

Overview of the Event for Shareholders

– Discovering Kao's 'Yoki-Monozukuri' ('Excellent Manufacturing') –

Kao held an event to engage in dialogue with shareholders on Saturday, December 6, 2025.

At this event, we organized programs such as a 'Yoki-Monozukuri' Tour and a Presentation by the President to help shareholders gain a deeper understanding of Kao's *Yoki-Monozukuri philosophy*.

On the day of the event, a total of 105 shareholders (excluding accompanying persons) who applied and were selected by lottery participated.

Below is an overview of the event and the day's activities.

<Overview>

Date and Time: Saturday, December 6, 2025, from 10:00 to 12:00

Venue: Kao Corporation Sumida Office

Attending Executives:

Yoshihiro Hasebe, Representative Director, President, and CEO

Akiko Hasegawa, Executive Officer, Legal Division

<On the Day>

① Introduction to the Sumida Office

We provided a video presentation that introduced the history of the Sumida Office, the research institutes located there, and how various departments collaborate to achieve 'Yoki-Monozukuri.'



② 'Yoki-Monozukuri' Tour

During the tour, employees from Kao's research institutes (Skin Care Research Institute, Hair Care Research Institute, Packaging Technology Research Institute, Chemical Business) introduced products they had developed and explained Kao's commitment to 'Yoki-Monozukuri' as embodied in each product, allowing shareholders to experience it firsthand.

Additionally, shareholders were guided to "Yukei", a place where Kao employees learn

Kao's *Yoki-Monozukuri* philosophy, which was completed in November, and Mr. Hasebe explained the thoughts behind the establishment of "Yukei."



③ Presentation by President and Q&A Session

After the tour, Mr. Hasebe explained Kao's management policy, the philosophy of *Yoki-Monozukuri* that Kao values (including the spirit of social service, corporate culture, five principles of product development, etc.), and Kao's research and development activities. After the presentation, Mr. Hasebe answered questions from participating shareholders.



Here are some of the questions and answers.

1. About the use of AI

Kao collects customer data from various channels, analyzes it using AI, and applies it to manufacturing. By utilizing AI, the way we interact with people is being enhanced. Kao is also committed to nurturing "citizen developers"—employees who independently develop the AI technologies they need. These individuals support and drive Kao's ongoing evolution.

2. Regarding the approach of selecting and concentrating on businesses, etc.

Kao has previously withdrawn from major businesses such as floppy disks, oil (Econa Oil), and beverages (Healthya).

Kao has guidelines for business withdrawal, imposing a strict decision to consider withdrawal if a business cannot generate a certain level of profit within a few years or if it is not a business appreciated by customers. Selection and concentration, especially withdrawing a business, is a difficult matter, but based on the guidelines, we want to fairly decide the work we should do.

3. Kao's outside Japan expansion (Approach to communication with outside Japan customers)

First of all, regarding outside Japan expansion, Kao does not simply consider it good if the outside Japan ratio increases.

We are implementing the management of dialogue itself, which we have cultivated in Japan, outside Japan as well. Rather than blindly producing products outside Japan, we want to catch up with customer reactions. Fortunately, nowadays, we are able to capture the voices of consumers and customers very timely through SNS and other means. We can gather information from various countries about what concerns consumers and customers have and how Kao can contribute. Listening to the voices of consumers and customers like this is fundamental to us. There is no future growth for Kao without the spirit of social service. And we believe that social service cannot exist without dialogue.

4. About Kao's talent strategy (Is Kao focusing on internal development or on career hiring?)

Currently, the company-wide ratio of mid-career hires to new graduates is 50:50.

We borrow wisdom from outside, avoid complacency, and each person improves through friendly competition, thereby promoting renewal. Interestingly, regular employees who joined as new graduates develop a feeling of "I don't want to lose because I have a long tenure," while mid-career hires develop a feeling of "I want to contribute to Kao by making the most of my strengths." It is by no means a battle; we have been engaging in friendly competition for a long time.

At one point, the company consisted almost entirely of employees who joined the company as a new graduate, but now it is striving to transform into a company that truly understands turnover. We want to create a good cycle where sharper talent supports Kao.

5. Initiatives in the industrial sector

Kao is a company specialized in interface chemistry. All interfaces where different substances meet, such as water and oil, inorganic and organic materials, are the focus of our business. When different substances come into contact, things often don't go as expected. Resolving these issues is our fundamental mission. If we put effort into interfaces, many interfaces will come into existence.

The story about agriculture I shared today, "By properly wetting each leaf, we protect people's food and health," is work that Kao takes pride in. And they are proud that this comes from the technology used in shampoos and cosmetics.

In that sense, regarding the selection and concentration of businesses shareholder asked about earlier, our approach is to first try it out. Then, within that, we keep what is good for society and people, and if it is not good, we withdraw and look for the next good business. Among them, we intend to keep what is good for society and people, and withdraw from what is not good, while searching for the next good thing. If there is an interface, I would be happy if you could check whether Kao's work is involved there.

Although the time was limited to two hours on the day, we were able to share about Kao's *Yoki-Monozukuri*.

After the event ended, we received many words of support and encouragement in the questionnaire completed by the participating shareholders. Here are some of the comments We received.

- I am glad I was able to participate in this event. Although I have used Kao products, I did not know much beyond that, so I would definitely like to join if there are more opportunities like this in the future.
- It was fun to learn about various new initiatives.
- I strongly agree with the research capabilities and consumer needs, safety, consideration for the environment, and spirit of social service.
- I would be happy if there were more opportunities to try various products. It is a company I love, so please continue to create products that contribute to society in the future.
- I regularly use Kao's products. I genuinely hope to see more of Kao's contributions to society.
- My house is full of Kao products. I have also become a fan of the president. I strongly want to continue supporting Kao.
- It was fun to learn more about the products. I look forward to Kao's continued expansion outside Japan.
- Having explanations from people actually working at Kao and learning about industrial businesses I didn't know much about made for a very meaningful experience.
- With the safety and security of products as the top priority, I hope you continue to create things that are fun and delightful for the next 100 years. I learned a lot.
