

KOSÉ Corporation

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Notice of Extraordinary Loss and Revision to Consolidated Forecast

KOSÉ Corporation has recorded an extraordinary loss in the first nine months (January 1 to September 30) of 2024 and revised its consolidated forecast for the fiscal year that was announced on February 14, 2024.

1. Recognition of Extraordinary Loss

In the first nine months of 2024, KOSÉ recorded a loss on liquidation of business due to structural reforms in China involving the disposal of inventories and the reduction of the number of stores. The goal of structural reforms is to shift to a business structure capable of continuous sales and earnings growth in China. The loss on liquidation of business due to these structural reforms is 3,953 million yen, mainly consisting of a 3,512 million yen loss for the disposal of inventories.

2. Revision to Consolidated Forecast for 2024 (January 1, 2024 – December 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Yen</i>
Previous forecast (A)	312,000	20,000	20,800	12,600	220.83
Revised forecast (B)	320,000	18,000	21,100	8,000	140.19
Change (B – A)	8,000	(2,000)	300	(4,600)	(80.64)
Percentage change (%)	2.6	(10.0)	1.4	(36.5)	(36.5)

3. Reasons for Revision

The 2024 sales forecast has been increased by 8,000 million yen (2.6%) to 320,000 million yen from the initial plan. This revision reflects lower than planned mainland China and travel retail sales and strong sales growth in Japan and at Tarte. The operating profit forecast has been lowered by 2,000 million yen (10.0%) to 18,000 million yen mainly because of the weaker than anticipated recovery of the highly profitable Chinese travel retail sector.

The ordinary profit forecast has been increased by 300 million yen (1.4%) to 21,100 million yen to incorporate a higher than planned foreign exchange gain as the yen weakened more than expected at the beginning of 2024. Profit attributable to owners of parent has been lowered by 4,600 million yen (36.5%) to 8,000 million yen due to the above-mentioned structural reform expenses. Structural reform expenses for 2024 are expected to be 5,186 million yen, mainly consisting of 3,512 million yen for the disposal of inventories.

* Forecasts are based on the major foreign exchange rates of 150.0 yen to the U.S. dollar, 21.0 yen to the Chinese yuan and 0.111 yen to the Korean won.

By business segment, compared with the initial plan, sales have been increased by 3,200 million yen (1.3%) to 254,000 million yen in the cosmetics business, 4,500 million yen (7.7%) to 63,300 million yen in the cosmetaries business, and 300 million yen (12.5%) to 2,700 million yen in the other business segment.

There is no change in the dividend forecast due to the difference between the forecast and actual results.

* The above forecasts are based on judgments made in accordance with information available as of the announcement date of this report. Actual results may differ significantly from these forecasts for a number of reasons.