



Your Lifelong Beauty Partner

Corporate Philosophy

Corporate Message

Creating Beauty in a Sustainable World

- Statement of Purpose

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

Deeply devoted to all the people who believe in and support KOSÉ.
 - Respect the values and skills of each employee.
 - Always aim for higher growth – never settle for stability.
 - Strive for the highest possible quality backed by exclusive technology.
 - Meet and exceed the expectations of customers.
 - Build a stronger global presence.
- Action Guidelines

Your actions shape the present and future KOSÉ.
 - Be sincere, retain an intent focus on goals.
 - Go beyond the conventional.
 - Never lose your enthusiasm and the desire to improve.
 - Have the courage to communicate with others openly and honestly.

Behavioral Charter

Mind to Follow the Right Path

The KOSÉ Group is committed to remaining an honest and trustworthy company that is respected by our customers and the public at large. We do this by always seeking to do the right thing, acting in an ethical manner at all times, complying with laws, regulations and social norms, respecting the human rights of everyone who is involved with the KOSÉ Group, and having mind to follow the right path.

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Scope

The report covers KOSÉ Corporation and its consolidated subsidiaries for the period from January 1, 2024 to December 31, 2024.

Purpose of 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.

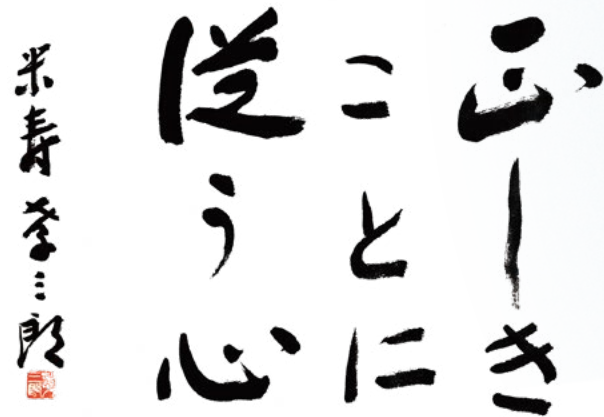
Disclaimer of Forward-Looking Statements

This report contains forward-looking statements about KOSÉ Corporation's future plans, strategies and performance outlooks that may differ materially from actual results. 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.

KOSÉ's Journey 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 a commitment to 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.

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 flooded 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, so he used 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 strongly asserted 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.



1951



PERLIGHT SKIN: A big hit in the company's early days

We improved the vanishing-type cream, which was prone to crystallization at the time, and developed a smooth yellow cream with skin-friendly pigments. This product remained on the market for 25 years at its original price of ¥200. It marked the origin of KOSÉ's commitment to quality.

1970



DECORTÉ: Faith in quality and the pursuit of the ideal luxury product

With the liberalization of imports in Japan and the appearance of foreign manufacturers in the domestic market, this product was created to compete with the best cosmetic products worldwide. Our goal was to create a luxury item with value in terms of both quality and design. It is now globally recognized as one of our flagship brands.

1976



FIT-ON powder foundation: An industry-pioneering product

This product offers truly beautiful skin that looks finished with foundation followed by loose powder, creating a striking appearance. At a time when women were entering the workforce, the product became a huge hit by meeting the growing demand for convenience, speed, and ease of use.

1980



Production Headquarters' QC operation received Deming Prize

Assessed for quality assurance and improved productivity, the Company became the first in the cosmetics industry to receive the Deming Prize (Quality Control Award for Operations Business Units). This followed on major reforms, including a review of production activities, updated quality control standards and the creation of various internal systems, demonstrating our commitment to quality.

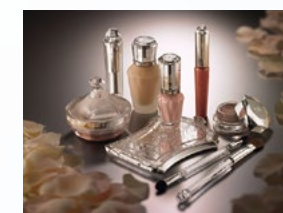
1992



Established ADVANCE, a Special Subsidiary

Inspired by then-President Reiji Kobayashi's strong desire to support the vocational independence of people with disabilities, KOSÉ established a Special Subsidiary where individuals with disabilities and able-bodied people work together to manufacture cosmetics. This was the first of its kind in the cosmetics industry and has grown to become a core company of the KOSÉ Group.

2005



Jill Stuart: Collaborating with a fashion brand

The brand, centered on makeup with a commitment to pursuing cuteness, remains one of the most enduringly popular brands today. Launching a range of unique brands that do not carry the company's name allows us to better address the diverse needs of our customers.

2009



SEKKISEI Save the Blue project to protect Okinawa's coral

For each *SEKKISEI* bottle purchased, an area of coral equivalent to the size of the bottle's base is planted in Okinawa's sea. We continue to donate a portion of our sales to nature conservation activities and to educational activities that deepen interest in and understanding of environmental conservation in Japan and overseas.

2024



Formulated our Medium- to Long-Term Vision

With "Your Lifelong Beauty Partner" as our Vision, we promise society that "Embracing each other, we color our lives with beautiful moments." We strive to build mutually enhancing relationships with all stakeholders by offering an attractive brand portfolio, viewing our customers from a broad 3G* perspective.

Note: Global, Gender, and Generation

Provide new value by embracing the beauty of the individual

Brand Lineup

KOSÉ has been creating attractive brands inspired by two keywords—Sensibility 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.

Main Countries and Regions Where We Operate: J Japan A Asia U North America/Other E Europe

High-Prestige Brands

The Highest Levels of Quality and Service



High-Prestige Brands

DECORTÉ

J A U E

ALBION

J A U E

INFINITY

J A

tarte

high-performance naturals™

J A U E

JILLSTUART

J A

Prestige Brands

雪肌精

SEKKISEI

J A U E

ONE

BY KOSÉ

J A

ESPRIQUE

J A

米

MAIHADA

肌

J

カルテHD

J

Cosmetaries Brands

Visée

J A

MAKE KEEP

J A U

softymo

ソフトイモ

J A

CLEAR TURN

クリアターン

J A

STEPHEN KNOLL

NEW YORK

J A U

KOSÉ Group at a Glance

“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 highlight how the KOSÉ Group of today is linked to its past and future.

(Fiscal year ended December 31, 2024)

Corporate Profile

Founded

1946

Number of Employees
(including temporary staff)

13,013

(2,233 men and 10,780 women)

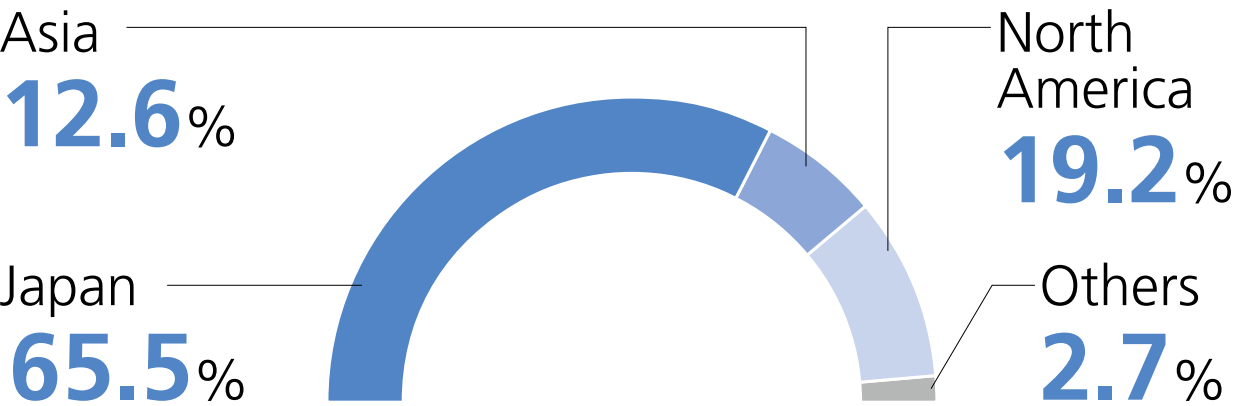
Number of Countries and Regions
Where We Operate

67

Number of Brands

38

Share of Net Sales by Region



Financial Highlights

Net Sales

¥ 322.7 billion

Operating Margin

5.4%

Overseas Sales Ratio

34.5%

R&D Expenses

¥ 6.3 billion

ROE

2.8%

ROIC

2.6%

Non-Financial Highlights

CO₂ Emission Reduction Rate
(Scope 1 and 2, Scope 3)

Scope 1 and 2: -45.1%

Scope 3: -19.3%

(Total volume compared to 2018)

Ratio of Female Employees in
Leadership Positions¹

34.4%²

Notes:
1. Leadership position: A position with subordinates, or equivalent
2. 38.3% in fiscal 2024, including PURI CO., LTD.

Waste Recycling Rate
at Factories

100%

Note: KOSÉ Group manufacturing departments

Total Area Planted
with Coral Reefs
(Cumulative)

12,736 m²

Note: About 34 times the area of a 25 m regulation-size swimming pool

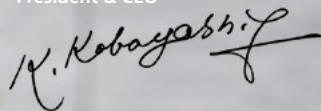
Responsible Palm Oil
Procurement

36.1%

Note: Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) method

CEO Message

Kazutoshi Kobayashi
President & CEO



Formulated a New Medium- to Long-Term Vision, Aiming for Global Growth by Moving Beyond Our Own Resources

The environment surrounding the cosmetics industry is undergoing major changes, including the growing awareness of health and wellness, the accelerated evolution of artificial intelligence (AI) and personalization technologies, and technological innovations in skin science and biotechnology.

In response to these changes in the environment, we engaged in extensive discussions within the Company about the future we should aspire to, and in November 2024, we announced our new medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*. The vision of *Your Lifelong Beauty Partner* we set for 10 years from now embodies our desire to stay close to each and every person around the world throughout their lives, offering a wide range of beauty options so they can shine in their own unique way. It also reflects our enduring aspiration—cherished since the Company’s founding—to continue brightening their lives through the power of beauty.

To realize this vision, we formulated our medium- to long-term strategy *Milestone2030*, with the core concept of no longer using the approach of doing everything on our own, but instead pursuing broader collaboration beyond our traditional in-house model. Until now, we have remained committed to conducting our own research and development, manufacturing, and sales, driven by a strong belief in creating unique and high-quality products that surpass those of other companies. We have developed and globally expanded safe, reliable, and high-quality products made in Japan. However, in recent years, as regulatory restrictions—such as pharmaceutical laws have been strengthened in many countries, cosmetics manufacturers are increasingly outsourcing production. In tandem with this trend, OEM and ODM companies, with research centers and factories around the world, have been gaining prominence. In addition, as globalization and the maturation of the cosmetics market have progressed, consumer needs have diversified and business domains we had not previously addressed have expanded. Against this backdrop, to achieve further global growth, we will not rely solely on in-house product development and supply chains, but will also actively pursue collaboration with partner companies and research institutions while leveraging external assets.

Focusing on Expanding Market Share in the Global South

In promoting our global expansion, we will work to optimize our regional development by acquiring brands rooted in local markets and shifting toward locally driven marketing and manufacturing. In addition, we will leverage OEM and ODM partnerships to reduce cost ratios and respond swiftly to local laws and regulations.

In particular, we are placing strong emphasis on expanding our market share in the Global South. We have newly appointed a leader responsible for overseeing the Global South market and stationed them in Thailand, and we will actively pursue M&A and business alliances with emerging local brands, focusing on high-growth markets such as ASEAN and India.

PAÑPURI, the brand owned by PURI CO., LTD., which we acquired in December 2024, is one of Thailand’s leading luxury brands, and we have high expectations for its future development in the Global South market. This acquisition marks our first M&A transaction since our acquisition of U.S.-based Tarte, Inc. in 2014. Tarte has been recognized as one of the most successful examples of a Japanese company acquiring a U.S. brand, and that success story helped pave the way for PURI to become part of the KOSÉ Group.

In India, we have been producing and selling the skincare brand *Spawake* locally since 2015; however, it has yet to grow into a brand that significantly contributes to the Group’s overall performance. Recognizing the need for a new breakthrough to strengthen our market position, we made an investment in and formed a strategic partnership with Foxtale Consumer Pvt. Ltd. in January 2025. The company that operates the skincare brand Foxtale launched in January 2022 and has quickly grown into a prominent player in India’s D2C* sector by leveraging its agile data analysis capabilities. Taking an approach that differs from ours, the company develops products by conducting thorough consumer analysis within India, providing prototypes for customer trials, and continuously refining the products based on feedback. Since last year, CEO Romita Mazumdar has visited Japan several times to discuss various ideas for improving our brand initiatives and activities in the Indian market. Going forward, we hope to leverage Foxtale’s resources and further strengthen our collaboration.

* Direct to Consumer

Our Vision and Core Belief

Purpose	Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.
— Vision for Lifelong Beauty Partner — Milestone2030 —	
Vision	Your Lifelong Beauty Partner
Belief	Guiding Principle Embracing each other, we color our lives with beautiful moments
	Values KOSÉ Beauty Partnership Builds relationships for mutual progress among all stakeholders

Expanding Our Business into the Well-Being Domain

Alongside our global expansion, we are also focusing on broadening our business domains. While maintaining cosmetics and beauty as our core, we aim to extend our value proposition into the well-being domain, delivering products and experiences that remain closely attuned to serving as a source of beauty for everyone.

As one example of new business initiatives in the well-being domain, we launched a proof-of-concept trial in August 2024, offering personalized beauty products containing iPSF, an extract derived from each customer's own iPS cells, through medical institutions. In the near future, we aim to grow this business to a scale of several thousand registered customers.

Another example of our new business initiatives in the well-being domain is our joint exhibition with Tokyo Electron Device Limited at CES 2025, one of the world's largest technology trade shows, held in the United States in January 2025. At the exhibition, we showcased a makeup simulation system that instantly projects makeup onto a visitor's face simply by operating a control panel while seated in the booth. The simulated makeup moves naturally in sync with facial movements, creating the experience of actually wearing makeup through high-speed projection mapping for mixed reality (MR) simulation. This service attracted significant attention and was recognized as a CES Innovation Awards® 2025 Honoree in the XR Technologies & Accessories category. Since 2017 we have been running our new business creation program LINK, which has established a foundation for strengthening external collaboration with employees partnering with external organizations to take on the challenge of driving innovation.



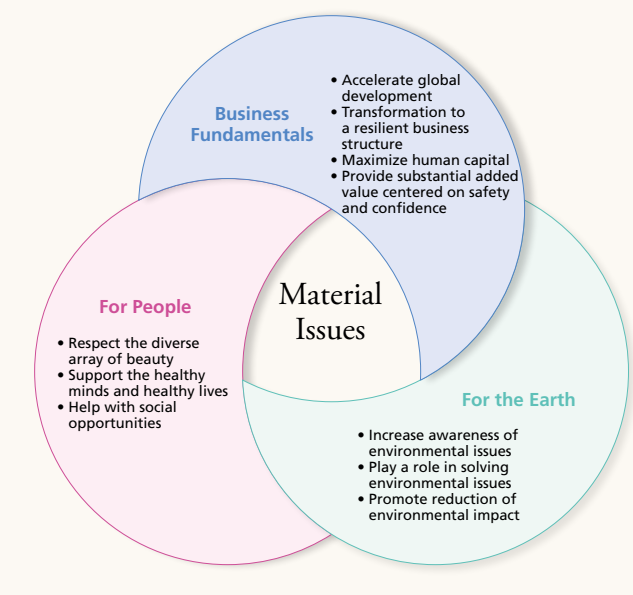
Focusing on the Completion of Structural Reforms and Rebuilding an Infrastructure in Phase 1

Although both net sales and operating profit increased in fiscal 2024 compared to the previous year, the challenges identified under our previous medium- to long-term vision VISION2026 — accelerating global expansion, rebuilding earning power, and establishing a strong business foundation — remained unresolved. In light of these issues, we have set three phases for realizing our new vision: Phase 1, *Completion of Structural Reforms and Rebuilding an Infrastructure*; Phase 2, *Shift to a Continuous and Sound Growth Spiral* by 2030; and thereafter, Phase 3, *Evolution to Become a Global Company*.

In Phase 1, we will prioritize rebuilding earning power in Japan as well as achieving profitability and improving earnings in mainland China. In Japan, we have benefited from a number of hit products, led by DECORTÉ as well as major brands of ALBION CO.,LTD. and KOSÉ Cosmeport Corp., resulting in expanded profitability. However, due to rising costs at KOSÉ Corporation — including raw materials, personnel expenses, logistics costs, and digital transformation investments — the overall Group has found it increasingly difficult to generate profits on a consolidated basis. We have already begun implementing fundamental reforms to our cost structure and are working to reduce expenses. In addition, to create a lean and efficient business structure, we are reviewing sales offices and staffing for each brand, optimizing marketing expenses, improving profitability on an SKU-by-SKU basis, and enhancing inventory turnover. By building a strong foundation in Japan and improving our earning power, we will make investments into global expansion and new business initiatives, thereby connecting to Phase 2, the *Shift to a Continuous and Sound Growth Spiral*.

In China, in addition to clearing excess inventory, we streamlined unprofitable stores and personnel in fiscal 2024. As a result, we expect to transition to a leaner and more efficient business structure, returning to profitability in fiscal 2025. Until now, we have expanded our brands in China using sales methods similar to those employed in Japan. However, in response to the country's economic slowdown and intensifying competition, we are in the process of revising both our sales approaches and brand strategies. In particular, we will focus on expanding high-prestige product lines that are increasingly in demand in the Chinese market, aiming to improve profitability.

Key Material Issues Organized into Three Strategic Pillars



In addition to the challenges that remained under VISION2026, we analyzed the gap between our ideal corporate vision and our current state to identify the issues that need to be addressed. Furthermore, by taking into account changes in the business environment and social issues, as well as perspectives and evaluations from internal and external stakeholders, we identified the key issues that require focused efforts going forward. These are systematically organized under three key pillars: “Business Issues,” “Social Issues,” and “Environmental Issues.”

Strengthening Our Talent Base to Support Global Growth

To realize our medium- to long-term vision, we are also focusing on strengthening our talent base to support global growth. Until now, the established pattern at our company has been for employees to gain experience in Japan before being stationed at overseas subsidiaries. However, as entrepreneurs and highly creative talent are increasingly emerging in the cosmetic industries of Europe, the United States, India, and Thailand, it is becoming more important for our employees to go abroad at a younger age and gain firsthand experience locally. We have already seen positive results from employees assigned as trainees to Tarte, where staff involved in product planning and development departments have grown significantly through their experiences overseas, and we intend to expand these opportunities going forward.

At the same time, we will continue encouraging employees who have a spirit of taking on new challenges and trying exciting new ideas, while creating a lively environment where many proposals and initiatives can emerge.

through mutual partnerships. We will also further strengthen our collaborations with existing partner companies that have expertise in specific fields, and work to expand our business.

The KOSÉ Group has established its Statement of Purpose as: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence. Based on this philosophy, since our founding, we have pursued high-quality cosmetics that are safe and reliable to use, delivering truly valuable products. Over the course of our long history, we have continuously challenged ourselves to exceed customer expectations, launching numerous innovative products. In addition to offering functional value such as efficacy and effectiveness, one of our strengths lies in creating cosmetics that also deliver emotional richness through sensuous elements like fragrance. Leveraging these strengths, we will continue to build Beauty Partnerships with all of our stakeholders, working together to enhance each other's value through collaboration and cooperation. Under the Beauty Consortium Concept, we aim to further enhance the growth of the KOSÉ Group and our corporate value by working with partners to create even more unique products and new value.

Aiming for Sustainable Growth and Enhanced Corporate Value through the “Beauty Consortium Concept”

Starting from fiscal 2026, which marks the 80th anniversary of our founding, we will transition to a pure holding company structure. This shift will create an environment that makes it easier for new partners to join the KOSÉ Group, while maximizing group synergies, accelerating decision-making, and enabling the strategic and efficient allocation of management resources.

Under this new structure, we will promote the Beauty Consortium Concept, aiming for sustainable growth and enhanced corporate value by collaborating with companies and brands that share our values, leveraging each other's strengths

The shift in the Chinese market, which had long been regarded as a major global growth driver, has heightened uncertainty across the cosmetics industry. Even in this challenging environment, we remain committed to rebuilding our business foundation and achieving an early transition to a growth trajectory. We sincerely ask for the continued support of our shareholders and all other stakeholders.

Medium- to Long-Term Vision

Vision for Lifelong Beauty Partner — Milestone2030



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

Belief Basis for all business activities Strategies Business activities Outcome Offer value

Values

KOSÉ Beauty Partnership

Builds relationships for mutual progress among all stakeholders

Seven Strengths

- Diverse brand portfolio
- Internal R&D infrastructure
- Internal manufacturing infrastructure
- A sales system that delivers value directly to customers
- Highly engaged human resources
- The spirit of taking on new challenges
- Management based on a long-term perspective

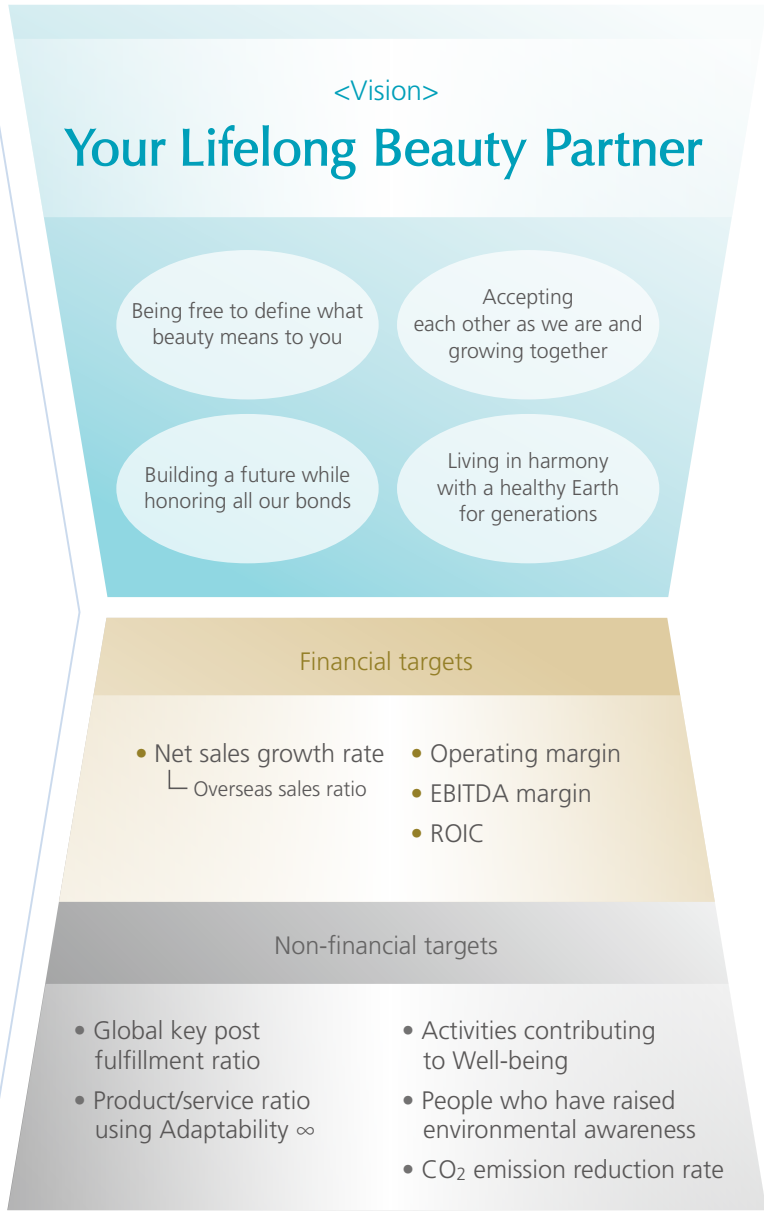
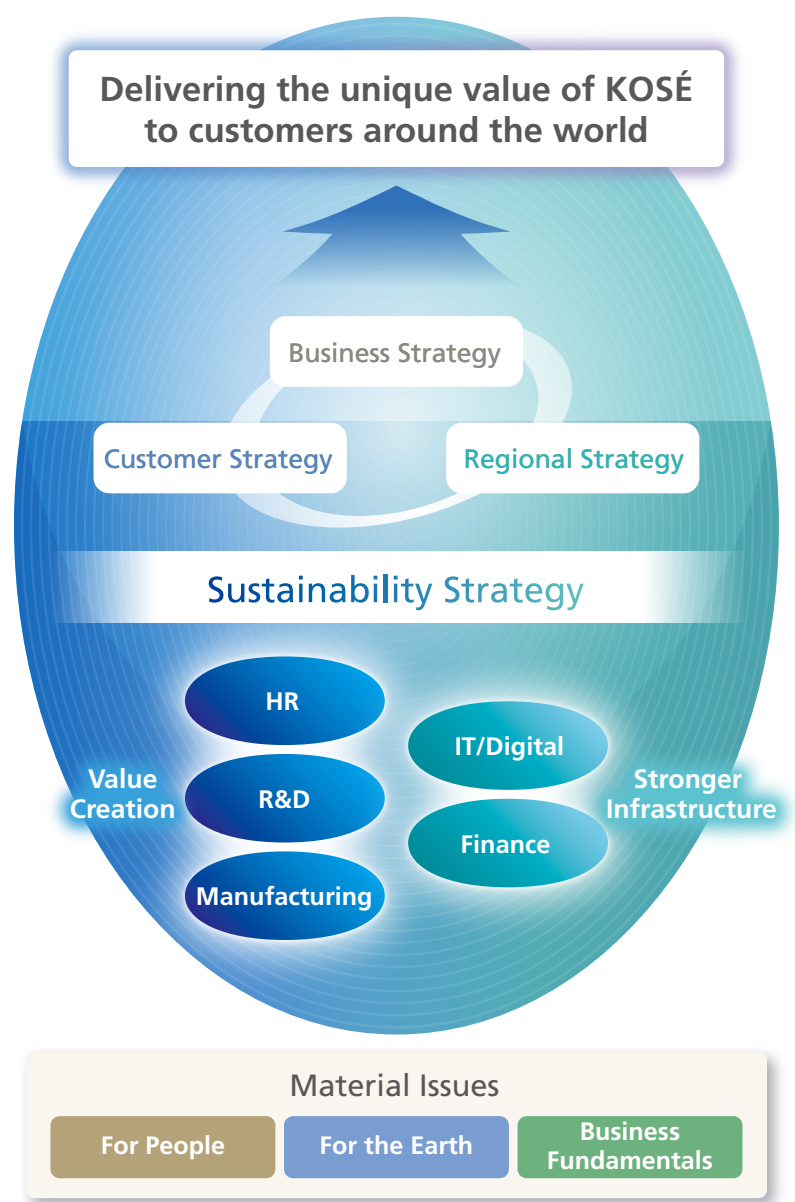
Guiding Principle

Embracing each other, we color our lives with beautiful moments

The 3Gs (Global, Gender, Generation)

Adaptability (Activities that meet diverse expectations)

Sustainability & Connectivity (Activities as a constant partner)



Your Lifelong Beauty Partner

We promise to embrace each other and color our lives with beautiful moments through the power of beauty.

Concept and Overview

Vision for Lifelong Beauty Partner — Milestone2030 is centered on KOSÉ's purpose: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence. In pursuit of this purpose, we have established a new vision: *Your Lifelong Beauty Partner*. We want to be a source of diverse options for beauty to enable people worldwide to find the best ways to express their unique charm throughout their lives. By serving as a lifelong beauty partner, we are firmly committed to using the power of beauty to be a provider of color and brilliance throughout one's life, which is the spirit that has guided the KOSÉ Group since its inception. We aim for the growth of our corporate value by building even longer and deeper relationships with customers, business partners, employees, people worldwide including future generations, and the beauty of nature.

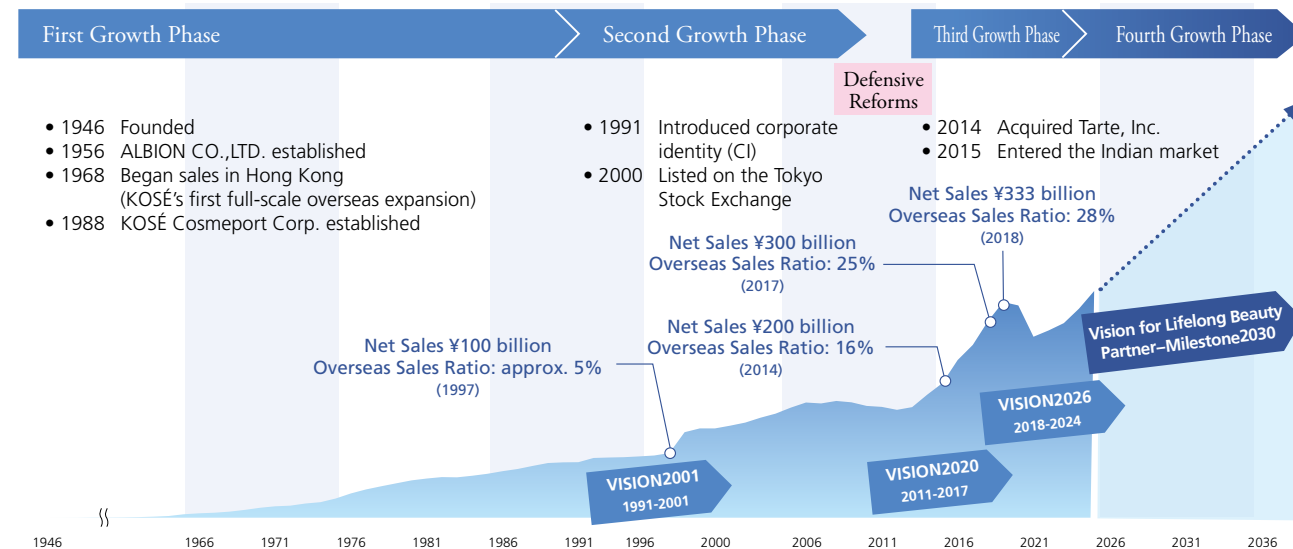
For more details on our medium- to long-term vision, please see here.

<https://corp.kose.co.jp/en/info/mid/>

Positioning of the Medium- to Long-Term Vision

Since entering its third growth phase in 2011, KOSÉ has significantly expanded its business. However, the COVID-19 pandemic brought a sharp downturn, marking a challenging period in which our growth trajectory turned negative. Amid this situation, progress under VISION2026 did not proceed as initially

planned. In response to the challenges that have emerged, we formulated a new medium- to long-term vision: *Vision for Lifelong Beauty Partner – Milestone2030*. This new vision aims to ensure a solid recovery in performance and to shift the Company into a sustainable growth spiral.

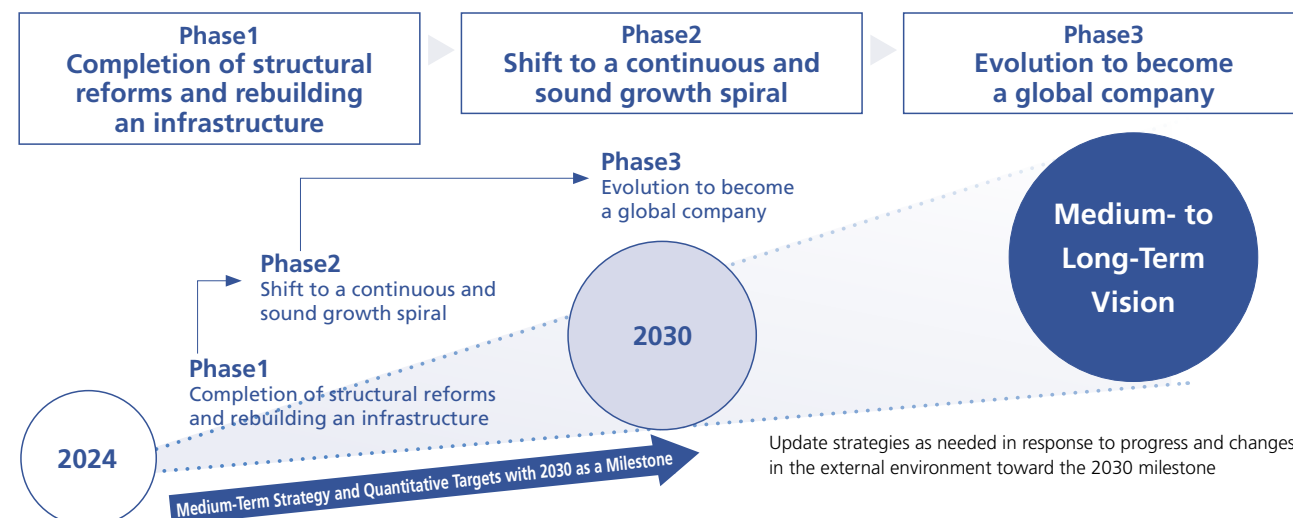


Concept Behind the Medium- to Long-Term Vision

The new medium- to long-term vision outlines the KOSÉ Group's aspirations looking roughly ten years ahead, and presents a roadmap that includes quantitative targets for 2030 as a key milestone, along with a medium-term strategy to achieve them. Toward 2030, we will first complete Phase 1: Completion of

Structural Reforms and Rebuilding an Infrastructure, then move into Phase 2: Shift to a Continuous and Sound Growth Spiral, and ultimately reach Phase 3: Evolution to Become a Global Company, with the aim of fully realizing the vision.

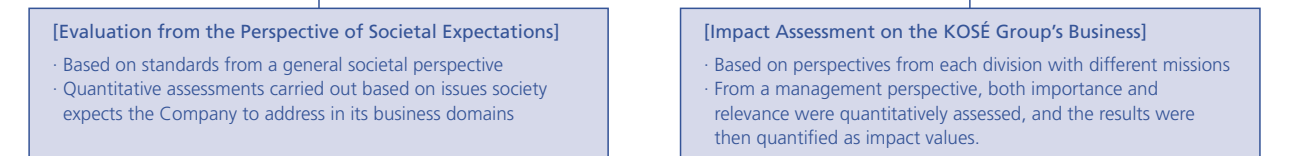
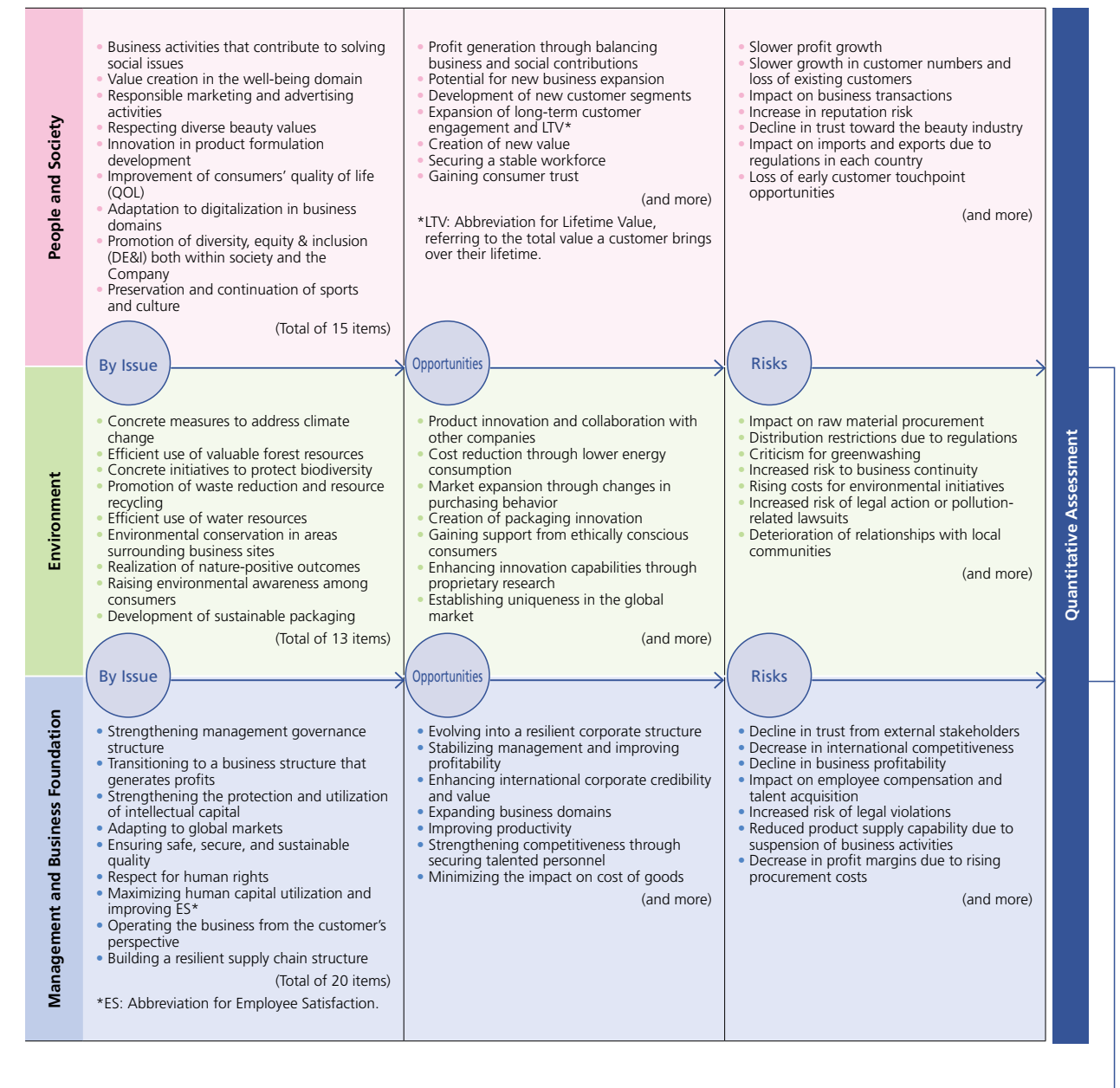
Three Phases Toward Achieving the Vision



Analysis of Social and Environmental Issues, Opportunities, and Risks Surrounding the KOSÉ Group

To identify material issues, we first extracted changes and challenges in the social and environmental landscape surrounding the KOSÉ Group, as well as related opportunities and risks. We

then conducted evaluations based on two axes: expectations from society, and the business (financial) impact on the KOSÉ Group as assessed by relevant internal departments.



Identification of Material Issues

Identification of Material Issues

Based on a review of our previous medium- to long-term vision VISION2026 and the issues identified from that process, we conducted an analysis of opportunities and risks. As a result, we have identified the material issues for our new medium- to long-term vision, as shown in the table below. The key change from the materiality identified in 2020 is the addition and integration of financial perspectives into our business-related issues.

	Matters that must be faced and society expectations		Material issues			
Business Issues	Development of priority global brands Reconstruction of business in Greater China	Adapting to global markets Creating an attractive brand portfolio	Accelerate global development	Business Fundamentals		
	Improving profitability and efficiency Upgrading business management functions Creating a value chain with a competitive edge (research, production to sales)	Optimizing inventory and investments for growth Promoting long-term management Creating an efficient production system	Transformation to a resilient business structure			
	Developing leading technologies (raw material/ formulation development and manufacturing technology)	Strengthening function linkage within the Group and improving comprehensive abilities				
	Reconstructing work processes and work fundamentals Promoting DE&I (employee attributes, experience, and skills)	Creating an organizational/mindset/workplace culture and improving productivity Improving employee engagement	Maximize human capital			
	Revitalizing manufacturing (quality, technology, and cost) Increasing seamless contact points with customers and enhancing customer experience Creating awareness of and empathy toward a wide range of generations	Creating values beyond cosmetics (well-being value) Increasing LTV while focusing on customer data (KOSE-ID) Creating business value linked to external resources and technologies	Provide substantial added value centered on safety and confidence			
	Operating business from the customers' perspective					
	Social Issues	Respecting diverse beauty values	Responsible advertising		Respect the diverse array of beauty	For People
		Value creation in the well-being domain Awareness of proper beauty habits and product use	Improving consumer QOL Responsible raw material procurement with good working conditions		Support the healthy minds and healthy lives	
		Gender equality	Promoting DE&I (society and employee diversity)		Help with social opportunities	
		Environmental Issues	Raising environmental awareness of consumers through marketing Environmental conservation in areas surrounding business sites			
Climate change countermeasures such as CO ₂ reduction Promotion of waste reduction and resource recycling	Reducing environmental loading throughout product life cycles Development of sustainable packaging		Promote reduction of environmental impact			

Core Concept of the Medium-Term Strategy

The core concept of the medium-term strategy is based on a policy of establishing a solid business foundation and overwhelming presence in Japan to generate reliable growth resources and direct them toward investments for sustainable growth. For business growth on a global scale, it is essential to promote regional optimization by actively collaborating with external partners and leveraging external assets—an approach of not doing everything on our own. Regional optimization involves two key approaches: “shifting to marketing and manufacturing driven by local needs” and “acquiring brands rooted in local markets.” By combining these approaches, we aim to achieve global business growth.



Key Points

The goal of the strategy toward the 2030 milestone is to advance structural reforms and rebuild the business foundation to enable a shift to a continuous and sound growth spiral for sustainable corporate growth. The medium-term strategy consists of three growth-oriented components—business strategy, regional strategy, and customer strategy—supported by functional strategy and group strategy.

Business Strategy	• Position the high-prestige business as the primary source of profit generation while designating the cosmetaries business as a key focus area.	P.25 →
Regional Strategy	• Shift the strategic focus from heavy dependence on the Greater China market to the Global South as the next growth region. • Strengthen inorganic growth investments with a focus on high-prestige and cosmetaries segments, as well as key regions including the Global South, the U.S., and Europe. • Starting from Japan, build personalized customer relationships centered on customer IDs (KOSÉ ID) and transform the customer experience through digital engagement.	P.29 →
Customer Strategy	• Strengthen customer development along the axes of gender and generation, positioning these as key opportunities for future growth.	P.31 →
Functional Strategy	• Build business infrastructure that enables the optimization of regional business operations, and promote delegation of authority to local regions (human resources/manufacturing). • Transform into a lean and efficient business structure to rebuild earning power by improving profitability and efficiency (finance). • Integrate the KOSÉ Sustainability Plan formulated in 2020 into the medium- to long-term vision to accelerate value creation and foundation enhancement (sustainability).	P.33 →
Group Strategy	• Establish a management structure that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources. • Accelerate the global expansion of diverse business models and the enhancement of value offered in the well-being domain.	P.32 →

Quantitative Targets

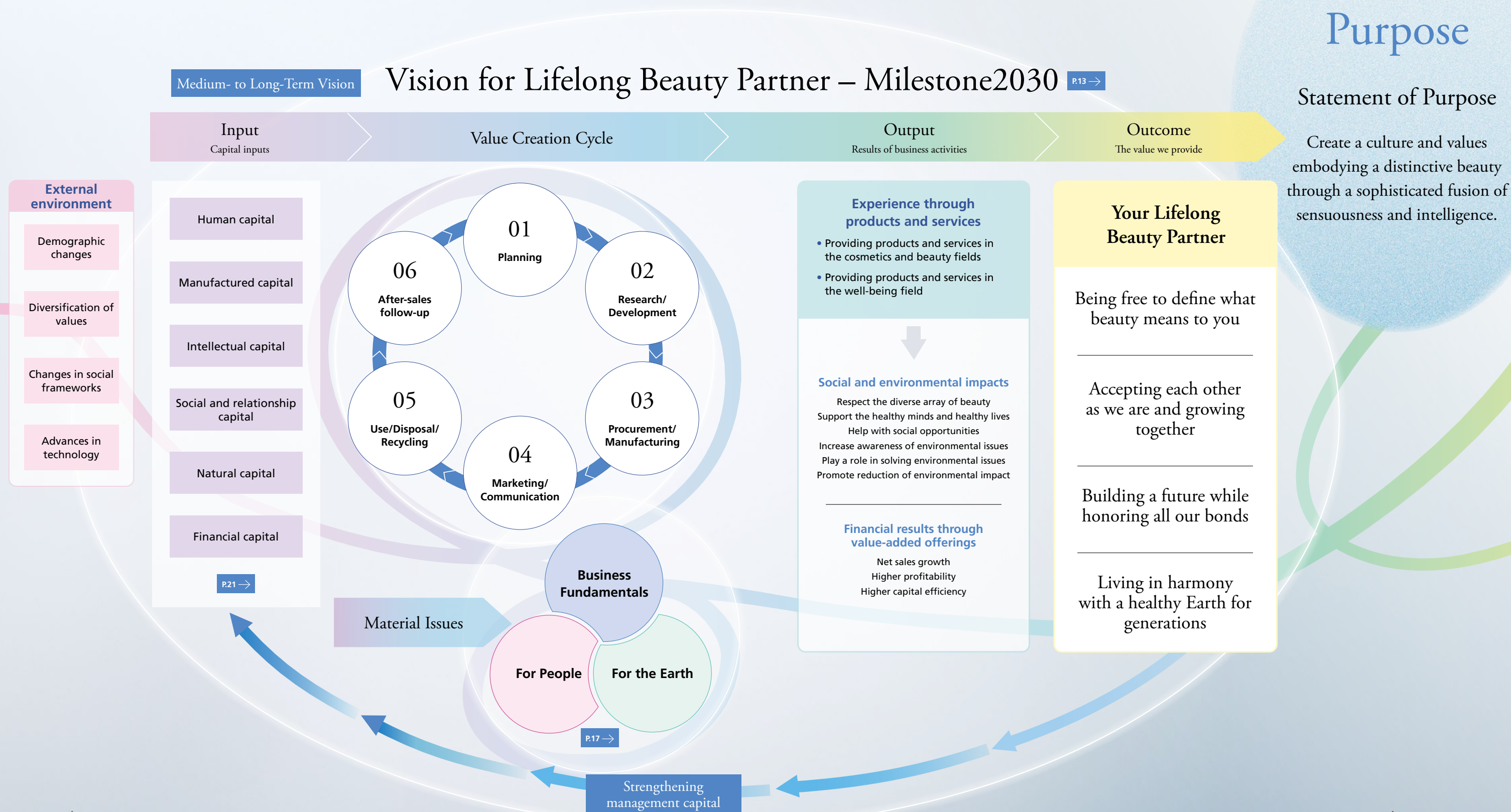
To realize our medium- to long-term vision, we have established both financial and non-financial targets. For the financial targets, we have defined five key indicators to measure progress in rebuilding earning power. For the non-financial targets, we have newly set goals related to strengthening human capital as a foundation for sustainable growth. In addition, we have carried over the targets of the KOSÉ Sustainability Plan to address social and environmental issues, aiming to further enhance our corporate value.

	Theme		Indicators		2024	2030 Milestone
Financial targets	Sales	Sustainable sales growth	Net sales growth rate		7.4%	CAGR 5% or higher
		Strengthen global expansion	Overseas sales ratio		34.5%	50% or higher
	Profitability	Sustainable profit generation	Operating margin		5.4%	12% or higher
			EBITDA margin		8.8%	18% or higher
Non-financial targets	Efficiency	Efficient and effective growth investment	ROIC ¹		2.6%	10% or higher
	Human Capital	Talent base to support global growth	Global key post fulfillment ratio ²		1.39x	2.5x or higher
	Social Issues	Respect the diverse array of beauty	Product/service provision rate based on Adaptability ∞ ³		86.4%	100%
		Support the healthy minds and healthy lives	Number of well-being initiatives		198	500 activities or more ⁵
	Environmental Issues	Increase awareness of environmental issues	Number reached through environmental awareness initiatives		7.41 million people	10 million people or more
		Promote reduction of environmental impact	CO ₂ emissions reduction rate	Scope1,2 Scope 3	-45.1% ⁴ -19.3% ⁴	-55% ⁶ -30% ⁶

Notes: 1. Before application of new lease accounting standards. ROIC = Operating profit after tax ÷ Invested capital; Invested capital = Interest-bearing debt + Net assets
2. Calculated as: Number of global talents ÷ Number of global key posts
3. Each brand selects focus items annually from KOSÉ's original eight Adaptability ∞ themes. The overall achievement rate is calculated based on the number of services/products delivered for those selected items. 4. Scheduled to be updated in September 2025 following third-party verification
5. Cumulative total since 2020 6. Reduction rate compared to 2018

The KOSÉ Group's Sustainable Growth Process







To fulfill the aspirations of our Statement of Purpose, the KOSÉ Group has established a medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, and is working toward realizing it as *Your Lifelong Beauty Partner*.



KOSÉ Group Capital

The KOSÉ Group has cultivated six types of capital since its founding. They underpin the Group's sustainable growth processes and are essential for increasing corporate value.
Looking ahead, we aim to achieve sustainable growth by utilizing our strengths based on these six types of capital.

1. Figure for Group companies in Japan
2. Excluding Tarte. Registered as of the end of December 2024.
3. KOSÉ Group manufacturing departments
4. ROIC = (Operating profit after tax) / (Average total of interest-bearing debt and net assets during the period) × 100
5. ROE = (Net income) / (Average shareholders' equity) × 100
6. Equity ratio = (Equity capital / Total assets) × 100

Human capital	Manufactured capital	Intellectual capital	Social and relationship capital	Natural capital	Financial capital
					
Current status / Issues to address			Current status / Issues to address		
<ul style="list-style-type: none">The importance of human capital management as a foundation for global business growthThrough activities that enhance the value of human capital, it is essential to strategically build a strong organization which works in collaboration with strong individuals to create unprecedented value			<ul style="list-style-type: none">Ongoing engagement activities with various stakeholders based on the KOSÉ Beauty Partnership (mutually beneficial relationships with the spirit of co-existence and co-prosperity)It is necessary to collaborate with external partners and utilize external assets to strengthen the business		
<div>P.37-40 → P.43-44 →</div>			<div>P.24 → P.32 →</div>		
<div>Our production system is designed to ensure a reliable and timely supply of high-quality, competitive products to meet the growing demand for cosmetics in Japan and overseas</div> <div>Need for a responsible value chain capable of supporting sustainable manufacturing</div>			<div>We strive to maximize the use of raw materials derived from natural resources in our manufacturing</div> <div>Preservation of the global environment is needed to keep our business activities sustainable. To that end, it is necessary to reduce the burden on the environment and use resources efficiently</div>		
<div>To enable the creation of unique value, we conduct research at eight sites around the world, collaborate with external partners, and continuously build and enhance our expertise in diverse global brand marketing</div> <div>Local marketing and manufacturing are necessary in the countries and regions where we operate to create new customer experience value</div>			<div>Importance of improving capital efficiency through boosting business profitability and using invested capital effectively</div> <div>Review business portfolio and create new value through investing in growth</div> <div>Strengthen business fundamentals through expansion of manufacturing infrastructure and investment in digital transformation</div>		
<div>Number of employees (including temporary staff): 13,013</div> <div>Hours of training per employee¹ (management and non-management/beauty consultants): 18.4 hours / 128.9 hours</div>			<div>Number of countries and regions where we operate: 67</div> <div>Overseas sales ratio: 34.5%</div>		
<div>Capital expenditures: ¥21.4 billion</div> <div>Production sites: 5</div>			<div>Total energy consumption: 419.0 (1,000 GJ)</div> <div>Water intake³: 294.9 (1,000 m³)</div>		
<div>R&D expenses: ¥6.3 billion</div> <div>Number of brands: 38</div> <div>Number of registered patents² Japan: 776 Overseas: 232</div> <div>Number of registered trademarks² Japan: 5,005 Overseas: 3,469</div> <div>Number of registered designs² Japan: 389 Overseas: 367</div>			<div>ROIC⁴: 2.6%</div> <div>ROE⁵: 2.8</div> <div>Equity ratio⁶: 71.1%</div>		

Value Chain

Basic Policy

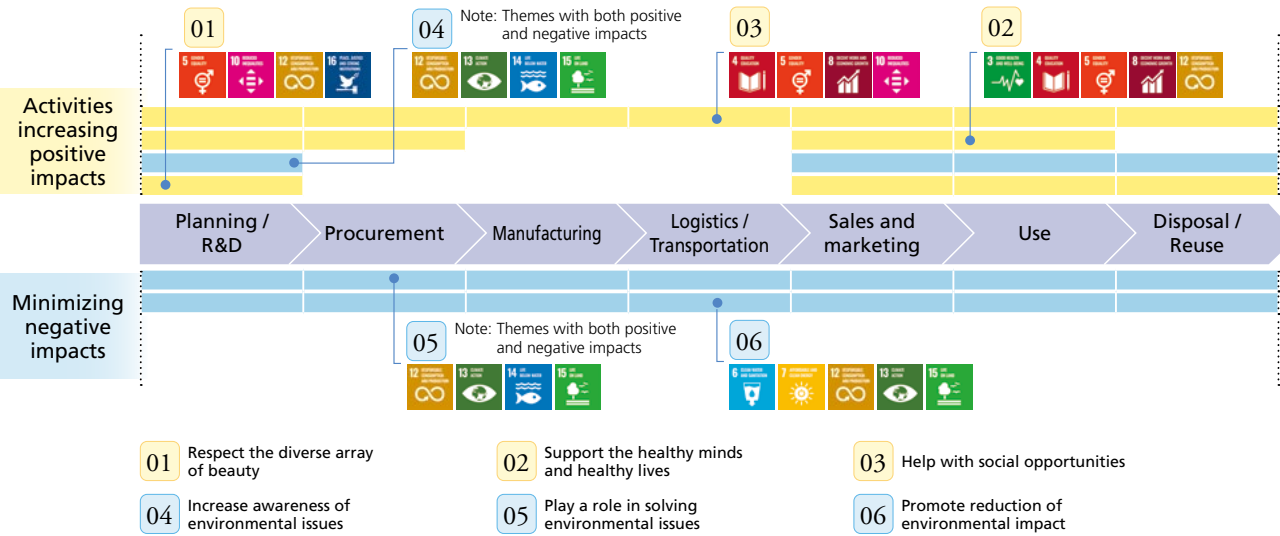
In order to achieve sustainable corporate growth, it is important to make efforts throughout the value chain. From planning and R&D to raw material procurement, disposal, and reuse, the KOSÉ Group promotes value creation initiatives that emphasize stakeholder engagement at every stage. Doing this allows us to ensure the long-term competitiveness of the company, ensuring sustainable growth and the ability to deliver value.

The value chain as the foundation of our corporate activities

Planning / R&D	For the planning and R&D of each brand, we design products tailored to the markets where they are sold and to customer characteristics. In order to meet the needs of the countries and regions where we are active, we focus on collaborating with external partners with rich knowledge of these areas while leveraging their assets.
Procurement	Working with suppliers and business partners, we promote the sustainable procurement of high-quality raw materials. We also pursue sustainable procurement at ALBION's Shirakami Laboratory by utilizing abandoned farmland to grow plants that we use as raw materials.
Manufacturing	Aiming for a cleaner manufacturing system, all electricity used at our Gunma and Sayama plants, as well as ALBION's Shirakami Laboratory, has been shifted to renewable energy. Construction of our Minami-Alps Factory began in July 2024. There, we will maximize the use of environmentally friendly energy sources, including green hydrogen produced in Yamanashi Prefecture.
Logistics / Transportation	We outsource our domestic logistics operations as part of our restructured business. This improves management efficiency and the quality of our logistics operations, allowing us to respond quickly to changes in logistical needs and reducing our environmental impact through streamlined logistics. We also pursue efficiency in our logistics by sharing chartered flights with other companies and improving the loading efficiency of shipments to logistics hubs nationwide.
Sales and marketing	We exhibited our Mixed Reality Makeup simulation at CES2025, one of the world's largest technology trade shows, creating a new kind of experience for customers. This was part of our ongoing value creation efforts, as we work to expand sales beyond the boundaries of the beauty industry.
Use	With a focus on adaptability and customer-centered product development, our products provide ease of use to those of different genders, ages, nationalities, skin colors, and values.
Disposal / Reuse	We work on designs that reduce the amount of waste from containers after customer use. ALBION also contributes to a recycling-oriented society by launching an initiative to recycle used PET resin bottles from its "SKIN CONDITIONER ESSENTIAL N" product into new cosmetic containers.

For People and For the Earth: Issues and impact on value chain

Manufacturing and the provision of products and services at the KOSÉ Group involves the entire value chain. For that reason, the sustainability strategy of our medium- to long-term vision—*Vision for Lifelong Beauty Partner* — *Milestone2030*—clearly identifies the areas of the value chain that have particularly large impacts. We are promoting a group-wide effort to increase value and help solve problems, for people and for the Earth.



Stakeholder Engagement

Basic Policy

The KOSÉ Beauty Partnership, set out as part of *Vision for Lifelong Beauty Partner*, our medium- to long-term vision, reflects the KOSÉ Group's values and is one of the Group's unique strengths. This section looks at the KOSÉ Beauty Partnership, from the background of its establishment to its direction going forward.

KOSÉ Beauty Partnership: Values that support the KOSÉ Group's corporate activities

Since its foundation, the KOSÉ Group has pursued business activities that cherish the spirit of co-existence and co-prosperity with not only customers but also with its business partners, suppliers, and local communities. In order to achieve our medium- to long-term vision, it is essential that we aim to be a source of beauty for everyone, continue to generate world-leading unique value, and offer a variety of brands brimming with originality and appeal. In order to do all of these things, we will strive to remain the company of choice for stakeholders who love and support KOSÉ. We are further strengthening these relationships by defining "KOSÉ Beauty Partnership" as a mutually enhancing relationship through our "wisdom of beauty."



Specific KOSÉ Beauty Partnership initiatives

Initiative to help revitalize local communities through the power of cosmetics
Relevant stakeholders: Community government

We held an event together with Minami-Alps City, Yamanashi Prefecture aimed at helping revitalize the local community and creating employment opportunities. On Respect for the Aged Day, we ran a "Respect for the Aged Day Original Room Fragrance Making" workshop for grandparents and their elementary school-aged grandchildren. This allowed grandchildren to present their grandparents with an original blend of six different scents as a way of saying "thank you." The event was covered by prefectural TV stations and newspapers, providing a good opportunity for the public to learn about our initiatives. We also hold a "Job Hunting Makeup Course" for city job fair participants.



Initiatives to strengthen stakeholder engagement
Relevant stakeholders: Customers (B2C), customers (B2B), government, human resources

KOSÉ's Customer Service Center has introduced a new AI-equipped Customer Feedback Search System that enables real-time searches of valuable customer reviews. This builds a support system that helps us make products and services, bringing us closer to our customers and adding color to their lives. In addition, KOSÉ's official X and LINE accounts increase our points of new customer contact beyond phone calls, emails and letters. Our LINE account even has an AI chatbot, AI Kikurun, that's available 24 hours a day, 365 days a year, helping customers resolve their issues using data and knowledge accumulated over the years by our Customer Service Center.



Learn more about stakeholder engagement here.
<https://corp.kose.co.jp/en/sustainability/plan/stakeholder/>



Business Strategy

The business strategy outlines the growth approaches that each segment—High Prestige, Prestige, and Cosmetaries—and their key brands will pursue toward 2030.

Basic Policy

Under the new medium- to long-term vision, KOSÉ has set sales growth rate as a key performance indicator to drive sustainable revenue growth and expand market share. Toward 2030, we have established a target of achieving a consolidated average annual sales growth rate of over 5%.

Growth by Segment

High-Prestige

We will continue to drive sustainable sales growth by leveraging our strong, profit-generating business structure centered on *DECORTÉ*, *ALBION*, and *Tarte*.

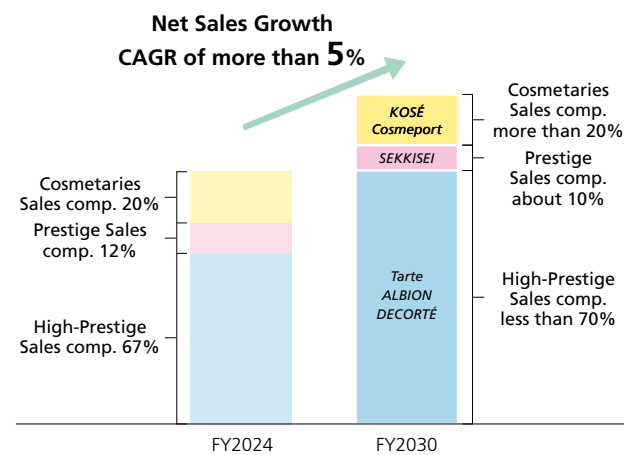
Prestige

For mid-priced products, we will focus on strengthening our position primarily in the Japanese market by enhancing the unique value of each brand and expanding market share.

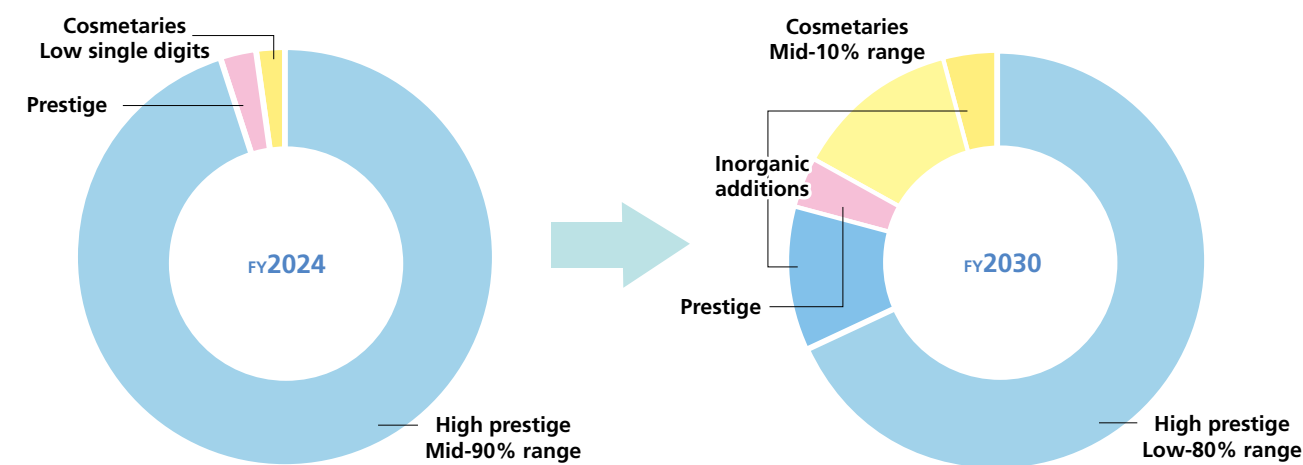
Cosmetaries

To capture growth opportunities in the Global South, we will concentrate on the premium mass segment—offering affordable yet high value-added products.

Projected Growth for Brand Categories



Overseas Business Composition



Key Themes

For each segment, we have defined key themes under two categories: organic growth and inorganic growth. In terms of organic growth, we will pursue strategies that leverage the strengths of each brand, focusing on deepening and redefining brand value and creating new customer touchpoints.

For inorganic growth, we have allocated approximately 20% of operating cash flow through 2030 for investments. This will support the expansion of our business portfolio through M&A and partnerships, as well as the acquisition of assets to build a global business foundation.

High-Prestige



Organic Growth

DECORTÉ

- Build luxury and advanced science technology value
- Rebuild brand value in Greater China (Establish customer touchpoints centered on the AQ and LIPOSOME products)

ALBION

- Reinforce the digital technology strategy and increase customer touchpoints (Start studies to prepare for launching ALBION's EC site)
- Increase the value of the ALBION brand worldwide (ALBION AUTHENTIQUE)

Tarte

- Continue the strategy of being the "social-first brand" and remain the leading concealer brand
- Continue to seek new sales channels to add more customer touchpoints in North America

Inorganic Growth

- Seek new brands and businesses mainly in Europe, North America, and the Global South (Mainly the skin care and fragrance categories)

Prestige



Organic Growth

SEKKISEI

- Target the "natural clean beauty" market segment
- Expand brand recognition of the SEKKISEI brand in Asia and North America and strengthen its presence in Japan
- Pursue a competitive advantage based on uniquely Japanese emotional and functional values

ONE BY KOSÉ

- Pursue a competitive advantage based on functional values

Cosmetaries



Organic Growth

KOSÉ Cosmeport

- Aim to be the leader in targeted categories (Cleansing products, sheet masks, sunscreen)
- Target the skin care and in-bath hair care categories
- Promote the optimization of regional business operations to rebuild business outside Japan

KOSÉ Self-Service Brand

- Aim to expand targeted category in each brand
- Promote global expansion of the *Make Keep* series, which holds the top market share in Japan

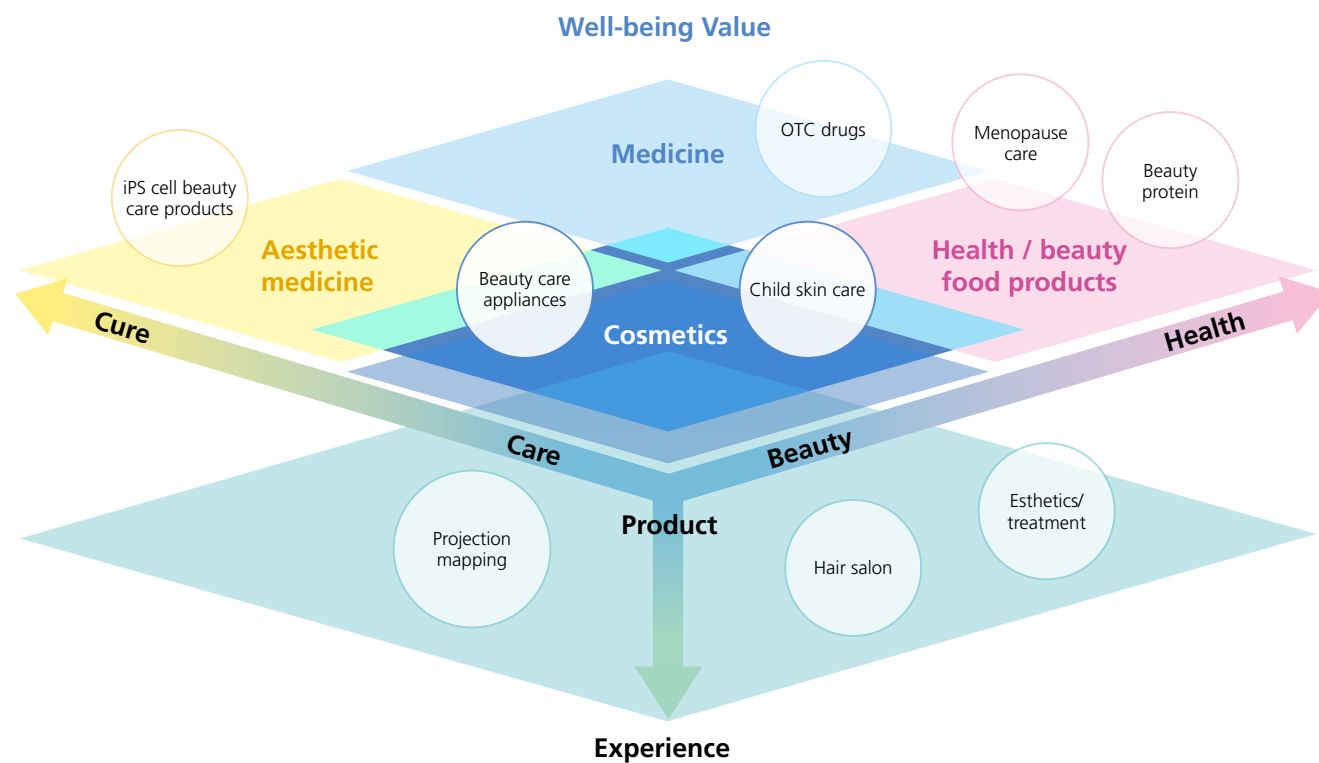
Inorganic Growth

- Seek new brands and businesses mainly in the Global South (Mainly the skin care category)

Expanding Business Domains

While maintaining a core focus on cosmetics and beauty, we are expanding into the well-being domain—extending from beauty to health, and from care to cure. In addition to products, we aim to grow our business by offering experiences themselves as a

source of value. A typical example is our makeup experience using projection mapping technology. This service is currently available at Maison KOSÉ Ginza.

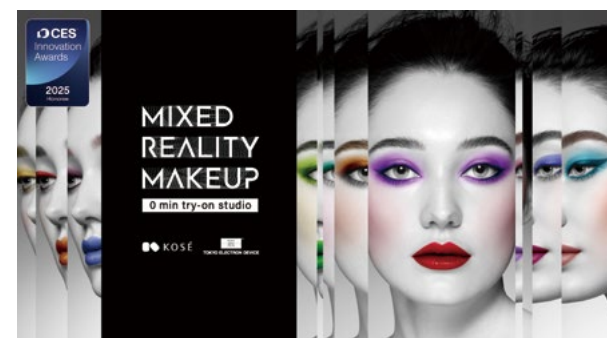


iPS cell beauty care products



We have launched a proof-of-concept trial for personalized beauty products containing iPSF, an extract derived from each customer's own iPS cells, in collaboration with external companies and clinics. We are also sharing this initiative globally—for example, by presenting it at the China International Import Expo (CIIE) held in November 2024.

Projection mapping



KOSÉ exhibited for the second time at CES 2025, one of the world's largest technology trade shows, held in Las Vegas, USA, starting January 7, 2025. Our service offers anyone an instant makeup experience that naturally follows facial movements in real time. This innovation was recognized as a CES Innovation Awards® 2025 Honoree in the XR Technologies & Accessories category.

Column KOSÉ's Manufacturing Strategy Supporting Its Brands

Minami Alps Factory

To meet the growing demand for cosmetics both in Japan and overseas, KOSÉ began construction of its third domestic production facility—the Minami Alps Factory—in 2024, with operations scheduled to begin in the second half of 2026. The plant will focus on the production of skincare products, which are currently manufactured at the Gunma and Sayama Plants, allowing for greater operational efficiency and cost

reduction. In addition to introducing cutting-edge technologies and equipment such as AI and IoT*, the plant will carry forward the manufacturing expertise and craftsmanship cultivated at existing facilities, pursuing enhanced quality and productivity.

* Abbreviation for "Internet of Things." A system in which various physical objects are connected to the internet and exchange information with one another.

A Multi-Product Manufacturing Plant Delivering High-Quality Production

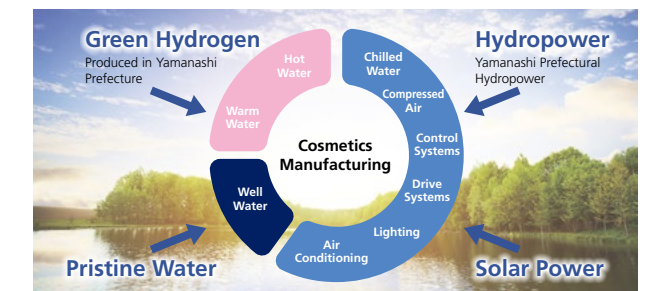
To remain a company that stays close to customers over the long term, KOSÉ will continue responding attentively to ever-evolving and diverse needs under the concept of *Adaptability*. The new facility will operate as a multi-product manufacturing plant equipped with a flexible production system that can adapt to qualitative changes in cosmetics demand, while also responding swiftly to changes in volume. It will feature a production system that complies with ISO 22716 (Cosmetics

GMP*) and a robust quality assurance framework to ensure high-quality manufacturing. Looking ahead to future business expansion, the plant is also being designed to accommodate potential second-phase construction.

* ISO 22716 Cosmetics — Good Manufacturing Practices: An international standard for quality and safety in cosmetics manufacturing

Pursuing Carbon-Neutral Cosmetics Manufacturing

KOSÉ plans to use CO₂-free electricity from Yamanashi Prefecture's hydroelectric and solar power generation, along with 100% renewable green hydrogen—produced from the region's water—and surplus solar energy as sources of thermal energy. Looking ahead, we aim to work with local governments to establish a local production for local consumption model using regional water resources, as we strive to realize a carbon-neutral society.



A Sustainable Factory That Cares for People and For the Earth

We are building a comfortable and fulfilling workplace environment where people can thrive. This includes automation to reduce physical workload, open communication spaces, and a diverse, inclusive environment with multilingual support—creating a workplace that respects and accommodates individual needs. For the local community, we aim to be an open and people-centered factory and company. Through factory tours and workshops showcasing the cosmetics

production process, we seek to foster co-existence and co-prosperity with the region. We are also engaging in activities and research to preserve the forests that nurture water resources, with the goal of living in harmony with the surrounding natural environment and local residents through the use of water. In factory operations, we strive for coexistence with the Earth by managing rainwater, reusing wastewater, and utilizing solar power.

Overview of the Minami Alps Factory

Location:	Yagoshima, Minami-Alps City, Yamanashi Prefecture
Site Area:	111,525 m ²
Primary Use:	Cosmetics factory (multi-product, focused on skincare)
Phase 1 Construction	
• Total Floor Area	: 39,300 m ²
• Plan Summary	: 3 above-ground floors, steel-frame structure
• Number of Employees	: Approximately 300
• Investment Amount	: ¥35-40 billion
• Construction Start	: July 2024
• Scheduled Completion	: February 2026
• Planned Operation Start:	Second half of fiscal 2026



Minami Alps Factory – Full View Rendering (Scheduled for Completion in 2026)

Regional Strategy

The regional strategy outlines the business strategies for both existing and new operations in each geographic region.

Basic Policy

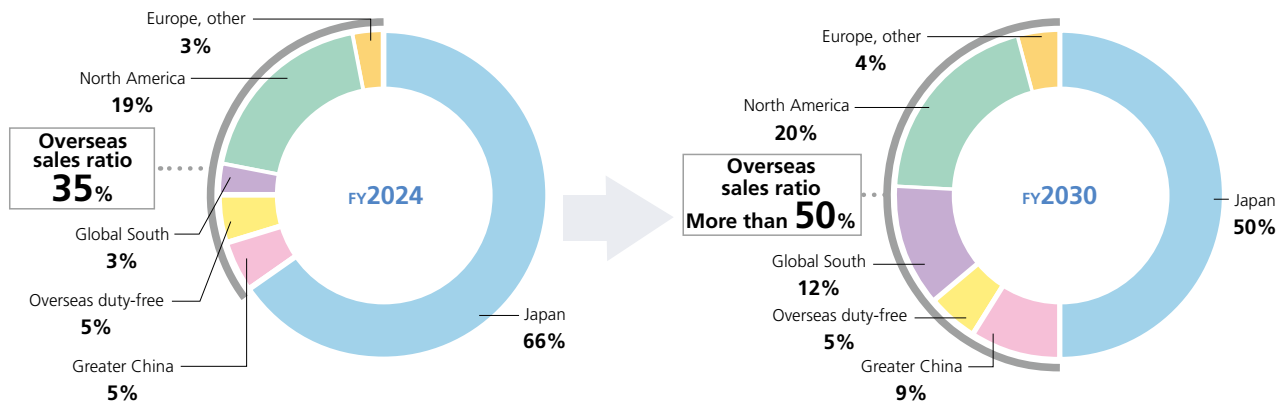
Under the regional strategy, our four core businesses—KOSÉ, KOSÉ Cosmeport, ALBION, and Tarte—will work in close coordination to expand in global markets. The KOSÉ and KOSÉ Cosmeport businesses have positioned the Global South (ASEAN and India) as their top priority for market expansion. We have also designated a two-year period as a structural reform phase for the Greater China region (including duty-free) and the Global South, during which we will focus on rebuilding our business models and strengthening our operational foundations. In addition, to drive inorganic growth, we will explore M&A and strategic partnerships in the Global South, the United States, and Europe. Depending on the country or region, we will localize our operations by leveraging the value chains of local companies to optimize product development, production, and sales systems.

	Japan	Greater China	Overseas duty-free	Global South (ASEAN/India)	U.S.	Europe
KOSÉ	Evolution, greater depth	Strategic shift	Strategic shift	Strategic shift		
KOSÉ Cosmeport	Evolution, greater depth	Strategic shift		Strategic shift		
ALBION	Evolution, greater depth	Strategic shift				
Tarte					Evolution, greater depth	Evolution, greater depth
Inorganic growth				M&A, alliances	M&A, alliances	M&A, alliances

Growth Outlook by Region

We are shifting our focus from the heavily dependent Greater China market to the Global South as our next growth region. During the COVID-19 pandemic, Greater China and overseas duty-free sales accounted for approximately 25% of total revenue, but over the past one to two years, this has declined significantly to around 10%.

Going forward, we aim not only to increase the proportion of sales from the Greater China region and duty-free channels, but also to drive growth in the Global South, including through M&A and partnerships, to raise the overseas sales ratio to over 50%.



Key Themes

In the Japanese market, we will strengthen our digital strategy to transform the customer experience and deepen relationships, with the goal of establishing a dominant market presence. In regions outside Japan, we will rebuild business models and reinforce operational foundations to achieve regional optimization,

while also promoting the delegation of authority to local operations. In North America and Europe, we will focus on growth driven by Tarte and pursue additional expansion through inorganic strategies. We will also work to strengthen sales of brands such as SEKKISEI and DECORTÉ, particularly in North America.

Japanese Market



- Leverage the digital technology strategy for customer experience innovations
 - Use customer ID data (KOSÉ ID) for even stronger personal relationships
 - Strengthen customer relationships in our self-service retail locations
- More opportunities for Beauty Consultants/Advisers and more innovations for activities
 - Build a foundation for digitally transforming in-store operations to enhance customer experience value
 - Recruit people in a way that reflects the evolving labor market
- Launch a new business leveraging existing group assets
 - Continuously create new businesses through the LINK internal business creation program
 - Expand opportunities for new challenges through KOSÉ's system that allows employees to take on cross-departmental assignments

Asia (including Greater China market and duty-free)



- Target the high-prestige domain by rebuilding brand value
 - DECORTÉ: Rebuild brand value in China with a focus on the high-end segment
 - ALBION: Leverage Japan's duty-free market as a platform to elevate the brand's stature in China
 - Constantly adjust shipments to maintain proper distributor inventories
- Target the premium mass market
 - Leverage the sales agent business to drive growth in this domain
 - Establish a group-wide business framework for cosmetaries. (KOSÉ/ KOSÉ Cosmeport)

Asia (Global South)



- Build a sound ASEAN regional infrastructure
 - Establish a regional headquarters for overseeing all Global South operations
 - Establish a group-wide business framework for cosmetaries (KOSÉ/KOSÉ Cosmeport)
- Supply products that match local needs
 - Empower local headquarters with the authority to develop products
 - Establish a local manufacturing framework by working with local ODMs
- Strengthen business fundamentals by using M&A and alliances
 - Acquire new business resources in the ASEAN region and India, and explore ways to expand operations into additional business domains

North America, Europe, and Other Regions



- Organic growth of Tarte
 - Product Strategy: Maintain No.1 market share in concealers in North America and focus on the rapidly growing lip and mascara categories
 - Marketing Strategy: Promote marketing initiatives centered on digital channels
- Seek new brands and businesses (with focus on the skin care and fragrance categories)
- Profitable sales growth of KOSÉ brands
 - Secure sufficient sales volume to drive business growth
 - Strengthen the business foundation in preparation for launching transactions with major retailers

Customer Strategy

Basic Policy

In mature cosmetics markets such as Japan, one of our key areas for future growth is expanding our base across gender and generational lines to attract new consumers. A notable example of this is the significant increase in male demand for *DECORTÉ* and *SEKKISEI*, sparked by advertising campaigns featuring Shohei Ohtani.

We have also worked to raise awareness among younger demographics, such as children and students, about skincare and the importance of sun protection. Going forward, we will continue to focus on broadening our target audience and raising awareness among the next generation to acquire new customers.

Adaptability ∞

Our Three Concepts of Adaptability



Adaptability ∞ (eight) is a framework designed to understand customers from a multidimensional perspective that goes beyond conventional boundaries. It is built on three key perspectives—Physical, Mind, and Social Attributes—which reflect the diverse backgrounds of individuals. Under each perspective, we have defined eight specific action themes.

Each brand selects the most relevant themes and develops products and services that are closely aligned with the diverse needs of its customers.

Adaptability ∞ Themes



For more details on Adaptability ∞, please see:
<https://corp.kose.co.jp/en/sustainability/adaptability/>



Key Initiatives for the Next Generation (Alpha and Gen Z)

By using products and services that create excitement as a means of fostering curiosity and self-confidence among members of the next generations, we aim to help them develop their own sensibilities and deepen their engagement with KOSÉ. Looking ahead, we will further strengthen initiatives that enhance awareness and emotional connection with Alpha and Gen Z generations, while also cultivating future customers.

- 1) Sunscreen products:** Protect from UV light rays for a lifetime of healthy skin
- 2) Skin care products:** Encourage people to develop the habit of caring for their skin for a lifetime of healthy skin
- 3) Makeup products:** Gain an understanding of the diversity of other people's values while placing emphasis on one's own values
- 4) Room fragrances:** A means of self-expression while learning about and enjoying favorite and comfortable ones.

Group Strategy

Basic Policy

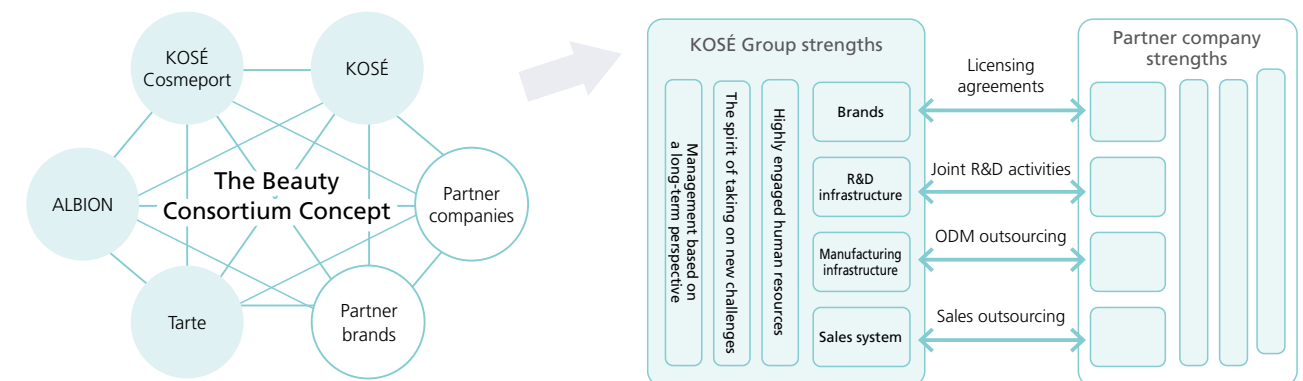
To realize the Beauty Consortium concept aimed at sustainable growth, the KOSÉ Group is working to enhance corporate value by strengthening its competitiveness and governance. To this end, we are building a structure that enables the global expansion of diverse business models and the delivery of greater value.

The Beauty Consortium Concept

The Beauty Consortium concept is an initiative in companies and brands that share the same vision as the KOSÉ Group collaborate by leveraging each other's strengths, with the aim of achieving sustainable growth and enhancing corporate value. We have already welcomed companies such as Tarte, Inc. and PURI CO., LTD. into the Group, and are also collaborating with partners like Milbon Co., Ltd. and Maruho Co., Ltd. Going forward, we will

continue to pursue M&A and strategic alliances to accelerate the global expansion of diverse business models and broaden the value we deliver in the well-being domain. Additionally, we aim to establish a management framework that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources.

Conceptual Diagram of the Beauty Consortium



Transition to a Pure Holding Company Structure

To realize the Beauty Consortium concept, it is essential to adapt to changes in the medium- to long-term business environment. As part of this effort, the KOSÉ Group will restructure its organizational framework and transition to a pure holding company structure centered on KOSÉ Holdings Co., Ltd. in 2026, the year of our 80th anniversary.

This transition aims to achieve two primary objectives:

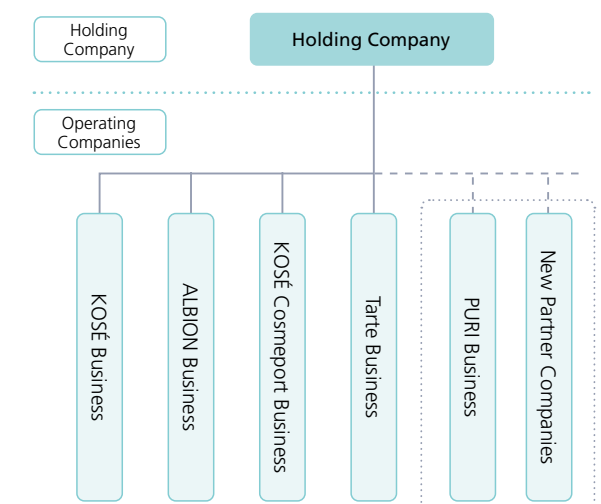
(1) Strengthening Group Competitiveness and Enhancing Corporate Value

We will enhance group synergies and improve the competitiveness and corporate value of the entire Group by strengthening coordination and integration among companies under the holding company and increasing the strategic flexibility and agility of capital allocation across the Group.

(2) Strengthening Group Governance

To support the global expansion of diverse business models, we aim to accelerate decision-making and improve the efficiency of resource allocation within the Group, while optimizing overall Group performance and reinforcing governance.

Conceptual Diagram of the Holding Company Structure



Functional Strategy — Financial Strategy

The KOSÉ Group's basic financial strategy is to build a solid financial foundation that supports sustainable growth, while actively promoting growth investments and improved profitability. Across the entire Group, we are shifting away from an overreliance on the Greater China market and aiming to drive both the growth of existing businesses and inorganic growth in the Global South.

Balancing business expansion and profitability, while improving capital efficiency

Message

Revenue and Profit Growth Achieved in Fiscal 2024

In fiscal 2024, consolidated net sales increased, exceeding our initial plans. Although revenue declined in the Chinese market, this was offset by strong performance from our major brands in Japan and Tarte, which saw significant growth in the U.S. market. Operating profit also increased year on year; however, it fell short of the plan due to a rise in the cost of sales ratio.

Profit attributable to owners of the parent decreased, primarily due to the recognition of extraordinary losses resulting

from structural reforms in China during the third quarter. These reforms were implemented to avoid damage to brand value and transition the business structure toward sustainable growth. In the second half of fiscal 2024, we carried out store and workforce restructuring in China and disposed of excess inventory, recording an extraordinary loss of ¥4.4 billion. As a result of cost reductions from the restructuring and a reassessment of marketing expenses, we expect our China business to return to profitability in fiscal 2025.



Keita Matsunami
Executive Officer, General Manager of
Accounting and Finance Department

Enhancing Corporate Value

In November 2024, the KOSÉ Group announced its medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, under which it has set five financial targets for 2030: net sales growth rate, overseas sales ratio, operating margin, EBITDA margin, and ROIC. To achieve these targets, we aim to balance business expansion and improved profitability through growth investments, while also enhancing capital efficiency.

We are currently working to build a leaner business structure, especially in Japan, and are undertaking a comprehensive review of our cost

structure across all levels—including cost of goods sold, selling expenses, and general administrative expenses—to improve profitability. While some initiatives will require a medium- to long-term approach, we are already moving forward with fundamental cost reductions in administrative and selling expenses, targeting savings of several billion yen. To improve capital efficiency, we are also working to reduce inventory, redirect cash toward growth investments, and use the ROIC tree to visualize and address management issues across business units.

The Company plans to transition

to a pure holding company structure in January 2026. Through the integration and coordination of functions among its subsidiaries, we aim to maximize group synergies, accelerate decision-making, improve capital efficiency through the strategic and efficient allocation of management resources, and enhance shareholder returns. Above all, we will strengthen our dialogue with investors more than ever before, with the goal of increasing the corporate value of the KOSÉ Group.

Basic Policy

In our newly formulated medium- to long-term vision, we have shifted direction from VISION 2026, which focused on expanding global market share based on the high profitability achieved during the boom in Greater China demand. Moving forward, we will work to improve the profitability of our existing businesses in Japan, North America, and Europe, while actively investing in regions where cosmetics demand is expected to grow and in

new areas of business expansion. As a new growth area, we will prioritize both the growth of existing businesses and inorganic expansion in the Global South. To support this, the KOSÉ Group aims to balance business expansion through growth investment with improved profitability, while also enhancing capital efficiency. To this end, we have set the following financial indicators as quantitative targets for our 2030 milestone.

Net Sales Growth Rate / Overseas Sales Ratio

To achieve top-line growth that exceeds the growth rate of each market globally, we have set a target of a compound annual growth rate (CAGR) of 5% or higher.

While VISION 2026 set a fixed sales target, our new vision emphasizes sustainable corporate growth, using CAGR as an

indicator of average growth over a set period.

Additionally, to strengthen our business expansion in the Global South (ASEAN and India), we have set a target of achieving an overseas sales ratio of over 50%.

Operating Margin / EBITDA Margin

To balance growth investment with improved profitability, we are using both operating profit margin and EBITDA margin (which excludes the impact of depreciation and amortization) as key profitability indicators. While depreciation expenses are expected to increase due to intensified growth investments, it is also essential to strengthen awareness of cash flow and investment value in addition to the Company's core earning power.

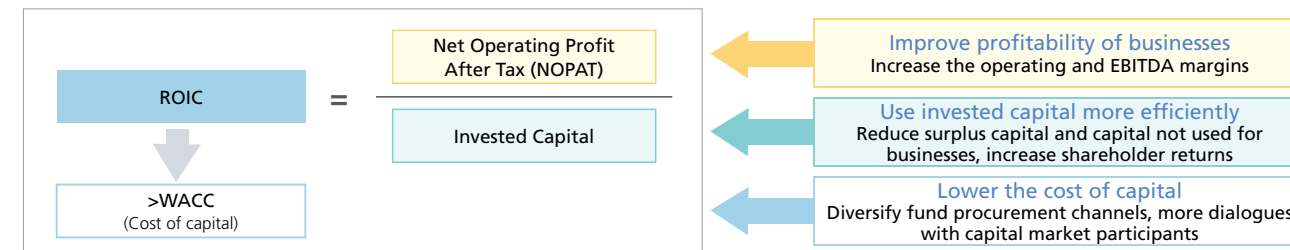
We aim to improve profitability through initiatives such as reducing the cost of sales by developing higher value-added products, optimizing our product portfolio, lowering selling expenses through enhanced digital marketing, and improving productivity through business process reform. Our targets are an operating profit margin of 12% and an EBITDA margin of 18% or higher.

	VISION2026	2030 milestone targets
Announced	March 2018	November 2024
Top-line growth	Net sales: 500 billion	Net sales growth rate: CAGR of more than 5%
Higher profitability	Operating margin: more than 16%	Operating margin: more than 12% EBITDA margin: more than 18%
Higher capital efficiency	ROA: more than 18% ROE: more than 15%	ROIC: more than 10%
Greater overseas profile	Overseas sales ratio: more than 50%	Overseas sales ratio: more than 50%

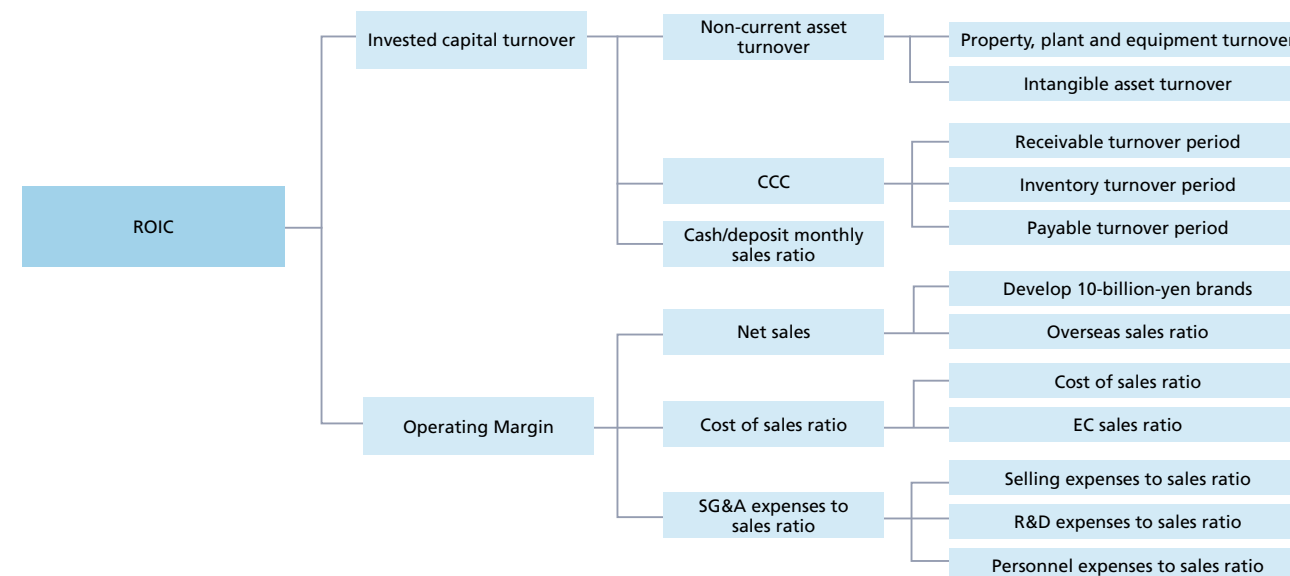
Functional Strategy — Financial Strategy

Management Conscious of Cost of Capital and Stock Price

Use of ROIC



Example of a ROIC tree



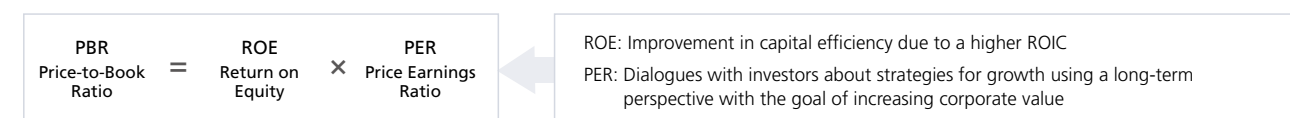
ROIC

While we previously used ROE and ROA as indicators of capital efficiency, we have now shifted to ROIC in order to address the challenge of low capital efficiency. By utilizing the ROIC tree, we aim to visualize management issues for each business unit, which we believe will lead to improvements in capital efficiency. As of the end of December 2024, our ROIC remains below our cost of capital. However, we are committed to improving both profitability and capital efficiency to reach our 2030 ROIC target of 10% or higher.

Improving Capital Efficiency

To improve capital efficiency, it is essential to optimize underutilized assets, streamline inventory management, and carefully select capital expenditures. The KOSÉ Group currently faces the following financial challenges:

- Prioritizing capital and marketing investments with high return potential
- Reducing elevated inventory levels that have remained high since the COVID-19 pandemic
- Utilizing accumulated cash for growth investments



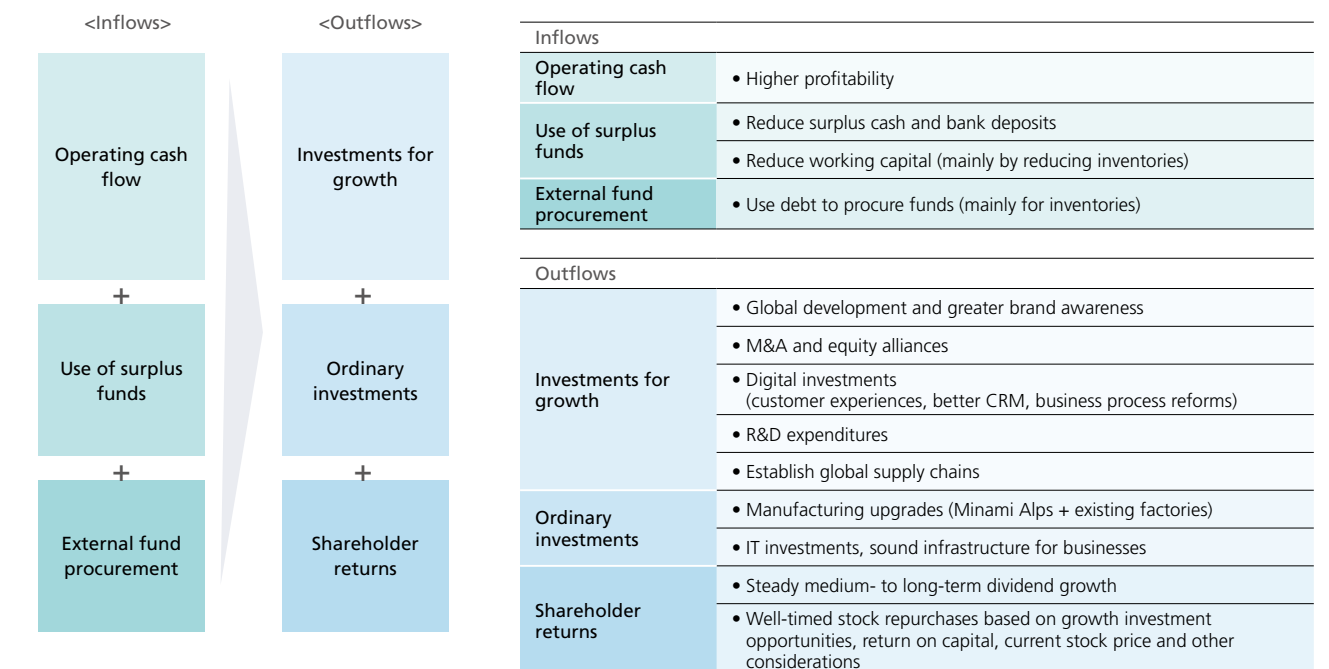
Long-Term Efforts to Enhance Corporate Value

The KOSÉ Group plans to transition to a pure holding company structure in January 2026. One of the key objectives of this shift is to strengthen the efficient allocation of management resources, including Group-wide capital allocation. Another important aim is to steadily implement the aforementioned initiatives and promote

improvements in capital efficiency.

We also intend to enhance corporate value by engaging in active dialogue with investors, taking into account trends in stock market indicators such as price-to-book ratio (PBR).

Cash Allocation to Support Strategic Initiatives



Cash Allocation Policy

Under our new medium- to long-term vision, growth investment is essential for rebuilding our business foundation and transitioning to a growth spiral. We plan to strengthen these investments more than ever before. Over the six-year period from 2025 to 2030, we are planning a total investment of approximately ¥200 billion. This includes ¥60 billion for M&A and capital partnerships, more than ¥50 billion to strengthen our production system—including construction of the Minami Alps Plant—and more than ¥50

billion for R&D in new business domains as well as IT and digital investment. To support this, it is essential to generate cash by improving the profitability of existing businesses and to make effective use of available funds.

In particular, capital investment in production facilities—such as the Minami Alps Plant—is considered vital for building a production system that enables efficient, high-value-added manufacturing while reducing environmental impact.

Shareholder Returns

With regard to shareholder returns, our basic policy is to maintain stable dividends. While securing internal reserves for future business expansion, we consider our financial position, business performance, and dividend payout ratio in a comprehensive manner when determining dividend payments. As for share buybacks, we intend to execute them flexibly, taking into account factors such as growth investment opportunities, capital efficiency, stock price, and other factors.

For fiscal 2024, the dividend payout ratio exceeded 100% due to

the recognition of extraordinary losses associated with structural reforms in China. However, in line with our policy, we maintained the originally planned dividend of ¥70 for both the interim and year-end payments, resulting in a total annual dividend of ¥140. For fiscal 2025, while profit is expected to improve year on year, we plan to maintain the annual dividend at ¥140—the same as the previous year—and will consider a dividend increase depending on the progress of earnings improvement.

Functional Strategy — HR Strategy

We aim to build a strong organization that continually creates new value through the coexistence and co-prosperity of strong individuals—independent, self-driven employees with diverse expertise. Through this approach, we will pursue globally optimized business growth across regions under our medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, which emphasizes the shift away from doing everything in-house (“no longer using the approach of doing everything on our own”).

Special Feature Human Capital Management as a Foundation for Global Business Growth

Message

At KOSÉ, we have long generated new value through the collective strength of our employees—individuals who support and uplift one another, while sharing the founding spirit of “*mind to follow the right path.*”

To achieve sustainable growth in the future, we must build on this spirit of mutual support and growth, while cultivating the strength to continuously create new value in an increasingly volatile market

environment. Achieving this strength requires strategically cultivating two key elements: “Strong individuals” who hone their skills, leverage their rich experience, and demonstrate their unique value; and “Strong organizations” that bring these individuals together in collaboration to generate unprecedented value. To build such individuals and organizations, we are pursuing the following four key initiatives:



Takuya Mochida
Executive Officer, General Manager of Human Resources Department

1 Securing Key Talent to Drive Business Strategy

We are strategically developing talent across our domestic and international business areas—individuals who can apply specialized knowledge and skills to deliver sustained value to customers.

P.38 →

2 Supporting Individual Development and Independence

To help each employee perform at their best, we support career development tailored to diverse values and work to create an environment that enables flexible and comfortable working styles.

P.39 →

3 Deepening and Evolving Organizational Culture

To unite diverse individuals, we refine and embed KOSÉ's core values and philosophy, while encouraging positive changes in employee mindset and behavior.

P.40 →

4 Optimal Talent Placement

To ensure stable and efficient business operations, we are building systems for fluid talent placement and creating flexible organizational structures.

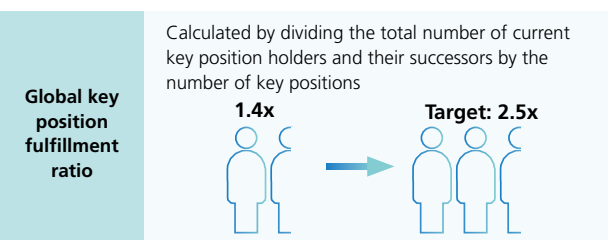
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Key Indicators in the Human Resources Functional Strategy

The following are priority indicators currently being closely monitored to build strong individuals and a strong organization:

Building Strong Individuals

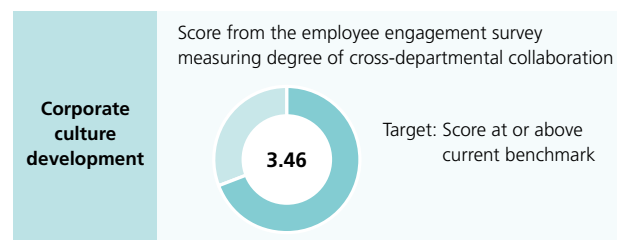
Abundance of successors for key overseas positions critical to global market expansion



Note: Additional indicators for monitoring will be introduced going forward

Building a Strong Organization

Degree to which “strong individuals” are connected and working collaboratively across the organization



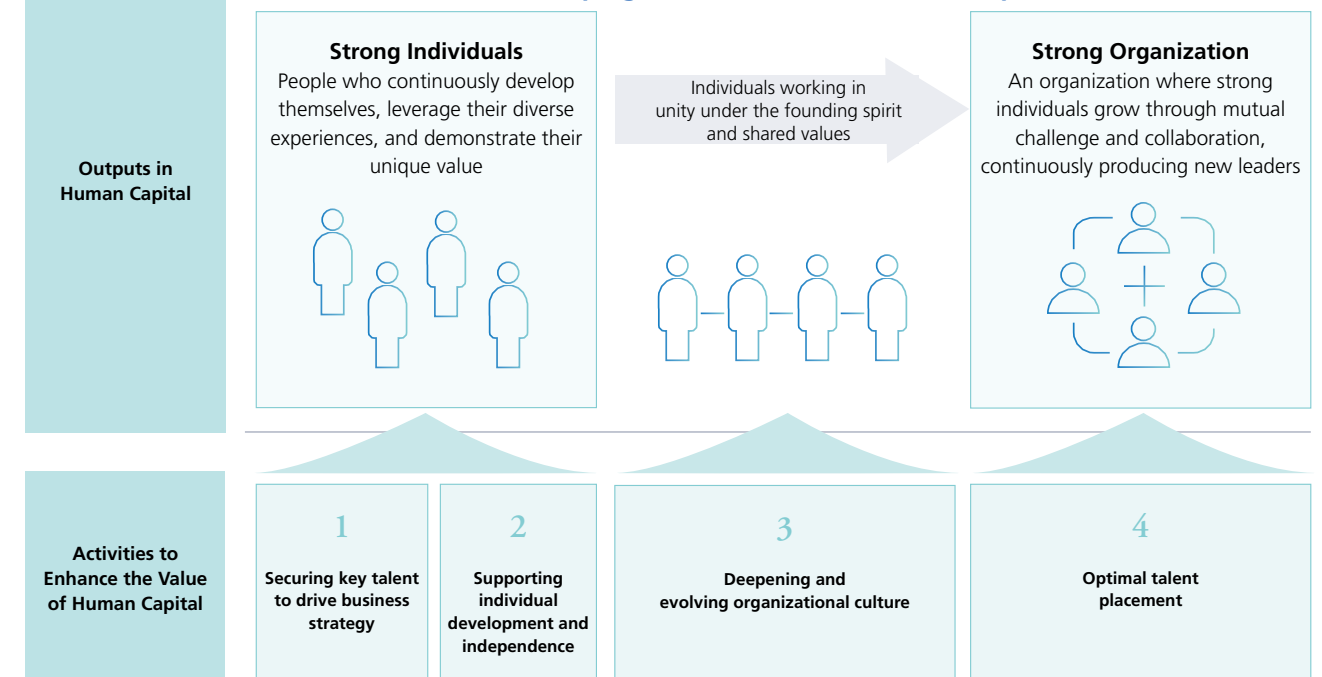
Note: Score out of a maximum of 5 points

What We Aim to Achieve

Your Lifelong Beauty Partner – Embracing each other, we color our lives with beautiful moments

Maximizing the value of human capital and achieving sustainable corporate growth

Talented individuals grow independently and through mutual inspiration, shaping the future of the KOSÉ Group



1 Securing key talent to drive business strategy

To achieve global business growth, we are strategically securing key personnel with advanced expertise and skills, while strengthening both recruitment and development efforts.

Recruiting and Developing Global Talent to Strengthen Our International Presence

To solidify our global business foundation and advance regional optimization, we aim to continuously develop talent for our global key positions* and expand our pool of overseas assignees. Currently, our fulfillment ratio for global key positions stands at 1.4x. In light of our growing international operations, we will place greater emphasis on developing and hiring successors for overseas assignments, with the goal of raising the ratio to 2.5x. In the short term, we plan to recruit individuals with overseas assignment experience (including non-Japanese nationals) through mid-career hiring. In the medium- to long-term, we will implement initiatives to strengthen global business experience, management capabilities, and language proficiency.

*Key positions at the Group's overseas locations



KOSÉ's Definition of Global Key Position Talent

- Mentally and physically resilient
- Capable of adapting to diverse environments
- Able to generate results through collaboration with local employees
- Possesses a certain level of language proficiency

Developing Leaders with Specialized Knowledge, Skills, and Experience

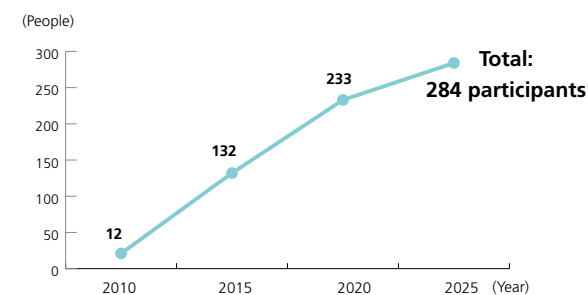
To create new value, we need leaders who can drive initiatives while supporting and caring for their teams. To this end, we are working to accelerate the development of talent and increase the number of specialists by expanding opportunities for managerial candidates as well as young and mid-career employees. We currently conduct a selective training program each year to support employees in stepping up to managerial roles and to foster future leaders.



* An internal venture program originally launched as Business Leader Training (now known as LINK). Open to all employees regardless of age, experience, or department. The photo shows participants at an event refining their business proposals.

In addition, by participating in our new business creation program*, employees gain experience in planning and managing businesses from a management perspective. While post-promotion development currently relies heavily on individual on-the-job experience, additional support is sometimes necessary. Going forward, we will strengthen training and development programs for managers and increase participation to better support the growth of our leaders.

Cumulative Number of Participants in the New Business Creation Program



Recruiting and Securing Diverse, High-Caliber Talent to Lead KOSÉ into the Future

We are enhancing our recruitment processes with a focus on strengthening competitiveness in hiring for key roles that require deep expertise specific to the cosmetics industry, such as marketing, R&D, and production. In addition, we are committed to creating an environment where the talent we recruit can fully demonstrate their abilities and thrive over the long term.



Joined KOSÉ in 2017 (Mid-Career) — IT Management Department

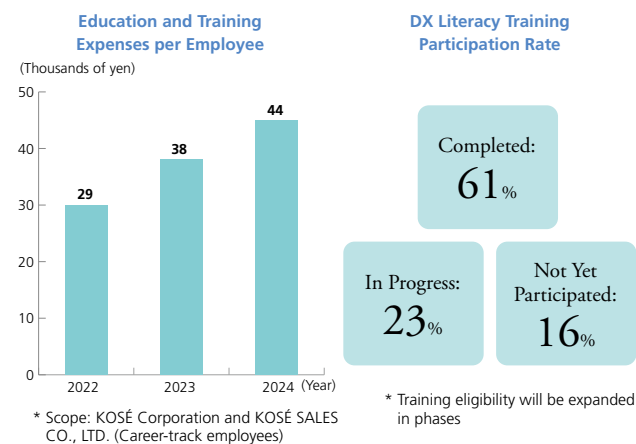
Drawing on my experience and expertise from my previous job, I'm responsible for everything from planning to development and maintenance of CRM systems. At KOSÉ, we have yet to fully leverage data as a vital management resource. To drive data utilization, I'm working to create an environment where anyone can easily access data, while also focusing on developing talent capable of working with data. My goal is to help accelerate the business and enhance the value of the customer experience.

2 Supporting individual development and independence

We are promoting career development and creating a supportive work environment tailored to each employee's background and values, enabling every individual to strengthen their expertise, work independently, and perform at full potential.

Supporting the Development of Expertise and Independence in Individuals

At KOSÉ, we place great importance on a proactive attitude toward learning and have established various support systems, including practical training programs and learning assistance schemes, to encourage this mindset. For example, we aim to transform the customer experience through digital innovation. The results of an IT skills assessment conducted two years ago highlighted the need to first raise the level of digital transformation (DX) literacy among our employees. In response, we introduced an educational platform last year to build a learning environment and implemented DX training for approximately 1,000 employees—primarily younger staff—to enhance their digital capabilities. We will continue to invest in education initiatives that strengthen the capabilities of each individual.



Supporting Employee Well-Being

Since fiscal 2017, the “Create a Great Place to Work” committee has been actively engaged in improving employee well-being, with full commitment from senior management for all initiatives. This committee has already given rise to a number of systems and initiatives directly tied to improving the employee experience, such as the introduction of remote work and the IKUPAPA Support System, which encourages paternity leave. We also promote employee health through initiatives such as stress checks and mental health support, as part of our commitment to practicing health-oriented management. Going forward, we will continue to support the well-being of our employees, turning each individual's motivation into a driving force for the sustainable growth of the company.

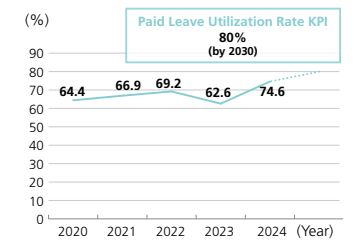
Initiatives to Empower Diverse Individuals to Create Value Through Their Differences

We believe that by creating a work environment that accommodates the diverse backgrounds of each employee, everyone can perform at their full potential. Moving forward, we will continue to develop systems that enable all individuals—regardless of gender, age, nationality, or lifestyle—to thrive and succeed.

Stress Check Participation Rate (Actual)

94.8%

Average Paid Leave Utilization Rate KPI



KPI for Percentage of Women in Leadership Positions¹

50%
(Fiscal 2024: 34.4%)

*1 Includes employees who manage subordinates or hold equivalent positions
*2 Fiscal 2024: 38.3% including PAN/PURI

Earned Highest (Third) Level of “Eruboshi” Certification from Japan's Ministry of Health, Labour and Welfare in Fiscal 2024



3 Deepening and evolving organizational culture

We are exploring initiatives to strengthen KOSÉ's unique culture of mutual support and growth, with the aim of fostering positive changes in employee mindset and behavior.

Based on the belief that increased employee engagement and motivation will lead to a more dynamic and competitive organization, we conduct an annual employee engagement survey and use the results to guide our culture-building efforts. Survey results show that while our employees take pride in working for KOSÉ and feel a strong connection to our products, there is room for improvement in cross-departmental collaboration. Moving forward, we will promote more cross-functional projects and activities to increase collaboration across departments and further enhance organizational cohesion.

Engagement Scores

* 5-point scale
* Survey scope: Domestic Group companies excluding ALBION CO., LTD.

Collaboration with other departments
3.46

Information sharing with other departments
3.22

Attachment to company products
4.27

Attachment to the company
4.08

Pride in the company
4.01

4 Optimal talent placement

We aim to build an organizational structure that supports stable and efficient business operations by flexibly assigning individuals with strengths aligned to our business strategies.

We believe that analyzing each employee's experience, capabilities, and aspirations—and enabling flexible placement—is essential to executing our management strategy. Currently, we are working to optimize talent placement that aligns strategic business needs with individual employee preferences. Employees are encouraged to build their careers independently through self-declaration systems, internal job postings, and side-job opportunities

within the company. The company, in turn, assesses the aptitudes of employees and supports talent development through initiatives such as job rotation and internal internship programs. Going forward, we will make greater use of our talent management system to track employees' skills and positions. This will allow us to propose placements that take into account both individual career aspirations and business needs.

* Unless otherwise noted, numerical data refers to the entire domestic Group.

Functional Strategy — Sustainability Strategy

As a responsible member of the global community, the KOSÉ Group aims to become a trusted company with a strong global presence. In 2020, we formulated the KOSÉ Sustainability Plan and have since advanced a range of initiatives. In 2024, we renewed this plan as the Sustainability Strategy, positioned as one of the key functional strategies under our new medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*. We have identified six key material issues related to people and the planet, and are actively working toward their resolution.

Basic Policy

The KOSÉ Group’s Sustainability Strategy is designed to strengthen efforts to address material issues in the social and environmental domains by integrating with other strategies that support value creation —such as human resources, manufacturing, and financial strategies— while also enhancing the overall business infrastructure. By caring for people and the Earth, and balancing the sustainable growth of both society and business, we aim to become a true “*Your Lifelong Beauty Partner*”—a company that contributes not only to individuals’ lives but also to the future of the society and the planet.

For more details on our Sustainability Strategy, please see:
https://corp.kose.co.jp/en/sustainability/plan/pdf/KOSE_Sustainability_Strategy2025_EN.pdf



Promotion Structure

The KOSÉ Group recognizes sustainability issues as management priorities and has established a governance structure to address them. We have established two core bodies: the Sustainability Committee, which reports on and deliberates key sustainability issues under the oversight of the Board of Directors; and the Sustainability Promotion Committee, which advances company-wide, cross-functional initiatives through dedicated subcommittees.

For more on the sustainability promotion structure, see p.62. →











Progress on Medium- to Long-Term Targets

Under its Sustainability Strategy, the KOSÉ Group has set commitments and goals for 2030 as a medium-term milestone to address material issues related to people and society and the global environment. These are framed under the themes *For People* and *For the Earth*.

For People

Material Issues	Commitment	Indicators	Fiscal 2024 Results	Target	Achieve by	Relevant SDGs
01 Respect the diverse array of beauty	Through adaptability, provide products and services where customers of various backgrounds can experience their own unique beauty	Ratio of products and services provided based on Adaptability ∞ (Eight)	86.4% ¹	100%	2030	
02 Support the healthy minds and healthy lives	Pursue activities where the people of society can experience well-being through beauty	No. of initiatives for achieving well-being	198 Cumulative since fiscal 2020	500 activities or more	2030	
		Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model	36.1%	100%	2030	
03 Help with social opportunities	Raise awareness and provide opportunities to participate in society for people of all diversities	Raising awareness of and initiatives in DE&I focusing on the 3Gs ²	429,227 people Cumulative since fiscal 2020	1 million people or more	2030	

For the Earth

Material Issues	Commitment	Indicators	Fiscal 2024 Results	Target	Achieve by	Relevant SDGs
04 Increase awareness of environmental issues	Provide customers with opportunities to become aware of environmental issues through products, services, and information communicated	Increase in awareness of environmental issues through products, services and information transmissions	7,411,084 people Cumulative since fiscal 2020	10 million people or more	2030	
05 Play a role in solving environmental issues	Pursue conservation and solving issues in various regions around the world	Area planted with coral reefs	12,736 m ² Cumulative since fiscal 2009	20,000 m ² About 53 times the area of a 25 m regulation size swimming pool	2030	   
		Local community environmental conservation activities	45 activities Cumulative since fiscal 2020	100 activities or more	2030	
06 Promote reduction of environmental impact	Reduce CO ₂ emissions	Scope1-2	-45.1% ³ Total volume compared to 2018	-55% Target for total emission reduction vs. 2018	2030	 
			14,088.1 t-CO ₂ ³	Carbon Neutrality	2040	
		Scope 3	-19.3% ³ Total volume compared to 2018	-30% Target for total emission reduction vs. 2018	2030	
		Scope1-2-3	803,236.5 t-CO ₂ ³	Net Zero	2050	
	Sustainability-conscious design for plastic packaging materials	Use of containers and packaging materials aligned with the 4Rs 4Rs: Reduce/Reuse/Recycle/Renewable	4Rs compliance rate 37.2% ⁴	100%	2030	 
		Usage rate of recycled and biomass plastic	23.2% ⁴	50%		
		Amount of usage of petroleum-based virgin plastic	-11.4% ⁵	-50% Per-unit production vs. 2018		
		Refillable container share	Scheduled for disclosure in 2025			
	Waste reduction for the purpose of responsible resource utilization	Recycling rate	Recycling rate 100% ⁶	100%	2025	 
	Reduce use of water resources through responsible practices	Reduction of water usage	4.9% ^{5, 6} Per-unit production compared to 2018	-12% Per-unit production vs. 2018	2030	 
	Responsible palm oil procurement	Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model	36.1%	100%	2030	 

1. Each brand selects focus areas annually from KOSÉ’s original eight Adaptability ∞ (eight) themes.
The overall achievement rate is calculated based on the number of services/products delivered for those selected items.
2. Global, Gender, and Generation
3. To be updated in September 2025 following third-party verification
4. Figures for new products launched during the relevant year
5. Products shipped during the relevant year
6. KOSÉ Group Manufacturing Department

For People

Under the *For People* pillar of the Sustainability Strategy, the KOSÉ Group focuses on initiatives and awareness-raising efforts aimed at creating a society where everyone can embrace their unique beauty and lead healthy, fulfilling lives. We are addressing the following three key material issues.

Respect the Diverse Array of Beauty

The KOSÉ Group has long been committed to proposing beauty that resonates with each individual—"a source of beauty for everyone." We contribute to the realization of a society where all people can embrace and celebrate their own unique beauty by offering adaptable products and services tailored to individuals from diverse backgrounds. This initiative is grounded in the

concept of Adaptability ∞ (eight) and is continuously advanced and monitored by the Sustainability Promotion Committee. Going forward, we will continue to deliver products and services that honor individual beauty, striving to ensure that people around the world can experience beauty that reflects who they truly are.

DECORTÉ MICRO BALM LOTION — Proposing Beauty Beyond Gender and Age

At KOSÉ, we are exploring new possibilities in beauty and creating unique value under the key concept of the 3Gs—Global, Gender, Generation. As part of this initiative, *DECORTÉ* launched the *MEDICATED MICRO BALM LOTION*, a lightweight moisturizing treatment designed to be easy and comfortable for anyone to use—regardless of their skincare routine, gender, or age.



Nu+Rhythm — Creating New Value Beyond Cosmetics

KOSÉ is advancing well-being initiatives that extend beyond the traditional cosmetics space to encompass health and medical-related areas. As part of this effort, we launched a new inner beauty brand, *Nu+Rhythm*, and released the *Nu+Rhythm YEAST PROTEIN ASSORTMENT SET*, a beauty-focused protein supplement. This business originated from our in-house startup program LINK (Leadership and Innovation program for New KOSÉ), which supports the creation of new ventures.



Support the Healthy Minds and Healthy Lives

The KOSÉ Group values the concept of well-being—living a healthy and fulfilling life—and is committed to helping all stakeholders achieve it. As such, we promote a range of initiatives aimed at improving quality of life (QOL), including educational and

awareness-raising activities for the next generation, and support for sports development. These efforts are positioned as material issues tied to our core business activities, with a particular focus on advancing initiatives for the future generations.

KOSÉ's Educational Initiatives for the Next Generation — Nurturing Healthy Skin and Sensibility for the Future

KOSÉ provides opportunities for the next generation to develop both healthy skin and rich sensibility by offering skincare education from an early age and hands-on experiences that promote an appreciation for diverse perspectives. As part of this effort, we held lectures at Tamagawa Academy (K-12) on topics such as skincare, UV protection, and beauty values. We also organized a makeup workshop for junior high school students called KOSÉ Teens Makeup Club, offering a fun and accessible way to learn basic makeup techniques.



KOSÉ's Commitment to Sports Promotion — Empowering the Spirit of Challenge Through the Power of Beauty

KOSÉ actively supports sports as a way to promote health awareness, offering sponsorships to various athletic organizations and individual athletes while engaging in a wide range of initiatives. In 2024, we held our regular makeup workshop, for the Japanese national artistic swimming team, Mermaid Japan, to help athletes apply performance-enhancing makeup on their own. Additionally, with the growing interest in breakdancing, we hosted the KOSÉ BREAKING FES, a dedicated competition celebrating this dynamic sport.



Help with Social Opportunities

At the KOSÉ Group, we believe that the strength of each and every one of our 13,000 employees worldwide is essential to our continued growth. In the company's early days, our business was strongly supported by female customers, but as times have changed, we have placed a central focus on the 3Gs: Global,

Gender, and Generation. In both internal and external settings, we actively promote diversity, equity & inclusion (DE&I). Our aim is to create an environment where everyone can express their individuality and gain opportunities to participate in society, ultimately helping to build a world where all people can thrive.

DE&I Initiatives — Creating a Workplace Where Every Employee Can Shine

An environment where employees can express themselves freely and thrive is directly linked to a company's ability to drive progress. To foster such a workplace, we actively promote internal awareness-raising initiatives aimed at making KOSÉ a better and more inclusive place to work. In addition to developing the DE&I Handbook, KOSÉ uses awareness posters to spread a culture of inclusivity throughout the organization. At ALBION, we also launched a dedicated "DAI-katsu" page on the internal sustainability site to share DE&I initiatives and enhance employee awareness.



The Visit to Japan by Students from Sakura Girls Secondary School (SGSS) in Tanzania — Advancing Women's Empowerment Through Learning and Experience

Since 2017, KOSÉ has been supporting the education of students at Sakura Girls Secondary School (SGSS) in Tanzania, a country where women's rights issues remain particularly serious. Through tuition support, we help provide these students with access to education. We also offer commemorative graduation gifts and, when students visit Japan, introduce them to career opportunities in the cosmetics industry and the broader role of women in society to encourage continued learning. In 2024, two students visited Japan, where they experienced hands-on cosmetics manufacturing and received beauty treatments at Maison KOSÉ Ginza, helping them appreciate the diversity of beauty.



For the Earth

Under the sustainability strategy pillar *For the Earth*, we focus on raising environmental awareness among consumers and reducing environmental impact across our global sites and entire value chain. We are addressing the following three key material issues.

Increase Awareness of Environmental Issues

Through its business activities, the KOSÉ Group has delivered a wide range of beauty-related value to society. By using our products and services as points of engagement to communicate

societal issues and our initiatives, we aim to provide consumers with opportunities for awareness and build a foundation for collective reflection and action across the society.

Student Design Contest Featuring Upcycled Pens

Since 2021, KOSÉ has been collaborating with Kao Corporation in the area of sustainability in the cosmetics business. In 2024, we held the Makeup Art Pen Award 2024, a design contest for students of Tama Art University. The contest featured SminkArt Pens—water-based ballpoint pens created by upcycling unused makeup products from both companies' research laboratories that never reached commercialization.

* SminkArt is a registered trademark of MANGATA Corporation.



BIOLISS PEACEFUL GREEN Project: Tree-Planting Activities to Support Forest Regeneration and Regional Revitalization

Through the BIOLISS PEACEFUL GREEN Project, KOSÉ Cosmeport's haircare brand *Salon Style BIOLISS* engages in environmental conservation activities aimed at protecting lush greenery, clean water and air, and the lives of living organisms. In 2024, the brand held its third tree-planting event in Yokosuka City, Kanagawa Prefecture. Native species such as castanopsis, tabu, and oak were planted in a supplementary format that preserves the existing natural environment while supporting early forest regeneration.



Play a Role in Solving Environmental Issues

A healthy global environment is essential to the KOSÉ Group's ability to conduct sustainable corporate activities. To that end, we are engaged in a wide range of specific initiatives across various regions, including the conservation and restoration of natural

capital such as water and biodiversity, which our business depends on, as well as efforts to reduce the environmental impact of our operations. Through these actions, we aim to contribute to solving environmental issues.

SEKKISEI "SAVE the BLUE" Initiative

The SEKKISEI SAVE the BLUE – Ocean Project donates a portion of sales during the campaign period to coral reef conservation and engages in awareness-raising activities to deepen understanding and concern for global environmental protection. In 2024, marking its 16th year, the initiative continued with customer purchases, contributing to the transplantation of a cumulative total of 12,736 m² of coral.



Expansion of ALBION's "RECYCLE PROJECT" Collection Locations

ALBION operates the RECYCLE PROJECT, a store-based collection system for used containers of its long-selling lotion, *SKIN CONDITIONER ESSENTIAL N*. In 2024, the program significantly expanded its number of participating locations. It is now being implemented at 414 stores nationwide, including ALBION Philosophy, ALBION Dresser, Atelier ALBION, department stores, and partnering cosmetics specialty stores across Japan.



Promote Reduction of Environmental Impact

The KOSÉ Group's business activities—including cosmetics manufacturing—depend on natural capital such as water and plants that are raw materials for ingredients, while also generating environmental impacts through energy use, wastewater, and

waste generation. We believe it is our responsibility to minimize these impacts, so we have established clear targets to guide our efforts in addressing climate change, promoting resource circulation and waste reduction, and reducing water usage.

Addressing Climate Change

The KOSÉ Group has identified "Promote reduction of environmental impact" as one of its key material issues and is actively working to address climate change, including through CO₂ reduction efforts. In response to this issue, which has long been a focus for us, we disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021, including an analysis of the risks and

opportunities climate change poses to our business, as well as disclosures from four perspectives: governance, strategy, risk management, and metrics and targets. To further strengthen our response to climate change, we have established medium- to long-term greenhouse gas emissions reduction targets¹, certified under the SBT 1.5°C criteria,² with the goal of achieving net zero³ by 2050.

¹ Of the various greenhouse gases, CO₂ has been identified as the primary emission from the KOSÉ Group.

² A science-based target aligned with the Paris Agreement, developed under the Science Based Targets initiative (SBTi), to limit the global average temperature increase to 1.5°C above pre-industrial levels.

³ Net zero refers to balancing GHG emissions with removal or absorption, effectively reducing them to zero.

Governance

The KOSÉ Group recognizes sustainability issues as management priorities and has established a governance structure to address them. We have set up two key bodies: the Sustainability Committee, which reports and deliberates on material issues and is overseen by the Board of Directors, and the Sustainability Promotion Committee, which addresses specific initiatives through its subcommittees.

Strategy (Scenario Analysis and Response Measures)

Through scenario analysis, the KOSÉ Group evaluates the potential impact of global temperature increases of 1.5/2°C and 4°C on its business activities. The results are used to inform disclosures and guide management strategy. Recognizing the importance of reduction targets, we are promoting decarbonization efforts under the Low-Carbon Transition Plan formulated in 2022.

Risk Management

Climate-related risks are identified and assessed by the Risk Management and Compliance Committee based on the KOSÉ Group's Enterprise Risk Management (ERM) framework. Ongoing monitoring of climate change issues is conducted by both the Sustainability Committee and the Risk Management and Compliance Committee.

Metrics and Targets

As a target for 2030, the KOSÉ Group has set a goal to reduce Scope 1 and 2 emissions by 55% and Scope 3 emissions by 30% (total volume compared to 2018). For the long term, we aim to achieve carbon neutrality for Scope 1 and 2 by 2040 and net zero for Scope 1, 2, and 3 by 2050.

For more details on our climate change initiatives, please see:

<https://corp.kose.co.jp/en/sustainability/environment/tcfd/>



For the Earth

Calculating the Carbon Footprint of Products (CFP)

In 2022, KOSÉ conducted its first calculation of the carbon footprint of products (CFP)—the total CO₂ emissions generated throughout a product's lifecycle—as part of our efforts to assess environmental impact. Our aim is to use this as an internal benchmark for product development, and as such, we have expanded the number of products assessed for CFP in 2023 and 2024. Additionally, we calculated the Decarbo Score, a metric provided by Earth hacks & Co., Ltd. that visualizes the percentage reduction in CO₂ emissions compared to conventional or reference products. We also participated in the Decarbo Score Fair hosted by EARTH MALL with Rakuten.



Development of Environmentally Friendly, Sustainable Packaging

As part of our sustainability strategy, the KOSÉ Group has set the environmentally conscious design of plastic containers and packaging as a medium- to long-term target. In the newly launched *SEKKISEI BLUE* series, the cap incorporates upcycled Job's tears (Coix barley) husks—a by-product from the extraction process of Job's tears used in *SEKKISEI* products—creating a distinctive design. In *Prédia BLUE*, we have adopted mechanically recycled polyethylene, which has a lower environmental impact, for use in tube containers—an area where incorporating recycled materials was previously considered technically difficult.



Initiatives for Natural Capital — TNFD Disclosure —

In line with the disclosure framework of the Taskforce on Nature-related Financial Disclosures (TNFD), the KOSÉ Group has published the KOSÉ Group TNFD Report, which outlines biodiversity-related risks and impacts associated with our business activities. The report focuses on two key elements of natural capital essential to cosmetics manufacturing: water resources and palm oil. It analyzes and evaluates the biodiversity-related risks linked to these areas and explores initiatives to conserve and restore biodiversity, while creating business opportunities. Based on this analysis, we will strengthen initiatives that reduce water usage, promote water conservation, and support biodiversity around our factories. Regarding palm oil, we will further promote the sustainable procurement and use of this vital resource.



For more information on our biodiversity initiatives and the TNFD Report, please see:
<https://corp.kose.co.jp/en/sustainability/environment/biodiversity/>



External Evaluations

Inclusion in ESG Indexes

KOSÉ has been selected as a constituent of the following ESG indexes:

FTSE4Good Index Series



FTSE Blossom Japan



FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



MSCI Japan Empowering Women Index (WIN)

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan Ex-REIT Gender Diversity Tilt Index

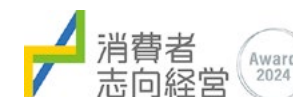


Japan ex-REIT Gender Diversity Tilt Index

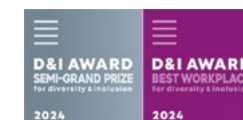
TOP CONSTITUENT 2024

External Recognition for Sustainability

KOSÉ has received the following evaluations and certifications from external organizations:



Voluntary Declaration of Consumer Orientation
Recipient of the 2024 Consumer Affairs Agency Commissioner's Award
Award for Excellence in Consumer-Oriented Management



D&I AWARD 2024 Runner-Up Grand Prize
Certified as a Best Workplace (by JobRainbow)



Eruboshi Certification (Ministry of Health, Labour and Welfare)



Certified Health & Productivity Management Organization 2024 (Recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi)
2024 Certified Health & Productivity Management Organization (Large Enterprise Category)



Climate Change and Water Security Ratings (CDP)
Listed on the Climate Change A List 2024
Listed on the Water Security A List 2024



Science-Based Greenhouse Gas Emissions Reduction Targets (SBTi)
Obtained SBT (Science Based Targets) certification

We endorse and participate in the following initiatives and organizations:

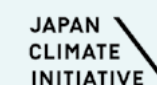
United Nations Global Compact



TCFD (Task Force on Climate-related Financial Disclosures)



Climate Change Initiative Japan Climate Initiative (JCI)



MATSURI Project for Algae-Based Sustainable Industry Creation



TNFD Forum



30by30 (Ministry of the Environment, Japan)



Clean Ocean Material Alliance (CLOMA)



KOBE PLASTIC NEXT Let's Connect Together. Refill Pack Recycling







Business Fundamentals

The KOSÉ Group recognizes that respect for human rights, along with transparency and fairness, is essential in all business activities, and as such, we conduct human rights due diligence across our entire value chain. Through collaboration with our suppliers, we promote initiatives that respect human rights and fulfill our social responsibilities together. Going forward, we will continue to strengthen our commitment to human rights and social responsibility on a global scale, and work together with all stakeholders to help realize a sustainable and equitable society.

Human Rights Due Diligence

The KOSÉ Group conducts human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), focusing on human rights issues identified as particularly important to the Company through a human rights risk assessment. We have also established the Compliance Help Desk for both internal and external stakeholders.

Key Human Rights Issues and Risk Management We are moving forward with the following risk management responses to address the key human rights issues we have identified.

Identified Key Human Rights Issues	Current Response Measures	
Ongoing identification of human rights issues in the raw material procurement supply chain	<ul style="list-style-type: none">Monitoring via platforms such as Sedex* and self-assessment questionnaires (SAQs)Direct dialogue with smallholder farmers in palm production, etc.	Supply Chain Management 
Diversity, equity and inclusion (DE&I) and human rights in the workplace	<ul style="list-style-type: none">Dissemination of the KOSÉ Group Action Guidelines to all Group employeesHuman rights training and compliance awareness-raising for employees	<ul style="list-style-type: none">Anti-harassment training for managersFostering an inclusive workplace culture through sharing the DE&I Handbook
	Risk Management and Compliance Awareness 	Diversity, Equity, and Inclusion (DE&I) 
Communications and responses that respect diversity (advertising, promotions, customer service, product descriptions, etc.)	<ul style="list-style-type: none">Promoting “Adaptability” as a management strategy and embedding it in business activitiesImplementing unconscious bias training for management across all departments	
		Adaptability 

Note: Supplier Ethical Data Exchange: A member-based organization that provides an online platform to strengthen sustainability in supply chains

Ongoing identification of human rights issues in the raw material procurement supply chain

As the Group uses palm oil, minerals, and many other natural raw materials in its products, it closely monitors its supply chain to ensure that no negative impacts are occurring. We assess conditions and promote corrective actions through supplier surveys and direct engagement with workers in the regions where raw materials are sourced.


Diversity, equity & inclusion (DE&I) and human rights in the workplace

In promoting diversity, equity, and inclusion (DE&I), the Group recognizes the importance of fostering understanding of gender diversity, including LGBTQ+ identities, as well as the increasingly diverse national and cultural backgrounds of its employees. To support this, we carry out internal awareness-raising initiatives and are working to build a workplace culture in which diverse talent can thrive.


Communications and responses that respect diversity (advertising, promotions, customer service, product descriptions, etc.)

To avoid reinforcing uniform or potentially discriminatory values in society through advertising, promotions, customer service, and other communications, we conduct internal training and awareness-raising activities. In addition, we promote initiatives that aim to create a positive social impact by sharing messages that respect and celebrate diversity.

Human Rights Policy and Promotional Structure
<https://corp.kose.co.jp/en/sustainability/rights/>



Human Rights Due Diligence
<https://corp.kose.co.jp/en/sustainability/rights/hrdd/>



Business Operations with Transparency and Fairness

Since its founding, the KOSÉ Group has valued the spirit of co-existence and co-prosperity with all employees, business partners, and suppliers. Guided by the concept of the KOSÉ Beauty Partnership set forth in our medium- to long-term vision *Vision for Lifelong Beauty Partner – Milestone2030*, we are committed to advancing our business in collaboration with stakeholders while fulfilling our responsibilities as a member of the global community—working toward a better future for people and the planet.

Promoting Sustainability in the Supply Chain

The KOSÉ Group promotes sustainable and responsible procurement of raw materials and packaging materials with consideration for society, the environment, and human rights, based on its Basic Procurement Policy and Sustainable Procurement Guidelines.

We also work to deepen mutual understanding with suppliers through detailed information exchange and ongoing monitoring—conducted via questionnaires—on environmental initiatives and human rights practices.

Examples of Engagement: SAQ Implementation and Sedex Membership

Monitoring activities for responsible procurement

Each year, we conduct a self-assessment questionnaire (SAQ) to promote sustainable procurement among our key suppliers in Japan and overseas.

In fiscal 2024, we requested responses from 159 suppliers—accounting for 93.8% of total procurement value—and received replies from 98.7% of them.

The proportion of suppliers with low scores improved compared to the previous fiscal year. As a result of these monitoring activities and individual interviews, we confirmed that, as of the end of December 2024, there were no particularly high CSR-related procurement risks.

Participation in the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team

In 2023, the KOSÉ Group joined forces with seven other Japan-based cosmetics and personal care product manufacturers—each a Sedex member—to form the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team*. This initiative aims to help prevent and mitigate adverse human rights impacts within the industry. The team is currently exploring collaborative supplier engagement activities, such as promoting broader adoption and standardization of the Sedex platform, and organizing joint briefing sessions for supplier companies.

* Launched in October 2023 with the aim of promoting responses to human rights issues across supply chains.

Response to procuring sustainable palm oil

The KOSÉ Group obtained RSPO* Supply Chain Certification (SC Certification) in December 2021 for its head office, related facilities, and major factories. In 2024, we successfully passed a follow-up audit and renewed our certification license. We continue to actively procure RSPO-certified raw palm oil and promote sustainable sourcing in collaboration with our suppliers.

* Roundtable on Sustainable Palm Oil

Establishment of the Compliance Help Desk

The KOSÉ Group has established the Compliance Help Desk for both internal and external stakeholders to enable the early detection of misconduct, including illegal acts (such as bribery and other forms of corruption), as well as violations of internal rules and human rights issues such as bullying and harassment. When a report is received, we ensure the anonymity of the reporting party and take care to prevent any disadvantage or retaliation. With guidance from external legal counsel, the Compliance Committee responds fairly and sincerely, working to promptly identify issues and resolve them swiftly.

Message from External Directors



Management that is Conscious of Capital Costs

Miwa Suto

KOSÉ aims to realize a future where it contributes to the well-being of the society by delivering happiness that respects individuality, through supporting beautiful and healthy lifestyles for customers around the world and developing its business. To steadily achieve this vision, the Company is promoting structural reforms and growth strategies aimed at transforming its domestically focused business model into one capable of generating revenues on a global scale. To further strengthen its earning power, the entire Group organization must move toward management that is conscious of capital costs. In the new medium- to long-term vision, KOSÉ has introduced ROIC as a new management indicator. What's important now is for each organizational unit to take ownership of ROIC, actively work to improve it, and engage in efforts to visualize performance, as this will be the key to success. KOSÉ has the underlying strength to unite the organization and execute decisively once a course of action is determined. As an external director, I will commit to providing my utmost support to accelerate these efforts and deliver early results.

Transformation of Global Business Structure

Norika Yuasa

Last year, KOSÉ made a bold decision to reduce its dependence on the Chinese market and expand into the Global South, and undertook difficult structural reforms in China. In the Global South (ASEAN and India), the Company executed M&A and partnership deals in Thailand and India. Unlike China, these countries feature diverse cultures, preferences, and distribution infrastructures, making it difficult for standardized strategies to succeed. Moreover, when pursuing growth through M&A, accurately assessing fair value is critical, and complex evaluations are required that include not only financials but also intangible assets such as offline and online sales networks and regulatory response capabilities. Post-acquisition, KOSÉ must also aim to maximize synergies through portfolio integration, shared R&D and raw material procurement, and at the same time build strong cooperative frameworks with local management teams—not a small challenge. This represents a new voyage for KOSÉ, but it is also a realm where the Company's inherent spirit of challenge and its openness to diversity can truly flourish. I look forward to seeing KOSÉ make a great leap forward that goes beyond everything it has achieved so far.

Strengthening the Governance Structure

Yukino Kikuma

As KOSÉ transitions to a pure holding company structure, strengthening the governance system of the entire KOSÉ Group will require building a management framework that respects the autonomy of each operating company while optimizing the Group as a whole. To that end, it is essential for the holding company to first clearly define a medium- to long-term growth strategy and establish mechanisms for allocating management resources strategically and efficiently. In addition, it must build a system that enhances quick and flexible responsiveness through the clarification of decision-making processes and the appropriate delegation of authority. By leveraging accumulated expertise and talent across the Group, and strengthening collaboration among business entities, KOSÉ can create an environment more conducive to generating new synergies. I also hope this will lead to the development of new businesses and acquisition of external resources.

By steadily advancing these initiatives, KOSÉ aims to enhance its competitiveness as a Group and sustainably increase its corporate value.

On the Capital Efficiency Indicator (ROIC)

Kumi Kobayashi

In *Milestone2030*, ROIC (Return on Invested Capital) has been added as a quantitative target. This represents an important shift—placing not only outcome-based indicators such as sales and profit at the center of management, but also embedding the question “Is this a value-generating choice?” at the very point of capital investment decision-making. By visualizing profits linked to invested capital, it becomes possible to compare strategic options based on their contribution to corporate value during the planning stage, and to conduct objective evaluations after implementation. On the ground, efforts are already underway to visualize profitability at the unit level and to reexamine organizational structures. I am confident that, by embedding responsible management based on ROIC into the KOSÉ Group—founded on its strong passion and technical expertise for creating better products, which are the strengths of the Group,—we will steadily drive medium- to long-term enhancement of corporate value. I will continue to support this progress going forward.

Management Introduction (As of March 28, 2025)



① **Kazutoshi Kobayashi**
President & CEO

② **Takao Kobayashi**
Senior Executive Director

③ **Masanori Kobayashi**
Executive Director

④ **Koichi Shibusawa**
Executive Director

⑤ **Yusuke Kobayashi**
Director

⑥ **Atsuko Ogura**
Director

⑦ **Yoshinori Haratani**
Director

⑧ **Shinji Tanaka**
Director

⑨ **Yukino Kikuma**
Director (External)

⑩ **Norika Yuasa**
Director (External)

⑪ **Miwa Suto**
Director (External)

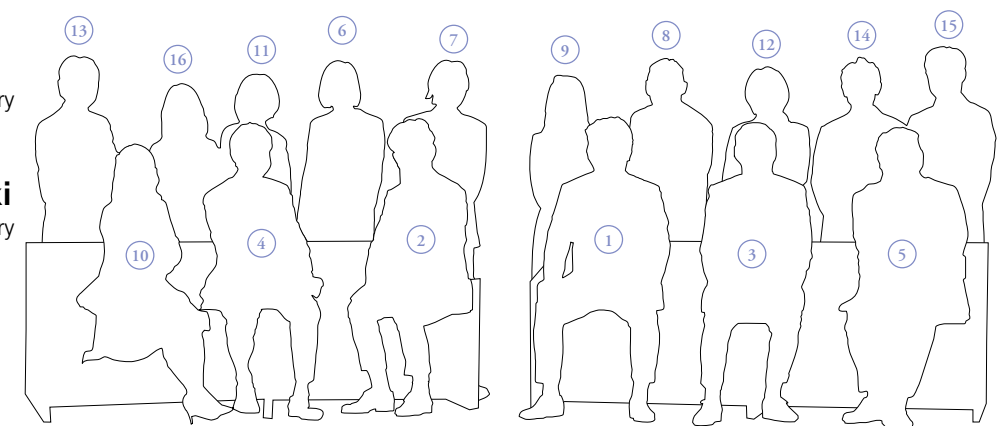
⑫ **Kumi Kobayashi**
Director (External)

⑬ **Minoru Onagi**
Standing Audit & Supervisory
Board Member

⑭ **Shinichi Mochizuki**
Standing Audit & Supervisory
Board Member

⑮ **Toru Miyama**
Audit & Supervisory Board
Member (External)

⑯ **Nobuko Takagi**
Audit & Supervisory Board
Member (External)



For a full list of executives and their profiles, please see:
<https://corp.kose.co.jp/en/info/officer/>



Management Team

Name	Position	Reasons for Appointment		Attendance Board of Directors Audit & Supervisory Board	Years of Service	Skills Matrix						Committee
						Corporate management	Global	Marketing/ R&D	Sustainability/ ESG	Legal affairs/Risk management	Finance/ Accounting	
Kazutoshi Kobayashi	President & CEO	Appointed as a Director in recognition of his active role in accelerating management reforms and global expansion since becoming President and CEO, as well as his strong leadership in driving the medium- to long-term vision, <i>Vision for Lifelong Beauty Partner</i> .		15/15 —	34	●	●	●				Nomination and Remuneration Committee
Takao Kobayashi	Senior Executive Director	Appointed as a Director in recognition of his long-standing involvement in the Company's management, his significant contribution to rapidly expanding market share in the cosmetaries segment, and his broader contributions to overall Group management.		14/15 —	26	●	●	●				
Masanori Kobayashi	Executive Director	Appointed as a Director in recognition of his role in driving reforms in the international business, which led to remarkable growth, as well as his extensive experience in global marketing and broad expertise in overall management.		13/15 —	11	●	●	●				
Koichi Shibusawa	Executive Director	Appointed as a Director in recognition of his contributions to strengthening the Company's management structure and enhancing corporate value through his roles in marketing, international business as an overseas representative, and overseeing investor relations. He is currently involved in Group-wide management strategy and brings a wealth of experience and broad insight into overall corporate management.		15/15 —	11				●	●	●	Nomination and Remuneration Committee
Yusuke Kobayashi	Director	Appointed as a Director in recognition of his contributions to business expansion as Executive Director of ALBION CO., LTD., a Group company. He brings extensive global knowledge and insight gained through many years of overseas experience, particularly as the Chief of Headquarters of the International Business Division.		15/15 —	10	●	●					
Atsuko Ogura	Director	Appointed as a Director in recognition of her extensive experience and expertise in both IT and R&D. She has contributed to product development, basic research, research technology management, and system development at the R&D Laboratories. Since 2015, she has driven the development of IT infrastructure as General Manager of the IT Management Dept. She currently serves as Director of the R&D Laboratories.		15/15 —	2			●	●			
Yoshinori Haratani	Director	Appointed as a Director in recognition of his broad operational experience and deep expertise in corporate management. He began his career at the R&D Laboratories, working in basic research and integrated product management, before contributing to system development in the IT Management Dept. As General Manager of the PR Dept. from 2008, he led public relations activities and helped establish a strong PR framework in collaboration with top management. Later, as General Manager of the Corporate Strategy Dept., he played a key role in formulating the <i>Vision for Lifelong Beauty Partner</i> , laying the groundwork for the Group's sustainability strategy, and contributing to cross-organizational decision-making.		11/11 —	1				●	●		
Shinji Tanaka	Director	Appointed as a Director in recognition of his extensive experience in both marketing and business management. He has been engaged in marketing for many years, serving as General Manager of the SK Brand Office from 2019 and later as General Manager of the Strategic Brands Div., where he contributed to the growth of these businesses. He has led brand development while expanding his areas of responsibility and driving business management.		11/11 —	1			●				
Yukino Kikuma	Director (External)	Appointed as an External Director in anticipation of her guidance and advice on management reform issues related to sustainability and diversity, based on her high-level legal expertise and extensive experience in mass media. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	6				●	●		Chair of the Nomination and Remuneration Committee
Norika Yuasa	Director (External)	Appointed as an External Director in anticipation of her oversight and advice on the Company's global strategies, primarily from a legal perspective, based on her high-level legal expertise spanning Japan, Asia, Europe, and the United States. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	5		●		●	●		Nomination and Remuneration Committee
Miwa Suto	Director (External)	Appointed as an External Director in anticipation of her supervision and advice on corporate management from a broad perspective, based on her expert knowledge and practical experience as a certified public accountant, as well as her involvement in supporting start-up companies. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	2	●		●			●	Nomination and Remuneration Committee
Kumi Kobayashi	Director (External)	Appointed as an External Director in anticipation of her appropriate oversight and advice to enhance the effectiveness of the Board of Directors, based on her extensive expertise in accounting and finance as a certified public accountant, along with broad domestic and international experience and deep knowledge of M&A and corporate finance. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	1				●		●	Nomination and Remuneration Committee
Minoru Onagi	Standing Audit & Supervisory Board Member	Mr. Minoru Onagi has contributed to the creation and protection of research-related intellectual property through many years of involvement in R&D and IP strategy, leveraging his qualifications as a patent attorney. Since 2021, he has also served as General Manager of the Audit Office, playing a key role in strengthening internal controls and internal auditing. Based on this experience and expertise, the Company has appointed him as a standing Audit & Supervisory Board member.		15/15 12/12	2					●		
Shinichi Mochizuki	Standing Audit & Supervisory Board Member	Mr. Shinichi Mochizuki held key positions at The Bank of Tokyo-Mitsubishi UFJ, Ltd., including in the Europe Department, International Credit Department, as Deputy General Manager of the Investment Banking Credit Department, and as General Manager of the Corporate Investment Credit Division. Since joining KOSÉ in 2015, he has served as General Manager of the Global Business Division and the Administration Department, contributing notably to strengthening overseas subsidiary structures to accelerate financial closing. From 2021, he has served as Director and General Manager of the Accounting and Finance Department, demonstrating effective leadership in adapting to a rapidly changing business environment. Based on his global experience and extensive expertise, the Company has appointed him as an Audit & Supervisory Board member.		15/15 10/10	1	●	●				●	
Toru Miyama	Audit & Supervisory Board Member (External)	Mr. Toru Miyama has a high level of expertise as an attorney at law and possesses deep knowledge of corporate compliance and risk management. He is expected to provide appropriate guidance and advice from an independent and objective standpoint. For these reasons, the Company has appointed him as an external Audit & Supervisory Board member. The Company has determined that he has no conflict of interest with general shareholders and has designated him as an independent auditor.		15/15 12/12	5				●	●		Nomination and Remuneration Committee
Nobuko Takagi	Audit & Supervisory Board Member (External)	Ms. Nobuko Takagi is a certified public accountant with experience in financial auditing, as well as in formulating and executing business strategies at M&A advisory firms and operating companies. She currently leads her own consulting firm, where she supports and advises top management. With a wealth of experience in strategic consulting, advanced financial analysis, and business management, she has been appointed as an external Audit & Supervisory Board member. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		11/11 10/10	1			●			●	Nomination and Remuneration Committee

Notes: Attendance at Board of Directors' Meetings for Mr. Yoshinori Haratani and Mr. Shinji Tanaka covers meetings held since their appointment as directors on March 28, 2024.
Attendance for Ms. Kumi Kobayashi includes Board of Directors' and Audit & Supervisory Board meetings held up to March 28, 2024, when she stepped down as an Audit & Supervisory Board member, as well as Board of Directors' meetings held after her appointment as a director on the same day.

Attendance for Ms. Nobuko Takagi reflects meetings held after her appointment as an Audit & Supervisory Board member on March 28, 2024.
Attendance for Mr. Shinichi Mochizuki includes Board of Directors' meetings held up to March 28, 2024, when he stepped down as a director, as well as both Board of Directors' and Audit & Supervisory Board meetings held after his appointment as an Audit & Supervisory Board member on the same day.

Succession Plan

The Company considers the development of future executive leadership to be one of its key priorities in achieving sustainable growth and strengthening competitiveness. In order to drive global business growth, leaders must understand diverse and rapidly changing markets and possess the ability to solve problems unconstrained by convention. Executive Management, who are responsible for critical decision-making, must be capable of responding flexibly to changes in the business environment and making sound judgments.

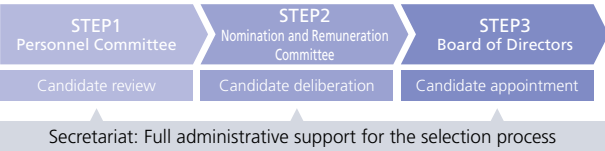
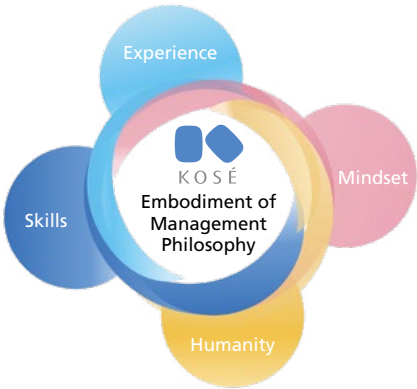
To ensure the strategic and continuous development of successors, we have clarified the qualifications required for executive roles, selected candidates from a long-term perspective, and are promoting a structured and deliberate approach to leadership development.

Qualities Required of Executive Management

We have defined five key categories of qualities and competencies required of executive leaders. Through a wide range of professional experiences, individuals are expected to develop these attributes and become capable of navigating an evolving business environment. This succession plan applies to executive-level personnel

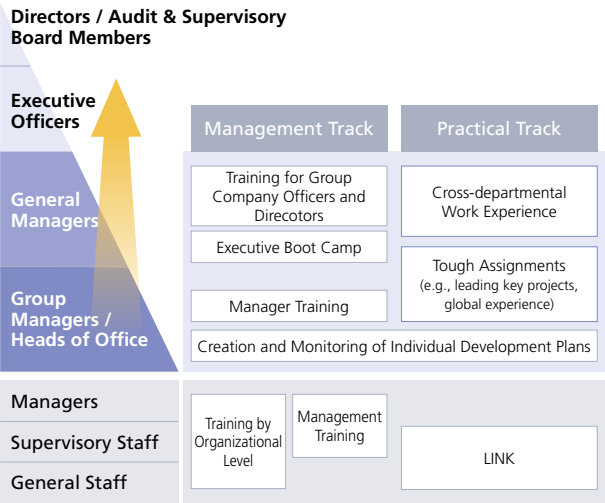
Five Core Qualities	Specific Requirements
Embodiment of Management Philosophy / Internal Dissemination	<ul style="list-style-type: none">· Loves KOSÉ, understands and embodies its management philosophy· Instills the philosophy within the company, among subordinates, and stakeholders
Mindset	<ul style="list-style-type: none">· Leads through to value creation· Engages sincerely and honestly with diverse stakeholders
Humanity	<ul style="list-style-type: none">· Possesses warmth and compassion· Respects diverse values with a humble attitude
Skills	<ul style="list-style-type: none">· Possesses solid skills with strong management literacy and expertise· Develops talent and builds a strong organization
Experience	<ul style="list-style-type: none">· Has successful experience across multiple domains· Has experience in driving organizational transformation

(excluding CEO), with tiered development programs implemented at each level based on specific requirements aligned with five core qualities. Through this approach, we aim to establish a leadership structure capable of driving business growth while embodying KOSÉ’s unique identity.



Selection Process

Director candidates are first considered by the Personnel Committee, then reviewed by the Nomination and Remuneration Committee, which submits recommendations to the Board of Directors. The Board then makes a comprehensive assessment and final decision, and the candidates are presented to the General Meeting of Shareholders.



Development and Support

To help department head-level personnel—our future executive candidates—develop the necessary mindset, humanity, skills, and experience, we provide training from both managerial and practical perspectives.

Going forward, we will also focus on expanding the pool of future executive candidates by fostering mid-level managers at the Manager level and below. This includes implementing leadership training and job rotation to help them acquire the core qualities required for Executive Management.

Corporate Governance

Basic Policy

The core of the KOSÉ Group’s management policy is “consistently managing to heighten corporate value” by pursuing growth and greater efficiency. The Group recognizes corporate governance functions as essential from the standpoint of managing the Company to consistently increase its enterprise value, and positions corporate governance as one of its highest management priorities. Accordingly, the Group is working on establishing the necessary organizational systems and frameworks to ensure sound management and consistently earn the trust of society.

KOSÉ believes strongly in managing the Group so as to maintain harmonious relations with all stakeholders, including shareholders, investors, creditors, customers, business partners, employees, and communities. Furthermore, KOSÉ is committed to enhancing transparency and fairness to earn support as a company with value. The Company strives to communicate sincerely with its stakeholders and considers building trust-based relationships to be fundamental.

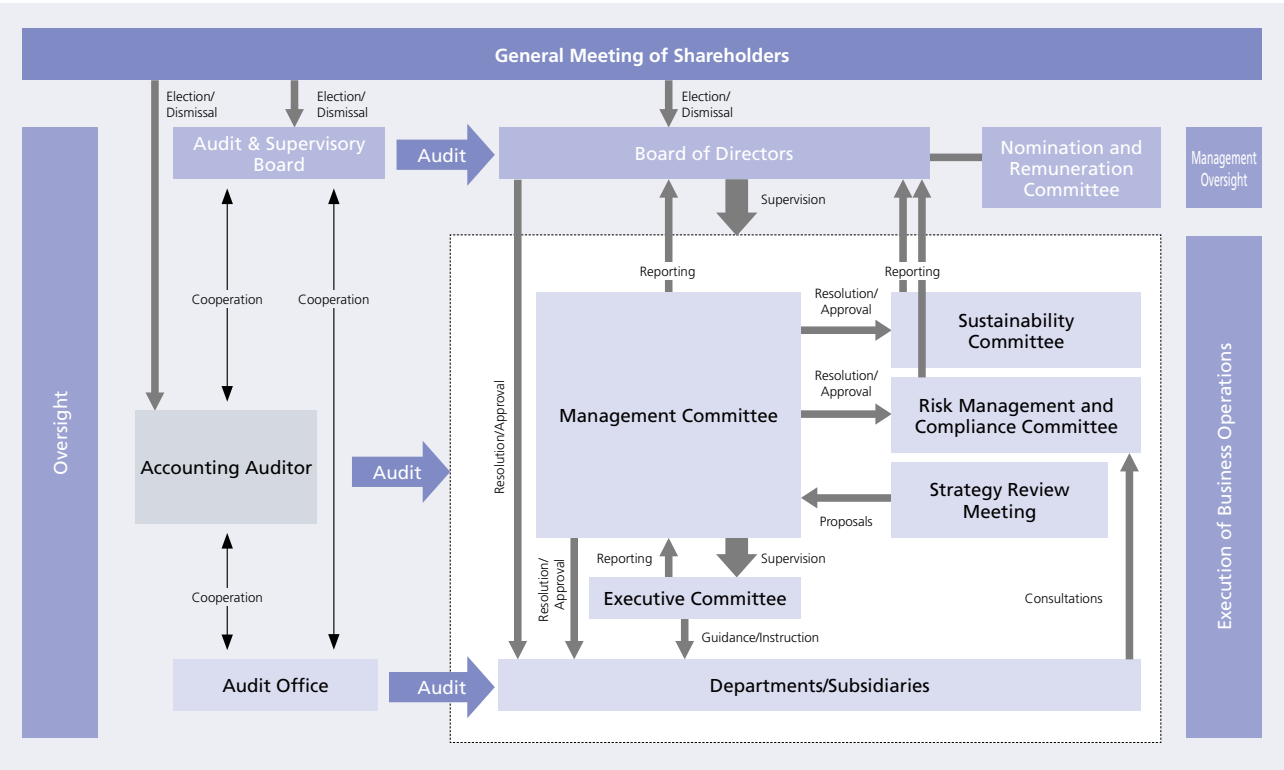
Corporate Governance Structure

KOSÉ has adopted a Company with an Audit & Supervisory Board corporate governance structure and performs audits to confirm that directors are performing their duties properly.

For the swift and efficient execution of business, the Company employs the Board of Directors, the Management Committee chaired by the President & CEO, Strategy Review Meeting, the Executive Committee, and other bodies, as necessary. The Company has also voluntarily established the Nomination

and Remuneration Committee, a majority of which is composed of independent officers, and which is chaired by an independent external director, to deliberate on the appropriateness of officer remuneration and officer appointments. The Company has determined that it is appropriate to have independent external directors and Audit & Supervisory Board members to provide audit and supervisory functions in addition to a system of checks and balances by officers familiar with the business.

Corporate Governance Structure



Overview of Corporate Governance Structure

	Overview	Chairperson and Key Agenda Items													
Board of Directors	<p>The Company's Board of Directors meets once each month, in principle, to decide on matters stipulated in laws and regulations, the Articles of Incorporation, and important management-related matters, as well as to supervise the execution of duties by directors.</p> <p>External directors provide advice on business execution and oversee the performance of individual directors.</p> <p>The Company has introduced an executive officer system, under which executive officers appointed by the Board of Directors execute business appropriately for their assigned departments in accordance with the basic management policy determined by the Board of Directors. In addition, an executive officer system has been introduced to ensure that departments execute operations appropriately in line with basic management policies.</p>	<p>Chairperson: President & CEO</p> <ul style="list-style-type: none">• Director remuneration• Key personnel matters• Establishment and revision of internal rules• Evaluation of cross-shareholdings• Distribution of surplus funds													
Audit & Supervisory Board	<p>In addition to monitoring and supervising the execution of duties by directors, Audit & Supervisory Board members attend important meetings, communicate when needed with the Audit & Supervisory Board members of domestic Group companies, exchange information and opinions with internal audit departments and the accounting auditor, and conduct internal audits of the Company's departments and its subsidiaries on a regular or as-needed basis.</p>														
Nomination and Remuneration Committee	<p>The Nomination and Remuneration Committee examines proposals concerning nominations, remuneration and other matters that are submitted by the President & CEO to the Board of Directors. The purpose of the committee is to reinforce the independence, objectivity, and accountability of activities by the Board of Directors concerning nominations, remuneration, and other matters involving the directors, Audit & Supervisory Board members and executive officers.</p> <p>The committee is chaired by an external director to ensure objectivity.</p> <p>Composition of the Nomination and Remuneration Committee</p> <table><tr><th rowspan="2">Committee Chair (Chairperson)</th><th rowspan="2">Total Members</th><th colspan="3">(Breakdown)</th></tr><tr><th>Directors</th><th>External Directors</th><th>External Audit & Supervisory Board Members</th></tr><tr><td>External Directors</td><td>8</td><td>2</td><td>4</td><td>2</td></tr></table>	Committee Chair (Chairperson)	Total Members	(Breakdown)			Directors	External Directors	External Audit & Supervisory Board Members	External Directors	8	2	4	2	<p>Chairperson: Yukino Kikuma, Director (External)</p> <ul style="list-style-type: none">• Annual executive compensation• Executive appointments, executive officer appointments, and the executive compensation system
Committee Chair (Chairperson)	Total Members			(Breakdown)											
		Directors	External Directors	External Audit & Supervisory Board Members											
External Directors	8	2	4	2											

Evaluation of the Effectiveness of the Board of Directors

To further enhance governance, the Company conducts an evaluation of the effectiveness of the Board of Directors at least once a year. The evaluation method and results are as follows.

1. Evaluation Method

A questionnaire was administered to all Directors and Audit & Supervisory Board members, covering the topics listed on the right. An external organization was engaged to design the questionnaire, compile the results, and perform the analysis. Based on these results, the Board of Directors conducted its own analysis and evaluation of the effectiveness of the Board and considered future actions.

Main Evaluation Items

- Composition and operation of the Board of Directors
- Management and business strategy
- Corporate ethics and risk management
- Monitoring of business performance
- Evaluation and compensation of the management team
- Dialogue with shareholders

2. Evaluation Results and Future Issues

Based on the results of the questionnaire and subsequent discussions at the Board of Directors, it was confirmed that the quality of deliberations had improved thanks to appropriate follow-ups on questions raised during prior briefings. In addition, the integration of the sustainability strategy into the medium- to long-term vision demonstrated a proactive stance toward addressing sustainability-related issues. Regarding the issue raised in the previous year concerning internal audit reporting, it was confirmed that internal audits are functioning appropriately based on reports provided to the Board by the Audit Office. As a result, the Board of Directors was evaluated as being generally effective. On the other hand, the questionnaire results highlighted challenges such as the need to strengthen risk management

across the entire value chain through cross-functional project structures, as well as further promotion of the group governance and ROIC-based management in preparation for the transition to a pure holding company structure scheduled in January 2026. Taking these points into consideration, we will continue to take proactive measures to further enhance the effectiveness of the Board of Directors and improve the corporate value of the KOSÉ Group.

Future Issues

- Strengthening the risk management system across the entire value chain
- Further promotion of the group governance and ROIC-based management toward achieving the medium- to long-term vision

Overview of Executive Remuneration

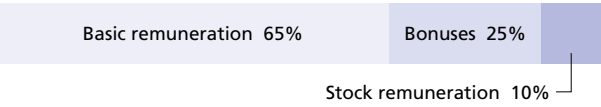
The KOSÉ Group has structured its executive remuneration system with a focus on enhancing long-term corporate value.

	Basic Remuneration	Performance-Linked Remuneration	
Director (Internal)	(A) Basic remuneration	(B) Bonuses	(C) Stock remuneration
Director (External)	(A) Basic remuneration		
Audit & Supervisory Board Member	(A) Basic remuneration		

	Payment Methods	Evaluation Indicators	Calculation Methods
(A) Basic remuneration (Cash)	Paid in the form of fixed remuneration on a monthly basis, the amount of which is determined based on the position and role of each officer	—	<ul style="list-style-type: none">• Directors: Set according to the position of each director, taking the operating environment into account• External directors and Audit & Supervisory Board members: Set based on comparisons with other domestic companies in the same industry or of the same size, as well as on the Company's financial conditions and business results
(B) Bonuses (Cash)	Paid as an incentive to improve the Company's business performance in a single fiscal year	<ul style="list-style-type: none">• Consolidated net sales• Consolidated operating profit• Net sales and operating profit, etc. in each business area• Non-financial indicators (such as employee engagement, climate-related indicators, etc.)	Varies from 0 to 200% of the standard amount, depending on the difference between actual achievement and the performance target indicators for the single fiscal year
(C) Stock remuneration (Stock)	Each year, the Company allots a fixed number of shares of its common stock, subject to certain stipulations such as those of the restricted period, and lifts the restrictions upon retirement of the recipient	The Company's stock price*	—

* The Company's stock price is used for evaluations for the purposes of further motivating directors to achieve medium- to long-term growth of corporate value and to further align the interests of directors with those of shareholders. There is no specific target for this indicator because it is based on the actual stock price.

Breakdown of Remuneration for the President and CEO



For directors other than the President & CEO, the policy is to reduce the percentage of basic remuneration as the position becomes more senior, while increasing the proportions of bonuses and stock remuneration. Going forward, KOSÉ plans to periodically review the remuneration mix—placing greater emphasis on stock remuneration—in order to support sustainable growth over the medium- to long-term.

Executive Remuneration Determination Process

Officer remunerations shall be classified into (1) directors and (2) Audit & Supervisory Board members for the purpose of voting at the General Meeting of Shareholders and allocated to each officer within the total amount allowed for each classification. The Nomination and Remuneration Committee, which is composed mainly of external officers, discusses the appropriateness and validity of remuneration, and the Board of Directors has resolved to re-entrust the final decision on remuneration to the President & CEO, premised on the results of this discussion. Remuneration of Audit & Supervisory Board members is determined by mutual agreement among the Audit & Supervisory Board members.

1. Basic Policy for Officer Remuneration

For the remuneration of the Company's directors and Audit & Supervisory Board members (officer remuneration), the basic policy is designed and implemented based on the following goals in order to achieve medium- to long-term growth of corporate value.

- A remuneration framework that enables the KOSÉ Group to achieve global and borderless growth
- A competitive level of remuneration for attracting and retaining highly talented individuals
- A highly independent, objective, and transparent remuneration framework that fulfills the responsibility of accountability to business partners, shareholders, employees, and all other stakeholders

2. Remuneration Levels

A suitable level of remuneration is determined by taking into account KOSÉ's business environment as well as a survey and analysis using external databases and other sources to ascertain remuneration at companies in the same industry and of the same size. At the 65th General Meeting of Shareholders, held on June 28, 2007, shareholders approved a resolution that limits the annual compensation of directors to ¥1,800 million (excluding employee salaries and bonuses paid to directors who serve concurrently as employees).

3. Process for Determining Remuneration

Officer remunerations shall be classified into (1) directors and (2) Audit & Supervisory Board members for the purpose of voting at the General Meeting of Shareholders and allocated to each officer within the total amount allowed for each classification. To ensure the objectivity and transparency of the officer remuneration system, the appropriateness and validity of the allocation to each director are first discussed by the Nomination and Remuneration Committee, which is composed mainly of external officers. Using the results of these discussions as the premise for determining remuneration, the final decision about individual remuneration is entrusted to the President & CEO by the Board of Directors. The President & CEO has the authority to determine the basic remuneration for each director and the bonuses and stock remuneration based on results of operations of the business overseen by that director. The President & CEO is given this authority because, as the executive who oversees all business operations and in the role of representative director, that person is best suited to evaluate the businesses managed by each director. Remuneration of Audit & Supervisory Board members is determined by mutual agreement among the Audit & Supervisory Board members.

Total Remuneration by Officer Classification, Amount of Remuneration by Type and Number of Eligible Officers (Fiscal 2024)

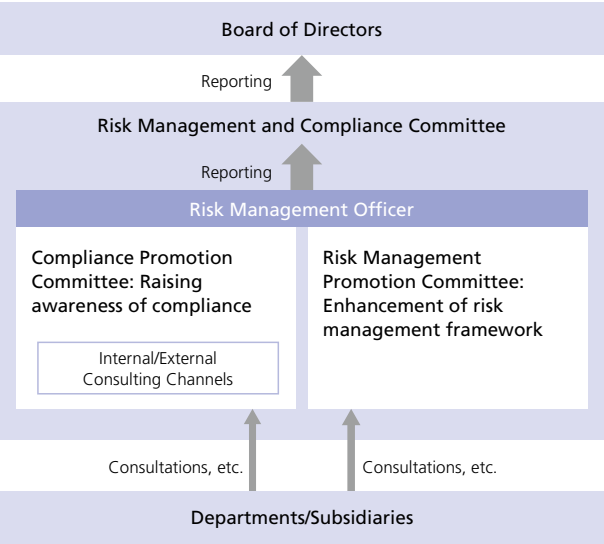
Officer Classification	Total Remuneration (Millions of yen)	Amount of Remuneration by Type (Millions of yen)				Number of Eligible Officers
		Basic Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation Included in Amounts on the Left	
Directors (Excluding External Directors)	552	384	168	—	56	9
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	52	52	—	—	—	3
External Officers	66	66	—	—	—	8

Persons Receiving Total Remuneration of ¥100 Million or More

Name	Officer Classification	Company	Amount of Remuneration by Type (Millions of yen)				Total Remuneration (Millions of yen)
			Basic Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation Included in Amounts on the Left	
Kazutoshi Kobayashi	Director	KOSÉ Corporation	225	102	—	30	327

Risk Management, Compliance, Sustainability

Risk Management and Compliance Promotion Structure



For the Company, compliance encompasses compliance with laws and regulations as well as behavior consistent with social ethics based on the principle of “Mind to Follow the Right Path.” The risk management and compliance promotion structure and activities are regularly reported to the Board of Directors via the Risk Management and Compliance Committee. The Compliance Promotion Committee conducts education activities, such as training for directors and employees. The Company has established internal and external consulting channels, creating a framework for responding to reports and consultations. In addition, to respond to risk factors that pose a threat to the sustainable development of the Company, particularly various risks such as problems involving compliance, quality, information security and markets as well as natural disasters, the Company has established Risk Management and Compliance Regulations and is working to enhance its risk management structure through its Risk Management Promotion Committee. The Company has also created a framework based on its Crisis Management Regulations for minimizing damage in the event a major risk materializes.

Sustainability Promotion System



Chairperson: President & CEO

Main Agenda Items:

- Consider and move forward with countermeasures related to social issues such as climate change and human rights
- Company-wide information sharing on the status of sustainability promotion activities

The KOSÉ Group has identified sustainability-related issues in management and has established a promotion system to resolve them. We established the Sustainability Committee (chaired by the President & CEO), which proposes sustainability strategies to and receives approval from the Management Committee, and then reports the results to the Board of Directors. The Board of Directors deliberates and makes decisions about material issues related to sustainability strategies and is responsible for supervising the sustainability promotion activities of the Company. With the aim of promoting more effective cross-departmental initiatives, the Sustainability Promotion Committee establishes subcommittees and projects for specific themes based on the KOSÉ Group's sustainability strategies.

Business and Other Risks

Among matters related to the state of the KOSÉ Group, including the status of its business and finances reported in the Securities Report, we believe that the following risks could have a material impact on the Group's results and financial condition and that the factors described here are of material interest to investors for making investment decisions. Please note that the forward-looking statements contained herein are based on the Company's judgments regarding main risks made as of March 28, 2025, and are not limited to those presented here. To ensure business continuity and stable growth going forward, the Company has established the Risk Management Promotion Committee as a cross-divisional Company-wide organization to conduct qualitative analysis and evaluation to comprehensively

identify risks, and to take necessary countermeasures for those risks that may have a substantial impact. Specifically, each year the Company selects risk items using a questionnaire sent to persons in charge of affiliated companies and departments, and prioritizes them along two evaluation axes: impact on business performance and other factors if the risk materializes; and likelihood of the risk materializing. The risks selected through the risk assessment are aggregated by risk category: strategy risk, business/financial risk, political/economic risk, accident/disaster risk, personnel/labor risk, or legal violation/indemnification risk. The Company has established and operates a system to monitor the current status and progress of each of its risk countermeasures on a regular basis.

Responding to Risks

Risk Categories	Main Risks	Main Measures
Strategy Risk	Price competition Damage to brand value Decrease in market share	The Company conducts product development, marketing and sales taking into account changes in market needs and customer preferences, and works to maintain and improve its competitive advantage by adding functional and emotional value to achieve differentiation.
	Entry of new competitors Decrease in market share due to entrants from other industries and expansion into new channels by competitors	In addition to constantly keeping track of information from its business partners and sales and marketing sites, the Company works to remain abreast of market information in a timely manner through regular consumer surveys. It also strategically pursues unique value through active cooperation with companies in other industries and linkages with external resources and technologies.
	Research and development delays Decrease in brand competitiveness Decline in innovation	The Company conducts basic and applied research using data science at the Advanced Technology Laboratory, and has also opened a branch in Lyon, France to conduct leading-edge dermatological research. The Company is also actively engaged in open innovation using external resources.
	Changes in consumer preferences Decrease in brand value due to deviation from consumer needs	In addition to regularly conducting market surveys to properly obtain consumer information and conducting consumer surveys in Japan, the Company is also stepping up its surveys in countries outside Japan where it does business. It is also actively deploying digital technologies in pursuit of new customer experiences.
	Delays in responding to climate change Decline in business profitability due to inability to accommodate a low-carbon society	The Company is proactively engaged in various efforts to mitigate climate change, including reducing greenhouse gases. It also strives to respond to international trends, such as disclosing information about risks and opportunities posed to business by climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
	Delays in addressing human rights issues and employment discrimination Decline in business profitability and reputation due to inability to address human rights risk	In accordance with international standards such as the UN Guiding Principles on Business and Human Rights, we have formulated the KOSÉ Group Human Rights Policy. Under the supervision of the Board of Directors, we conduct an annual assessment of human rights risks at each stage of our supply chain, within the Group, and among consumers and society. After taking appropriate actions, we proactively disclose the results. Furthermore, from a compliance perspective, we conduct education activities to raise awareness of all forms of harassment and individual human rights issues. We have also established internal and external contact points for consultation.

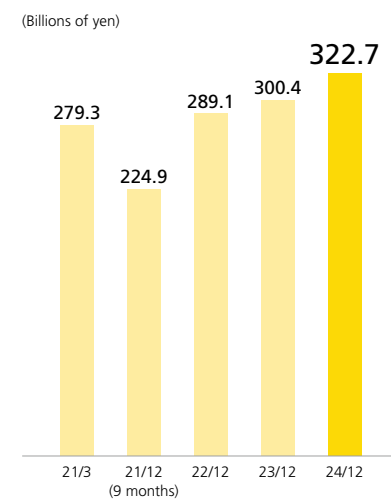
Risk Categories	Main Risks	Main Measures
Business/ Financial Risk	Increase in raw material prices Decline in profitability due to increased raw material prices	The Company conducts procurement globally to minimize market risk. It also strives to procure necessary raw materials and outsourced products at reasonable prices in a timely manner while maintaining good relationships with suppliers. The Company has also established the Cost and Inventory Reduction Promotion Committee, which is working to maintain reasonable costs and secure inventories.
	Discontinuation of raw material supply Obstacles to stable product supply Impact on sales and profit margins Decline in the Company's creditworthiness	
Political/ Economic Risk	Changes in legal regulations and responses Demand fluctuation risk Impact on product exports	The Company collects information on a daily basis regarding legal regulations related to its business. In product development, the Company reviews raw material standards in light of changes in legal regulations and responds by effectively utilizing domestic and overseas information networks to secure alternative raw materials.
	Abrupt changes in the political situation in countries and regions where the Company does business Impact on sales due to fluctuations in demand Employee safety risk	The Company takes necessary measures by enhancing cooperation with overseas affiliates and business partners to collect information on economic, political, and social conditions in each country and region in a timely fashion.
Accident/ Disaster Risk	Natural disasters (earthquakes, volcanic eruptions, tsunamis, etc.) Delays or interruptions of business activities due to suspension of production and logistics functions	In the event of a disaster or the spread of an infectious disease, the Company will immediately establish an emergency headquarters to discuss and implement countermeasures. To prepare for disasters, the Company takes various steps, such as creating crisis management rules, disaster preparedness manuals, and business continuity plans (BCP). It also works to confirm workplace safety, rectify deficiencies, and secure alternative means in the event of an emergency.
	Spread of highly virulent infectious disease Delays or interruption of business activities including production, supply, and sales	
Personnel/ Labor Risk	Securing outstanding talents Decline in corporate competitiveness	The Company works to create an environment in which diverse human resources can play an active role. In its recruitment activities, the Company secures expert human resources through hiring by job type and outstanding talents through revision of the Beauty Consultant compensation system.
Legal Violation/ Indemnification Risk	Problems related to product accidents Reputation loss among customers and decline in corporate brand value due to serious product accidents	The Company manufactures products with the highest priority on delivering safe and reliable products to customers. It has articulated its stance on the KOSÉ Group's products through its Quality Policy, comprising a quality policy message and five declarations for daily activities.
	Leaks of confidential or personal information Reputation loss and compensation for damage due to information leaks	In addition to raising awareness of compliance through the Compliance Promotion Committee, the Company has established a Personal Information Management Committee based on laws and guidelines of the Ministry of Economy, Trade and Industry, and is working to build a comprehensive management system by strengthening information security. Furthermore, the Company holds regular training, shares information on risks, and conducts thorough prevention measures.

Financial and Non-Financial Highlights

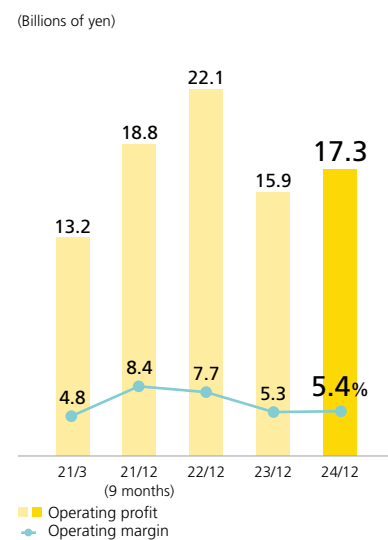
KOSÉ Corporation and Consolidated Subsidiaries Years ended December 31, unless otherwise noted¹

Finance

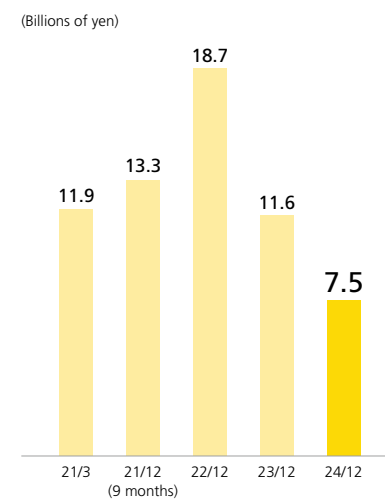
Net Sales



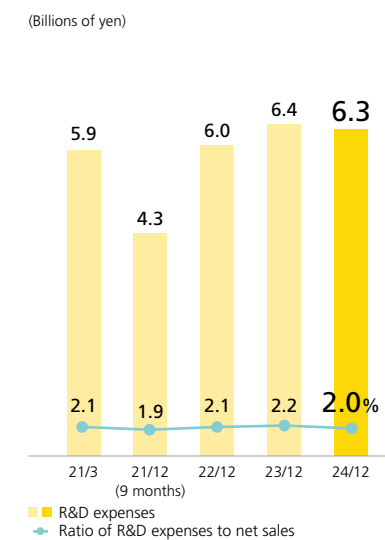
Operating Profit/ Operating Margin



Profit Attributable to Owners of Parent



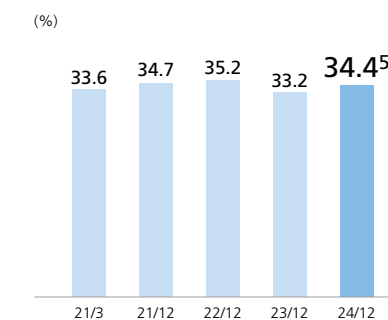
R&D Expenses/Ratio of R&D Expenses to Net Sales



Non-Financial

Ratio of Female Employees in Leadership Positions⁴

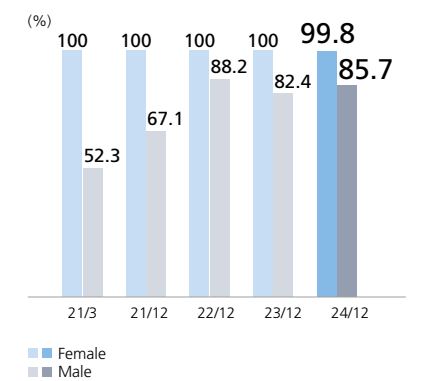
We are striving to create a work environment that fulfills women's desire to succeed by enabling them to balance their works with private lives while fully leveraging their individualities and capabilities.



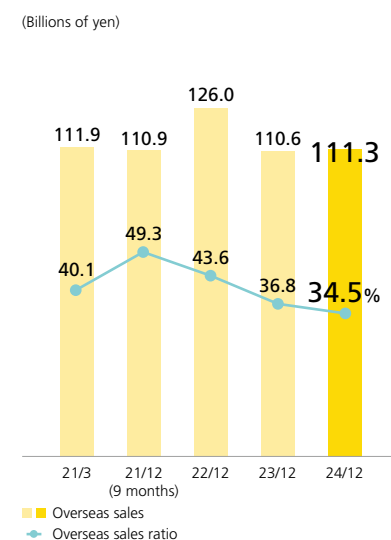
Notes:
4. Female employees with subordinates, or equivalent positions.
5. 38.3% in fiscal 2024, including PURI CO., LTD.

Proportion of Employees Who Took Childcare Leave

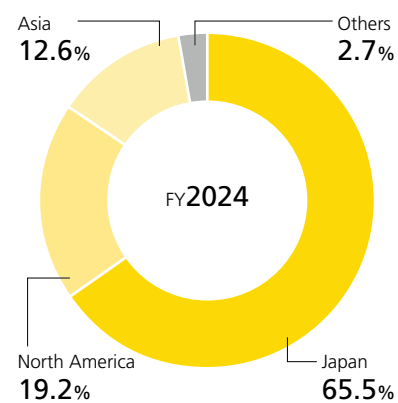
We encourage employees to take maternity leave and childcare leave, and we are striving to enhance our systems and carry out work environment improvements that support work-life balance, including shortened working hours and remote work.



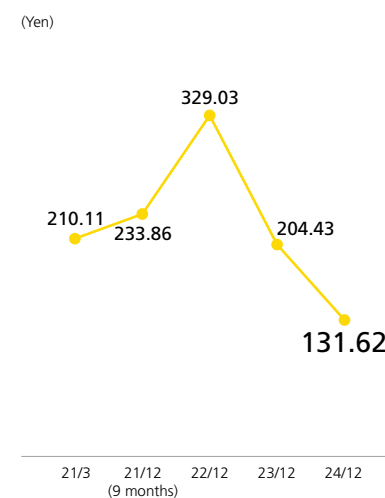
Overseas Sales/ Overseas Sales Ratio



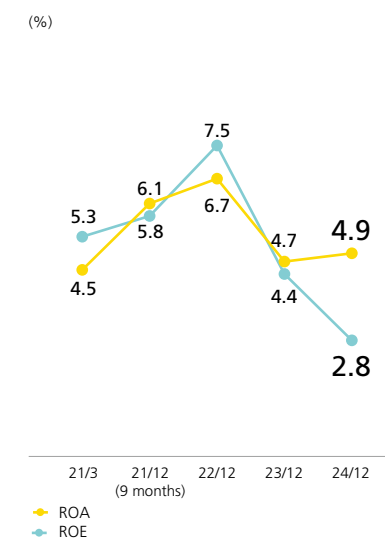
Share of Net Sales by Region



Net Income per Share (Basic)

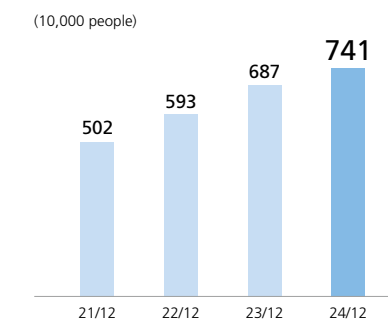


ROA²/ROE³



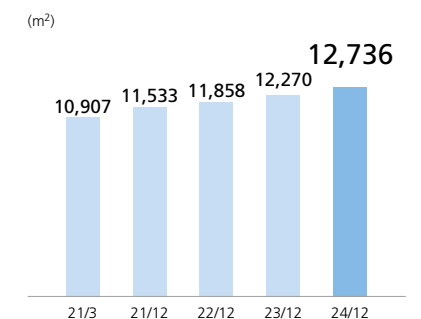
Number Reached Through Environmental Awareness Initiatives

By using products and services as touchpoints to communicate environmental issues and initiatives, we provide many customers with opportunities to become more aware of the global environment. These efforts help lay the foundation for collective reflection and action across the society.



Total Area Planted with Coral Reefs (Cumulative)

We started the *SEKKISEI/SAVE the BLUE* project in 2009 to protect coral reefs in Okinawa that are in danger of extinction. Every year, we plant an area of coral equivalent to the total area of the bases of all the *SEKKISEI* bottles sold during the campaign.



Notes:

1. From fiscal 2021, the fiscal year-end changed from March 31 to December 31. Please note that for the fiscal year ended December 31, 2021, as a transitional period, financial information covers the nine months from April 1, 2021 to December 31, 2021 and non-financial information covers the 12 months from January 1, 2021 to December 31, 2021.

2. ROA = (Operating profit + Interest and dividends) / Total assets (average at beginning and end of year) X 100
3. ROE = Profit attributable to owners of parent / Shareholders' equity (average at beginning and end of year) X 100

10-Year Summary of Selected Financial Data

KOSÉ Corporation and Consolidated Subsidiaries¹

	Millions of yen										Thousands of U.S. Dollars ²
	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2021/12 (Apr.-Dec.)	2022/12	2023/12	2024/12	2024/12
Performance:											
Net sales	243,390	266,762	303,399	332,995	327,724	279,389	224,983	289,136	300,406	322,758	2,040,580
Gross profit	183,920	199,735	221,852	244,387	239,020	201,923	156,905	205,515	211,197	222,573	1,407,177
Selling, general and administrative expenses	149,286	160,574	173,443	191,979	198,789	188,629	138,052	183,395	195,211	205,208	1,297,392
Operating profit	34,634	39,160	48,408	52,408	40,231	13,294	18,852	22,120	15,985	17,364	109,785
Interest and dividend income	347	294	271	651	662	456	405	792	1,355	1,120	7,086
Profit before income taxes	33,862	39,425	48,242	54,949	40,365	19,508	21,335	27,867	19,506	18,656	117,955
Profit attributable to owners of parent	18,655	21,657	30,611	37,004	26,682	11,986	13,341	18,771	11,663	7,510	47,485
Comprehensive income	13,197	24,643	36,908	36,427	26,703	15,228	20,234	28,866	16,046	15,646	98,923
Cash and cash equivalents at end of period	52,997	55,622	63,883	64,264	70,284	80,051	81,876	94,063	105,669	107,757	681,277
Current assets	161,351	172,074	193,164	205,241	204,438	205,031	217,324	244,481	256,732	240,336	1,519,484
Total assets	233,275	247,191	270,370	300,162	308,606	308,386	320,018	359,600	371,657	383,121	2,422,210
Current liabilities	57,766	56,033	62,821	66,107	59,676	61,608	59,136	67,580	70,224	71,162	449,912
Non-current liabilities	16,965	14,027	10,116	9,213	8,727	5,478	6,614	16,671	18,395	21,327	134,840
Shareholders' equity	143,626	159,348	176,263	203,566	219,425	218,107	224,576	235,975	239,721	239,316	1,513,033
Interest-bearing debt	1,704	1,629	1,311	1,666	1,654	8,533	1,711	10,178	10,215	11,224	70,962
Depreciation	5,744	5,821	6,977	8,018	8,838	10,379	7,827	9,743	9,557	9,778	61,825
Capital expenditures	10,445	10,770	10,065	18,500	19,286	10,188	4,517	6,847	5,815	21,465	135,708
Per-Share Data (Yen):											
Net income (basic)	327.04	379.66	536.63	648.71	467.76	210.11	233.86	329.03	204.43	131.62	1 U.S. Dollar
Net assets	2,583.76	2,871.60	3,227.07	3,660.77	3,920.41	3,952.94	4,178.06	4,539.45	4,664.70	4,771.69	0.83
Cash dividends	94.00	110.00	148.00	180.00	190.00	120.00	120.00	140.00	140.00	140.00	30.17
Financial Ratios (%):											
Equity ratio	63.2	66.3	68.1	69.6	72.5	73.1	74.5	72.0	71.6	71.1	0.89
ROE ³	13.0	13.9	17.6	18.8	12.3	5.3	5.8	7.5	4.4	2.8	
ROA ⁴	16.0	16.4	18.8	18.6	13.4	4.5	6.1	6.7	4.7	4.9	
Gross profit margin	75.6	74.9	73.1	73.4	72.9	72.3	69.7	71.1	70.3	69.0	
Operating margin	14.2	14.7	16.0	15.7	12.3	4.8	8.4	7.7	5.3	5.4	
Profit attributable to owners of parent to net sales	7.7	8.1	10.1	11.1	8.1	4.3	5.9	6.5	3.9	2.3	
Payout ratio	28.7	29.0	27.6	27.7	40.6	57.1	51.3	42.5	68.5	106.4	

1. From fiscal 2021, the fiscal year-end changed from March 31 to December 31.
As a result, the financial data for fiscal 2021 covers the nine months from April 1, 2021 to December 31, 2021, as a transitional period for the fiscal year change.
2. The U.S. dollar amounts are translated, for reference only, at the rate of JPY158.17 to USD1.00, the exchange rate on December 30, 2024.
3. ROE = Profit attributable to owners of parent / Shareholders' equity (average at beginning and end of year) X 100
4. ROA = (Operating profit + Interest and dividends) / Total assets (average at beginning and end of year) X 100

3-Year Summary of Selected Non-Financial Data

For People

Human capital	2022/12	2023/12	2024/12	Scope (As of December 31 each year) * Except where otherwise noted
Basic Information				
Number of employees (female/male)	10,997 / 2,182	10,703 / 2,113	10,780 / 2,233	KOSÉ Group ¹ Domestic Group companies
Average length of service (years)	12.1	12.7	12.4	Domestic Group Companies (as of April 1)
Number of new graduates hired to regular full-time positions (female/male) as of April 1 of each year	22 / 14	27 / 20	40 / 34	Domestic Group companies
Employee turnover among new graduates within 3 years (%)	10.0	10.9	5.6	Domestic Group companies
Turnover rate (employees in managerial positions and non-management positions, excluding beauty consultants) (%)	3.7	3.5	4.2	Domestic Group companies
Turnover rate (beauty consultants) (%)	11.4	11.3	10.8	Domestic Group companies
Turnover rate for all employees (%)	8.7	8.5	8.4	Domestic Group companies
Diversity, Equity and Inclusion				
Ratio of female employees on the Board of Directors (%)	28.6	37.5	37.5	KOSÉ Corporation (as of the conclusion of the General Meeting of Shareholders each year)
Ratio of female employees in managerial/leadership positions ² (%)	28.9 / 35.2	31.1 / 33.2	32.8 ³ / 34.4 ³	KOSÉ Group
Gender wage gap ⁴ (% of women to men) (management positions)	99.9	96.2	96.8	Domestic Group companies ⁵
Gender wage gap (% of women to men) (non-management positions ⁶ / beauty consultants)	89.0 / 90.0	82.1 / 87.6	86.9 / 83.9	Domestic Group companies ⁵
Gender wage gap (% of women to men) (total) ⁷	70.1	54.2	59.1	Domestic Group companies ⁵
Proportion of employees who took childcare leave (female/male) (%)	100.0 / 88.2	100.0 / 82.4	99.8 / 85.7	Domestic Group companies
Return rate following childcare leave (female/male) (%)	96.7 / 100.0	97.2 / 100.0	95.7 / 100.0	Domestic Group companies
Number of employees working shortened hours for childcare/family care	623 / 3	643 / 3	700 / 4	Domestic Group companies
Number of employees taking extended leave for family care	5	6	9	Domestic Group companies
Number of employees taking paid leave for family care	12	15	26	Domestic Group companies
Total number of participants in ability development and skills training (employees in managerial positions and non-management positions/beauty consultants)	2,893 / —	3,996 / 75,177	5,353 / 79,995	Domestic Group companies ⁸
Time spent on ability development and skills training (total hours) (employees in managerial positions and non-management positions/beauty consultants)	50,386.0 / —	38,289.0 / 542,905.0	55,109.0 / 636,571.0	Domestic Group companies ⁸
Time spent on ability development and skills training (average hours/ employee) (employees in managerial positions and non-management positions/beauty consultants)	17.8 / —	11.6 / 107.6	18.4 / 128.9	Domestic Group companies ⁸
Time spent on ability development and skills training (average hours/ employee) (total)	—	69.6	87.1	Domestic Group companies
Expenses for ability development and skills training (average yen/employee) (employees in managerial positions and non-management positions)	29,984	38,068	44,965	KOSÉ Corporation / KOSÉ SALES CO., LTD.
Ratio of employees with disabilities (%)	2.41	2.39	2.35	Domestic Group companies ⁹
Number of rehired employees	317	337	318	Domestic Group companies
Health and Safety				
Annual working hours/Annual overtime (average hours per employee)	1,709.4 / 70.2	1,697.0 / 74.1	1,707.5 / 77.9	Domestic Group companies ¹⁰
Ratio of paid leave taken (%)	69.2	62.6	74.6	Domestic Group companies
Number of occupational accidents resulting in a leave of absence/death	33 / 0	19 / 0	24 / 0	Domestic Group companies
Social contribution activities				
Number of initiatives supporting next-generation awareness	—	26	30	KOSÉ Group
Number of initiatives supporting community	—	27	22	KOSÉ Group
Number of initiatives supporting wellness	—	13	14	KOSÉ Group
Number of disaster assistance initiatives	—	2	4	KOSÉ Group

Database on Promotion of Women's Participation and Advancement in the Workplace
<https://positive-ryouritsu.mhlw.go.jp/positivedb/> (Japanese only)



The database contains disclosure information for each company. The information shown on this page is comprised of domestic Group totals. Data has been categorized under main domestic affiliated companies. Individual company data can be found using the ‘Company Name Search’ function on the database.

For the Earth

Energy	2022/12	2023/12	2024/12	Scope
CO ₂ (greenhouse gas) emissions (t-CO ₂) ¹¹	6,405.8	5,991.2	5,457.9 ¹²	KOSÉ Group
Electricity consumption (MWh) Portion generated using renewable energy (MWh)	Scope1 Scope2 Scope3	10,770.0	8,039.7	KOSÉ Group
	Market-based	668,982.9	763,994.6	KOSÉ Group
Total energy consumption (GJ)		32,059.0	32,314.3	KOSÉ Group
		9,358.2	13,575.4	KOSÉ Group
		443,498.4	481,829.7	KOSÉ Group
Atmospheric Emissions				
NOx emissions (tons)	3.5	3.0	2.9	KOSÉ Corporation Manufacturing Department
SOx emissions (tons)	0.2	0.3	0.2	KOSÉ Corporation Manufacturing Department
Waste				
Volume of waste (tons)	2,163 ¹³	2,100	2,055	KOSÉ Group Manufacturing Departments
Recycling rate (%)	100.0	100.0	100.0	KOSÉ Group Manufacturing Departments
Water Resources				
Water intake (1,000 m ³)	303.8	309.0	294.9 ¹²	KOSÉ Group Manufacturing Departments
Wastewater (1,000 m ³)	187.0	194.9	192.2 ¹²	KOSÉ Group Manufacturing Departments
Water intake intensity (m ³ /production volume in dozens)	0.01784	0.01790	0.01768 ¹²	KOSÉ Group Manufacturing Departments
Water intake intensity (% change YoY)	18.2	0.3	-1.2 ¹²	KOSÉ Group Manufacturing Departments
Pollution load: BOD (tons)	7.9	11.2	7.2	Domestic KOSÉ Group Manufacturing Departments
Pollution load: SS (tons)	1.8	5.7	3.3	Domestic KOSÉ Group Manufacturing Departments
Pollution load: n-Hex (tons)	0.2	0.6	0.3	Domestic KOSÉ Group Manufacturing Departments
Number of violations of water intake/drainage laws and regulations	0	0	0	KOSÉ Group Manufacturing Departments
Environmental Contribution and Biodiversity Conservation				
SAVE the BLUE project area planted with coral reefs (Cumulative) (m ² /number of corals planted)	11,858/19,538	12,270/20,211	12,736/20,976	KOSÉ Corporation
Environmental External Evaluations				
CDP [Climate Change]	A	A	A	KOSÉ Group
CDP [Water Security]	A	A	A	KOSÉ Group
CDP [Forests (Palm Oil)]	B	A-	B	KOSÉ Group

1. KOSÉ Group: KOSÉ Corporation and its subsidiaries (42 companies), 43 companies in total.
2. Leadership position: A position with subordinates, or equivalent.
3. 34.5%/38.3% in fiscal 2024, including PURI CO., LTD.
4. Calculated based only on base salary.
- Excludes employees working shorter hours, those on leave, and those who joined or retired during the period.
5. Only KOSÉ Corporation in fiscal 2022. Scope expanded to all domestic Group companies from fiscal 2023.
6. Non-management positions refer to regular employees and full-time contract employees.
7. There is no difference in the salary paid to male and female employees for the same work.
- Overall differences can be accounted for by differences in salary levels, gender ratio, years of service and roles/grades by employment type.
8. Scope expanded to all domestic Group companies from fiscal 2022.
9. Includes six Group companies subject to the statutory employment obligation for persons with disabilities.
10. Includes paid leave, maternity/paternity leave, childcare leave, and personal sick leave.
11. Only CO₂ is included among GHG (greenhouse gas) emissions.
12. Figures are scheduled to be updated in September 2025, following third-party verification.
13. Acquired data categories were adjusted as of fiscal 2022.

Note: GHG emissions (Scope 1, 2, and 3) and water-related data (water withdrawal and discharge) for 2022 and 2023 have been verified by a third party.

See the KOSÉ website for other non-financial information and data.
<https://corp.kose.co.jp/en/sustainability/data/>



Principal Group Companies

(As of December 31, 2024)

Production-related Subsidiaries

Corporate Name:	Country/Region	Capital or Investment (Amounts in millions of yen unless otherwise stated)	Voting Rights Ownership (%)
ADVANCE CO., LTD.	Japan	90	100.0
KOSÉ INDUSTRIES CO., LTD.	Japan	100	100.0
ALBION CO., LTD.	Japan	760	79.5
TAIWAN KOSÉ CO., LTD.	Taiwan	NT\$ 180 million	100.0

Marketing and Services-related Subsidiaries

Corporate Name:	Country/Region	Capital or Investment (Amounts in millions of yen unless otherwise stated)	Voting Rights Ownership (%)
KOSÉ SALES CO., LTD.	Japan	300	100.0
KOSÉ COSMENIENCE CO., LTD.	Japan	30	100.0
KOSÉ Cosmeport Corp.	Japan	30	100.0
KOSÉ PROFESSIONAL CO., LTD.	Japan	10	100.0
Dr. PHIL COSMETICS INC.	Japan	40	100.0
KOSÉ PROVISION CO., LTD.	Japan	30	100.0
KOSÉ Travel Retail Co., Ltd.	Japan	10	100.0
KOSÉ INSURANCE SERVICE CO., LTD.	Japan	10	100.0
COSME LABO CO., LTD.	Japan	10	100.0
KOSÉ Maruho Pharma Co., Ltd.	Japan	100	51.0
KOSÉ (HONG KONG) CO., LTD.	Hong Kong	HK\$ 15.9 million	100.0
KOSÉ COSMETICS SALES (CHINA) CO., LTD.	China	RMB 235,114,000	100.0
KOSÉ SINGAPORE PTE. LTD.	Singapore	S\$ 1.7 million	100.0
KOSÉ KOREA CO., LTD.	South Korea	KRW 25,000 million	100.0
KOSÉ (THAILAND) CO., LTD.	Thailand	THB 5 million	49.0
KOSÉ (MALAYSIA) SDN. BHD.	Malaysia	RM 1 million	100.0
KOSÉ Corporation INDIA Pvt. Ltd.	India	INR 1,300 million	100.0
PT. INDONESIA KOSÉ	Indonesia	IDR 10,000 million	100.0
KOSÉ AMERICA, INC.	U.S.A.	US\$ 2 million	100.0
Tarte, Inc.	U.S.A.	US\$ 159	100.0
PURI CO., LTD.	Thailand	THB 13 million	79.8

Corporate Information

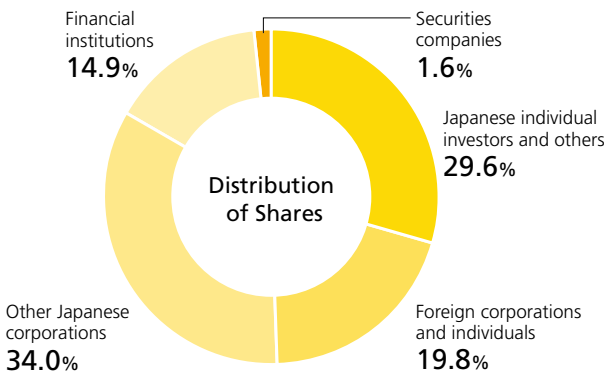
(As of December 31, 2024)

Corporate Name:	KOSÉ Corporation	Website:	https://corp.kose.co.jp/en/
Founding:	March 1946	IR Section:	https://corp.kose.co.jp/en/ir/
Incorporation:	June 1948	Sustainability Section:	https://corp.kose.co.jp/en/sustainability/
Head Office:	3-6-2, Nihonbashi, Chuo-ku, Tokyo 103-8251, Japan Tel: +81-3-3273-1511	Number of Employees (Consolidated): (including temporary stuff)	13,013
		Fiscal Year-End:	December 31

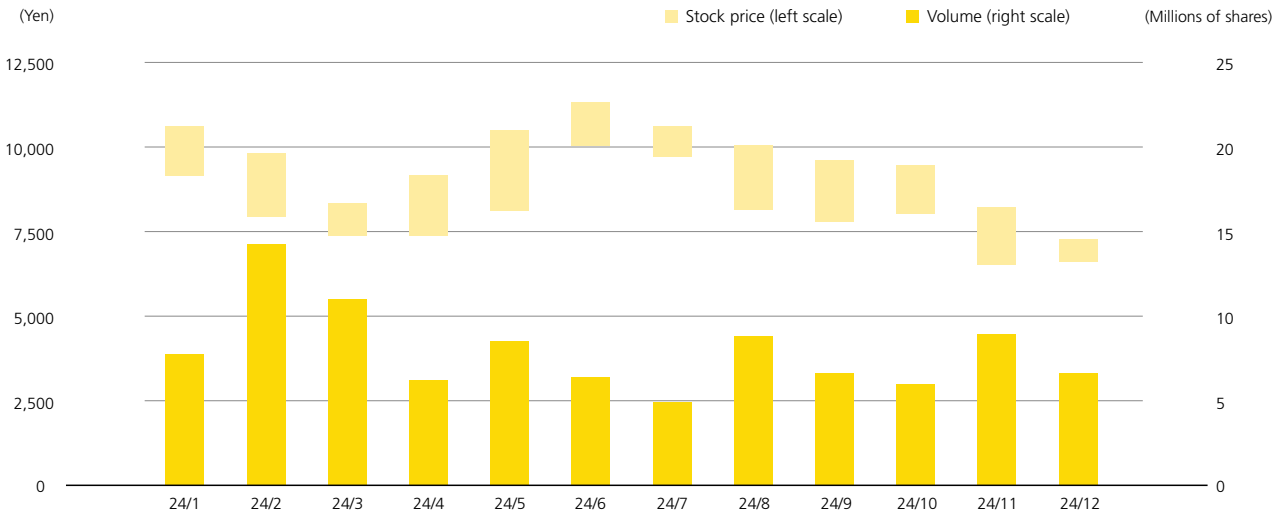
Stock Information

(As of December 31, 2024)

Common Stock (Authorized):	200,000,000
Common Stock (Issued):	60,592,541
Capital:	JPY 4,848 million
Number of Shareholders:	36,239
Stock Listing:	Tokyo Stock Exchange Prime Market
Code:	4922
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation



Stock Data

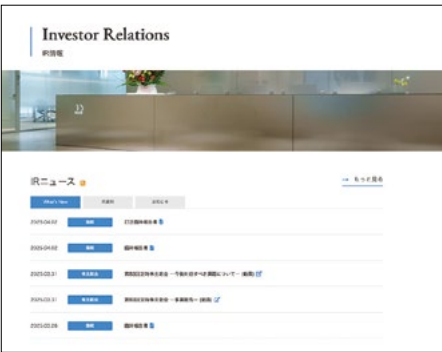


For more detailed information on investor relations, please visit our website.

- IR News
- Integrated Report
- Shareholder and Stock Information
- Financial Results Materials
- Management Policies and Vision
- Financial and Performance Highlights
- General Meeting of Shareholders



KOSÉ Corporation Investor Relations Website
<https://corp.kose.co.jp/en/ir/>





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