

Kao
Beauty
Brands

Kao Group Cosmetics Business Growth Strategy



September 19, 2025

Executive Officer, Cosmetics Business, Kao Corporation
Tomoko Uchiyama

Kao Beauty Brands

01. K27 Strategic Vision and Progress

02. Growth Strategy for Six Focus Brands

**03. Building a Business Foundation for
Further Growth**

The History of the Cosmetics Business



Curél
Since **1999**
Joined Kao Group
1998



MOLTON BROWN

Since **1971**
Joined Kao Group
2005



SOFINA

Cosmetics business
Since **1982**
(Kao founded in 1887)



{e'quipe}.LTD.

Since **1996**
Joined Kao Group
2006



Kanebo

Cosmetic business
Since **1936**
(Kanebo founded in 1887)
Joined Kao Group
2006

**Kao
Beauty
Brands**

Celebration of Individuality

Since **2021**

**Combine scientifically proven benefits with
emotional and sensory appeal.**

**Create a group of distinctive brand identities
and become a *Sharp Top* business on a global scale.**



Technologies and Brands
nurtured over a long history



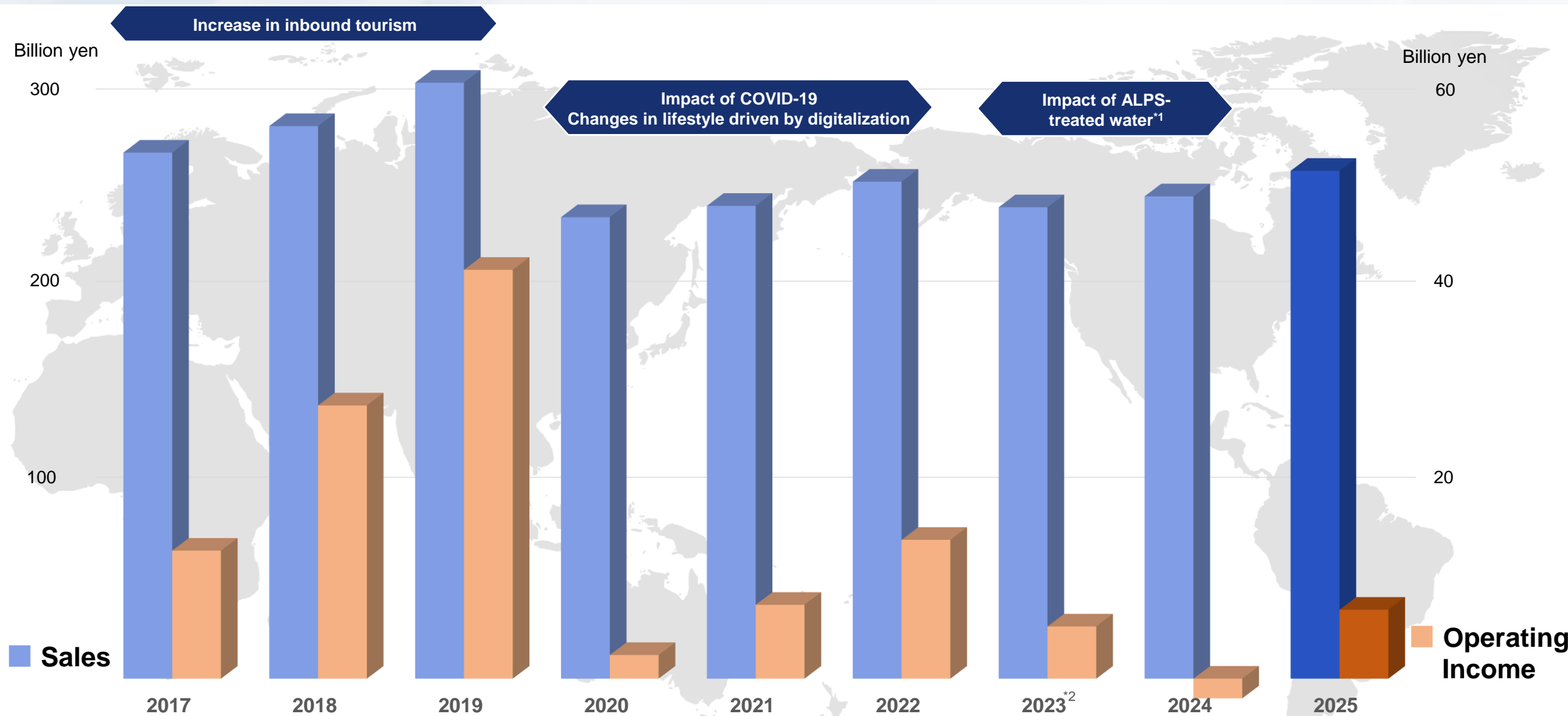
Essential Research
on skin with human subjects



Extensive Assets and Expertise
backed by chemical/process research



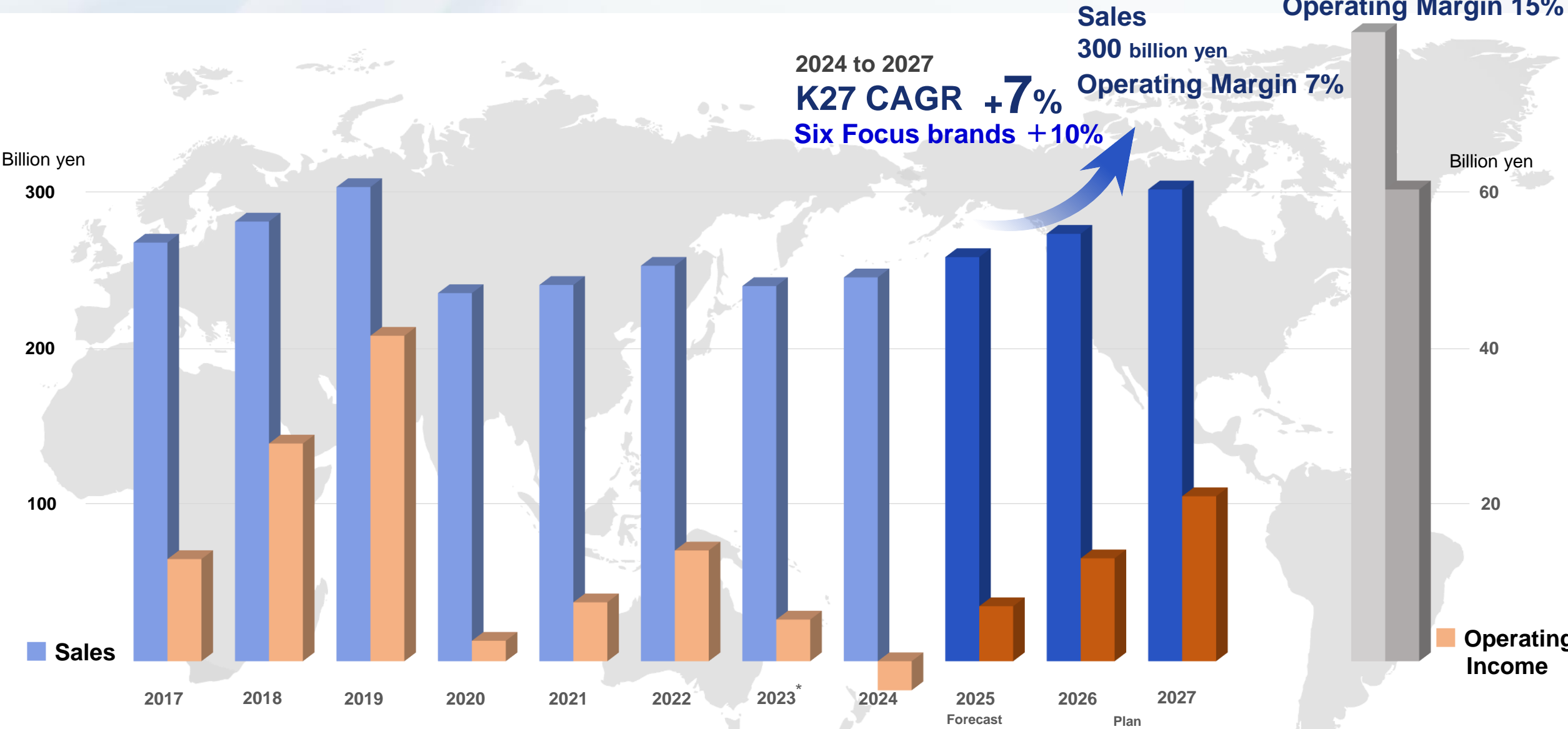
Financial Performance Trends



*1 Japan's discharge into the ocean of water treated using the Advanced Liquid Processing System (ALPS) from Fukushima Daiichi Nuclear Power Station

*2 Core operating income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023

K27 Financial Performance Target



* Core operating income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023
 World map image provided by PIXTA



Business Reforms

< Before >

**Separate operations
for each brand**

Meeting the budget
for every brand
**Dispersion of
investments and
activities**

**High fixed-cost
structure**

< Actions >

**Globally unified
operations**

**Structural reforms
in the Cosmetics Business**

(1) Focus on six brands

SENSAI MOLTON BROWN KANEBO SOFINA Curel KATE TOKYO

**(2) Develop a scrum style
operation without
borders**

**(3) Restructure the
organization**

< After >

**Strategic focus
in the global Cosmetics Business**

Japan Business
Achieve both growth and
profitability improvement

**Laying the foundation for
global growth**

China Business
reorganization

Results for 2025 H1

Six Focus Brands

SENSAI MOLTON BROWN

KANEBO

SOFINA

Curél

KATE
TOKYO

Japan Business Achieve both growth and profitability improvement

Accelerated Growth of Six Focus Brands

Year-on-year
sales growth **115 %**

A Stronger Base in the Channel

Year-on-year sales
growth in directly
operated e-commerce **134 %**

Business Streamlining

Reduction of
fixed costs **(3.8)** billion yen

Laying the foundation for global growth

Sales Expansion in ASEAN

Year-on-year
growth of six focus
brands **111 %**

Note: 127% in Thailand

Strengthening Presence in Europe



Approx.



Year-on-year
sales growth **1.7** times

Promoting Integrated Operations in Asia*

SENSAI

Approx.



Year-on-year
sales growth **2.4** times

China Business Reorganization

As planned Sell-out Expansion

Year-on-
year growth **103 %**

GMV of Curél and freeplus at Tmall flagship store

Unofficial E-commerce stores Selling Price Recovery

Year-on-year
selling price
increase **113 %**

Selling price of freeplus mild soap

Cultivating Locally Produced Products

Year-on-year
sell-out growth **1.8** times

Sell-out amount in e-commerce of Curél serum

All figures are results for January–June 2025.

* Sales in Asia for SENSAI include Japan.

Feedback from Internal and External Stakeholders

EXTERNAL VOICE

Kao's research is truly incredible.



This product has changed my life.
I am truly grateful.



This brand is my main focus
right now.



Kao always exceeds
expectations.



I want to bring the finest
products to consumers.



A stronger sense of unity has
significantly increased our
operational speed.

I felt a renewed sense of
pride in our work.



INTERNAL POWER

Kao Beauty Brands

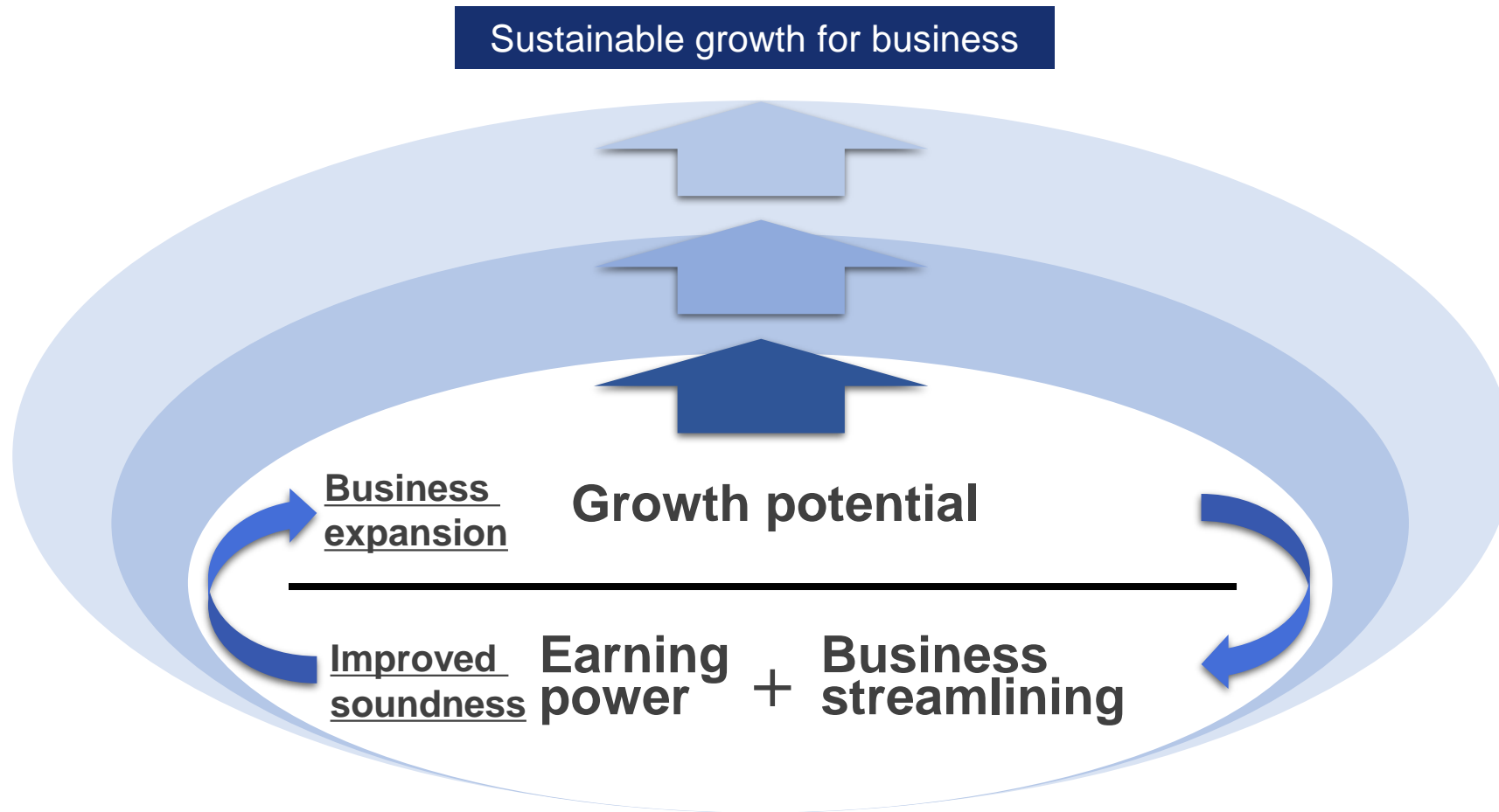
01. K27 Strategic Vision and Progress

02. Growth Strategy for Six Focus Brands

03. Building a Business Foundation for Further Growth

Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth



Cosmetics: Building a *Global Sharp Top* Business

Global expansion of six highly distinctive brands through the *Sharp Top* strategy.

CAGR Target for sales: +10% (2024 to 2027) Market CAGR +5% (Kao survey)

2024 to 2027
Sales CAGR



Luxury

SENSAI
MOLTON BROWN

Crafting a luxurious lifestyle

Fusion of sensory science design and craftsmanship

+9%

+7%



Prestige

KANEBO

Creating prestige with hope

A sensibility ahead of the times & technologies
that make the impossible possible

+20%



Premium

SOFINA

Precision Skin Care

Advanced skin care technology that uses
deep skin science and interface control technology

+9%



Premium Mass

Curel

Fundamental solutions for dry sensitive care

Ceramide care technology based on skin barrier
function science

+8%



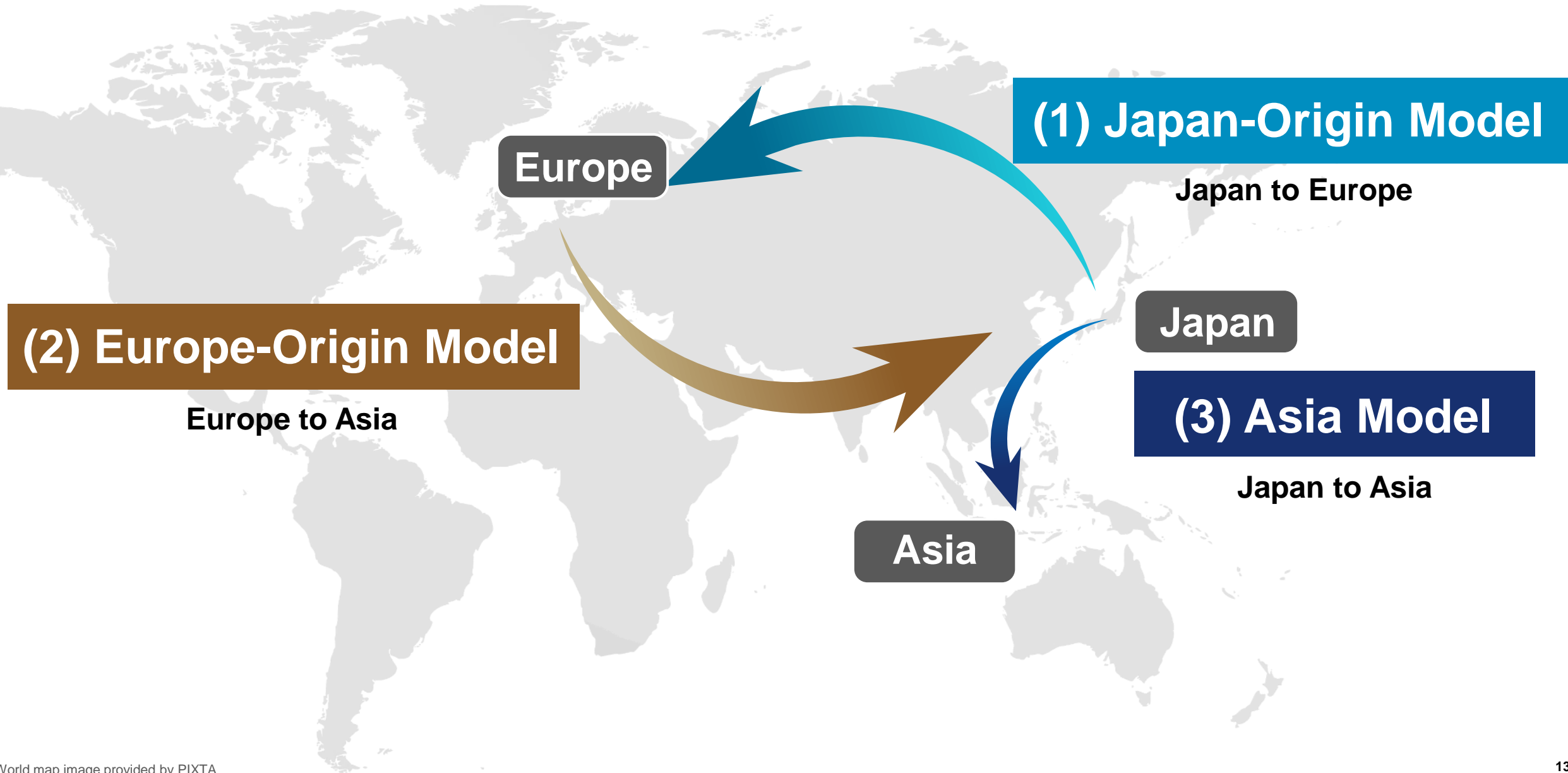
KATE
TOKYO

Makeup for inspiring creativity

Inspiring creativity that constantly challenges
conventional wisdom

+10%

Business Expansion: Growth Potential – Three Strategic Expansion Models Outside Japan



Business Expansion: Growth Potential – Three Strategic Expansion Models Outside Japan

(1) Japan-Origin Model

Europe

Japan to Europe

Japan

乾燥性敏感肌を考えた

Curél 

From Japan to Europe

Utilize Kao Group assets to take key brand strengths in care for dry and sensitive skin, and achieve expansion and development by solving diverse skin concerns in the global market

(1) Japan-Origin Model

Europe

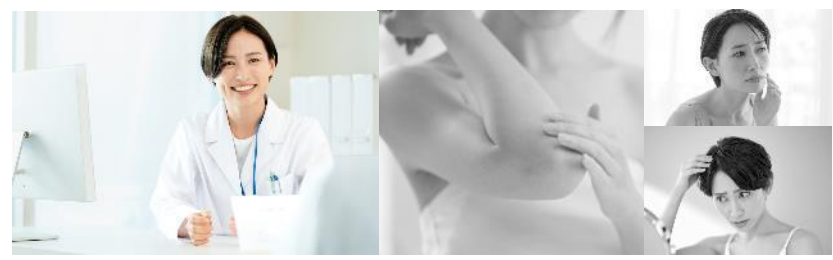
Individuals who feel they have dry and sensitive skin

40%^{*1}

Start developing products with a focus on Europe



- Proprietary technology based on over **25** years of ceramide research
- Over **40** years of research on dry and sensitive skin
- No. **1**^{*2} sensitive skincare brand in Japan



Japan

Individuals who feel they have dry and sensitive skin

44%^{*1}

Note: Asia 17%

Targeting **50%** of sales from outside Japan in 2027

*1 Kao survey

*2 Intage SRI+: Sensitive Skincare Market Share by Sales Value (July 2024 – June 2025) 15

Business Expansion: Growth Potential – Three Strategic Expansion Models Outside Japan

(2) Europe-Origin Model

Europe to Japan and Asia

Europe

Japan

Asia



From Europe to Asia

Operate Asia's high-growth region as one market
and leverage brand value cultivated in Europe

SENSAI

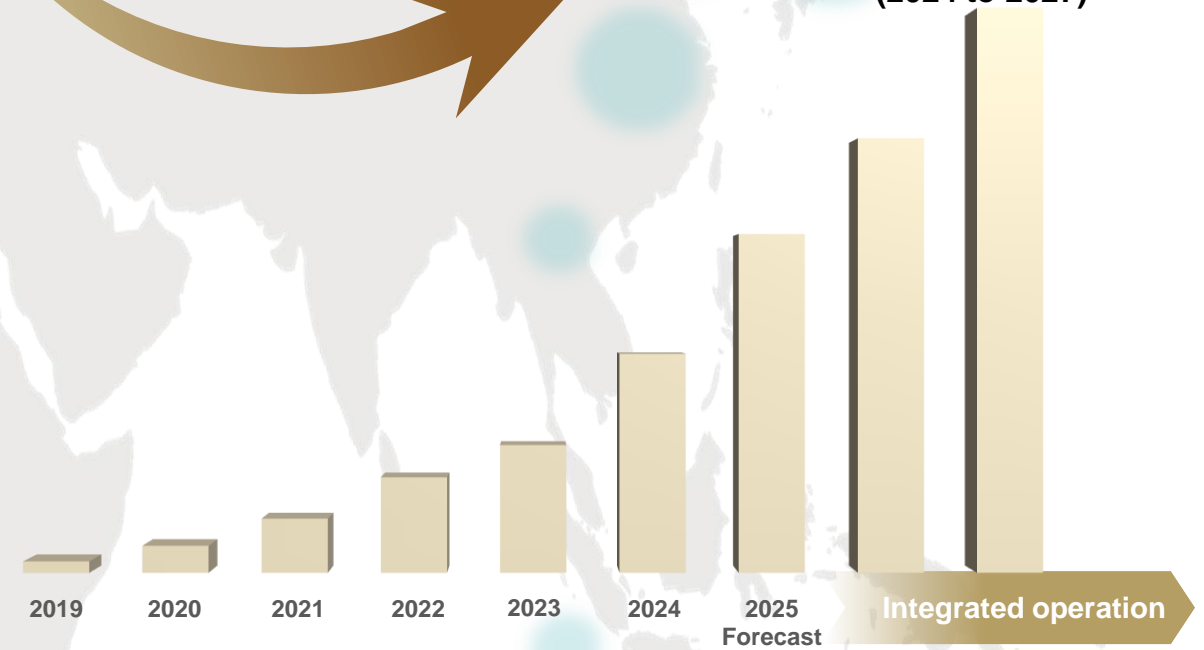
A rare and unique luxury brand that boasts 40 years of European heritage and derives 90% of its sales from outside Japan
A pioneer in spreading unique Japanese skincare rituals



(2) Europe-Origin Model

Europe to Japan and Asia

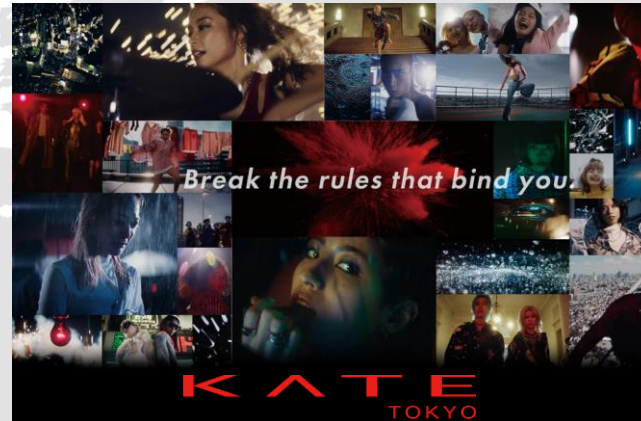
Sales in Asia*
2.5 times
over 3 years
(2024 to 2027)



* Sales in Asia include Japan

Business Expansion: Growth Potential – Three Strategic Expansion Models Outside Japan

(3) Asia Model



Japan

Asia

From Japan to Asia

Deliver the values established in Japan to Thailand first and then other Asian countries and regions while catering to local characteristics

KANEBO

Achieve three consecutive years of 30% growth*1 / Unique products and marketing embodying the brand purpose “I HOPE.”
Trust and expertise developed over a long history



Purpose branding



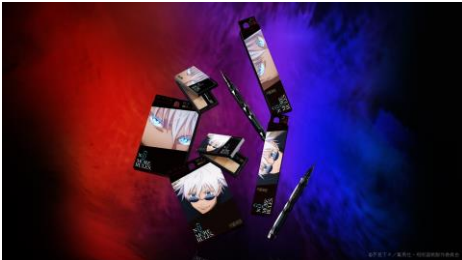
Asset utilization



Star products

KATE TOKYO

Aim to become No. 1 in Asia from No. 1*2 in Japan /
Evolve and spread the core values of “NO MORE RULES.” and “Shadow Enhancing Makeup”
Accelerate brand expansion in Asia by leveraging Japanese culture



Culture



Contents



Light & Shadow

(3) Asia Model

KANEBO & KATE
Sales in Thailand
2.5 times
over 3 years
(2024 to 2027)

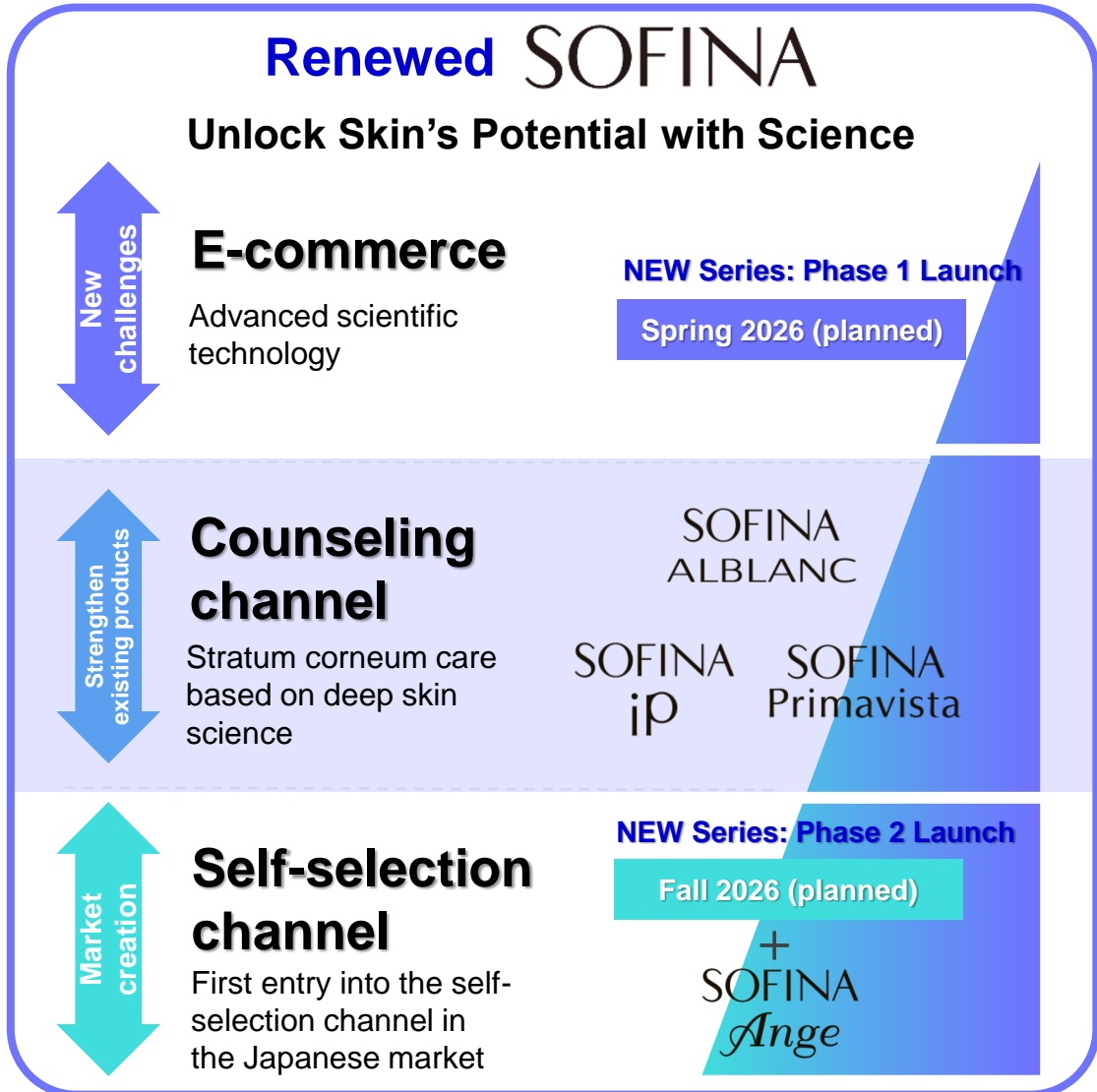


Thailand

*1. Sales growth in Japan from 2022 to 2024
*2. Intage SRI+: Makeup market share by sales value from July 2024 to June 2025

From Japan to Asia – Renewed SOFINA: Brand Restage

Deliver the values established in Japan to Asian countries and regions
while catering to local characteristics

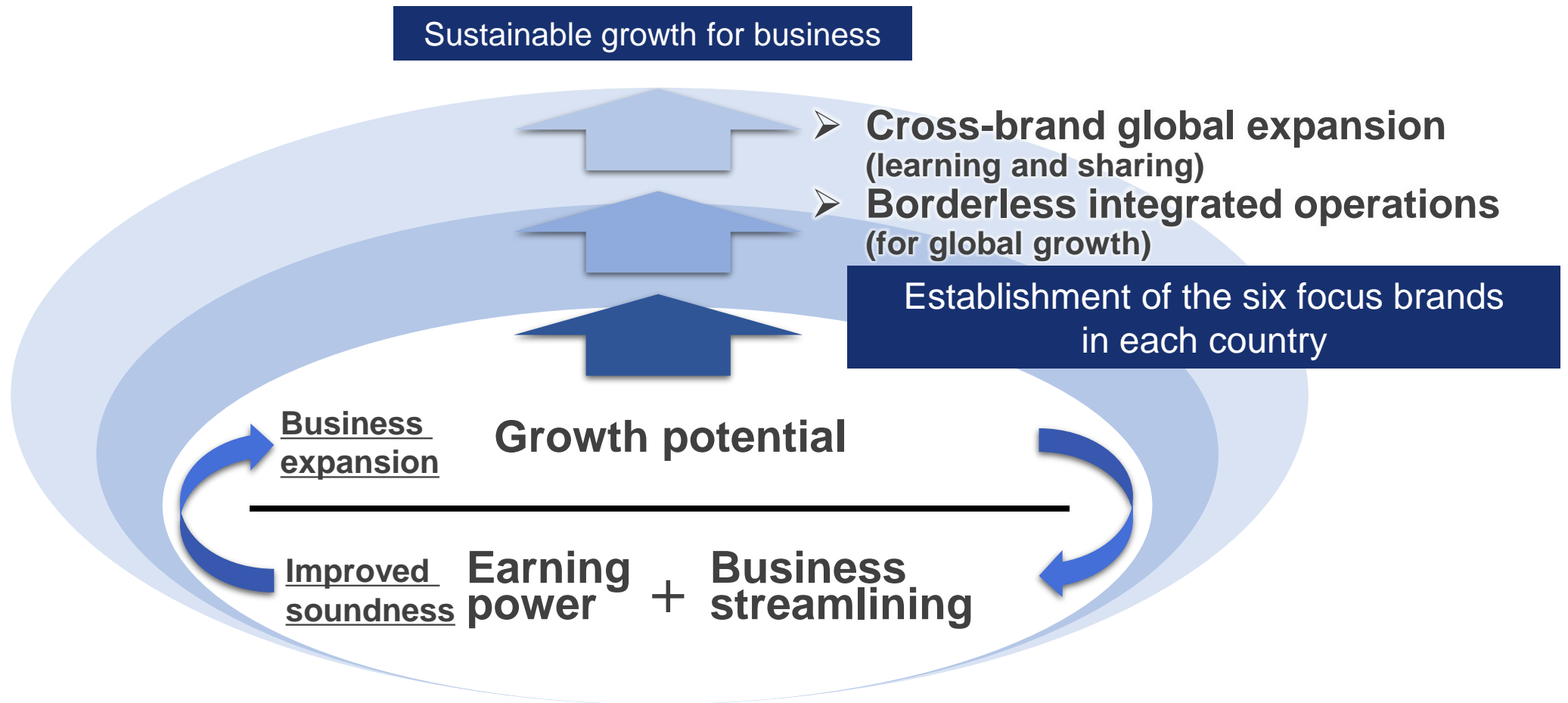


(3) Asia Model



Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth

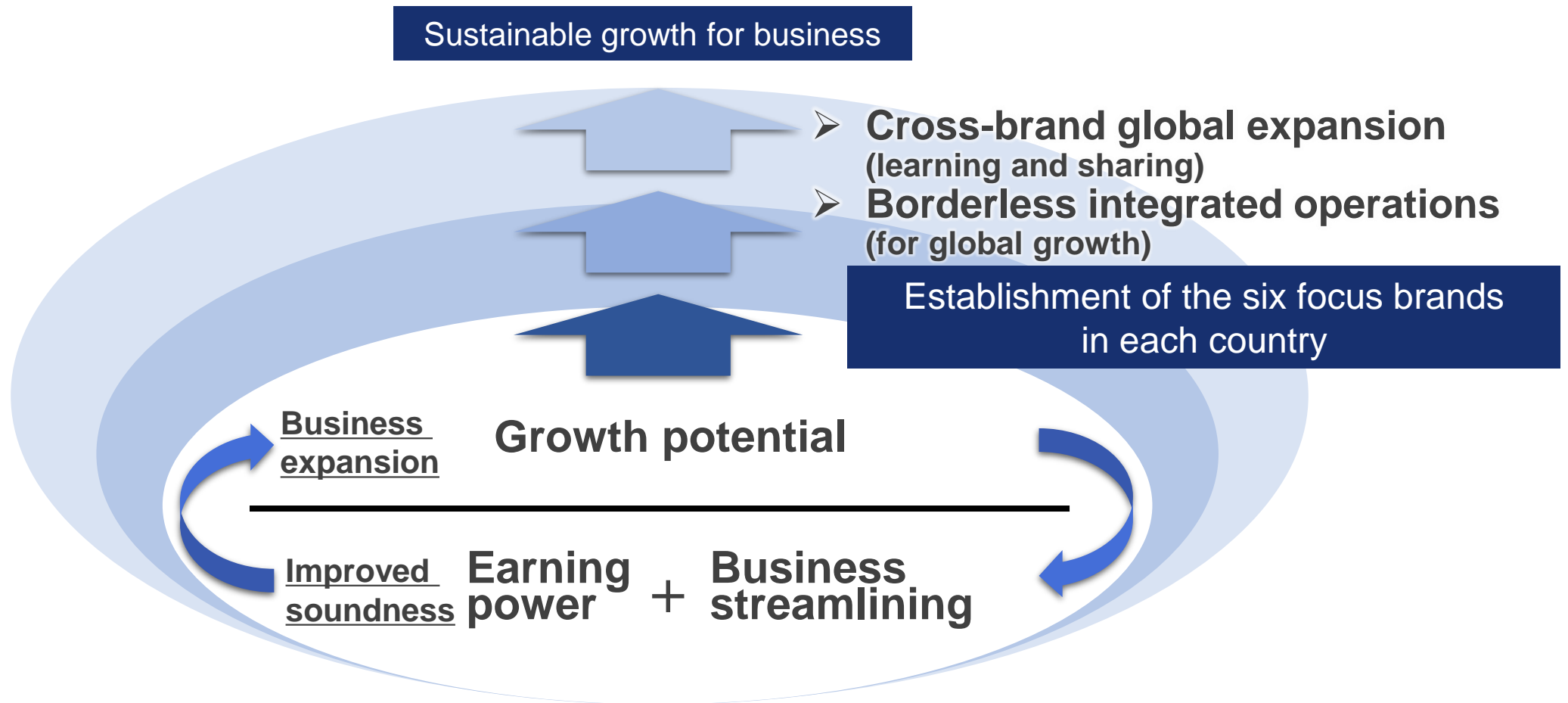


Kao Beauty Brands

- 01. K27 Strategic Vision and Progress
- 02. Growth Strategy for Six Focus Brands
- 03. Building a Business Foundation for Further Growth**

Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth




Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth

Sustainable growth for business



Product category
strategy



Maximizing sales
capabilities



Boosting SCM
efficiency

Improved
soundness **Earning
power** + **Business
streamlining**

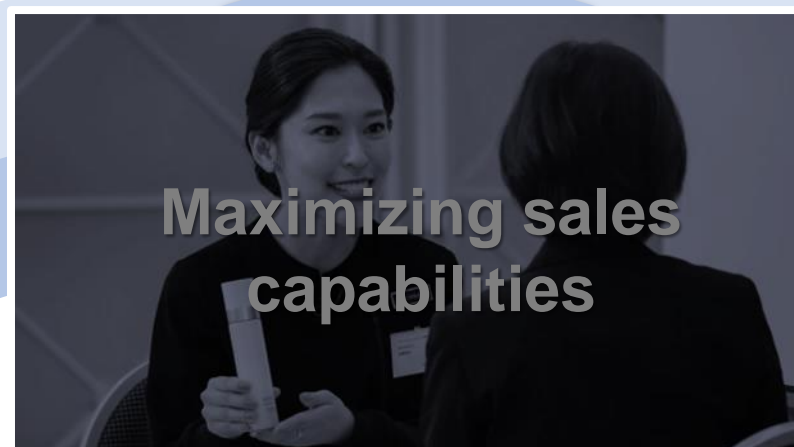
Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth

Sustainable growth for business



Product category
strategy



Maximizing sales
capabilities



Boosting SCM
efficiency

Improved
soundness **Earning
power** + **Business
streamlining**

Product Category Strategy: Key Points for Success in Technology Reinforcement Categories



**Create modular product design
+ shared Fundamental Technology**

**Achieve effective investment (R&D/Marketing) through the sharing
of strong, technology-driven differentiation (Technology branding)**

Utilization of Technology Assets across the Kao Group



Blackheads Removal Selective Cleansing Technology



Fine Emulsification Technology Using a High-speed Micromixer



Technology to Control Lipid Association and Induce the Formation of a Lamellar Structure



New Powder Gel Technology



**UV Protection Film Technology
Using Agar Hydrogel Capsule**

Reform and Growth Strategy for the Cosmetics Business – Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth

Sustainable growth for business



Product category
strategy



Maximizing sales
capabilities

Human capital with
high expertise



Boosting SCM
efficiency

The power of
digital technology








Improved
soundness **Earning
power** + **Business
streamlining**

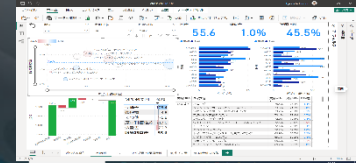
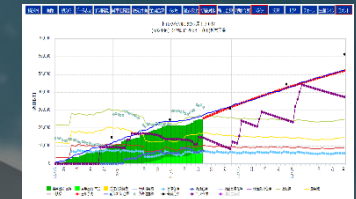
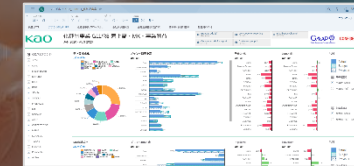
Data-driven Management

**Data acquisition
(Input)**

Accumulate and
integrate siloed data


**Intelligence
(Output)**

-  Accounting (ERP)
-  R&D
-  Production & Logistics
-  Retail & market information
-  Brands
-  Counseling counter
-  Consumers' voice



Highlights of Growth Strategy

Target period: 2024 to 2027

| Japan-Origin Model | Europe-Origin Model | | Asia Model | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Curél  | SENSAI | MOLTON BROWN | KANEBO K A T E TOKYO | SOFINA |
| <ul style="list-style-type: none"> • Deploy product lineups catering to skin concerns in each region • Start development with a focus on Europe | <ul style="list-style-type: none"> • Promote integrated operations in Asia • Enhance execution accuracy with integrated KPIs | <ul style="list-style-type: none"> • Promote OMO^{*1} strategy for “Experience → Purchase → Fan” • Acquire new consumers in Asia and maximize LTV^{*2} | <ul style="list-style-type: none"> • Establish a success model that starts in Thailand • Expand the success model across Asia | <ul style="list-style-type: none"> • Accumulate value through renewed SOFINA brand restage • Accelerate expansion in consumer demographics |
| <p>Sales ratio outside Japan</p> <p>over 50%</p> | <p>Sales in Asia^{*3}</p> <p>2.5 times</p> | <p>Sales in Asia^{*3}</p> <p>2.0 times</p> | <p>Sales in Thailand</p> <p>2.5 times</p> | <p>Sales in Asia</p> <p>1.5 times</p> |

*1. OMO: Online merges with Offline

*2. LTV: Life Time Value

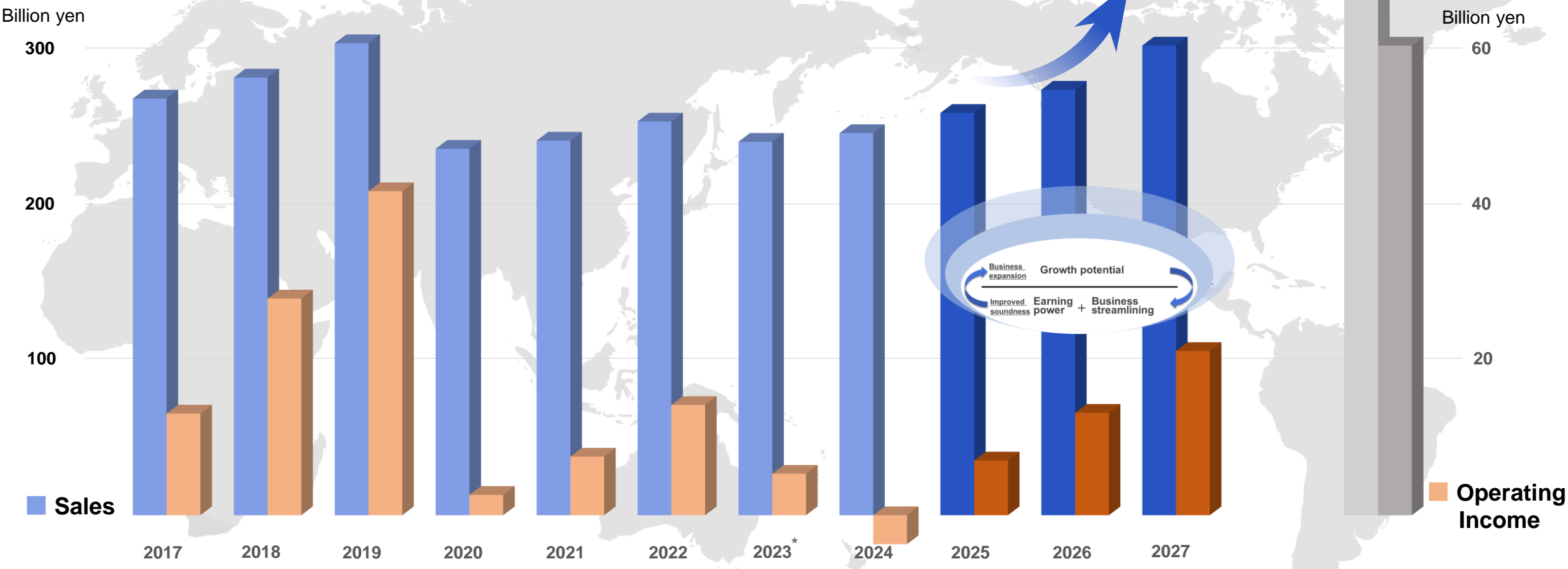
*3. Sales in Asia for SENSAI and MOLTON BROWN include Japan. 30

K27 Financial Performance Target

Sales
400 billion yen
Operating Margin 15%

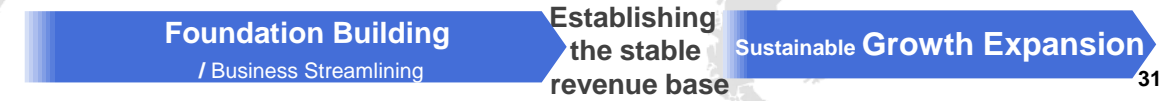
Sales
300 billion yen
Operating Margin 7%

2024 to 2027
K27 CAGR +7%
Six Focus brands +10%



* Core operating income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023

World map image provided by PIXTA



Kao Beauty Brands

These presentation materials are available on our website in PDF format:

www.kao.com/global/en/investor-relations/library/business-strategy-presentations/

Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.