

## Summary of Financial Results for the Fiscal Year Ended December 31, 2021

[Japanese GAAP]

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, First Section  
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 Scheduled date of general meeting of shareholders: March 30, 2022  
 Scheduled date of filing of Securities Report: March 30, 2022  
 Scheduled date of dividend payment: March 31, 2022  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for analysts)

(Rounded down to million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021

(April 1, 2021 – December 31, 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 (%)
FY12/2021	224,983	-	18,852	-	22,371	-	13,341	-
FY03/2021	279,389	(14.7)	13,294	(67.0)	18,745	(54.2)	11,986	(55.1)

Note: Comprehensive income (million yen) FY12/2021: 20,234 (up 32.9%) FY03/2021: 15,228 (down 43.0%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
FY12/2021	233.86	-	5.8	7.1	8.4
FY03/2021	210.11	-	5.3	6.1	4.8

Ref.: Equity in earnings of affiliates (million yen) FY12/2021: - FY03/2021: -

#### Reference

The percentages below (adjusted comparisons) are comparisons with the same period of the previous fiscal year after retroactively applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) to the financial statements.

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
(Million yen)	(Million yen)	(Million yen)	(Million yen)
(%)	(%)	(%)	(%)
214,745	16,524	19,061	13,961
4.8	14.1	17.4	(4.4)

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
FY12/2021	320,018	254,267	74.5	4,178.06
FY03/2021	308,386	241,299	73.1	3,952.94

Ref.: Shareholders' equity (million yen) FY12/2021: 238,357 FY03/2021: 225,506

(3) Consolidated cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of period (Million yen)
	Operating activities (Million yen)	Investing activities (Million yen)	Financing activities (Million yen)	
FY12/2021	17,799	(4,722)	(14,303)	81,876
FY03/2021	23,280	(5,850)	(7,363)	80,051

### 2. Dividends

	Dividend per share					Total dividends (Million yen)	Payout ratio (consolidated) (%)	Dividend on net assets (consolidated) (%)
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)			
FY03/2021	-	60.00	-	60.00	120.00	6,845	57.1	3.0
FY12/2021	-	60.00	-	60.00	120.00	6,845	51.3	3.0
FY12/2022 (forecast)	-	70.00	-	70.00	140.00		48.4	

### 3. Consolidated Forecast for the Fiscal Year Ending December 31, 2022

(January 1, 2022 – December 31, 2022)

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

	Net sales (Million yen)	YoY change (%)	Operating profit (Million yen)	YoY change (%)	Ordinary profit (Million yen)	YoY change (%)	Profit attributable to owners of parent (Million yen)	YoY change (%)	Net income per share (Yen)
Full year	293,000	-	22,000	-	22,600	-	16,500	-	289.22

Note: Due to the change of the fiscal year end, the consolidated financial statements for the current transitional fiscal period include results of operations of KOSÉ and its consolidated subsidiaries in Japan that had a March 31 fiscal year end for the nine-month fiscal period from April 1, 2021 to December 31, 2021, and of consolidated subsidiaries that had a December 31 fiscal year end for the period from January 1, 2021 to December 31, 2021. As a result, no prior-year comparisons are shown.

#### Reference

The percentages below (adjusted comparisons) are comparisons with the same period of the previous fiscal year (January 1, 2021 to December 31, 2021) which corresponds to the period of the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022).

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
268,992	8.9	15,672	40.4	22,050	2.5	11,135	48.2

#### \* Notes

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

Newly added: - Excluded: -

(2) 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 |

(3) Number of shares outstanding (common stock)

- |  |                   |                      |                   |  |
|--|-------------------|----------------------|-------------------|--|
| 1) Number of shares outstanding (incl. treasury shares) at end of the period |                   |                      |                   |  |
| As of December 31, 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 December 31, 2021  | 3,542,672 shares  | As of March 31, 2021 | 3,544,841 shares  |  |
| 3) Average number of shares outstanding during the period                    |                   |                      |                   |  |
| FY12/2021  | 57,048,912 shares | FY03/2021            | 57,046,312 shares |  |

#### (Reference) Non-consolidated financial results

##### Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021

(April 1, 2021 – December 31, 2021)

(1) Non-consolidated financial results *(YoY change % represents changes from the previous fiscal year)*

	Net sales	YoY change	Operating profit	YoY change	Ordinary profit	YoY change	Net income	YoY change
	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)	(Million yen)	(%)
FY12/2021	85,853	-	8,789	-	18,923	-	14,656	-
FY03/2021	125,943	(14.0)	10,603	150.4	30,244	57.7	25,740	49.8

Note: Due to the change of the fiscal year end, the current transitional fiscal period is a nine-month period from April 1, 2021 to December 31, 2021. As a result, no prior-year comparisons are shown.

	Net income per share (basic)	Net income per share (diluted)
	(Yen)	(Yen)
FY12/2021	256.90	-
FY03/2021	451.23	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Million yen)	(Million yen)	(%)	(Yen)
FY12/2021	186,374	152,610	81.9	2,675.03
FY03/2021	188,152	144,524	76.8	2,533.40

Ref.: Shareholders' equity (million yen) FY12/2021: 152,610 FY03/2021: 144,524

Note 1: This financial report is not subject to audit 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. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations" of the attachments.

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## 1. Analysis of Results of Operations and Financial Position

### (1) Analysis of Results of Operations

#### 1) Financial Results for the Current Fiscal Year

##### a. Review of Operations

Millions of yen, %

Operating segment	FY03/2021		FY12/2020 (Adjusted)		FY12/2021		YoY change (Adjusted comparisons)	
	Amount	% comp.	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	218,482	78.2	176,334	82.1	189,082	84.0	12,747	7.2
Cosmetaries	58,434	20.9	36,454	17.0	34,351	15.3	(2,102)	(5.8)
Other	2,472	0.9	1,957	0.9	1,549	0.7	(408)	(20.9)
Total net sales	279,389	100.0	214,745	100.0	224,983	100.0	10,237	4.8

	FY03/2021		FY12/2020 (Adjusted)		FY12/2021		YoY change (Adjusted comparisons)	
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	13,294	4.8	16,524	7.7	18,852	8.4	2,328	14.1
Ordinary profit	18,745	6.7	19,061	8.9	22,371	9.9	3,309	17.4
Profit attributable to owners of parent	11,986	4.3	13,961	6.5	13,341	5.9	(620)	(4.4)

Note: The YoY changes in the adjusted column are comparisons with the same period of the previous fiscal year (April 1, 2020 to December 31, 2020) after retroactively applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) to the financial statements.

In the nine-month transitional fiscal year that ended in December 2021 (April 1 to December 31, 2021), economic activity in Japan resumed following the end of states of emergency and other pandemic safety measures at the end of September. Difficulties created by the pandemic have slowly declined and there were signs of an economic recovery.

Overseas, the primary markets for the KOSÉ Group are Asia and the United States. In 2021, the Chinese economy slowly recovered, although the pace of the recovery has been declining. The economies of South Korea and Taiwan are also showing signs of recovery. In the United States, the economy is improving steadily.

In the Japanese cosmetics market, sales were recovering slowly late in 2021 despite the declining interest in buying cosmetics among Japanese consumers because of the need to limit outings during the pandemic.

In China, sales of cosmetics were negatively affected by restrictions on travel and outings due to the pandemic. However, cosmetics sales in China were generally higher, primarily in the e-commerce and travel retail categories. In other Asian countries, the decline in cosmetics sales ended even though market conditions remain challenging because of the pandemic. In the United States, cosmetics sales are recovering steadily despite disruptions in some supply chains.

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 this transitional fiscal year, net sales increased 4.8% (based on prior-year results of operations adjusted for consistency with the new revenue recognition standard, same hereafter) to 224,983 million yen (up 2.4% after excluding the effects of changes in foreign exchange rates). Sales were strong in China, Europe and the United States, but sales were negatively affected by the pandemic in other countries. Sales in Europe, the United States and Asia were 49.3% of total sales.

Operating profit increased 14.1% to 18,852 million yen and ordinary profit increased 17.4% to 22,371 million yen, which includes foreign exchange gains, because of cost control measures in all operations. Profit attributable to owners of parent decreased 4.4% to 13,341 million yen due to restructuring expenses and tax adjustments.

## b. Results by Business Segment

### Cosmetics Business

Millions of yen, %

	FY03/2021	FY12/2020 (Adjusted)	FY12/2021	YoY change (Adjusted comparisons)	
				Amount	%
Sales to third parties	218,482	176,334	189,082	12,747	7.2
Intragroup sales and transfers	-	-	-	-	-
Total net sales	218,482	176,334	189,082	-	-
Operating profit	18,669	23,355	22,724	(631)	(2.7)
Operating margin	8.5	13.2	12.0	-	-

Sales of DECORTÉ products in the high-prestige brand category remained strong in China and Japan. There were higher sales in Japan of ALBION, the ADDICTION line of makeup products and JILL STUART cosmetics. Tarte products also performed well in North America and Europe but sales of other major brands were sluggish. As a result, sales in the cosmetics business increased 7.2% to 189,082 million yen and operating profit decreased 2.7% to 22,724 million yen.

### Cosmetaries Business

Millions of yen, %

	FY03/2021	FY12/2020 (Adjusted)	FY12/2021	YoY change (Adjusted comparisons)	
				Amount	%
Sales to third parties	58,434	36,454	34,351	(2,102)	(5.8)
Intragroup sales and transfers	-	-	-	-	-
Total net sales	58,434	36,454	34,351	-	-
Operating profit (loss)	(63)	(2,407)	(752)	1,655	-
Operating margin	-	-	-	-	-

Sales of STEPHEN KNOLL NEW YORK hair care products and the SUNCUT, softymo and CLEAR TURN brands of KOSÉ Cosmeport Corp. increased. Sales of hair care brands recovered because of limited time only promotions and other activities. However, sales of makeup brands were lackluster throughout the year despite a recovery beginning in October. As a result, sales in the cosmetaries business decreased 5.8% to 34,351 million yen and operating loss was 752 million yen compared with a loss of 2,407 million yen one year earlier.

### Other Business

Millions of yen, %

	FY03/2021	FY12/2020 (Adjusted)	FY12/2021	YoY change (Adjusted comparisons)	
				Amount	%
Sales to third parties	2,472	1,957	1,549	(408)	(20.9)
Intragroup sales and transfers	490	373	318	(55)	(14.8)
Total net sales	2,962	2,330	1,867	-	-
Operating profit	973	432	808	375	86.7
Operating margin	32.9	18.6	43.3	-	-

Orders for the manufacture of OEM products declined. As a result, sales in the other business decreased 20.9% to 1,549 million yen and operating profit increased 86.7% to 808 million yen.

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

	FY03/2021		FY12/2020 (Adjusted)		FY12/2021		YoY change (Adjusted comparisons)	
	Amount	% comp.	Amount	% comp.	Amount	% comp.	Amount	%
Japan	167,410	59.9	113,821	53.0	114,078	50.7	257	0.2
Asia	82,139	29.4	71,177	33.1	74,361	33.1	3,183	4.5
North America	26,418	9.5	26,416	12.3	32,720	14.5	6,303	23.9
Other	3,421	1.2	3,330	1.6	3,823	1.7	493	14.8
Total net sales	279,389	100.0	214,745	100.0	224,983	100.0	10,237	4.8

**Japan**

Sales increased throughout the year at cosmetics stores, which handle primarily high-prestige brands, following the downturn in 2020. At department stores, sales have been recovering consistently since September 2021. E-commerce sales remained strong, mainly at Maison KOSÉ. In the drugstores and other mass channels, KOSÉ is facing a difficult situation due to intensifying competition, but in the sensitive skin product market, KOSÉ increased its market share. As a result, sales in Japan increased 0.2% to 114,078 million yen.

**Asia**

In China, sales remained strong at department stores and e-commerce sales were much higher than one year earlier with China's 618 (June 18) shopping festival and on Singles Day (November 11). In China's travel retail (duty free) category, which is centered on Hainan Island, sales were firm despite the negative effects between July and September of travel restrictions due to the pandemic. In South Korea, sales were held down by shortages of merchandise that occurred during the first half of this transitional nine-month fiscal year. As a result, sales in Asia increased 4.5% to 74,361 million yen.

**North America**

At the U.S. company Tarte, Inc., as economic activity resumed in the United States, sales at stores increased because of measures to strengthen lineups of concealers, mascara and other major products. Sales during the year-end selling season were also strong because Tarte responded quickly to supply chain disruptions. Tarte's e-commerce category performed well despite some weakness in the e-commerce sector as customers returned to stores. As a result, sales in North America increased 23.9% to 32,720 million yen.

**Other**

In Europe, rapid growth of Tarte products continued, particularly in the makeup category, due to the successful marketing activities using social media. As a result, sales increased 14.8% to 3,823 million yen.

**2) Outlook for FY12/2022**

There are concerns about a slower pace of the recovery of the global economy in 2022 because of the spread of omicron variant, supply chain disruptions which began in 2021 and other problems.

Although the outlook for the Japanese economy is uncertain, the economy is expected to recover slowly. In China, consumer spending is expected to be sluggish because of the country's zero-COVID policy. In the United States, there are concerns about monetary tightening and inflation that could continue for a long time. Despite these issues, the Chinese and U.S. economies are expected to continue to recover.

Based on this outlook, KOSÉ forecasts net sales of 293,000 million yen, operating profit of 22,000 million yen, ordinary profit of 22,600 million yen, and profit attributable to owners of parent of 16,500 million yen. The outlook for business segments is shown below. The capital expenditure forecast is 18,900 million yen and the

depreciation expense forecast is 10,300 million yen.

The comparisons are calculated based on the consolidated results of operations for the twelve-month period from January 1, 2021 to December 31, 2021, after retroactively applying 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).

Currently, there are concerns about a prolonged economic slump due to the pandemic. The main reasons are a decline in consumer sentiment caused by restrictions on outings and travel in many countries where COVID-19 cases are increasing again, restrictions on business activities, and declines in jobs and personal income. Consequently, there is no first half forecast for sales and earnings because it is difficult to determine a reliable outlook for the beginning of an economic recovery.

\* Forecasts are based on foreign exchange rates of 108 yen to the U.S. dollar, 16.5 yen to the Chinese yuan and 0.09 yen to Korean won.

Millions of yen, %

Operating segment	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)	FY12/2021 (Adjusted) (Jan. 1, 2021 – Dec. 31, 2021)	FY12/2022 (Jan. 1, 2022 – Dec. 31, 2022)	Adjusted comparisons	
	Amount	Amount	Amount	Amount	%
Cosmetics	189,082	217,742	238,500	20,757	9.5
Cosmetaries	34,351	49,185	52,600	3,414	6.9
Other	1,549	2,064	1,900	(164)	(8.0)
Total net sales	224,983	268,992	293,000	24,007	8.9

	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)		FY12/2021 (Adjusted) (Jan. 1, 2021 – Dec. 31, 2021)		FY12/2022 (Jan. 1, 2022 – Dec. 31, 2022)		Adjusted comparisons	
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	18,852	8.4	15,672	5.8	22,000	7.5	6,328	40.4
Ordinary profit	22,371	9.9	22,050	8.2	22,600	7.7	550	2.5
Profit attributable to owners of parent	13,341	5.9	11,135	4.1	16,500	5.6	5,365	48.2

## (2) Analysis of Financial Position

### 1) Balance Sheet Position

The current ratio was 367.5%, 34.7 percentage points higher than one year earlier, and the quick ratio was 252.8%, an increase of 21.0 percentage points, as of December 31, 2021. These changes were attributable mainly to the following items.

Assets increased 11,632 million yen. There was a 6,681 million yen increase in quick assets, mainly the result of an increase of 1,890 million yen in cash and deposits and an increase of 4,790 million yen in notes and accounts receivable-trade. Other current assets increased 5,611 million yen due to an increase in inventories of 6,405 million yen and other factors. Non-current assets decreased 660 million yen due to a decrease of 3,338 million yen in property, plant and equipment, an increase of 113 million yen in intangible assets and an increase of 2,565 million yen in investments and other assets.

Liabilities decreased 1,335 million yen. Current liabilities decreased 2,471 million yen mainly due to an increase of 716 million yen in notes and accounts payable-trade, an increase of 2,856 million yen in electronically recorded obligations-operating, a decrease of 7,000 million yen in short-term borrowings, a decrease of 2,509

million yen in income taxes payable and an increase of 1,193 million yen in accounts payable-other. Non-current liabilities increased 1,136 million yen mainly due to an increase of 1,193 million yen in deferred tax liabilities.

Interest-bearing debt amounted to 1,711 million yen, and the debt-to-equity ratio was 0.01.

## 2) Cash Flows

	<i>Millions of yen</i>		
	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)	YoY change
Net cash provided by (used in) operating activities	23,280	17,799	(5,481)
Net cash provided by (used in) investing activities	(5,850)	(4,722)	1,128
Net cash provided by (used in) financing activities	(7,363)	(14,303)	(6,939)
Increase in cash and cash equivalents	9,757	1,825	(7,931)
Cash and cash equivalents at end of period	80,051	81,876	1,825

Cash and cash equivalents (consolidated basis) as of December 31, 2021 were 81,876 million yen, an increase of 1,825 million yen, or 2.3%, compared with March 31, 2021. Cash flows and major components during the current transitional fiscal period are as follows.

Net cash provided by operating activities decreased 23.5% to 17,799 million yen. This was mainly the net result of profit before income taxes of 21,335 million yen, depreciation, a non-cash expense, of 7,827 million yen, an increase of 4,542 million yen in inventories, an increase of 4,013 million yen in notes and accounts receivable-trade, an increase of 3,131 million yen in refund liabilities, an increase of 2,866 million yen in notes and accounts payable-trade, and income taxes paid of 8,362 million yen.

Net cash used in investing activities decreased 19.3% to 4,722 million yen. The major components were the purchase of property, plant and equipment of 2,944 million yen and purchase of intangible assets of 1,642 million yen.

Net cash used in financing activities increased 94.2% to 14,303 million yen. The major components include net increase (decrease) in short-term borrowings of 7,000 million yen and cash dividends paid of 6,845 million yen.

## 3) Cash Flow Indicators

	FY03/2018 (12 months)	FY03/2019 (12 months)	FY03/2020 (12 months)	FY03/2021 (12 months)	FY12/2021 (9 months)
Shareholders' equity ratio (%)	68.1	69.6	72.5	73.1	74.5
Shareholders' equity ratio based on market prices (%)	469.9	386.4	246.4	289.7	232.6
Interest-bearing debt to cash flow ratio	0.0	0.1	0.0	0.4	0.1
Interest coverage ratio	9,274.6	23,555.3	3,942.6	1,891.8	2,385.1

Notes:

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows (before deducting interests and income taxes) / Interest payments

- These indicators are calculated on a consolidated basis.

- Market capitalization is based on the number of shares issued less treasury shares.

The closing price of stock on the balance sheet date is adjusted in case KOSÉ conducts a stock split for shareholders of record at the fiscal year end.

- Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

- Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest. Interest expenses paid on the consolidated statement of cash flows is used for interest payments.



### (3) Profit Allocation Policy and Dividends for FY12/2021 and FY12/2022

Preserving a stable dividend is the fundamental policy for profit allocations. KOSÉ plans to return earnings to shareholders while taking into account the need to retain earnings to fund future growth as well as the company's current financial soundness, operating results and the dividend payout ratio.

KOSÉ plans to pay an ordinary dividend of 60 yen per share. Shareholders received an interim dividend of 60 yen per share on December 10, 2021. This will result in a dividend of 120 yen per share applicable to the current fiscal year (ended December 31, 2021).

In the next fiscal year (ending December 31, 2022), KOSÉ plans to pay an annual dividend of 140 yen per share.

## 2. Management Policies

### (1) Fundamental Management Policy

Since starting operations in 1946, KOSÉ has been dedicated to the mission of using beauty to help people achieve their dreams and other goals. When KOSÉ established a corporate identity in 1991, this mission was expressed as a statement of the company's philosophy for business operations: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence. KOSÉ has grown year after year since then by adhering to this philosophy. In addition, KOSÉ established a corporate message: Creating beauty in a sustainable world. This message expresses the strong commitment to functioning as a "beauty creation company" in order to utilize a broad array of knowledge involving beauty in order to provide benefits for people and the world.

### (2) Performance Indicators

The Group is placing priority on improving the operating margin, return on total assets (ROA) and return on equity (ROE).

Note:  $ROA = (\text{Operating profit} + \text{Interest and dividends}) / \text{Total assets (average at beginning and end of year)} \times 100$

$ROE = \text{Profit attributable to owners of parent} / \text{Shareholders' equity (average at beginning and end of year)} \times 100$

### (3) Medium- and Long-Term Strategies and Important Issues

The KOSÉ Group is enacting VISION2026 for the purpose of providing guidelines for advancing to the next stage of growth as KOSÉ looks ahead to the 80th anniversary of its founding in 2026.

#### **The KOSÉ Group's vision: Become a company with a global presence exceptional customer loyalty**

KOSÉ pursues the goal of "beauty for everyone" as a leading Japanese cosmetics company that creates a distinctive Japanese-style culture of cosmetics. To maintain a one-of-a-kind identity, activities are centered on many original and appealing brands for the constant creation of distinctive value ahead of other companies worldwide. The goal is to be an admired and irreplaceable company that as many stakeholders as possible will choose over others.

#### The KOSÉ Group VISION2026

##### ✓ Numerical Targets

- Net sales: 500 billion yen
- Operating margin: 16% or more
- ROA: 18% or more
- ROE: 15% or more

✓ Road Map

- Phase I: Upgrade global brands and reinforce customer points of contact
- Phase II: Increase KOSÉ's global presence and improve the customer experience
- Phase III: Become a customer-driven company appreciated by people worldwide

✓ Basic strategies

1) Three growth strategies

- (a) Accelerate globalization of brands
- (b) Proactively develop unique products
- (c) Explore new growth domains

2) Two value creation vectors

- (a) Use digital technology for more and better personal customer experiences
- (b) Focus on unique forms of value by utilizing external resources and technologies

3) Three business foundations

- (a) Build a sound foundation for the company growth
- (b) Promote diversity and inclusion
- (c) Develop a sustainability strategy spanning the entire value chain

**3. Basic Approach for the Selection of Accounting Standards**

The KOSÉ Group is continuing studies for the future adoption of International Financial Reporting Standards (IFRS) with objectives that include improved international comparability of financial data in capital markets and higher creditworthiness overseas. This is in line with its medium- and long-term strategies and factors in domestic and international circumstances in achieving the aim of becoming a company with a global presence.

## 4. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheet

	<i>Millions of yen</i>	
	FY03/2021 (As of Mar. 31, 2021)	FY12/2021 (As of Dec. 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	103,391	105,281
Notes and accounts receivable-trade	39,420	44,211
Merchandise and finished goods	31,932	34,374
Work in process	2,802	2,310
Raw materials and supplies	22,603	27,059
Other	4,952	4,243
Allowance for doubtful accounts	(71)	(156)
<b>Total current assets</b>	<b>205,031</b>	<b>217,324</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	52,592	52,620
Accumulated depreciation	(23,108)	(24,429)
Buildings and structures, net	29,483	28,191
Machinery, equipment and vehicles	21,814	21,902
Accumulated depreciation	(14,554)	(15,749)
Machinery, equipment and vehicles, net	7,260	6,152
Tools, furniture and fixtures	44,463	45,211
Accumulated depreciation	(36,454)	(38,062)
Tools, furniture and fixtures, net	8,009	7,148
Land	17,350	17,393
Leased assets	2,202	2,235
Accumulated depreciation	(1,545)	(1,699)
Leased assets, net	657	535
Construction in progress	130	132
<b>Total property, plant and equipment</b>	<b>62,892</b>	<b>59,554</b>
<b>Intangible assets</b>		
Software	4,116	4,293
Goodwill	4,720	4,615
Other	5,316	5,357
<b>Total intangible assets</b>	<b>14,153</b>	<b>14,266</b>
<b>Investments and other assets</b>		
Investment securities	15,184	15,534
Retirement benefit asset	2,484	5,470
Deferred tax assets	4,729	3,863
Other	4,347	4,515
Allowance for doubtful accounts	(437)	(509)
<b>Total investments and other assets</b>	<b>26,308</b>	<b>28,874</b>
<b>Total non-current assets</b>	<b>103,354</b>	<b>102,694</b>
<b>Total assets</b>	<b>308,386</b>	<b>320,018</b>

*Millions of yen*

	FY03/2021 (As of Mar. 31, 2021)	FY12/2021 (As of Dec. 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	6,733	7,450
Electronically recorded obligations-operating	13,471	16,327
Short-term borrowings	7,600	600
Lease obligations	231	177
Accounts payable-other	12,261	13,455
Accrued expenses	11,068	10,323
Income taxes payable	4,478	1,968
Accrued consumption taxes	-	1,022
Provision for sales returns	1,837	-
Refund liabilities	-	5,077
Other	3,925	2,734
<b>Total current liabilities</b>	<b>61,608</b>	<b>59,136</b>
<b>Non-current liabilities</b>		
Lease obligations	702	639
Deferred tax liabilities	181	1,374
Other	4,594	4,600
<b>Total non-current liabilities</b>	<b>5,478</b>	<b>6,614</b>
<b>Total liabilities</b>	<b>67,087</b>	<b>65,751</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,848	4,848
Capital surplus	-	26
Retained earnings	222,354	228,791
Treasury shares	(9,095)	(9,090)
<b>Total shareholders' equity</b>	<b>218,107</b>	<b>224,576</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,605	5,830
Foreign currency translation adjustment	(683)	4,389
Remeasurements of defined benefit plans	2,476	3,561
<b>Total accumulated other comprehensive income</b>	<b>7,398</b>	<b>13,781</b>
<b>Non-controlling interests</b>	<b>15,792</b>	<b>15,909</b>
<b>Total net assets</b>	<b>241,299</b>	<b>254,267</b>
<b>Total liabilities and net assets</b>	<b>308,386</b>	<b>320,018</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	<i>Millions of yen</i>	
	FY03/2021	FY12/2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Dec. 31, 2021)
Net sales	279,389	224,983
Cost of sales	77,465	68,078
Gross profit	201,923	156,905
Selling, general and administrative expenses		
Advertising expenses	20,201	18,531
Promotion expenses	60,326	33,697
Freight and packing costs	15,493	13,190
Salaries and allowances	48,143	38,558
Retirement benefit expenses	1,278	396
Legal welfare expenses	7,455	5,929
Depreciation	4,566	3,793
Other	31,165	23,955
Total selling, general and administrative expenses	188,629	138,052
Operating profit	13,294	18,852
Non-operating income		
Interest income	260	155
Dividend income	195	250
Refunded consumption taxes	381	254
Patent licensing	9	6
Gain on investments in partnership	-	657
Foreign exchange gains	1,204	1,341
Subsidy income	3,436	715
Miscellaneous income	347	386
Total non-operating income	5,835	3,767
Non-operating expenses		
Interest expenses	17	12
Rent expenses on real estates	4	3
Provision of allowance for doubtful accounts	201	180
Commission expenses	7	9
Loss on investments in partnership	67	-
Miscellaneous loss	86	43
Total non-operating expenses	384	249
Ordinary profit	18,745	22,371
Extraordinary income		
Gain on sales of non-current assets	1,084	3
Gain on sales of investment securities	28	90
Other	105	-
Total extraordinary income	1,217	94
Extraordinary losses		
Loss on disposal of non-current assets	169	355
Loss on valuation of investment securities	-	74
Loss on valuation of shares of subsidiaries and associates	148	41
Impairment loss	73	75
Loss on fire	62	-
Loss on liquidation of business	-	48
Extra retirement payments	-	534
Total extraordinary losses	454	1,130
Profit before income taxes	19,508	21,335
Income taxes-current	8,253	6,021
Income taxes-deferred	(583)	1,611
Total income taxes	7,669	7,633
Profit	11,839	13,702
Profit (loss) attributable to non-controlling interests	(146)	360
Profit attributable to owners of parent	11,986	13,341

**Consolidated Statement of Comprehensive Income***Millions of yen*

	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)
Profit	11,839	13,702
Other comprehensive income		
Valuation difference on available-for-sale securities	1,175	227
Foreign currency translation adjustment	(1,748)	5,178
Remeasurements of defined benefit plans, net of tax	3,962	1,125
Total other comprehensive income	3,389	6,531
Comprehensive income	15,228	20,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,176	19,723
Comprehensive income attributable to non-controlling interests	52	510

**(3) Consolidated Statement of Changes in Equity**

FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)

*Millions of yen*

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,848	15	223,665	(9,103)	219,425
Changes of items during period					
Dividends of surplus			(8,841)		(8,841)
Profit attributable to owners of parent			11,986		11,986
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares			28	11	39
Change of scope of consolidation			0		0
Change in ownership interest of KOSÉ due to transactions with non-controlling interests		(15)	(4,483)		(4,499)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(15)	(1,310)	8	(1,317)
Balance at end of current period	4,848	-	222,354	(9,095)	218,107

*Millions of yen*

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,434	1,063	(1,289)	4,208	16,569	240,202
Changes of items during period						
Dividends of surplus						(8,841)
Profit attributable to owners of parent						11,986
Purchase of treasury shares						(2)
Disposal of treasury shares						39
Change of scope of consolidation						0
Change in ownership interest of KOSÉ due to transactions with non-controlling interests						(4,499)
Net changes of items other than shareholders' equity	1,171	(1,747)	3,765	3,190	(776)	2,413
Total changes of items during period	1,171	(1,747)	3,765	3,190	(776)	1,096
Balance at end of current period	5,605	(683)	2,476	7,398	15,792	241,299

FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)

Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,848	-	222,354	(9,095)	218,107
Cumulative effects of changes in accounting policies	-	-	(10)	-	(10)
Restated balance	4,848	-	222,344	(9,095)	218,097
Changes of items during period					
Dividends of surplus			(6,845)		(6,845)
Profit attributable to owners of parent			13,341		13,341
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		26		5	32
Change of scope of consolidation			(48)		(48)
Change in ownership interest of KOSÉ due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	26	6,447	5	6,479
Balance at end of current period	4,848	26	228,791	(9,090)	224,576

Millions of yen

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,605	(683)	2,476	7,398	15,792	241,299
Cumulative effects of changes in accounting policies	-	-	-	-	-	(10)
Restated balance	5,605	(683)	2,476	7,398	15,792	241,288
Changes of items during period						
Dividends of surplus						(6,845)
Profit attributable to owners of parent						13,341
Purchase of treasury shares						(0)
Disposal of treasury shares						32
Change of scope of consolidation					(12)	(60)
Change in ownership interest of KOSÉ due to transactions with non-controlling interests						
Net changes of items other than shareholders' equity	224	5,073	1,084	6,382	129	6,511
Total changes of items during period	224	5,073	1,084	6,382	116	12,978
Balance at end of current period	5,830	4,389	3,561	13,781	15,909	254,267



**(4) Consolidated Statement of Cash Flows**

	<i>Millions of yen</i>	
	FY03/2021	FY12/2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Dec. 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	19,508	21,335
Depreciation	10,379	7,827
Impairment loss	73	75
Loss on fire	62	-
Amortization of goodwill	779	600
Loss on liquidation of business	-	48
Extra retirement payments	-	534
Increase (decrease) in allowance for doubtful accounts	194	147
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3,334)	-
Decrease (increase) in retirement benefit asset	(2,484)	(2,379)
Increase (decrease) in retirement benefit liability	(2,241)	-
Loss (gain) on disposal of non-current assets	(914)	352
Interest and dividend income	(456)	(405)
Interest expenses	17	12
Foreign exchange losses (gains)	(752)	(912)
Loss (gain) on sales of investment securities	(28)	(90)
Loss on valuation of shares of subsidiaries and associates	148	41
Loss (gain) on valuation of investment securities	-	74
Loss (gain) on investments in partnership	67	(657)
Other extraordinary loss (income)	(105)	-
Subsidy income	(3,436)	(715)
Decrease (increase) in notes and accounts receivable-trade	(1,196)	(4,013)
Decrease (increase) in inventories	3,752	(4,542)
Increase (decrease) in notes and accounts payable-trade	(522)	2,866
Increase (decrease) in refund liabilities	-	3,131
Decrease (increase) in other assets	5,530	1,074
Increase (decrease) in other liabilities	(220)	(310)
Subtotal	<u>24,820</u>	<u>24,095</u>
Interest and dividend income received	469	1,246
Interest expenses paid	(15)	(10)
Subsidies received	3,436	715
Proceeds from insurance income	-	116
Income taxes paid	(5,430)	(8,362)
Net cash provided by (used in) operating activities	<u>23,280</u>	<u>17,799</u>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(14,834)	(17,310)
Proceeds from withdrawal of time deposits	18,638	17,517
Purchase of property, plant and equipment	(8,657)	(2,944)
Proceeds from sales of property, plant and equipment	1,591	137
Purchase of intangible assets	(2,081)	(1,642)
Proceeds from sales of intangible assets	4	-
Purchase of investment securities	(284)	(563)
Proceeds from sales and redemption of investment securities	35	338
Loan advances	(154)	(33)
Decrease (increase) in other investments	(109)	(221)
Collection of loans receivable	-	0
Net cash provided by (used in) investing activities	<u>(5,850)</u>	<u>(4,722)</u>

	<i>Millions of yen</i>	
	FY03/2021	FY12/2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Dec. 31, 2021)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	6,872	(7,000)
Net decrease (increase) in treasury shares	(2)	(0)
Proceeds from long-term borrowings	196	245
Repayments of long-term loans payable	-	(147)
Cash dividends paid	(8,841)	(6,845)
Cash dividends paid to non-controlling shareholders	(447)	(381)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4,930)	-
Proceeds from share issuance to non-controlling shareholders	44	-
Other, net	(254)	(173)
Net cash provided by (used in) financing activities	(7,363)	(14,303)
Effect of exchange rate change on cash and cash equivalents	(309)	3,051
Net increase (decrease) in cash and cash equivalents	9,757	1,825
Cash and cash equivalents at beginning of period	70,284	80,051
Increase in cash and cash equivalents from newly consolidated subsidiary	9	-
Cash and cash equivalents at end of period	80,051	81,876

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Reclassifications**

#### Consolidated Statement of Cash Flows

“Increase (decrease) in other provision” under “cash flows from operating activities” presented as a separate line item in the previous fiscal year is included in “increase (decrease) in other liabilities” in the current fiscal year due to a decrease in the materiality of impact in the context of consolidated financial statements.

Accordingly, “increase (decrease) in other provision” of 122 million yen under “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified and included in “increase (decrease) in other liabilities.”

### **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 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 16,898 million yen in net sales, 16,149 million yen in selling, general and administrative expenses, 16,144 million yen in gross profit, and increases of 4 million yen each in operating profit, ordinary profit and profit before income taxes. In addition, the new standard reduced retained earnings at the beginning of the current fiscal year by 10 million yen.

#### Application of the Accounting Standard for Fair Value Measurement, etc.

KOSÉ has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures in paragraph 19 of the Accounting Standard for Fair Value Measurement 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 consolidated financial statements.

## Segment and Other Information

### (1) Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the highest management decision-making body performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

To offer products that meet a diverse range of customer needs, the KOSÉ Group uses a variety of brands to sell products that it conceives and develops. Group companies conduct business activities by establishing and implementing comprehensive strategies in Japan and overseas for each brand.

As a result, KOSÉ has two reportable business segments, cosmetics and cosmetaries, that are based on individual brands.

In the cosmetics segment, principal products are KOSÉ, SEKKISEI, ESPRIQUE, LECHÉRI, ONE BY KOSÉ, COSME DECORTE, PRÉDIA, INFINITY, JILL STUART, ADDICTION, CRIE, ALBION, Tarte and others. In the cosmetaries segment, principal products are Visée, FASIO, MAKE KEEP MIST, NAIL HOLIC, softymo, SUNCUT®, CLEAR TURN, STEPHEN KNOLL NEW YORK and others.

### (2) Calculation methods for net sales and profit or loss for each reportable segment

The accounting method used for reportable segments is generally the same as the methods listed in "Basis of Preparation of Consolidated Financial Statements".

Profit or loss for reportable segments are operating profit figures.

Intragroup sales and transfers are based on market prices.

### (3) Information related to net sales and profit or loss for each reportable segment

FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	218,482	58,434	276,916	2,472	279,389	-	279,389
(2) Intragroup sales and transfers	-	-	-	490	490	(490)	-
Total sales	218,482	58,434	276,916	2,962	279,879	(490)	279,389
Segment profit (loss)	18,669	(63)	18,605	973	19,579	(6,285)	13,294

FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	189,082	34,351	223,434	1,549	224,983	-	224,983
(2) Intragroup sales and transfers	-	-	-	318	318	(318)	-
Total sales	189,082	34,351	223,434	1,867	225,301	(318)	224,983
Segment profit (loss)	22,724	(752)	21,972	808	22,780	(3,927)	18,852

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.

	<i>Millions of yen</i>	
	FY03/2021	FY12/2021
Eliminations for intersegment transactions	(13)	(86)
Corporate expenses that cannot be allocated to reporting segments	(6,272)	(3,840)
<b>Total</b>	<b>(6,285)</b>	<b>(3,927)</b>

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 financial statements.

#### (4) 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 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 by 11,654 million yen and to increase segment profit by 4 million yen in the cosmetics segment, and to decrease sales in the cosmetaries segment by 5,244 million yen for the current fiscal year. There is no effect on a segment loss in the cosmetaries segment.

#### (5) Geographic sales information

FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)

<i>Millions of yen</i>				
Japan	Asia	North America	Other	Total
167,410	82,139	26,418	3,421	279,389

FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)

<i>Millions of yen</i>				
Japan	Asia	North America	Other	Total
114,078	74,361	32,720	3,823	224,983

### 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.

FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)

	<i>Millions of yen</i>				
	Japan	Asia	North America	Other	Total
Cosmetics	79,218	73,325	32,720	3,818	189,082
Cosmetaries	33,312	1,035	-	4	34,351
<b>Total</b>	<b>112,530</b>	<b>74,360</b>	<b>32,720</b>	<b>3,823</b>	<b>223,434</b>
Other	1,392	1	-	-	1,393
Revenue from contracts with customers	113,922	74,361	32,720	3,823	224,827
Other revenue	155	-	-	-	155
Sales to third parties	114,078	74,361	32,720	3,823	224,983

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

**Per Share Information**

Yen

	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)
Net assets per share	3,952.94	4,178.06
Net income per share	210.11	233.86

Notes: 1. Net income per share (diluted) is not presented since KOSÉ has no outstanding dilutive securities.

2. The following is a reconciliation of net income per share.

Millions of yen

	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)	FY12/2021 (Apr. 1, 2021 – Dec. 31, 2021)
Profit attributable to owners of parent	11,986	13,341
Net income not attributable to common shareholders	-	-
Profit attributable to owners of parent available to common stock	11,986	13,341
Average number of shares outstanding (thousand shares)	57,046	57,048

**Subsequent Events**

Not applicable.

*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.*