

Our Philosophy

Wisdom and Beauty for People and the Earth

Statement of Purpose

Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.

Behavioral Charter

Mind to Follow the Right Path

Editorial policy

The report aims to provide stakeholders with a deeper understanding of our activities by reporting not only financial information, but also non-financial information including our management policies, strategies and our approaches behind the scenes. Please refer to our website for information related to IR and sustainability.

Forward-looking statements

This report contains forward-looking statements about KOSÉ Corporation's future plans, strategies, and performance that are not historical facts. Risks and uncertainties resulting from changes in the business environment may have a significant effect on actual business results. Please also note that we shall not be held responsible for any omissions or errors in data and content in this document.

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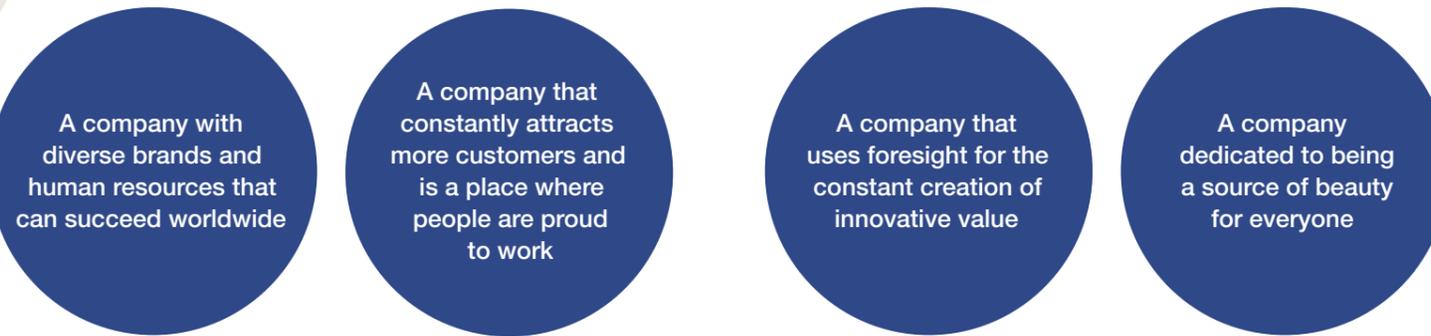
Value Creation Process

Through its three strengths, KOSÉ aims to realize VISION 2026 and to make great strides toward becoming a company that uses its wisdom regarding all kinds of beauty to benefit people worldwide and for the future of the Earth.

Wisdom and Beauty for People and the Earth

VISION 2026

Evolving into a Company with a Global Presence



Our Strengths

- Research and development
- Unique brand marketing
- Commitment to quality

Our Targeted Position



Three Growth Strategies

- Accelerate globalization of brands
- Proactively develop unique products
- Explore new growth domains

Two Value Creation Vectors

- Aim for even more personal customer experiences
- Focus on unique forms of value by utilizing external resources and technologies

Three Foundations

- Build a sound foundation for the Company's growth
- Recruit people who can adapt to changes in market conditions
- Create an environment that allows people to realize their full potential

Our Current Position



Priority Activity Themes



The Path of Value Creation

One by one, innovative, high-quality products have defined the path of KOSÉ's value creation. We will continue to be swift in comprehending the changes in our world to create products with presence, delivering unique value and gaining the appreciation of all customers.

Creation of High-Quality Cosmetics

Since its founding, KOSÉ's legendary commitment to quality has led to many long-selling brands, such as *La bonne*.

Giving Rise to New Beauty for the Times

Through numerous innovative products that have consistently anticipated individual needs as they changed with the times, we have introduced new concepts of beauty.

Growing Global Presence

Providing New Value to Customers Worldwide

By using the strong results we have built up in Japan to cultivate flagship global brands, we are expanding our overseas markets and providing innovative value to raise our global presence.

Foundation–1960s

1970s–1990s

2000s

2010s

1946

On March 2, 1946 Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP in Oji, Kita-ku, Tokyo (established as KOBAYASHI KOSÉ COMPANY LIMITED in June 1948)

1963

Establishment of technological alliance with L'Oréal of France (joint venture contract ended in 2001)

1964

- Establishment of the Sayama Factory in Sayama City, Saitama
- Opening of a laboratory (current KOSÉ Research Laboratory) in Kita-ku, Tokyo

1968

Start of sales in Hong Kong, KOSÉ's first full-scale entry into an overseas market



Event at a department store in Hong Kong

1970

Launch of the *COSME DECORTE* luxury brand

1975

Creation of the industry's first beauty serum, *ALPHARD R.C LIQUID*, and new categories including liquid foundation for summer use, powder foundation and two-way foundation

1980

Receipt of the industry's first Deming Prize by our production headquarters for the introduction of modern quality management methods



Counseling sales, an area of focus since our foundation

1985

Launch of *SEKKISEI*, a skin care brand that combines oriental herbal extracts

1987

Entry into China

1988

Establishment of Cosmeport Corp. (current Kosé Cosmeport Corp.), a cosmetics distributor for general cosmetics

1992

Launch of *COSME DECORTE* Moisture Liposome, standard-bearer for the *COSME DECORTE* brand



Beauty training in Indonesia

2001

Entry into South Korea

2005

Introduction of the *JILL STUART* brand in the Japanese cosmetics market

2009

Launch of the *ADDICTION* makeup brand



In-store counseling by Beauty Advisors

2012

Start of sales of *DECORTÉ* in Italy

2014

Tarte, Inc., a cosmetics company in the United States, became a subsidiary of KOSÉ

2016

- Start of sales of *DECORTÉ* at department stores in North America
- Start of sales in Brazil

2017

- Capital and business alliance with Milbon Co., Ltd.
- Establishment of KOSÉ MILBON COSMETICS CO., LTD. in July



The KOSÉ Beauty Festa attracts customers from all over Japan

2017

- Start of operation of a new manufacturing facility at the Gunma Factory to increase production capacity for high value-added products
- Establishment of research center in Lyon, France, our first research facility in Europe

2018

First concept shop in Europe
Opening of Maison KOSÉ in Paris

2019

- Completion of the KOSÉ Advanced Technology Laboratory in March
- Basic agreement to establish a joint venture with Maruho Co., Ltd.



KOSÉ Beauty Expo (China), celebrating our 30th anniversary in China

Brands at a Glance

To create attractive, valuable brands, KOSÉ aims to develop cosmetics under the two key words “intelligence” and “sensuousness.” We currently meet the various needs of our customers with two groups of brands: diverse and highly distinctive individual brands, as well as the KOSÉ brands that bear the Company’s name.

We have also rolled out many brands overseas to establish a global presence.

Main Sales Regions : J Japan A Asia U North America & Others E Europe

HIGH-PRESTIGE Brands

The Highest Levels of Quality and Service

A group of top-quality brands developed by integrating all of KOSÉ’s cutting-edge technologies. They are sold mainly at specialty cosmetics stores and department stores that distribute exclusive brands.

KOSÉ’s specially trained Beauty Advisors offer meticulous counseling to help customers select the products that suit them best.

High Added Value

Cosmetics Business

Individual Brands

PRESTIGE Brands

High-Value-Added Cosmetics for Everyone

A group of brands that, while pursuing high added value, meet the needs of a broad range of distribution channels, from specialty cosmetics stores to mass retailers, drugstores and e-commerce.

雪肌精

ONE BY KOSÉ

LECHÉRI
ESPRIQUE

KOSÉ PROVISION Co., LTD.

米肌 MAIHADA

CRIE CO., LTD.
CRIE

Dr. PHIL COSMETICS INC.

Dr. PHIL NATURNT

FORMULE

COSMETARIES Brands

For Daily Life One Step Above

A group of self-selection brands, including cosmetics and toiletries such as shampoo, that are developed using the same approach as the one used to develop cosmetics. We call this category of products “cosmetaries.”** We offer high-quality products at reasonable prices through mass retailers, drugstores, convenience stores and other retail outlets.

* Cosmetaries: A coined term combining “cosmetics” and “toiletries”

Basic Value

Cosmetaries Business

Financial and Non-Financial Highlights

KOSÉ Corporation and Consolidated Subsidiaries (Years Ended March 31)

Financial

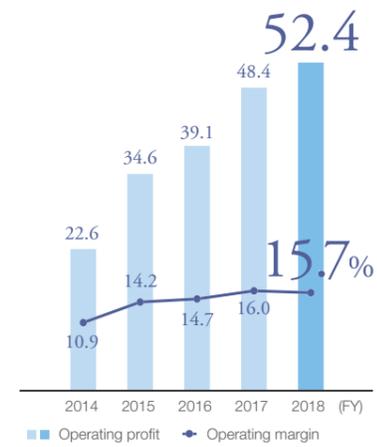
Net Sales

(Billions of yen)



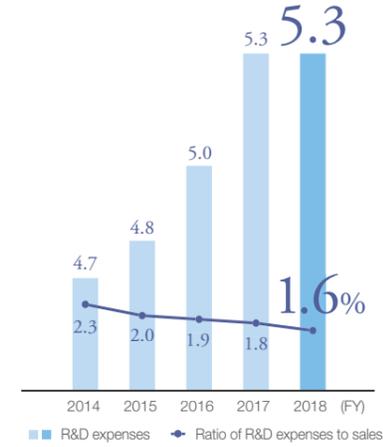
Operating Profit/ Operating Margin

(Billions of yen)



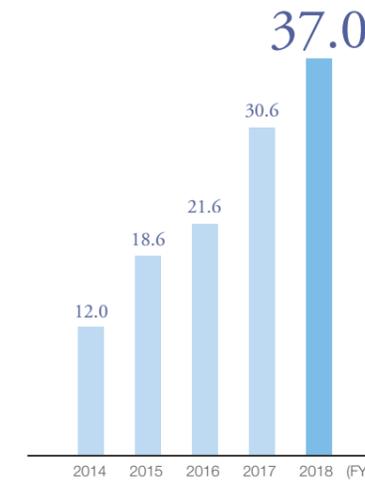
R&D Expenses/Ratio of R&D Expenses to Sales

(Billions of yen)



Profit Attributable to Owners of Parent

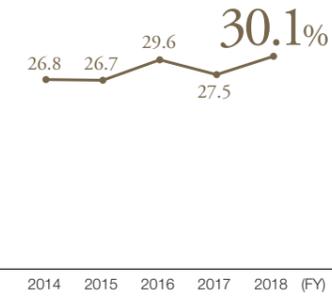
(Billions of yen)



Non-Financial

Ratio of Female Managers and Supervisors

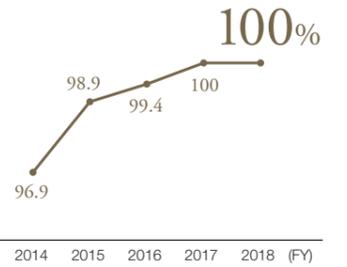
We are striving to create a work environment that fulfills women's desire to succeed by enabling them to balance their work with private life while fully leveraging their individuality and capabilities.



Note: Female managers and supervisors includes female employees with subordinates, either officially or unofficially.

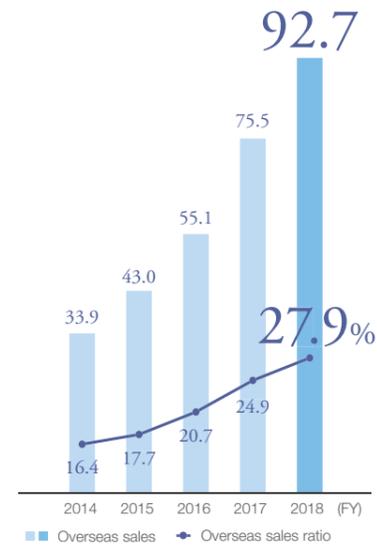
Proportion of Female Employees Who Gave Birth Who Took Childcare Leave

All female employees who gave birth took childcare leave. We are striving to enhance our systems and carry out work environment improvements that support work-life balance, including shortened working hours.



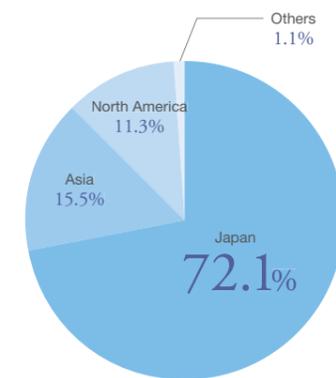
Overseas Sales/ Overseas Sales Ratio

(Billions of yen)



Share of Net Sales by Region

(Fiscal 2018)



ROA/ROE

(%)



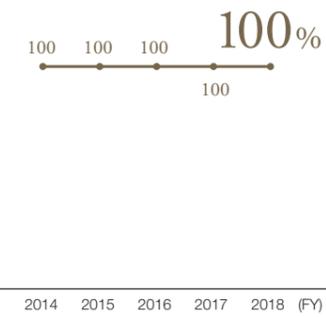
Net Income per Share (Basic)

(Yen)



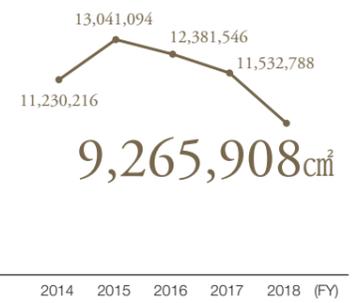
Recycling Rate

Achieved zero emissions (recycling rate of 99.5%) at Gunma Factory and Sayama Factory in 2005. Currently, all factories in Japan have achieved zero emissions.



Area Planted with Coral Reefs

We started the SAVE the BLUE project in 2009 to protect coral reefs in Okinawa that are in danger of extinction. Every year, we plant an area of coral equivalent to the total area of the bases of all the SEKKISEI bottles sold during the campaign.



Notes:

1. ROA = (Operating profit + Interest and dividend income) / Yearly average of total assets × 100
2. ROE = Profit attributable to owners of parent / (Yearly average of total shareholders' equity + Yearly average of total valuation, translation adjustments and other) × 100
3. Non-financial data is for KOSÉ Corporation only.