



November 11, 2024

**Summary of Financial Results for the Third Quarter of Fiscal Year Ending December 31, 2024
(Nine Months Ended September 30, 2024)**

[Japanese GAAP]

Company name: **KOSÉ Corporation** Stock listing: Tokyo Stock Exchange, Prime Market
 Stock code: 4922 URL: <https://corp.kose.co.jp/en/>
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 Scheduled date of dividend payment: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

(Rounded down to million yen)

**1. Consolidated Financial Results for the Nine Months Ended September 30, 2024
(January 1, 2024 – September 30, 2024)**

(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 (%)
3Q 2024	238,725	9.0	18,815	17.4	20,685	(1.8)	9,412	(28.4)
3Q 2023	218,961	9.0	16,029	28.4	21,067	(6.6)	13,148	(5.0)

Note: Comprehensive income (million yen) 3Q 2024: 9,796 (down 44.1%) 3Q 2023: 17,515 (down 30.4%)

	Net income per share (basic) (Yen)	Net income per share (diluted) (Yen)
3Q 2024	164.96	-
3Q 2023	230.45	-

(2) Consolidated financial position

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (Yen)
3Q 2024	365,199	284,479	73.1	4,680.69
2023	371,657	283,038	71.6	4,664.70

Ref.: Shareholders' equity (million yen) 3Q 2024: 267,102 2023: 266,156

2. Dividends

	Dividend per share				
	1Q-end (Yen)	2Q-end (Yen)	3Q-end (Yen)	Year-end (Yen)	Total (Yen)
2023	-	70.00	-	70.00	140.00
2024	-	70.00	-	-	-
2024 (forecast)	-	-	-	70.00	140.00

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

3. Consolidated Forecast for 2024 (January 1, 2024 – December 31, 2024)

(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	320,000	6.5	18,000	12.6	21,100	4.2	8,000	(31.4)	140.19

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Significant changes in scope of consolidation during the period: 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 September 30, 2024	60,592,541 shares	As of December 31, 2023	60,592,541 shares
2) Number of treasury shares at end of the period			
As of September 30, 2024	3,527,639 shares	As of December 31, 2023	3,535,001 shares
3) Average number of shares outstanding during the period			
3Q 2024	57,061,603 shares	3Q 2023	57,055,879 shares

Note 1: Review of the attached consolidated quarterly financial statements by a certified public accountant or auditing firm: None

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

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

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1. Qualitative Information on Consolidated Quarterly Financial Performance

(1) Explanation of Results of Operations

Nine Months Ended September 30, 2024 (January 1, 2024 – September 30, 2024)

Millions of yen, %

Operating segment	3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)		3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	174,468	79.7	187,447	78.5	12,979	7.4
Cosmetaries	42,881	19.6	49,440	20.7	6,558	15.3
Others	1,611	0.7	1,837	0.8	225	14.0
Total net sales	218,961	100.0	238,725	100.0	19,763	9.0

	3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)		3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	16,029	7.3	18,815	7.9	2,785	17.4
Ordinary profit	21,067	9.6	20,685	8.7	(382)	(1.8)
Profit attributable to owners of parent	13,148	6.0	9,412	3.9	(3,735)	(28.4)

During the first nine months (January 1 to September 30) of 2024, the Japanese economy continued to recover but the pace of the recovery decreased. Although the economy benefited from improvements in the labor market and personal income, inflation and other factors had a negative effect on consumer sentiment. There are concerns about a possible downturn of the global economy depending on upcoming changes in inflation and employment in Europe and the United States as well as slow economic growth in China. In addition, intensified conflicts in Ukraine and the Middle East should be monitored closely.

The primary markets for the KOSÉ Group outside Japan are Asia and the United States. In China, the economic growth rate is continuing to decline and there are no signs of an improvement in the country's sluggish consumer spending. Economies of other Asian countries were generally healthy. In the United States, consumer spending was firm as the continuing decline in unemployment has eliminated concerns on a potential slowdown of the labor market that were evident during the past several months.

In the Japanese cosmetics market, although sales remain strong, the third quarter growth rate was lower than in the first half of 2024 due to the end of the contribution to growth from the upturn in sales caused by the resumption of economic activity after the pandemic ended. Sales to foreign tourists in Japan were high due to increased demand accompanying a significant increase in the number of these tourists.

In China, the business climate for cosmetics remains challenging with a downgrade in consumer spending due to uncertainty about the future of the Chinese economy, a trend towards simplifying skin care routines and other factors. In other regions of Asia, markets for cosmetics are continuing to grow.

In the United States, although cosmetics sales are benefiting from firm consumer spending, the high growth rate following the end of the pandemic has been moderate and the cosmetics market is becoming more competitive.

As a new basis for the KOSÉ Group's vision for the future and strategies for growth, we have established a new medium to long-term vision called Vision for Lifelong Beauty Partner-Milestone2030.

More information about the new vision is on the KOSÉ corporate website:

<https://corp.kose.co.jp/en/ir/library/strategy/>

In the first nine months of 2024, sales in China declined, but sales in Japan and at Tarte were strong. As a result, sales increased 9.0% from the same period of 2023 to 238,725 million yen (up 6.0% after excluding the effects of changes in foreign exchange rates).

Operating profit increased 17.4% from the same period of 2023 to 18,815 million yen. Higher sales in Japan and at Tarte and cost controls in China contributed to the strong growth. However, the growth rate of operating profit

in the third quarter was lower than in the previous quarter because the third quarter growth rate in Japan was lower than in the first half of 2024 due to the end of the contribution to growth of the resumption of economic activity after the pandemic ended. The decline in sales in Greater China was also the reason for the lower growth rate.

Ordinary profit was down 1.8% to 20,685 million yen due to a decrease in foreign exchange gains. Profit attributable to owners of parent was down 28.4% to 9,412 million yen due to an extraordinary loss associated with structural business reforms in China.

The structural reforms in China involve the disposal of inventories and reducing the number of stores. The goal is shifting to a business structure capable of continuous sales and earnings growth. 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.

Sales were higher than the same period of the last year in the high prestige and prestige categories of the cosmetics business segment. In the high prestige category, DECORTÉ sales decreased as sales were higher in Japan but lower in mainland China and the travel retail sector. Double-digit sales growth continued at ALBION and Tarte. As a result, high prestige sales increased. In the prestige category, as in the first half of 2024, SEKKISEI and ONE BY KOSÉ were the main contributors to sales growth. The cost of sales ratio in this category increased mainly because of a change in the sales composition. As a result, sales in the cosmetics business segment increased 7.4% from the same period of 2023 to 187,447 million yen and operating profit was down 1.8% to 15,505 million yen.

In the cosmetaries business segment, the strong growth of sales continued. CLEAR TURN and other major brands of KOSÉ Cosmeport Corp. were a major driver of growth. The successful launch of autumn and winter products was another reason for the higher sales in this segment. Sales of the MAKE KEEP series remained strong and also contributed to sales growth. As a result, sales in this business segment increased 15.3% from the same period of 2023 to 49,440 million yen and operating profit was up 73.0% to 6,790 million yen.

Orders for the manufacture of OEM products increased. As a result, sales in the others business segment increased 14.0% from the same period of 2023 to 1,837 million yen and operating profit increased 45.1% to 940 million yen.

Net Sales by Region (Sales to Third Parties)

Millions of yen, %

	3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)		3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	%
	Japan	137,870	63.0	155,483	65.1	17,612
Asia	40,813	18.6	30,015	12.6	(10,797)	(26.5)
North America	35,280	16.1	46,711	19.6	11,430	32.4
Others	4,997	2.3	6,514	2.7	1,517	30.4
Total net sales	218,961	100.0	238,725	100.0	19,763	9.0

Japan

Sales in all channels were firm even though sales growth in the third quarter became moderate comparing to the first half growth rate because of the end of the contribution to growth of the resumption of economic activity after the pandemic ended. As a result, sales in Japan increased 12.8% from the same period of 2023 to 155,483 million yen.

At department stores and specialty cosmetics stores, DECORTÉ and ALBION contributed to the sales growth of both categories. At drug stores and other mass retail channels, sales of SEKKISEI and ONE BY KOSÉ, the primary brands of the prestige category, maintained double-digit growth. Sales of major cosmetaries brands were also strong.

Asia

In China, inventories at distributors and stores are still stagnated due to weak consumer spending caused by

the uncertain economic outlook and to increasing competition from Chinese companies. KOSÉ is reexamining sales methods based on the characteristics of each distribution channel while placing priority on avoiding excessive competition in order to maintain the value of its brands. As a result, sales in Asia decreased 26.5% from the same period of 2023 to 30,015 million yen.

North America/Others

In North America, strong sales at Tarte and the yen's depreciation contributed to a large increase in sales. As a result, sales in North America increased 32.4% from the same period of 2023 to 46,711 million yen. Reflecting the increasingly early start of year-end holiday sales activities in the United States, Tarte has started holiday period shipments to some stores earlier than in previous years. Sales in the "others" regions (including Europe) increased 30.4% from the same period of 2023 to 6,514 million yen as products of Tarte performed well in Europe.

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

The KOSÉ Group has reviewed its current performance and revised its consolidated forecast that was announced on February 14, 2024 as follows.

Revised Forecast

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 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.

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

Revision to Consolidated Forecast for the Fiscal Year Ending December 31, 2024

(January 1, 2024 – December 31, 2024)

Millions of yen, %

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
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)

Operating segment	2023 (Jan.-Dec. 2023)		2024 (Previous forecast) (Jan.-Dec. 2024)		2024 (Revised forecast) (Jan.-Dec. 2024)		YoY change	
	Amount	% comp.	Amount	% comp.	Amount	% comp.	Amount	%
Cosmetics	240,450	80.0	250,800	80.4	254,000	79.4	13,549	5.6
Cosmetaries	57,656	19.2	58,800	18.8	63,300	19.8	5,643	9.8
Other	2,299	0.8	2,400	0.8	2,700	0.8	400	17.4
Total net sales	300,406	100.0	312,000	100.0	320,000	100.0	19,593	6.5

Millions of yen, %

	2023 (Jan.-Dec. 2023)		2024 (Previous forecast) (Jan.-Dec. 2024)		2024 (Revised forecast) (Jan.-Dec. 2024)		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Amount	%
Operating profit	15,985	5.3	20,000	6.4	18,000	5.6	2,014	12.6
Ordinary profit	20,252	6.7	20,800	6.7	21,100	6.6	847	4.2
Profit attributable to owners of parent	11,663	3.9	12,600	4.0	8,000	2.5	(3,663)	(31.4)

2. Details of Stock, etc.

(1) Total Number of Shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common stock	200,000,000
Total	200,000,000

(ii) Outstanding shares

Class	Number of shares outstanding as of Sep. 30, 2024 (Shares)	Number of shares outstanding as of the filing date (Nov. 11, 2024) (Shares)	Name of stock exchange on which the company is listed or name of authorized financial instruments firms association with which the company is registered	Description
Common stock	60,592,541	60,592,541	Prime Market of Tokyo Stock Exchange	The number of shares per one unit is 100 shares.
Total	60,592,541	60,592,541	-	-

(2) Transition of Total Number of Shares Outstanding and Amount of Share Capital

Date	Increase (decrease) in total number of shares outstanding (Thousand shares)	Balance of total number of shares outstanding (Thousand shares)	Increase (decrease) in share capital (Million yen)	Balance of share capital (Million yen)	Increase (decrease) in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
Jul. 1, 2024 – Sep. 30, 2024	-	60,592	-	4,848	-	6,390

(3) Voting Rights**(i) Outstanding shares**

As of September 30, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 3,527,600	-	-
Shares with full voting rights (other)	Common stock 56,947,000	569,470	-
Odd-lot shares	Common stock 117,941	-	Less than one unit (fewer than 100 shares)
Total number of shares outstanding	60,592,541	-	-
Voting rights held by all shareholders	-	569,470	-

Note: "Shares with full voting rights (other)" of common stock includes 3,800 shares of unknown holders' stock registered under the name of Japan Securities Depository Center, Inc.

"Number of voting rights" includes 38 units of voting rights related to such shares with full voting rights under the name of Japan Securities Depository Center, Inc.

(ii) Treasury shares, etc.

As of September 30, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' name (Shares)	Total number of shares held (Shares)	Ratio against total number of shares outstanding (%)
KOSÉ Corporation	3-6-2 Nihonbashi, Chuo-ku, Tokyo	3,527,600	-	3,527,600	5.82
Total	-	3,527,600	-	3,527,600	5.82

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheet

	<i>Millions of yen</i>	
	2023 (As of Dec. 31, 2023)	3Q 2024 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	132,846	116,725
Notes and accounts receivable-trade	44,405	43,087
Merchandise and finished goods	40,100	42,729
Work in process	3,386	4,330
Raw materials and supplies	27,395	28,101
Other	8,719	5,592
Allowance for doubtful accounts	(121)	(146)
Total current assets	256,732	240,420
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,666	53,688
Accumulated depreciation	(28,013)	(28,903)
Buildings and structures, net	24,652	24,784
Machinery, equipment and vehicles	22,661	22,755
Accumulated depreciation	(18,540)	(19,460)
Machinery, equipment and vehicles, net	4,120	3,294
Tools, furniture and fixtures	46,303	45,361
Accumulated depreciation	(40,664)	(40,428)
Tools, furniture and fixtures, net	5,638	4,932
Land	17,333	18,797
Leased assets	12,385	12,739
Accumulated depreciation	(3,337)	(4,102)
Leased assets, net	9,048	8,636
Construction in progress	453	11,121
Total property, plant and equipment	61,247	71,566
Intangible assets		
Software	5,084	5,789
Goodwill	3,621	2,865
Other	5,399	3,868
Total intangible assets	14,105	12,523
Investments and other assets		
Investment securities	15,838	16,023
Retirement benefit asset	14,545	14,536
Deferred tax assets	5,035	6,088
Other	4,828	4,740
Allowance for doubtful accounts	(675)	(699)
Total investments and other assets	39,572	40,688
Total non-current assets	114,925	124,778
Total assets	371,657	365,199

Millions of yen

	2023 (As of Dec. 31, 2023)	3Q 2024 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,628	7,961
Electronically recorded obligations-operating	18,491	17,630
Short-term borrowings	500	500
Lease obligations	1,050	1,042
Accounts payable-other	15,644	8,832
Accrued expenses	11,630	11,861
Income taxes payable	3,867	5,316
Accrued consumption taxes	2,307	1,622
Refund liabilities	5,756	5,655
Other	2,346	2,237
Total current liabilities	70,224	62,660
Non-current liabilities		
Lease obligations	8,664	8,103
Deferred tax liabilities	5,038	4,331
Other	4,692	5,624
Total non-current liabilities	18,395	18,059
Total liabilities	88,619	80,720
Net assets		
Shareholders' equity		
Share capital	4,848	4,848
Capital surplus	123	179
Retained earnings	243,823	245,247
Treasury shares	(9,073)	(9,055)
Total shareholders' equity	239,721	241,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,747	4,418
Foreign currency translation adjustment	14,256	14,582
Remeasurements of defined benefit plans	7,430	6,883
Total accumulated other comprehensive income	26,434	25,884
Non-controlling interests	16,881	17,376
Total net assets	283,038	284,479
Total liabilities and net assets	371,657	365,199

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

	3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)
Net sales	218,961	238,725
Cost of sales	63,788	71,913
Gross profit	155,173	166,812
Selling, general and administrative expenses		
Advertising expenses	18,534	19,528
Promotion expenses	32,615	34,377
Freight and packing costs	13,883	13,862
Salaries and allowances	37,880	40,379
Retirement benefit expenses	159	40
Legal welfare expenses	6,061	6,231
Depreciation	3,790	3,693
Other	26,218	29,884
Total selling, general and administrative expenses	139,144	147,997
Operating profit	16,029	18,815
Non-operating income		
Interest income	881	718
Dividend income	180	125
Refunded consumption taxes	98	65
Foreign exchange gains	3,318	715
Miscellaneous income	744	414
Total non-operating income	5,223	2,038
Non-operating expenses		
Interest expenses	9	3
Provision of allowance for doubtful accounts	79	55
Loss on investments in investment partnerships	-	57
Miscellaneous loss	95	51
Total non-operating expenses	185	168
Ordinary profit	21,067	20,685
Extraordinary income		
Gain on sale of non-current assets	18	2,336
Gain on sale of investment securities	4	1
Total extraordinary income	22	2,337
Extraordinary losses		
Loss on disposal of non-current assets	134	101
Impairment loss	40	322
Loss on valuation of shares of subsidiaries and associates	3	-
Loss on liquidation of business	332	4,106
Total extraordinary losses	511	4,531
Profit before income taxes	20,579	18,492
Income taxes-current	7,517	9,513
Income taxes-deferred	(686)	(1,371)
Total income taxes	6,830	8,142
Profit	13,748	10,349
Profit attributable to non-controlling interests	600	937
Profit attributable to owners of parent	13,148	9,412

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

	<i>Millions of yen</i>	
	3Q 2023	3Q 2024
	(Jan. 1, 2023 – Sep. 30, 2023)	(Jan. 1, 2024 – Sep. 30, 2024)
Profit	13,748	10,349
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,381)	(326)
Foreign currency translation adjustment	5,689	347
Remeasurements of defined benefit plans, net of tax	(540)	(574)
Total other comprehensive income	3,766	(553)
Comprehensive income	17,515	9,796
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,875	8,861
Comprehensive income attributable to non-controlling interests	640	934

(3) Notes to Consolidated Quarterly Financial Statements**Going Concern Assumption**

Not applicable.

Precaution Concerning Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

I. 3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)

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

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	174,468	42,881	217,350	1,611	218,961	-	218,961
(2) Intragroup sales and transfers	-	-	-	383	383	(383)	-
Total sales	174,468	42,881	217,350	1,995	219,345	(383)	218,961
Segment profit	15,794	3,924	19,718	647	20,366	(4,337)	16,029

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 are as follows.

Millions of yen

Eliminations for intersegment transactions	(41)
Corporate expenses that cannot be allocated to reportable segments	(4,295)

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 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 3Q 2023.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
137,870	40,813	35,280	4,997	218,961

II. 3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)

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

Millions of yen

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated quarterly statement of income (Note 3)
	Cosmetics	Cosmetaries	Subtotal				
Net sales							
(1) Sales to third parties	187,447	49,440	236,887	1,837	238,725	-	238,725
(2) Intragroup sales and transfers	-	-	-	390	390	(390)	-
Total sales	187,447	49,440	236,887	2,228	239,116	(390)	238,725
Segment profit	15,505	6,790	22,296	940	23,236	(4,421)	18,815

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 are as follows.

Millions of yen

Eliminations for intersegment transactions	(119)
Corporate expenses that cannot be allocated to reportable segments	(4,301)

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 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 3Q 2024.

3. Geographic sales information

Millions of yen

Japan	Asia	North America	Other	Total
155,483	30,015	46,711	6,514	238,725

Consolidated Quarterly Statement of Cash Flows

A consolidated quarterly statement of cash flows for 3Q 2024 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and goodwill amortization for 3Q 2023 and 3Q 2024 is as follows.

Millions of yen

	3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)	3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)
Depreciation	7,051	6,768
Goodwill amortization	755	827

Information Concerning Revenue Recognition

Division of sales

The KOSÉ Group has two reportable segments: cosmetics business and cosmetaries business. 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.

I. 3Q 2023 (Jan. 1, 2023 – Sep. 30, 2023)

Millions of yen

	Japan	Asia	North America	Others	Total
Cosmetics	94,254	39,944	35,280	4,987	174,468
Cosmetaries	42,006	866	-	9	42,881
Total	136,260	40,811	35,280	4,997	217,350
Others (Note)	1,453	2	-	-	1,456
Revenue from contracts with customers	137,714	40,813	35,280	4,997	218,806
Other revenue	155	-	-	-	155
Sales to third parties	137,870	40,813	35,280	4,997	218,961

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

II. 3Q 2024 (Jan. 1, 2024 – Sep. 30, 2024)

Millions of yen

	Japan	Asia	North America	Others	Total
Cosmetics	105,452	28,790	46,711	6,493	187,447
Cosmetaries	48,194	1,224	-	20	49,440
Total	153,646	30,014	46,711	6,514	236,887
Others (Note)	1,680	1	-	-	1,682
Revenue from contracts with customers	155,327	30,015	46,711	6,514	238,570
Other revenue	155	-	-	-	155
Sales to third parties	155,483	30,015	46,711	6,514	238,725

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

Subsequent Events

On November 11, 2024, the Board of Directors of KOSÉ approved a resolution for consolidated subsidiary KOSÉ Cosmetics Sales (China) Co., Ltd. to account for the extraordinary loss associated with structural business reforms in China based on the termination of employment contract discussions with some of its employees.

1. Purpose of ending employment contract discussions

Revisions to the organization and business operations of KOSÉ Cosmetics Sales (China) as part of structural business reforms

2. Summary of workforce reductions

(1) Employee categories	1) Store staff (beauty consultants, estheticians) 2) Regular employees
(2) Number of employees	Final number of employees subject to reduction is currently being adjusted.

3. Effect on results of operations

Determining a reasonable estimate of the effect of these measures is not possible at this time because the number of employees who agree to the termination of employment contracts is not yet known.

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.