

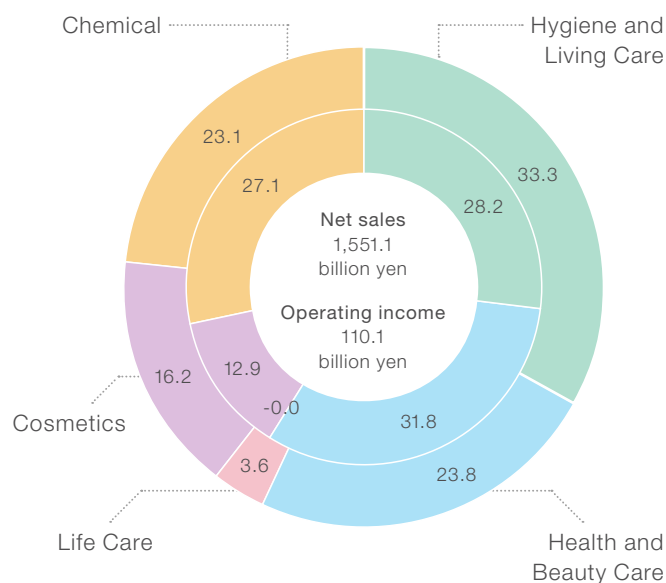
Focused Growth in 5 Business Fields

Kao conducts business with a focus on the fundamental value that people seek. We promote value creation through five business segments: Hygiene and Living Care that supports and brings greater comfort to everyday lives; Health and Beauty Care that offers healthy beauty for the entire body; Life Care that develops new business to protect human lives; Cosmetics that delivers hope and Kirei by staying close to the beauty and individuality of each person; and Chemical that contributes to the industry and a sustainable world in the future—by providing innovative solutions.

Share of net sales is calculated based on sales to customers.
Share of operating income is calculated before the elimination of intersegment transactions.

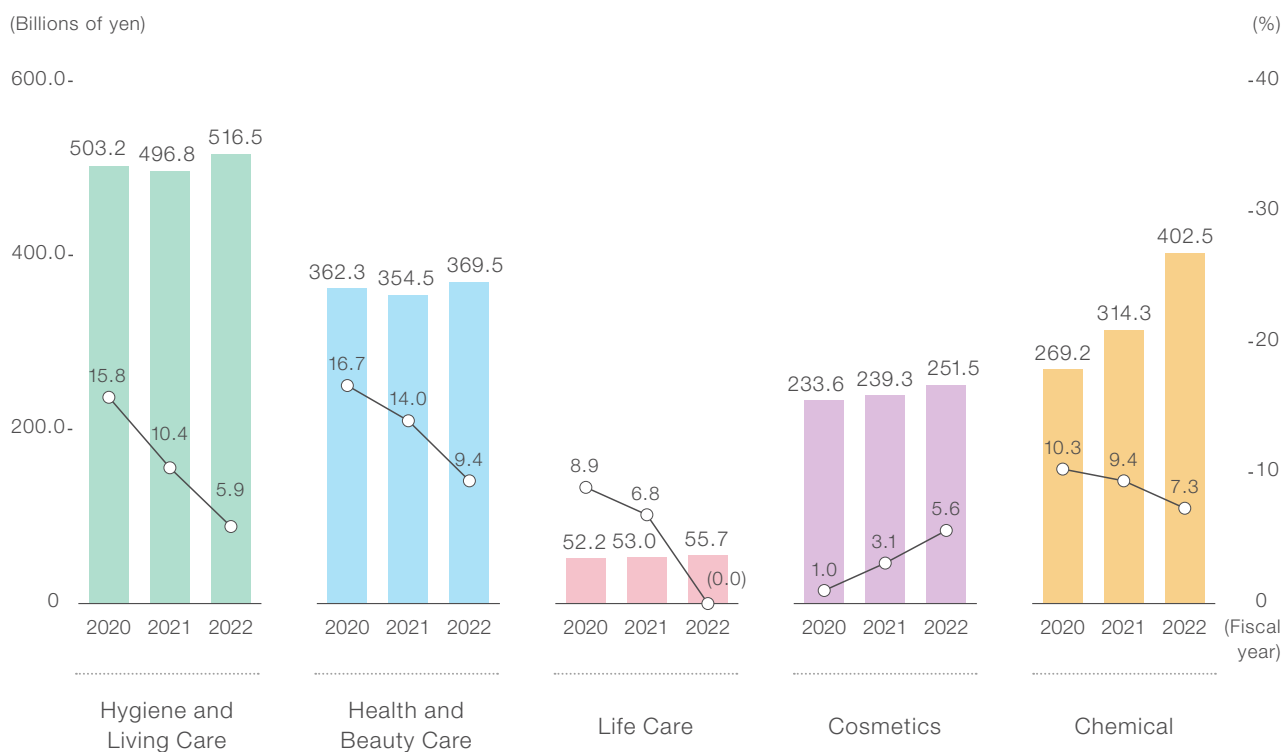
FY2022 Shares of net sales and operating income by business segment

Outside: Net sales composition ratio (%)
Inside: Operating income composition ratio (%)



Trends in net sales and operating margin by business segment

■ Net sales ○ Operating margin



Hygiene and Living Care Business

Kirei in our interactions and everything
our lives touch

Value Creation

By offering products and services that keep clothing and home spaces clean and lessen the burden of housework, we contribute to creating living spaces where everyone can live with peace of mind.

We offer sanitary products for each life stage so that everyone can lead their lives how they wish at any age and in comfort no matter what the situation.



Main Brands



ハミング

スイド
スイド



Business Characteristics

Develop numbers of
No.1 brands in the
fabric and home
care market in
Japan

- Attack / heavy-duty detergent (33.9%)
- EMAL / light-duty detergent (62.6%)
- Wide Haiter / laundry bleach (79.1%)
- CuCute / dishwashing detergent (47.5%)
- Haiter / kitchen bleach (78.8%)
- Magiclean / bath cleaner (56.7%)
- Magiclean / toilet cleaner (40.0%)
- Quickle / dust wiper (59.9%)
- Quickle / toilet cleaning sheet (60.5%)

Source: INTAGE SRI+, figures in parentheses indicate FY2022 share by value

Strengthen our
presence in the Asian
market

- Magiclean: No.1 market share in the home care category within three countries and areas in Asia we have business operation
- Laurier: No.1 market share in the sanitary napkin category within Guangzhou and Pearl River Delta area, China

Source: Nielsen FY2022 real channel data



Natsumi Hotta

Senior Executive Officer
President, Consumer Products,
Hygiene & Living Care Business,
Global

Business Strategies

- Reinforce our products proposal for clothing and home hygiene in response to a growing hygiene awareness in the wake of the COVID-19 pandemic.
- Proactively lead efforts to reduce the quantity of plastics and chemical substances, and build essential brands for a sustainable world.
- Develop strong brands which are loved globally by building trust with people by products and services developed with the local needs.

Priority Activities

- Increase customer value of the *Attack* and *Humming* brands
- Solidify Home Care Business by proposing new value
- Strengthen customer loyalty in Sanitary Business from the perspective of lifetime value

Ratio of net sales outside Japan

| | | |
|-----------------|---|----------------|
| FY2022 results: | | FY2025 target: |
| 28 % | ▶ | 32 % |

Based on distributor location

Strengths

- Fabric Care and Home Care products with many leading brands.
- Sanitary products enjoy deep-rooted popularity in Asia
- Diverse range of technologies supporting cleanliness and hygiene in everyday lives

Opportunities

- Increased awareness about environmental issues
- Growing hygiene needs for clothing and home spaces globally
- Advancement of women in society, declining birthrate and population aging
- Diversification in the allocation of housework responsibilities (making it easier for anyone)

ESG Activities

We aim to proactively engage in ESG activities and reinforce our contributions to society and connections with customers through brands that have a large market share and are essential to everyday life.

Adopting 100% recycled plastic bottles*

Starting in 2021, we incorporated bottles* using 100% recycled PET for *Attack ZERO* and *CuCute CLEAR Foam Spray*. By 2025, we will use recycled PET in all PET bottles* for Japanese household products.

* Excluding colorants, labels, pumps and caps
PET: Polyethylene terephthalate

Laurier in workplaces

To reduce stress related to menstruation as much as possible, we are promoting initiatives to make sanitary napkins a regular amenity in workplace restrooms. In 2022, we started introducing services to companies that agree with this initiative.

Supporting first menstrual education

We provide booklets that briefly cover accurate knowledge on menstruation along with sample products to elementary schools in Japan and six countries and areas in Asia that made applications to us. Since launching *Laurier* in 1978, we have provided them to approximately 12,000 schools cumulatively*.

* Japan: approximately 11,000 schools; six countries and areas in Asia: approximately 1,200 schools

Health and Beauty Care Business

Kirei that makes life shine

Value Creation

Through daily hygiene practices and selfcare for physical and mental well-being that all people can maintain without difficulty, we contribute to realizing truly healthy lives, where people can express their individuality.

Along with protection and prevention against external factors such as infectious diseases and UV rays, we also offer products and information to boost the immune system for caring environmental stresses and creating safety and reassurance in everyday life.



Main Brands



Business Characteristics

Global brands

- Bioré: 61 countries and areas
- Liese: 11 countries and areas
- MegRhythm: 16 countries and areas
- Jergens: 39 countries and areas
- John Frieda: 75 countries and areas

Brands with No.1 market share in their category

- Bioré / Japan: UV care products (unisex / for men)
- Bioré / Japan: body washes (unisex / for men)
- Bioré / U.S.: pore strips
- Jergens / U.S.: skin tone enhancement

Source: INTAGE SRI+® for Japan, and Nielsen real channel data for the U.S.; both from FY2022



Kotaro Nuriya

Senior Executive Officer
President, Consumer Products,
Health & Beauty Care Business,
Global



Karen B. Frank

Executive Officer
President, Consumer Products,
Consumer Care, Americas and EMEA
President, Kao USA Inc.

Business Strategies

- Propose holistic solutions for needs in various occasions of life.
- Offer products and services to meet health and wellness needs.
- Focus on developing new products to solve environmental and social issues.
- Broaden our global footprint with a focus on our leading brands of *Bioré* and *Jergens* and *John Frieda*.
- Accelerate Beyond Beauty, Beyond Bricks and Beyond Borders.

Priority Activities

- Continue to add new and compelling benefits to enhance customer value across our core Brands, such as *Bioré* and *Jergens*
- Expand tangible UV protection into more areas (Asia, U.S. EMEA and Brazil)
- Strengthen functional skin care by communicating the value of *Essential Research*
- Expand e-commerce and direct-to-consumer (D2C) to deeply engage with our customers
- Strengthen oral care brands

Ratio of net sales outside Japan

| | | |
|-----------------|---|----------------|
| FY2022 results: | | FY2025 target: |
| 46 % | ▶ | 50 % |

Based on distributor location

Strengths

- Global business operation of Skin Care and Hair Care products
- Diverse range of technologies for hygiene and the environment needs
- Expertise in body skin care, skin protection and hair coloring
- Numbers of leading brands

Opportunities

- Hygiene and health needs expanded in the wake of the COVID-19 pandemic
- Global expansion of the hygiene market
- Meeting the increasing concerns and needs around environmental issues
- Growing needs to improve the quality of life of elderly people

Synergy with Another Kao

New business protecting future lives from mosquitoes



In Thailand, we launched *Bioré GUARD Mos Block Serum* that protects skin from mosquitoes in daily life with a safe and comfortable feel after use. In addition, we started the #GUARD OUR FUTURE project through a wide-ranging collaboration alongside partners in government, academia and the private sector with an aim to reduce harm from dengue fever. We received delighted feedback from customers in Thailand, and this also became a popular topic



in Japan. We will expand the product variations for more diverse usage methods and occasions. We will also collaborate with our partners and respond swiftly to the different regulations in each country to expand our business around areas beyond Thailand.

Health and Beauty Care Business Salon Business

Making life beautiful for salons, stylists and their clients

Value Creation

We believe in enriching the lives of hair stylists, salon owners and their clients. Together, we are making life more beautiful with our salon brands, products and services.



Main Brands

GOLDWELL.



KMS

KERASTILK

VARIS

Business Characteristics

Kao provides products and services primarily for salons to customers worldwide. This business operates on 6 continents and 63 countries through 22 subsidiaries. Through five brands—*Goldwell*, *Oribe*, *KMS*, *Kerasilk*

and *VARIS*—we provide products in the four categories of coloring, care, styling, and perms for salons and stylists around the world, as well as various services that support their business.

GOLDWELL.

Goldwell originated in Germany in 1948. Ever since, the brand has constantly innovated to provide industry-leading and high-performance products for stylists. *Goldwell* has been loved by hair stylists for 75 years, and is widely recognized today as the best color system in the world.



The hair stylist Oribe Canales created hairstyles for many celebrities and was known as a legend in the beauty industry. *Oribe* is a luxury brand that was born in New York in 2008 with the aim to realize the beautiful and glamorous feminine appearances that he envisioned.



Dominic M. Pratt

Executive Officer
President, Consumer Products,
Salon, Global
LLC Chairperson of the Board, Oribe
Hair Care
President, Kao Germany GmbH



Daniel Kaner

President, Oribe Hair Care
Co-Founder, Oribe Brand

Business Strategies

- Focus on the two key pillars of Hair Color and *Oribe*, and maximizing the commercial synergies
- Develop and establish differentiated innovations like Piston-Can, Automatic color dispenser, *@Pure Pigments* and *Elumen*.
- Accelerate global expansion of *Oribe* in EMEA (Europe, the Middle East and Africa) and Asia to build on the omnichannel success achieved in the US.
- Strengthen relationships with salons and stylists by supporting them to grow their business via innovative products, services and business models, with a focus on DX.

Priority Activities

- Reinforce *Goldwell* as a partner with leading hair color products and services
- Continue to grow *Oribe* in all channels and expand globally
- Enhance efficiency and profitability across the entire Salon Business
- Collaborate with salons globally to reduce the environmental impact from products and their use
- Collaborate with the salon industry to promote Diversity, Equity and Inclusion and inspire the next generation of hair stylists.

Strengths

- Leading position for value creation, education and sustainability in the salon industry
- Hair color innovation that contributes to profitable growth at salons
- *Oribe* as a luxury omnichannel brand that achieved double-figure growth on a global scale

Opportunities

- Expand from B2B business to omnichannel
- Greater importance of experiences and storytelling
- Increasing need for customization
- Rise in interest for Environmental, Social and Governance (ESG) among salons and consumers
- Fusion between beauty and health (changing needs in beauty salons)

Synergy with Another Kao

Milbon × Kao: collaborative project for establishing beauty and health care services in beauty salons

Beauty salons are a familiar place for many people, and a location that they regularly visit. They have the potential to serve as new communities that care not only for people's beauty but also their health. Milbon Co., Ltd. and Kao are pursuing a collaborative project for a future in which beauty salons can become new communities for people and cities through beauty, and thereby serve as a beauty platform. We started deliberations in 2022 about providing health care information at beauty salons using sebum RNA monitoring. Going forward, we will promote discussions on beauty and health care products to be exclusively sold in beauty salons as well as health care products and various services that utilize beauty salons as a hub.



Life Care Business

Supporting health so people can lead happy and fulfilling lives

Value Creation

In view of the nature of issues people face, we take steps to realize self-cures and self-care that fits their lifestyles and can be continued without special effort.

By bringing together mental and physical monitoring technologies and AI, we provide solutions that accurately suit the actual and potential needs of each person.

We offer solutions catering to professional hygiene needs for companies and organizations, thereby contributing to people's safety.



Main Brands



Business Characteristics

Health and Wellness Business

We focused on the health functions of polyphenols in plants, and developed the *Healthia* brand as a series of Food for Specified Health Use (FOSHU) and Food with Function Claims that harness the power of these polyphenols.

With the online service Monitoring Health that visualizes visceral fat levels, blood pressure and steps walked, we aim to help make healthy behavior part of our customer's daily lives while enhancing loyalty.



Commercial-use Hygiene products

Through Kao Professional Services Co., Ltd. (KPS), we engage in the sales of commercial-use detergents, also provide optimal hygiene solutions with professional perspective for restaurants, food processing companies, medical, care, accommodations and leisure facilities, and other organizations.





Akira Shimotoyodome

Executive Officer
President, Consumer Products,
Life Care Business, Global



Masaaki Ozawa

Consumer Products,
Life Care Business, Global
President, Kao Professional Services
Co., Ltd.

Business Strategies

- Transform from a Health Drink Business to a Well-being Business that provides personalized and optimized solutions based on biological data.
- Expand our business domain to environmental hygiene to proactively prevent the spread of infectious diseases, treatment for skin diseases and the prevention of geriatric syndrome arising with severe population aging.
- Collaborate with companies, research institutions, public-interest group and others, we will engage in swift co-creation to produce customer value.
- Offer solutions that cover everything from design to operations and maintenance in a comprehensive package to resolve hygiene issues holistically at professional use occasion.

Priority Activities

- Transform to Precision Life Care Business
- Expand revenue in Commercial-use Hygiene Products through synergy with B2B Hygiene Solutions

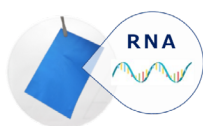
Strengths

- Developed technologies accumulated through existing businesses (including hygiene, metabolic syndrome care and skin care technologies)
- Unique Precision Monitoring technology (including sebum RNA testing technology) accumulated through *Essential Research*
- Data-driven marketing using advanced technologies

Opportunities

- Expansion in the self-health-care market
- Advances in digital technologies
- Expansion in hygiene-related markets

Synergy with Another Kao Start to Precision Life Care Business



RNA Testing Business

Healthcare Systems Co., Ltd. launched a mail-in testing service called Baby Well Check that uses Kao's sebum RNA monitoring technology to understand the skin barrier status of babies and infants.

The skin barrier function is known to be lower in babies and infants who develop atopic dermatitis. We believe that this test can help parents and guardians know the status of their children's skin and provide care that suits their skin.



B2B Hygiene Solutions

We launched B2B Hygiene Solutions through Kao Professional Services Co., Ltd. (KPS) to support measures against infectious diseases at companies and organizations. We established the new company Kiralia Hygiene Co., Ltd. as a 100% subsidiary of KPS to provide solutions with even greater expertise that stay close to customers' individual needs.

Cosmetics Business

Celebration of Individuality

Value Creation

Through the outstandingly distinctive identity of each of our brands, we are committed to the “beauty” and “individuality” of each person. We deliver hope and Kirei with solid science and our abundant sense.

Through beauty, hope and Kirei, we contribute to the realization of a “joyful” lifestyle culture and a society in which fulfilling lives are possible for all.



Main Brands

In the Cosmetics Business, we have selected eleven global strategic brands (G11) and eight regional strategic brands deployed mainly in Japan (R8). We polish each brand by fusing solid evidence with beauty that appeals to the five senses. Within the G11, we will focus more on *SENSAI* and *Curél*, which have already been developed globally, to achieve further growth at a faster pace.



SENSAI

SENSAI is a luxury brand rolled out to 48 countries with a focus on EMEA (Europe, the Middle East and Africa). It was launched in Europe in 1983, and is competing*¹ for the leading market share in the skin care category in Germany. We expanded into Tmall in China in 2021, and aim for further development in Asia.

Curél

Curél is a brand for dry and sensitive skin in 10 countries and areas with a focus on Asia. It has dominated the No.1 market share*² in sensitive skin care category in Japan. We are pursuing global development further for people with dry and sensitive skin worldwide.

*¹ In the alliance market with 400 perfumery stores, *² INTAGE SRI+®, FY2022 share by value of cosmetics for sensitive skin by series



Yousuke Maezawa

Senior Executive Officer
President, Consumer Products,
Cosmetics Business
Molton Brown Limited Chairperson of
the Board



Mark Johnson

President, Consumer Products,
Cosmetics Business
Molton Brown Limited President of
UK headquarters

Business Strategies

- Focus investments on the G11 and R8, and develop each brand to become No.1 in its segment.
- Establish a new business division to expand business in AEMEA, and expand market share in China by executing a model with local production for local consumption.
- Promote ESG-driven manufacturing and business operation to realize a sustainable world and solve social issues.
- Achieve engagement with customers and shift toward a business model focused on retention.
- Shift to a robust business framework through initiatives such as restructuring Makeup Business.

Priority Activities

- Accelerate growth in the G11 with a focus on *SENSAI* and *Curél*
- Expand the sales composition ratio of e-commerce in China and EMEA
- Improve profitability by reforming brand portfolio.

Ratio of net sales outside Japan

| | |
|-----------------|----------------|
| FY2022 results: | FY2025 target: |
| 36 % | 45 % |

Based on distributor location

Strengths

- Cross-sectional asset utilization in the Kao Group
- Integration of in-depth knowledge about skin based on evidence (Science) and emotional value (Sense)
- Highly distinctive brands that stay close to the individuality of customers
- Unique advanced technologies (Fine Fiber, sebum RNA monitoring, etc.)

Opportunities

- Offering new value based on the SDGs perspective
- Mid- to long-term global market expansion
- Diversification of beauty needs and makeup behavior due to new lifestyles and values
- New purchasing experiences and customer touchpoints with advances in digital technologies

Synergy with Another Kao

Reinforcing customer engagement with My Kao

My Kao is an interactive digital platform with the following main four functions: learning, experiencing, buying and creating. It helps us to connect with customers and understand in depth using One-ID to provide user experiences (UX) in many ways.

Cosmetics Business launched within it an interactive beauty-related community site called Kao Beauty Brands Play Park, and is rolling out many products in our e-commerce site My Kao Mall.



Chemical Business

Through the power of chemistry,
we create a future of Kirei for people,
society and
the planet

Value Creation

We strive to solve environmental and social issues through co-creation by integrating Kao's various strengths with those of its customers and partners. In this way, we help create new value in the industry and realize social impact.

We contribute to initiatives for customers, industries and society to make a shift toward decarbonization and a circular economy by refining our sustainable materials and proposing new ecological solutions.



Business Characteristics

(Source: Kao survey)

In the leading group worldwide (8 products)

| | |
|--------------------------------|--|
| Oleochemicals | <ul style="list-style-type: none">● Natural fatty alcohols● Tertiary amines |
| Detergents and Cosmetics | <ul style="list-style-type: none">● Surfactants for fabric softeners |
| Surfactants | <ul style="list-style-type: none">● Sulfate type anionic surfactants |
| Fragrance | <ul style="list-style-type: none">● Aroma chemicals (HCA, MDJ, lactones, etc.) |
| Digital printing materials | <ul style="list-style-type: none">● Toners/Toner binders |
| Semiconductors and Electronics | <ul style="list-style-type: none">● Hard disk polishing agents/cleaners● Cleaning agents for semiconductor back-end processes |

In the leading group within Japan (7 products)

| | |
|---|--|
| Plastics and Rubbers | <ul style="list-style-type: none">● Silica dispersants for fuel-efficient tires |
| Agrochemicals | <ul style="list-style-type: none">● Adjuvants for agrochemicals |
| Food products | <ul style="list-style-type: none">● Additives for tofu● Emulsifier for confectionery |
| Casting | <ul style="list-style-type: none">● Furan binder for casting |
| Metals | <ul style="list-style-type: none">● Metal cleaners |
| Asphalt, Civil engineering and Construction | <ul style="list-style-type: none">● High-range water reducing admixtures for concrete products |



Masahiro Katayose

Senior Executive Officer
 President, Chemical Business, Global
 Chairperson of the Board, Fatty Chemical (Malaysia) Sdn. Bhd.
 Chairperson of the Board, Pilipinas Kao, Inc.
 Chairperson of the Board, Kao Chemicals Europe, S.L.

Business Strategies

- Strengthen our foundation for growth and accelerate business expansion into new areas.
- Proactively develop solutions and materials with high environmental value and social value.
- Strengthen and accelerate business development through M&A and external collaboration and cooperation.
- Accelerate global growth by business expansion in major markets including AEMEA (the Americas, Europe, the Middle East and Africa) and China, and creating a business foundation in emerging countries.
- Innovate business and reinforce customer touchpoints/communication by actively adopting digital technologies.

Priority Activities

- Bolster the No.1 position of the Oleo Derivatives Business.
- Steadily develop one-of-a-kind technologies.
- Achieve global expansion of sustainable chemical products.

Ratio of net sales outside Japan

| | | |
|-----------------|---|----------------|
| FY2022 results: | | FY2025 target: |
| 65 % | ➡ | 70 % |

Based on distributor location

Strengths

- Product groups that demonstrate strengths through unique technologies: Oleochemicals, Performance Chemicals and Information Materials
- Ability to deploy business solutions in a wide range of industrial fields
- Synergy with the Consumer Products Business
- Business foundation that enables global growth

Opportunities

- Expanding needs for environmental response and decarbonization
- Expanding social expectations for hygiene
- Increased concern about food-related issues
- Aging infrastructure in developed countries and economic development in emerging countries
- Advanced digital technologies and expansions in their use

Synergy with Another Kao

Asphalt modifier made from waste PET

NEWTLAC 5000 is an asphalt modifier made from waste PET and launched in 2020. It enhances the durability of asphalt paved roads and reduces the frequency of repairs, thereby decreasing environmental impact and maintenance costs. Adoption has increased in various places and social implementation has steadily progressed.

To respond to the increase in the quantity used, we aim to establish a recycling system for waste industrial PET film that is currently disposed of by incineration. We will pursue collaborations with companies that dispose of waste PET as well as local governments while also promoting collaborations with pavement companies to achieve widespread rollout for expressways and regular roads.

We are developing NEWTLAC 6000SMA for cold environments, and will engage in sales activities within cold regions in Japan starting in 2023. We are also pursuing deliberations on expansion outside Japan, and seeking to make global contributions.



WEB

For details on the Chemical Business, please visit the Kao Chemicals website.
chemical.kao.com/global/