

Summary of Financial Results for the First Quarter of Fiscal Year Ending December 31, 2025 (Three Months Ended March 31, 2025)

[Japanese GAAP]

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

(Rounded down to million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 – March 31, 2025)

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

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)
1Q 2025	78,998	1.8	6,659	(15.7)	5,157	(49.8)	5,292	(23.8)
1Q 2024	77,583	13.8	7,902	35.5	10,282	54.1	6,943	78.1

Note: Comprehensive income (million yen) 1Q 2025: 2,520 (down 73.5%) 1Q 2024: 9,509 (up 168.3%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
1Q 2025	92.75	-
1Q 2024	121.69	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
1Q 2025	377,267	288,594	71.7	4,738.08
2024	383,121	290,630	71.1	4,771.69

Ref.: Shareholders' equity (million yen) 1Q 2025: 270,377 2024: 272,295

2. Dividends

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

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

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

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

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

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

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

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

3) Changes in accounting-based estimates : None

4) Restatements : None

(4) Number of shares outstanding (common stock)

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

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

As of March 31, 2025	3,527,709 shares	As of December 31, 2024	3,527,676 shares
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3) Average number of shares outstanding during the period

1Q 2025	57,064,832 shares	1Q 2024	57,057,452 shares
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Note 1: Review of the attached consolidated quarterly financial statements by a certified public accountant or auditing firm: None

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

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

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Explanation of Results of Operations

Three Months Ended March 31, 2025 (January 1, 2025 – March 31, 2025)

Millions of yen, %

Operating segment	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)		1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	62,164	80.1	63,510	80.4	1,345	2.2
Cosmetaries	14,808	19.1	14,808	18.7	0	0.0
Others	610	0.8	679	0.9	69	11.3
Total net sales	77,583	100.0	78,998	100.0	1,414	1.8

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)		1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	7,902	10.2	6,659	8.4	(1,242)	(15.7)
Ordinary profit	10,282	13.3	5,157	6.5	(5,125)	(49.8)
Profit attributable to owners of parent	6,943	8.9	5,292	6.7	(1,650)	(23.8)

During the first quarter (January 1 to March 31) of 2025, although the Japanese economy continued to recover, the pace of the recovery was slow due to sluggish consumer spending caused by inflation and to other reasons. There is a risk of an economic downturn caused by a decline in consumer sentiment, actions by the U.S. government or other events.

The economic outlook in Asia and the United States, the primary markets for the KOSÉ Group outside Japan, is becoming increasingly uncertain. In China, the outlook for the economy is even more unclear due to trade friction with the United States in addition to the existing problems of real estate sector weakness and sluggish consumer spending. In the United States, unemployment rate is mostly stable but there is concern about the risk of changes in trade policies sparking renewed inflation and an economic slowdown.

In the Japanese cosmetics market, sales have been firm with no significant changes even following the end in the second half of 2024 of the post-pandemic upturn in demand. Sales to foreign tourists in Japan are strong as the number of foreign visitors to Japan increases.

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

In the United States, the business climate is challenging for cosmetics, particularly for middle to high-end brands, as consumers become more price sensitive. In addition, there are signs of increasing business risks such as higher costs caused by tariffs, and we are closely monitoring the situation.

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

In the first quarter of 2025, sales were higher than one year earlier, as a significant increase in sales at ALBION in Japan and aggressive efforts to develop existing products for other brands more than offset the decrease in North America due to challenging market conditions. As a result, consolidated sales increased 1.8% from the same period of 2024 to 78,998 million yen (up 0.8% after excluding the effects of changes in foreign exchange rates). Overseas sales were 34.5% of total sales.

Operating profit decreased 15.7% from the same period of 2024 to 6,659 million yen because of a higher cost of sales ratio and an increase in administrative expenses. The main factors for the higher cost of sales were increased product disposals and valuation reductions. These were due to higher inventory provisions at Tarte and disposals of KOSÉ's self-service brand products. The increase in administrative expenses is mostly attributable to newly consolidated Puri Co., Ltd. Ordinary profit decreased 49.8% to 5,157 million yen due to an increase in foreign exchange losses resulting from the yen's appreciation. Profit attributable to owners of parent was down 23.8% to 5,292 million yen due to a gain on sale of fixed assets.

In the cosmetics segment, overall sales increased as the sales increase in the high prestige category more than offset the decrease in the prestige category.

In the high prestige category, increased sales of ALBION brands and PAÑPURI offset the sales decreases in DECORTÉ and at Tarte. There was an increase of DECORTÉ sales in Japan from one year earlier but total sales of this brand were affected by weakness in the high-end cosmetics market in China.

In the prestige category, sales were down in comparison with the high level of sales one year earlier. Sales of SEKKISEI, the core brand of this category, increased in Japan thanks to the successful development of existing products, but decreased in other countries.

The segment operating profit increased at ALBION and in mainland China. Mainland China returned to profitability in the first quarter, as the effects of structural reforms began to materialize. However, segment profit was down mainly because of lower sales of KOSÉ brand products in Japan and lower earnings at Tarte.

As a result, sales in the cosmetics business segment increased 2.2% from the same period of 2024 to 63,510 million yen and operating profit was down 12.0% to 5,995 million yen.

In the cosmetaries business segment, sales remained at the same level as one year earlier. Lower sales of Visée, a KOSÉ self-service brand, were offset by higher sales of MAKE KEEP series. At KOSÉ Cosmeport Corp., sales remained flat, even though sales one year earlier had been high due to the launch of renewed versions of major products.

The segment operating profit decreased due to the increase in the cost of sales ratio that was attributable primarily to expenses for the disposal of KOSÉ self-service brand products.

As a result, sales in this business segment increased 0.0% from the same period of 2024 to 14,808 million yen and operating profit decreased 19.8% to 1,851 million yen.

Earnings in the others business segment were higher because sales of amenity products increased and the cost of sales ratio decreased. As a result, sales in this business segment increased 11.3% from the same period of 2024 to 679 million yen. Operating profit increased 148.6% to 360 million yen.

Net Sales by Region (Sales to Third Parties)*Millions of yen, %*

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)		1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Japan	48,834	62.9	51,765	65.5	2,931	6.0
Asia	9,653	12.4	9,770	12.4	116	1.2
North America	16,863	21.7	15,374	19.5	(1,488)	(8.8)
Others	2,232	2.9	2,087	2.6	(145)	(6.5)
Total net sales	77,583	100.0	78,998	100.0	1,414	1.8

Japan

Sales growth of many brands was moderate due to the strong sales driven by successful new products one year earlier. However, overall sales in Japan were higher because of a big increase in sales of ALBION brand products.

In the cosmetics segment, sales of ALBION were strong due to higher demand from both domestic consumers in Japan and inbound tourists. As for DECORTÉ and SEKKISEI, although major new products had been launched one year earlier, sales were maintained this quarter by strengthening the sales of existing products.

In the cosmetaries segment, sales slightly increased from one year earlier although there were the launches of new products and renewals of existing products.

As a result, sales in Japan increased 6.0% from the same period of 2024 to 51,765 million yen.

Asia

In Asia, duty-free store sales and mainland China sales were lower. In mainland China, the performance in large sales event in March was weaker than one year earlier, and duty-free store sales decreased due to the continuation of shipment controls by KOSÉ and to a decline in South Korea following the increase in shipments in 2024. However, higher sales from the newly consolidated subsidiary Puri contributed to total sales in this region. As a result, sales in Asia increased 1.2% from the same period of 2024 to 9,770 million yen.

North America/Others

The business climate for prestige makeup products remains difficult in these areas. At Tarte, which accounts for most of the sales in these areas, sales declined due to challenges in offline channel sales in North America, although this was partially offset by shipments to a new distribution channel. Sales of KOSÉ brand products decreased following large orders for SEKKISEI products in the same period of 2024. The result was lower sales in the first quarter.

As a result, sales in North America decreased 8.8% from the same period of 2024 to 15,374 million yen, and sales in Others (including Europe) decreased 6.5% to 2,087 million yen.

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

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

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

	<i>Millions of yen</i>	
	2024 (As of Dec. 31, 2024)	1Q 2025 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	113,970	98,565
Notes and accounts receivable-trade	50,020	48,857
Merchandise and finished goods	40,216	40,508
Work in process	3,105	4,083
Raw materials and supplies	26,311	27,299
Other	6,864	6,791
Allowance for doubtful accounts	(151)	(149)
Total current assets	240,336	225,955
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,466	54,133
Accumulated depreciation	(29,694)	(29,948)
Buildings and structures, net	24,771	24,185
Machinery, equipment and vehicles	22,967	23,050
Accumulated depreciation	(19,772)	(19,964)
Machinery, equipment and vehicles, net	3,194	3,086
Tools, furniture and fixtures	45,881	44,621
Accumulated depreciation	(40,715)	(39,538)
Tools, furniture and fixtures, net	5,166	5,083
Land	18,800	18,481
Leased assets	14,675	13,948
Accumulated depreciation	(4,957)	(4,982)
Leased assets, net	9,717	8,965
Construction in progress	12,099	21,026
Total property, plant and equipment	73,749	80,829
Intangible assets		
Software	5,535	5,204
Goodwill	13,510	12,814
Other	4,206	4,177
Total intangible assets	23,252	22,196
Investments and other assets		
Investment securities	16,750	18,934
Retirement benefit asset	18,828	18,867
Deferred tax assets	6,150	6,314
Other	4,752	4,872
Allowance for doubtful accounts	(700)	(703)
Total investments and other assets	45,782	48,286
Total non-current assets	142,784	151,311
Total assets	383,121	377,267

Millions of yen

	2024 (As of Dec. 31, 2024)	1Q 2025 (As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,356	9,758
Electronically recorded obligations-operating	14,859	14,153
Short-term borrowings	831	764
Lease obligations	1,406	1,330
Accounts payable-other	16,628	18,290
Accrued expenses	13,447	11,729
Income taxes payable	5,721	2,999
Accrued consumption taxes	1,736	1,738
Refund liabilities	6,532	5,717
Other	2,641	2,219
Total current liabilities	71,162	68,703
Non-current liabilities		
Lease obligations	8,985	8,296
Deferred tax liabilities	6,867	6,061
Other	5,474	5,611
Total non-current liabilities	21,327	19,969
Total liabilities	92,490	88,673
Net assets		
Shareholders' equity		
Share capital	4,848	4,848
Capital surplus	179	179
Retained earnings	243,345	244,643
Treasury shares	(9,055)	(9,056)
Total shareholders' equity	239,316	240,614
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,929	4,396
Foreign currency translation adjustment	18,461	15,971
Remeasurements of defined benefit plans	9,588	9,395
Total accumulated other comprehensive income	32,979	29,762
Non-controlling interests	18,334	18,216
Total net assets	290,630	288,594
Total liabilities and net assets	383,121	377,267

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

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Net sales	77,583	78,998
Cost of sales	21,473	22,383
Gross profit	56,110	56,615
Selling, general and administrative expenses		
Advertising expenses	6,381	5,950
Promotion expenses	10,817	11,260
Freight and packing costs	4,558	4,829
Salaries and allowances	13,195	13,530
Retirement benefit expenses	11	(28)
Legal welfare expenses	2,160	2,167
Depreciation	1,249	1,407
Other	9,832	10,837
Total selling, general and administrative expenses	48,207	49,955
Operating profit	7,902	6,659
Non-operating income		
Interest income	250	189
Dividend income	1	184
Refunded consumption taxes	5	0
Gain on investments in investment partnerships	32	-
Foreign exchange gains	2,037	-
Miscellaneous income	110	84
Total non-operating income	2,437	459
Non-operating expenses		
Interest expenses	1	15
Provision of allowance for doubtful accounts	45	16
Loss on investments in investment partnerships	-	23
Foreign exchange losses	-	1,888
Miscellaneous loss	9	18
Total non-operating expenses	57	1,961
Ordinary profit	10,282	5,157
Extraordinary income		
Gain on sale of non-current assets	-	2,715
Total extraordinary income	-	2,715
Extraordinary losses		
Loss on disposal of non-current assets	8	208
Impairment loss	0	0
Total extraordinary losses	8	209
Profit before income taxes	10,273	7,663
Income taxes-current	4,073	2,845
Income taxes-deferred	(931)	(968)
Total income taxes	3,142	1,876
Profit	7,131	5,786
Profit attributable to non-controlling interests	188	493
Profit attributable to owners of parent	6,943	5,292

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

Millions of yen

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Profit	7,131	5,786
Other comprehensive income		
Valuation difference on available-for-sale securities	(279)	(534)
Foreign currency translation adjustment	2,848	(2,529)
Remeasurements of defined benefit plans, net of tax	(191)	(202)
Total other comprehensive income	2,377	(3,266)
Comprehensive income	9,509	2,520
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,289	2,076
Comprehensive income attributable to non-controlling interests	220	444

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

Not applicable.

Precaution Concerning Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

I. 1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)

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

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	62,164	14,808	76,973	610	77,583	-	77,583
(2) Intragroup sales and transfers	-	-	-	109	109	(109)	-
Total sales	62,164	14,808	76,973	719	77,693	(109)	77,583
Segment profit	6,816	2,306	9,122	145	9,268	(1,365)	7,902

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

2. Adjustments to segment profit are as follows.

Millions of yen	
Eliminations for intersegment transactions	23
Corporate expenses that cannot be allocated to reportable segments	(1,389)

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

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

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

No significant items in 1Q 2024.

3. Geographic sales information

Millions of yen				
Japan	Asia	North America	Other	Total
48,834	9,653	16,863	2,232	77,583

II. 1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)

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

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	63,510	14,808	78,319	679	78,998	-	78,998
(2) Intragroup sales and transfers	-	-	-	124	124	(124)	-
Total sales	63,510	14,808	78,319	803	79,122	(124)	78,998
Segment profit	5,995	1,851	7,846	360	8,207	(1,547)	6,659

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

2. Adjustments to segment profit are as follows.

Millions of yen

Eliminations for intersegment transactions	15
Corporate expenses that cannot be allocated to reportable segments	(1,562)

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

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

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

No significant items in 1Q 2025.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
51,765	9,770	15,374	2,087	78,998

Consolidated Quarterly Statement of Cash Flows

A consolidated quarterly statement of cash flows for 1Q 2025 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and goodwill amortization for 1Q 2024 and 1Q 2025 is as follows.

Millions of yen

	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Depreciation	2,302	2,398
Goodwill amortization	271	543

Information Concerning Revenue Recognition

Division of sales

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

1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)

Millions of yen

	Japan	Asia	North America	Others	Total
Cosmetics	33,965	9,111	16,863	2,224	62,164
Cosmetaries	14,258	541	-	8	14,808
Total	48,224	9,653	16,863	2,232	76,973
Others (Note)	557	0	-	-	558
Revenue from contracts with customers	48,782	9,653	16,863	2,232	77,531
Other revenue	51	-	-	-	51
Sales to third parties	48,834	9,653	16,863	2,232	77,583

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

II. 1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)

Millions of yen

	Japan	Asia	North America	Others	Total
Cosmetics	36,757	9,292	15,374	2,085	63,510
Cosmetaries	14,329	477	-	2	14,808
Total	51,086	9,769	15,374	2,087	78,319
Others (Note)	626	0	-	-	626
Revenue from contracts with customers	51,713	9,770	15,374	2,087	78,945
Other revenue	52	-	-	-	52
Sales to third parties	51,765	9,770	15,374	2,087	78,998

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

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