

Outline of the Online Event for Shareholders

We held an online event for shareholders with the purpose of communicating with shareholders.

Transformation of Hair Care Business

Hair: The Power of Life



Tomoko Uchiyama, Hiroki Fujinaga, Akiko Hasegawa



Outline of the meeting

Date : Friday, November 8, 2024

Attendees: Tomoko Uchiyama, General Manager, Hair Care Division 1, Health & Beauty Care Business Division

Hiroki Fujinaga, Hair Care Research 1, Research & Development Division

Akiko Hasegawa, Executive Officer, Legal Division

Description:

1. History and Business Strategy of Kao's Hair Care
2. New High-Premium Brand, 1st. launch: *melt*
3. New High-Premium Brand, 2nd. launch: *THE ANSWER*
4. *Segreta PREMIER*

Summary of Q&A Session:

- 1. Regarding the three price ranges: high-premium, premium mass, and affordable mass, are these prices per bottle? Also, how does the manufacturer set the number of uses per bottle?**

The three price ranges are defined by the price of one bottle of shampoo. The number of uses per bottle varies depending on the type of shampoo and hair length, but for semi-long to long hair, Kao sets the standard at about three pumps per use, which equates to approximately two months of use.

2. Can you explain the process and meaning behind the brand names *melt* and *THE ANSWER*?

melt embodies the desire to prioritize self-care and relaxation, imagining a melting sensation in the bath. *THE ANSWER* aims to be a brand that provides the definitive solution for customers seeking truly beneficial products.

3. Is *THE ANSWER* recommended for male customers?

Yes, it is designed to address heavy hair damage, and with more men enjoying hair coloring and perms, it is ideal for those who heavily style their hair.

4. How are the sales of *melt* and *THE ANSWER*

Sales have exceeded expectations, indicating a strong and favorable start. We feel we have met customer expectations.

5. Can you share any development secrets or challenges faced with *THE ANSWER*?

The shampoo combines water-soluble and lipid-soluble ingredients to create a cream-like texture similar to a conditioner. Achieving a satisfactory lather with this creamy texture was challenging, as we wanted consumers to feel they were thoroughly washing their hair.

6. What products do you recommend for scalp care?

For scalp care, we recommend *Merit*, suitable for all ages. For those who want a thorough cleanse, *SUCCESS* is ideal, designed specifically for male scalp issues like clogged pores and dirt.

7. Which product is best for damaged hair, such as from highlights?

THE ANSWER is excellent for damage care, offering three types of treatments based on the level of damage. Additionally, *Essential Premium* is available for damage care at a different price range.

8. Has the formulation of *Merit* changed significantly from 40 years ago?

Yes, it has evolved with changes in lifestyle and external environments. Initially focused on reducing dandruff and itchiness, it has been updated to meet modern needs, such as ensuring effective cleansing even with gentle use by children.

9. Are the creamy ingredients in hair care products biodegradable after rinsing? Are there environmental concerns?

We conduct biodegradability tests to ensure our products are environmentally friendly. Each

product is designed with environmental impact in mind, so consumers can use them with confidence.

10. The carbonated powder in *melt* is distinctive, but are there any single products that sell well without the full line?

While we encourage using the full lineup, we also offer trial sizes for single-use. We hope customers will try them and, if satisfied, purchase the full range.