



July 30, 2021

**Summary of Financial Results for the First Quarter of Fiscal Year Ending December 31, 2021
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: August 10, 2021

Scheduled date of dividend payment: Undecided

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes

(Rounded down to million yen)

**1. Consolidated Financial Results for the Three Months Ended June 30, 2021
(April 1, 2021 – June 30, 2021)**

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

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)
1Q FY12/2021	58,770	-	3,456	-	3,733	-	2,378	-
1Q FY03/2021	60,057	(26.5)	1,113	(91.6)	1,563	(88.0)	1,591	(81.1)

Note: Comprehensive income (million yen) 1Q FY12/2021: 5,899 (-%) 1Q FY03/2021: (213) (-%)

Reference

The percentages below (adjusted comparisons) are comparisons with the first quarter of the previous fiscal year (April 1 to June 30, 2020) after retroactively applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) to that quarter's financial statements.

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
57,228	2.7	1,109	211.6	1,558	139.6	1,588	49.8

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
1Q FY12/2021	41.69	-
1Q FY03/2021	27.90	-

Note: Beginning with the first quarter of the fiscal period ending on December 31, 2021, KOSÉ is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures for the first quarter incorporate this accounting standard and comparisons with the first quarter of the previous fiscal year are omitted.

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
1Q FY12/2021	305,697	243,587	74.5	3,994.11
FY03/2021	308,386	241,299	73.1	3,952.94

Ref.: Shareholders' equity (million yen) 1Q FY12/2021: 227,854 FY03/2021: 225,506

2. Dividends

	Dividend per share				
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)
FY03/2021	-	60.00	-	60.00	120.00
FY12/2021	-				
FY12/2021 (forecast)		70.00	-	70.00	140.00

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

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2021 (April 1, 2021 – December 31, 2021)

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

	Net sales	YoY change	Operating profit	YoY change	Ordinary profit	YoY change	Profit attributable to owners of parent	YoY change	Net income per share
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Yen)
Full year	238,000	-	20,000	-	20,500	-	14,200	-	248.92

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

Reference

The percentages below (adjusted comparisons) are the differences between the forecast for KOSÉ and its consolidated subsidiaries in Japan that have a March 31 fiscal year end for the nine-month fiscal period from April 1, 2021 to December 31, 2021 and results of operations for these same companies in the nine-month period from April 1, 2020 to December 31, 2020.

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
213,438	11.5	16,557	20.8	19,095	7.4	13,985	1.5

* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

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

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

- 1) Changes in accounting policies due to revisions in accounting standards, others : Yes
- 2) Changes in accounting policies other than 1) above : None
- 3) Changes in accounting-based estimates : None
- 4) Restatements : None

Note: Please refer to “2. Consolidated Quarterly Financial Statements and Notes, (3) Notes to Consolidated Quarterly Financial Statements, Changes in Accounting Policies” on page 9 of the attachments for further information.

(4) Number of shares outstanding (common stock)

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

As of June 30, 2021:	60,592,541 shares
As of March 31, 2021:	60,592,541 shares

2) Number of treasury shares at end of the period

As of June 30, 2021:	3,544,841 shares
As of March 31, 2021:	3,544,841 shares

3) Average number of shares outstanding during the period

1Q FY12/2021:	57,047,700 shares
1Q FY03/2021:	57,043,438 shares

Note 1: The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

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

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Explanation of Results of Operations

Three Months Ended June 30, 2021 (April 1, 2021 – June 30, 2021)

Millions of yen, %

Operating segment	1Q FY03/2021		1Q FY03/2021 (Adjusted)		1Q FY12/2021		YoY change (Adjusted comparisons)	
	Amount	% comp.	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	47,867	79.7	46,266	80.8	48,607	82.7	2,341	5.1
Cosmetaries	11,702	19.5	10,475	18.3	9,867	16.8	(608)	(5.8)
Other	486	0.8	486	0.9	295	0.5	(190)	(39.2)
Total net sales	60,057	100.0	57,228	100.0	58,770	100.0	1,541	2.7

	1Q FY03/2021		1Q FY03/2021 (Adjusted)		1Q FY12/2021		YoY change (Adjusted comparisons)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	1,113	1.9	1,109	1.9	3,456	5.9	2,347	211.6
Ordinary profit	1,563	2.6	1,558	2.7	3,733	6.4	2,175	139.6
Profit attributable to owners of parent	1,591	2.6	1,588	2.8	2,378	4.0	790	49.8

Note: The YoY change in the adjusted column are comparisons with the first quarter of the previous fiscal year (April 1 to June 30, 2020) after retroactively applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) to that quarter's financial statements.

In the first quarter (April 1, 2021 to June 30, 2021) of the current fiscal year, the Japanese economy continued to recover even though the COVID-19 crisis was still having a severe impact on economic activity.

Overseas, the primary markets for the KOSÉ Group are Asia and North America. In these regions, from January 1, 2021 to March 31, 2021, the economies of China are slowly recovering. In other Asian countries, economies are weak but staging a recovery and the downturn appears to have ended. In the United States, the economy is steadily improving as economic activity resumes despite challenges created by the pandemic.

In the Japanese cosmetics market, sales are recovering slowly despite the declining interest in buying cosmetics among Japanese consumers because of the need to limit outings during the COVID-19 crisis.

In China, strong growth of cosmetics sales continued, mainly in the e-commerce and duty-free channels. In other Asian countries, the business climate is still difficult. In the United States, cosmetics sales are recovering steadily because of vaccinations and a decline in the severity of the COVID-19 pandemic.

The KOSÉ Group has a history of responding to difficulties by transforming challenges into opportunities. Backed by this experience and know-how, many activities are under way to deal with a variety of issues with the goal of becoming even more resilient to risk in order to continue global and borderless growth.

In the first quarter, net sales increased 2.7% (based on adjusted prior-year results of operations, same hereafter) to 58,770 million yen (up 2.4% after excluding the effects of changes in foreign exchange rates). Sales in Japan and China were higher compared with one year earlier when the pandemic caused sales to fall. Overseas sales were 42.5% of total sales.

Earnings increased because of the sales growth and cost control measures. Operating profit increased 211.6% to 3,456 million yen and ordinary profit increased 139.6% to 3,733 million yen. Profit attributable to owners of parent increased 49.8% to 2,378 million yen.

In the cosmetics business, sales of DECORTÉ products remained strong in China in all sales channels. In

Japan, sales of makeup brands were slow but sales of ALBION and major brands such as DECORTÉ and SEKKISEI recovered. In addition, Carté HD skin care products continued to post strong sales. As a result, sales in the cosmetics business increased 5.1% to 48,607 million yen and operating profit increased 5.8% to 6,338 million yen.

In the cosmetaries business, sales of STEPHEN KNOLL NEW YORK hair care products and the SUNCUT and softymo brands of KOSÉ Cosmeport Corp. increased. However, sales were affected by the return of products in association with the update of the COSMENIENCE brand. As a result, sales in the cosmetaries business decreased 5.8% to 9,867 million yen and operating loss was 1,681 million yen (compared with a loss of 2,511 million yen one year earlier).

Sales of amenity products and orders for the manufacture of OEM products declined. As a result, sales decreased 39.2% to 295 million yen and operating profit increased 134.9% to 70 million yen due to cost reduction measures.

Net Sales by Region (Sales to Third Parties)

Millions of yen, %

	1Q FY03/2021		1Q FY03/2021 (Adjusted)		1Q FY12/2021		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	% comp.	Amount	%
Japan	34,814	58.0	32,042	56.0	33,788	57.5	1,746	5.4
Asia	16,704	27.8	16,647	29.1	17,874	30.4	1,227	7.4
North America	7,639	12.7	7,639	13.4	6,447	11.0	(1,191)	(15.6)
Other	898	1.5	898	1.5	659	1.1	(239)	(26.6)
Total net sales	60,057	100.0	57,228	100.0	58,770	100.0	1,541	2.7

Japan

Sales of major brands recovered at department stores and specialty stores from the downturn in 2020. E-commerce sales remained brisk, mainly for Maison KOSÉ. As a result, sales in Japan increased 5.4% to 33,788 million yen.

Asia

In China, which quickly ended the COVID-19 outbreak, sales were strong in all sales channels. Sales in South Korea were low in January and February but started to recover in March. In Taiwan, sales are recovering from the 2020 downturn. As a result, sales in Asia increased 7.4% to 17,874 million yen.

North America

At the U.S. company Tarte, Inc., stores reopened and e-commerce sales continued to grow. However, the pandemic continued to impact sales, particularly sales stores in urban locations and shopping malls. As a result, sales in North America decreased 15.6% to 6,447 million yen.

Other

Tarte e-commerce sales have been strong in Europe just as in the United States. Furthermore, almost all stores have reopened. However, sales were down, particularly at stores where tourists account for a large share of sales because of the pandemic. As a result, sales decreased 26.6% to 659 million yen.

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

There are no revisions to the full-year earnings forecast announced on April 30, 2021.

Based on the approval of the amendment to the Articles of Incorporation at the Annual General Meeting of Shareholders held on June 29, 2021, the end of the fiscal year is changed from March 31 to December 31 beginning with December 31, 2021. This change will result in a transitional nine-month fiscal period ending on December 31, 2021 for KOSÉ and its consolidated subsidiaries in Japan that have a March 31 fiscal year end. The transitional fiscal period ending on December 31, 2021 will also include the 12-month period ending on this date for consolidated subsidiaries that already have a fiscal year ending on December 31.

Beginning with the fiscal period ending on December 31, 2021, KOSÉ is applying Accounting Standard for Revenue Recognition (ASBJ Statement No. 29). Consequently, the consolidated forecasts incorporate this accounting standard.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

	<i>Millions of yen</i>	
	FY03/2021 (As of Mar. 31, 2021)	1Q FY12/2021 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	103,391	100,260
Notes and accounts receivable-trade	39,420	32,534
Merchandise and finished goods	31,932	32,443
Work in process	2,802	3,192
Raw materials and supplies	22,603	25,818
Other	4,952	6,886
Allowance for doubtful accounts	(71)	(69)
Total current assets	205,031	201,065
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,592	52,684
Accumulated depreciation	(23,108)	(23,585)
Buildings and structures, net	29,483	29,098
Machinery, equipment and vehicles	21,814	21,937
Accumulated depreciation	(14,554)	(14,973)
Machinery, equipment and vehicles, net	7,260	6,964
Tools, furniture and fixtures	44,463	44,941
Accumulated depreciation	(36,454)	(37,146)
Tools, furniture and fixtures, net	8,009	7,794
Land	17,350	17,370
Leased assets	2,202	2,207
Accumulated depreciation	(1,545)	(1,603)
Leased assets, net	657	603
Construction in progress	130	92
Total property, plant and equipment	62,892	61,923
Intangible assets		
Software	4,116	4,225
Goodwill	4,720	4,846
Other	5,316	5,237
Total intangible assets	14,153	14,309
Investments and other assets		
Investment securities	15,184	16,261
Retirement benefit asset	2,484	2,807
Deferred tax assets	4,729	5,394
Other	4,347	4,381
Allowance for doubtful accounts	(437)	(446)
Total investments and other assets	26,308	28,398
Total non-current assets	103,354	104,631
Total assets	308,386	305,697

Millions of yen

	FY03/2021 (As of Mar. 31, 2021)	1Q FY12/2021 (As of Jun. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,733	9,271
Electronically recorded obligations-operating	13,471	16,519
Short-term borrowings	7,600	4,100
Lease obligations	231	197
Accounts payable-other	12,261	7,424
Accrued expenses	11,068	8,601
Income taxes payable	4,478	1,676
Provision for sales returns	1,837	-
Repayment liabilities	-	4,798
Other	3,925	3,118
Total current liabilities	61,608	55,708
Non-current liabilities		
Lease obligations	702	689
Deferred tax liabilities	181	1,056
Other	4,594	4,656
Total non-current liabilities	5,478	6,401
Total liabilities	67,087	62,110
Net assets		
Shareholders' equity		
Share capital	4,848	4,848
Retained earnings	222,354	221,313
Treasury shares	(9,095)	(9,095)
Total shareholders' equity	218,107	217,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,605	6,155
Foreign currency translation adjustment	(683)	2,236
Remeasurements of defined benefit plans	2,476	2,397
Total accumulated other comprehensive income	7,398	10,788
Non-controlling interests	15,792	15,732
Total net assets	241,299	243,587
Total liabilities and net assets	308,386	305,697

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

	1Q FY03/2021 (Apr. 1, 2020 – Jun. 30, 2020)	1Q FY12/2021 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	60,057	58,770
Cost of sales	15,452	16,086
Gross profit	44,604	42,684
Selling, general and administrative expenses		
Advertising expenses	3,144	3,838
Promotion expenses	12,804	9,317
Freight and packing costs	3,300	3,810
Salaries and allowances	12,557	11,946
Retirement benefit expenses	318	154
Legal welfare expenses	1,959	1,340
Depreciation	1,074	1,104
Other	8,330	7,715
Total selling, general and administrative expenses	43,490	39,227
Operating profit	1,113	3,456
Non-operating income		
Interest income	76	55
Dividend income	155	218
Refunded consumption taxes	357	228
Patent licensing	5	4
Miscellaneous income	142	108
Total non-operating income	738	615
Non-operating expenses		
Interest expenses	3	4
Commission expenses	4	3
Loss on investments in partnership	16	24
Foreign exchange losses	224	277
Miscellaneous loss	40	27
Total non-operating expenses	289	338
Ordinary profit	1,563	3,733
Extraordinary income		
Gain on sales of non-current assets	1,007	0
Gain on sales of investment securities	-	90
Total extraordinary income	1,007	90
Extraordinary losses		
Loss on disposal of non-current assets	27	53
Impairment loss	-	0
Loss on liquidation of business	-	71
Total extraordinary losses	27	125
Profit before income taxes	2,542	3,699
Income taxes-current	1,869	1,133
Income taxes-deferred	(785)	102
Total income taxes	1,083	1,235
Profit	1,459	2,463
Profit (loss) attributable to non-controlling interests	(132)	84
Profit attributable to owners of parent	1,591	2,378

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

Millions of yen

	1Q FY03/2021 (Apr. 1, 2020 – Jun. 30, 2020)	1Q FY12/2021 (Apr. 1, 2021 – Jun. 30, 2021)
Profit	1,459	2,463
Other comprehensive income		
Valuation difference on available-for-sale securities	(250)	549
Foreign currency translation adjustment	(1,428)	2,961
Remeasurements of defined benefit plans, net of tax	5	(75)
Total other comprehensive income	(1,673)	3,435
Comprehensive income	(213)	5,899
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(70)	5,768
Comprehensive income attributable to non-controlling interests	(143)	130

(3) Notes to Consolidated Quarterly Financial Statements

Going Concern Assumption

Not applicable.

Precaution Concerning Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

KOSÉ has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the current fiscal year.

The KOSÉ Group manufactures and sells cosmetics, cosmetaries and other products. For accounting purposes, sales are recognized when products are delivered to customers. The reason is that customers gain control of products upon delivery and KOSÉ fulfills its obligation to supply the products at that time. However, for products sold in Japan, sales are recognized when products are shipped because the length of time between shipping and when control of the products is transferred to the customer is known. In addition, sales are determined at the amount of the contractual payment due from the customer after deducting discounts, rebates, product returns and other items.

Consequently, part of the sales promotion expenses and other items that are paid to customers that were classified in prior years as selling, general and administrative expenses are now deducted from sales instead. In addition, for sales with a right of return, the estimated amount of loss to be incurred in the following fiscal year or later for returns arising from business practices with customers was recorded as provision for sales returns, but this has been changed to a method of deducting it from net sales and recording refund liabilities in the same amount.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, compared with the previous accounting method, the application of the new standard resulted in reductions of 5,700 million yen in sales, 491 million yen in cost of sales, 5,203 million yen in selling, general and administrative expenses, 5,208 million yen in gross profit, and 5 million yen in operating profit, ordinary profit and profit before income taxes. In addition, the new standard reduced retained earnings at the beginning of the first quarter by 10 million yen.

Application of the Accounting Standards for Calculation of Fair Value, etc.

KOSÉ has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No.30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in the proviso to paragraph 19 of the Accounting Standard for Measurement of Fair Value and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Additional Information

Impact of the COVID-19 pandemic on accounting estimates

There are no significant changes during the first quarter regarding the accounting estimates that are explained in the Securities Report for the fiscal year that ended in March 2021.

Segment and Other Information

Segment Information

I. 1Q FY03/2021 (Apr. 1, 2020 – Jun. 30, 2020)

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

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	47,867	11,702	59,570	486	60,057	-	60,057
(2) Intragroup sales and transfers	-	-	-	166	166	(166)	-
Total sales	47,867	11,702	59,570	653	60,223	(166)	60,057
Segment profit (loss)	5,997	(2,511)	3,485	29	3,515	(2,401)	1,113

Notes: 1. The "other" segment consists of activities that are not included in any of the reportable segments: amenity products and real estate leasing.

2. Adjustments to segment profit (loss) are as follows.

	Millions of yen
Eliminations for intersegment transactions	(16)
Corporate expenses that cannot be allocated to reportable segments	(2,385)

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

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

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

No significant items in 1Q FY03/2021.

3. Geographic sales information

					Millions of yen
Japan	Asia	North America	Other	Total	
34,814	16,704	7,639	898	60,057	

II. 1Q FY12/2021 (Apr. 1, 2021 – Jun. 30, 2021)

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

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	48,607	9,867	58,474	295	58,770	-	58,770
(2) Intragroup sales and transfers	-	-	-	86	86	(86)	-
Total sales	48,607	9,867	58,474	382	58,856	(86)	58,770
Segment profit (loss)	6,338	(1,681)	4,657	70	4,728	(1,271)	3,456

Notes: 1. The "other" segment consists of activities that are not included in any of the reportable segments: amenity products and real estate leasing.

2. Adjustments to segment profit (loss) are as follows.

Millions of yen

Eliminations for intersegment transactions	(29)
Corporate expenses that cannot be allocated to reportable segments	(1,242)

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

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

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

No significant items in 1Q FY12/2021.

3. Information related to revisions for reportable segments

As stated in the "Changes in Accounting Policies" section, KOSÉ has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, and therefore, the measurement method for profit or loss in the business segment has been changed as well.

The effect of this change was to decrease sales and segment profit in the cosmetics segment by 4,284 million yen and 5 million yen, respectively, and to decrease sales in the cosmetaries segment by 1,415 million yen for the first quarter of the current fiscal year. There is no effect on a segment loss in the cosmetaries segment.

4. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
33,788	17,874	6,447	659	58,770

Information concerning Revenue Recognition

Division of sales

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

1Q FY12/2021 (Apr. 1, 2021 – Jun. 30, 2021)

	<i>Millions of yen</i>				
	Japan	Asia	North America	Other	Total
Cosmetics	23,980	17,519	6,447	659	48,607
Cosmetaries	9,512	355	-	-	9,867
Total	33,492	17,874	6,447	659	58,474
Other	295	-	-	-	295
Sales to third parties	33,788	17,874	6,447	659	58,770

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