

## Summary of Financial Results for the First Quarter of Fiscal Year Ending December 31, 2022 (Three Months Ended March 31, 2022)

[Japanese GAAP]

Company name: **KOSÉ Corporation**                      Stock listing: Tokyo Stock Exchange  
 Stock code: 4922    URL: <https://www.kose.co.jp/>  
 President & CEO: Kazutoshi Kobayashi  
 Contact: Hiroko Hanakura, General Manager of IR Department Tel: +81- (0) 3-3273-1511  
 Scheduled date of filing of Quarterly Report: May 13, 2022  
 Scheduled date of dividend payment: -  
 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 March 31, 2022 (January 1, 2022 – March 31, 2022)

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

|              | Net sales<br>(Million yen) | YoY<br>change<br>(%) | Operating<br>profit<br>(Million yen) | YoY<br>change<br>(%) | Ordinary<br>profit<br>(Million yen) | YoY<br>change<br>(%) | Profit attributable to<br>owners of parent<br>(Million yen) | YoY<br>change<br>(%) |
|--------------|----------------------------|----------------------|--------------------------------------|----------------------|-------------------------------------|----------------------|---|----------------------|
| 1Q 2022      | 59,013                     | -                    | 370                                  | -                    | 3,030                               | -                    | 1,437   | -                    |
| 1Q FY12/2021 | 58,770                     | -                    | 3,456                                | -                    | 3,733                               | -                    | 2,378   | -                    |

Note: Comprehensive income (million yen)    1Q 2022: 4,480 (-%)                      1Q FY12/2021: 5,899 (-%)

|              | Net income per share<br>(basic)<br>(Yen) | Net income per share<br>(diluted)<br>(Yen) |
|--------------|--|--|
| 1Q 2022      | 25.20                                    | -  |
| 1Q FY12/2021 | 41.69                                    | -  |

Note: The consolidated financial statements for the first quarter of the fiscal year ended December 31, 2021 include results of operations of KOSÉ and its consolidated subsidiaries in Japan that had a March 31 fiscal year end for the period from April 1, 2021 to June 30, 2021, and of consolidated subsidiaries that had a December 31 fiscal year end for the period from January 1, 2021 to March 31, 2021. As a result, no prior-year comparisons are shown.

Reference: The following percentages (adjusted increases/decreases) are comparisons with the same period of 2021 (January to March 2021).

| Net sales     |       | Operating profit |     | Ordinary profit |      | Profit attributable to owners of parent |     |
|---------------|-------|------------------|-----|-----------------|------|---|-----|
| (Million yen) | (%)   | (Million yen)    | (%) | (Million yen)   | (%)  | (Million yen)                           | (%) |
| 61,293        | (3.7) | (458)            | -   | 2,740           | 10.6 | 105                                     | -   |

### (2) Consolidated financial position

|           | Total assets<br>(Million yen) | Net assets<br>(Million yen) | Equity ratio<br>(%) | Net assets per share<br>(Yen) |
|-----------|-------------------------------|-----------------------------|---------------------|-------------------------------|
| 1Q 2022   | 316,529                       | 255,143                     | 75.6                | 4,194.44                      |
| FY12/2021 | 320,018                       | 254,267                     | 74.5                | 4,178.06                      |

Ref.: Shareholders' equity (million yen)    1Q 2022: 239,292                      FY12/2021: 238,357

### 2. Dividends

|                 | Dividend per share |                 |                 |                   |                |
|-----------------|--------------------|-----------------|-----------------|-------------------|----------------|
|                 | 1Q-end<br>(Yen)    | 2Q-end<br>(Yen) | 3Q-end<br>(Yen) | Year-end<br>(Yen) | Total<br>(Yen) |
| FY12/2021       | -                  | 60.00           | -               | 60.00             | 120.00         |
| 2022            | -                  | -               | -               | -                 | -              |
| 2022 (forecast) | -                  | 70.00           | -               | 70.00             | 140.00         |

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

### 3. Consolidated Forecast for 2022 (January 1, 2022 – December 31, 2022)

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

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

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

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

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

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

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

3) Changes in accounting-based estimates : None

4) Restatements : None

(4) Number of shares outstanding (common stock)

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

As of March 31, 2022: 60,592,541 shares

As of December 31, 2021: 60,592,541 shares

2) Number of treasury shares at end of the period

As of March 31, 2022: 3,542,702 shares

As of December 31, 2021: 3,542,672 shares

3) Average number of shares outstanding during the period

1Q 2022: 57,049,859 shares

1Q FY12/2021: 57,047,700 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.

**Contents of Attachments**

|   |    |
|---|----|
| 1. Qualitative Information on Consolidated Quarterly Financial Performance    | 2  |
| (1) Explanation of Results of Operations                                      | 2  |
| (2) Explanation of Consolidated Forecast and Other Forward-looking Statements | 4  |
| 2. Consolidated Quarterly Financial Statements and Notes                      | 5  |
| (1) Consolidated Quarterly Balance Sheet                                      | 5  |
| (2) Consolidated Quarterly Statements of Income and Comprehensive Income      | 7  |
| Consolidated Quarterly Statement of Income                                    |    |
| (For the Three-month Period)  | 7  |
| Consolidated Quarterly Statement of Comprehensive Income                      |    |
| (For the Three-month Period)  | 8  |
| (3) Notes to Consolidated Quarterly Financial Statements                      | 9  |
| Going Concern Assumption  | 9  |
| Precaution Concerning Significant Changes in Shareholders' Equity             | 9  |
| Additional Information  | 9  |
| Segment and Other Information   | 10 |
| Information Concerning Revenue Recognition                                    | 12 |

## 1. Qualitative Information on Consolidated Quarterly Financial Performance

### (1) Explanation of Results of Operations

Three Months Ended March 31, 2022 (January 1, 2022 – March 31, 2022)

Millions of yen, %

| Operating segment | 1Q FY12/2021<br>(Apr. 1, 2021 – Jun. 30, 2021) |         | 1Q 2021<br>(Adjusted)<br>(Jan. 1, 2021 – Mar. 31, 2021) |         | 1Q 2022 |         | YoY change<br>(Adjusted comparisons) |        |
|-------------------|--|---------|---|---------|---------|---------|--------------------------------------|--------|
|                   | Amount   | % comp. | Amount  | % comp. | Amount  | % comp. | Amount                               | %      |
| Cosmetics         | 48,607   | 82.7    | 45,726  | 74.6    | 46,732  | 79.2    | 1,005                                | 2.2    |
| Cosmetaries       | 9,867  | 16.8    | 15,051  | 24.6    | 11,828  | 20.0    | (3,223)                              | (21.4) |
| Other             | 295  | 0.5     | 515   | 0.8     | 452     | 0.8     | (62)                                 | (12.2) |
| Total net sales   | 58,770   | 100.0   | 61,293  | 100.0   | 59,013  | 100.0   | (2,280)                              | (3.7)  |

|   | 1Q FY12/2021<br>(Apr. 1, 2021 – Jun. 30, 2021) |            | 1Q 2021<br>(Adjusted)<br>(Jan. 1, 2021 – Mar. 31, 2021) |            | 1Q 2022 |            | YoY change<br>(Adjusted comparisons) |      |
|---|--|------------|---|------------|---------|------------|--------------------------------------|------|
|   | Amount   | % of sales | Amount  | % of sales | Amount  | % of sales | Amount                               | %    |
| Operating profit                        | 3,456  | 5.9        | (458)   | -          | 370     | 0.6        | 829                                  | -    |
| Ordinary profit                         | 3,733  | 6.4        | 2,740   | 4.5        | 3,030   | 5.1        | 289                                  | 10.6 |
| Profit attributable to owners of parent | 2,378  | 4.0        | 105   | 0.2        | 1,437   | 2.4        | 1,332                                | -    |

Note: The YoY changes in the adjusted column are comparisons with the same period of 2021 (January to March 2021) after retroactively applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) to the financial statements.

In the first quarter (January to March) of 2022, the pandemic continued to impact the Japanese economy but the economy started to recover partially because the Japanese government fully lifted pandemic restrictions on March 22, 2022.

Overseas, the primary markets for the KOSÉ Group are Asia and the United States. In China, the economy has been slowing down because of restrictions due to the country's zero-COVID policy. The economies of other Asian countries recovered. In the United States, the economy is improving steadily.

In the Japanese cosmetics market, the pace of the recovery has been slow especially in the makeup market because of restrictions on going out and the normalization of wearing a face mask at all times.

In China, sales of cosmetics at stores have been slow because of strict restrictions on outings and other activities due to the country's zero-COVID policy including lockdowns of Shanghai and other large cities. In other Asian countries, market conditions remain challenging because of the pandemic. In the United States, the demand for cosmetics is recovering steadily as activities return to normal, including the nationwide end of the requirement to wear a face mask.

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 decreased 3.7% (based on prior-year results of operations adjusted for consistency with the new revenue recognition standard, same hereafter) to 59,013 million yen (down 5.9% after excluding the effects of changes in foreign exchange rates). Sales were strong in Europe and the United States, but sales were negatively affected by the pandemic in China. Overseas sales were 38.1% of total sales.

Operating profit was 370 million yen compared with a loss of 458 million yen one year earlier and ordinary

profit increased 10.6% to 3,030 million yen, which includes foreign exchange gains, because of cost control measures in all operations. Profit attributable to owners of parent was 1,437 million yen.

In the cosmetics business, sales of DECORTÉ products remained strong in Japan. Sales in China and South Korea are sluggish because of the pandemic. Sales of other major brands were strong including ALBION, Tarte, and Carté HD. As a result, sales in the cosmetics business increased 2.2% to 46,732 million yen and operating profit was 1,810 million yen compared with a loss of 120 million yen one year earlier.

Although sales of the CLEAR TURN and Je l'aime brands of KOSÉ Cosmeport Corp. increased, sales in the cosmetaries business decreased 21.4% to 11,828 million yen. This is because sales in the previous period rose due to a surge in shipment at the fiscal year-end. Operating loss was 498 million yen compared with a profit of 1,039 million yen one year earlier, following the upturn in 2021.

Sales of amenity products and orders for the manufacture of OEM products declined. As a result, sales in the other business decreased 12.2% to 452 million yen and operating profit decreased 20.7% to 183 million yen.

### Net Sales by Region (Sales to Third Parties)

Millions of yen, %

|               | 1Q FY12/2021<br>(Apr. 1, 2021 – Jun. 30, 2021) |            | 1Q 2021<br>(Adjusted)<br>(Jan. 1, 2021 – Mar. 31, 2021) |            | 1Q 2022 |            | YoY change<br>(Adjusted comparisons) |        |
|---------------|--|------------|---|------------|---------|------------|--------------------------------------|--------|
|               | Amount   | % of sales | Amount  | % of sales | Amount  | % of sales | Amount                               | %      |
| Japan         | Amount   | % comp.    | Amount  | % comp.    | Amount  | % comp.    | Amount                               | %      |
| Asia          | 33,788   | 57.5       | 37,917  | 61.9       | 36,557  | 61.9       | (1,360)                              | (3.6)  |
| North America | 17,874   | 30.4       | 16,288  | 26.6       | 14,082  | 23.9       | (2,206)                              | (13.5) |
| Other         | 6,447  | 11.0       | 6,449   | 10.5       | 7,325   | 12.4       | 876                                  | 13.6   |

### Japan

Sales at specialty cosmetics stores and department stores remained strong in the first quarter. In the drug store and other mass retail channels, although the market share of sensitive skin products increased, sales of other major brands were slow. As a result, sales in Japan decreased 3.6% to 36,557 million yen.

### Asia

Sales decreased in mainland China because of the suspension of department store operations, supply chain disruptions and other effects of the pandemic and lockdowns of large cities. In China's travel retail (duty free) category, which is centered on Hainan Island, sales were firm despite the negative effects of travel restrictions due to the pandemic in March. However, travel retail sales in South Korea were held down by travel restrictions. As a result, sales in Asia decreased 13.5% to 14,082 million yen.

### North America

At the U.S. company Tarte, Inc., sales at stores increased because of recovering markets and measures to strengthen lineups of concealers, mascara and other major products. Sales of Tarte products were strong on QVC and other TV shopping channels as the company retained a large share of the prestige makeup market in the United States. As a result, sales in North America increased 13.6% to 7,325 million yen.

### Other

In Europe, Tarte maintained higher growth in sales in the makeup brands as the company achieved sales targets in all countries. As a result, sales increased 64.2% to 1,047 million yen.

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

There are no revisions to the full-year earnings forecast announced on February 14, 2022.

## 2. Consolidated Quarterly Financial Statements and Notes

### (1) Consolidated Quarterly Balance Sheet

|  | <i>Millions of yen</i>             |                                  |
|--|------------------------------------|----------------------------------|
|  | FY12/2021<br>(As of Dec. 31, 2021) | 1Q 2022<br>(As of Mar. 31, 2022) |
| <b>Assets</b>                          |                                    |                                  |
| Current assets                         |                                    |                                  |
| Cash and deposits                      | 105,281                            | 101,945                          |
| Notes and accounts receivable-trade    | 44,211                             | 36,636                           |
| Merchandise and finished goods         | 34,374                             | 39,224                           |
| Work in process                        | 2,310                              | 2,410                            |
| Raw materials and supplies             | 27,059                             | 28,470                           |
| Other                                  | 4,243                              | 5,981                            |
| Allowance for doubtful accounts        | (156)                              | (156)                            |
| Total current assets                   | 217,324                            | 214,512                          |
| Non-current assets                     |                                    |                                  |
| Property, plant and equipment          |                                    |                                  |
| Buildings and structures               | 52,620                             | 52,492                           |
| Accumulated depreciation               | (24,429)                           | (24,803)                         |
| Buildings and structures, net          | 28,191                             | 27,689                           |
| Machinery, equipment and vehicles      | 21,902                             | 22,048                           |
| Accumulated depreciation               | (15,749)                           | (16,181)                         |
| Machinery, equipment and vehicles, net | 6,152                              | 5,866                            |
| Tools, furniture and fixtures          | 45,211                             | 45,471                           |
| Accumulated depreciation               | (38,062)                           | (38,628)                         |
| Tools, furniture and fixtures, net     | 7,148                              | 6,842                            |
| Land                                   | 17,393                             | 17,349                           |
| Leased assets                          | 2,235                              | 2,248                            |
| Accumulated depreciation               | (1,699)                            | (1,672)                          |
| Leased assets, net                     | 535                                | 576                              |
| Construction in progress               | 132                                | 175                              |
| Total property, plant and equipment    | 59,554                             | 58,500                           |
| Intangible assets                      |                                    |                                  |
| Software                               | 4,293                              | 4,215                            |
| Goodwill                               | 4,615                              | 4,688                            |
| Other                                  | 5,357                              | 5,294                            |
| Total intangible assets                | 14,266                             | 14,199                           |
| Investments and other assets           |                                    |                                  |
| Investment securities                  | 15,534                             | 15,298                           |
| Retirement benefit asset               | 5,470                              | 5,823                            |
| Deferred tax assets                    | 3,863                              | 4,190                            |
| Other                                  | 4,515                              | 4,532                            |
| Allowance for doubtful accounts        | (509)                              | (528)                            |
| Total investments and other assets     | 28,874                             | 29,317                           |
| Total non-current assets               | 102,694                            | 102,016                          |
| Total assets                           | 320,018                            | 316,529                          |

*Millions of yen*

|   | FY12/2021<br>(As of Dec. 31, 2021) | 1Q 2022<br>(As of Mar. 31, 2022) |
|---|------------------------------------|----------------------------------|
| <b>Liabilities</b>                                    |                                    |                                  |
| <b>Current liabilities</b>                            |                                    |                                  |
| Notes and accounts payable-trade                      | 7,450                              | 8,170                            |
| Electronically recorded obligations-operating         | 16,327                             | 17,106                           |
| Short-term borrowings                                 | 600                                | 1,455                            |
| Lease obligations                                     | 177                                | 170                              |
| Accounts payable-other                                | 13,455                             | 9,999                            |
| Accrued expenses                                      | 10,323                             | 9,787                            |
| Income taxes payable                                  | 1,968                              | 1,741                            |
| Accrued consumption taxes                             | 1,022                              | -                                |
| Refund liabilities                                    | 5,077                              | 4,572                            |
| Other   | 2,734                              | 2,144                            |
| <b>Total current liabilities</b>                      | <b>59,136</b>                      | <b>55,148</b>                    |
| <b>Non-current liabilities</b>                        |                                    |                                  |
| Lease obligations                                     | 639                                | 358                              |
| Deferred tax liabilities                              | 1,374                              | 1,151                            |
| Other   | 4,600                              | 4,727                            |
| <b>Total non-current liabilities</b>                  | <b>6,614</b>                       | <b>6,237</b>                     |
| <b>Total liabilities</b>                              | <b>65,751</b>                      | <b>61,386</b>                    |
| <b>Net assets</b>                                     |                                    |                                  |
| <b>Shareholders' equity</b>                           |                                    |                                  |
| Share capital   | 4,848                              | 4,848                            |
| Capital surplus                                       | 26                                 | 36                               |
| Retained earnings                                     | 228,791                            | 226,806                          |
| Treasury shares                                       | (9,090)                            | (9,090)                          |
| <b>Total shareholders' equity</b>                     | <b>224,576</b>                     | <b>222,601</b>                   |
| <b>Accumulated other comprehensive income</b>         |                                    |                                  |
| Valuation difference on available-for-sale securities | 5,830                              | 5,675                            |
| Foreign currency translation adjustment               | 4,389                              | 7,556                            |
| Remeasurements of defined benefit plans               | 3,561                              | 3,459                            |
| <b>Total accumulated other comprehensive income</b>   | <b>13,781</b>                      | <b>16,691</b>                    |
| <b>Non-controlling interests</b>                      | <b>15,909</b>                      | <b>15,850</b>                    |
| <b>Total net assets</b>                               | <b>254,267</b>                     | <b>255,143</b>                   |
| <b>Total liabilities and net assets</b>               | <b>320,018</b>                     | <b>316,529</b>                   |



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

|  | 1Q FY12/2021<br>(Apr. 1, 2021 – Jun. 30, 2021) | 1Q 2022<br>(Jan. 1, 2022 – Mar. 31, 2022) |
|--|--|---|
| Net sales  | 58,770   | 59,013                                    |
| Cost of sales                                      | 16,086   | 18,170                                    |
| Gross profit                                       | 42,684   | 40,842                                    |
| Selling, general and administrative expenses       |  |   |
| Advertising expenses                               | 3,838  | 4,982                                     |
| Promotion expenses                                 | 9,317  | 9,294                                     |
| Freight and packing costs                          | 3,810  | 3,787                                     |
| Salaries and allowances                            | 11,946   | 12,060                                    |
| Retirement benefit expenses                        | 154  | 59  |
| Legal welfare expenses                             | 1,340  | 1,990                                     |
| Depreciation                                       | 1,104  | 930                                       |
| Other  | 7,715  | 7,365                                     |
| Total selling, general and administrative expenses | 39,227   | 40,471                                    |
| Operating profit                                   | 3,456  | 370                                       |
| Non-operating income                               |  |   |
| Interest income                                    | 55   | 37  |
| Dividend income                                    | 218  | 1   |
| Refunded consumption taxes                         | 228  | 1   |
| Patent licensing                                   | 4  | 1   |
| Foreign exchange gains                             | -  | 2,512                                     |
| Miscellaneous income                               | 108  | 180                                       |
| Total non-operating income                         | 615  | 2,735                                     |
| Non-operating expenses                             |  |   |
| Interest expenses                                  | 4  | 26  |
| Commission expenses                                | 3  | 1   |
| Loss on investments in partnership                 | 24   | 17  |
| Foreign exchange losses                            | 277  | -   |
| Miscellaneous loss                                 | 27   | 30  |
| Total non-operating expenses                       | 338  | 76  |
| Ordinary profit                                    | 3,733  | 3,030                                     |
| Extraordinary income                               |  |   |
| Gain on sales of non-current assets                | 0  | 124                                       |
| Gain on sales of investment securities             | 90   | -   |
| Total extraordinary income                         | 90   | 124                                       |
| Extraordinary losses                               |  |   |
| Loss on disposal of non-current assets             | 53   | 51  |
| Impairment loss                                    | 0  | 53  |
| Loss on liquidation of business                    | 71   | -   |
| Extra retirement payments                          | -  | 164                                       |
| Total extraordinary losses                         | 125  | 269                                       |
| Profit before income taxes                         | 3,699  | 2,885                                     |
| Income taxes-current                               | 1,133  | 1,661                                     |
| Income taxes-deferred                              | 102  | (293)                                     |
| Total income taxes                                 | 1,235  | 1,368                                     |
| Profit   | 2,463  | 1,516                                     |
| Profit attributable to non-controlling interests   | 84   | 79  |
| Profit attributable to owners of parent            | 2,378  | 1,437                                     |

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

*Millions of yen*

|  | 1Q FY12/2021<br>(Apr. 1, 2021 – Jun. 30, 2021) | 1Q 2022<br>(Jan. 1, 2022 – Mar. 31, 2022) |
|--|--|---|
| Profit   | 2,463  | 1,516                                     |
| Other comprehensive income                                     |  |   |
| Valuation difference on available-for-sale securities          | 549  | (153)                                     |
| Foreign currency translation adjustment                        | 2,961  | 3,212                                     |
| Remeasurements of defined benefit plans, net of tax            | (75)   | (96)                                      |
| Total other comprehensive income                               | 3,435  | 2,963                                     |
| Comprehensive income   | 5,899  | 4,480                                     |
| Comprehensive income attributable to                           |  |   |
| Comprehensive income attributable to owners of parent          | 5,768  | 4,347                                     |
| Comprehensive income attributable to non-controlling interests | 130  | 132                                       |

**(3) Notes to Consolidated Quarterly Financial Statements**

**Going Concern Assumption**

Not applicable.

**Precaution Concerning Significant Changes in Shareholders' Equity**

Not applicable.

**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 December 2021.

## Segment and Other Information

### Segment Information

I. 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<br>(Note 1) | Total  | Adjustment<br>(Note 2) | Amounts shown<br>on consolidated<br>quarterly<br>statement of<br>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, etc.

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. Geographic sales information

*Millions of yen*

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

## II. 1Q 2022 (Jan. 1, 2022 – Mar. 31, 2022)

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

*Millions of yen*

|                                    | Reportable segment |             |          | Other<br>(Note 1) | Total  | Adjustment<br>(Note 2) | Amounts shown<br>on consolidated<br>quarterly<br>statement of<br>income (Note 3) |
|------------------------------------|--------------------|-------------|----------|-------------------|--------|------------------------|--|
|                                    | Cosmetics          | Cosmetaries | Subtotal |                   |        |                        |  |
| Net sales                          |                    |             |          |                   |        |                        |  |
| (1) Sales to third parties         | 46,732             | 11,828      | 58,561   | 452               | 59,013 | -                      | 59,013   |
| (2) Intragroup sales and transfers | -                  | -           | -        | 92                | 92     | (92)                   | -  |
| Total sales                        | 46,732             | 11,828      | 58,561   | 544               | 59,105 | (92)                   | 59,013   |
| Segment profit (loss)              | 1,810              | (498)       | 1,312    | 183               | 1,495  | (1,124)                | 370  |

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

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

*Millions of yen*

|  |         |
|--|---------|
| Eliminations for intersegment transactions                         | 55      |
| Corporate expenses that cannot be allocated to reportable segments | (1,180) |

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 2022.

## 3. Geographic sales information

*Millions of yen*

| Japan  | Asia   | North America | Other | Total  |
|--------|--------|---------------|-------|--------|
| 36,557 | 14,082 | 7,325         | 1,047 | 59,013 |

## 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 (Note)                          | 244                    | -      | -             | -     | 244    |
| Revenue from contracts with customers | 33,736                 | 17,874 | 6,447         | 659   | 58,718 |
| Other revenue                         | 51                     | -      | -             | -     | 51     |
| Sales to third parties                | 33,788                 | 17,874 | 6,447         | 659   | 58,770 |

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

1Q 2022 (Jan. 1, 2022 – Mar. 31, 2022)

|                                       | <i>Millions of yen</i> |        |               |       |        |
|---------------------------------------|------------------------|--------|---------------|-------|--------|
|                                       | Japan                  | Asia   | North America | Other | Total  |
| Cosmetics                             | 24,463                 | 13,895 | 7,325         | 1,047 | 46,732 |
| Cosmetaries                           | 11,641                 | 186    | -             | -     | 11,828 |
| Total                                 | 36,105                 | 14,082 | 7,325         | 1,047 | 58,561 |
| Other (Note)                          | 400                    | 0      | -             | -     | 400    |
| Revenue from contracts with customers | 36,505                 | 14,082 | 7,325         | 1,047 | 58,961 |
| Other revenue                         | 51                     | -      | -             | -     | 51     |
| Sales to third parties                | 36,557                 | 14,082 | 7,325         | 1,047 | 59,013 |

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

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