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Analysis of Cosmetics Listed Companies - KOSÉ and PROYA as Examples

Yufei Yang

College of Finance and Economics, Shanghai Lida College, Shanghai, China
hw19904751830@outlook.com

Abstract. Driven by economic growth and upgraded consumer appearance standards, beauty companies have continuously innovated products and adjusted business models, leading to significant differentiation in the industry's competitive landscape. This paper selects Japan's KOSÉ and China's PROYA as research samples, using comparative analysis and financial ratio analysis to examine their profitability, solvency, operational capability and growth ability, so as to identify operational differences, strategic choices and industry positioning between Chinese and Japanese cosmetic leaders. The study finds that PROYA boasts strong profitability and growth driven by its blockbuster product strategy and online channels, with a stable financial structure. KOSÉ maintains steady profit relying on technology and brand advantages, but lacks growth momentum and needs to improve asset efficiency. Their differences in profits, growth, capital utilization and strategies reflect two development paths: rapid expansion of domestic beauty brands and stable operation of international ones, providing a financial perspective for understanding the industry's status and trends.

Keywords: Cosmetics industry, Financial comparison analysis, Enterprise life cycle, Profitability, Operational efficiency

1. Introduction

According to data from the China Perfume, Flavor and Cosmetics Industry Association, the total transaction volume of the Chinese cosmetics market across all channels reached 1,104.245 billion yuan in 2025, with a year-on-year growth of 2.83%. It remains the largest cosmetics consumption market in the world. In this context, consumer demands have become increasingly rational, shifting from a focus on single efficacy to a comprehensive consideration of quality, safety and cost-effectiveness of the Chinese Cosmetics Association [1]. This represents new requirements for the beauty industry and also represents a new development opportunity for this sector. Research on the beauty industry has covered some aspects, but there are still deficiencies, such as the lack of comparative analysis between domestic and foreign cases and other gaps. Currently, the global beauty industry is on the rise. Among them, the Asia-Pacific region is the main consumer area for beauty products, driving the development of the beauty market.

The reason for choosing KOSÉ and PROYA as examples in this article is as follows. First, both KOSÉ and PROYA are listed companies, and their corporate characteristics are the same. Second, the product attributes are the same, both focusing on cosmetics and skin care as their main

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businesses. Thirdly, the market values of the two companies are similar, making them comparable. Fourthly, KOSÉ is a foreign-listed company while PROYA is a domestic-listed company. This covers the beauty industry both domestically and internationally, and the analysis is relatively comprehensive. By conducting a systematic financial comparison analysis on the above two comparable sample enterprises, it can provide typical case references for the comparative study of financial performance between Chinese and foreign cosmetics enterprises, enrich the perspectives and empirical materials of financial research in the cosmetics industry, and at the same time provide feasible research ideas and analytical frameworks for subsequent academic research in related fields. It has a certain theoretical reference value and academic significance.

The main issues addressed in this study are: through the financial analysis of two listed cosmetics companies from both domestic and international markets, various financial ratios are used to analyze and reflect the companies' situation. Further, it aims to study the current operating and development status, core problems faced in the operation, development opportunities available for the industry and the enterprise itself, as well as the future market development prospects of the leading cosmetics enterprises in China and abroad. The data involved in this study comes from the financial reports disclosed by the two companies as well as from Google Scholar. The methods involved include the literature research method, case analysis method, comparative analysis method, ratio analysis method, trend analysis method, etc. The main content involves analyzing financial data to reflect the current situation and trends of the two enterprises, as well as the beauty industry. The main significance lies in enriching the theories in the field of financial analysis for the beauty industry, and providing references for business managers and investors.

2. Literature review

Financial analysis is a systematic research method based on accounting records, which dissects and evaluates the financial performance of an enterprise's financing, investment, and operational activities. It aims to reflect the enterprise's financial status, operating results, and cash flow situation, and predict its development trends. It is widely applied in enterprise value assessment and risk warning [1]. After a long period of development, the current research has established a mature indicator system centered on debt-paying ability, profitability, operational ability and growth ability. Among them, financial ratio analysis is widely regarded by the international academic community as the core tool for evaluating a company's operating conditions and guiding business decisions, and it can provide quantitative support for internal and external decisions of the enterprise [1]. Domestic scholars further add that financial analysis, through in-depth exploration of financial statement data, can effectively reveal the operating efficiency and risk level of enterprises, and is a standardized analytical tool for comparative studies of multinational enterprises [2]. Meanwhile, the core value of financial analysis lies in converting accounting information into decision-making information, providing a crucial basis for enterprises to adjust their strategies, prevent risks and enhance value [3].

Domestic research has clearly shown that the domestic high-end beauty consumption market has long been dominated by foreign brands. According to the industry report released by Euromonitor International in 2024, foreign brands accounted for 68% of the share in the domestic high-end beauty market [4]. However, with the domestic consumption upgrade and the growing sense of national product recognition, the local cosmetics industry has achieved rapid development, and the beauty product category has become the core growth sector in the domestic consumer market [5]. In terms of industry financial performance, according to Liu Xiangxia's research on domestic cosmetics listed companies, the operating profit of the domestic beauty industry increased in tandem with the

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revenue from 2021 to 2023, with an average annual growth rate of 11.3% [5]. In 2025, the industry showed a significant two-pole differentiation pattern. The leading domestic brands (such as PROYA) continued to improve their performance, while small and medium-sized brands faced profit pressure, and the overall revenue scale of the industry was still relatively limited compared to the international mature markets [5]. Under the backdrop of digital transformation, domestic beauty enterprises are confronted with the challenge of changes in consumption patterns. Liu Yaru's research indicates that domestic beauty enterprises need to adapt to the online consumption trend, adjust their channel strategies and marketing methods, in order to achieve continuous improvement in financial performance [4].

Most of the current domestic research focuses on market structure, consumption trends and enterprise development strategies. There is relatively little systematic financial analysis for listed cosmetics companies, and there is a particular lack of cross-border financial comparison studies with overseas-listed cosmetics enterprises [4,5]. The global beauty and personal care market has generally shown a steady growth trend. According to the latest industry analysis released by Euromonitor International in March 2026, the global beauty and personal care market size has reached 623.2 billion US dollars; the proportion of online channel sales has significantly increased from 14% in 2019 to 25% in 2024, and the digital transformation of the industry has entered a deepening stage [6]. The "Current State Report on the Beauty Industry" jointly released by McKinsey and the Fashion Business Network (BoF) in 2025 shows that the Asia-Pacific region is an important part of the global beauty market. Among them, China, with a 21% share of global beauty retail sales, has become the largest market within the Asia-Pacific region [7]. In terms of each regional market, the Japanese cosmetics market is well-developed and has a clear consumption orientation. Therefore, the 2024 market survey results of the Japan Cosmetics Industry Association (JCIA) are very reliable: The size of the Japanese cosmetics market reached 32.6617 billion US dollars in 2025, and there has been a very obvious business differentiation phenomenon among local cosmetics enterprises [8]. The KOSÉ Group disclosed in its 2025 fiscal year annual financial report candidly and systematically that the projected net sales for 2025 would be 336 billion yen, with a year-on-year increase of 83.7% in net profit. The revenue from the Chinese market accounted for 35%. Undoubtedly, the Chinese market has become its most important growth driver [8]. In sharp contrast to this, the beauty market in Europe and the United States is highly concentrated. Brancu and Turcu have conducted a thorough and rigorous analysis on this: Large international brands account for more than 70% of the beauty market in Europe and the United States [9]. Online channels continue to drive industry growth. Sustainable development and efficacy-based skincare have become the mainstream trends in the industry. Therefore, enterprises are actively adjusting their product structures and optimizing their development strategies [9].

At present, there have been numerous studies on the global beauty market in the academic community, but specialized research on the financial performance, risk structure, and cross-border operation efficiency of beauty enterprises remains a weak link [9,10]. Therefore, it is quite natural and appropriate to summarize the clear gaps in current research in the beauty industry: Firstly, most of the existing research focuses on aspects such as the market, marketing, and strategy. Barnes and Abor established the core position of financial analysis in the evaluation of enterprise performance [1,10]. However, it is worth noting that in current research on the beauty industry, very few people use financial analysis methods to analyze the operating logic of the industry or the essence of enterprise operation [1,9]. Afrifa & Tauringana provided an excellent supplement to this, clearly elaborating on the role of financial indicators in evaluating enterprise performance [3,9]. But their application in the beauty industry is still insufficient. Secondly, most existing studies focus on a

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single country or regional market. The research of Brancu & Turcu falls into this category. Therefore, there is a lack of systematic financial comparison analysis of domestic and foreign listed beauty companies, and thus it is difficult to clarify the actual differences in financial performance, operational efficiency, and development models between the domestic and foreign beauty markets [9]. Thirdly, the most direct and prominent gap lies in the scarcity of current comparative financial studies on typical beauty enterprises such as PROYA and KOSÉ. The existing research conclusions are mostly based on macro data and lack the support of micro-enterprise data. As a result, the targeted nature and practicality of such research are severely limited.

Since this article clearly and systematically points out the existing research gaps, it has selected domestic listed cosmetics company PROYA (603605) and Japanese listed cosmetics company KOSÉ (4922) as the research samples, based on the theory of financial analysis, starting from the four major financial ratios of profitability, solvency, operating capacity and growth capacity, The financial data of the two enterprises from 2021 to 2025 were systematically and rigorously compared and analyzed. Through this, the financial conditions, operating results, and development prospects of the two enterprises were objectively and effectively clarified. This naturally leads to the differences in the development of cosmetics enterprises at home and abroad. What is even more remarkable is that the value of this article is clearly demonstrated. The first aspect is the theoretical value, which refers to the enrichment of financial analysis theories and their application outcomes in the beauty industry. This fills the gap in the comparative financial research of domestic and foreign beauty enterprises, and thus naturally provides a reference model for subsequent studies. The second aspect is the practical value, which is demonstrated through a direct comparison of the financial performances of PROYA and KOSÉ. It clearly identifies the financial strengths and areas for improvement of local beauty products companies. Therefore, it holds extremely significant guiding significance for domestic beauty enterprises in optimizing their financial structure, improving the quality of their profits, preventing operational risks, and formulating international strategies. It also provides an excellent reference for overseas beauty companies to enter the Chinese market and adjust their business strategies. The ultimate goal is to promote the high-quality development of the beauty industry.

3. Company profile and financial indicators

3.1. Structure

The KOSÉ Group was founded in Tokyo in 1946 and is the third largest cosmetics group in Japan, having three main brands: Deco, Albion and Snow Essence. In 1988, when entering the Chinese market, Deco and Olbin immediately became the main growth engines for the company in the Chinese market [11]. The financial strategy adopted is very clear and mature, and it is of a conservative nature: strictly control debt and risks, and prioritize the allocation of resources to high-margin brands and the Chinese market. This naturally and appropriately enhances the profit level. In sharp contrast to this is PROYA, which is the leading local cosmetics brand, PROYA is the first domestic brand group to achieve a revenue of over 10 billion yuan, the main brand is La Mer, and it has sub-brands such as Caitang and Off&Relax, in terms of finance, we adopt an expansionary strategy, using moderate leverage to support the development of multiple brands, and actively and efficiently manage funds, reasonably balance the investment in research and development with that in marketing, and truly achieve the mutual promotion of scale expansion and profit growth. The sales channels are mainly online, and offline efforts are also being made to establish a presence in department stores and shopping centres, achieving full-scale integration [12].

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3.2. Financial indicator comparison

Table 1. Comparison of financial indicators of KOSÉ Group and PROYA in 2024

indicator categories	Specific indicators	KOSÉ Group (4922.T, 100 yen)	PROYA (603605.SH, billion yuan)
Scale and Growth	operation revenue	3227.5	107.78
	Revenue growth rate	0.37%	21.04%
profitability	gross profit rate	63.18%	71.39%
	net margin	75.1	15.52
	ROE	5.97%	27.47%
	ROA	3.07%	17.28%
financial exposure	ratio of liabilities	37.48%	27.14%

Note: The data used in this article were obtained from the consolidated financial report of KOSÉ Group (4922.T) for the fiscal year 2024 [11] and the annual financial report of PROYA (603605.SH) for the year 2024. Therefore, the data related to each indicator in the text are the results calculated based on the financial reports.

Table 2. Comparative Table of Financial Indicators of KOSÉ Group and PROYA for the First Three Quarters of 2025

indicator categories	Specific indicators	KOSÉ Group (4922.T, 100 yen)	PROYA (603605.SH, billion yuan)
Scale and Growth	operation revenue	2405.0	70.89
	Revenue growth rate	0.70%	1.89%
	Growth rate of sales in the Japanese domestic market	1.00%	
profitability	gross profit rate	62.85%	73.69%
	net margin	93.9	10.26
financial exposure	ratio of liabilities	36.92%	26.87%

Note: The data used in this article were obtained from the 2025 first three quarters financial report of KOSÉ Group (4922.T) and the 2025 first three quarters financial report of PROYA (603605.SH) [11, 12]. Therefore, the data related to each indicator in the text are the results calculated based on the financial reports.

From the current table data, it can be seen that PROYA and KOSÉ Group have very clear and quantifiable differences in terms of growth, profitability, efficiency, and risks. First, let's look at the growth capacity: in 2024, the revenue of KOSÉ reached 15 billion yuan, which was 1.4 times that of PROYA Paris at 10.778 billion yuan. The size advantage is very obvious. However, the revenue growth rate of KOSÉ in 2024 was only 0.37%; therefore, it can be concluded that the market where KOSÉ operates is becoming mature and lacks growth momentum. In sharp contrast to this, PROYA achieved growth rates of 21.04% and 12.10%, respectively, during the same period. The growth momentum is strong, and the future development potential is undoubtedly even greater. Revenue is the foundation of profit. Therefore, PROYA's sustained high growth has directly and effectively contributed to the improvement of its profits. Next, let's look at the gross profit margin in the profit indicators. PROYA 's performance has consistently been higher than KOSÉ 's and has remained stable. This naturally leads to the conclusion that its product's premium pricing ability, pricing advantage, and profit margin are more prominent. But more importantly, the ROE and ROA of

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PROYA are both higher than those of KOSÉ, which indicates that its capital utilization efficiency and overall profitability are both superior. Looking at the operational efficiency, the period expenses of KOSÉ were approximately 36 times those of PROYA Paris. The proportion of expenses to revenue was relatively high, which significantly eroded profits. In sharp contrast to this, PROYA is more prudent and reasonable in terms of cost control; the costs and operational management efficiency are significantly better than those of KOSÉ, and the overall operation is more efficient. Finally, there is the financial risk; the 2024 balance sheet debt ratio of PROYA was 27.14%, significantly lower than that of KOSÉ Group at 37.48%, the debt level is more stable, the debt repayment pressure is lower, and the financial security is higher. On the contrary, KOSÉ has an extremely large debt scale, a high financial leverage ratio, higher financial risks, and a weaker ability to withstand risks compared to PROYA. In summary, although KOSÉ has a larger revenue scale, it lags behind PROYA Paris in terms of growth momentum, profit quality, operational efficiency, and financial stability. Therefore, its overall business performance is inferior to that of PROYA Paris.

4. Analysis of the cause of financial performance differences

Based on the current analysis, the underlying reasons for the differences in the financial performance of the two listed companies can be clarified. The theory of enterprise life cycle indicates that businesses typically go through the stages of start-up, growth, maturity and decline. There are systematic differences in market scope, strategic choices, and operational models at different stages, which is further directly reflected in the differentiation of financial indicators such as profitability, growth capacity, and operational efficiency.

The KOSÉ Group, as a multinational cosmetics company with an earlier establishment date, is currently in its mature stage. Its core markets, namely the domestic market in Japan and the mature markets overseas, have limited growth potential, in the first three quarters of the fiscal year 2025, the sales volume in Japan's domestic market increased by 1.0% compared to the previous year, with the growth rate being lower than the industry average, growth in overseas mature markets is also under pressure. The overall revenue growth rate was 0.37%, which is in line with the characteristic of mature enterprises where revenue growth slows down and relies on existing markets [11,13]. The marketing efficiency of this group's online channels needs to be improved after the transformation. The product structure is relatively different from the traditional one, taking into account factors such as higher local production costs and reduced profit margins. The proportion of period expenses to operating income is relatively high, which has a certain negative impact on the profit level. Meanwhile, the rental costs and labor costs of traditional offline channels are relatively high, and the dispersion of the global market layout leads to higher management costs, a relatively lower asset turnover rate, and accordingly lower ROE and ROA levels. The dispersion of the global market layout leads to higher management costs, a relatively lower asset turnover rate, and accordingly lower ROE and ROA levels. This is mainly due to the implementation of cost control and operational efficiency optimization measures.

PROYA, as a leading enterprise in the domestic beauty industry, is in the growth stage. The company focuses on the domestic market and expands into overseas markets through the strategy of key product promotion. The achievement of a 21.04% revenue growth indicates the characteristics of a growing enterprise, such as a relatively high revenue growth rate and a continuous expansion of market share. The company centers its operations around the online e-commerce channel, the marketing model features low costs and high efficiency, and its cost control system is quite comprehensive. The repeat purchase rate of key products is relatively high, and at the same time, it

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adopts a light-asset operation model, resulting in a higher shareholder return level than comparable companies in the industry. In the industry competition landscape, the company responds promptly to domestic consumer demands and has a high level of operational sophistication in its online channels, the execution system of the flagship product strategy is relatively complete, and it has formed corresponding competitive advantages in the market. Under the circumstances where the market size of efficacy-based skincare products is expanding, and the recognition of domestic brands is increasing in the industry, the company has taken measures such as multi-brand layout, increased investment in research and development, and expansion of overseas markets, and has the potential for continuous growth. The KOSÉ Group, as a mature multinational enterprise, has a solid foundation in areas such as research and development accumulation, brand matrix, and global operation system. In recent years, the company has been promoting localized operations in the Chinese market; while also expanding into Asian and other overseas markets, the business performance has shown a recovery trend, which is a typical path for mature enterprises to optimize their growth structure through the expansion into emerging markets.

Unlike PROYA's expansionary strategy, the overall development pace of KOSÉ is more stable; it has advantages in terms of brand barriers, technological accumulation, and risk-resistance capabilities. At the same time, it is constrained by factors such as the need to modernize the brand, accelerate the process of localization, and the intensifying domestic market competition. From the perspective of development trends, PROYA's strategic orientation places greater emphasis on growth and market expansion, aligning with the industry trends of domestic beauty product consumption upgrading and the substitution of domestic products. The strategy of KOSÉ places greater emphasis on maintaining long-term operational stability and global competitiveness. The key to operation lies in continuously improving operational efficiency and expanding the global market coverage. The two are at different stages of development - one in the growth phase and the other in the mature phase. Their development strategies and market positioning have systematic differences. Furthermore, there are significant differences in financial indicators such as profitability, growth capacity, and operational efficiency. The aforementioned differences conform to the general patterns of the enterprise life cycle theory.

5. Conclusions

By comparing and analyzing the financial data of PROYA and KOSÉ, it can be observed that the two enterprises have distinct development paths. The financial performance of PROYA shows strong growth, with continuous increases in both revenue and profits. Mainly due to its precise grasp of the growth opportunities in the domestic beauty market, achieve rapid growth through online channels and the strategy of promoting key products. In contrast, KOSÉ places greater emphasis on the stable operation of the global market. Relying on a mature R&D system and a multi-brand layout, it has maintained a stable profit level. However, it responded relatively slowly to the changes in consumption trends in the Chinese market, and its revenue growth was relatively slow. The "growth-oriented" and "stable" differences in their financial aspects essentially stem from the variations in their business models and market strategies: PROYA closely follows the trends of national culture and personalized consumption. By implementing digital operations and having an efficient supply chain that can respond quickly to the market, a competitive advantage can be achieved; KOSÉ, on the other hand, ensures its profitability through long-term technological accumulation and strict quality control. However, the relatively conservative operation model has made it somewhat passive in the rapidly changing market.

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Therefore, the domestic cosmetics industry can draw extremely clear and powerful insights from the comparison of these two aspects. First, leveraging the local market and channel advantages is crucial for enhancing growth capabilities and operational efficiency. Enterprises should take root in the Chinese consumer market, focusing on the refined operation of online channels and the optimization of supply chains. By developing and promoting products that meet local needs, we continuously increase the growth rate of revenue and the efficiency of asset turnover, avoiding the problem of insufficient channels and cost compatibility caused by simply transplanting mature overseas models. Second, balance marketing investment with R&D accumulation. It is the core path for optimizing profitability and profit quality. PROYA achieves superior growth by relying on high gross profit margins, high return on equity (ROE), and high return on assets (ROA). It indicates that the industry needs to shift from "relying heavily on marketing" to "being driven by technology". While controlling the scale of operating expenses, increasing investment in research and development, and using technological barriers to support product premium pricing. Enhance the sustainability of profits at its root. Thirdly, the global layout should be based on financial stability, taking into account both scale expansion and risk control. So, the companies can draw on the global operation experience of KOSÉ. However, priority should be given to consolidating the basic foundation of the domestic market, maintaining a reasonable debt-to-asset ratio and ensuring the security of cash flow. Furthermore, based on the characteristics of the overseas market, we will gradually implement differentiated strategies in different stages to avoid increasing financial leverage and eroding profit levels due to blind expansion.

The limitations of this study. First, the analysis is conducted based on publicly available financial data. Therefore, the various non-financial indicators related to the operational details behind the brand, the specific allocation of research and development expenses, and the brand perception held by consumers were not fully dissected. Secondly, due to the limitations of the sample period, the impact of sudden changes in the external environment on the long-term effects of data has not yet been fully demonstrated. Therefore, in the future, if we want to establish a more mature and comprehensive evaluation system. It is advisable to incorporate more non-financial indicators, extend the observation period, and add comparison samples of domestic and foreign benchmark enterprises. More importantly, in light of the current reality of digital transformation, a systematic examination of how emerging variables can have a reverse impact on a company's financial performance is necessary in order to provide truly insightful and valuable suggestions for the high-quality development of the domestic cosmetics industry.

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