August 6, 2026

KOSÉ Holdings Corporation
President & CEO: Koichi Shibusawa
Stock exchange listing: Tokyo Stock Exchange, Prime Market; Stock code: 4922
Contact: Hiroko Hanakura, General Manager of IR Department
Shingo Iwasaki, Executive General Manager of Corporate Communication Group
Tel: +81-(0) 3-3273-1511

Notice Regarding Absorption-type Merger of Consolidated Subsidiary and Sub-subsidiary

The Board of Directors of KOSÉ Holdings Corporation approved a resolution today for a merger that will result in KOSÉ Corporation (KOSÉ), a wholly owned subsidiary, absorbing KOSÉ SALES CO., LTD. (KOSÉ SALES), a company that is wholly owned by KOSÉ (sub-subsidiary of KOSÉ Holdings). This absorption-type merger is to take place in January 2028.

Some information about this transaction is not disclosed because this involves a wholly owned subsidiary of KOSÉ Holdings and this subsidiary's wholly owned subsidiary. As a result, this is a simplified merger for KOSÉ and a short-form merger for KOSÉ SALES.

1. Purpose of absorption-type merger

KOSÉ Holdings uses a holding company structure in which a holding company owns the stock of operating companies. KOSÉ has cosmetics manufacturing and R&D operations and KOSÉ SALES sells these products in Japan. These are the core companies for business activities for KOSÉ brand products.

In Japan, there is an increasing gap between the higher end and lower end of the cosmetics market as sales of cosmetics in the middle price range decline. As lifestyles in Japan become more diverse and personal income growth slows, consumers in Japan are holding down expenditures on necessities while spending money on hobby and other products that make their lives more enjoyable. Meeting the needs of these consumers requires greater speed and flexibility by moving away from the conventional business model of prior years. With the current framework in which separate companies handle manufacturing and sales, it has been recognized that there are problems concerning the speed of responses to new market trends and the consistency of brand strategies.

The KOSÉ Group is currently taking many actions for the medium to long-term growth of corporate value based on the goals of "Vision for Lifelong Beauty Partner – Milestone 2030," the group's medium to long-term vision as the basis for the company's strategy for growth. The decision to combine KOSÉ and KOSÉ SALES was made due to the belief that a vertically integrated organization with both manufacturing and sales that covers every step from planning and product development to sales operations will contribute to achieving this growth.

This absorption-type merger will create a speedy and fully integrated framework for implementing strategies. Integration will make it possible for consumer needs and market trends identified during sales activities to be incorporated quickly in the development of new products. Other goals are faster decisions and highly distinctive brands. Combining the two companies is also expected to improve the profitability of the KOSÉ Group by making the profit structure more transparent and appropriate.

2. Summary of the absorption-type merger

(1) Schedule

Resolution of the Board of Directors (KOSÉ Holdings):	August 6, 2026 (today)
Date of merger agreement:	Fall 2027 (tentative)

Date of merger (effective date): January 1, 2028 (tentative)

This absorption-type merger is a simplified merger for KOSÉ based on Article 796, Paragraph 2 of the Companies Act and a short-form merger for KOSÉ SALES based on Article 784, Paragraph 1 of the Companies Act. Accordingly, the merger will be implemented without obtaining the approval at the shareholders meetings of both companies for this agreement.

(2) Methods

An absorption-type merger between KOSÉ, the surviving company, and KOSÉ SALES, which will be dissolved.

(3) Allocation of stock or cash for the absorption-type merger

There are no allocations of stock or cash for this absorption-type merger because this is an absorption-type merger between a consolidated subsidiary and sub-subsidiary.

(4) Treatment of share acquisition rights and bonds with share acquisition rights in association with the absorption-type merger

Not applicable.

3. Profile of companies involved in the absorption-type merger

	Surviving company	Dissolved company
(1) Name	KOSÉ Corporation	KOSÉ SALES CO., LTD.
(2) Location	3-6-2, Nihonbashi, Chuo-ku, Tokyo	3-6-2, Nihonbashi, Chuo-ku, Tokyo
(3) Representative	Shinji Tanaka, Representative Director and President	Manabu Ota, Representative Director and President
(4) Business activities	Manufacturing of cosmetics	Sales of cosmetics
(5) Share capital	100 million yen	300 million yen
(6) Establishment	January 13, 2025	April 14, 1988
(7) Number of shares issued	2,000 shares	6,000 shares
(8) Fiscal year end	December	December
(9) Major shareholders and shareholding ratio	KOSÉ Holdings Corporation 100%	KOSÉ Corporation 100%
(10) Financial highlights in year prior to the merger		
Fiscal year	2025	2025
Net assets	100 million yen	12,981 million yen
Total assets	100 million yen	25,131 million yen
Net assets per share	50,029.00 yen	2,163,508.73 yen
Net sales	-	99,022 million yen
Operating profit	-	4,381 million yen
Ordinary profit	0 million yen	4,413 million yen
Profit attributable to owners of parent	0 million yen	2,936 million yen
Net income per share	29.27 yen	489,447.08 yen

KOSÉ Corporation, which is the surviving company, was initially established as KOSÉ Split Preparation Corporation on January 23, 2025. On January 1, 2026, the previous KOSÉ Corporation used an absorption-type company split to transfer its business operations to KOSÉ Split Preparation, which was renamed KOSÉ Corporation the same day. In fiscal year 2025, KOSÉ Split Preparation had no sales and operating profit because there were no business operations prior to the transfer on January 1, 2026.

4. Post-merger profile

There will be no change in the KOSÉ's name, location of the head office, representative, business activities, share capital and fiscal year end due to this absorption-type merger.

5. Outlook

This absorption-type merger is expected to have only a negligible effect on the consolidated results of operations of KOSÉ Holdings because it is an absorption-type merger with KOSÉ, our wholly owned subsidiary and a wholly owned subsidiary of KOSÉ. An announcement will be made promptly if there is any additional information concerning the outlook that requires disclosure.