts to revive the company

As the rise of foreign brands was causing Japan's domestic brands to struggle in a harsh environment, the Company introduced its corporate identity (CI)¹ to strengthen its raison d'être and to communicate an easily understandable message. We revised our corporate image, established a total marketing strategy and a visual identity, and relaunched with a new corporate philosophy.

After the introduction of the CI, the Company also focused on promoting areas such as culture, the arts and sports. Moreover in 1992, we established a special subsidiary, ADVANCE Co., Ltd., as part of efforts to support the employment of people with disabilities. The initiative was an industry first, and was the 25th special subsidiary company to be approved across all industries in Japan.

1. A concept that enhances corporate value by communicating a company's raison d'être and uniqueness through unified imagery and clear messaging.

2000s

Diversification of Distribution Channels and the Need for High-Functional Cosmetics

Continued innovation and launches of world-class brands

As new brands emerged one after another from the late 1990s onwards and grew in popularity, competition in the market became increasingly intense. KOSÉ also launched several brands during this time, each with a unique ambience. We launched several world-class brands, including *STEPHEN KNOLL* in 2003, *JILL STUART Beauty* in 2005 and *ADDICTION* in 2009. We also promoted internal reforms, including the introduction of a supply chain management system and the opening of our training center.

2010s

The Great East Japan Earthquake and Market Expansion through Our Entry into Other Industries

From "Defensive Reform" to "Offensive Reform"

We made financial donations and provided supplies to areas affected by the Great East Japan Earthquake. After witnessing victims of the disaster saying they would prefer eyebrow pencils to cleansing and washing products, we were reminded of the magnitude of our contributions to society as a cosmetics company and the power of cosmetics. In 2011, we changed our "defensive reforms" (implemented in 2007 to improve management efficiency) to "offensive reforms." With the aim of expanding our presence in the market, we took on new challenges that included starting a mail-order business, expanding our business domains and areas including the acquisition of Tarte, Inc.

2020s

Spread of COVID-19 and Acceptance of Diversity

Offering new value globally, for all generations and customer attributes

Demand for lipsticks and other cosmetics temporarily decreased as a result of the COVID-19 pandemic. Even so, we continued to demonstrate our presence by offering "mask-proof" products. Using the themes of the 3Gs² to acquire new customers is a key aspect of VISION2026. In order to "create beauty" for a wide variety of customers, regardless of their age or gender, we are actively working to develop adaptable products, to offer skincare products that can be used from early childhood, and to carry out initiatives toward cultivating sensitivity to beauty.

2. "Global," "Gender," and "Generation"




1992
Proactive approach to CSR activities and engagement with local communities




1991
Introduction of corporate identity to increase the Company's global presence

2003
Launch of the *STEPHEN KNOLL* collection




2005
Launch of *JILL STUART Beauty*


2009
Launch of *ADDICTION*

2019
Launch of *MAKE KEEP MIST* creates a hit product even amid the Covid-19 pandemic





2014
Made the U.S. cosmetics company Tarte, Inc. a subsidiary

2022
Launch of *DECORTÉ ZEN WEAR FLUID* foundation in 40 shades



2022
Opening of *BEAUTY STUDIO* at KidZania Tokyo



2023
Launched genderless *Viséé NENMAKU FAKE ROUGE* lipsticks



2023
Held seminars on UV protection aimed at sporty junior and senior high school students



KOSÉ at a Glance

Cover Story 04

“What we want most of all is to inspire hopes and dreams, building a brighter world.”
 KOSÉ is devoted to cosmetics, and we have continued our search for the essence of beauty throughout our long history. In this section, we will explore how the KOSÉ Group of today is linked to its past and future.

<p>● Net Sales</p> <p>¥300.4 billion</p>	<p>● Operating Margin</p> <p>5.3%</p>	<p>● Overseas Sales Ratio</p> <p>36.8%</p>
<p>● Number of Brands</p> <p>35</p>	<p>● Number of Countries and Regions Where We Operate</p> <p>68</p>	<p>● Number of Employees</p> <p>12,816 <small>(2,113 men and 10,703 women)</small></p>
<p>● E-Commerce/Travel Retail Sales Ratio</p> <p>23.1%</p>	<p>● ROE</p> <p>4.4%</p>	<p>● ROA</p> <p>4.7%</p>
<p>● Waste Recycling Rate at Factories</p> <p>100% <small>Note: KOSÉ Group production departments</small></p>	<p>● Total Area Planted with Coral Reefs (Cumulative)</p> <p>12,270m² <small>Note: About 32.7 times the area of a 25 m regulation-size swimming pool</small></p>	<p>● Ratio of Female Employees in Leadership Positions</p> <p>33.2% <small>Note: Leadership position: A position with subordinates, or equivalent</small></p>

What We Want to Communicate via the KOSÉ Report

This report aims to provide stakeholders with a deeper understanding of the KOSÉ Group's activities by presenting not only financial information, but also non-financial information including management policies, strategies and our underlying rationale. Please refer to our website for information related to investor relations and sustainability.

Forward-Looking Statements

This report contains forward-looking statements about KOSÉ Corporation's future plans, strategies and performance that are not historical facts. Risks and uncertainties resulting from changes in the business environment may have a significant effect on actual business results. Please also note that we shall not be held responsible for any omissions or errors in data and content in this document.

Scope

The report covers KOSÉ Corporation and its consolidated subsidiaries for the period from January 1, 2023 to December 31, 2023.

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Growth Strategy



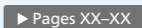

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