KOSÉ

# KOSÉ REPORT 2026
## Integrated Report

# CONTENTS KOSÉ REPORT 2026



### Reporting Period and Scope

**The report covers KOSÉ Corporation ("the Company")* and its consolidated subsidiaries for the period from January 1, 2025 to December 31, 2025.**

### 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 the KOSÉ Group'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 contents in this document.

* Effective January 1, 2026, the Company transitioned to a holding company structure. In this report, references to the "Company" generally refer, for fiscal 2025, to the former KOSÉ Corporation, now KOSÉ Holdings Corporation, which functioned as a holding company of operating companies. Please note that certain information regarding governance structures and strategies from January 2026 onward is presented based in part on the new organizational structure.





Corporate Philosophy

Corporate Message

# Creating Beauty in a Sustainable World

## 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.

## Mind to Follow the Right Path

In 1946, amidst the profound challenges of the postwar recovery, Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP with the belief that cosmetics would brighten people's hearts and support the country's recovery. To secure the necessary capital, Kobayashi established a unique "Partnership Agreement Sales System." Under this model, he traveled nationwide to invite retailers to become partners by providing upfront deposits for future distributions. Demonstrating his commitment to these partners, he personally packaged even the smallest orders and covered all freight costs, ensuring that products reached shops in the most remote and underserved regions. This unwavering dedication fostered a profound sense of trust in KOSÉ, forming the foundation of our spirit of "Co-existence and Co-prosperity." To this day, our employees remain guided by the core philosophy, "A Mind to Follow the Right Path"—a commitment to acting with sincerity and integrity toward all our stakeholders.

## Quality Should Be the Top Priority

In the 1940s—an era when a seller's market led to a flood of inferior goods—the founder, Kobayashi, was concerned that product prices failed to match their quality. Committed to providing customers with unwavering confidence through superior quality, he insisted on using only the finest raw materials and fragrances. Although there were suggestions to expand the business through mass production, Kobayashi insisted that KOSÉ's goal was quality over quantity. He focused on developing superior products, a robust organization, and exceptional human capital, creating a company capable of competing on excellence rather than scale.

This dedication culminated in 1957, during the height of Japan's rapid economic growth, with the launch of the premium line LA BONNE. Its instant success marked a dramatic leap forward for the brand. Today, this philosophy—"Quality Should Be the Top Priority"—remains the bedrock of KOSÉ's manufacturing strategy.

Embracing each other, we color our lives with beautiful moments

# KOSÉ's Shift to KOSÉ Holdings

On January 1, 2026, the KOSÉ Group transitioned to a pure holding company structure and embarked on a new chapter as KOSÉ Holdings Corporation. For us, this transition marks a major step into the future. We will continue to refine our concept of "creating beauty" and take on new challenges to bring greater brightness and color to the world.

## Two Objectives of the Transition to a Pure Holding Company Structure

By deploying our diverse brand portfolio through the most appropriate sales channels, we achieve multifaceted market coverage and maximize total Group value. In addition, by building a structure in which each business complements the others, the Group aims to establish a management foundation that is resilient even in the face of unforeseen circumstances.

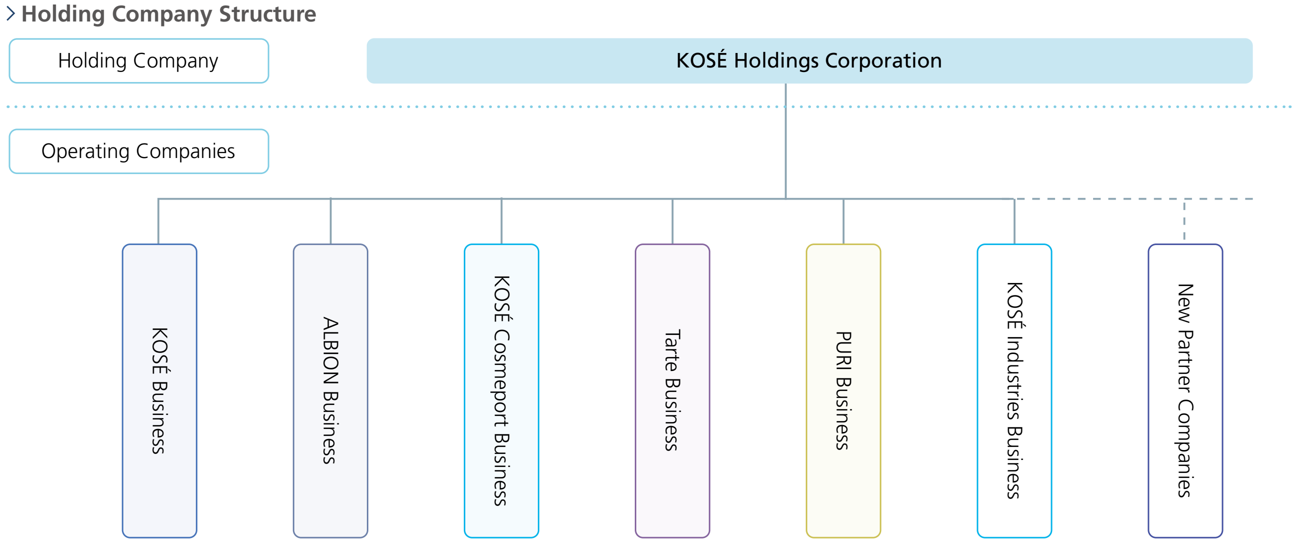
**Improving Productivity and Profitability**

By centralizing shared functions and infrastructure across Group companies and streamlining Group operations, we aim to improve productivity and profitability. At the same time, we will enhance cross-business coordination and collaboration among businesses while creating an environment in which each operating company can focus on its core business. By leveraging the Group's strengths, we will build a more profitable business structure.

**Facilitating Collaboration with New Partners**

We will build a structure that enables new partners to join the Group quickly and smoothly. By accelerating the Beauty Consortium Concept, under which diverse businesses collaborate flexibly to deliver a broad range of value, we aim to become one of Japan's leading beauty corporate groups.

### Holding Company Structure




*A coined term combining "cosmetics" and "toiletries"

### KOSÉ Business

KOSÉ operates a broad brand portfolio spanning the high-prestige to cosmetaries'* categories. As a beauty creation company guided by its Statement of Purpose—"Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence"—it owns a diverse range of distinctive brands, including *DECORTÉ* and *SEKKISEI*, supported by advanced R&D capabilities. These brands are distributed through a wide variety of channels, including department stores, cosmetics specialty stores, drugstores, and e-commerce. Guided by the 3Gs (Global, Gender, and Generation), KOSÉ is promoting a customer strategy that stays close to each individual customer across a broader spectrum, regardless of gender or age while seeking to establish a stronger presence in the global market. P.28

### ALBION Business

ALBION operates a brand portfolio focused exclusively on the high-prestige category. Guided by its management philosophy—"As a leading luxury cosmetics company, ALBION remains unwavering in its commitment to authenticity, expanding a circle of trust and inspiring beauty throughout the world"—it continues to pursue the quality and service worthy of luxury products. Through its *ALBION, Elégance, IGNIS, ANNA SUI*, and *PAUL & JOE* brands, it places particular emphasis on customer satisfaction through in-person service. With uncompromising internal manufacturing infrastructure at its own factories and the high standard of education provided to its beauty staff, ALBION maintains brand value that delivers trust and inspiration. P.29

### KOSÉ Cosmeport Business

KOSÉ Cosmeport operates cosmetaries'* brands primarily through drugstores and mass retailers. Guided by its philosophy, "More, Kindness for Beauty," it provides high-quality products at affordable prices. Through brands such as *Softymo*, *SUNCUT®*, and *CLEAR TURN*, it pursues convenience and functionality while supporting the everyday beauty needs of a broad customer base. With strengths in speedy product development and agile marketing, KOSÉ Cosmeport has achieved steady growth by expanding its market share in Japan and actively promoting overseas expansion, particularly in Asia. P.30

### Tarte Business

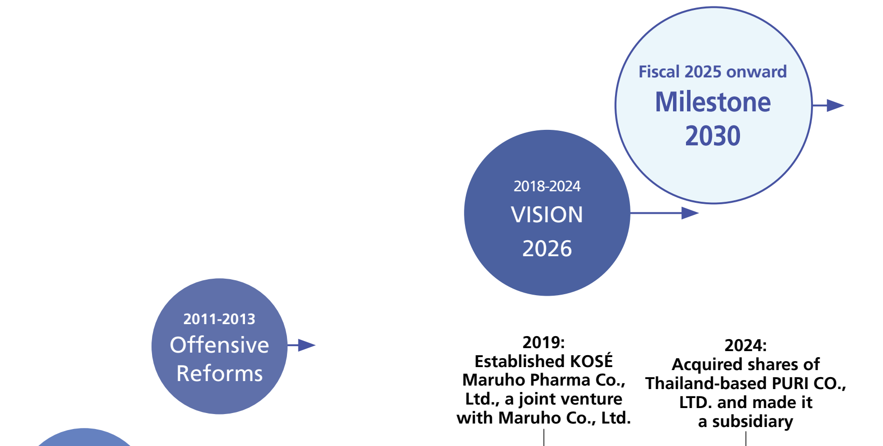
Based in New York, *Tarte* is a natural cosmetics brand experiencing rapid growth in the global prestige market. Under the concept of "high-performance naturals™," it combines naturally derived ingredients with high makeup performance. Through digital marketing, including social media strategies, the brand enjoys tremendous support from millennials and Generation Z. Its flagship product, *SHAPE TAPE™ CONCEALER*, continues to maintain an overwhelming market share in North America. Tarte is now expanding beyond North America into Europe and Asia and serves as a key driver of global growth, helping raise the Group's overseas sales ratio. P.31

### PURI Business

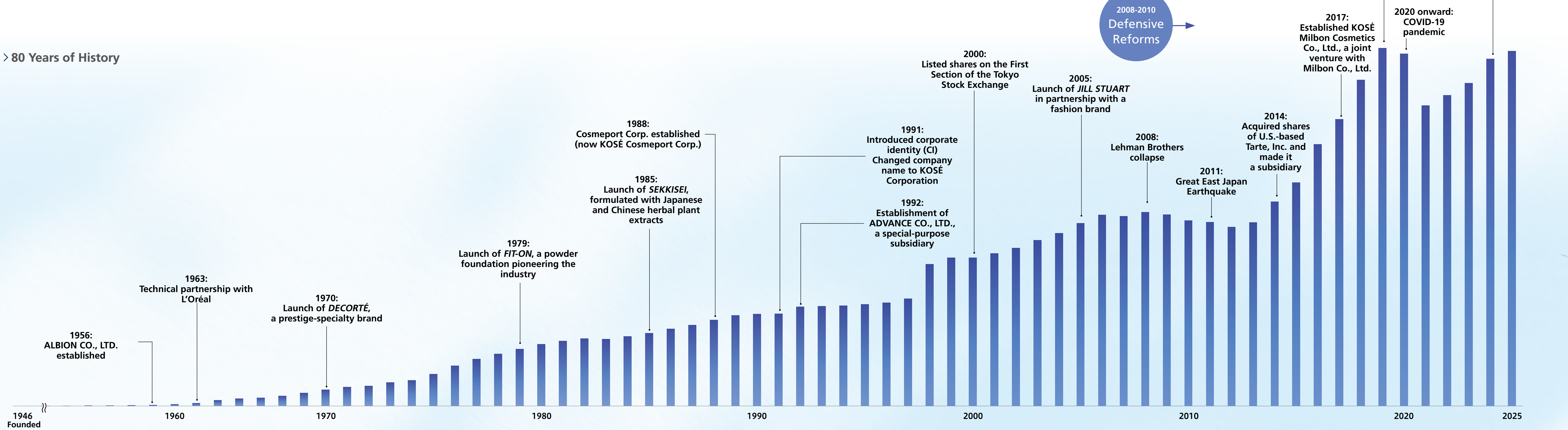
PURI operates *PAÑPURI*, a luxury holistic wellness brand from Thailand. Guided by the belief that true holistic wellness is the harmony between inner health and outer beauty, the company's strengths lie in clean beauty products based on its proprietary ingredient selection standard, The ZeroList™, and in premium customer experiences delivered through spa services. Since joining the Group in 2024, PURI has expanded the business portfolio into the wellness domain and serves as a core operating company supporting the enhancement of the KOSÉ Group's presence in the fast-growing Global South market. P.32

# The Journey of the KOSÉ Group

Since its founding in 1946, when Kozaburo Kobayashi launched the Company with the aspiration of "rebuilding Japan through cosmetics," the KOSÉ Group has placed great importance on a spirit of co-existence and co-prosperity in pursuing that goal. Carrying this DNA forward, the Group now maximizes Group value by developing a diverse portfolio of cosmetics-focused brands through optimal sales channels. Now, as we mark our 80th anniversary, we are consolidating common functions through the transition to a holding company structure to improve profitability and accelerating the Beauty Consortium Concept through collaboration with new partners. As a lifelong partner, we will drive transformation toward our next centennial.




## 80 Years of History




### 1946
**Founding of Kobayashi Unlimited Partnership**
(Kita-ku, Tokyo)

Kozaburo Kobayashi founded the Company convinced that cosmetics would contribute to Japan's postwar reconstruction. Guided by a spirit of co-existence and co-prosperity through integrated manufacturing and sales, the Company built trust with society through sincere management by complying with official prices and ensuring the stable supply of high-quality products. This remains a source of the Company's sustainable growth today.

### 1956
**Establishment of ALBION CO., LTD.**

At the dawn of Japan's period of rapid economic growth, ALBION was established in Ginza with the ambition of becoming Japan's and the world's leading cosmetics manufacturer. By maintaining an unwavering commitment to authenticity through one-of-a-kind manufacturing together with face-to-face customer service that comes into direct contact with customers' skin, ALBION has established a unique position in the luxury cosmetics market.


### 1963
**Entered into technical tie-up with L'Oréal of France**
(joint venture agreement dissolved in August 2001)

Through a strategic partnership with L'Oréal of France, the Company pioneered the professional salon business in Japan. In just two years, it expanded into approximately 1,000 salons. By supporting salon education from the basics through to advanced professional techniques, it contributed to significantly elevating the standard of hairstyling artistry across the Japanese beauty industry.

### 1988
**Establishment of Cosmeport Corp.**
(now KOSÉ Cosmeport Corp.)

Cosmeport was founded to provide reliable, high-quality products at affordable prices to a broad customer base. In 1994, the company changed its name to KOSÉ Cosmeport Corp. It develops products that bring happiness and joy to everyday life.


First brand, NEXT

### 1991
**Introduction of Corporate Identity and Change of Company Name to KOSÉ Corporation**

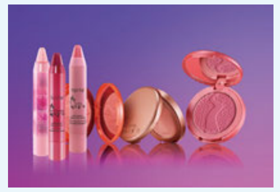
The Company officially became KOSÉ Corporation, debuting a new symbol and its Statement of Purpose: "Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence." This was accompanied by the corporate message, "Creating Beauty in a Sustainable World," expressing its commitment to the next stage of growth.

### 2000
**Listed on the First Section of the Tokyo Stock Exchange**

To strengthen its management base and meet its growing social responsibilities, KOSÉ Corporation went public in 2000. Guided by the founder's credo, "Mind to Follow the Right Path," the Company established a highly transparent management structure.

### 2014
**Acquisition of Tarte, Inc. in the United States as a subsidiary**

To accelerate global expansion and strengthen its presence worldwide, KOSÉ Corporation acquired Tarte, a U.S. cosmetics company. By integrating Tarte's robust North American presence and sophisticated e-commerce capabilities, KOSÉ Group significantly enhanced its digital-first approach and global market footprint.



### 2024
**Acquisition of PURI CO., LTD. in Thailand as a subsidiary**

To accelerate its global expansion, KOSÉ Group acquired PURI, which operates the Thai luxury brand *PAÑPURI*. By leveraging the strong affinity between the two companies, both of which pursue tradition, innovation, and sensorial quality, the KOSÉ Group is strengthening its presence in the Global South.

# Brand Lineup

The KOSÉ Group has been creating attractive brands inspired by two keywords—Intelligence and Sensuousness—for many years. By developing our business around two brand groups, highly distinctive individual brands and KOSÉ brands bearing the Company name, we provide unique value for people of all ages and genders across the globe.

Individual Brands

**High-Prestige Brands**

The Highest Levels of Quality and Service

DECORTÉ ADDICTION ALBION
JILLSTUART PAÑPURI Elégance PARIS
Prédia BLUE PAUL & JOE IGNIS
INFINITY KOSÉ Prédia ANNA SUI
雪肌精 BLUE IMPREA tarte high-performance naturals

**Prestige Brands**

High-Value-Added Cosmetics for Everyone

雪肌精 SEKKISEI ASTALUXE IC.U
ONE BY KOSÉ LECHÉRI im X-Barrier
ESPRIQUE 米 MAIHADA 肌 Carté カルテHD

**Cosmetaries Brands**

For Daily Life One Step Above

Visée FASIO MAKE KEEP STEPHEN KNOLL NEW YORK
softymo ソフティモ SUNCUT CLEAR TURN クリアターン NAIL HOLIC Spawake
GRACE ONE Je l'aime BIOLISS Mo Magnifique

KOSÉ Brands

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

## High Prestige Brands


DECORTÉ
J A U E


ALBION
J A U E


INFINITY
J A


tarte high-performance naturals
J A U E


PAÑPURI
J A E *Spa only

## Prestige Brands


雪肌精 SEKKISEI
J A U E


ONE BY KOSÉ
J A


ESPRIQUE
J A


米 MAIHADA 肌
J


Carté カルテHD
J A

## Cosmetaries Brands


Visée
J A


MAKE KEEP
J A U


softymo ソフティモ
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."
The KOSE Group 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 Group today is linked to its past and future.

## Finance

### Net Sales
¥330.1 billion
Year on year +¥7.4 billion +2.3%

### Operating Margin
5.6%
Year on year +0.2 ppt

### R&D Expenses
¥6.9 billion
(R&D expenses to net sales ratio 2.1%)

### ROE
5.4%
Year on year +2.6 ppt

### ROIC
3.7%
Year on year +1.1 ppt

### PBR
1.05x
(1.50x at the end of the previous fiscal year)

## Non-Financial

### Founded
1946

### Number of Employees
(Including Temporary Employees)
13,135
(2,287 men and 10,848 women)

### Number of Countries and Regions Where We Operate
63

### Ratio of Female Employees in Leadership Positions
38.7%
Note: "Leadership positions" refers to positions with subordinates or equivalent.

### $CO_2$ Emission Reduction Rate
(Scope 1, 2, and Scope 3)
Scope 1 & 2 -50.2%
Scope 3 -20.2%
(Total volume compared to 2018)

### Waste Recycling Rate at Factories
100%
Note: KOSÉ Group Manufacturing departments

### Refillable Container Share
43.4%
Note: Applies to bottle and jar containers for skincare and haircare products included in the lineup for the relevant year

### Responsible Palm Oil Procurement
45.4%
Note: Procurement rate of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model

# Leadership Messages

Group CEO & Group COO Dialogue

## Marking Our 80th Anniversary with a New Management Structure: Pursuing a New Growth Curve as a "Second Founding"

**Koichi Shibusawa**
Representative Director,
President & Group COO
KOSÉ Holdings Corporation

**Kazutoshi Kobayashi**
Representative Director,
Chairman & Group CEO
KOSÉ Holdings Corporation

## Transition to a Pure Holding Company Structure: Faster Decision-Making, Greater Synergies, and Stronger Governance

**Kobayashi:** In 2026, KOSÉ reached the major milestone of its 80th anniversary. In this landmark year, we transitioned to a pure holding company structure. This decision was not merely an organizational restructuring, but a strategic move to further accelerate our medium- to long-term vision, *Vision for Lifelong Beauty Partner—Milestone2030*. To continue creating value in an increasingly uncertain global market, we have positioned this transition as a "second founding." The transition to a holding company structure reflects our unwavering commitment to forging a new future for the Group as a whole.

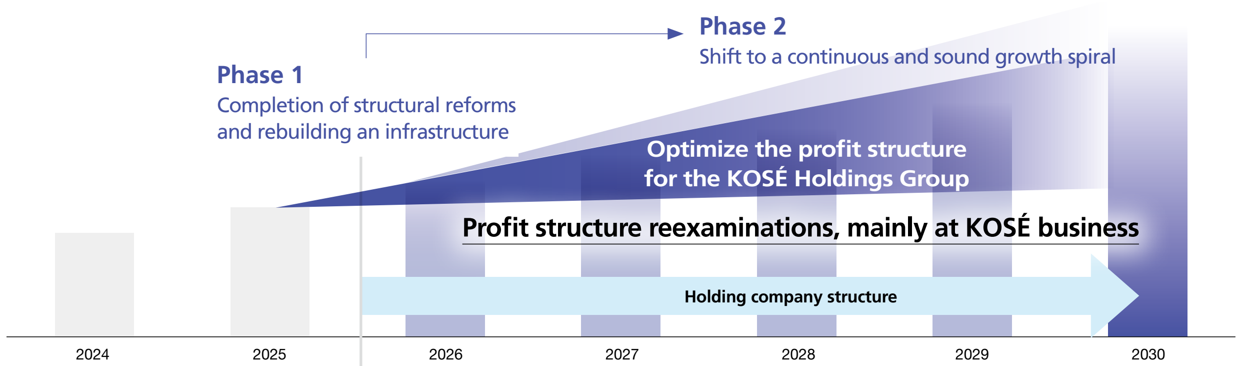
Under the pure holding company structure, the holding company is responsible for formulating Group-wide management strategies, creating synergies, and strengthening governance. Meanwhile, the operating companies will focus on swift business execution and enhancing competitiveness, thereby building a more agile and resilient management foundation. As Chairman and Group CEO, I am committed to steering the Group forward, including defining its medium- to long-term management policies and advancing the *Beauty Consortium Concept* through M&A and strategic alliances.

**Shibusawa:** I have also been a part of KOSÉ's journey for many years since joining the Company in 1984, and I believe we are now at a true turning point. The key to the new structure is to achieve a high-level balance between the "centripetal force" of the holding company and the "centrifugal force" of the operating companies.

Chairman Kobayashi will lead the Group through the centripetal force of a firm management philosophy rooted in the spirit of ownership that has been passed down since the Company's founding 80 years ago, enhanced by sophisticated strategic thinking and governance. As President and Group COO, I will be responsible for applying the centrifugal force by fostering an environment that enables each operating company to execute swiftly in response to market conditions while allowing our diverse brands to fully demonstrate their individuality and creativity to further maximize corporate value.

**Kobayashi:** To turn that centrifugal force into tangible results, we also need a structure that prevents fragmentation and duplication. That is why, under the pure holding company structure, we will take the Group-wide collaboration and co-creation to a new level. In areas with a high degree of commonality across operating companies, such as the supply chain, marketing, digital, and back-office functions, we will streamline operations on a cross-Group basis, reviewing overlaps and fragmentation to reduce overburdens, waste, and inconsistency. I expect each individual to view the interests of the Group as a whole as their own concern and to act beyond organizational boundaries.

**Shibusawa:** With net sales exceeding ¥300.0 billion and our brand portfolio becoming increasingly diverse and complex, clearly separating the Group's overall optimal strategy from the agile execution of each business is an essential prerequisite for accelerating decision-making. Under this approach, the holding company will maintain a steady strategic direction and take responsibility for strategy and governance, while the operating companies will compete and win in the marketplace. This will enable us to build a structure that can respond with agility even in rapidly changing markets.




## Redefining the Global Growth Strategy: Promoting Global Growth by Moving Beyond Our Own Resources and Localization

**Kobayashi:** In *Vision for Lifelong Beauty Partner—Milestone2030*, we have set the ambitious target of raising the overseas sales ratio to 50%. In fiscal 2025, *DECORTÉ's* global campaign featuring Shohei Ohtani delivered outstanding results. However, to truly prevail in global competition, our future strategy cannot be a simple extension of our past successes; we must transform the very way we compete.

**Shibusawa:** At the core of this approach are "Promoting Global Growth by Moving Beyond Our Own Resources" and "localization." While valuing the strengths we have cultivated in our Japan business, we are not simply exporting the "Japanese way" as is. Instead, we are advancing locally driven marketing and manufacturing based on partnerships with professionals who have deep knowledge of local markets and business practices.

**Kobayashi:** Rather than trying to do everything on our own, we will flexibly utilize M&A and licensing alliances involving leading local brands while also incorporating ODM and OEM as options where appropriate. By controlling investment risk, we will expand our areas of value with a sense of urgency.

**Shibusawa:** A concrete example is Tarte (Tarte, Inc.), the U.S. beauty company that joined the Group in 2014. We have delegated authority while giving the utmost respect to CEO Maureen Kelly's passion for product creation, refined sensibility, and strong execution capabilities. As a result, I believe this has enabled field-driven marketing that closely captures the needs of local customers and has steadily translated into business results. We will apply this success story and the insights to Thailand-based PURI (PURI CO., LTD.), which joined the Group in 2024. PURI's CEO, Vorravit Siripark, is also deeply committed to product creation, and by leveraging that strength, we will position the brand as the second Tarte, further strengthening its expansion in Asia and accelerating growth.

In the travel retail business as well, we have shifted away from a strategy centered solely on brands from the KOSÉ business to a broader portfolio strategy under which we propose the Group's brands as a whole. As a result, our negotiating power and presence at key points of sale have increased even further.

**Kobayashi:** In our regional strategy, we will continue to position China as a key market while also enhancing our presence in Europe and North America and stepping up investment in growth markets such as the Global South. By building the optimal portfolio for each region, we will pursue sustainable growth on a global basis.

In addition, while continuing to develop new markets, we will further strengthen our e-commerce strategy in every region. E-commerce offers the advantage of enabling us to capture customer needs and purchasing behavior in a timely manner as data and translate that into optimal proposals while also allowing us to respond flexibly and agilely to changes in the market environment. By more deeply integrating e-commerce with our existing physical retail network, we will refine our channel mix and improve marketing efficiency, thereby achieving profitable sales growth.

## Strengthening Earning Power: Reducing Overburdens, Waste, and Inconsistency, and Advancing the Production Structure

**Kobayashi:** To continue making growth investments, we must steadily improve profitability in our existing businesses. In fiscal 2025, we undertook a rigorous review of administrative and marketing expenses and worked to achieve significant cost reductions. In fiscal 2026, we intend to go a step further and make it a year in which we complete structural reforms, including a review of our businesses and operations. The resources generated through these efforts will be reallocated not only to product development, but also to future growth areas such as global markets, wellness, and new beauty experiences.

**Shibusawa:** As Group COO, I have set a target of improving our earning power by more than ¥3.0 billion year on year in fiscal 2026 alone. We will thoroughly identify even the smallest inefficiencies on the ground and reduce overburdens, waste, and inconsistency, including by reviewing SKUs to reduce inventories and disposal losses and by standardizing delivery material specifications to streamline logistics operations.

**Kobayashi:** At the Minami Alps Factory, which will begin operations in July 2026, we will also unlock new operational efficiencies while significantly expanding our capabilities. It will not only raise our production capacity to approximately 1.4 times the current level, but also serve as a key base for consolidating skincare manufacturing functions. By centrally consolidating investments and administrative expenses that had been dispersed across individual plants, we will optimize management resources.

**Shibusawa:** By using automated equipment such as automated guided vehicles (AGVs), we will enhance productivity and also reduce inventories by shortening manufacturing lead times. Advancing in-house production will also help lower outsourcing costs, thereby contributing to an improvement in gross profit margins.

**Kobayashi:** Furthermore, sustainability is no longer a cost, but a source of competitiveness. At the Minami Alps Factory, we have introduced green hydrogen into cosmetics manufacturing for the first time in Japan and achieved the use of 100% $CO_2$-free electricity. In addition, in cosmetics manufacturing, water is not only indispensable as a raw material, but also a vital element supporting quality and stable operations in every aspect of the factory, from equipment cleaning and each production process to food and beverages for employees. Guided by this belief in the importance of water, we selected Yamanashi Prefecture as a production base because it offers the geographical advantage of the Minami Alps area, blessed with abundant supplies of clean, clear water.

In terms of energy as well, we are advancing initiatives rooted in Yamanashi Prefecture's rich water resources. For our main source of electricity, we will use $CO_2$-free electricity derived from prefectural hydropower, combined with solar power generated on site. For thermal energy, we plan to gradually shift from conventional fossil fuels to Yamanashi-produced "green hydrogen" manufactured using renewable energy. In collaboration with local governments, we will also promote a localized, circular energy model in which this water-derived energy remains entirely within the region.

## Improving Capital Efficiency: Embedding ROIC-Based Management and Strengthening Shareholder Returns

**Kobayashi:** On the financial front, we take very seriously the fact that the return on invested capital (ROIC) remains below the weighted average cost of capital (WACC). To meet the expectations of the capital markets, we will formally introduce ROIC into executive remuneration and divisional performance evaluations beginning in fiscal 2026. To ensure that this strategy does not become a mere formality, we will translate it into specific on-the-ground KPIs and build a governance framework with real operational effectiveness so that every employee sees improving earning power and capital efficiency as issues they must address themselves.

**Shibusawa:** We will link initiatives such as improving the cost of sales ratio, reviewing the SG&A expenses ratio, and shortening the cash conversion cycle to the ROIC tree, thereby clarifying the responsibilities of each division. We will strategically allocate limited management resources to growth areas and steadily enhance both capital efficiency and corporate value.

**Kobayashi:** Shareholder returns are also an important commitment. The annual dividend for fiscal 2025 was ¥140 per share. For fiscal 2026, we plan to add a ¥10 commemorative dividend for our 80th anniversary, bringing the annual dividend to ¥150 per share. Furthermore, while maintaining a balance with growth investments, we also implemented a share repurchase program worth approximately ¥3.0 billion. By pursuing sustained improvements in capital efficiency and expanded shareholder returns in tandem, we will increase value for shareholders and enhance corporate value in a way that meets market expectations.

## Toward the Next 100 Years: Human Capital Supporting Collaboration and Co-creation

**Kobayashi:** Lastly, I would like to talk about the power of people. Since its founding, KOSÉ has inherited the spirit of "Mind to Follow the Right Path." No matter how far AI and digital technologies evolve, the starting point for delivering value that resonates with customers and building brands that are loved for generations lies in a sincere attitude and in the strength of people. The transition to a pure holding company structure is also about creating an environment that enables us to maximize the strengths of our people.

**Shibusawa:** My mission is to appropriately delegate authority and responsibility to each operating company and build an organization in which the passion of people on the ground directly takes shape as each brand's individuality. Diverse brands will connect organically and elevate one another. We will advance the *Beauty Consortium Concept* that forms the foundation for this and evolve it into a platform that delivers new beauty experiences across every stage and moment of people's lives.

**Kobayashi:** We have now established the execution framework needed to ensure that our vision does not end as words alone, but takes firm shape. The unwavering "centripetal force" and the powerful "centrifugal force" generated by the passion of those on the front lines—by bringing these two forces to bear with speed, the entire Group will move forward as one onto a path of sustainable growth. I myself intend to stand at the forefront of this transformation with a strong sense of resolve. And as a lifelong Beauty Partner to customers around the world, we will create a richer future together.

**Shibusawa:** Together with Chairman Kobayashi, I will pursue management with an unwavering focus on results. With an eye on the KOSÉ Group's 100th anniversary and beyond, all of our employees will work as one to maximize corporate value.

**Kobayashi:** Together with all of our stakeholders, we hope to create a richer and more valuable future through beauty and well-being. We sincerely ask for your continued support.

# 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*.

## Purpose

### Statement of Purpose

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

Medium- to Long-Term Vision P.21

*Vision for Lifelong Beauty Partner—Milestone2030*

Capital Inputs → Value Creation Cycle → Outcomes of Business Activities → The Value We Provide

### Capital Inputs

P.17

External environment

- Demographic changes
- Diversification of beauty values
- Digital transformation
- Geopolitical risks and an uncertain global economy

Capitals:

- Human capital
- Manufactured capital
- Intellectual capital
- Social and relationship capital
- Natural capital
- Financial capital

### Value Creation Cycle

Experience through products and services

01 **Planning**
Product design and brand building that exceed market expectations

02 **Research/Development**
Product creation focused on safety, reliability, high quality, and proven effectiveness

03 **Procurement**
Sustainable sourcing of raw materials and consideration for the environment and human rights

04 **Manufacturing/Logistics**
Establishment of a clean and efficient manufacturing and logistics system

05 **Marketing**
Customer approach based on the 3Gs

06 **Sales**
Integration of offline and online channels
Enhancement of the customer experience

07 **After-sales follow-up**
Product creation that reflects customer feedback

Material Issues P.20

- For People P.49
- Business Fundamentals
- For the Earth P.51

Strengthening management capital

### Outcomes of Business Activities

**Social and environmental impacts**

| Indicators | | 2030 Milestone |
|---|---|---|
| Global key position fulfillment ratio | | 2.5x or higher |
| Ratio of products and services provided based on Adaptability ∞ (Eight) | | 100% |
| Number of initiatives for achieving well-being | | 500 activities or more |
| Number reached through environmental awareness initiatives | | 10 million people or more |
| $CO_2$ emissions reduction rate | Scope 1 and 2 | -55% |
| | Scope 3 | -30% |

(Total volume compared to 2018)

**Output**

Providing products and services in the cosmetics and beauty fields

Providing products and services in the well-being field

**Financial results through value-added offerings**

| Indicators | 2030 Milestone |
|---|---|
| Net sales growth rate | CAGR 5% or higher |
| Overseas sales ratio | 50% or higher |
| Operating margin | 12% or higher |
| EBITDA margin | 18% or higher |
| ROIC | 10% or higher |

### The Value We Provide

Social Value

- Pursuit of adaptability
  Creating products that embody beauty that leaves no one behind by adapting to every individuality
- Enriching the entire value chain through sustainable procurement
- Achieving nature-positive outcomes through environmental initiatives such as climate change countermeasures and resource recycling
- Presenting a new concept of beauty by going beyond conventional boundaries and promoting products to a broader range of customers around the world, regardless of gender or age
- Approaches across both offline and online channels
  Providing experiences that enhance customer well-being

# Capital Inputs

The KOSÉ Group has cultivated six types of capital since its founding. They underpin the Group's sustainable growth process 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.

## Human capital

P.43

**Our strengths**

- An organizational culture that shares the founding spirit as a common set of values while encouraging employees to inspire one another and take on challenges

**Recognized issues**

- It is necessary to strategically build both strong individuals who demonstrate their unique value and a strong organization in which such individuals collaborate and cooperate, enabling leadership talent to be continuously developed

Number of employees (including temporary staff)
**13,135**

Annual training hours per employee[1] (management and non-management/beauty consultants)
**24.2/132.3** hours

## Manufactured capital


P.33 P.56

**Our strengths**

- A production system capable of responding to growing demand for cosmetics in Japan and overseas by reliably and promptly supplying high-quality, competitive products

**Recognized issues**

- Need for a responsible value chain capable of supporting sustainable manufacturing

Capital expenditure
¥ **21.2** billion

Production sites
**6**

## Intellectual capital

P.7 P.20 P.27

**Our strengths**

- Research conducted at eight sites worldwide, collaboration with external partners, and marketing expertise in diverse global brand marketing, all of which support the creation of unique value

**Recognized issues**

- Local marketing and manufacturing are necessary in the countries and regions where we operate to create new customer experience value

R&D expenses ¥ **6.9** billion

Number of brands **38**

Number of registered patents[2]
Japan: **846** Overseas: **259**

Number of registered trademarks[2]
Japan: **7,823** Overseas: **7,308**

Number of registered designs[2]
Japan: **407** Overseas: **526**

## Social and relationship capital

P.3 P.25 P.27

**Our strengths**

- Strong engagement with each stakeholder based on the KOSÉ Beauty Partnership

**Recognized issues**

- It is necessary to collaborate with external partners and utilize external assets to strengthen the business

Number of countries and regions where we operate
**63**

Overseas sales ratio
**34.8**%

## Natural capital

P.33 P.51-53

**Our strengths**

- Manufacturing that makes maximum use of raw materials derived from natural resources

**Recognized issues**

- 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

Total energy consumption
**387.8** (1,000 GJ)

Total water withdrawal[3]
**302.4** (1,000 $m^3$)

## Financial capital

P.23 P.35

**Our strengths**

- A strong financial base supported by a high equity ratio

**Recognized issues**

- Low profitability
- Improving capital efficiency through effective utilization of Group funds and enhanced shareholder returns.

ROIC[4]
**3.7**%

ROE[5]
**5.4**%

Equity ratio[6]
**72.2**%

Notes:
1. Figures for Group companies in Japan
2. Excludes Tarte and PURI. Number of registrations as of December 31, 2025
3. KOSÉ Group manufacturing departments
4. ROIC = Operating profit after tax ÷ invested capital; invested capital = interest-bearing debt + net assets (before application of new lease accounting standards)
5. ROE = Net income attributable to owners of the parent ÷ average shareholders' equity (average of beginning and end of period) × 100
6. Equity ratio = Equity capital ÷ Total assets × 100

## 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.

| | By Issue | Opportunities | Risks |
|---|---|---|---|
| People and Society | • Business activities that contribute to solving social issues<br>• Value creation in the well-being domain<br>• Responsible marketing and advertising activities<br>• Respect for diverse beauty values<br>• Innovation in product formulation development<br>• Improvement of consumers' quality of life (QOL)<br>• Adaptation to digitalization in business domains<br>• Promotion of diversity, equity & inclusion (DE&I) both within society and the Company<br>• Preservation and continuation of sports and culture<br>(total of 15 items) | • Profit generation through balancing business and social contributions<br>• Potential for new business expansion<br>• Development of new customer segments<br>• Expansion of long-term customer engagement and LTV*<br>• Creation of new value<br>• Securing a stable workforce<br>• Gaining consumer trust<br>(and more)<br>*LTV: Abbreviation for Lifetime Value, referring to the total value a customer brings over their lifetime. | • Slower profit growth<br>• Slower growth in customer numbers and loss of existing customers<br>• Impact on business transactions<br>• Increase in reputation risk<br>• Decline in trust toward the beauty industry<br>• Impact on imports and exports due to regulations in each country<br>• Loss of early customer touchpoint opportunities<br>(and more) |
| Environment | • Concrete measures to address climate change<br>• Efficient use of valuable forest resources<br>• Concrete initiatives to protect biodiversity<br>• Promotion of waste reduction and resource recycling<br>• Efficient use of water resources<br>• Environmental conservation in areas surrounding business sites<br>• Realization of nature-positive outcomes<br>• Raising environmental awareness among consumers<br>• Development of sustainable packaging<br>(total of 13 items) | • Product innovation and collaboration with other companies<br>• Cost reduction through lower energy consumption<br>• Market expansion through changes in purchasing behavior<br>• Creation of packaging innovation<br>• Gaining support from ethically conscious consumers<br>• Enhancing innovation capabilities through proprietary research<br>• Establishing uniqueness in the global market<br>(and more) | • Impact on raw material procurement<br>• Distribution restrictions due to regulations<br>• Criticism for greenwashing<br>• Increased risk to business continuity<br>• Rising costs for environmental initiatives<br>• Increased risk of legal action or pollution-related lawsuits<br>• Deterioration of relationships with local communities<br>(and more) |
| Management and Business Foundation | • Strengthening management governance structure<br>• Transitioning to a business structure that generates profits<br>• Strengthening the protection and utilization of intellectual capital<br>• Adapting to global markets<br>• Ensuring safe, secure, and sustainable quality<br>• Respect for human rights<br>• Maximizing human capital utilization and improving ES*<br>• Operating the business from the customer's perspective<br>• Building a resilient supply chain structure<br>(total of 20 items)<br>*ES: Abbreviation for Employee Satisfaction. | • Evolving into a resilient corporate structure<br>• Stabilizing management and improving profitability<br>• Enhancing international corporate credibility and value<br>• Expanding business domains<br>• Improving productivity<br>• Strengthening competitiveness through securing talented personnel<br>• Minimizing the impact on cost of goods<br>(and more) | • Decline in trust from external stakeholders<br>• Decrease in international competitiveness<br>• Decline in business profitability<br>• Impact on employee compensation and talent acquisition<br>• Increased risk of legal violations<br>• Reduced product supply capability due to suspension of business activities<br>• Decrease in profit margins due to rising procurement costs<br>(and more) |

Quantitative Assessment

**Evaluation from the Perspective of Societal Expectations**
- Based on standards from a general societal perspective
- Quantitative assessments carried out based on issues society expects the Company to address in its business domains

**Impact Assessment on the KOSÉ Group's Business**
- Based on perspectives from each division with different missions
- From a management perspective, both importance and relevance were quantitatively assessed, and the results were then quantified as impact values.

**Identification of Material Issues**

## Material Issues

The KOSÉ Group followed the process shown on the right to identify the material issues it should address. Material issues and medium- to long-term targets will also be reviewed on a regular basis.

After conducting a quantitative assessment, we integrated several items, including issues identified through a review of the previous medium- to long-term vision and identified them as material issues.

**Detailed information on the process for identifying the material issues the KOSÉ Group should address, as well as the materiality map, is available on the corporate website.**
**https://koseholdings.co.jp/en/sustainability/plan/theme/**

**Social and Stakeholder Perspective**
- Perspectives of diverse partners that grow together with us
- International frameworks

**Perspective of Impact on the Company**
- Alignment with the KOSÉ Group's management philosophy and policies
- Impact on management

**Internal and External Opinions and Evaluations**

**Discussion and Approval**

**Framework for Progress Monitoring and Review**

The Board of Directors, the Sustainability Committee, and the Sustainability Promotion Committee (an execution body overseen by the Sustainability Committee) regularly monitor progress and also periodically review the material issues and medium- to long-term targets.

### Material issues in the medium- to long-term vision

| | Matters that must be faced and societal expectations | | Material issues | |
|---|---|---|---|---|
| Business issues | Development of priority global brands | Adapting to global markets | Accelerate global development | Business Fundamentals |
| | Reconstruction of business in Greater China | Creating an attractive brand portfolio | | |
| | Improving profitability and efficiency | Optimizing inventory and investments for growth | Transformation to a resilient business structure | |
| | Upgrading business management functions | Promoting long-term management | | |
| | Creating a value chain with a competitive edge (research, production to sales) | Creating an efficient production system | | |
| | 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 | Creating an organizational/mindset/workplace culture and improving productivity | Maximize human capital | |
| | Promoting DE&I (employee attributes, experience, and skills) | Improving employee engagement | | |
| | Revitalizing manufacturing (quality, technology, and cost) | Creating values beyond cosmetics (well-being value) | Provide substantial added value centered on safety and confidence | |
| | Increasing seamless contact points with customers and enhancing customer experience | Increasing LTV while focusing on customer data (KOSÉ-ID) | | |
| | Creating awareness of and empathy toward a wide range of generations | Creating business value linked to external resources and technologies | | |
| | Operating business from the customers' perspective | | | |
| Social issues | Respect for diverse beauty values | Responsible advertising | Respect the diverse array of beauty | For People |
| | Value creation in the well-being domain | Improving consumer QOL | Support the healthy minds and healthy lives | |
| | Awareness of proper beauty habits and product use | Responsible raw material procurement with good working conditions | | |
| | Gender equality | Promoting DE&I (social and employee diversity) | Help with social opportunities | |
| Environmental issues | Raising environmental awareness of consumers through marketing | | Increase awareness of environmental issues | For the Earth |
| | Environmental conservation in areas surrounding business sites | Concrete initiatives to protect biodiversity | Play a role in solving environmental issues | |
| | Climate change countermeasures such as $CO_2$ reduction | Reducing environmental loading throughout product life cycles | Promote reduction of environmental impacts | |
| | Promotion of waste reduction and resource recycling | Development of sustainable packaging | | |

# Medium- to Long-Term Vision

## *Vision for Lifelong Beauty Partner—Milestone2030*

KOSÉ Creating Beauty in a Sustainable World

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

### Belief: Basis for all business activities

**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**

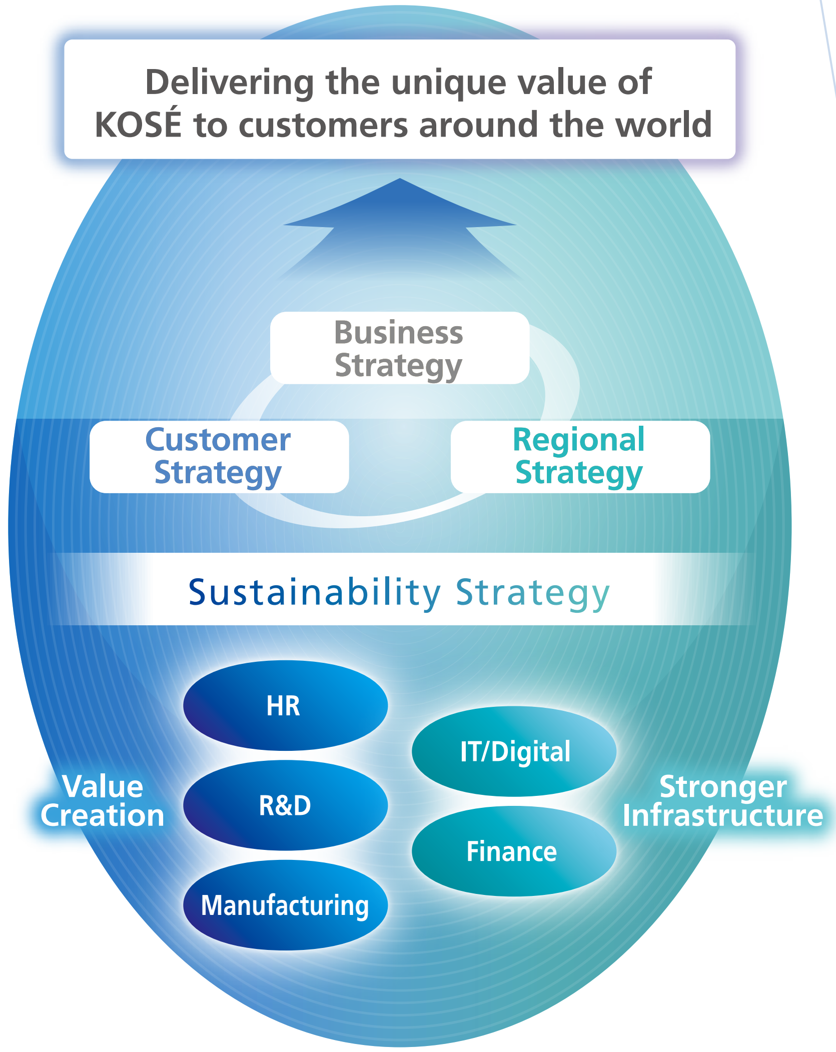
Embracing each other, we color our lives with beautiful moments

The 3Gs (Global･Gender･Generation)

Adaptability (Activities that meet diverse expectations)

Sustainability & Connectivity (Activities as a constant partner)

### Strategies: Business activities




**Material Issues**

For People | For the Earth | Business Fundamentals

### Outcome: Offer value

**Vision**

**Your Lifelong Beauty Partner**

- Being free to define what beauty means to you
- Accepting each other as we are and growing together
- Building a future while honoring all our bonds
- Living in harmony with a healthy Earth for generations

**Financial Targets**

- Net sales growth rate
  - Overseas sales ratio
- Operating margin
- EBITDA margin
- ROIC

**Non-financial Targets**

- Global key position fulfillment ratio
- Ratio of products and services provided based on Adaptability ∞ (Eight)
- Number of initiatives for achieving well-being
- Number reached through environmental awareness initiatives
- $CO_2$ emissions reduction rate

*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*.

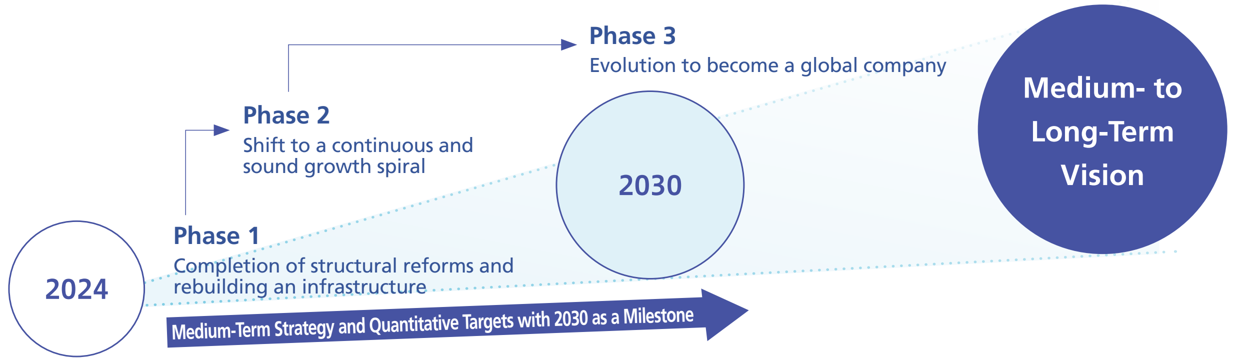
We want to be a source of diverse options for beauty to enable people worldwide to find the best ways to express their unique charm throughout their lives. By serving as a lifelong beauty partner, we are firmly committed to using the power of beauty to be a provider of color and brilliance throughout 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://koseholdings.co.jp/en/info/mid/

# Milestone2030

> Three phases toward achieving the vision

| Phase 1<br>Completion of structural reforms and rebuilding an infrastructure | Phase 2<br>Shift to a continuous and sound growth spiral | Phase 3<br>Evolution to become a global company |
|---|---|---|




## Progress toward achieving the Milestone2030 targets

In fiscal 2025, we made steady progress in improving our earnings structure. In addition to an increase in gross profit driven by higher net sales, the efficient management of selling expenses and other costs in the KOSÉ business contributed to higher profits. In mainland China as well, we achieved profitability following the structural reforms implemented in fiscal 2024. We view these developments as a steady step toward Phase 2, "Shift to a continuous and sound growth spiral."

> Milestone2030 quantitative targets

| | Theme | | Indicators | | Fiscal 2024 | Fiscal 2025 | 2030 Milestone |
|---|---|---|---|---|---|---|---|
| Financial targets | Sales | Sustainable sales growth | Net sales growth rate | | +7.4% | +2.3% | CAGR 5% or higher |
| | | Strengthen global expansion | Overseas sales ratio | | 34.5% | 34.8% | 50% or higher |
| | Profitability | Sustainable profit generation | Operating margin | | 5.4% | 5.6% | 12% or higher |
| | | | EBITDA margin | | 8.8% | 9.4% | 18% or higher |
| | Efficiency | Efficient and effective growth investment | ROIC[1] | | 2.6% | 3.7% | 10% or higher |
| Non-financial targets | Human capital | Talent base to support global growth | Global key position fulfillment ratio[2] | | 1.39x | 1.85x | 2.5x or higher |
| | Social issues | Respect the diverse array of beauty | Ratio of products and services provided based on Adaptability ∞ (Eight)[3] | | 86.4% | 88.8% | 100% |
| | | Support the healthy minds and healthy lives | Number of initiatives for achieving well-being | | 198 | 265[4] | 500 activities or more |
| | Environmental issues | Increase awareness of environmental issues | Number reached through environmental awareness initiatives | | 7.41 million people | 7.80 million people[4] | 10 million people or more |
| | | Promote reduction of environmental impacts | $CO_2$ emissions reduction rate | Scope1 and 2 | -44.8% | -50.2%[5,6] | -55% |
| | | | | Scope 3 | -19.2% | -20.2%[5,6] | -30% |

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 positions
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. Cumulative total since 2020.
5. Reduction rate in total emissions versus 2018.
6. To be updated after third-party assurance is completed.



# Review of Fiscal 2025

## Fiscal 2025 consolidated results summary

| (Billions of yen) | Fiscal 2024 Amount | Fiscal 2024 Ratio to net sale | Fiscal 2025 Amount | Fiscal 2025 Ratio to net sale | Change | % Change |
|---|---|---|---|---|---|---|
| Net sales | 322.7 | 100.0% | 330.1 | 100.0% | +7.4 | +2.3% |
| Japan | 211.3 | 65.5% | 215.3 | 65.2% | +3.9 | +1.9% |
| Asia | 40.6 | 12.6% | 44.1 | 13.4% | +3.4 | +8.6% |
| North America/Others | 70.7 | 21.9% | 70.7 | 21.4% | +0.0 | +0.0% |
| Gross profit | 222.5 | 69.0% | 227.9 | 69.0% | +5.4 | +2.4% |
| Operating profit | 17.3 | 5.4% | 18.4 | 5.6% | +1.1 | +6.3% |
| Ordinary profit | 21.6 | 6.7% | 21.4 | 6.5% | -0.1 | -0.8% |
| Profit attributable to owners of parent | 7.5 | 2.3% | 15.1 | 4.6% | +7.6 | +101.2% |
| Net income per share (basic) | ¥131.62 | | ¥264.84 | | +¥133.22 | |
| ROE | | 2.8% | | 5.4% | | |
| ROIC | | 2.6% | | 3.7% | | |
| Capital expenditure | | 21.4 | | 21.2 | | |
| Depreciation | | 9.7 | | 10.8 | | |

## Review of consolidated results

Consolidated net sales for fiscal 2025 totaled ¥330.1 billion, up 2.3% year on year, and even on a real basis excluding foreign exchange effects, sales increased 2.6%. In addition to the core KOSÉ business, the ALBION and KOSÉ Cosmeport businesses posted steady growth, bringing the overseas sales ratio to 34.8%. On the profit side, improved profitability in the KOSÉ business offset declines in profit in the Tarte and ALBION businesses, resulting in operating profit of ¥18.4 billion, up 6.3% year on year. Profit attributable to owners of parent rose significantly to ¥15.1 billion, up 101.2% year on year, mainly due to the absence of structural reform expenses for the China business recorded in the previous fiscal year and a decrease in income taxes.

On the other hand, results fell short of the initial plan of ¥336.0 billion in net sales and ¥20.0 billion in operating profit. This shortfall was attributable to sluggish inbound demand and the weak performance of makeup brands, as well as a rise in the cost of sales ratio beyond initial assumptions, which offset the effect of tighter control of marketing expenses. Looking ahead to fiscal 2026, we will implement fundamental measures to address these issues.

## Review of sales by region

| | |
|---|---|
| Japan<br>(Up 1.9% year on year) | Led by record-high sales in the high-prestige *DECORTÉ* brand and the KOSÉ Cosmeport business. While makeup brands struggled, *ALBION* and *ONE BY KOSÉ* posted steady growth. The diverse brand portfolio functioned effectively and sustained overall growth in the domestic market. |
| Asia<br>(Up 8.6% year on year) | In the duty-free channel, the Company continued to restrain shipments on its own initiative. Despite the resulting negative impact on sales, higher sales in mainland China and contributions from the newly consolidated PURI business secured overall sales growth. |
| North America/ Others<br>(Flat year on year) | Tarte, the Group's core business, posted a slight decline on a yen basis due to yen appreciation but maintained sales at the previous year's level on a local-currency basis. In addition, the rollout of *SEKKISEI* at a major North American retailer contributed to results. |

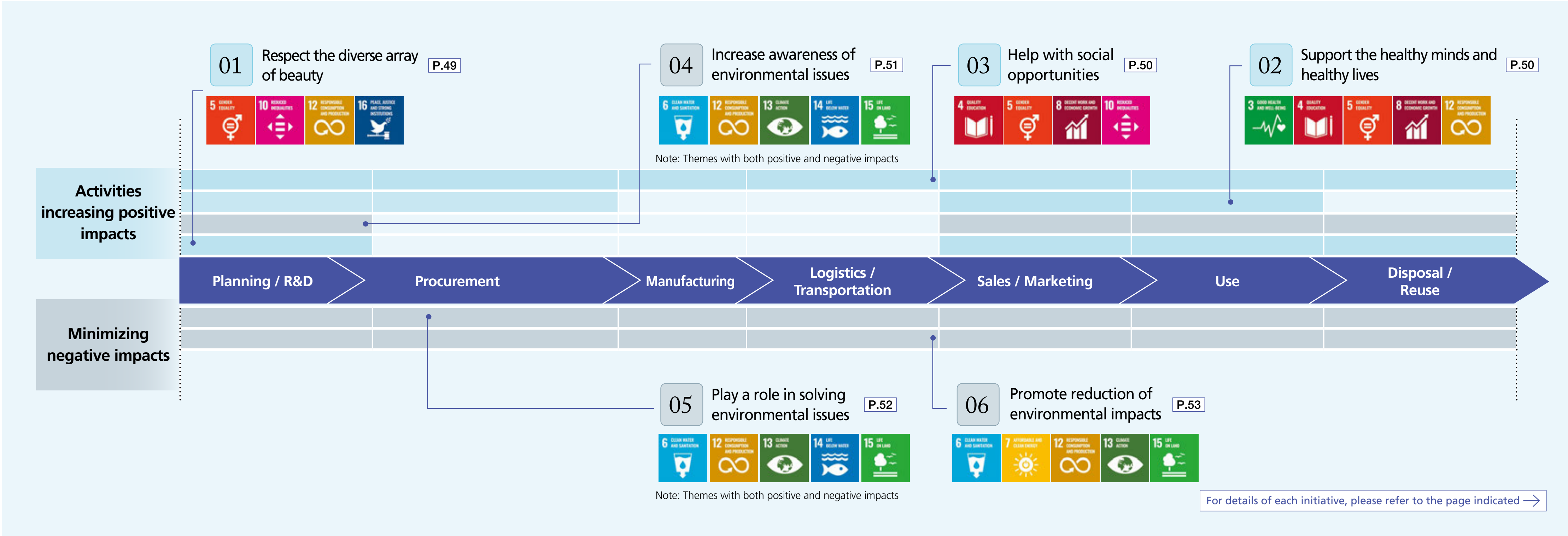
# Value Chain

## Basic Policy

In order to achieve sustainable corporate growth, it is important to make efforts throughout the value chain. From product planning and R&D to raw material procurement, disposal and reuse, the KOSÉ Group strives for value creation that emphasizes engagement with stakeholders at every stage. This will enable us to ensure the long-term competitiveness, thereby achieving sustainable growth and the delivery of value.

### Sustainability 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 Group-wide efforts to increase value and help solve problems, for people and for the Earth.

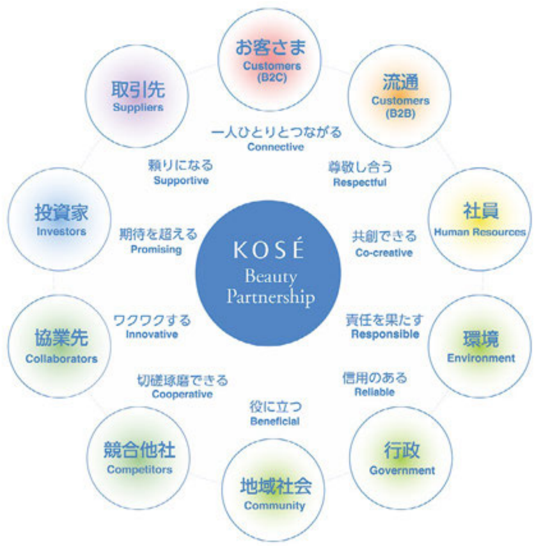



# Stakeholder Engagement

## Basic Policy

The KOSÉ Beauty Partnership set forth in *Vision for Lifelong Beauty Partner–Milestone2030* aims to engage with each stakeholder through ongoing dialogue to co-create unique value through beauty.

In addition to improving the quality of our products and services, we will continue to be a trusted presence in every aspect of our business activities, including respect for human rights, the development of a better working environment, and environmental conservation. As a partner that remains close to people even as generations and values change, we will build relationships that make everyday life and the future of society healthier and more colorful for all people.




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

Topics

### 1 Harnessing Diversity to Bring Smiles to the Office: The *Soumu* (Dream Creation) Unit

To help everyone shine in their own way, the *Soumu* Unit was established with the aim of enabling employees to make the most of their individual strengths and experience the joy and satisfaction of working. Led by employees with disabilities, the unit supports the creation of a comfortable workplace environment where everyone can work with ease. From providing business support to attentive cleaning and cheerful greetings, the members' activities bring smiles and vitality to the office. Together with promoting disability employment, the unit has become an indispensable force for our organization.

Topics

### 2 Joint Initiative with Kao Corporation to Address Logistics Challenges

In collaboration with Kao Corporation, we have launched joint delivery services in specific regions. This initiative aims to address the logistics challenges previously managed individually by each company. Beyond improving delivery efficiency, the partnership contributes to reducing environmental impacts by decreasing the number of trucks on the road and lowering $CO_2$ emissions.

# Business Structure Following the Transition to a Pure Holding Company Structure

Under the new structure, we will establish a framework in which robust governance and strategy formulation by the holding company serve as the foundation, while each operating company is empowered to maximize the unique creativity of its brands. By striking a high-level balance between a firm management philosophy underpinned by ownership and the distinctive individuality of a diverse brand portfolio, we will enhance the competitiveness of the Group as a whole and drive the maximization of customer value and sustainable growth.

Holding Company: KOSÉ Holdings Corporation

Operating Companies:
- KOSÉ Business
- ALBION Business
- KOSÉ Cosmeport Business
- Tarte Business
- PURI Business
- KOSÉ Industries Business
- New Partner Companies

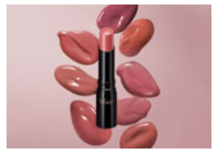
## KOSÉ Business

KOSÉ


DECORTÉ

雪肌精 SEKKISEI


ONE BY KOSÉ


Visée

## ALBION Business

ALBION


ALBION


Elégance


IGNIS

PAUL & JOE

## KOSÉ Cosmeport Business

KOSÉ COSMEPORT


softymo ソフティモ


CLEAR TURN クリアターン


SUNCUT


GRACE ONE

## Tarte Business

tarte high-performance naturals


tarte

## PURI Business

PAÑPURI


PAÑPURI





# KOSÉ Business

## Top Message

### Maximizing Corporate Value through Strong Brand Building and Improving Earning Power

The two main pillars of my management policy are contributing to the Group by building strong brands that earn customer support and by improving our earning power.

Leveraging the strength of our diverse brand portfolio, we will further strengthen initiatives aimed at sustainable growth with *DECORTÉ* at the core while strategically nurturing brands that will become the next pillars of earnings. We will thoroughly refine the unique value of each brand and work to sustainably enhance brand strength through focused investment in hero products and the strengthening of customer touchpoints.

At the same time, we will further evolve our channel strategy in the Japanese market by integrating online and offline channels. We will also ensure disciplined cost management that leads to higher productivity while steadily advancing our overseas business through sustainable growth in China and expansion in the Global South. By optimizing our business portfolio and upgrading our earnings model with a strong awareness of capital efficiency, we will aim to maximize corporate value over the medium to long term.

**Shinji Tanaka**
Representative Director and President
KOSÉ Corporation

### Fiscal 2025 Results

**■ Record-high domestic sales of *DECORTÉ* and Company-wide improvement in profitability**

In terms of net sales, *DECORTÉ* achieved record-high sales in the Japanese market for the third consecutive year, driven by the launch of high-profile new products. In addition, *ONE BY KOSÉ* and *MAKE KEEP* series remained strong throughout the year, contributing to higher sales across the Group as a whole. In terms of profitability, results benefited from the optimization of the domestic cost structure, centered on the KOSÉ business, as well as the rebuilding of the business foundation in China following structural reforms. As a result of these initiatives, both KOSÉ and KOSÉ China returned to operating profitability, and the Group's overall earning power improved significantly.

### Challenges Toward Fiscal 2026

**■ Sustaining *DECORTÉ*'s growth and establishing the next earnings pillars**

In addition to sustaining the growth of *DECORTÉ* in Japan, our highest priority issues are nurturing the second and third earnings pillars to follow the brand and enhancing our presence by revitalizing the makeup category. At the same time, we will promote global expansion to further accelerate growth while continuing to optimize our earnings structure and drive the transformation to a highly profitable business structure.

### Initiatives for Fiscal 2026

**■ Promoting brand growth strategies and global expansion while strengthening earning power**

In 2026, we will advance the growth of each brand and global expansion in order to strengthen our management foundation. For *DECORTÉ*, we will further enhance its image of high quality backed by science and encourage retention among affluent customers in their 40s and older who have greater purchasing power by highlighting the anti-aging benefits of the *AQ* and *LIPOSOME* series.

As the second and third pillars following *DECORTÉ*, we will focus on *SEKKISEI* and *ONE BY KOSÉ*. For *SEKKISEI*, we will aim to expand market share through investment in the Brightening series and *SEKKISEI BLUE*. For *ONE BY KOSÉ*, we will strengthen customer loyalty by promoting cross-selling centered on serums and leveraging membership programs. For our makeup brands, meanwhile, we will seek to restore market presence by concentrating investment in the categories that represent each brand's particular strengths.

In our global expansion efforts, the top priority for the China business will be stabilizing earnings. To that end, we will bolster our customer base by enhancing our brand appeal tailored to local needs—leveraging CRM and communication focused on ingredients and supporting evidence—while acquiring and cultivating high-value customers. In the U.S. business, we will expand our customer base by building on the strong performance of the e-commerce channel. In travel retail, we will focus on creating Group synergies by leveraging the advantages of the holding company structure while also developing the Japanese, U.S., and European markets.

In addition, we will improve our earning power by promoting measures such as cost reductions and more efficient marketing investment.

# ALBION Busines

## Top Message

### Establishing an Overwhelming Presence in the Luxury Cosmetics Market

For the past 70 years, ALBION has grown together with its retail partners under the management philosophy of "As a leading company in luxury cosmetics, we remain committed to authenticity and expand a circle of beauty, inspiration, and trust around the world."

Looking ahead to 2030, we aim to establish an overwhelming presence in the luxury cosmetics market by bringing out ALBION's uniqueness more than ever before while focusing on strengthening our competitive advantages. Specifically, we will concentrate management resources on manufacturing and customer service that pursue the qualities that define ALBION. By launching one-of-a-kind products that deliver highly tangible results and providing each customer with a high level of satisfaction through attentive counseling and beauty experiences, we will continue to enhance the value we offer. In addition, by strengthening our digital strategy through initiatives such as the customer loyalty program and online sales to be launched in 2026, we will expand awareness, drive customers to stores, and maximize the value provided at the retail counter.

Over the longer term, we will pursue sustainable growth by taking on the introduction of new brands and global development including M&A.


### Fiscal 2025 Results

**■ Steady performance of core brands and progress in customer development**

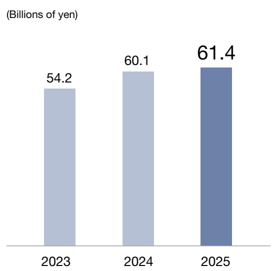
The core *ALBION* and *IGNIS* performed steadily, underpinning the business as a whole. Although *Elegance* experienced a temporary fluctuation in inbound demand due to price revisions, careful customer development efforts proved effective, and sales to domestic customers remained firm across the brands overall.

### Challenges Toward Fiscal 2026

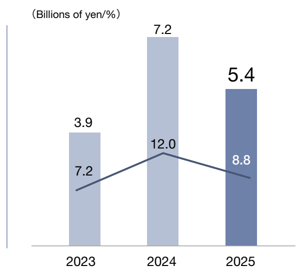
**■ Acquiring new customers and increasing store sales**

To achieve sustainable growth going forward, it is essential that we cultivate potential customer segments that our traditional store-centered approach has not been able to reach. We therefore view the urgent priorities as further expanding customer touchpoints and increasing lifetime value (LTV).

Net Sales




Operating Profit / Operating Margin




### Initiatives for Fiscal 2026

**■ Strengthening customer touchpoints and sales capabilities through a focus on digital strategy**

In 2026, we will use our digital strategy to expand awareness and deepen understanding of brand value, thereby creating new growth opportunities. To achieve this, we will newly implement ALBION ID, our unified customer ID, and fully launch our direct online sales. Specifically, through the ALBION Beauty Program, a customer loyalty program launched at the same time as ALBION ID in January, we will strengthen communications from the manufacturer to expand awareness and promote understanding. This will be followed in April by the launch of online sales for our major brands, which will strengthen customer touchpoints, improve convenience for existing customers, and broaden our customer base by attracting customer segments that primarily shop online. In this way, advancing our digital strategy will help expand awareness and understanding of brand value while making greater use of our core strength in in-store customer service. This will maximize sales productivity per store and enable a further refinement of our store network and higher profitability.


ALBION Official Online Store: https://albion.co.jp/site/store (Japanese only)

# KOSÉ Cosmeport Business

## Top Message

### Becoming the No. 1 Self-Selection Cosmetics Company by Strengthening Store-Centric Approaches and Group Synergies

In 2025, the cosmetics market remains on a growth trajectory, supported in part by the recovery in inbound demand. At the same time, consumers are becoming more discerning, and a pattern of selective spending—choosing between high-value-added products and products with strong cost performance—has become firmly established. In this environment, we will further deepen our strength in store-centric approaches and devote ourselves to building a solid foundation for the next stage of growth. With the transition to the holding company structure beginning this year, we also intend to maximize synergies through Group collaboration.

On the business front, we will concentrate investment in our Global 4 Brands—centered on *Softymo* and *CLEAR TURN*, both of which have surpassed ¥10 billion in sales, and joined by *SUNCUT®* and *GRACE ONE*—in order to stay ahead of increasingly diverse consumer needs and achieve further growth and market share expansion.


### Fiscal 2025 Results

**■ Achieving record-high sales and maintaining high profitability**

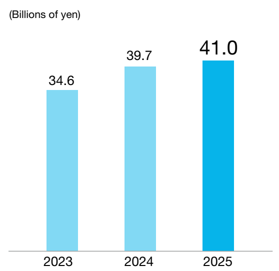
Net sales reached a record high. Even in a challenging business environment marked by soaring raw material prices, we thoroughly implemented measures such as reducing returns through supply chain optimization and ensuring the strategic and efficient use of sales promotion expenses. As a result, we maintained an operating margin at the 10% level, achieving both expanded sales scale and high profitability and contributing to higher earnings for the Group as a whole.

### Challenges Toward Fiscal 2026

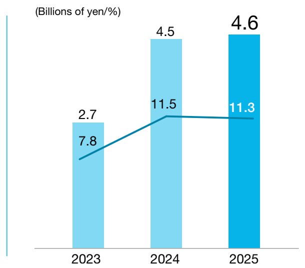
**■ Maintaining domestic market share and expanding overseas sales**

As competition in the domestic market intensifies, we recognize the need to strengthen brand equity that is not swayed by price competition in order to maintain and expand market share. In addition, we believe it is essential to accelerate our expansion into global markets and the development of our overseas business in order to secure sustainable growth over the medium to long term.

Net Sales




Operating Profit / Operating Margin




### Initiatives for Fiscal 2026

**■ Promoting the "Category Leadership" strategy and accelerating global expansion**

In 2026, we will work to expand brand share through the creation of category leadership items while maintaining a highly profitable business structure.

In Japan, we will concentrate management resources on our four core brands with strong market positions—*Softymo*, *CLEAR TURN*, *SUNCUT®*, and *GRACE ONE*. For *CLEAR TURN*, we will launch a new high-functionality line, *CLINI SHOT*, while for *SUNCUT®*, we will introduce high-profile new products, aiming to increase sales and market share.

In overseas markets, in addition to Greater China, we will accelerate expansion into high-growth regions such as ASEAN in order to increase the overseas sales ratio. On the earnings front, we will absorb the impact of rising raw material costs by improving the product mix through the launch of high-value-added products and by enhancing efficiency in logistics and sales. Even in the mass market, by advancing these brand strategies in parallel with cost control, we aim to build a structure capable of generating sustainable profits under any market conditions.

# Tarte Business

## Top Message

### Driving Group Growth through Product Line Expansion and Digital Acceleration

With over 25 years of brand heritage, Tarte has established itself as a leading prestige makeup brand in North America, anchored by category-defining franchises in concealer and mascara. The brand's long-term vision is centered on disciplined growth driven by franchise expansion and digital acceleration. Tarte will continue to strengthen its leadership in core categories while selectively expanding into adjacent makeup segments aligned with brand equity and consumer demand.

Digital channels represent an important long-term growth driver. Tarte has built strong social-commerce engagement and will continue to scale the marketplace alongside established retail relationships. Tarte complements the KOSÉ Group portfolio by strengthening its exposure to prestige makeup categories and digitally native consumer segments in North America.

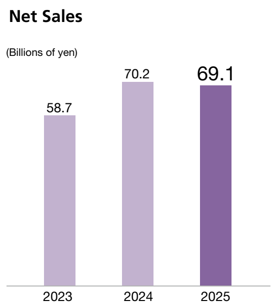

### Fiscal 2025 Results

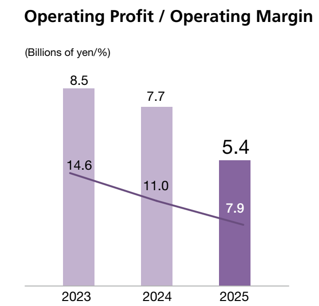
**■ Maintained No.1 share in core categories and achieved strong e-commerce performance**

In the North American market, in addition to our core concealer category, we also achieved the No.1 market share in mascara in the U.S., demonstrating a strong brand presence across our core categories. Furthermore, even amid deteriorating consumer sentiment in North America, our strategically expanded e-commerce channel continued to perform well, securing sales on par with the previous year on a local currency basis. As a result, we maintained our market share despite the challenging market environment, underscoring the brand's strong customer loyalty.

### Challenges Toward Fiscal 2026

**■ Optimizing the balance between marketing investment and profitability**




In fiscal 2025, amid a continued challenging market environment, we viewed the situation as an opportunity to maintain and strengthen our brand presence and therefore implemented proactive marketing investments. Although consumer spending trends in North America are expected to remain cautious in fiscal 2026, we will prioritize the optimization of growth investments, building on the strong brand awareness and support we have established to date. Through the efficient digital marketing initiatives leveraging social media, as well as rigorous management of return on investment (ROI), we will work to further enhance brand value.

### Initiatives for Fiscal 2026

**■ Strengthening core categories and cultivating new growth drivers**

In fiscal 2026, to solidify our position in the North American prestige market, we will accelerate product portfolio expansion and deepen strategic marketing investments.

On the product front, while maintaining category share in concealers and mascaras, we will cultivate categories like face and cheek as our next growth drivers. Concurrently, we will expand distribution channels for the brand's signature concealer series, shape tape™, enhancing customer touchpoints.

In marketing, through collaborations with brands and content creators, we will maximize engagement on social media to stimulate demand both online and in-store.

For earnings, although rising costs due to tariffs remain a concern, we will offset the pressures by improving our product mix through high-value-added items, maintaining our gross profit margin at the previous year's level.

Through these initiatives, we aim to achieve steady business growth and improved profitability even in a challenging market environment.



# PURI Business

## Top Message

### Expanding Thai Luxury Holistic Wellness across Asia

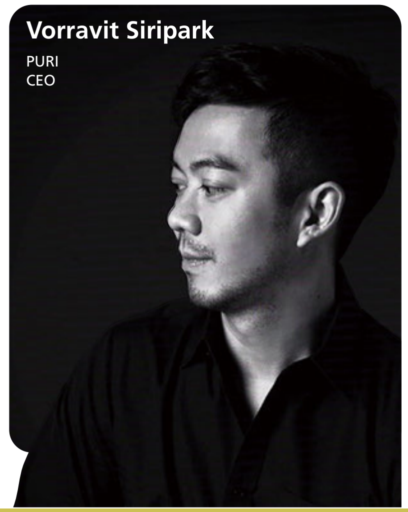
*PAÑPURI* aspires to become the first Thai global luxury wellness brand, dedicated to awakening the senses through refined craftsmanship and holistic well-being. Our long-term ambition is to expand across Asia and international markets, tripling revenue from USD 37 million to USD 100 million by 2029 with more than 70 stores opening planned.

To achieve this, we focus on four strategic pillars:

1. Elevating global luxury campaigns and impactful product launches
2. Scaling retail and e-commerce globally while building sustainable profitability in key markets
3. Strengthening market leadership in Thailand through renovations, selective expansion, and advanced customer relationship management
4. Expanding the wellness ecosystem across Asia to drive luxury property partnerships

2026 marks a pivotal year of expansion into priority markets—Japan, China, Hong Kong/Macau, and Singapore—with plans to open 16 stores. Simultaneously, we will reinforce our leadership in Thailand through growth in Bangkok and core cities.

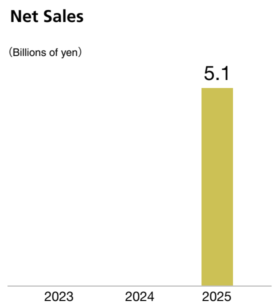
On the product front, we will emphasize unique and niche fragrance categories such as perfume oils while introducing water-based EDP as a key new product line.

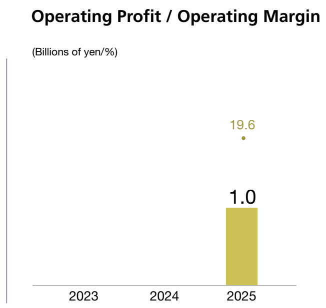



### Fiscal 2025 Results

**■ Proactive development of local customers contributed to performance**

In fiscal 2025, although we faced external challenges in the Thai market, including a decline in the number of Chinese tourists, strategic initiatives such as the rollout of pop-up shops and collaborations with local influencers proved effective, enabling us to successfully acquire new customers among local residents. In particular, in the fourth quarter, we successfully captured demand during the holiday sales season. As a result, sales, which had stagnated mid-year, turned positive, achieving approximately a 10% year-on-year increase on a quarterly basis. Performance recovered in the second half of the fiscal year, providing tangible momentum toward accelerating growth in the next fiscal year.




Note: Newly included in the scope of consolidation from fiscal 2025

### Challenges Toward Fiscal 2026

**■ Reducing dependence on sales to Chinese tourists**

Reducing our reliance on tourist demand, which is highly susceptible to external factors, is an urgent priority. To achieve stable growth, we must further strengthen the capture of demand from local residents, thereby diversifying our revenue sources and stabilizing our customer portfolio.

### Initiatives for Fiscal 2026

**■ Enhancing brand value in Thailand and accelerating globalization through expansion into Japan and Asia**

In fiscal 2026, we will further solidify our market presence in Thailand while advancing full-scale expansion into Japan and other Asian markets.

In Thailand, we will leverage strong-performing products such as perfume oils as key drivers to reinforce brand value and accelerate new customer acquisition. By strengthening sales to local residents and expanding domestic demand, we will build a robust earnings base that is less susceptible to external factors.

With respect to global expansion, we will accelerate store openings in Japan and major cities across Asia to broaden brand recognition. Beyond simply increasing scale, we will position high-margin direct-to-consumer and e-commerce channels at the core of our strategy, cultivating the business into a new growth driver that contributes to the Group's profit growth.

# Manufacturing Strategy

**To respond to expanding cosmetics demand in Japan and overseas, we have transformed our manufacturing structure around the state-of-the-art Minami Alps Factory, which utilizes pristine water resources and clean electricity. By ensuring the reliable and timely supply of competitive products that combine environmental consideration with high quality, we will drive sustainable growth.**

## Top Message

### Transforming Manufacturing around Three Core Production Sites

As the Group's source of product and value creation, KOSÉ Industries has launched its new KIC-VISION, PIONEER. This vision consists of seven elements (Perfect, Innovation, Original, Network, Eco, Engagement, and Result) with particular emphasis on strengthening P ("the best products and production sites") and R ("a commitment to results"). Guided by our belief in providing "good products, in abundance," we will thoroughly safeguard the quality of every single item that reaches the customer while transforming our manufacturing structure around three core sites: the Gunma Factory in Gunma Prefecture as our central technology hub, the Sayama Factory in Saitama Prefecture as the home of people and craftsmanship, and the state-of-the-art Minami Alps Factory in Yamanashi Prefecture. By balancing environmental consideration with higher added value, we will help drive the realization of a sustainable society and the evolution of quality that can compete on a global scale.

**Hiromichi Mayuzumi**

President and Representative Director
KOSÉ Industries CO., LTD.

### Investment Effects of the Minami Alps Factory

By strengthening our manufacturing foundation, we will build a production system that supports the transition to a highly profitable business structure and sustainable growth.

| Strengthening the Manufacturing Foundation | | Improving Profitability and Capital Efficiency | | Realizing a Sustainable Manufacturing Model |
|---|---|---|---|---|
| ■ Expand production capacity to support the Group's medium- to long-term sales growth (to approximately 1.4 times the current level).<br>■ Consolidate skincare product manufacturing functions to curb dispersed investment and maintenance costs. | + | ■ Reduce outsourcing costs by promoting in-house production.<br>■ Improve productivity through the introduction of automated equipment, including AGVs.*<br>■ Reduce inventory through shorter manufacturing lead times. | + | ■ Establish a sustainable production site that takes both people and the environment into consideration.<br>■ Convert high environmental added value into quality and brand strength.<br>■ Mitigate the future risk of labor shortages through advanced automation. |

*Automatic Guided Vehicle

## Five Features of the Minami Alps Factory

### 1. Rapid response to demand fluctuations and labor saving: Automation of in-plant logistics through AGVs and an automated warehouse

We have established an automated transport line that links an automated warehouse for the high-speed receiving and dispatch of materials, rail-guided carts that run on track rails, and AGVs. The AGVs automatically deliver designated materials directly to the work area, enabling seamless, labor-saving, just-in-time supply. We have also mechanized the task of stacking heavy product cartons onto pallets, thereby achieving both reduced employee workloads and higher productivity.

Automated warehouse

### 2. Fusion of craftsmanship and digital technology: Eliminating reliance on individuals and passing on technical expertise

As one example, we have introduced an automated program control system in the emulsification plant, which is a core component of cosmetics manufacturing. This has enabled the automation of tasks such as adjusting agitation speed and temperature control, which were previously fine-tuned manually by skilled operators. The system incorporates manufacturing know-how cultivated at our existing plants, making it possible to produce highly uniform cosmetic contents for a wide range of products, including emulsions, creams, and facial cleansers while minimizing quality variation to the greatest possible extent.

Emulsification plant

### 3. Differentiation in manufacturing: A commitment to water

Water is an extremely important factor in cosmetics manufacturing. It is essential not only as an ingredient in high-quality cosmetics but also in every stage of the manufacturing process, including the precise cleaning of production equipment and temperature control in plants. By selecting Yamanashi Prefecture, which is blessed with abundant supplies of clear, pure water, as the site for our new factory, we have established a stable and sustainable production system for the future.

### 4. Reforming workstyles on the production floor: "Human-first" equipment that reduces workloads

As a human-first factory designed around the people who work there, we have thoroughly mechanized physically demanding tasks. For used containers and emulsification plants that were previously cleaned internally using hot water and other manual methods, we introduced a new container washing machine and clean-in-place (CIP) system, thereby automating these operations and achieving both improved safety and higher productivity. In addition, on the facial cleanser production line, where large-scale production is required, we introduced assist equipment such as cranes for the large-volume raw material input process. This has reduced operators' physical burden and enabled the establishment of a safe and highly efficient production system.

Container washing machine

### 5. Leading the transition to a decarbonized society: Realizing a zero-emission factory through renewable energy and green hydrogen

From the construction stage, we have used 100% $CO_2$-free electricity generated by Yamanashi Prefecture-operated hydropower. This represents an advanced initiative in factory construction even within Japan. After operations begin, we will continue to use renewable electricity, including solar power generation that takes full advantage of Yamanashi Prefecture's location, which enjoys some of the longest sunshine hours in the country. In addition, for thermal energy used in manufacturing, we will gradually introduce green hydrogen, produced from Yamanashi's abundant water resources and solar-derived electricity, in place of conventional fossil fuels.

Working in collaboration with Yamanashi Prefecture's green hydrogen initiative.

# Financial Strategy

With the transition to a pure holding company structure as an opportunity, the KOSÉ Group will deepen its management approach by placing greater emphasis on capital costs based on ROIC. By achieving both higher business profitability and improved capital efficiency, and by pursuing an optimal balance between growth investments and shareholder returns, we aim to maximize corporate value on a sustainable basis.

## Group CFO Message

### Enhancing Corporate Value by Rebuilding Earning Power

**Shinichi Mochizuki**
Executive Director & Group CFO
KOSÉ Holdings Corporation

In fiscal 2025, on a consolidated basis, both net sales and operating profit increased year on year, supported by record-high domestic sales of *DECORTÉ* within the KOSÉ business, record-high sales in the KOSÉ Cosmeport business, and the positive outcomes of structural reforms in Asia. However, due to the struggles of makeup brands in Japan, sluggish inbound sales, and a higher cost of sales ratio, both net sales and operating profit fell short of the initial plan.

Based on these results, we are approaching fiscal 2026 with a strong determination to achieve net sales of ¥350.0 billion, up 6.0% year on year. In addition to the three major businesses in Japan (KOSÉ, ALBION, and KOSÉ Cosmeport) we aim to achieve record-high consolidated net sales through significant growth in the Tarte business, which primarily operates in North America, and the PURI business in Thailand.

On the profit front, in addition to the increase in net sales that will come with top-line growth, we will carry out fundamental reforms to create a highly profitable business structure. To absorb the higher depreciation burden associated with the Minami Alps Factory, which will begin operations this year, we will work to lower the cost of sales ratio through appropriate price revisions, product and channel optimization, and the reduction of waste. We will also evaluate marketing investments based on return on investment (ROI) while using digital investment and AI to optimize headcount and improve productivity. In addition, through thorough cost control in administrative divisions, we are planning operating profit of ¥20.0 billion, up 8.3% year on year.

The most important theme of this year's financial strategy is to enhance the effectiveness of return on investment following the transition to a pure holding company structure.

At present, our return on invested capital (ROIC) remains below our cost of capital and needs to be raised to over 10%, the target set out in our medium- to long-term vision, Milestone2030. Beginning this year, we will incorporate ROIC into executive compensation metrics and also cascade it down to on-the-ground KPIs for each business division, such as inventory reduction, thereby ensuring governance across the Group that is firmly focused on capital efficiency. In particular, to address the challenge of reducing inventories, we plan to renew our SAP system and introduce a demand forecasting system to optimize inventory levels and shorten the cash conversion cycle (CCC).

Furthermore, we will prioritize the allocation of funds generated through the "rebuilding earning power" to growth investments, including M&A and global expansion, as well as to strengthening our digital infrastructure and marketing capabilities while also enhancing shareholder returns. For fiscal 2026 shareholder returns, in addition to raising the annual dividend to ¥150, including a commemorative dividend for our 80th anniversary, we also carried out a share buyback of approximately ¥3.0 billion for the first time in 14 years. This reflects our unwavering confidence in earnings growth and our strong commitment to fundamentally improving capital efficiency.

We will generate cash through our uncompromising approach and continue to pursue the optimal balance between growth investment and shareholder returns, deepen transparent dialogue with capital market participants, and strive to enhance corporate value beyond expectations.

## Fiscal 2026 Plan

### Forecast of consolidated financial results for fiscal 2026

| (Billions of yen) | Fiscal 2025 results | | Fiscal 2026 plan | | Change | % Change |
|---|---|---|---|---|---|---|
| | Amount | % of net sales | Amount | % of net sales | | |
| Net sales | 330.1 | 100.0% | 350.0 | 100.0% | +19.8 | +6.0% |
| Japan | 215.3 | 65.2% | – | – | – | Mid-single-digit % increase |
| Asia | 44.1 | 13.4% | – | – | – | Mid-single-digit % increase |
| North America/Others | 70.7 | 21.4% | – | – | – | High-single-digit % increase |
| Operating profit | 18.4 | 5.6% | 20.0 | 5.7% | +1.5 | +8.3% |
| Ordinary profit | 21.4 | 6.5% | 21.0 | 6.0% | -0.4 | -2.2% |
| Profit attributable to owners of parent | 15.1 | 4.6% | 12.1 | 3.5% | -3.0 | -19.9% |
| Net income per share | ¥264.84 | | ¥212.67 | | | |
| ROE | 5.4% | | 4.0% | | | |
| ROIC | 3.7% | | 3.5% | | | |
| Capital expenditures | 21.2 | | 30.0 | | | |
| Depreciation | 10.8 | | 13.0 | | | |

**Exchange rate (JPY)**

| Currency | Fiscal 2025 results | Fiscal 2026 plan |
|---|---|---|
| US$ | 149.7 | 156.0 |
| CN¥ | 20.8 | 22.3 |
| KR ₩ | 0.105 | 0.109 |

### Regional net sales plan

| | |
|---|---|
| Japan<br>(Up by the mid-single digits year on year) | We plan to achieve higher sales by strengthening our core brands. In the KOSÉ business, in addition to *DECORTÉ*, we expect growth from *SEKKISEI* and *ONE BY KOSÉ*. In the ALBION business, although inbound sales are assumed to decline by 20%, we still plan higher sales through initiatives including the launch of e-commerce in April. In the KOSÉ Cosmeport business, we will aim for further market share expansion by concentrating investments on our four core brands and introducing new products. |
| Asia<br>(Up by the mid-single digits year on year) | In the KOSÉ business in China, we aim to achieve steady growth by expanding sales of the *AQ* and *LIPOSOME* series and leveraging CRM. In the KOSÉ Cosmeport business, we will accelerate expansion into ASEAN in addition to Greater China. In the PURI business, in addition to enhancing brand value in Thailand, we will cultivate it as a new growth driver through full-scale expansion into Asian markets including Japan. |
| North America/Others<br>(Up by the high-single digits year on year) | In the Tarte business, we will promote expanded distribution of the core *shape tape*™ series while cultivating the next growth categories, including cheek and face colors. In the KOSÉ business in the United States, we will expand our customer base by building on the strong performance of the e-commerce channel. |

### Initiatives for improving our earning power

In 2026, we will simultaneously promote profit growth driven by top-line growth and a review of our earnings structure. Through these initiatives, we will work to improve profitability by more than ¥3.0 billion compared with the previous year.

**Higher earnings due to top-line growth: ¥1.5 billion** (Sales up ¥8.0 billion)

- **Reinforce ecommerce channels**
  - Push forward with more activities on major ecommerce platforms
  - Upgrade CRM by using accumulated customer identifiers
- **Drive forward with global business**
  - More ASEAN activities in the KOSÉ business
  - Improve profitability of Tarte business
  - Increase PURI activities in Japan and the ASEAN region

×

**Reexamination of profit structure: ¥2.0 billion**

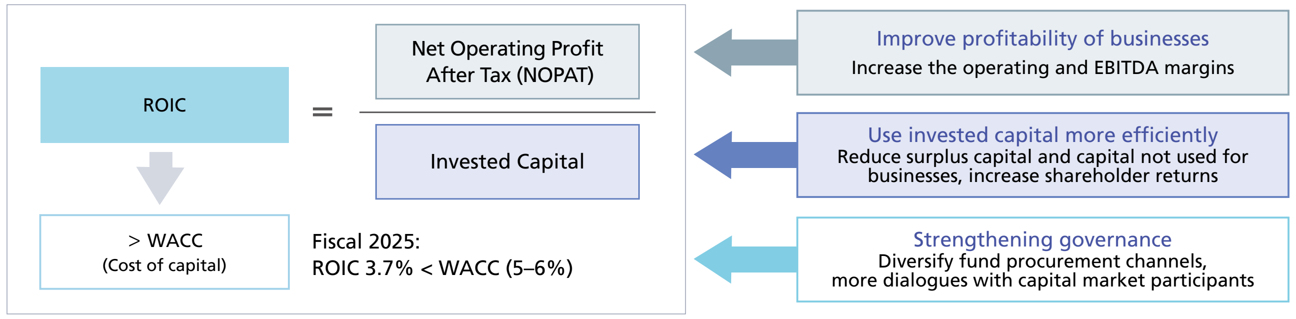
- **Improve gross profit margin**
  - Revise prices to reflect higher procurement expenses
  - Reduce discarded products by more tightly controlling inventories at distributors and stores
  - Higher productivity at KOSÉ Group factories
- **Reexamine marketing activities**
  - Reexamine marketing and advertising expenses
  - Drastic review of profit structures of brands
- **Higher administrative productivity**
  - Continue cost-cutting measures
  - Use the DX and AI to improve business process and to make the size of the administrative workforce appropriate

# Management that is Conscious of Cost of Capital and Stock Price

## Progress in ROIC management

Using ROIC, which was newly introduced in the medium- to long-term vision announced in November 2024, we are working to visualize management issues in each business.

Although ROIC has recently remained below our cost of capital, we plan to improve it toward our fiscal 2030 target of 10% or higher by completing Phase 1, Completion of Structural Reforms and Rebuilding an Infrastructure, and then moving into Phase 2, Shift to a Continuous and Sound Growth Spiral. Fiscal 2026 is positioned as Phase 1 in our medium- to long-term vision, and we will simultaneously promote profit growth driven by top-line growth and a review of our earnings structure. In addition, through the transition to a holding company structure, we will optimize the earnings structure of the Group as a whole. While working to improve profitability and capital efficiency, we will also strengthen governance.




## Improve Profitability of Businesses

Over the past several years, our net sales have remained firm, while profitability has shown a downward trend. This is due in part to persistently high cost of sales and SG&A ratios. In fiscal 2025, we achieved a certain degree of success through a review of the cost structure at KOSÉ. In fiscal 2026, in addition to continuing to review our marketing activities, we will work to improve profitability by improving the cost of sales ratio through price revisions and product and channel optimization, as well as by controlling personnel and administrative expenses through higher productivity.

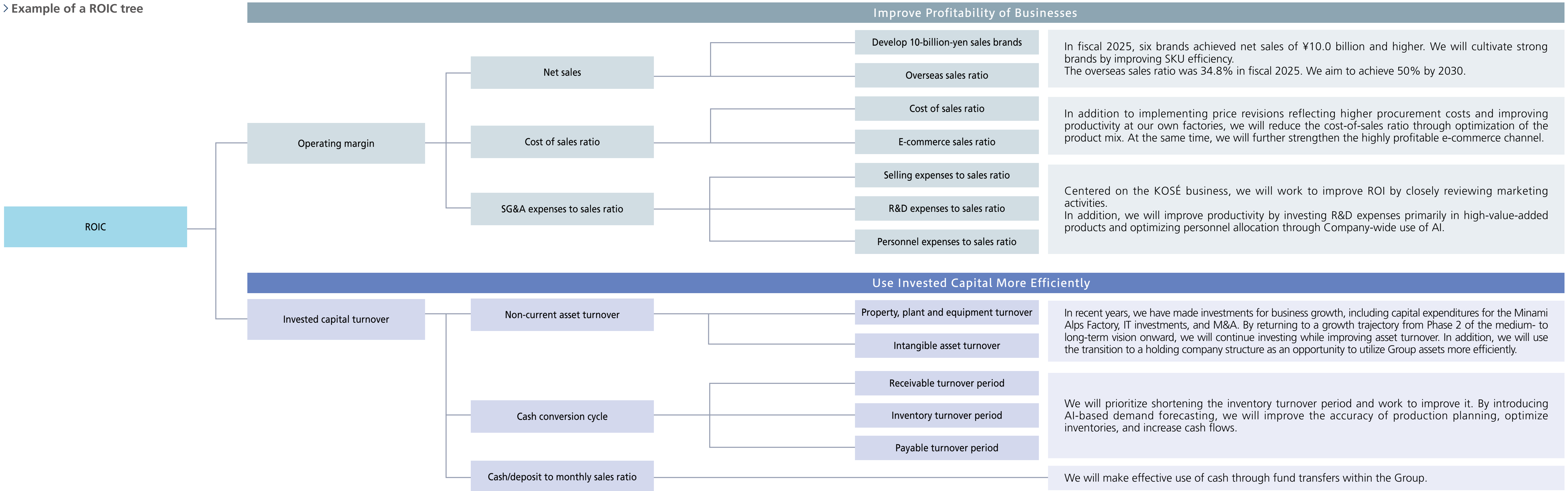
## Use Invested Capital More Efficiently

With the start-up of the newly established Minami Alps Factory, we will improve the non-current asset turnover ratio by reorganizing the production structure of existing factories. In addition, with regard to the inventory turnover period, which is one of the factors behind the lengthening of CCC, we will aim to shorten the period by improving SKU efficiency and conducting continuous monitoring through Company-wide committee activities. We will also make proactive investments to improve the accuracy of inventory control and production forecasting.

## Strengthening Governance

Beginning in fiscal 2026, ROIC will be newly introduced as a performance metric for executive compensation, and the relevant indicators in the ROIC tree will also be adopted as KPIs in the evaluation of all general managers and managers. By increasing the linkage between ROIC and individual performance evaluations, we will ensure that the entire Company works consciously toward its improvement. In addition, we will promote operations that leverage the holding company structure, including the effective use of cash through the movement of funds within the Group.

**> Example of a ROIC tree**



## Cash Allocation

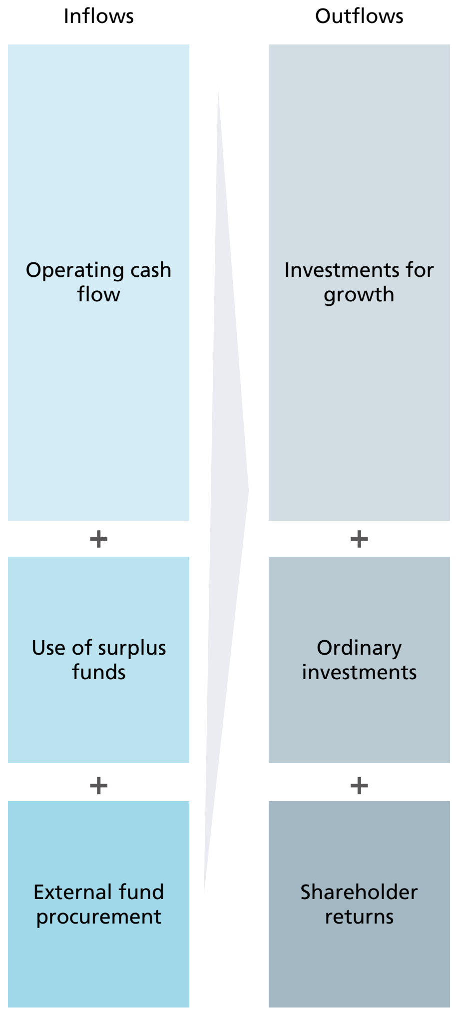
By leveraging the cash generated through the transformation to a highly profitable business structure, together with surplus funds, the KOSÉ Group will create financial resources on a cumulative scale of ¥250.0 billion over the six years from fiscal 2025 through fiscal 2030. We will allocate these resources with top priority to growth investments such as M&A and global expansion while also carrying out flexible and stable shareholder returns, with the aim of increasing corporate value on a sustained basis.

Over the cumulative period from fiscal 2025 through fiscal 2030, we expect cash inflows of approximately ¥250.0 billion in total, consisting of ¥220.0 billion in operating cash flow generated through improved profitability and ¥30.0 billion from the use of surplus funds created through measures such as reviewing liquidity on hand and reducing inventories. In addition, in raising funds for growth investments, we will also flexibly consider the use of interest-bearing debt in order to improve capital efficiency.

We will allocate these investment resources strategically based on priorities aimed at maximizing corporate value. First, in addition to inorganic growth investments such as M&A and capital alliances, we will invest ¥110.0 billion in growth investments for expansion, including raising global brand awareness, digital investment, and the strengthening of R&D. In addition, we will allocate ¥50.0 billion to growth investments (foundation), including upgrading management control, strengthening the supply chain to reduce costs and inventories, and enhancing Group governance, and a further ¥30.0 billion to ordinary investment, including investment in the Minami Alps Factory, which is scheduled to begin operations in July 2026, and the development of IT infrastructure. Through these allocations, we will achieve stable business operations and inorganic growth.

Furthermore, we position improving capital efficiency and returning profits to shareholders as key management priorities, and we plan to allocate more than ¥60.0 billion to shareholder returns on a cumulative basis through fiscal 2030.

### Cash allocation (fiscal 2025 to fiscal 2030)




| Cash inflows | Scale | Details |
|---|---|---|
| Operating cash flow | ¥220.0 billion | ・Higher earnings |
| Surplus funds | ¥30.0 billion | ・Reduce surplus bank deposits<br>・Reduce working capital (mainly reducing inventories) |
| External fund procurement | | ・Use debt to procure funds |

| Cash outflows | Scale | Details |
|---|---|---|
| Growth investments for expansion | ¥110.0 billion | ・M&A and capital alliances<br>・Global growth and greater brand awareness<br>・Digital investments (customer experiences, better CRM, others)<br>・R&D expenditures (incremental) |
| Ordinary investments (foundation) | ¥50.0 billion | ・Sophistication of business management<br>・Stronger supply chain system to reduce costs and inventories<br>・Enhancing governance across the global group |
| Ordinary investments | ¥30.0 billion | ・Manufacturing upgrades (Minami Alps + existing factories)<br>・Sound IT infrastructure and enhancement of security measures |
| Shareholder returns | Over ¥60.0 billion | ・Steady dividend growth<br>・Share buybacks aimed at improving capital efficiency |

## Shareholder Returns

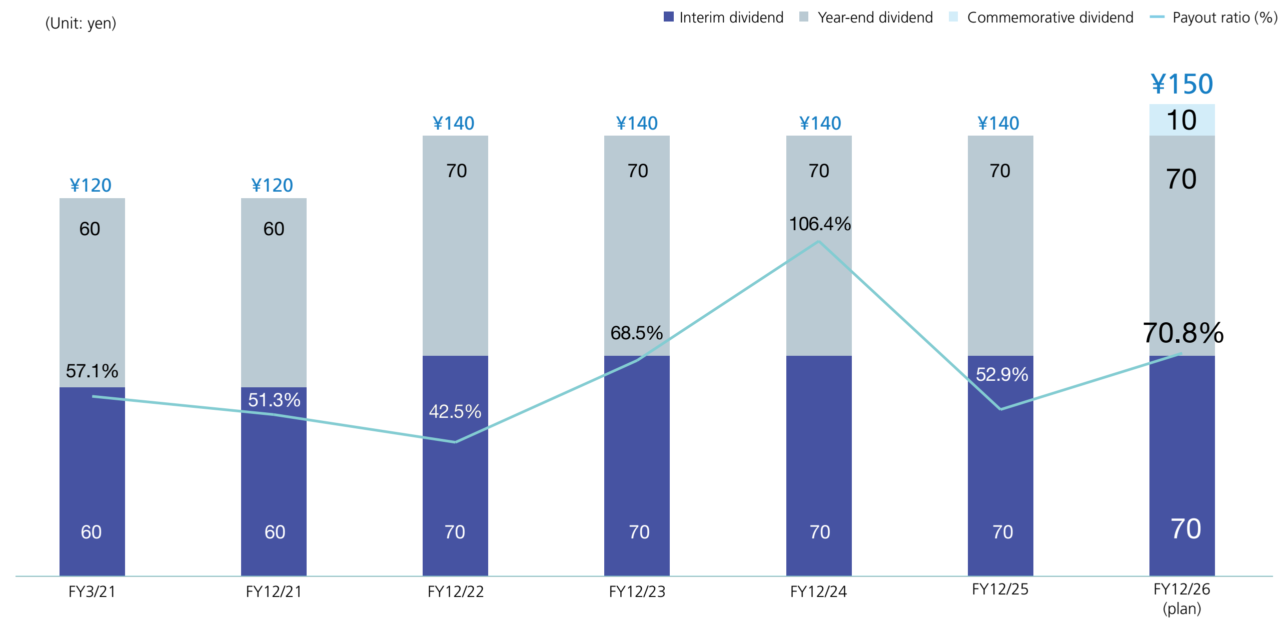
With regard to shareholder returns, our basic policy is to maintain stable dividends. While securing internal reserves for future business expansion, we consider our financial position, business performance, and dividend payout ratio in a comprehensive manner when determining dividend payments. As for share buybacks, we intend to execute them flexibly, taking into account factors such as growth investment opportunities, capital profitability, stock price and other factors. To mark the 80th anniversary of our founding in March 2026, and as an expression of gratitude for the longstanding support of our shareholders, we will pay a commemorative dividend of ¥10 per share. As a result, we plan an annual dividend of ¥150 for fiscal 2026, including an ordinary dividend of ¥140.

As a flexible shareholder return measure, we also acquired our own shares worth ¥3.0 billion (0.89% of total issued shares excluding treasury shares). This decision was made after comprehensively considering liquidity on hand, future funding needs, confidence in a recovery in future performance, and share price trends, and as such, we expect the total payout ratio for fiscal 2026 to be 95%. Going forward, we will continue to practice management that is conscious of capital costs and respond to shareholder expectations through the sustained enhancement of corporate value.

### Shareholder returns

| | |
|---|---|
| Dividends | Our basic policy is to provide stable dividends. However, in determining the dividend amount, we take into account our financial position, business performance, and payout ratio while also giving due consideration to securing internal funds for future business expansion. |
| Share buybacks | We flexibly consider and implement share buybacks based on growth investment opportunities, capital profitability, share price and other factors. |

### Trend in dividends and payout ratio




### History of share buybacks

| Acquisition period | Number of shares acquired (thousand shares) | Amount acquired (¥ million) |
|---|---|---|
| November–December 2006 | 500 | 1,688 |
| December 2007–January 2008 | 1,000 | 2,957 |
| May–June 2008 | 1,000 | 2,438 |
| June–August 2012 | 1,000 | 1,846 |
| February–April 2026 | 508 | 2,999 |

# Digital Transformation Strategy

To achieve the quantitative targets set forth in our medium- to long-term vision, we place particular emphasis on using ROIC to determine investment priorities and effectively allocate limited resources.

## IT Management Group Vision and Mission

To realize our medium- to long-term vision, we have established three strategic pillars: capital efficiency, high profitability, and reliability.

In terms of capital efficiency, we aim to shorten the cash conversion cycle (CCC) by utilizing IT and AI while simultaneously adopting an asset-light model for our systems. For high profitability, we will help improve the return on investment (ROI) on marketing investments and reduce costs through data visualization and process intelligence. As a foundation of reliability, we will support business continuity while working on the earlier disclosure of non-financial data, including ESG data.

To achieve this, we have defined the following specific missions: enhancing customer experience by strengthening Online Merges with Offline (OMO), developing talent that contributes to the business, advancing our data utilization infrastructure, implementing business process reengineering (BPR) designed around the use of AI, and improving IT resilience.

| | |
|---|---|
| VISION | Become a value creation center that drives capital efficiency and profitability through digital technologies<br>— Taking on the challenge of achieving ROIC of over 10% — |

**Medium- to Long-Term Vision Strategy:** Structural Reforms and Stronger Infrastructure

| | |
|---|---|
| Capital Efficiency | **Use the power of IT and AI to physically improve capital efficiency, which remains a challenge in comparison with other companies.**<br>・Shorten the cash conversion cycle (CCC)<br>・Shift fixed assets to an asset-light approach |
| High Profitability | **Support the transition to a highly profitable business structure through data visualization and process intelligence.**<br>・Maximize return on investment (ROI) in marketing and sales promotions<br>・Accelerate knowledge creation in R&D and reduce costs |
| Reliability | **Build a foundation of trust that will contribute to improving business process reengineering (BPR) in the future.**<br>・Strengthen cyber resilience<br>・Establish real-time governance of ESG data |

**MISSION:** Maximizing Earning Power

| | | |
|---|---|---|
| Enhancing competitiveness | Improve customer experience by strengthening OMO | Develop talent that contributes to the business |
| | Improve IT resilience | |
| Improving productivity | Advance the data utilization infrastructure | Implement BPR designed around the use of AI |

## 2026 Priority Measures

We have identified eight priority areas for fiscal 2026 in order to strengthen the foundation of value-creating IT powered by AI and data.

These initiatives can broadly be organized into three perspectives: advancing management and business operations, developing IT and data infrastructure, and addressing risks.

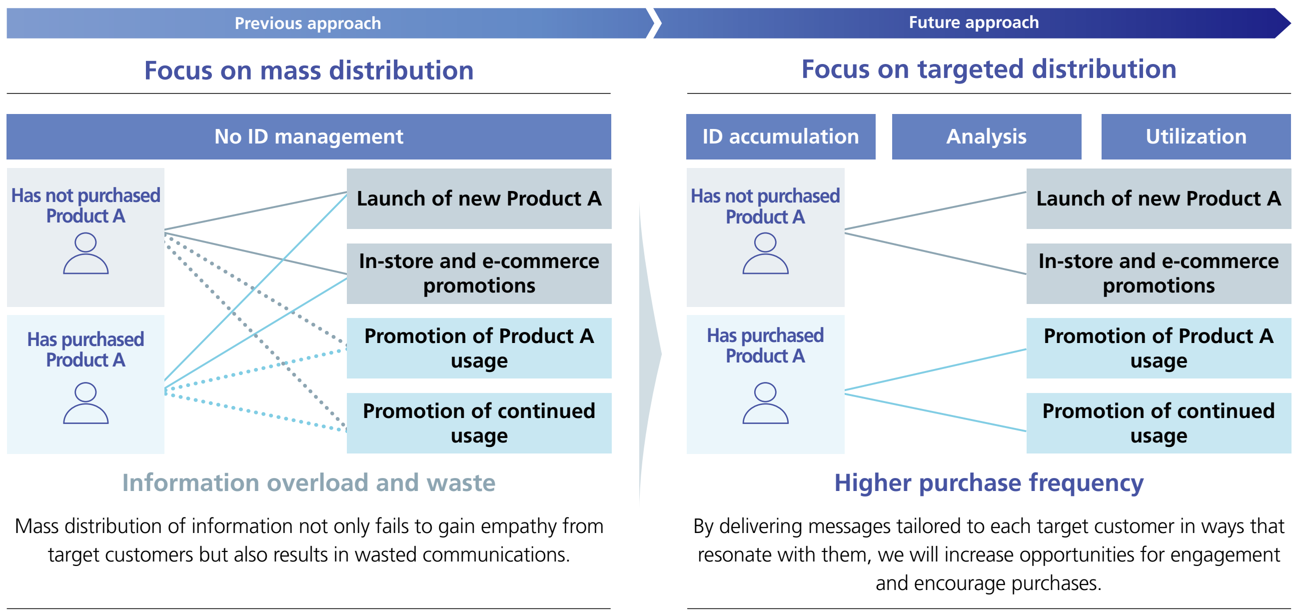
| | | |
|---|---|---|
| Advancing Management and Business Operations | Upgrading management control | Upgrade SAP to expand the real-time availability and range of data required to advance ROIC management. |
| | Strengthening D2C | In addition to strengthening e-commerce sites, analyze and leverage the voice of the customer (VOC) to drive top-line growth. |
| Developing IT and Data Infrastructure | Manufacturing reform | Build master data management (MDM) to integrate and organize dispersed master data. |
| | AI-ready | To enable AI to utilize unstructured data, which accounts for approximately 90% of internal data (including Excel, Word, and PowerPoint files), consolidate such data into a cloud-based file management system and promote proper document management. |
| | Strengthening the data infrastructure | Build a data lake using the Google BigQuery (BQ) environment to increase the utilization of owned data. |
| | System inventory assessment and modernization | To promote an asset-light approach, conduct an inventory assessment of existing systems and carry out modernization, including system renewal and retirement. |
| Addressing Risks | Strengthening security | Move away from perimeter-based defense (VPN) and transition to zero trust network access (ZTNA). |
| | IT resilience | Formulate an IT business continuity plan (IT-BCP) and establish a computer security incident response team (CSIRT), with the aim of minimizing damage in the event of an attack and enabling early recovery through the clarification of RTO and RPO. |

## Initiatives to Promote Digital Transformation

### 1. Introduction of customer data platform (CDP) and marketing automation (MA)

We will shift from conventional product- and channel-centered marketing to customer-centered marketing built around KOSE-ID.

By introducing CDP and MA, we will centrally manage in-store and e-commerce data, moving away from mass information distribution toward appropriate communication tailored to each individual customer, thereby maximizing lifetime value (LTV) and achieving sustained sales growth.




### 2. Improving workforce productivity

We will drive improvements in workforce productivity and fundamentally reform our profit structure by promoting a shift in mindset toward an AI-first approach.

By deepening the mutual expertise of IT and business divisions, we will strengthen an autonomous, frontline-led structure capable of making effective use of AI.

In upgrading business processes, we will also leverage AI agents. On the premise that AI will play a proactive role, we will implement business process reengineering (BPR) by redesigning conventional workflows from the ground up. Going beyond mere efficiency, we will fundamentally reengineer our operations to be AI-optimized, thereby driving down fixed costs.

We will then strategically reallocate the workforce capacity created through these efforts to high-value-added areas, maximizing capital efficiency and achieving sustained profit growth.

### 3. IT resilience

We position the strengthening of IT resilience as an ongoing management issue.

Based on a risk-based approach that assumes malware intrusion through cyberattacks, we are promoting a network transition based on the concept of zero trust, which entails thoroughly strengthened authentication and trusts nothing, as well as reinforcing our backup framework.

In addition, by establishing an IT business continuity plan (IT-BCP) to prepare for unforeseen events, we will, together with management, set targets for recovery time objective (RTO), the target time required to restore systems, and recovery point objective (RPO), the acceptable amount of data loss, and enhance effectiveness through training. By building a resilient IT foundation and ensuring that operations do not stall even in unexpected situations, we will work to sustainably enhance corporate value.

# Human Resources 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 promote Global Growth by Moving Beyond Our Own Resources under our medium- to long-term vision, *Vision for Lifelong Beauty Partner–Milestone2030*, which emphasizes the shift away from doing everything on our own.

## Top Message

### Human Capital Management as a Foundation for Global Business Growth

At the KOSÉ Group, 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." As we mark our 80th anniversary, it is essential to foster strong individuals and a strong organization capable of executing our management strategy in order to achieve sustainable growth amid a rapidly changing market environment. The source of that execution capability is our people. Going forward, in addition to the spirit of mutual support and mutual growth that we have cultivated over many years, we will mutually reinforce the strength of individuals who continue to refine themselves and take on new challenges and the strength of the organization that creates new value through collaboration and teamwork. In particular, to drive the critical theme of global business growth, we will support on-the-ground decision-making and performance creation by optimizing talent allocation, development, and collaboration across our global network. By creating an environment in which every employee can take pride in their work, find it rewarding, and turn transformation into a positive challenge, we will help enhance corporate value.

**Takuya Mochida**
Executive Officer, General Manager of Human Resources Department, Engagement Promotion Headquarters
KOSÉ Corporation

**What We Aim to Achieve**

*Your Lifelong Beauty Partner* — Embracing each other, we color our lives with beautiful moments through the power of beauty

**Outputs in Human Capital**

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

**Strong Individuals**
People who continuously develop themselves, leverage their diverse experiences, and demonstrate their unique value

Individuals working in unity under the founding spirit and shared values

**Strong Organization**
An organization where strong individuals grow through mutual challenges and collaboration, continuously producing new leaders

**Activities to Enhance the Value of Human Capital**

1 Securing key talent to drive business strategy P.44

2 Supporting individual development and independence P.45

3 Deepening and evolving organizational culture P.46

4 Optimal talent placement P.46



> Value creation through human capital

**Input → Key KPIs → Output → Outcome → Financial impact**

**Input**

**Systems and culture (strong organization)**
- Upgrading business processes
- Use of the talent management system
- Support for challenges and cultivating a culture of innovation

**Recruitment, development, and foundation (strong individuals)**
- Recruitment and development of global talent
- Recruitment and development of leadership talent
- Development of talent capable of driving digital transformation and leveraging AI
- Development of talent capable of co-creation with external partners
- Investment in improving well-being

**Key KPIs** (*2030 targets)
- Employee engagement score relating to interdepartmental collaboration **3.46** or higher*
- Global key position fulfillment ratio **2.5**x or higher

**Output**

**Improving productivity**
Higher operational efficiency
Faster decision-making
Faster and more optimal talent allocation
Data-driven operations
Greater job satisfaction

**Organizational culture that encourages challenges**
Sharing knowledge and generating synergies
Creation of innovation
Building employees' autonomous careers

**Execution capability for regional optimization**
Rapid adaptation to local markets
Developent and deployment of talent for global key posts

**Outcome**

**Rebuilding earning power**
Optimization of SG&A expenses
Optimization of inventory
Elimination of overlapping functions

**Sustainable value creation**
Shift toward high-value-added work
Higher hit rate for new products and new businesses
Shorter time to market

**Acceleration of global expansion**
Higher overseas sales ratio

**Financial impact**
- ROIC **10**% or higher
- Net sales growth rate CAGR+**5**% or higher
- Overseas sales ratio **50**% or higher

* Survey scope: KOSÉ Group companies in Japan, excluding ALBION CO., LTD.

## 1 Securing Key Talent to Drive Business Strategy

### 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 global key positions* and expand our pool of overseas assignees. With the goal of increasing the talent fulfillment ratio from 1.4x in fiscal 2024 to 2.5x or higher by 2030, in fiscal 2025 we raised it to 1.85x through measures including mid-career hiring of employees with overseas experience and initiatives to improve employees' language skills. Going forward, we will continue to invest in securing and developing talent who can thrive overseas from both short- and long-term perspectives.

Global key position fulfillment ratio

| Fiscal 2024 | Fiscal 2025 | 2030 targets |
|---|---|---|
| 1.4x | 1.85x | 2.5x or higher |

*Key positions at the KOSÉ Group overseas locations

### Developing leaders with specialized knowledge, skills, and experience

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.

In addition, by participating in our new business creation program*, employees gain experience in planning and managing businesses from a management perspective.

In fiscal 2025, we invited companies from other industries to take part in an innovation workshop designed to break down barriers between companies and generations and generate seeds for new businesses.

* An internal venture program originally launched as Business Leader Training (now known as LINK). Open to all employees regardless of age, experience, or department.

## Message

I proposed a femtech business through LINK with the theme of "positive aging," and it was selected in the final review. One of the things that prompted me to participate in LINK was hearing from past participants and from people outside the Company who were involved in promoting new businesses, which made me think, "I want to try it too." Through this business, KOSÉ, as a beauty creation company, aims to work with partner companies to realize a well-being society in which all women can view aging positively and live life on their own terms.

**Maiko Ando**
Corporate Strategy Department
KOSÉ Corporation

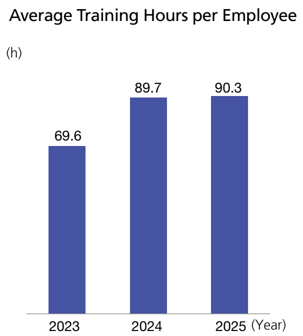
### Recruiting and retaining diverse, high-caliber talent to lead KOSÉ into the future

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. For the talent we recruit, we will create an environment in which they can fully demonstrate their abilities and sustain long-term career growth and contributions.

## 2 Supporting Individual Development and Independence

### 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. Through our learning platform, we provide content tailored to factors such as years of service and career aspirations, thereby creating an environment in which each employee can learn independently. In addition to education that deepens expertise specific to the cosmetics industry, we will also invest in training on digital transformation and AI utilization so that employees can focus on work that is more efficient and creative.




### 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 given rise to a number of systems and initiatives directly tied to making it easier for employees to work, such as the introduction of remote work and the IKUPAPA Support System, which supports employees taking paternity leave.

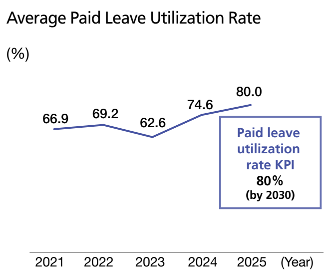
In fiscal 2025, we also launched Connect Beauty, an internal communication site designed to foster a sense of unity among employees by building on connections among members and to create a virtuous cycle in which higher engagement leads to improved productivity and business performance.

A yoga event announced and opened for participation on Connect Beauty. Employees, including online participants, worked up a sweat together while interacting with one another.

### Creating systems in which diverse individuality generates new value

Regardless of gender, age, nationality, or other attributes, we are advancing systems that enable everyone to thrive based on diverse values and choices while responding flexibly to changes in life stages such as child-rearing and caregiving. In fiscal 2025, we introduced a maternity/childcare leave support program under which allowances are paid to employees who take on replacement duties for those on maternity or childcare leave.

We will continue to create a comfortable working environment tailored to each employee's diverse background.




KPI for Percentage of Women in Leadership Positions*

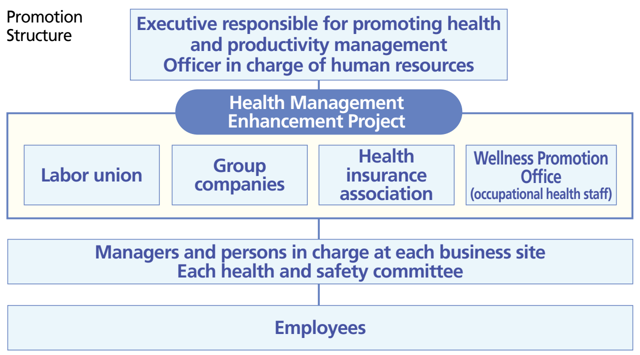
**50%**
(Fiscal 2025: 38.7%)

* Includes employees who manage subordinates or hold equivalent positions

### Health and safety initiatives

At KOSÉ, we regard employee health risks as management risks and position the promotion of employee health as one of our key management issues. With the Representative Director and President serving as the executive responsible for these efforts, Group companies work together with the health insurance association, labor union, and occupational health staff to strengthen Health and Productivity Management and promote the creation of safe workplaces.

The results of our employee survey revealed that health issues unique to women are affecting job performance. Recognizing this as an important issue, we will continue to put support systems in place.






## 3 Deepening and Evolving Organizational Culture

We conduct regular employee engagement surveys and reflect the results in our efforts to shape our organizational culture. These surveys have shown that while our employees take pride in working for the Company and feel a strong connection to our products, there is still room for improvement in cross-departmental collaboration.

Collaboration with other departments

**3.46**

**Engagement Scores**

5-point scale

* Target: a score of 3.46 or higher by 2030

* Scope: KOSÉ Group companies in Japan, excluding ALBION CO., LTD.

### Strengthening KOSÉ's distinctive culture of mutual support and mutual growth

To promote mutual understanding among departments and strengthen collaboration, we created an environment in which each department can produce its own introductory video and post it on the internal website. Information on approximately 50 departments, including overseas subsidiaries, is now available for internal viewing, creating opportunities for employees to build connections both within and beyond their own departments. One result has been a 1.2-fold year-on-year increase in applications for internal job postings.

Under the Second Home Program, an internal family system made up of new graduate hires and employees from a variety of departments and generations, participants build relationships through regular interactions that allow them to consult one another on both work-related and personal matters. As a result, the turnover rate within three years among new graduate career-track employees declined from 10.0% in fiscal 2022, when the program was launched, to 6.4% in fiscal 2025.

Participants in Family Day under the Second Home Program. Employees from a variety of departments and generations gather regularly as part of their internal family groups.

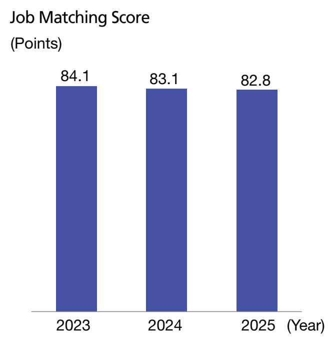
## 4 Optimal Talent Placement

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.

### Improving productivity by visualizing job suitability

We believe that when employees feel a strong sense of suitability for the work they are responsible for, it leads to greater workforce vitality and higher productivity. At KOSÉ, we position improvement in job suitability as one of our key human capital initiatives, and we continuously monitor the job matching score as a key indicator. We will use this score in considering talent allocation and development measures, thereby enhancing productivity.



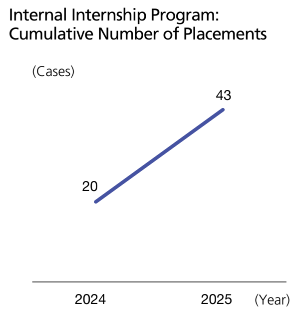

* Scored based on items in self-report questionnaires (out of 100 points)

* Scope: KOSÉ Corporation and KOSÉ SALES CO., LTD.

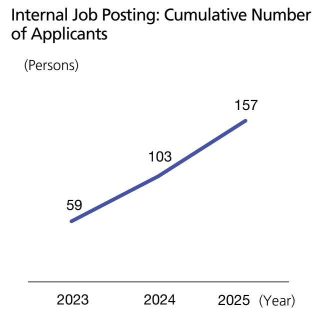
### Systems that encourage autonomous career development

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.




* Applies to employees in their third year after joining KOSÉ Corporation and KOSÉ SALES CO., LTD. as new graduates




* Domestic Group companies

* This system has been introduced at certain Group companies, and usage figures are aggregated only for companies where the system has been implemented

* Cumulative number from fiscal 2023 onward

# 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 Earth 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 society and the Earth.

For more details on our Sustainability Strategy, please see here.
https://koseholdings.co.jp/en/sustainability/plan/pdf/KOSE_Sustainability_Strategy2026_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 initiatives through dedicated subcommittees.

For more on the sustainability promotion structure, see p.72 →

## Our Approach to Sustainability

At the KOSÉ Group, we have adopted our corporate message, "Creating Beauty in a Sustainable World," as our guiding principles for sustainability and are addressing a broad range of social and environmental issues across the Group while each business division promotes initiatives that leverage its own unique strengths. With the transition to a holding company structure, we will further strengthen collaboration among Group companies, enhance sustainability governance, maximize synergies between our businesses, and accelerate our contributions to society and the environment. In addition, in conjunction with the organizational change, the sustainability function has been integrated into the Engagement Promotion Headquarters. As a result, in addition to our existing strategy formulation and promotion functions, we have established a structure that enables us to engage and co-create more proactively with stakeholders. Through initiatives that stay close to both people and the Earth, we will deepen engagement with all stakeholders and simultaneously realize the creation of social and environmental value and the enhancement of long-term corporate value.

For People

For the Earth

## Progress on Material Issues

### For People

| Material Issues | Commitment | Indicators | Fiscal 2025 Results | Targets | 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) | **88.8%**[1] | **100%** | 2030 | 5, 10, 12, 16 |
| 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 | **265 activities** Cumulative total since fiscal 2020 | **500** or more activities | 2030 | 3, 4, 5, 12 |
| | | No. of participants in social contribution activities based on hands-on experience | **To be disclosed in 2027** | **50,000** or more people | 2030 | |
| | | Procurement rate of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model | **45.4%** | **100%** | 2030 | 8, 12 |
| 03 Help with social opportunities | **Raise awareness and provide opportunities to participate in society for people of all diversities** | No.of people reached through DE&I awareness initiatives focusing on the 3Gs[2] | **993,047 people** Cumulative total since fiscal 2020 | **1 million** or more people | 2030 | 4, 5, 8, 10 |

### For the Earth

| Material Issues | Commitment | Indicators | Fiscal 2025 Results | Targets | 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** | No. of people reached through environmental awareness initiatives through products, services and information sharing | **7,803,684 people** Cumulative total since fiscal 2020 | **10 million** people or more | 2030 | 6, 12, 13, 14, 15 |
| | | No. of people reached through water conservation awareness initiatives | **217,362 people** Cumulative total since fiscal 2025 | **2 million** people or more | 2030 | |
| 05 Play a role in solving environmental issues | **Pursue conservation and solving issues in various regions around the world** | No. of activities contributing to the global environment | **55 activities** Cumulative total since fiscal 2020 | **100** activities or more | 2030 | |
| | | No. of participants in environmental conservation activities for waterfront areas | **To be disclosed in 2027** | **10,000** or more people | 2030 | |
| | | No. of initiatives that contribute to the conservation and restoration of ecosystems in raw material cultivation areas | **14 activities** Cumulative total since fiscal 2025 | **30** activities or more | 2030 | |
| | | No. of water source conservation initiatives | **4 activities** Cumulative total since fiscal 2025 | **10** activities or more | 2030 | |
| | | Area planted with coral reefs | **13,036㎡** Cumulative total since fiscal 2009 | **20,000㎡** About 53 times the area of a 25 m regulation size swimming pool | 2030 | |
| 06 Promote reduction of environmental impacts | **Reduce $CO_2$ emissions** | Scope 1 and 2 | **-50.2%**[3] Total compared to 2018 | **-55%** Target for total emission reduction vs. 2018 | 2030 | 7, 13 |
| | | | **12,772.5t-$CO_2$**[3] | Carbon Neutrality | 2040 | |
| | | Scope 3 | **-20.2%**[3] Total compared to 2018 | **-30%** Target for total emission reduction vs. 2018 | 2030 | |
| | | Scope 1, 2, and 3 | **792,687.6t-$CO_2$**[3] | Net Zero | 2050 | |
| | **Sustainability-conscious design for plastic packaging materials** | Usage rate of containers and packaging materials aligned with the 4Rs (Reduce, Reuse, Recycle, Renewable) | **4Rs implementation 46.2%**[4] | **100%** | 2030 | 12, 13 |
| | | Usage rate of recycled and biomass plastic | **28.0%**[4] | **50%** | | |
| | | Reduction rate in the use of petroleum-based virgin plastic | **-16.9%**[5] | **-50%** Per-unit production vs. 2018 | | |
| | | Refillable container share | **43.4%**[6] | **50%** | | |
| | **Waste reduction for the purpose of responsible resource utilization** | Waste that is not to sent to landfills | **To be disclosed in 2027** | | 2030 | 12, 13 |
| | **Reduce use of water resources through responsible practices** | Water usage reduction rate | **11.3%**[3,7] Per-unit production vs. 2018 | **-12%** Per-unit production vs. 2018 | 2030 | 6, 12 |
| | **Responsible palm oil procurement** | Procurement rate of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model | **45.4%** | **100%** | 2030 | 12, 15 |

Notes:
1. Each brand selects focus areas annually from KOSÉ's eight unique 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. Scheduled to be updated in September 2026 following third-party verification.
4. Figures for new products launched within the target achievement year.
5. Actual products shipped in the relevant year.
6. Applies to bottle and jar containers for skincare and haircare products included in the lineup for the relevant year.
7. KOSÉ Group manufacturing departments.

# For People —Sustainability Strategy

**Under the For People pillar of our sustainability strategy, we promote initiatives and awareness-raising activities aimed at realizing a society in which each individual can embrace beauty in a way that values their own individuality and in which everyone can lead a healthy and fulfilling life.**

## “For People” Initiatives Creating New Bridges

We want to stay close to each individual around the world and support them in shining in their own unique way—this aspiration lies at the heart of who we are.

As a beauty creation company, we value For People initiatives that listen closely to each individual’s voice and apply those insights to our daily work and product creation.

In 2023, we held a makeup seminar for people living with the aftereffects of stroke. After the seminar, employees from the Product Designing Department conducted interviews and heard directly about the inconveniences participants experience in daily life and their sincere desire to enjoy makeup.

Inspired by this feedback, in 2025 we incorporated universal design into the packaging and other elements of the *The Repair* line under *INFINITY*. For example, in response to comments that caps were difficult to open with one hand, we adopted elastomer resin with non-slip and flexible properties on the bottoms of items such as creams. These kinds of design features improve ease of use not only for people with disabilities but also in a wide range of everyday situations.

Going forward, we will continue to listen carefully to the needs and perspectives of our customers, apply what we learn to product creation and services, and connect those insights to the creation of new value. So that each and every person around the world can shine in their own way, we will continue to stay close to them.

## Respect the Diverse Array of Beauty

For many years, the KOSÉ Group has been proposing beauty that resonates with each individual—“a source of beauty for everyone.” Through adaptable products and services tailored to individuals from diverse backgrounds, we contribute to the realization of a society in which everyone can embrace and celebrate their own unique beauty. This initiative is being promoted under the Sustainability Promotion Committee based on the concept of Adaptability ∞ (eight). Going forward, we will continue to deliver products and services that honor individual beauty, striving to ensure that everyone can experience beauty in a way that is true to themselves.

### *Hifunic* Dry Skin Treatment Brand — Supporting Healthier Daily Lives Through Self-medication for All Ages

The KOSÉ Group is promoting well-being related to health and medical care beyond the boundaries of cosmetics. At KOSÉ Maruho Pharma, we launched the *Hifunic* brand, a Class-2 OTC drug containing heparinoid for the treatment of dry skin. Suitable for use over the entire body by people of all ages, from children to adults, it contributes to healthier skin and a better quality of life through self-medication.

### *DECORTÉ AQ PORE BLACKHEAD DISSOLVER* — Personalized Keratin Plug Care Enabled by Quantum Computing

The KOSÉ Group pursues the possibilities of beauty by addressing all skin and hair types through R&D that leverages advanced technologies. At *DECORTÉ*, we launched *AQ PORE BLACKHEAD DISSOLVER*, a cleansing serum developed using a cosmetic formulation generated by quantum computing to pursue the optimal approach to keratin plugs in pores. It enables anyone to perform gentle yet effective blackhead care at home while minimizing the burden on the skin.



## 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, including improving quality of life (QOL), providing educational and awareness-raising activities for the next generation, and supporting sports development. These efforts are positioned as material issues tied to our core business activities, with a particular focus on advancing initiatives for future generations.

### The KOSÉ Group’s Next-Generation Awareness-Raising Activities — Protecting Skin from UV Rays and Helping Nurture the Future of Local Communities

As part of SEKKISEI SAVE the BLUE Ocean Project, KOSÉ Travel Retail, with the sponsorship of Hotel Nikko Alivila Yomitan Resort Okinawa and Ryukyu Hotel & Resort Nashiro Beach, co-hosted an experiential program together with Yomitan Village and Itoman City for elementary school to high school students and their parents. The program taught participating children the correct way to use sunscreen and raised awareness of the importance of protecting the skin from UV rays. At the same time, through activities such as coral seedling cultivation and beach cleanups, it also supported local communities and the next generation.

## Help with Social Opportunities

At the KOSÉ Group, we believe that the strength of each and every one of our nearly 13,000 employees worldwide is essential to our sustainable growth. We promote DE&I both inside and outside the Company based on the belief that respecting the individuality of each person with a diverse background and embracing differing ideas and values also leads to the creation of new beauty value. Our aim is to create an environment where everyone can participate in society while valuing their authentic selves, ultimately helping to build a world where all people can thrive.

### Initiatives with Schools and Local Governments to Promote DE&I — Working Toward the Realization of a Society in Which Everyone Can Shine

Under its DE&I declaration, *Turning Diversity into Strength*, the KOSÉ Group works with educational institutions and local governments to promote DE&I outside the Company as well. In fiscal 2025, we gave lectures at Showa Women’s University and Mukogawa Women’s University introducing our approach and sustainability initiatives. At Mukogawa Women’s University, we also carried out packing volunteer activities together with students for the COSME BANK Project to support single-parent households facing economic hardship. In addition, at a Christmas event in Himeji City, we held a fragrance-based workshop to promote understanding of diversity while in Yao City we conducted training to communicate the importance of DE&I.

# For the Earth —Sustainability Strategy

Under the sustainability strategy pillar For the Earth, we place importance on initiatives across the entire value chain, taking into account rising environmental awareness among consumers and a global perspective.
While keeping an eye on changes in society and the business environment,
we are also reviewing the indicators and targets needed to enhance the effectiveness of our initiatives,
and are addressing three key issues toward the realization of a sustainable society.

## Shifting to an Environmental Strategy Centered on Water

The KOSÉ Group has updated its environmental strategy to be more effective, clearly identifying the relationship between its business and nature and achieving both the resolution of environmental issues and the creation of long-term corporate value.

For the KOSÉ Group, water is an essential form of natural capital that is indispensable to its business activities. Water is needed for raw material cultivation, manufacturing, and product use by customers while also supporting ecosystems and biodiversity and being closely connected to local communities. Based on this understanding, the KOSÉ Group has positioned water as the central pillar of its environmental strategy and established new targets for sustainable water use. Going forward, we will further strengthen our response to climate change and resource circulation, accelerating our environmental initiatives as a whole.

## Increase Awareness of Environmental Issues

Through its business activities, the KOSÉ Group has delivered beauty-related value to society. By using products and services as touchpoints with consumers to communicate environmental issues and initiatives, we aim to foster awareness and build a foundation that encourages society as a whole to think together and take action.

### Implementing Resource Circulation Through Recycling and Creating Opportunities for Awareness

The KOSÉ Group positions resource circulation as one of the key issues in its medium- to long-term environmental strategy and works to raise environmental awareness among consumers through its business activities.

As a specific initiative, the "Horizontal Recycling of Cosmetic Plastic Containers"—a collaborative effort among three companies: KOSÉ, Kao Corporation, and AEON Retail Co., Ltd. —promotes the development of a circular model that recycles collected containers into new cosmetic packaging through cross-corporate partnerships.

Furthermore, the "SEKKISEI BLUE / Prédia BLUE Recycle Project" collects used cosmetic containers by leveraging brand and in-store touchpoints. By establishing a framework that encourages environmental consideration even after product use, the project fosters behavioral changes among consumers.

Through these initiatives, we provide each consumer with opportunities to become more aware of environmental issues, encourage sustainable behavior, and contribute to the creation of social value.


雪肌精 BLUE Prédia BLUE
Recycle Project

## Play a Role in Solving Environmental Issues

A healthy global environment is essential to the KOSÉ Group's sustainable corporate activities. The KOSÉ Group is promoting initiatives aimed at achieving a nature-positive future through the conservation and restoration of natural capital, including water, forests, and soil. With regard to water resources, which are essential to cosmetics manufacturing, we are working to reduce environmental impacts across the entire value chain and to promote water conservation in collaboration with local communities. Through these activities in various regions, we will contribute to the restoration of the natural environment.

### SEKKISEI SAVE the BLUE Ocean Project Initiatives

The KOSÉ Group recognizes the conservation of water resources and the marine environment as one of its key environmental issues and is promoting SEKKISEI SAVE the BLUE Ocean Project. Now in its 18th year, the project continues to support coral conservation through the use of a portion of sales during the campaign period and to carry out awareness-raising activities aimed at deepening understanding of the global environment. In recent years, it has also undertaken initiatives that contribute to the restoration of the natural environment, including the planting of heat-tolerant corals known as miracle coral. In addition, through its Coral Study Abroad employee training program, the Group works to raise environmental awareness through hands-on conservation activities in local areas. Since 2011, the initiative has also expanded overseas, with environmental conservation activities tailored to local characteristics now being carried out in 10 countries and regions.


### Clean-Up Activities Along Waterfront Areas That Contribute to Water Conservation

As part of its efforts to protect water resources, the KOSÉ Group carries out clean-up activities along waterfront areas in various locations. KOSÉ Cosmeport contributes to the conservation of the water environment by working to reduce marine debris through coastal cleanups. Members of the *SEKKISEI* team at KOSÉ and members of ALBION's Okinawa Laboratory support activities that deepen understanding of the importance of water and the sea in an enjoyable way through participation in the Clean Pick event, organized by an NPO. Through the accumulation of these familiar, hands-on actions, we contribute to the sustainable use of water resources and the resolution of environmental issues.


### ALBION Okinawa Laboratory: Development of Original Ingredients Leveraging Local Resources

ALBION aims to help resolve environmental issues through the conservation and utilization of local resources. In collaboration with a company in Miyakojima City, Okinawa Prefecture, it developed the Okinawa Laboratory's first original cosmetic ingredient. An extract derived from the leaves of heartleaf (Madeira vine), grown in soil originating from Miyakojima's Ryukyu limestone, is used in the emulsion of the *FLARUNÉ* product line. The raw material is cultivated without pesticides on organically certified JAS farmland, and by working with local companies from harvesting through processing, ALBION has ensured traceability and a stable supply. Going forward, it will continue to promote the sustainable development of ingredients that make use of local resources, thereby contributing to the resolution of environmental issues and the creation of social value.


## Promote Reduction of Environmental Impacts

The KOSÉ Group's business activities, including cosmetics manufacturing, depend on natural capital such as water and plants used as sources of ingredients while also involving environmental impacts such as energy use, wastewater, and waste. We believe it is our responsibility to minimize these impacts, and 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 impacts" as one of its key material issues and is actively working to address climate change, including through $CO_2$ 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 disclosure 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 targets[1], certified under the SBT 1.5°C criteria[2], with the goal of achieving net zero[3] by 2050.

Notes:
1. Of the various greenhouse gases, $CO_2$ 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.

**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.

**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.

**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.

### Switching to 100% Renewable Energy at All Domestic Production Sites

As part of efforts to reduce the environmental impact of its production activities, the Group switched all purchased electricity to renewable energy at ADVANCE and ALBION Kumagaya plants in 2025, following the KOSÉ Industries Sayama and Gunma plants. Furthermore, the Minami-Alps Plant, scheduled to start in July 2026, will also utilize solar power and renewable energy, enabling 100% renewable energy use across all domestic production sites.


ALBION's Kumagaya Plant

ADVANCE

### Plastic Resource Circulation — Turning Waste Materials into Logistics Materials and Product Containers

ALBION has joined a resource circulation model established by REFINVERSE Group, Inc., Mitsubishi Chemical Corporation, and Japan Polypropylene Corporation. With the additional cooperation of Yoshino Kogyosho Co., Ltd., ALBION has established a system to recycle packaging materials that had previously been discarded at the Kumagaya Plant and convert them into raw materials for cosmetic containers. This system has been adopted for the FLARUNÉ skincare line, enabling the creation of environmentally conscious containers.

KOSÉ, in collaboration with industry partners, recycled cosmetic plastic containers that had not been used for products into pallets used in warehouses for the transport and storage of goods, using raw materials derived from those recycled containers.

Recycled pallets manufactured using recycled raw materials

# External Evaluations

### Inclusion in ESG Indexes

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

FTSE4Good Index Series — FTSE4Good

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 — S&P/JPX Carbon Efficient Index

MSCI Japan Empowering Women Index (WIN)

**2026** CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

Morningstar
Japan ex-REIT Gender Diversity Tilt Index

MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2026

### 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

消費者志向経営 Award 2024

Health & Productivity Management Outstanding Organizations 2026
(Ministry of Economy, Trade and Industry / Nippon Kenko Kaigi)
White 500
Certified for fiscal 2026

2026 健康経営優良法人 ホワイト500

D&I AWARD 2025
Certified as a Best Workplace
(by JobRainbow)

D&I AWARD BEST WORKPLACE 2025

Climate Change and Water Security Ratings (CDP)
Listed on the Climate Change A List 2025
Listed on the Water Security A List 2025

CDP A List 2025

Eruboshi Certification (Ministry of Health, Labour and Welfare)

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

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Fiscal 2025
Certified as a Water Cycle ACTIVE Company

水循環 認証 ACTIVE

We endorse and participate in the following initiatives and organizations:

United Nations Global Compact — SUSTAINABLE DEVELOPMENT GOALS

TCFD (Task Force on Climate-related Financial Disclosures) — TCFD

TNFD Forum — TNFD Forum Member

Clean Ocean Material Alliance (CLOMA) — CLOMA

COSME BANK Project — Board Member 2025 COSME BANK PROJECT

Japan Climate Initiative JAPAN CLIMATE INITIATIVE (JCI) — JAPAN CLIMATE INITIATIVE

30by30 (Ministry of the Environment, Japan) — 30by30

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

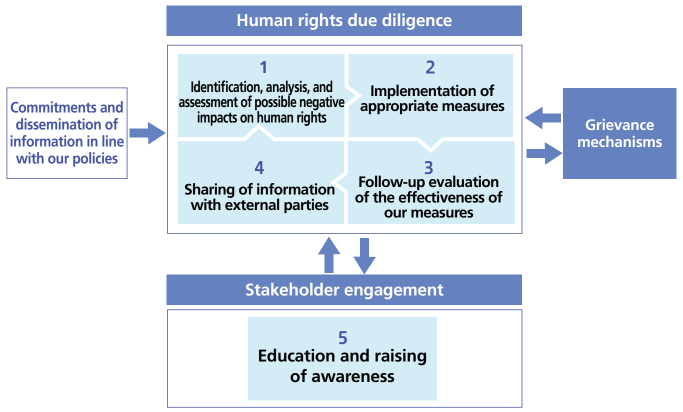
# Responsible Initiatives in the Supply Chain

**The KOSÉ Group recognizes that respect for human rights and business operations characterized by transparency and fairness are essential in all business activities, and as such, we promote responsible initiatives throughout the entire value chain. Through human rights due diligence, we are advancing efforts to address human rights issues associated with our business while also striving to conduct fair and sincere business activities through ongoing cooperation and dialogue with diverse stakeholders, including suppliers. Going forward, we will continue to fulfill our social responsibilities and work together with all stakeholders to realize a sustainable and equitable society.**

## Human Rights Due Diligence

Based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), and taking into account the laws and regulations of each country, the KOSÉ Group conducts human rights due diligence on the human rights issues identified through human rights risk assessments as being of particular importance to the Group. In line with the Group's human rights policy, this is an ongoing process that involves: (1) assessing adverse impacts and identifying issues, (2) implementing appropriate measures, (3) monitoring and follow-up evaluations, and (4) disclosing information and engaging in dialogue with external stakeholders.

We have also established consultation channels for both internal and external stakeholders, through which we receive concerns and inquiries regarding human rights and compliance from employees, business partners, and customers. 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.




### 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 | Status and Response Measures |
|---|---|
| **Continuously ascertaining human rights issues in the raw materials procurement supply chain** | **·Ascertain through platforms such as Sedex* and self-assessment questionnaires (SAQs)**<br>**·Ascertain through direct dialogue with small-scale palm growers**<br>Supply Chain Management<br>Overview: 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, and inclusion (DE&I) and human rights in the workplace** | **·Promotion of the KOSÉ Group Code of Conduct among all Group employees**<br>**·Employee education on human rights and compliance awareness-raising activities**<br>**·Anti-harassment training for management**<br>**·Fostering a corporate culture through DE&I awareness raising campaign using internal content**<br>Risk Management and Compliance Awareness<br>Diversity, Equity, and Inclusion (DE&I)<br>Overview: 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.<br>Human Rights Policy and Promotional Structure<br>Human Rights Due Diligence |
| **Promote the communication of information and our responses (public relations, advertising, customer service, product explanations, etc.) with diversity in mind** | **·Promotion of adaptability as a management strategy and incorporation in business activities**<br>**·Implementing unconscious bias training for management across all departments**<br>Adaptability<br>Overview: 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. |

Note: The Supplier Ethical Data Exchange (Sedex) is a member-based organization that provides an online platform to strengthen sustainability in supply chains.

## Business Operations with Transparency and Fairness

Since its founding, the KOSÉ Group has pursued management based on coexistence and co-prosperity with all employees, business partners, suppliers, and customers. 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 Earth. In the supply chain, we practice responsible procurement with due consideration for social, environmental, and human rights issues based on our Basic Procurement Policy and Sustainable Procurement Guidelines. In serving customers, as a beauty creation company, we strive to stay close to each individual's desire to be beautiful and to be well and are committed to providing high-quality products and services with safety and security as our highest priorities.

### Examples of Engagement with Suppliers

#### 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 2025, we requested responses from 161 suppliers—accounting for 94.1% of total procurement value—and received replies from 99.3% 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 meetings, we confirmed that, as of the end of December 2025, there were no particularly high CSR-related procurement risks.

#### Response to procuring sustainable palm oil

The KOSÉ Group joined the RSPO* in 2019 and has been promoting the adoption of certified oil with the aim of procuring sustainable palm oil. In addition, since 2020, we have participated in JaSPON, the Japan Sustainable Palm Oil Network, and together with other JaSPON members, we have been working toward the procurement and consumption of sustainable palm oil.

In 2021, our head office, related sites, and major plants obtained RSPO Supply Chain Certification (SC Certification), and in 2025 we renewed our licenses after passing the renewal audit. Going forward, we will continue to actively procure RSPO-certified raw palm oil and promote sustainable sourcing in collaboration with our suppliers.

* Roundtable on Sustainable Palm Oil

### Examples of Engagement with Customers

#### Getting closer to customers — Customer Service Center

At KOSÉ, we are expanding new customer touchpoints through LINE and our official X account, in addition to telephone and email, in order to stay close to the increasingly diverse voices of our customers. While broadening the channels through which customers can contact us more easily, we are also working to improve the quality of our responses. Through our official X account, we provide "Active Support," offering solutions tailored to each customer's individual situation. By communicating clearly in an open setting and carefully providing the necessary information, we make our responses more visible and enhance transparency.

As a result of these and other initiatives, we met the standards of the HDI Five-Star Certification Program conducted by HDI-Japan, the Japanese affiliate of the world's largest membership association in the customer support industry, and received Five-Star Certification for the first time.

Hi there! This is the KOSE Customer Service Center.
Thank you for your interest in *#Visee #FLUFFDESIGNEYEBROWCOLOR*.
This highly pigmented eyebrow mascara gives your brows a naturally tinted look with just one swipe.
We'd love to tell you more about the product ☆

Hi there! This is the KOSE Customer Service Center.
Thanks so much for your interest in the BB creams from *#FASIO* and *#SEKKISEI*.
We'd love to tell you a little more about each product ☆

Examples of Active Support

# Roundtable Discussion among External Directors

DIALOGUE

**Miwa Suto**
Director (External)

**Norika Yuasa**
Director (External)

**Kumi Kobayashi**
Director (External)

## Issues and Expectations for Enhancing the KOSÉ Group's Corporate Value Over the Medium to Long Term Under the New Management Structure

In January 2026, KOSÉ transitioned to a pure holding company structure, and in March of the same year, Kazutoshi Kobayashi was newly appointed Chairman and Group CEO while Koichi Shibusawa was newly appointed President and Group COO. We held a roundtable discussion among External Directors Norika Yuasa, Miwa Suto, and Kumi Kobayashi to exchange views on the effectiveness of the Board of Directors under this new structure, further strengthening the management framework and the enhancement of corporate value over the medium to long term.

## Effectiveness of the Board of Directors

Yuasa: I joined the Board as an External Director in 2019, and since then it has evolved into a forum for more substantive and constructive discussions, with members bringing a diverse range of expertise. Another defining feature is the speed of top-down decision-making under Chairman Kobayashi's leadership. Drawing on my many years of experience as a lawyer engaged in international corporate legal affairs, I monitor and provide recommendations on matters such as M&A and overseas business expansion from the standpoint of legal risk.

Suto: The Board engages in substantive questioning and candid exchanges of views, resulting in in-depth discussions. Chairman Kobayashi is also a major shareholder, and he is highly committed to enhancing corporate value over the medium to long term, with a very rigorous perspective on investment recovery. In discussions on M&A, emphasis is placed not only on whether the investment can be recovered within a short period but also on whether both our company and the other party can leverage each other's strengths and generate results that appear in actual figures, rather than merely conceptual synergies.

Drawing on my experience as a management consultant and my knowledge gained from supporting the growth of startup companies, I primarily focus on reviewing the validity of the KOSÉ Group's growth strategies and business plans, as well as the direction of its branding. In particular, I provide advice and oversight with close attention to whether the measures being implemented fully capitalize on the Group's brand strength, which is one of its core strengths.

Kobayashi: Specializing in M&A, investment, and finance, I ensure that all relevant matters are thoroughly examined and that decisions are made with full consideration of the necessary perspectives. I also supervise and offer recommendations, in my capacity as an External Director, on whether sufficient discussions have been undertaken to fulfill accountability to stakeholders.

As for the Board itself, the system for providing information in advance has been strengthened even further. Not only have the quality, quantity, and timing of the information provided on agenda items improved, but the content of questions and answers exchanged in advance is now shared with all directors, which has led to a deeper understanding of discussions on the day of meetings. Through this decision-making process, I assess that the Board has become a forum for more substantive and efficient decision-making and that the effectiveness of governance has been further heightened.

## Toward Further Strengthening the Management Structure

Suto: In preparation for the transition to a holding company structure in fiscal 2026, discussions were held not only at Board meetings but also at regularly scheduled lecture sessions for external officers. Under the new structure, I look forward to seeing the Group maintain a holistic perspective on the entire organization, with each company learning from and absorbing the strengths of the others as it grows into a corporate group with a strong global presence.

Going forward, under the new structure, it will be important to accurately grasp what is happening on the ground and to continuously monitor whether initiatives are steadily moving forward in order to enable appropriate decision-making. In addition to ensuring that information on each Group company and each business is updated in a timely manner, I intend to seek opportunities for direct dialogues, as needed, with the heads of each company and those responsible for frontline operations.

Kobayashi: Under the holding company structure, we need to continue strengthening governance while constantly confirming that discussions aimed at value creation are being conducted appropriately at Board meetings. In doing so, I believe it is important to ensure that the Board is one in which holding company board members appointed from operating companies are able to speak candidly to other Group companies, and I would like to encourage a constant return to the perspective of enhancing the corporate value of the Group as a whole. In addition, under the new structure, I see significant potential for future development because it has become easier to share knowledge among Group companies such as Tarte and PURI, which have strengths in overseas markets that differ from those of KOSÉ.

Yuasa: The new structure has only just begun, but with ALBION now positioned alongside KOSÉ under the holding company, I have had more opportunities to hear directly from its president, and I observe that a stronger sense of Group-wide unity has emerged.

Under the previous structure, I recognized a need for more robust information sharing concerning our overseas operations. I anticipate that the holding company structure will centralize and streamline reporting processes, thereby enhancing the effectiveness

of our global risk management. Furthermore, I am convinced of the importance of revitalizing personnel exchanges among Group companies. By sharing individual challenges and initiatives across the Group, I believe there will be opportunities to reexamine the business from entirely new perspectives.

Suto: In March 2026, President Kobayashi became Chairman, and President Shibusawa was newly appointed. As for the succession plan, Chairman Kobayashi had proactively shared his vision on the matter for some time. Going forward, I look forward to management being steered through the close partnership of Chairman Kobayashi's foresight and President Shibusawa's decisive execution capability, while I myself will seek to offer recommendations from an investor's perspective.

Yuasa: Chairman Kobayashi and President Shibusawa had already been exchanging frank views at Board meetings, so I could clearly envision a future where, under the new management structure, the holding company's centripetal force based on the founding family's ownership and the centrifugal force arising from the distinctive worldviews and individuality of each business and brand would coexist at a high level.

In addition, regarding the development of next-generation leaders, executive officers and managers are frequently given opportunities to present at Board meetings. By assigning them specific roles and providing firsthand experience of the management team's strategic mindset, I recognize steady progress in their development.

Kobayashi: While management talent at the operating company level is being developed, I believe we need to further strengthen the development of executive leadership required under the holding company structure.

In promoting the holding company structure, above all it is important that the holding company and the operating companies trust each other and share information appropriately. In that context, discussions at the Nomination and Remuneration Committee also indicated that the joint leadership structure led by Chairman Kobayashi and President Shibusawa is deemed appropriate.

## Toward Enhancing Corporate Value Over the Medium to Long Term

Kobayashi: As the environment surrounding the cosmetics industry undergoes major change, the KOSÉ Group's organizations and employees are being called upon to change both the direction they should take and the actions they should pursue. While ROIC is a management discipline, achieving the ROIC targets will be a challenge unless it is embedded as part of the corporate culture. It must resonate across every department and down to each frontline employee, ensuring that every aspect of daily corporate activity is linked to ROIC management. It is important to break down the target figures, roll them out quickly to the front lines, and clearly identify which person in which department is responsible for each figure.

Suto: To achieve that, the first step is to visualize frontline management indicators to ensure the steady achievement of our final goals. There are many issues that need to be addressed, including system modifications and revisions to cost allocation rules, and some of these will be challenging. Even so, in my role as an External Director, I have been urging the acceleration of the measures necessary to firmly establish ROIC management.

The medium- to long-term strategy, *Milestone2030*, sets forth ambitious goals, and achieving these quantitative targets is an important commitment to stakeholders. In order for stakeholders to have confidence in the achievement of these goals, the Board has been continuing its discussions on how to further strengthen the management foundation for sustainable growth. Going forward, we will closely monitor progress and continue to provide recommendations that contribute to further value enhancement from the objective and multifaceted perspective expected of External Directors.

At the same time, it is also important to communicate in a way that ensures the strong initiatives of the executive side are not undervalued relative to the reality. When one looks into the details, there are in fact cases in which steady progress is being made. Under President Shibusawa's leadership, I aim to foster a deeper understanding of the KOSÉ Group's true value among our stakeholders by further visualizing our processes and systematizing these initiatives while ensuring proactive communication both internally and externally.

Yuasa: As these initiatives are advanced, it is important not only that the entire Group shares the 2030 vision but also that it clearly articulates, in a narrative linked to that vision, how growth investments such as expansion into the well-being domain and M&A will lead to enhanced corporate value over the medium to long term. By continuing to communicate that message, I believe the Group's valuation in the stock market will also improve. I feel that the current share price level does not yet fully reflect the KOSÉ Group's true potential. I believe dialogue aimed at securing a fair valuation should be strengthened further. In Japan, the KOSÉ Group enjoys strong customer loyalty and a very significant presence. Going forward, I would like to offer recommendations that help the Group become a corporate group capable of earning high customer loyalty globally as well and establishing an even greater presence. I truly feel that the KOSÉ Group makes outstanding products, and I hope the Group will strengthen its appeal in overseas markets and grow toward its target of an overseas sales ratio of 50% or more.

Kobayashi: In Japan, trust in quality manufacturing is the starting point of a brand, but overseas a completely different approach is required. I anticipate that the Group will further deepen the sharing of knowledge with overseas Group companies, including Tarte, on how to create new customer entry points without being bound by conventional marketing assumptions. In doing so, I expect the Group to sharpen its global strategies. KOSÉ has solid product capabilities cultivated over its 80-year history, and I believe that if this value can be conveyed more broadly to consumers overseas, it will lead to sustainable growth.

To build greater trust in the stock market, it is important to steadily deliver on each of the commitments set out in *Milestone2030*. At a time when the market environment is changing dramatically and sustainability initiatives are essential, I expect the Group to meet the market's expectations by improving profit margins and increasing ROI through the development of high-value-added products tailored to consumer needs in each region.

Suto: 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. Considering not only the value of the products themselves but also the value they provide to consumers, I am convinced that the KOSÉ Group makes a highly meaningful contribution to society and has tremendous potential, and I would like to support its further development.

## Message from a Newly Appointed External Director

**Jenny Chang**
Director (External)

As I deepen my understanding of KOSÉ Group's corporate culture, DNA, and history of value creation, I hope to contribute to management oversight as an External Director from two main perspectives.

First, I will draw on the expertise in capital policy, risk management, and governance that I have cultivated at global financial institutions in overseeing management. In addressing the challenge of capital efficiency, with ROE remaining in the 5% range despite a strong financial base with an equity ratio exceeding 70%, I will provide recommendations aimed at strengthening capital allocation discipline through such measures as verifying investment profitability, optimizing the allocation between growth investment and shareholder returns, and designing KPIs that reflect the cost of capital.

Second, I will contribute to the development of new customer segments centered on the 3Gs (Global, Gender, and Generation) particularly by strengthening the Group's global expansion. In particular, with regard to growth strategies for the Chinese market, the world's second-largest economy, I will identify key issues by drawing on my firsthand insights into policy trends and changes in consumption and distribution as someone originally from China, thereby supporting effective discussion and decision-making.

Through these efforts, I will strive to contribute to sustainable growth and the enhancement of corporate value.

# Management Introduction (As of March 27, 2026)

### Kazutoshi Kobayashi
Representative Director, Chairman & Group CEO

| | |
|---|---|
| Apr. 1986 | Joined the Company |
| Mar. 1991 | Director of the Company |
| Mar. 1995 | Executive Director of the Company |
| Jun. 2004 | Representative Director and Vice President of the Company |
| Jun. 2007 | Representative Director and President of the Company |
| Jan. 2026 | Director & Chairman of KOSÉ Corporation (present) |
| Mar. 2026 | Representative Director, Chairman & Group CEO of the Company (present) |

### Koichi Shibusawa
Representative Director, President & Group COO

| | |
|---|---|
| Apr. 1984 | Joined the Company |
| Mar. 1997 | General Manager of Marketing Policy Office of the Company |
| Mar. 2001 | General Manager of Global Marketing Gr., Global Business Div. of the Company |
| Mar. 2004 | Deputy General Manager of Global Business Div. of the Company |
| Mar. 2005 | Vice General Manager of KOSÉ COSMETICS CO., LTD. (CHINA) |
| Mar. 2008 | Representative Director and President of KOSÉ COSMETICS CO., LTD. (CHINA) and KOSÉ COSMETICS SALES (CHINA) CO., LTD. |
| Mar. 2010 | General Manager of Accounting and Finance Dept. of the Company |
| Jun. 2010 | Audit & Supervisory Board Member of KOSÉ SALES CO., LTD. |
| Mar. 2011 | Executive Officer and General Manager of Accounting and Finance Dept. of the Company |
| Jun. 2011 | Audit & Supervisory Board Member of KOSÉ Cosmeport Corp. |
| Jun. 2013 | Director and General Manager of Accounting and Finance Dept. of the Company |
| Jun. 2018 | Executive Director and General Manager of President Office of the Company |
| Jan. 2026 | Executive Director, General Manager of Corporate Management Headquarters of the Company (present) |
| Jan. 2026 | Senior Executive Director of KOSÉ Corporation (present) |
| Mar. 2026 | Director of KOSÉ Cosmeport Corp. (present) |
| Mar. 2026 | Representative Director, President & Group COO of the Company (present) |

### Shoichi Kobayashi
Director and Vice President

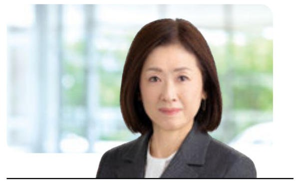
| | |
|---|---|
| Feb. 1988 | Joined ALBION CO., LTD. |
| Mar. 1991 | Director of ALBION CO., LTD. |
| Mar. 1995 | Executive Director and General Manager of Marketing Div. of ALBION CO., LTD. |
| Feb. 1999 | Executive Director and General Manager of Sales Div. of ALBION CO., LTD. |
| Jun. 2004 | Representative Director and Vice President of ALBION CO., LTD. |
| Jun. 2006 | Representative Director and President of ALBION CO., LTD. (present) |
| Apr. 2014 | Visiting Professor of Tokyo University of Agriculture (present) |
| Mar. 2026 | Director and Vice President of the Company (present) |

### Takao Kobayashi
Senior Executive Director

| | |
|---|---|
| Apr. 1993 | Joined the Company |
| Jun. 1998 | Director of the Company |
| Mar. 2005 | Deputy General Manager of Global Business Div. of the Company |
| Jun. 2006 | Representative Director and President of KOSÉ Cosmeport Corp. (present) |
| Jun. 2013 | Executive Director of the Company |
| Jun. 2014 | Senior Executive Director of the Company (present) |
| Jan. 2026 | Representative Director and Vice President of KOSÉ Corporation (present) |

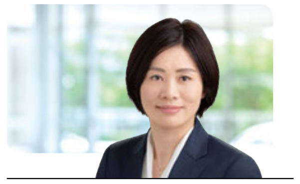
### Norika Yuasa
Director (External)

| | |
|---|---|
| Sep. 2003 | Registered as an attorney at law |
| Aug. 2011 | Registered as an attorney at law in New York |
| Sep. 2017 | Part-time Professor of Waseda Law School |
| Jan. 2019 | Partner of Miura & Partners (present) |
| Jun. 2019 | Director of the Company (present) |
| Jun. 2021 | Outside Audit & Supervisory Board Member of TOKYO ELECTRON DEVICE LIMITED (present) |
| Jun. 2021 | Outside Director of SAINT-CARE HOLDING CORPORATION (present) |
| Jun. 2024 | Vice President of the Daini Tokyo Bar Association (present) |



### Miwa Suto
Director (External)

| | |
|---|---|
| Apr. 1988 | Joined Hakuhodo Inc. |
| Oct. 1991 | Joined Arthur Andersen |
| Apr. 1995 | Registered as a certified public accountant |
| Oct. 1996 | Joined Schroeder PTV Partners KK |
| Jan. 2001 | Partner of Bain & Company |
| Apr. 2006 | Managing Director of PLANETPLAN, Inc. (present) |
| Jun. 2021 | Outside Director of KATITAS Co., Ltd. (present) |
| Jun. 2021 | Executive Board Member of Japanese Olympic Committee (present) |
| Mar. 2023 | Director of the Company (present) |
| Jun. 2023 | Outside Director of KANDENKO CO., LTD. (present) |
| Jun. 2023 | Vice President of Japan Volleyball Association (present) |
| Mar. 2024 | Outside Director of ASICS Corporation (present) |



### Kumi Kobayashi
Director (External)

| | |
|---|---|
| Mar. 2006 | Registered as a certified public accountant |
| Sep. 2006 | Joined GCA Corporation |
| Sep. 2015 | Representative Partner of Kobayashi CPA Office (present) |
| Apr. 2017 | Representative Director of Tokyo Athletes Office, Inc. (present) |
| Jun. 2019 | Director of SPOKACHI, Inc. (present) |
| Jun. 2020 | Audit & Supervisory Board Member of the Company |
| Jun. 2022 | External Auditor of Oisix ra daichi Inc. |
| Jun. 2023 | Outside Audit & Supervisory Board Member of ITOCHU Corporation (present) |
| Mar. 2024 | Director of the Company (present) |

### Jenny Chang
Director (External)

| | |
|---|---|
| Apr. 1998 | Financial advisor, Personal Finance Div. of Citibank Japan Ltd. (current Citibank, N.A.) |
| Nov. 1999 | Founder and Sales Manager of CitiChinese |
| Feb. 2002 | General Manager of China Business Development Office of The Hongkong and Shanghai Banking Corporation Limited |
| Oct. 2004 | Obtained an MBA from Bond University, Australia |
| Apr. 2008 | Professor of Business Administration Graduate School of BBT University (present) |
| Jun. 2013 | External Audit & Supervisory Board member of ZACROS Corporation (formerly Fujimori Kogyo Co., Ltd.) |
| Jun. 2016 | Director (Audit & Supervisory Committee member) of ZACROS Corporation |
| Jan. 2025 | Completed the doctoral course in Business Administration, Cote d'Azur University, France |
| Mar. 2026 | Director of the Company (present) |

### Shinichi Mochizuki
Executive Director & Group CFO

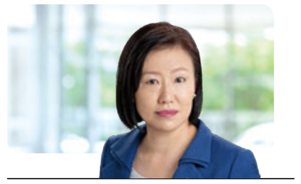
| | |
|---|---|
| Apr. 1985 | Joined The Mitsubishi Bank, Ltd. |
| Sep. 2008 | General Manager of Environmental Project Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| Jun. 2011 | General Manager of Corporate & Investment Banking Credit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| Nov. 2015 | Joined the Company, General Manager of Global Business Div. |
| Mar. 2016 | General Manager of Global Business Administration Dept., Global Business Div. of the Company |
| Mar. 2018 | Executive Officer and General Manager of Accounting and Finance Dept. of the Company |
| Mar. 2020 | Senior Executive Officer and General Manager of Accounting and Finance Dept. of the Company |
| Jun. 2021 | Director and General Manager of Accounting and Finance Dept. of the Company |
| Mar. 2024 | Full-time Audit & Supervisory Board Member of the Company |
| Jan. 2026 | Full-time Audit & Supervisory Board Member of KOSÉ Corporation |
| Mar. 2026 | Executive Director of KOSÉ Corporation (present) |
| Mar. 2026 | Executive Director & Group CFO of the Company (present) |

### Tadashi Saito
Executive Director

| | |
|---|---|
| Apr. 1992 | Joined Exxon Chemical Japan Ltd. (business analyst, assignment in the U.S.) |
| Apr. 2004 | National Sales Manager of Selective Div. of NIHON L'Oréal K.K. |
| Oct. 2005 | General Manager (Kerastase, Alexandre de Paris) of Selective Div. of NIHON L'Oréal K.K. |
| Feb. 2008 | General Manager of Professional Products Div. of L'Oréal Singapore Pte. Ltd. |
| Apr. 2011 | Deputy General Manager of Professional Products Div. of NIHON L'ORÉAL K.K. |
| Apr. 2012 | Director and Representative Executive Officer, President of Shaklee Japan K.K. |
| Dec. 2014 | Representative Director, President & CEO of TSI HOLDINGS CO.,LTD. |
| May 2018 | Vice President and General Manager of Professional Products Div. of NIHON L'Oréal K.K. |
| Oct. 2025 | Joined the Company, Corporate Advisor of President Office of the Company |
| Jan. 2026 | General Manager of Global Business Development Headquarters of the Company |
| Jan. 2026 | Executive Director of KOSÉ Corporation (present) |
| Mar. 2026 | Executive Director, General Manager of Global Business Development Headquarters of the Company (present) |

### Shinji Tanaka
Director

| | |
|---|---|
| Apr. 1989 | Joined the Company |
| Mar. 2019 | General Manager of SK Brand Office of the Company |
| Mar. 2020 | General Manager of Strategic Brands Div. of the Company |
| Jan. 2023 | Executive Officer, General Manager of Strategic Brands Div. of the Company |
| Jan. 2024 | Executive Officer, Chief Marketing Officer of the Company, General Manager of DECORTÉ Div. |
| Mar. 2024 | Director, Chief Marketing Officer of the Company, General Manager of DECORTÉ Div. |
| Jan. 2026 | Director, General Manager of Marketing Headquarters of the Company (present) |
| Jan. 2026 | Representative Director and President of KOSÉ Corporation (present) |



### Atsuko Ogura
Director

| | |
|---|---|
| Apr. 1988 | Joined the Company |
| Mar. 2015 | General Manager of IT Management Dept. of the Company |
| Mar. 2019 | Executive Officer, General Manager of IT Management Dept. of the Company |
| Mar. 2021 | Executive Officer, Director of R&D Laboratories and General Manager of Advanced Research Laboratories of the Company |
| Mar. 2023 | Director of the Company, Director of R&D Laboratories |
| Jan. 2025 | Director, Deputy General Manager of Product Headquarters of the Company, Director of R&D Laboratories |
| Jan. 2026 | Director, General Manager of Product Management Headquarters of the Company (present) |
| Jan. 2026 | Director of KOSÉ Corporation (present) |

### Minoru Onagi
Full-time Audit & Supervisory Board Member

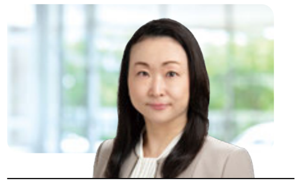
| | |
|---|---|
| Apr. 1986 | Joined the Company |
| Mar. 2018 | General Manager of Legal Dept. of the Company |
| Mar. 2021 | General Manager of Audit Office of the Company |
| Jan. 2023 | Senior Chief Manager of Audit Office of the Company |
| Mar. 2023 | Full-time Audit & Supervisory Board Member of the Company (present) |
| Jan. 2026 | Full-time Audit & Supervisory Board Member of KOSÉ Corporation (present) |
| Mar. 2026 | Audit & Supervisory Board Member of KOSÉ Cosmeport Corp. (present) |

### Masato Nakade
Full-time Audit & Supervisory Board Member

| | |
|---|---|
| Apr. 1992 | Joined the Company |
| Mar. 2016 | General Manager of Basic Research Laboratory of the Company |
| Mar. 2018 | General Manager of Dermatology and Cosmeceutical Research Laboratory of the Company |
| Mar. 2020 | General Manager of Technical Research Management Dept. of the Company |
| Mar. 2021 | General Manager of Legal Dept. of the Company |
| Jan. 2024 | Executive Officer and General Manager of Legal Dept. of the Company |
| Jan. 2026 | Senior Adviser of Legal Dept. of KOSÉ Corporation |
| Mar. 2026 | Full-time Audit & Supervisory Board Member of the Company (present) |
| Mar. 2026 | Full-time Audit & Supervisory Board Member of KOSÉ Corporation (present) |
| Mar. 2026 | Audit & Supervisory Board Member of KOSÉ INDUSTRIES CO., LTD. (present) |

### Toru Miyama
Audit & Supervisory Board Member (External)

| | |
|---|---|
| Apr. 1998 | Registered as an attorney at law |
| Oct. 2006 | Established Miyama Law Office (present) |
| Jun. 2019 | Audit & Supervisory Board Member of the Company (present) |
| Aug. 2020 | Outside Auditor of Ozu Corporation (present) |
| Jun. 2022 | Outside Director (Audit & Supervisory Committee Member) of RICOH LEASING COMPANY, LTD. (present) |



### Nobuko Takagi
Audit & Supervisory Board Member (External)

| | |
|---|---|
| Oct. 2002 | Joined Deloitte Touche Tohmatsu LLC |
| May 2006 | Registered as a certified public accountant |
| Nov. 2007 | Joined GCA Corporation |
| Mar. 2011 | Joined NEC Corporation |
| Jul. 2017 | Representative of Nobuko Takagi Certified Public Accountants' Office (present) |
| Jul. 2017 | Outside corporate auditor of I-ne Co., Ltd. |
| Apr. 2018 | Representative Director of COEING AND COMPANY Inc. (present) |
| Jun. 2018 | Outside Director of USS Co., Ltd. |
| Jun. 2022 | Outside Director (Audit & Supervisory Committee Member) of SMS Co., Ltd. (present) |
| Mar. 2024 | Audit & Supervisory Board Member of the Company (present) |

# Management Team and Skills Matrix

## Management Team

| Name | Position | Reasons for Appointment |
|---|---|---|
| Kazutoshi Kobayashi | Representative Director, Chairman & Group CEO | Appointed as a Director in recognition of his active role in accelerating management reforms and global expansion since becoming Representative Director and President, as well as his strong leadership in driving the medium- to long-term vision, *Vision for Lifelong Beauty Partner*. |
| Koichi Shibusawa | Representative Director, President & Group COO | 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. |
| Shoichi Kobayashi | Director and Vice President | Appointed as a Director in recognition of his leadership in promoting ALBION's high value-added strategy as Representative Director and President, his commitment to expanding markets in Japan and overseas and enhancing brand value, and his significant contribution to the Group's growth through the establishment of a sustainable earnings base by strengthening R&D and rebuilding sales channels. He brings extensive management experience and outstanding brand-building capabilities. |
| 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. |
| Shinichi Mochizuki | Executive Director & Group CFO | Appointed as a Director in recognition of his global experience and extensive knowledge. Following earlier experience in international operations, after joining the Company he played a central role in strengthening the management structure for overseas subsidiaries in the international business. From 2018, as General Manager of the Accounting and Finance Department, he led the formulation of financial strategies and the development of a fund management framework. After serving as a Director involved in management decision-making from 2021, he contributed from 2024 as a full-time Audit & Supervisory Board Member to ensuring the soundness of internal controls and accounting across the Group. |
| Tadashi Saito | Executive Director | Appointed as a Director in recognition of his engagement in corporate planning and strategy formulation, including an assignment in the United States at previous companies, and his leadership of structural reforms and the strengthening of the e-commerce business as Representative Director, President and CEO. More recently, as Vice President of NIHON L'Oréal K.K., he drove a V-shaped business recovery and digital transformation. He brings extensive international experience, strategic thinking grounded in scientific knowledge, and outstanding execution capabilities and leadership across overall management. |
| 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. |
| 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, and 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 General Manager of Product Management Headquarters. |
| 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. |
| 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. |
| 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 experience 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. |
| Jenny Chang | Director (External) | Appointed as an External Director in recognition of her high level of expertise in international finance and management, as well as her extensive practical experience in cross-border transactions and other areas. In addition to her outstanding track record in financial and capital strategy and international fund management, she also brings deep insight into management education and human resource development. She is expected to provide oversight and advice based on her international perspective. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director. |
| Minoru Onagi | Full-time Audit & Supervisory Board Member | Appointed as an Audit & Supervisory Board Member in recognition of his many years of contributions to the creation and protection of research-related intellectual property through his work in R&D and intellectual property strategy, leveraging his qualifications as a patent attorney. He has also contributed to the comprehensive protection and management of intellectual property legal matters and, since 2021, as General Manager of the Audit Office, played a key role in strengthening internal controls and internal auditing. He brings extensive experience and insight in these areas. |
| Masato Nakade | Full-time Audit & Supervisory Board Member | Appointed as an Audit & Supervisory Board Member in recognition of his many years of demonstrated expertise across a broad range of fields, including R&D, quality management, and patent administration, through which he has contributed to establishing the Company's technological foundation. Since 2021, as General Manager of the Legal Department and Chairperson of the Compliance Promotion Committee, he has promoted the development of the internal reporting system, the strengthening of the governance framework, and the advancement of legal functions. He brings extensive experience and insight in these areas. |
| Toru Miyama | Audit & Supervisory Board Member (External) | Appointed as an External Audit & Supervisory Board Member in recognition of his high level of expertise as an attorney at law and his deep knowledge of corporate compliance and risk management. He is expected to provide appropriate guidance and advice from an independent and objective standpoint. The Company has determined that there is no risk of conflict of interest with general shareholders and has therefore designated him as an independent officer. |
| Nobuko Takagi | Audit & Supervisory Board Member (External) | Appointed as an External Audit & Supervisory Board Member in recognition of her qualifications as a certified public accountant and her experience beginning with financial auditing, as well as in formulating and executing management strategies at M&A advisory firms and operating companies. She currently leads her own consulting firm, where she supports and advises top management from a position close to executive leadership. She brings extensive experience in advising on management strategy, advanced financial analysis capabilities, and business management. The Company has determined that there is no risk of conflict of interest with general shareholders and has therefore designated her as an independent officer. |

## Skills Matrix

| Name | Corporate management | Global | Marketing/R&D/Digital | Sustainability/ESG | Legal affairs/Risk management | Finance/Accounting/Capital policy |
|---|---|---|---|---|---|---|
| Kazutoshi Kobayashi | ● | ● | ● | | | |
| Koichi Shibusawa | ● | ● | | ● | | ● |
| Shoichi Kobayashi | ● | ● | ● | | | |
| Takao Kobayashi | ● | ● | ● | | | |
| Shinichi Mochizuki | ● | | | | ● | ● |
| Tadashi Saito | ● | ● | ● | | | |
| Shinji Tanaka | ● | | ● | | | |
| Atsuko Ogura | | | ● | ● | | |
| Norika Yuasa | | ● | | ● | ● | |
| Miwa Suto | ● | | ● | | | ● |
| Kumi Kobayashi | | | | ● | | ● |
| Jenny Chang | | ● | | ● | | ● |
| Minoru Onagi | | | | | ● | |
| Masato Nakade | | | | | ● | |
| Toru Miyama | | | | ● | ● | |
| Nobuko Takagi | | | ● | | | ● |

## Reasons for Skill Selection / Definitions

| | |
|---|---|
| **Corporate management** | The skill to drive and supervise the enhancement of corporate value over the medium to long term, based on a broad range of management experience, including deep understanding of the corporate culture, specialized knowledge of industries and business sectors, leadership in management and human resource strategies, and the realization of inorganic growth through transformation of the business portfolio and the use of M&A and other measures, in order to pursue the Statement of Purpose, "Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence," achieve the medium- to long-term vision, and realize sustainable corporate growth. |
| **Global** | The skill to make decisions and provide oversight from a global perspective, based on international business experience and deep knowledge of the appropriate business environment and trends, including increasingly complex geopolitical risks, in order to accelerate global expansion based on the medium- to long-term vision while achieving business growth optimized to regional characteristics around the world. |
| **Marketing/R&D/Digital** | The skill to monitor and supervise the Group's appropriate market positioning and competitive advantage, based on experience and knowledge in promoting customer experience (CX) enhancement and business model transformation (DX) through the use of marketing, manufacturing, and digital technologies, in order to maintain its B-to-C beauty business backed by the Company's strength in high quality as its core business while expanding business domains into adjacent fields. |
| **Sustainability/ESG** | The skill to drive and supervise the balancing of economic value with social and environmental value, based on knowledge of how to integrate into management strategy the risks and opportunities that social and environmental issues pose to companies, in order to realize a sustainable society and achieve the Company's enduring and sustainable growth. |
| **Legal affairs/Risk management** | The skill to monitor and supervise a fair, equitable, and sound management and business foundation that supports strategic risk-taking, based on the knowledge necessary for risk management and compliance, in order to strengthen Group governance that contributes to enhancing Group management. |
| **Finance/Accounting/Capital policy** | The skill to monitor and supervise capital policy and appropriate financial and accounting execution for realizing the medium- to long-term vision, based on knowledge of how to build an optimal capital structure and financial foundation while balancing strategic business investment with shareholder returns, in order to enhance corporate value over the medium to long term. |

# Corporate Governance

## Basic Policy

The nucleus of the management policy of the KOSÉ Group 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 Group 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 Holdings Corporation 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, the Company is committed to enhancing transparency and fairness to earn the 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

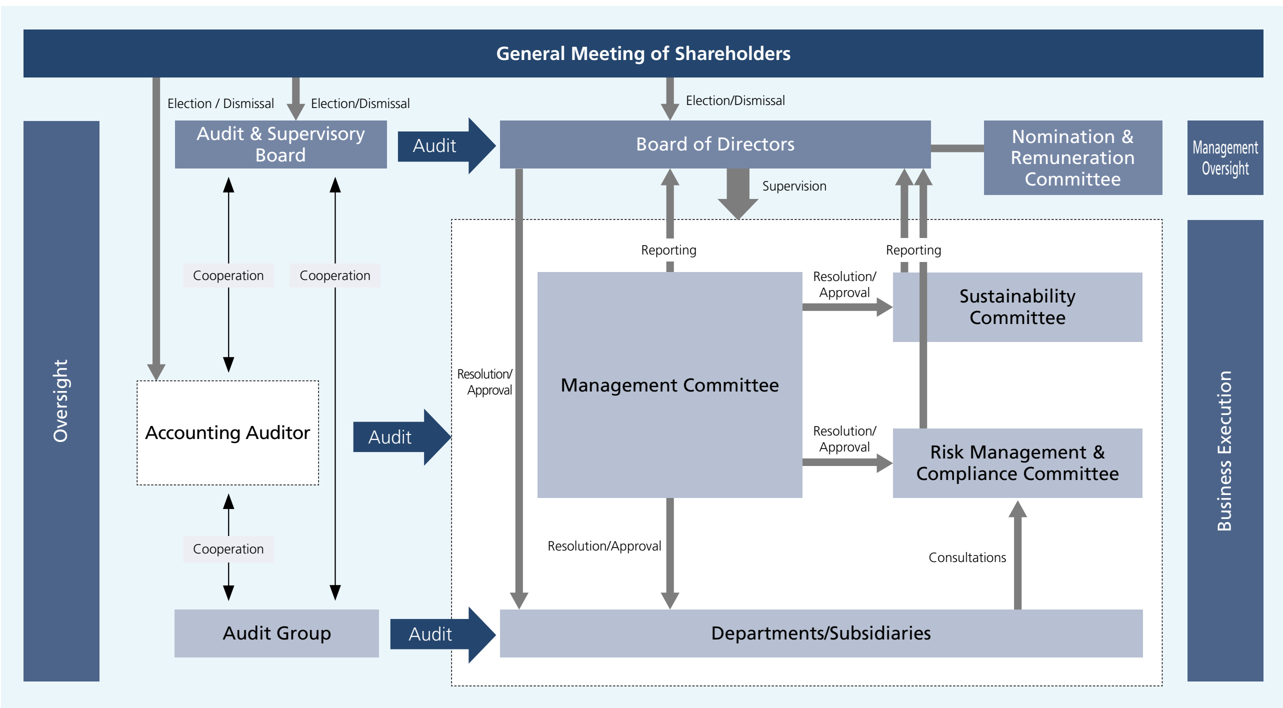
The Company has adopted the Company with an Audit & Supervisory Board system and conducts audits to ensure the appropriateness of directors' execution of duties.

For the swift and efficient execution of business, the Company employs the Board of Directors, the Management Committee chaired by the Representative Director and President, 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 external 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




## Initiatives to Strengthen Corporate Governance

### Board of Directors

The Company strives to ensure that the Board of Directors as a whole has the optimal balance of knowledge, experience, and abilities, as well as the appropriate size, for the Company. Diversity is also a major requisite of the Board's members, and as such the Board is composed of diverse individuals without distinction as to nationality, gender, or other attributes.

In appointing External Directors, the Company places emphasis on advanced expertise and extensive insight. They provide advice on business execution, as well as monitoring and overseeing the performance of individual directors.

For the execution of business, the Company has established a structure that clearly defines the areas of responsibility of each director and enables swift decision-making.

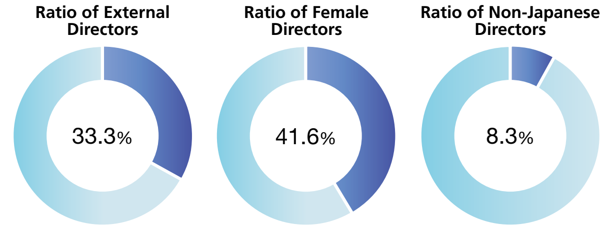
Following the transition to a pure holding company structure, the role of Chairperson of the Board of Directors has been transferred from the Group CEO to the Group COO, with the aim of supervising and monitoring the businesses of Group companies and enabling speedy decision-making. The Company will also continue to consider the possibility of having an Independent External Director serve as Chairperson in the future.

In principle, the Board of Directors meets once a month to decide on matters stipulated in laws, regulations, and the Articles of Incorporation, as well as other important management-related matters, and to supervise the execution of duties by directors. In addition, the appointment of officers is submitted to the General Meeting of Shareholders as separate proposals. In fiscal 2025, the Board engaged in active discussions incorporating the knowledge of External Officers on matters including the reorganization of the Group's management structure, centered on preparations for the transition to a holding company structure, as well as strengthening competitiveness in global markets and further advancing sustainability management.

#### Management Oversight Structure (As of March 27, 2026)

| Chairperson of the Board of Directors | (Breakdown) All Directors | Internal Directors | External Directors | Audit & Supervisory Board: Full-time Audit & Supervisory Board Members | External Audit & Supervisory Board Members |
|---|---|---|---|---|---|
| Group COO | 12 | 8 | 4 | 2 | 2 |

#### Board Composition (As of March 27, 2026)




Number of Board of Directors Meetings Held[1]
**16**

Attendance Rate of Directors at Board of Directors Meetings[1]
**98.4%**

Attendance Rate of Audit & Supervisory Board Members at Board of Directors Meetings[1, 2]
**100%**

Notes:
1. From the conclusion of the Annual General Meeting of Shareholders in March 2025 to immediately before the Annual General Meeting of Shareholders in 2026.
2. In addition to attending all meetings of the Board of Directors, each Audit & Supervisory Board Member also attended all meetings of the Audit & Supervisory Board.

#### Examples of Board of Directors Agenda Items (Fiscal 2025)

| Category | Main Agenda Items Reviewed (Examples) |
|---|---|
| Management Strategy / Growth Investment | • Review of progress on the medium- to long-term vision<br>• Expansion of global operations and investment decisions<br>• Diversification of the portfolio and improvement of profitability |
| Management Foundation / Systems | • Optimization of earning power through the digital transformation<br>• Priority investment in next-generation infrastructure |
| Capital Expenditure | • Deliberation on investments for the establishment of the Minami Alps Factory and review of progress<br>• Deliberation on IT investment governance |
| Governance / Risk | • Transition to a holding company structure and organizational restructuring<br>• Sharing the results of the evaluation of Board effectiveness and discussions on further enhancement<br>• Strengthening compliance and internal controls<br>• Strengthening cybersecurity measures |
| Sustainability | • Disclosure based on recommendations such as TCFD and TNFD<br>• Promotion of human rights and human capital management, including DE&I |
| Shareholder Dialogue / Shareholder Returns | • Consideration of the approach to ROIC management and measures to improve capital efficiency<br>• Sharing feedback from investors<br>• Consideration of management measures in response to share price issues<br>• Capital policy |

### Nomination & Remuneration Committee

The Nomination & Remuneration Committee examines proposals concerning nominations, remuneration and other matters that are submitted by the Representative Director and President 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 and Audit & Supervisory Board Members.

In addition, objectivity is ensured by appointing an External Director as Chairperson and by having external members account for a majority of the committee at 75% (six of the eight members are external members).

#### Composition of the Nomination & Remuneration Committee (As of March 27, 2026)

| Chairperson | Total Members | (Breakdown) Internal Directors | External Directors | External Audit & Supervisory Board Members |
|---|---|---|---|---|
| Directors (External) | 8 | 2 | 4 | 2 |

#### Examples of Nomination & Remuneration Committee Agenda Items (Fiscal 2025)

| | Main Agenda Items Reviewed (Examples) |
|---|---|
| Meetings Held: 2 | • Deliberation on officer appointment proposals for the Company<br>• Deliberation on proposed organizational structures for the Company and major operating subsidiaries<br>• Deliberation on the proposal for the appointment of a substitute Audit & Supervisory Board Member candidate<br>• Deliberation on the annual policy regarding remuneration, etc. for the Company's directors and for directors and executive officers of major operating companies |

Note: From the conclusion of the Annual General Meeting of Shareholders in March 2025 to immediately before the Annual General Meeting of Shareholders in 2026.

## Initiatives to Promote More Active Board Discussions

The Company is implementing a range of initiatives to eliminate information asymmetry between internal directors and External Directors and to make the Board of Directors a forum for more advanced management decision-making through vigorous discussions grounded in the diverse skills and experience of each director.

**Internal Directors**
Deepening understanding of agenda items through deliberations at management meetings and other important meetings, as well as through the business execution

**External Directors**
Deepening understanding through advance briefings on agenda items

**External Directors**
Deepening understanding of the Company's business environment and holding discussions in settings outside formal agenda items through briefing sessions for external officers (held, in principle, every other month)
<Examples of Topics Covered in Fiscal 2025>
- Sharing of the status of internal discussions related to the transition to a holding company structure
- Review of the medium- to long-term vision
- Human capital strategy
- Proposed organizational structures for the holding company and major operating companies

**Officers Attending Board Meetings**
Ensuring sufficient time to review agenda items through the advance distribution of explanatory materials

**Board of Directors**
Multifaceted discussions of agenda items and advanced management decision-making

**Risk Management and Compliance Committee**
Prompt sharing of important risks, compliance matters, and related issues

**External Directors**
Prompt identification of and advice on risk and compliance matters

## Evaluation of the Effectiveness of the Board of Directors

The Company conducts an evaluation of Board effectiveness at least once a year, using a third-party organization, with the aim of strengthening the functions of the Board of Directors and further enhancing governance. Areas identified as strengths included the appropriate reflection of feedback obtained through dialogues with shareholders in management decision-making and the ongoing discussion of important sustainability-related issues aimed at enhancing corporate value over the medium to long term.

At the same time, future challenges identified included building a risk management framework that takes into account the entire value chain and strengthening the advance preparation process for Board meetings. In addition, the Company needs to further reinforce efforts to improve capital efficiency, including the use of the ROIC tree and the further sophistication of management resource allocation.

**Evaluation of Initiatives in Fiscal 2025**

Self-evaluation by directors and Audit & Supervisory Board Members through a questionnaire format

<Main Evaluation Items>
- Composition and operation of the Board of Directors
- Corporate ethics and risk management
- Evaluation and compensation of the management team
- Management and business strategies
- Monitoring of business performance
- Dialogue with shareholders

**Analysis and Evaluation Results**

Evaluation discussion by the Board of Directors
<Main Evaluation Items>

[Strengths]
- Governance foundations, including oversight of internal controls and internal audits
- Initiatives to enhance corporate value on a sustainable basis through digital transformation, etc.

[Challenges]
- Consideration of the use of management resources to generate earnings
- Comprehensive and multifaceted review of strategy and advice on its execution, etc.

**Issues for Fiscal 2026 and Beyond**
- Further enhancement of Group oversight functions
- Improving the quality of discussions on strategic investments and ensuring thorough post-merger integration
- Securing diversity among senior management and reorganizing required skills, etc.

**Action Plan**
- Strengthening the governance framework, including management strategy and KPI management
- Reforming the deliberation process for strategies and other matters
- Strengthening portfolio management to systematically evaluate the ROIC and growth potential of each business, etc.

## Major Annual Initiatives to Strengthen Board Effectiveness

**Fiscal 2021**
- Created opportunities for information sharing among external officers
- Feedback to the Board of Directors from dialogue with shareholders

**Fiscal 2022**
- Clarified the rules for information sharing among Internal and external officers
- Status reporting on the internal reporting system

**Fiscal 2023**
- Shared information from important internal meetings with external officers
- Sufficient deliberation at Board meetings on human capital strategy

**Fiscal 2024**
- Clarified the risk management process
- Appropriate status reporting on internal audits

**Fiscal 2025**
- Established the governance framework in connection with the transition to a holding company structure
- Strengthened the Group's risk management framework

## Audit & Supervisory Board

The Audit & Supervisory Board consists of two full-time Audit & Supervisory Board Members and two External Audit & Supervisory Board Members. Attorneys and certified public accountants with advanced expertise and extensive insight are appointed as External Audit & Supervisory Board Members, and they monitor and supervise the execution of duties by directors. Audit & Supervisory Board Members regularly attend important meetings, including Board of Directors meetings and Management Committees, collaborate with Audit & Supervisory Board Members of domestic Group companies, exchange information and opinions with the internal audit department and the accounting auditors, and conduct audits of internal departments and subsidiaries on a regular basis.

### Audit & Supervisory Board Results (Fiscal 2025)

| Number of Audit & Supervisory Board Meetings Held | Attendance Rate of External Audit & Supervisory Board Members at Audit & Supervisory Board Meetings |
|---|---|
| 13 | 100% |

### Audit & Supervisory Board Structure (As of March 27, 2026)

| Chairperson | Total Number of Audit & Supervisory Board Members | (Breakdown) Full-time Audit & Supervisory Board Members | (Breakdown) External Audit & Supervisory Board Members |
|---|---|---|---|
| Full-time Audit & Supervisory Board Members | 4 | 2 | 2 |

| Name of Audit & Supervisory Board Member | Primary Area of Responsibility |
|---|---|
| Minoru Onagi (Chairperson) | Overall Audit & Supervisory Board audit duties |
| Masato Nakade | Overall Audit & Supervisory Board audit duties |
| Toru Miyama | Focus on audits concerning the legality of corporate governance bodies |
| Nobuko Takagi | Focus on audits concerning accounting |

### Examples of Audit & Supervisory Board Agenda Items (Fiscal 2025)

**Main Agenda Items Reviewed in Fiscal 2025 (Examples)**
- Review of regulations and other rules in connection with the transition to a pure holding company structure
- Audit activity reports, procedures for the General Meeting of Audit & Supervisory Board Members, Audit & Supervisory Board audit reports, and other matters
- Organizational design, consent to remuneration, and other matters
- Reports on meetings with Representative Directors and specific directors
- Sharing of the substance of deliberations at important meetings and reports on on-site audits by Audit & Supervisory Board Members
- Evaluation of the accounting auditor and consent to reappointment
- Deliberation on the appointment of a substitute Audit & Supervisory Board Member and consent to appointment

## Initiatives to Improve the Effectiveness of the Audit & Supervisory Board

The Company conducts an annual evaluation of activities for each fiscal year, with the aim of further improving the effectiveness of audits conducted by Audit & Supervisory Board Members with respect to the execution of duties by directors, internal controls, and accounting audits. The Audit & Supervisory Board reviews and discusses activities implemented by each Audit & Supervisory Board Member, and after deliberating on and agreeing the monitoring items for the following fiscal year, these are reflected in activities for the following year.

**Issues Identified and Key Observations from Activities in Fiscal 2024**
- Ongoing monitoring of the execution of duties by directors
- Monitoring of business operations and strengthening of governance under Group strategy
- Enhancement of discussions on the various strategies for advancing the medium- to long-term vision, etc.

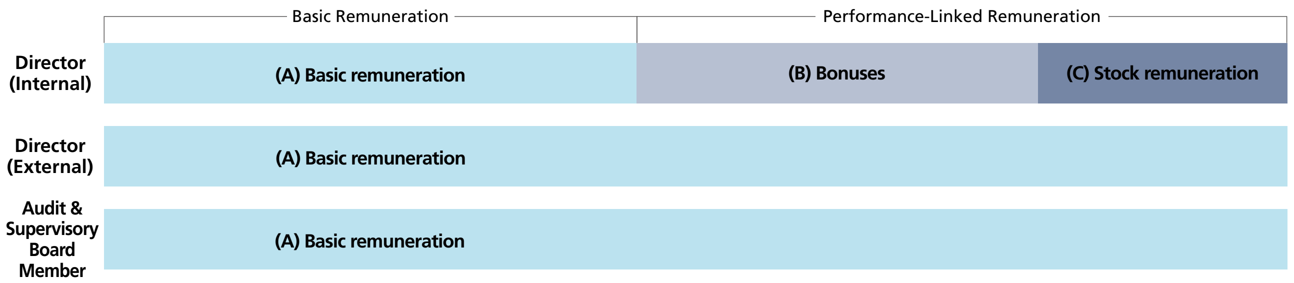
**Priority Monitoring Items for Fiscal 2025**
- Appropriate transition to a pure holding company structure
- Appropriate deliberation of matters submitted to the Board of Directors that contribute to the Beauty Consortium Concept
- Monitoring of the process of expanding the global framework
- Enhancement of the Group governance framework, etc.

**Activities of Audit & Supervisory Board Members in Fiscal 2025**
- Deliberations at Audit & Supervisory Board meetings
- Monitoring and advice through attendance at or participation in Board of Directors meetings and other important meetings
- Regular information exchanges with Representative Director and specific directors
- Interviews with directors, executive officers, department heads, and representatives of affiliated companies
- Regular reporting from and advice by the accounting auditors, the internal audit department, and the compliance department
- Audits by Audit & Supervisory Board Members at business sites, etc.

**Priority Monitoring Items for Fiscal 2026**
- Enhancement of audits relating to the internal control system
- Understanding the management status of each affiliated company after the transition to a pure holding company structure
- Monitoring of the succession planning process
- Monitoring, in coordination with the internal audit department, the appropriate exercise of delegated authority after the transition to a pure holding company structure, etc.

## Overview of Officer Remuneration

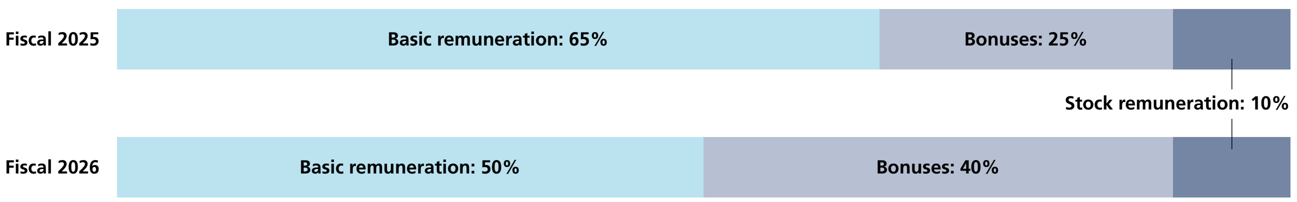
The KOSÉ Group has structured its officer remuneration system with a focus on enhancing medium- to long-term corporate value.




| | 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 | – | • Directors: Set according to the position of each director, taking the operating environment into account<br>• 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 | • Consolidated net sales<br>• Consolidated operating profit<br>• Net sales and operating profit, etc. in each business area<br>• Non-financial indicators (employee engagement, etc.)<br>• ESG items (climate change measures, use of RSPO-certified palm oil, water conservation, etc.)<br>• ROIC | 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.

### Composition of Remuneration for the Representative Director and Chairman (Group CEO) and the Representative Director and President (Group COO)




For directors other than the Representative Director and Chairman (Group CEO) and the Representative Director and President (Group COO), 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, the Company 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.

## Process for Determining Officer Remuneration

Officer remuneration 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 & 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 Representative Director and President, 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 Group to achieve global and borderless growth
- An appropriately 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 the Company'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

At the General Meeting of Shareholders, separate resolutions for officer remuneration for directors and Audit & Supervisory Board Members are determined and submitted to shareholders for approval. Each officer receives remuneration allocated within the total allowed for the corresponding officer classification.

To ensure the objectivity and transparency of the officer remuneration system, the validity and suitability of the allocation to each director are first discussed by the Nomination & Remuneration Committee, which is composed mainly of external officers.

Using the results of these discussions as the premise for determining remuneration, the final decisions about individual remuneration are entrusted to the Representative Director and President by the Board of Directors. The Representative Director and President has the authority to determine the basic remuneration for each director and the bonuses and stock remuneration based on the results of operations of the business overseen by that director. The Representative Director and President is given this authority because, as the executive who oversees all business management, the Representative director is best suited for evaluating the businesses units managed by that director. Remuneration of Audit & Supervisory Board Members is determined by the mutual agreement of these Members.

### Total Remuneration by Officer Classification, Amount of Remuneration by Type and Number of Eligible Officers (Fiscal 2025)

| 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) | 558 | 384 | 174 | – | 57 | 7 |
| Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members) | 55 | 55 | – | – | – | 2 |
| External Officers | 66 | 66 | – | – | – | 6 |

### 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 | Filing Company | 225 | 103 | – | 30 | 328 |

## 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 classified the qualities required of executive leaders into five categories and identified their specific requirements. By accumulating diverse experiences, we will develop talent who can acquire these attributes and competencies to effectively respond to the changing business environment.

This succession plan applies to executive-level personnel (excluding the Group 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 the uniqueness of the KOSÉ Group.

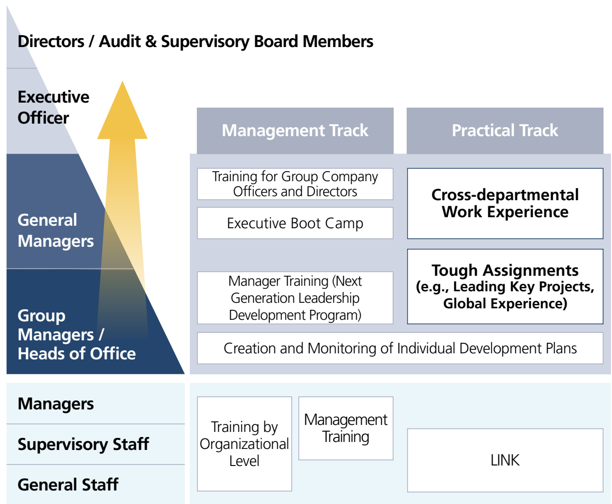
| Five Core Qualities | Specific Requirements |
|---|---|
| Embodiment of Management Philosophy / Internal Dissemination | ・Loves the KOSÉ Group, understands and embodies its management philosophy<br>・Instills the philosophy within the company among subordinates and stakeholders |
| Mindset | ・Leads through to value creation<br>・Engages sincerely and honestly with diverse stakeholders |
| Humanity | ・Possesses warmth and compassion<br>・Respects diverse values with a humble attitude |
| Skills | ・Possesses solid skills with strong management literacy and expertise<br>・Develops talent and builds a strong organization |
| Experience | ・Has successful experience across multiple domains<br>・Has experience in driving organizational transformation |

### Selection Process

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


### Development and Support

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

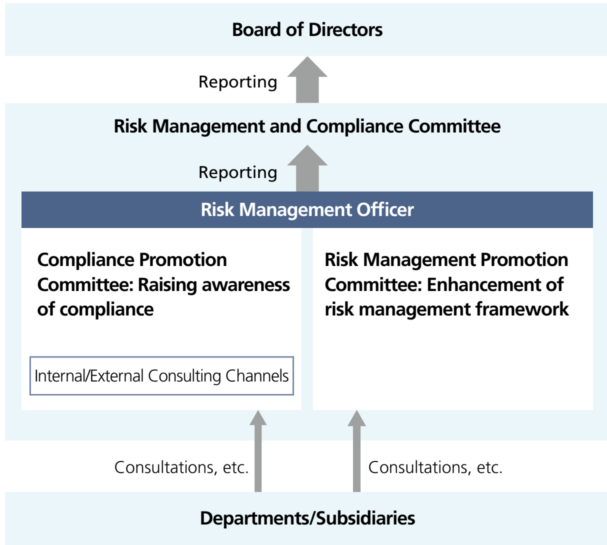



We will also focus on expanding the pool of future executive candidates by fostering mid-level managers at the manager level and below. This includes implementing leadership training and job rotation to help them acquire the core qualities required for Executive Management.

In terms of education, we provide management training that cultivates the ability to think from a management perspective on matters such as management strategy, organizational management, and successor development while also fostering the appropriate mindset. In addition, through assessments, we regularly confirm the extent to which the qualities required of senior management have been acquired and measure the progress of development.

## Risk Management and Compliance

### Risk Management and Compliance Promotion Structure




For the KOSÉ Group, "compliance" encompasses compliance with laws and regulations as well as behavior consistent with social ethics based on our code of conduct, "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 raising awareness of compliance 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: Representative Director and President

**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 Representative Director and President), 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 entire Company.

In addition, based on the KOSÉ Group's sustainability strategies, the Sustainability Promotion Committee establishes subcommittees and projects for individual themes and promotes more effective initiatives across the Group by coordinating activities on a cross-functional basis.

## 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 24, 2026, 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 subsidiaries and departments and prioritizes them along two evaluation axes: the impact on business performance and other factors if the risk materializes and the 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**<br>Damage to brand value<br>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**<br>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**<br>Decrease in brand competitiveness<br>Decline in innovation | At the Advanced Technology Laboratory, the Company conducts basic and applied research using data science while our branch in Lyon, France, is engaged in cutting-edge dermatological research. The Company is also actively engaged in open innovation using external resources. |
| | **Changes in consumer preferences**<br>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**<br>Decline in business profitability due to inability to accommodate a decarbonized 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).<br>https://koseholdings.co.jp/en/sustainability/environment/tcfd/ |
| | **Delayed response to biodiversity and water resource issues**<br>Decreased business continuity due to inability to respond to the degradation of natural capital and rising water risks | The Company is identifying its dependencies and impacts on natural capital and is conducting analyses of risks and opportunities related to biodiversity and water resources. Furthermore, the Company is enhancing information disclosure based on the TNFD recommendations and promoting initiatives to achieve "Nature Positive" outcomes, reflecting these efforts in its sustainability strategy.<br>https://koseholdings.co.jp/en/sustainability/environment/biodiversity/ |

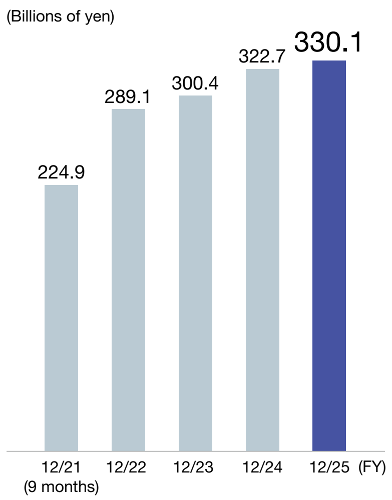
| Risk Categories | Main Risks | Main Measures |
|---|---|---|
| Strategy Risk | **Delays in addressing human rights issues and employment discrimination**<br>Decline in business profitability and reputation due to inability to address human rights risk | In accordance with international standards such as the UN Guiding Principles on Business and Human Rights, the Company has formulated the KOSÉ Group Human Rights Policy. Under the supervision of the Board of Directors, it conducts 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.<br>https://koseholdings.co.jp/en/sustainability/rights/hrdd/ |
| Business/ Financial Risk | **Increase in raw material prices**<br>Decline in profitability due to increased raw material prices | The Company conducts procurement globally to minimize market risk.<br>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**<br>Obstacles to stable product supply<br>Impact on sales and profit margins<br>Decline in the Company's creditworthiness | |
| Political/ Economic Risk | **Changes in legal regulations and responses**<br>Demand fluctuation risk<br>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.<br>https://koseholdings.co.jp/en/sustainability/scm/ |
| | **Abrupt changes in the political situation in countries and regions where the Company does business**<br>Impact on sales due to fluctuations in demand<br>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.)**<br>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**<br>Delays or interruption of business activities including production, supply, and sales | |
| Personnel/ Labor Risk | **Securing outstanding talent**<br>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 talent through revision of the Beauty Consultant compensation system. |
| Legal Violation/ Indemnification Risk | **Problems related to product accidents**<br>Reputation loss among customers and decline in corporate brand value due to serious product accidents | The Company prioritizes delivering safe and reliable products to its customers in all its manufacturing efforts. It has articulated the KOSÉ Group's commitment to quality as its Quality Policy, under which it has established a Quality Policy Message and Five Activity Declarations that it upholds in the Group's daily activities. |
| | **Leaks of confidential or personal information**<br>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

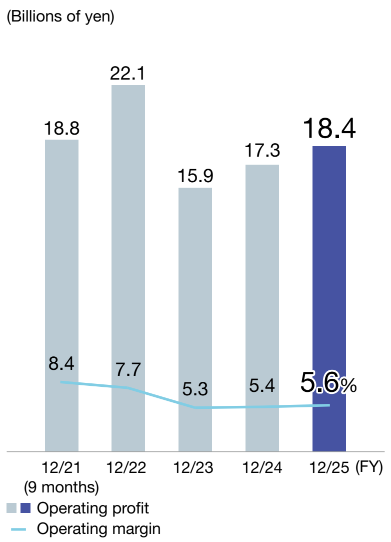
KOSÉ Holdings Corporation and Consolidated Subsidiaries (Years ended December 31, Unless Otherwise Noted[1])

## Finance

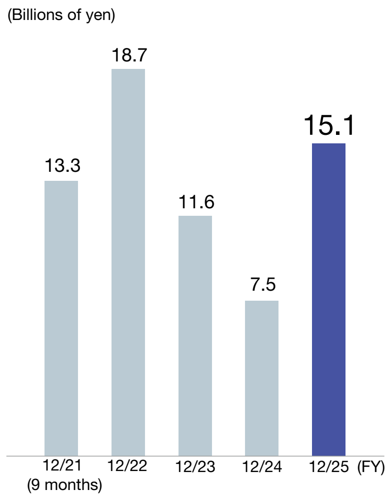
### Net Sales



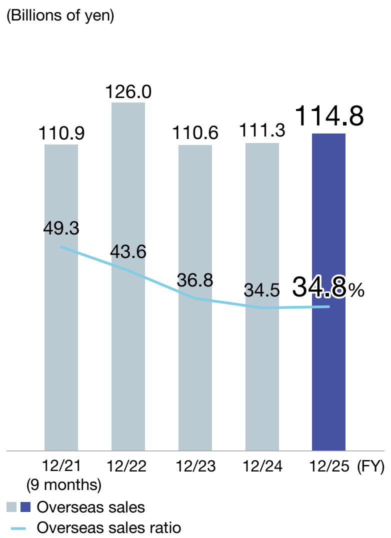

### Operating Profit / Operating Margin



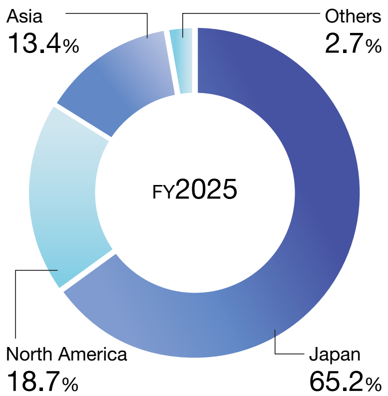

### Profit Attributable to Owners of Parent



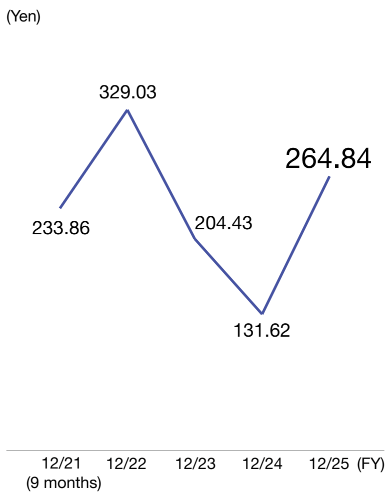

### Overseas Sales / Overseas Sales Ratio




### Share of Net Sales by Region

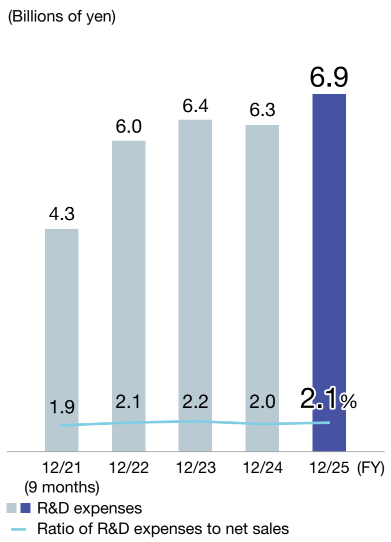



### Net Income per Share (Basic)

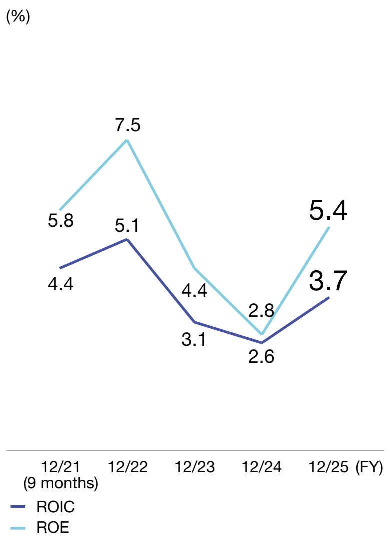



Notes:
1. From fiscal 2021, the fiscal year-end changed from March 31 to December 31. Please note that for the fiscal year ended December 31, 2021, as a transitional period, financial information covers the nine months from April 1, 2021 to December 31, 2021 and non-financial information covers the 12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

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



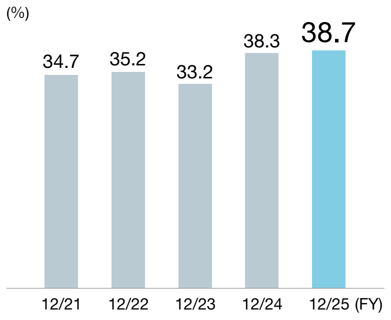

### ROIC[2] / ROE[3]




## Non-Financial

### Ratio of Female Employees in Leadership Positions[4]

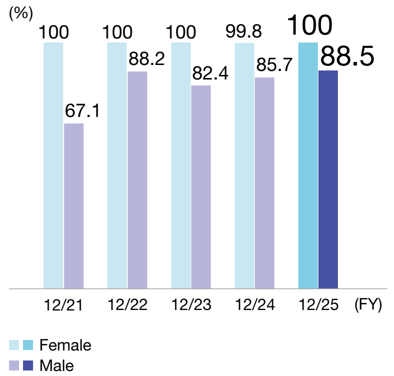
We are striving to create a work environment that fulfills women's desire to succeed by enabling them to balance their work with their private life while fully leveraging their individualities and capabilities.




4. "Leadership positions" refers to positions with subordinates or equivalent.

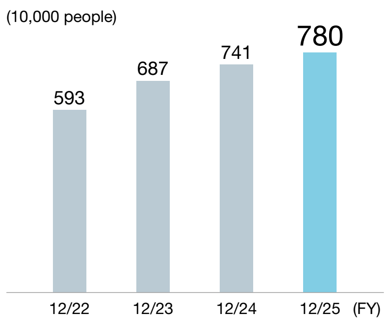
### Proportion of Employees Who Took Childcare Leave

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.



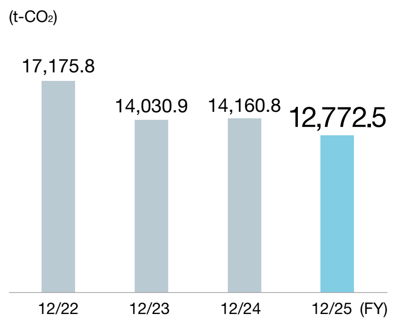

### Number Reached Through Environmental Awareness Initiatives

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 society.




### Scope 1 and 2 $CO_2$ Emissions

To reduce Scope 1 and 2 emissions, we are promoting the electrification of facilities, the introduction of renewable energy, and thorough energy-saving measures. By setting targets based on the reduction rate relative to the base year (fiscal 2018) and steadily reducing emissions at our own sites, we will contribute to the realization of a decarbonized society.




2. ROIC = Operating profit after tax ÷ Invested capital; Invested capital = Interest-bearing debt + Net assets; before application of new lease accounting standards
3. ROE = Profit attributable to owners of parent ÷ Shareholders' equity (average at beginning and end of year) × 100

# 11-Year Summary of Selected Financial Data

KOSÉ Holdings Corporation and Consolidated Subsidiaries (Years ended December 31, Unless Otherwise Noted[1])

| | FY3/2016 | FY3/2017 | FY3/2018 | FY3/2019 | FY3/2020 | FY3/2021 | FY12/2021 (Apr.-Dec.) | FY12/2022 | FY12/2023 | FY12/2024 | FY12/2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Results (Millions of Yen)** | | | | | | | | | | | |
| Net sales | 243,390 | 266,762 | 303,399 | 332,995 | 327,724 | 279,389 | 224,983 | 289,136 | 300,406 | 322,758 | 330,193 |
| Gross profit | 183,920 | 199,735 | 221,852 | 244,387 | 239,020 | 201,923 | 156,905 | 205,515 | 211,197 | 222,573 | 227,974 |
| 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 | 209,507 |
| Operating profit | 34,634 | 39,160 | 48,408 | 52,408 | 40,231 | 13,294 | 18,852 | 22,120 | 15,985 | 17,364 | 18,467 |
| Interest and dividend income | 347 | 294 | 271 | 651 | 662 | 456 | 405 | 792 | 1,355 | 1,120 | 1,217 |
| Profit before income taxes | 33,862 | 39,425 | 48,242 | 54,949 | 40,365 | 19,508 | 21,335 | 27,867 | 19,506 | 18,656 | 23,224 |
| 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 | 15,114 |
| Comprehensive income | 13,197 | 24,643 | 36,908 | 36,427 | 26,703 | 15,228 | 20,234 | 28,866 | 16,046 | 15,646 | 21,258 |
| 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 | 90,747 |
| Current assets | 161,351 | 172,074 | 193,164 | 205,241 | 204,438 | 205,031 | 217,324 | 244,481 | 256,732 | 240,336 | 228,947 |
| Total assets | 233,275 | 247,191 | 270,370 | 300,162 | 308,606 | 308,386 | 320,018 | 359,600 | 371,657 | 386,793 | 393,454 |
| Current liabilities | 57,766 | 56,033 | 62,821 | 66,107 | 59,676 | 61,608 | 59,136 | 67,580 | 70,224 | 71,162 | 63,212 |
| Non-current liabilities | 16,965 | 14,027 | 10,116 | 9,213 | 8,727 | 5,478 | 6,614 | 16,671 | 18,395 | 23,353 | 25,457 |
| Shareholders' equity | 143,626 | 159,348 | 176,263 | 203,566 | 219,425 | 218,107 | 224,576 | 235,975 | 239,721 | 239,316 | 246,493 |
| Interest-bearing debt | 1,704 | 1,629 | 1,311 | 1,666 | 1,654 | 8,533 | 1,711 | 10,178 | 10,215 | 11,224 | 10,668 |
| Depreciation | 5,744 | 5,821 | 6,977 | 8,018 | 8,838 | 10,379 | 7,827 | 9,743 | 9,557 | 9,778 | 10,879 |
| Capital expenditures | 10,445 | 10,770 | 10,065 | 18,500 | 19,286 | 10,188 | 4,517 | 6,847 | 5,815 | 21,465 | 21,223 |
| **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 | 264.84 |
| 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 | 4,979.35 |
| Cash dividends | 94.00 | 110.00 | 148.00 | 180.00 | 190.00 | 120.00 | 120.00 | 140.00 | 140.00 | 140.00 | 140.00 |
| **Financial Ratios (%)** | | | | | | | | | | | |
| Equity ratio | 63.2 | 66.3 | 68.1 | 69.6 | 72.5 | 73.1 | 74.5 | 72.0 | 71.6 | 70.4 | 72.2 |
| ROIC[2] | 13.7 | 14.0 | 17.8 | 17.1 | 11.8 | 2.3 | 4.4 | 5.1 | 3.1 | 2.6 | 3.7 |
| ROE[3] | 13.0 | 13.9 | 17.6 | 18.8 | 12.3 | 5.3 | 5.8 | 7.5 | 4.4 | 2.8 | 5.4 |
| ROA[4] | 16.0 | 16.4 | 18.8 | 18.6 | 13.4 | 4.5 | 6.1 | 6.7 | 4.7 | 4.9 | 5.0 |
| Gross profit margin | 75.6 | 74.9 | 73.1 | 73.4 | 72.9 | 72.3 | 69.7 | 71.1 | 70.3 | 69.0 | 69.0 |
| Operating margin | 14.2 | 14.7 | 16.0 | 15.7 | 12.3 | 4.8 | 8.4 | 7.7 | 5.3 | 5.4 | 5.6 |
| EBITDA margin[5] | 16.9 | 17.2 | 18.5 | 18.4 | 15.2 | 8.8 | 12.1 | 11.4 | 8.8 | 8.8 | 9.4 |
| Ratio of 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 | 4.6 |
| Payout ratio | 28.7 | 29.0 | 27.6 | 27.7 | 40.6 | 57.1 | 51.3 | 42.5 | 68.5 | 106.4 | 52.9 |

Notes:
1. Effective from the fiscal year ended December 31, 2021, the Company changed its fiscal year-end from March 31 to December 31.
As a result, the fiscal year ended December 31, 2021 covers the nine-month period from April 1, 2021 to December 31, 2021.
2. ROIC = Operating profit after tax ÷ Invested capital; Invested capital = Interest-bearing debt + Net assets; before application of the new lease accounting standard
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
5. EBITDA margin = (Operating profit + Depreciation + Amortization of goodwill) ÷ Net sales

# 5-Year Summary of Selected Non-Financial Data

## For People

| Human capital | | Unit | FY12/2021 | FY12/2022 | FY12/2023 | FY12/2024 | FY12/2025 | Scope[1] |
|---|---|---|---|---|---|---|---|---|
| **Basic Information** | | | | | | | | |
| Number of employees (including temporary employees)[2] | Female | Persons | 11,726 | 10,997 | 10,703 | 10,999 | 10,848 | (1) |
| | Male | Persons | 2,257 | 2,182 | 2,113 | 2,263 | 2,287 | (1) |
| Average length of service | | Years | 11.4 | 12.1 | 12.7 | 12.4 | 11.9 | (2) |
| Number of new graduates hired to regular full-time positions (as of April 1) | Female | Persons | 40 | 22 | 27 | 40 | 51 | (2) |
| | Male | Persons | 24 | 14 | 20 | 34 | 37 | (2) |
| Employee turnover among new graduates within 3 years | | % | 7.3 | 10.0 | 10.9 | 5.6 | 6.4 | (2) |
| Turnover rate (managers/non-managers) | | % | 3.4 | 3.7 | 3.5 | 4.2 | 3.6 | (2) |
| Turnover rate (beauty consultants) | | % | 8.3 | 11.4 | 11.3 | 10.8 | 10.2 | (2) |
| Turnover rate for all employees | | % | 6.9 | 8.7 | 8.5 | 8.4 | 7.8 | (2) |
| **Diversity, Equity and Inclusion** | | | | | | | | |
| Ratio of female directors (as of the conclusion of the General Meeting of Shareholders each year) | | % | 28.6 | 28.6 | 37.5 | 37.5 | 37.5 | (3) |
| Ratio of female employees in managerial positions | Managers | % | 28.8 | 28.9 | 31.1 | 34.5 | 35.6 | (1) |
| | Leadership positions[3] | % | 34.7 | 35.2 | 33.2 | 38.3 | 38.7 | (1) |
| Gender wage gap[4] | Managers | % | – | 99.9 | 96.2 | 96.8 | 96.2 | (2)[5] |
| | Non-managers[6] | % | – | 89.0 | 82.1 | 86.9 | 86.5 | (2)[5] |
| | Beauty consultants | % | – | 90.0 | 87.6 | 83.9 | 87.3 | (2)[5] |
| | Total[7] | % | – | 70.1 | 54.2 | 59.1 | 62.0 | (2)[5] |
| Proportion of employees who took childcare leave | Female | % | 100.0 | 100.0 | 100.0 | 99.8 | 100.0 | (2) |
| | Male | % | 67.1 | 88.2 | 82.4 | 85.7 | 88.5 | (2) |
| Return rate following childcare leave | Female | % | 96.9 | 96.7 | 97.2 | 95.7 | 92.3 | (2) |
| | Male | % | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | (2) |
| Number of employees working shortened hours for childcare/family care | | Persons | 501/5 | 623/3 | 643/3 | 700/4 | 673/5 | (2) |
| Number of employees taking extended leave for family care | | Persons | 11 | 5 | 6 | 9 | 20 | (2) |
| Number of employees taking paid leave for family care | | Persons | 15 | 12 | 15 | 26 | 29 | (2) |
| Ratio of employees with disabilities | | % | 2.22 | 2.41 | 2.39 | 2.35 | 2.33 | (2)[8] |
| Number of rehired employees | | Persons | 261 | 317 | 337 | 318 | 321 | (2) |
| **Training for Capability Development and Skill Enhancement** | | | | | | | | |
| Total number of participants | Managers/Non-Managers | Persons | 1,135 | 2,893 | 3,996 | 5,353 | 8,078 | (2) |
| | Beauty consultants | Persons | – | – | 75,177 | 79,995 | 80,611 | (2) |
| Total training hours | Managers/Non-Managers | h | 20,624.5 | 50,386.0 | 38,289.0 | 55,109.0 | 70,446.0 | (2) |
| | Beauty consultants | h | – | – | 542,905.0 | 636,571.0 | 605,731.6 | (2) |
| Average training hours per employee | Managers/Non-Managers | h | 13.1 | 17.8 | 11.6 | 18.4 | 24.2 | (2) |
| | Beauty consultants | h | – | – | 107.6 | 135.2 | 132.3 | (2) |
| Average training hours per employee, total | | h | – | – | 69.6 | 89.7 | 90.3 | (2) |
| Average training cost per employee | Managers/Non-Managers | Yen | – | 29,984 | 38,068 | 44,965 | 38,009 | (2)[9] |
| | Beauty consultants | Yen | – | – | – | – | 8,782 | (2) |
| Average training cost per employee, total | | | – | – | – | – | 20,142 | (2) |
| **Occupational Health and Safety Data** | | | | | | | | |
| Total working hours (Annual/Average per employee) | | h | 1,637.4 | 1,709.4 | 1,697.0 | 1,707.5 | 1,712.0 | (2)[10] |
| Overtime hours worked (Annual/Average per employee) | | h | 53.9 | 70.2 | 74.1 | 77.9 | 79.9 | (2) |
| Ratio of paid leave taken | | % | 66.9 | 69.2 | 62.6 | 74.6 | 80.0 | (2) |
| Occupational accidents (Lost-time/Fatal accidents) | | Cases | 31/0 | 33/0 | 19/0 | 24/0 | 19/0 | (2) |
| **Social Contribution Activities** | | | | | | | | |
| Number of initiatives supporting next-generation awareness | | Cases | – | – | 26 | 30 | 24 | (1) |
| Number of initiatives supporting community | | Cases | – | – | 27 | 22 | 16 | (1) |
| Number of initiatives supporting wellness | | Cases | – | – | 13 | 14 | 18 | (1) |
| Number of disaster assistance initiatives | | Cases | – | – | 2 | 4 | 3 | (1) |

## For the Earth

| Energy | | Unit | FY12/2021 | FY12/2022 | FY12/2023 | FY12/2024 | FY12/2025 | Scope[1] |
|---|---|---|---|---|---|---|---|---|
| $CO_2$ (greenhouse gas) emissions[11] | Scope 1 | t-$CO_2$ | 7,270.0 | 6,405.8 | 5,991.2 | 5,509.9 | 5,451.1[12] | (1) |
| | Scope 2 (Market-based) | | 12,508.6 | 10,770.0 | 8,039.7 | 8,650.9 | 7,321.4[12] | (1) |
| | Scope 3 | | 720,632.7 | 668,982.9 | 763,994.6 | 789,694.7 | 779,915.1[12] | (1) |
| Electricity consumption | | MWh | 34,534.1 | 32,059.0 | 32,314.3 | 31,995.1 | 32,856.6[12] | (1) |
| Portion generated using renewable energy | | MWh | 8,436.9 | 9,358.2 | 13,575.4 | 13,873.7 | 17,117.6[12] | (1) |
| Total energy consumption | | GJ | 474,631.6 | 443,498.4 | 481,829.7 | 370,072.0 | 387,761.9[12] | (1) |
| **Atmospheric Emissions** | | | | | | | | |
| NOx emissions | | tons | 7.4 | 3.5 | 3.0 | 2.4 | 3.4 | (4) |
| SOx emissions | | tons | 0.6 | 0.2 | 0.3 | 0.2 | 0.2 | (4) |
| **Waste** | | | | | | | | |
| Volume of waste | | tons | 3,026 | 2,163[13] | 2,100 | 2,055 | 2,185 | (5) |
| Recycling rate | | % | 100.0 | 100.0 | 100.0 | 100.0 | 100 | (5) |
| **Water Resources** | | | | | | | | |
| Water withdrawal | | 1,000 $m^3$ | 289.0 | 303.8 | 309.0 | 291.9 | 302.4[12] | (5) |
| Wastewater discharge | | 1,000 $m^3$ | 203.1 | 187.0 | 194.9 | 193.3 | 194.3[12] | (5) |
| Water withdrawal intensity | (production volume in dozens) | 1,000 $m^3$ | 0.01509 | 0.01784 | 0.01790 | 0.01749 | 0.01875[12] | (5) |
| Change in water withdrawal intensity | (year on year) | % | -4.1 | 18.2 | 0.3 | -2.2 | 7.2[12] | (5) |
| Trends in pollutant load | [BOD] | tons | 9.5 | 7.9 | 11.2 | 7.7 | 9.6 | (6) |
| | [SS] | tons | 2.4 | 1.8 | 5.7 | 3.3 | 6.8 | (6) |
| | [n-HEX] | tons | 0.5 | 0.2 | 0.6 | 0.3 | 0.4 | (6) |
| Number of violations of laws and regulations related to water withdrawal and discharge | | Cases | 0 | 0 | 0 | 0 | 0 | (5) |
| **Environmental Contribution and Biodiversity Conservation** | | | | | | | | |
| SAVE the BLUE | | $m^2$ | 11,533 | 11,858 | 12,270 | 12,736 | 13,036 | (3) |
| Cumulative coral planting area | | Number of corals planted | 19,005 | 19,538 | 20,211 | 20,976 | 21,467 | (3) |
| **Environmental External Evaluations** | | | | | | | | |
| CDP | [Climate Change] | – | A | A | A | A | A | (1) |
| | [Water Security] | – | A- | A | A | A | A | (1) |
| | [Forests (Palm Oil)] | – | B | B | A- | B | B | (1) |

Notes:
1. As of December 31 of each year, unless otherwise noted.
   (1) KOSÉ Group = KOSÉ Corporation and 45 subsidiaries, for a total of 46 companies
   (2) Domestic Group companies
   (3) KOSÉ Corporation
   (4) KOSÉ Corporation Manufacturing Departments
   (5) KOSÉ Group Manufacturing Departments
   (6) Domestic KOSÉ Group Manufacturing Departments
2. The number of temporary employees represents the annual average.
3. "Leadership positions" refers to positions with subordinates or equivalent.
4. Calculated based on base salary only. 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-managers refers 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. Includes six Group companies subject to the statutory employment obligation for persons with disabilities.
9. For 2022 to 2024, the scope covers KOSÉ Corporation and KOSÉ Sales Co., Ltd.
10. Includes paid leave, maternity/paternity leave, childcare leave, and personal sick leave.
11. Only $CO_2$ is included among GHG (greenhouse gas) emissions.
12. Scheduled to be updated in September 2026 following third-party verification.
13. Effective from fiscal 2022, data collection items were reorganized.

**Scope of third-party assurance:**
The number of employees (including temporary employees) for 2024 has been third-party assured.
The ratio of female employees in managerial positions and the proportion of employees who took childcare leave for 2023 and 2024 have been third-party assured.
GHG emissions (Scope 1, 2, and 3) and water-related data (water withdrawal and wastewater discharge) for 2021-2024 have been third-party assured.

**The 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 composed of domestic Group totals.
Data has been categorized under the main domestic affiliated companies. Individual company data can be found using the "Company Name Search" function on the database.

**See the KOSÉ Holdings website**
**for other non-financial information and data.**
**https://koseholdings.co.jp/en/sustainability/data/**

# Principal Group Companies

(As of December 31, 2025)

### 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 |

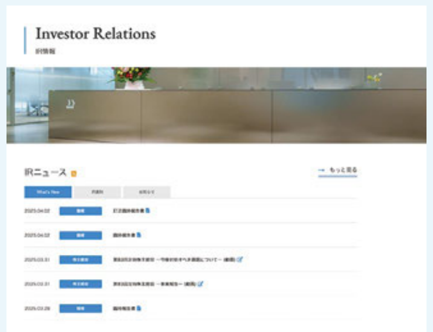
### Marketing and Services-related Subsidiaries

| 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 |

**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 Holdings Investor Relations Website
https://koseholdings.co.jp/en/ir/




# Corporate Information (As of December 31, 2025)

**Corporate Name:** KOSÉ Corporation
KOSÉ Holdings Corporation
(from January 1, 2026)

**Founding:** March 1946

**Incorporation:** June 1948

**Head Office:** 3-6-2, Nihonbashi, Chuo-ku, Tokyo
103-8251, Japan
Tel: +81-3-3273-1511

**Website:** https://koseholdings.co.jp/en/

**IR Section:** https://koseholdings.co.jp/en/ir/

**Sustainability Section:** https://koseholdings.co.jp/en/sustainability/

**Number of Employees** (Consolidated; including temporary staff)**:** 13,135 (as of Dec. 31, 2025)

**Fiscal Year-End:** December 31

# Stock Information (As of December 31, 2025)

**Common Stock (Authorized):** 200,000,000

**Common Stock (Issued):** 60,592,541

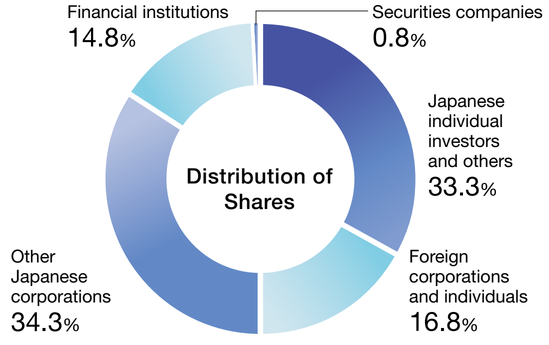
**Capital:** JPY 4,848 million

**Number of Shareholders:** 49,777

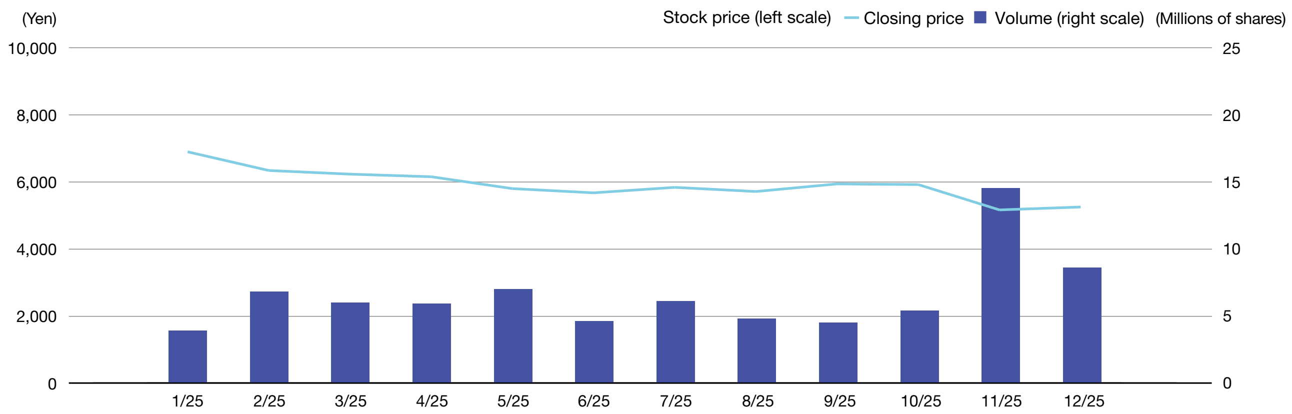
**Stock Listing:** Tokyo Stock Exchange Prime Market

**Code:** 4922

**Transfer Agent:** Mitsubishi UFJ Trust and Banking Corporation




### Stock Data




### Total Shareholder Returns

| | | FY3/2021 | FY12/2021 | FY12/2022 | FY12/2023 | FY12/2024 | FY12/2025 |
|---|---|---|---|---|---|---|---|
| Total shareholder returns | % | 118.4 | 99.7 | 111.0 | 83.2 | 58.8 | 45.3 |
| Comparative index (TOPIX with dividends reinvested) | % | (142.1) | (146.7) | (143.1) | (183.5) | (221.0) | (277.3) |

Effective from the fiscal year ended December 31, 2021, the Company changed its fiscal year-end from March 31 to December 31. As a result, the fiscal year ended December 31, 2021 covers the nine-month period from April 1, 2021 to December 31, 2021.

KOSÉ Holdings Corporation

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