

Summary of Financial Results for the First Quarter of Fiscal Year Ending December 31, 2026 (Three Months Ended March 31, 2026)

[Japanese GAAP]

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

(Rounded down to million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2026 (January 1, 2026 – March 31, 2026)

(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 2026	78,265	(0.9)	1,030	(84.5)	2,358	(54.3)	426	(91.9)
1Q 2025	78,998	1.8	6,659	(15.7)	5,157	(49.8)	5,292	(23.8)

Note: Comprehensive income (million yen) 1Q 2026: 495 (down 80.3%) 1Q 2025: 2,520 (down 73.5%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
1Q 2026	7.48	-
1Q 2025	92.75	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
1Q 2026	387,464	299,853	72.1	4,913.11
2025	393,454	304,784	72.2	4,979.35

Ref.: Shareholders' equity (million yen) 1Q 2026: 279,533 2025: 284,193

2. Dividends

	Dividend per share				
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)
2025	-	70.00	-	70.00	140.00
2026	-				
2026 (forecast)		70.00	-	80.00	150.00

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

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

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

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

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)	Net income per share (Yen)
Full year	350,000	6.0	20,000	8.3	21,000	(2.2)	12,100	(19.9)	212.67

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

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Explanation of Results of Operations

Three Months Ended March 31, 2026 (January 1, 2026 – March 31, 2026)

Millions of yen, %

Operating segment	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	63,510	80.4	63,919	81.7	409	0.6
Cosmetaries	14,808	18.7	13,652	17.4	(1,156)	(7.8)
Others	679	0.9	693	0.9	14	2.1
Total net sales	78,998	100.0	78,265	100.0	(732)	(0.9)

	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	6,659	8.4	1,030	1.3	(5,629)	(84.5)
Ordinary profit	5,157	6.5	2,358	3.0	(2,799)	(54.3)
Profit attributable to owners of parent	5,292	6.7	426	0.5	(4,866)	(91.9)

In the first quarter (January 1 to March 31) of 2026, big increases in sales at the Tarte business and the China duty free sector of the KOSÉ business were offset by lower sales at the ALBION and KOSÉ Cosmeport businesses. As a result, consolidated sales decreased 0.9% from the same period of 2025 to 78,265 million yen (down 2.2% after excluding the effects of changes in foreign exchange rates). Overseas sales were 38.5% of total sales.

Operating profit fell 84.5% from the same period of 2025 to 1,030 million yen because lower earnings at the ALBION, KOSÉ Cosmeport and Tarte businesses impacted the consolidated results. Ordinary profit, including a higher foreign exchange gain due to the yen's weakness, was down 54.3% to 2,358 million yen. Profit attributable to owners of parent was 426 million yen, a decline of 91.9% from one year earlier when there was a gain on sale of non-current assets of 2,715 million yen.

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

In the high prestige category, although sales of ALBION were down, Tarte and DECORTÉ sales increased.

In the prestige category, sales were higher than one year earlier due to strong ONE BY KOSÉ sales, which is the core brand in this category.

The segment operating profit decreased. The decline was primarily attributable to a lower gross profit at the ALBION business caused by a sales decline and higher expenses for major promotions for raising awareness of the brand as ALBION celebrates its 70th anniversary. Another reason is large first quarter marketing expenditures at the Tarte business caused by the start of sales of major products at Sephora stores. There were substantial expenditures for store display facilities and promotional activities at stores.

As a result, sales in this business segment increased 0.6% from the same period of 2025 to 63,919 million yen and operating profit was down 61.1% to 2,334 million yen.

In the cosmetaries business segment, sales were down from one year earlier due to advance shipments in the fourth quarter of 2025, which were driven by strong anticipated demand for our core products in the KOSÉ Cosmeport business.

The segment operating profit decreased because of a lower gross profit at the KOSÉ Cosmeport business, the

result of a sales decline and higher cost of sales ratio, and higher selling expenses in all categories of this segment for promotional activities to support launches of new products.

As a result, sales in this business segment decreased 7.8% from the same period of 2025 to 13,652 million yen and there was an operating loss of 116 million yen, compared with a profit of 1,851 million yen one year earlier.

Sales in the others business segment increased 2.1% from the same period of 2025 to 693 million yen and operating profit increased 41.5% to 510 million yen.

Net Sales by Region (Sales to Third Parties)

Millions of yen, %

	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)		1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Japan	51,765	65.5	48,159	61.5	(3,605)	(7.0)
Asia	9,770	12.4	11,368	14.5	1,598	16.4
North America	15,374	19.5	16,665	21.3	1,290	8.4
Others	2,087	2.6	2,072	2.6	(15)	(0.8)
Total net sales	78,998	100.0	78,265	100.0	(732)	(0.9)

Japan

Sales decreased from one year earlier. Higher ONE BY KOSÉ sales at the KOSÉ business were offset by lower sales at the ALBION and KOSÉ Cosmeport businesses.

At the KOSÉ business, new ONE BY KOSÉ and DECORTÉ products contributed to sales.

Sales at the ALBION business were affected by strong sales in the first quarter of 2025 backed by updated versions of key products and the rush to buy Elégance products prior to price revisions. The advance shipments mentioned earlier, which occurred in the fourth quarter of 2025, were mainly responsible for the decrease in sales at the KOSÉ Cosmeport business.

As a result, sales in Japan decreased 7.0% from the same period of 2025 to 48,159 million yen.

Asia

There was double-digit sales growth in Asia due to strengthening the product lineup prior to the Lunar New Year and a recovery in demand on Hainan Island as inventories in the China duty free sector of the KOSÉ business were kept at suitable levels. Sales increased in mainland China mainly due to the success of a large e-commerce sales event. Sales at the PURI business were higher due to firm sales in Thailand and the opening of new stores.

As a result, sales in Asia increased 16.4% from the same period of 2025 to 11,368 million yen.

North America/Others

Sales at the Tarte business increased primarily because of strong TikTok sales and higher shipments for the start of sales of major products at Sephora stores. The sell-through rate at Tarte improved to an all-time high due to sales growth at Amazon and other e-commerce platforms.

At the KOSÉ business, sales were lower than one year earlier when there was a large order for SEKKISEI products.

As a result, sales in North America increased 8.4% from the same period of 2025 to 16,665 million yen, and sales in Others (including Europe) decreased 0.8% to 2,072 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, 2026.

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

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

(ii) Outstanding shares

Class	Number of shares outstanding as of Mar. 31, 2026 (Shares)	Number of shares outstanding as of the filing date (May 14, 2026) (Shares)	Name of financial instruments exchange or authorized financial instruments firms association (where shares are listed or registered)	Description
Common stock	60,592,541	60,592,541	Prime Market of Tokyo Stock Exchange	The number of shares per one unit is 100 shares.
Total	60,592,541	60,592,541	-	-

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

Date	Increase (decrease) in total number of shares outstanding (Thousand shares)	Balance of total number of shares outstanding (Thousand shares)	Increase (decrease) in share capital (Million yen)	Balance of share capital (Million yen)	Increase (decrease) in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
Jan. 1, 2026 – Mar. 31, 2026	-	60,592	-	4,848	-	6,390

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

As of March 31, 2026

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 3,697,000	-	-
Shares with full voting rights (other)	Common stock 56,750,200	567,502	-
Odd-lot shares	Common stock 145,341	-	Less than one unit (fewer than 100 shares)
Total number of shares outstanding	60,592,541	-	-
Voting rights held by all shareholders	-	567,502	-

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

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

(ii) Treasury shares, etc.

As of March 31, 2026

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' name (Shares)	Total number of shares held (Shares)	Ratio against total number of shares outstanding (%)
KOSÉ Holdings Corporation	3-6-2 Nihonbashi, Chuo-ku, Tokyo	3,697,000	-	3,697,000	6.10
Total	-	3,697,000	-	3,697,000	6.10

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

Millions of yen

	2025 (As of Dec. 31, 2025)	1Q 2026 (As of Mar. 31, 2026)
Assets		
Current assets		
Cash and deposits	92,462	73,475
Notes and accounts receivable-trade	56,075	49,352
Merchandise and finished goods	43,537	44,219
Work in process	3,931	4,807
Raw materials and supplies	25,551	26,381
Other	7,529	9,541
Allowance for doubtful accounts	(141)	(355)
Total current assets	228,947	207,423
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,564	54,454
Accumulated depreciation	(31,002)	(31,327)
Buildings and structures, net	23,562	23,127
Machinery, equipment and vehicles	22,998	22,987
Accumulated depreciation	(20,468)	(20,632)
Machinery, equipment and vehicles, net	2,530	2,354
Tools, furniture and fixtures	43,765	43,938
Accumulated depreciation	(37,910)	(38,151)
Tools, furniture and fixtures, net	5,855	5,786
Land	18,527	18,526
Leased assets	14,955	15,383
Accumulated depreciation	(5,891)	(6,307)
Leased assets, net	9,063	9,076
Construction in progress	22,262	37,642
Total property, plant and equipment	81,800	96,513
Intangible assets		
Software	4,929	5,447
Goodwill	5,629	5,212
Other	14,933	13,837
Total intangible assets	25,492	24,497
Investments and other assets		
Investment securities	19,852	20,036
Retirement benefit asset	27,729	27,700
Deferred tax assets	5,639	6,757
Other	4,665	5,180
Allowance for doubtful accounts	(673)	(643)
Total investments and other assets	57,213	59,030
Total non-current assets	164,506	180,040
Total assets	393,454	387,464

Millions of yen

	2025 (As of Dec. 31, 2025)	1Q 2026 (As of Mar. 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,204	10,552
Electronically recorded obligations-operating	13,127	9,342
Short-term borrowings	799	841
Lease liabilities	1,465	1,680
Accounts payable-other	15,563	12,705
Accrued expenses	10,417	11,209
Income taxes payable	2,641	2,648
Accrued consumption taxes	717	1,123
Refund liabilities	6,510	7,099
Other	2,765	4,788
Total current liabilities	63,212	61,990
Non-current liabilities		
Lease liabilities	8,391	8,252
Deferred tax liabilities	12,137	12,195
Other	4,928	5,172
Total non-current liabilities	25,457	25,619
Total liabilities	88,669	87,610
Net assets		
Shareholders' equity		
Share capital	4,848	4,848
Capital surplus	206	680
Retained earnings	250,470	246,902
Treasury shares	(9,031)	(10,652)
Total shareholders' equity	246,493	241,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,441	4,566
Foreign currency translation adjustment	18,796	19,218
Remeasurements of defined benefit plans	14,461	13,970
Total accumulated other comprehensive income	37,699	37,754
Non-controlling interests	20,591	20,320
Total net assets	304,784	299,853
Total liabilities and net assets	393,454	387,464

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

	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)	1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)
Net sales	78,998	78,265
Cost of sales	22,383	23,655
Gross profit	56,615	54,609
Selling, general and administrative expenses		
Advertising expenses	5,950	7,666
Promotion expenses	11,260	12,295
Freight and packing costs	4,829	5,149
Salaries and allowances	13,530	14,110
Retirement benefit expenses	(28)	(359)
Legal welfare expenses	2,167	2,229
Depreciation	1,407	1,927
Other	10,837	10,558
Total selling, general and administrative expenses	49,955	53,578
Operating profit	6,659	1,030
Non-operating income		
Interest income	189	257
Dividend income	184	67
Consumption taxes refund	0	27
Foreign exchange gains	-	741
Miscellaneous income	84	291
Total non-operating income	459	1,384
Non-operating expenses		
Interest expenses	15	13
Provision of allowance for doubtful accounts	16	-
Loss on investments in investment partnerships	23	33
Foreign exchange losses	1,888	-
Miscellaneous losses	18	11
Total non-operating expenses	1,961	57
Ordinary profit	5,157	2,358
Extraordinary income		
Gain on sale of non-current assets	2,715	1
Gain on sale of investment securities	-	147
Total extraordinary income	2,715	149
Extraordinary losses		
Loss on disposal of non-current assets	208	231
Impairment losses	0	38
Total extraordinary losses	209	269
Profit before income taxes	7,663	2,237
Income taxes-current	2,845	2,499
Income taxes-deferred	(968)	(729)
Total income taxes	1,876	1,769
Profit	5,786	467
Profit attributable to non-controlling interests	493	41
Profit attributable to owners of parent	5,292	426

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

	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)	1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)
Profit	5,786	467
Other comprehensive income		
Valuation difference on available-for-sale securities	(534)	131
Foreign currency translation adjustment	(2,529)	424
Remeasurements of defined benefit plans, net of tax	(202)	(528)
Total other comprehensive income	(3,266)	27
Comprehensive income	2,520	495
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,076	483
Comprehensive income attributable to non-controlling interests	444	12

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

Not applicable.

Precaution Concerning Significant Changes in Shareholders' Equity

Based on the resolution of the Board of Directors meeting held on February 12, 2026, KOSÉ Holdings purchased 349,300 shares of its own shares in the first three months of 2026.

In addition, based on the resolution of the Board of Directors meeting held on March 28, 2025, KOSÉ Holdings disposed of 172,110 treasury shares as restricted stock for KOSÉ Employee Stock Ownership Plan.

As a result, treasury shares increased 1,620 million yen during the first three months of 2026 to 10,652 million yen at the end of the first quarter.

Segment and Other Information**Segment Information**

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

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	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.

	<i>Millions of yen</i>
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 Holdings and expenses for basic research that are not assigned to any particular reportable segment.

3. Segment profit is adjusted with operating profit shown on the consolidated 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

	<i>Millions of yen</i>				
	Japan	Asia	North America	Other	Total
	51,765	9,770	15,374	2,087	78,998

II. 1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)

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	63,919	13,652	77,571	693	78,265	-	78,265
(2) Intragroup sales and transfers	-	-	-	262	262	(262)	-
Total sales	63,919	13,652	77,571	956	78,528	(262)	78,265
Segment profit (loss)	2,334	(116)	2,218	510	2,728	(1,697)	1,030

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 (loss) are as follows.

Millions of yen

Eliminations for intersegment transactions	(253)
Corporate expenses that cannot be allocated to reportable segments	(1,443)

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

3. Segment profit is adjusted with operating profit (loss) 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 2026.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
48,159	11,368	16,665	2,072	78,265

Consolidated Quarterly Statement of Cash Flows

A consolidated quarterly statement of cash flows for 1Q 2026 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and goodwill amortization for 1Q 2025 and 1Q 2026 is as follows.

Millions of yen

	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)	1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)
Depreciation	2,398	2,414
Goodwill amortization	543	411

Information Concerning Revenue Recognition

Division of sales

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

I. 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.

II. 1Q 2026 (Jan. 1, 2026 – Mar. 31, 2026)

Millions of yen

	Japan	Asia	North America	Others	Total
Cosmetics	34,212	10,987	16,665	2,054	63,919
Cosmetaries	13,257	376	-	17	13,652
Total	47,470	11,364	16,665	2,072	77,571
Others (Note)	625	4	-	-	629
Revenue from contracts with customers	48,095	11,368	16,665	2,072	78,201
Other revenue	63	-	-	-	63
Sales to third parties	48,159	11,368	16,665	2,072	78,265

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

Business Combinations

Transaction under common control

Transition to a holding company structure through a split

To change to a holding company structure, in accordance with a resolution of the Board of Directors of KOSÉ Corporation (now KOSÉ Holdings Corporation) on February 26, 2025, a corporate split on January 1, 2026, was used to transfer all business operations to the new KOSÉ Corporation. This company was previously KOSÉ Split Preparation Corporation and was renamed KOSÉ Corporation on January 1, 2026. The transfer did not include activities involving the control and administration of the business activities of companies in which the former KOSÉ Corporation holds stock, nor activities involving the operation of the KOSÉ Group. Due to this transfer, the original KOSÉ Corporation was renamed KOSÉ Holdings Corporation.

1. Overview of the corporate split

(1) Details of the transferred business operations

All business activities other than those involving the control and administration of the business activities of companies in which KOSÉ Holdings holds stock, and activities involving the operation of the KOSÉ Group

(2) Date of the corporate split

January 1, 2026

(3) Legal form used for the corporate split

An absorption-type split in which KOSÉ Holdings Corporation serves as the splitting company and KOSÉ Corporation, a wholly owned subsidiary of KOSÉ Holdings Corporation, serves as the succeeding company.

(4) Name of the company after the corporate split

Splitting Company: KOSÉ Holdings Corporation

Succeeding Company: KOSÉ Corporation

(5) Purpose of the corporate split

KOSÉ Holdings provides various types of value to customers worldwide as a beauty creation company with operations based on the mission of “Creating Beauty in a Sustainable World.” Significant changes are taking place in the business climate for these activities. Achieving the goals of more growth in Japan and a major expansion of operations outside Japan will require going beyond business models used by KOSÉ Group in the past to become a source of a diverse array of products and services. To continue growing as these medium to long-term changes take place in its markets, the KOSÉ Group must reexamine the organizational structure used for business operations. As a result, the decision has been made for transition to a pure holding company structure for accomplishing the following two goals.

(i) Make the KOSÉ Group more competitive and increase corporate value

A pure holding company structure is expected to enable group companies to benefit from more synergies. Other anticipated benefits are better linkage and oversight of the functions of group companies, the more strategic allocation of KOSÉ Group resources among these companies, and the ability to take actions with even greater speed and flexibility. Overall, these benefits are expected to make the entire group more competitive and contribute to the growth of corporate value.

(ii) Stronger governance of the KOSÉ Group

Operations on a global scale using many business models will require the ability to make decisions quickly and allocate resources efficiently. The pure holding company structure is expected to facilitate the even stronger governance needed for the optimization of operations of group companies.

2. Summary of accounting methods applied

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

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.