

Bringing the Power to Keep Being Chosen in the AI Era to the World

July 14, 2026 Marketing Strategy Briefing

Executive Director
Global Consumer Care
Head of the Marketing Innovation Center
Hirofumi Ito



Copyright © Kao Corporation. All rights reserved.

Kao

Hello, everyone. I am Hirofumi Ito, Head of the Marketing Innovation Center and Global Consumer Care.

Thank you very much for taking time out of your busy schedule to attend today's Marketing Strategy Briefing.

Today's topic is how marketing is set to revolve in the AI era. I'm sure you've all felt firsthand just how significant the changes have been recently.

Presenter



Hirofumi Ito

Executive Director
Global Consumer Care
Head of Marketing Innovation Center

Driving brand building and global operations for 25+ years

Brand-building track record
in Japan

Global business leadership

2001–

ASIENCE Project Leader
Recaptured No.1 in Hair Care



2005–

Asia Group Manager
ASIENCE: Launched in 5 Asian Countries

2008–

NIVEA Brand Manager
Doubled Sales (2×)



**Coordination with BDF HQ
(Germany)**

2015–

Merries Brand Manager



Global Brand Management
Asia, Russia & New-Market Development

2020–

President, Kao Malaysia
Record-High Sales During COVID-19



2023– Head of Marketing Innovation Center

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.

Agenda

1. The New Rules for Being Chosen in the AI Era

— The Gateway to Choice Is Shifting. How Is the Basis of Competition Changing? —

2. Kao's "Power to Keep Being Chosen"

— Why We Can Keep Being Chosen, Reproducibly —

3. Building the Organization That Generates This Power

— One Kao and Two Engines

— Taking Japan's Proven Winning Formula to the World —

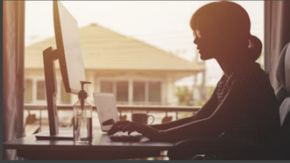
Today I will explain from three perspectives to help you grasp the big picture. First, I'll discuss the new rules for being chosen in the AI era.

I'll explain how AI is significantly altering the entry points for choices in the customer journey, from consumer product awareness to the purchase process, and how as a result, the competitive dimensions are shifting.

Second, regarding Kao's Power to Keep Being Chosen, I'll explain how amid these environmental changes, the new visualization marketing tool to be discussed today works synergistically. With Kao's long cultivated R&D capabilities, our research data on daily lives in general, particularly useful for Kao which handles various consumer goods, and the scientific marketing we have been using for over 50 years.

Finally, I will discuss our overseas business, which holds the greatest potential for growth and how these two engines, the new tool and the new organization, will drive our leap forward. I will incorporate several videos into my presentation to help you visualize these concepts more clearly. First, let's take a look at the new rules for being chosen in the AI era.

Changes in the External Environment Rapid Progress of Digitalization and AI Proliferation

From 2020	From 2022	From 2024	From 2026
Covid-19 Pandemic Rapid and forced digitalization of a contactless society  Digital investments for efficiency	After Covid-19 Corporate Digital Transformation (DX) Signs of the 4th AI boom  Exploratory investments in AI	Rapid, widespread AI The full-fledged rise of AI Practical use of AI becomes established  AI investment as a prerequisite	Development of Agentic AI Changes in purchasing and consumption behavior Business activities designed to be discovered and chosen by AI  AI investment for corporate growth

Copyright © Kao Corporation. All rights reserved.

KAO

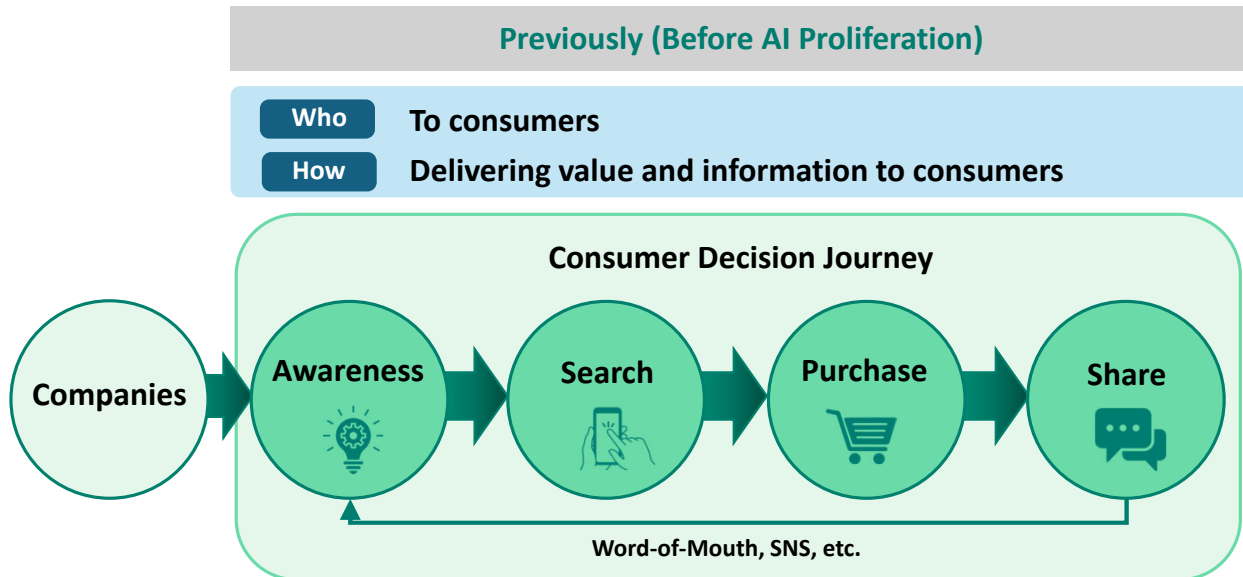
5

To begin, I'd like to summarize the changes in the external environment.

The Covid-19 pandemic, which spread globally starting in 2020, necessitated a rapid and forced shift toward a contactless society, triggering a surge in digitalization and highlighting the critical importance of corporate DX.

Furthermore, the rapid proliferation of AI technologies such as Chat GPT from 2024 and more widespread use of AI from 2026 led to significant changes in consumers' purchasing and consumption behaviors, making it imperative for companies to implement clear strategic initiatives.

Changes in Consumer Behavior - Changes in Corporate Marketing



Copyright © Kao Corporation. All rights reserved.

KAO

6

For example, before the widespread adoption of AI, companies focused on how to deliver useful value and information to consumers throughout their customer journey, from initial awareness through searching and purchasing to sharing Word-of-Mouth reviews.

To achieve this, companies primarily invested in advertising to raise product awareness, and a key challenge was how to efficiently spark interest leading up to purchases.

Changes in Consumer Behavior - The Era of AI-Driven Recommendations

AI Recommendations

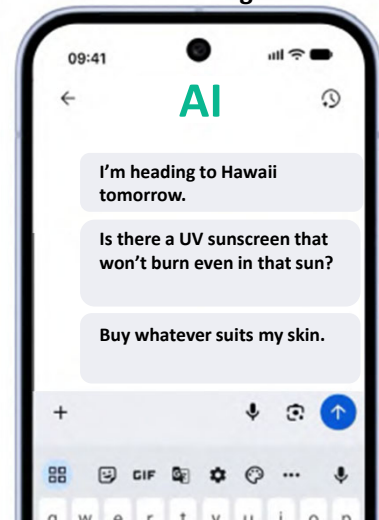


Zero-click searches account for **66.4%***

*Zero-click rate: % of searches with no visit to a linked site (Apr 2026; Source: VALUES, Inc.)

Agentic Commerce

Purchase via AI agent chat



However, since the widespread adoption of AI, even in searching by consumers, AI is now collecting and summarizing information from the web, and by using user behavior data and preferences, credibility metrics from various review sites recommend products.

As a result, the zero click rate percentage of searches with no visit to a linked site reached just under 70 percent as of April of this year. We are now entering the era of Agentic Commerce, where purchases are made through conversations with AI agents. We view this major shift as an opportunity for growth and aim to open new doors in marketing as well.

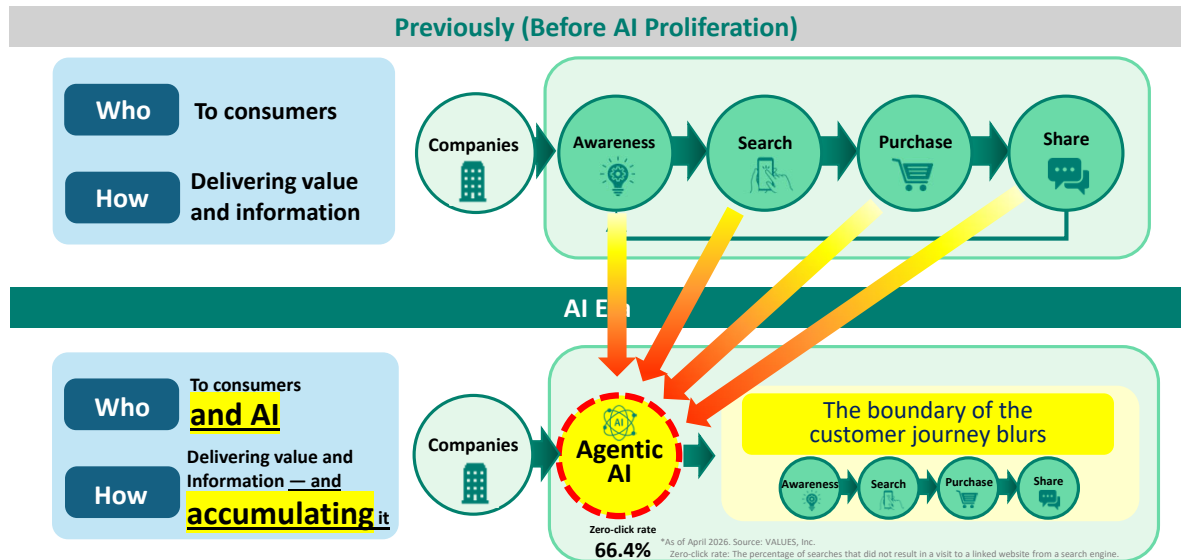
We've summarized these concepts in an easy to understand video, so please take a look.

選択の入口が変わる
花王は、
エビデンスで選ばれ続ける



世界で選ばれ続ける力へ

Changes in Consumer Behavior - Changes in Corporate Marketing



As you've seen, consumers are changing the customer journey from initial awareness to search, purchase and sharing on social media used to target only consumers.

However, in the AI era, we must deliver value and information not only to consumers but also to AI. In other words, rather than simply conveying only what we want to say to consumers, how we accumulate scientific evidence, the kind that makes us the preferred choice for generative AI, or quality that earns the trust of both consumers and AI, within the digital space will be crucial for future marketing.

Agenda

1. The New Rules for Being Chosen in the AI Era

— The Gateway to Choice Is Shifting. How Is the Basis of Competition Changing? —

2. Kao's "Power to Keep Being Chosen"

— Why We Can Keep Being Chosen, Reproducibly —

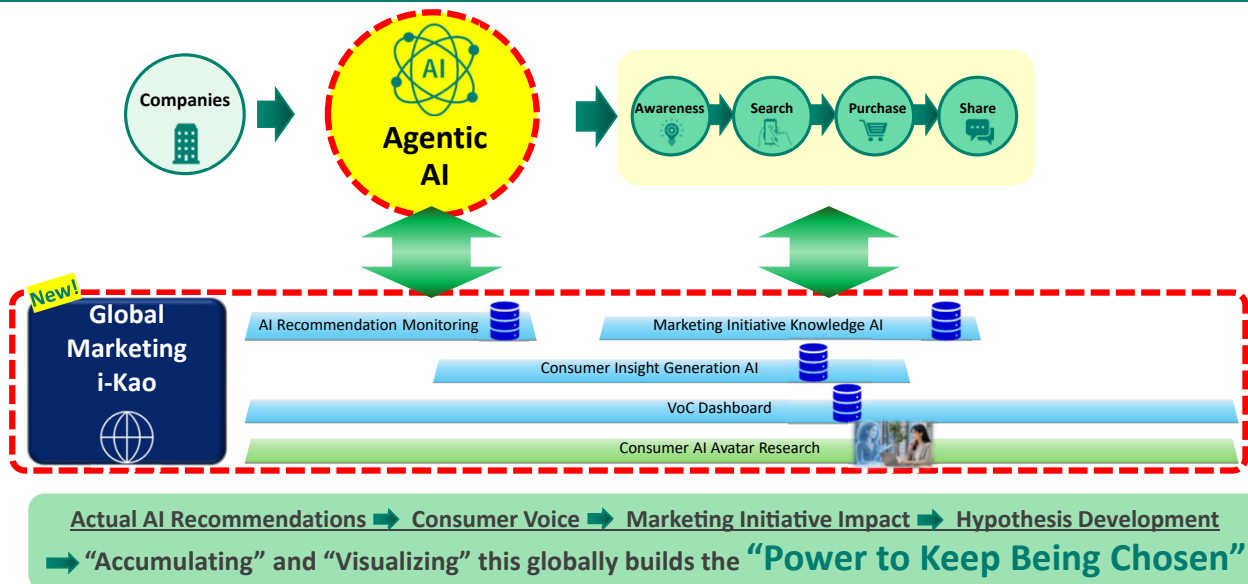
3. Building the Organization That Generates This Power

— One Kao and Two Engines

— Taking Japan's Proven Winning Formula to the World —

Next, I'd like to discuss Kao's Power to Keep Being Chosen.

Agentic AI Era: Developing “Visualization” Tools



Copyright © Kao Corporation. All rights reserved.

Kao

11

First, as shown in the video, “Global Marketing i-Kao” is a key tool developed for the coming AI era.

We believe this Kao marketing visualization tool will accumulate and visualize data globally through various tools, thereby strengthening Kao's Power to Keep Being Chosen by both consumers and AI.

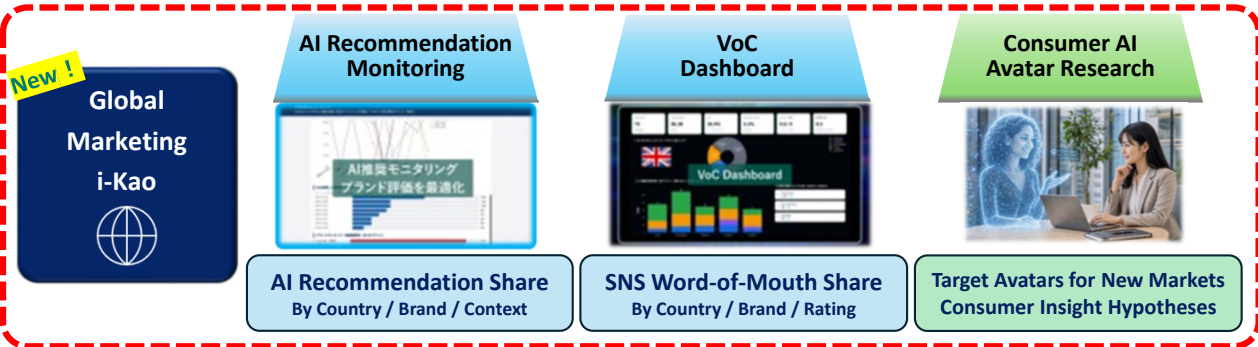
I think it will be easier to understand if you see it for yourself, so please watch the introductory video first.



Agentic AI Era: The Concept of “Visualization” Tools



1. AI Recommendation / Word-of-Mouth share (penetration) is visible
2. Understand why it happened
3. Understand and act on global data from anywhere



Copyright © Kao Corporation. All rights reserved.

KAO

13

To briefly summarize “Global Marketing i-Kao” you just saw, there are three main concepts behind this visualization tool.

First, AI Recommendations and Word-of-Mouth share or penetration is visible. Unlike past data which is only available after a product has been sold, it enables predicting sales performance in advance.

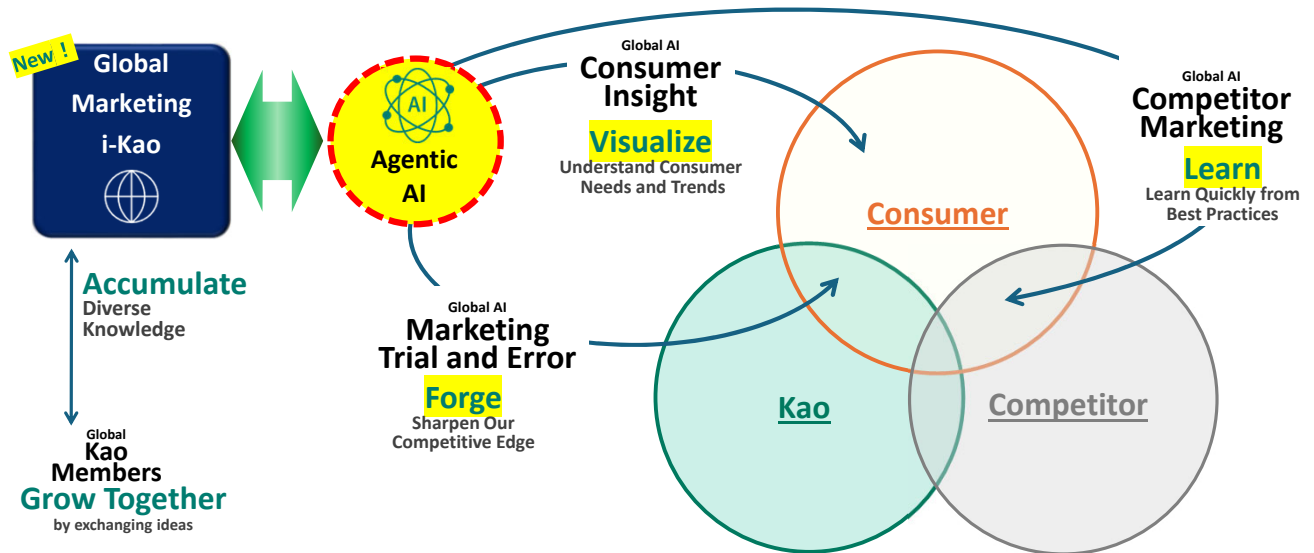
Second, it allows you to know why it happened.

Third, it enables you to understand and act on global data from anywhere.

For example, “AI Recommendation Monitoring” provides both ranking and contextual understanding of the extent to which a product is being recommended by AI, allowing you to take appropriate countermeasures.

The VoC (Voice of Consumer) Dashboard allows for centralized management of brand evaluations and consumer feedback on social media in various countries, market changes and marketing activities. Consumer AI avatar research enables you to set up multiple avatars representing target audiences in markets where Kao has not yet entered to formulate hypotheses.

AI Era: Fast, Precise Marketing



Copyright © Kao Corporation. All rights reserved.

KAO

14

To explain this from another angle using a 3C analysis diagram, “Global Marketing i-Kao” utilizes generative AI to visualize consumer insights for Kao's marketing and learn by thoroughly referencing best practices from competitors.

We then accumulate this as marketing knowledge. We believe this will also enable our in-house marketing personnel to grow together.

The Foundation of Kao's Marketing "Five Principles of Product Development" and Their Essence

Five principles of product development

1. Usefulness and value to society

Does it create real value for society now, and will that value endure into the future?

2. Creativity and originality

Does the product reflect your company's unique technological creativity?

3. Performance by Cost Principle

Does it outperform competitors in cost-effectiveness?

4. Thorough market and consumer research

Whether the product has successfully passed rigorous consumer testing and screening at every stage before commercialization.

5. Comprehensive features at retailers

Does it effectively communicate product information at every stage of distribution?

The essence of the five principles

1. Social Significance

2. Exclusive Uniqueness

3. Performance by Cost (ROIC, EVA)

4. Consumer Quality

5. Marketing

Copyright © Kao Corporation. All rights reserved.

KAO

15

To help you understand why AI amplifies Kao's strengths, I will explain the five principles of product development.

The foundation of Kao's marketing and their essence. For over 50 years, the five principles of product development, alongside scientific marketing, have served as Kao's unwavering guidelines for "Yoki-Monozukuri". In the AI era, we believe that by reflecting upon their essence and institutionalizing them, we can gain advantage.

The first is Social Significance for consumers.

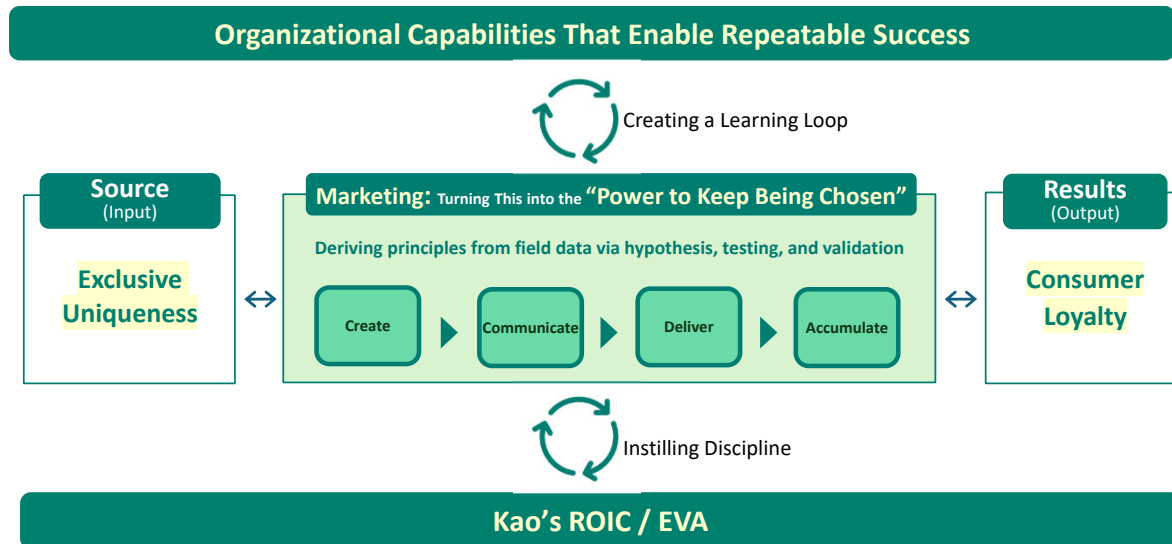
The second is Exclusive Uniqueness, which represents Kao's value proposition.

The third is Performance by Cost.

The fourth is Consumer Quality,
and the fifth is Marketing.

These are explained as follows.

A Framework That Creates the “Power to Keep Being Chosen” by Both Consumers and AI



Copyright © Kao Corporation. All rights reserved.

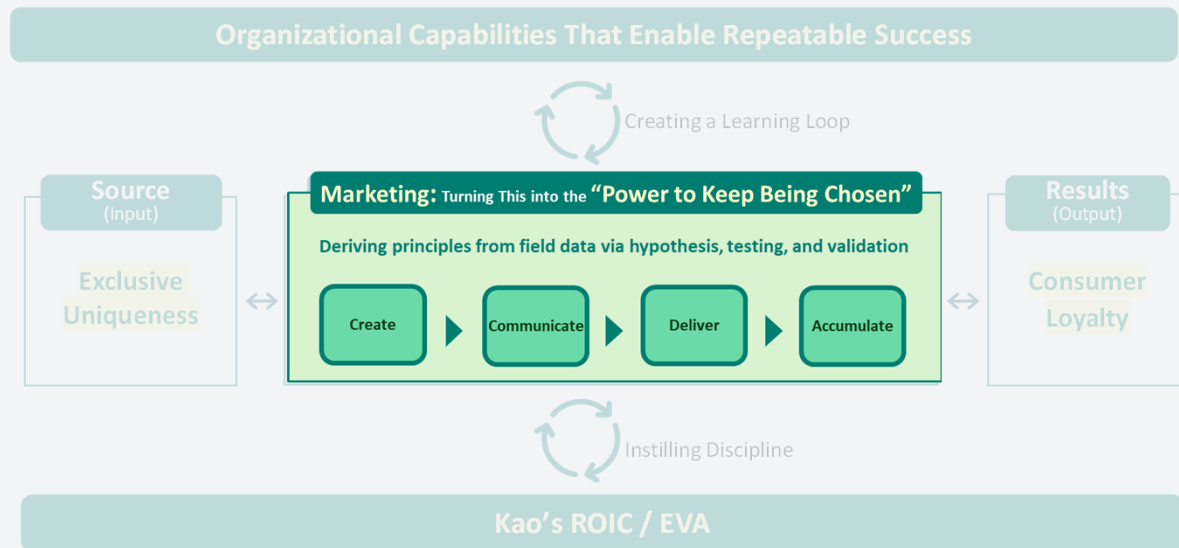
Kao

16

This system mechanism gives us the Power to Keep Being Chosen by both consumers and AI based on the five essences mentioned earlier. We use marketing to turn technologies that deliver Social Significance and possess Exclusive Uniqueness, which serve as input for consumers, into the Power to Keep Being Chosen. As an output of these efforts, we aim to build loyalty through high Consumer Quality and convert this into brand equity.

This involves instilling discipline through ROIC and EVA to achieve cost advantage in Performance by Cost and enhancing organizational capabilities. That generates repeatable success by creating learning loops.

A Framework That Creates the “Power to Keep Being Chosen” by Both Consumers and AI



Copyright © Kao Corporation. All rights reserved.

KAO

17

Let me explain in more detail about marketing, which serves as our Power to Keep Being Chosen.

For over 50 years, Kao has pursued scientific marketing, integrating all data from the field to derive principles through a loop of hypothesis, testing and validation. As an output of this process, we aim to build consumer loyalty and high Consumer Quality, and establish our brand as assets.

I will explain this using our four functions commonly used in the definition of marketing: Create, Communicate, Deliver and Accumulate.

Value with Exclusive Uniqueness

Advanced stratum corneum research and
Kao's proprietary sebum RNA research

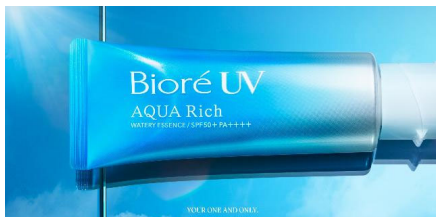


Formulated with the five essential hair care
ingredients*1 for repair



*1 Hydrolyzed Keratin (Wool), Ceramide α (Bismethoxypropylamido laurocossane), Malic Acid, Lanolin Fatty Acid, and Fatty Acid Glyceride α (Olive Fruit Oil).

Long-lasting, uniform UV protection film



Supports "Ceramide" function to strengthen the
skin's barrier and maintain moisture



Copyright © Kao Corporation. All rights reserved.

Kao

18

To deliver value with high Exclusive Uniqueness, we have driven brand penetration through distinct strength.

For example, Sofina leverages stratum corneum research and Kao's proprietary sebum RNA research. *THE ANSWER* features uniqueness from 100 years of hair care research formulated with five essential hair ingredients. *Bioré* offers efficacy of long lasting uniform UV protection film. *Curel* supports ceramide function to strengthen the skin barrier and maintain moisture.

Turning Value into the “Power to Be Chosen” — Scientific Marketing

Create : Application of highly unique technologies to products

Advanced stratum corneum research and Kao's proprietary sebum RNA research



Communicate : Evidence-based proposals that go beyond the product

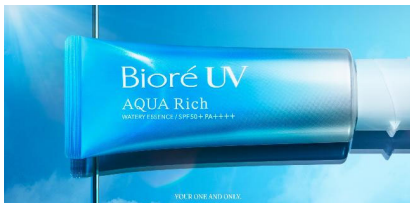
Formulated with the five essential hair care ingredients*1 for repair



*1 Hydrolyzed Keratin (Wool), Ceramide α (Biomethoxypropylamido lauracosane), Malic Acid, Lanolin Fatty Acid, and Fatty Acid Glyceride α (Olive Fruit Oil).

Deliver : Expansion into appropriate touchpoints and areas

Long-lasting, uniform UV protection film



Accumulate : Building a brand grounded in trust and a track record

Supports “Ceramide” function to strengthen the skin's barrier and maintain moisture



Copyright © Kao Corporation. All rights reserved.

KAO

19

I will introduce these values through the four functions used in the definition of marketing: Create, Communicate, Deliver and Accumulate.

Turning Value into the “Power to Be Chosen” — Scientific Marketing

Create : Application of highly unique technologies to products

Advanced stratum corneum research and Kao's proprietary sebium RNA research

Number of participants in skin analysis based on RNA research:
More than **120,000**

SOFINA (Jan–Jun 2026)



Communicate : Evidence-based proposals that go beyond the product

Formulated with the five essential hair care ingredients*1 for repair

Purchase intent: **47%**
Repurchase intent: **81%**

THE ANSWER (Kao survey; based on Jan–Jun 2026)
Trial N=1,735 / Repeat=264



*1 Hydrolyzed Keratin (Wool), Ceramide a (Biomethoxypropylamido tiodocosane), Malic Acid, Lanolin Fatty Acid, and Fatty Acid Glyceride a (Olive Fruit Oil).

Deliver : Expansion into appropriate touchpoints and areas

Long-lasting, uniform UV protection film

Expanding markets through
The Lean Startup Approach
To **30+** countries and regions

Bioré UV (As of June 2026)



Accumulate : Building a brand grounded in trust and a track record

Supports “Ceramide” function to strengthen the skin's barrier and maintain moisture

YoY Sales growth rate: **+24%** *Global total
Sales composition outside Japan
reached **33%**

Curél (Jan–Jun 2026)



Copyright © Kao Corporation. All rights reserved.

KAO

20

Let me look at specific case studies for each.

First, for Create. Sofina's skin analysis app based on R&D research has over 120,000 participants this year alone, which will lead to the creation of new brand users moving forward.

For Communicate, *THE ANSWER* leverages digital marketing to build evidence around Kao's 100 years of hair care research. By expanding its retail footprint, it has become a brand with high purchase intent and continues to grow since expanding distribution in 2025.

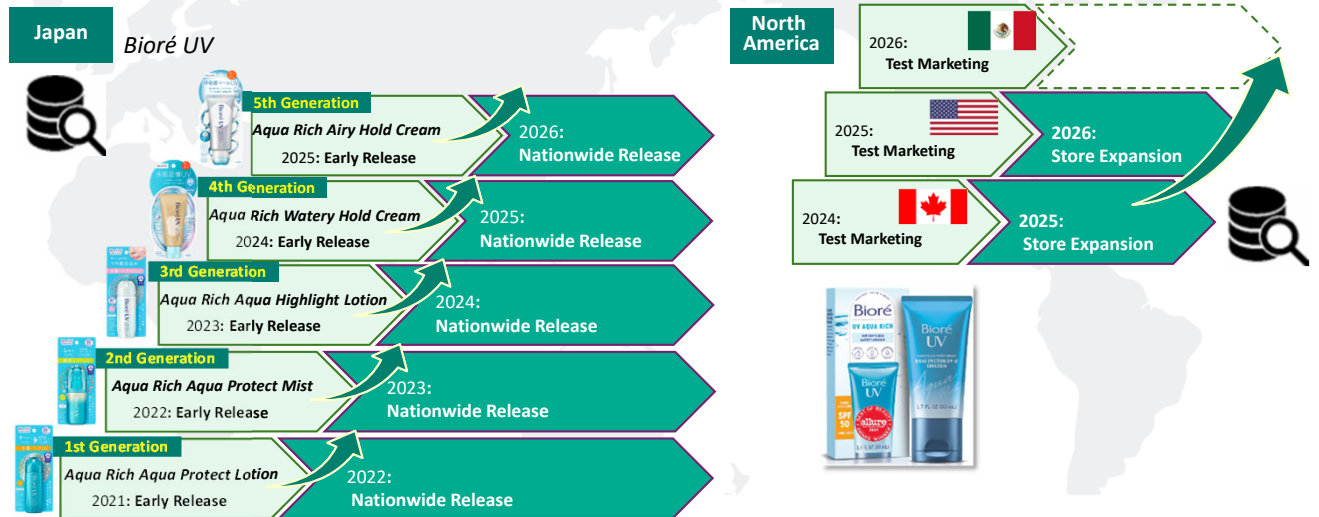
For Deliver, *Bioré UV* launched new products through limited distributors in Japan. Utilizing a Lean Startup Approach for digital age test marketing, it has expanded into more than 30 countries and regions.

For Accumulate, *Curél* is now celebrating its 27'th year since launching in Japan. It has seen its dermacare concept for dry sensitive skin widely accepted globally, driving massive growth in new international markets. Among these, let me elaborate further on *Bioré UV*.

Deliver : Expansion into appropriate touchpoint and areas

Market Expansion Through the Lean Startup Approach

Leveraging data accumulation and machine learning in the digital age, we run rapid PDCA cycles through limited distribution to identify winning patterns, then scale rapidly with high-probability strategies. These learned success patterns are then rolled out to other products — marketing that grows stronger with every cycle.



Copyright © Kao Corporation. All rights reserved.

KAO

21

In Japan, we have followed the Lean Startup Approach for 5 years, starting with limited sales to specific retailers in 2021 fine tuning issues and launching nationwide the following year.

Similarly, in North America, we launched test marketing in Canada in 2024, followed by store expansion in 2025. In the US, we began test marketing in 2025 and expanded stores in 2026. In tandem with this, we have also started test marketing in Mexico.

Deliver : Expansion into appropriate touchpoint and areas

Case Study: *Bioré UV* in the U.S.

Global Campaigns + Collaboration with individual Retailers

→ Driving Consistent Market Share Growth

Particular focus on the U.S. West Coast, where there is a large Asian population



US market share (%)

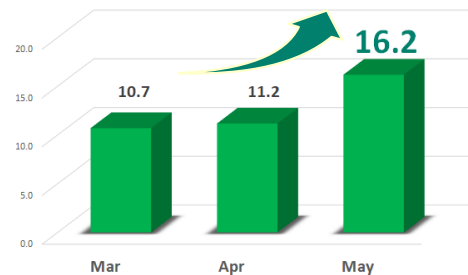


Bioré UV
(vs Previous Year)

	2024	2025	2026		
			Mar	Apr	May
	0.7	1.2	3.8	4.2	5.5
	0.6	0.6	3.0	3.4	4.4

Market share in priority areas (%)

2026 Bioré UV Market Share in California



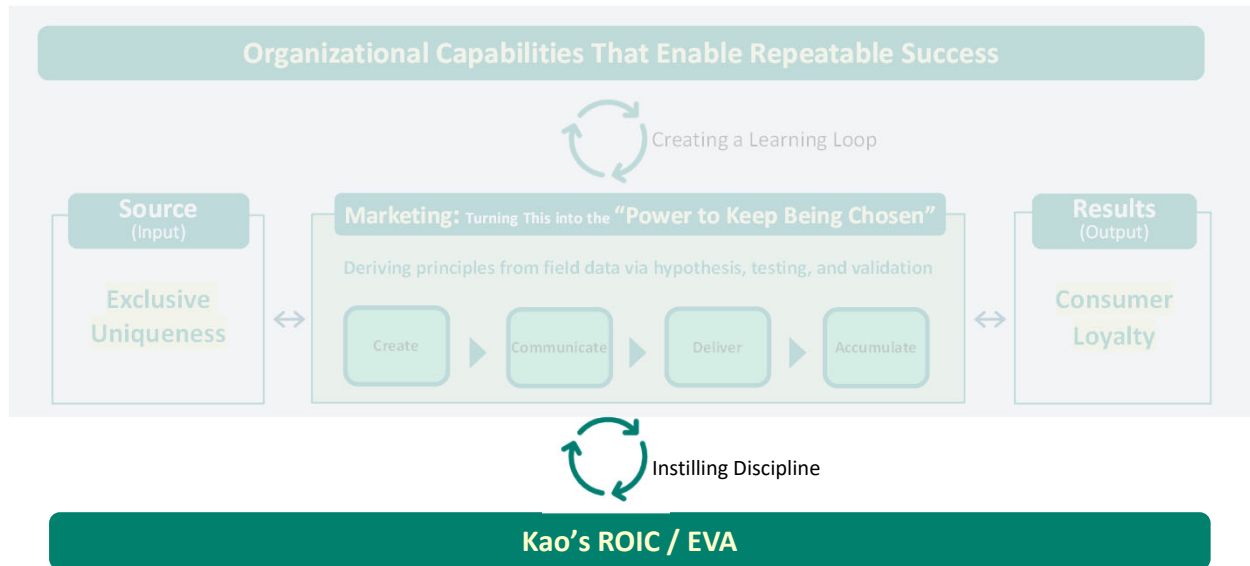
DATA: Circana US (Mulo+)
4-Week Ending Periods
Face Care Moisturizer with SPF market

As a case study, here is the situation in the United States for 2026.

Driven by this year's global campaigns and collaboration with specific retailers, our store footprint has expanded, leading to steady market share growth.

Particularly in California, which has a large Asian population, *Bioré UV*'s market share in the facial UV care market surpassed 16 percent in May 2026, showing exceptional growth.

A Framework That Creates the “Power to Keep Being Chosen” by Both Consumers and AI



Copyright © Kao Corporation. All rights reserved.

Kao

23

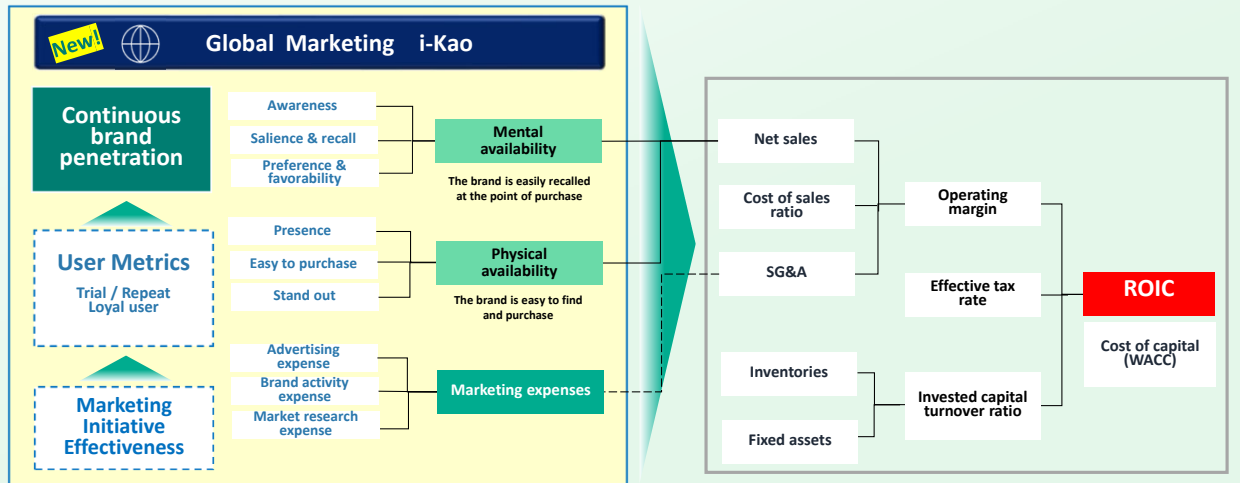
Next, regarding the Performance by Cost principle. Let's discuss the importance of instilling discipline through ROIC and EVA to ensure a competitive cost advantage.

A System for Driving Growth: “Global Marketing i-Kao”

Visualizing Marketing Metrics as a Common Language to Drive Financial Performance

Marketing metrics → Visualization

Driving Growth ← Finance metrics



Copyright © Kao Corporation. All rights reserved.

Kao

24

To achieve this, we map the financial metrics of the ROIC tree to marketing metrics.

For instance, net sales can be linked to psychological aspects like mental availability, whether the brand is recognized, easily recalled or liked, as well as physical availability, which refers to how easy the brand is to find and purchase via store footprint and visibility. However, certain areas like mental availability cannot be linked directly to financial metrics overnight.

To address this, we use the “Global Marketing i-Kao” tool to visualize these marketing metrics, taking on the challenge of linking them further to financial results.

Agenda

1. The New Rules for Being Chosen in the AI Era

— The Gateway to Choice Is Shifting. How Is the Basis of Competition Changing? —

2. Kao's "Power to Keep Being Chosen"

— Why We Can Keep Being Chosen, Reproducibly —

3. Building the Organization That Generates This Power

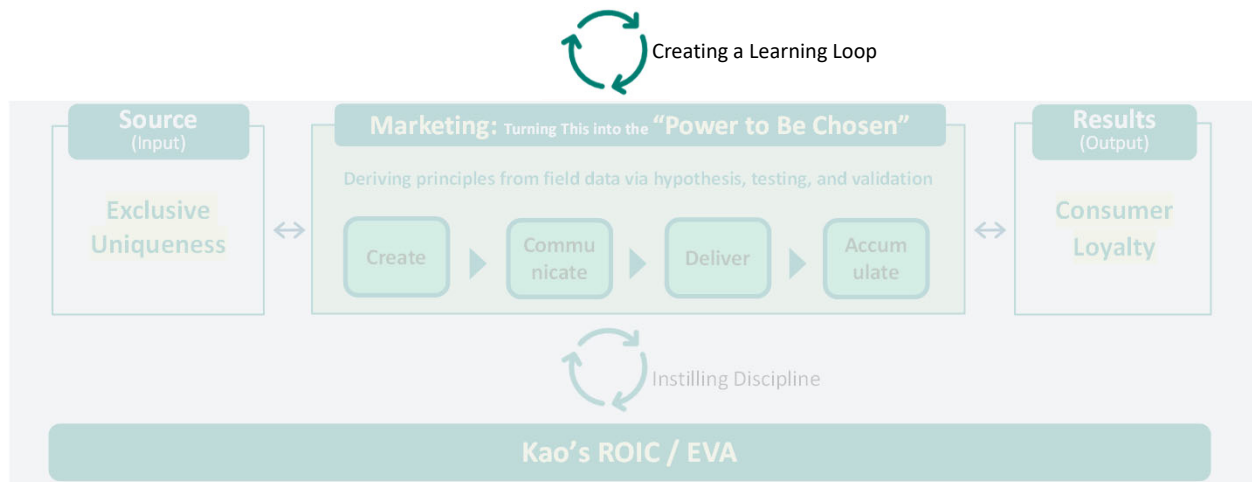
— One Kao and Two Engines

— Taking Japan's Proven Winning Formula to the World —

Finally, regarding the building of the organization that generates the Power of Being Chosen, One Kao and Two Engines.

A Framework That Creates the “Power to Keep Being Chosen” by Both Consumers and AI

Organizational Capabilities That Enable Repeatable Success



Copyright © Kao Corporation. All rights reserved.

Kao

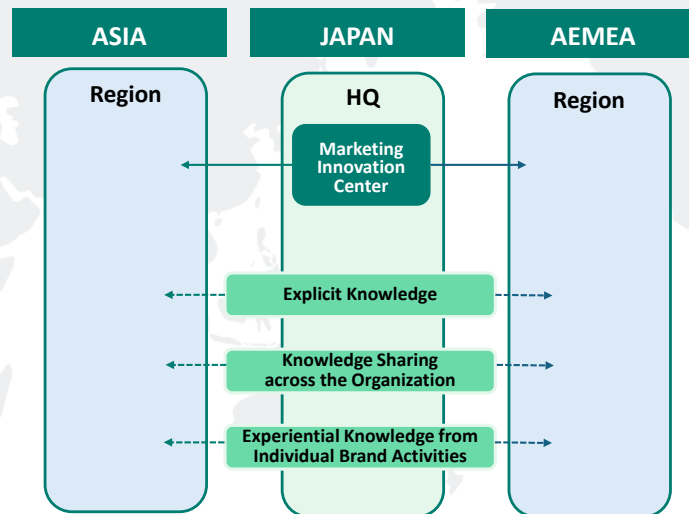
26

This focuses on developing organizational capabilities that enable reproducibility by creating a learning loop to deeply instill the Power to Keep Being Chosen.

To build these capabilities,

Conventional Marketing Operating Model

Regionally Optimized Business and Brand Management,
with Collaboration Dependent on Individuals



AEMEA: Asia, Europe, Middle East and Africa

Copyright © Kao Corporation. All rights reserved.

Kao

27

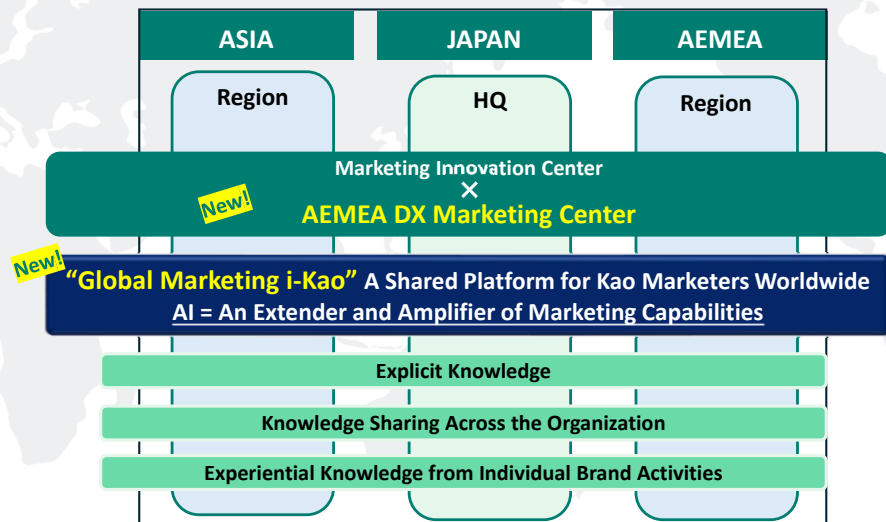
We will strengthen our marketing execution system.

As an organization, we will share and deploy experiential knowledge from individual brand activities across the organization, converting it into explicit knowledge to drive higher reproducibility. The lean startup market expansion mentioned earlier is a good example.

Traditionally, attempting to scale this globally was challenging because organizational marketing support functions were located only at headquarters, meaning we relied on information transferred through individuals, making rapid global expansion difficult.

From 2026 Onwards — One Kao Approach

Expanding HQ Capabilities and Expertise Globally.
Enhancing Collaboration, Speed, and Efficiency



Copyright © Kao Corporation. All rights reserved.

Kao

28

However, from 2026, we need to establish the AEMEA DX Marketing Center, strengthen collaboration with headquarters, and provide partnership with major global platforms.

These collaborations will allow us to drive data driven marketing more robustly and rapidly by integrating our diverse organizational knowledge and data into a single data lake, and by expanding and amplifying our marketing capabilities through 'Global Marketing i-Kao' and its visualization.

Let's hear from Rebecca McBride at the AEMEA DX Marketing Center regarding their policy and goals.



Hello. I'm Becky McBride, Vice President, DX Marketing for the AEMEA Region.

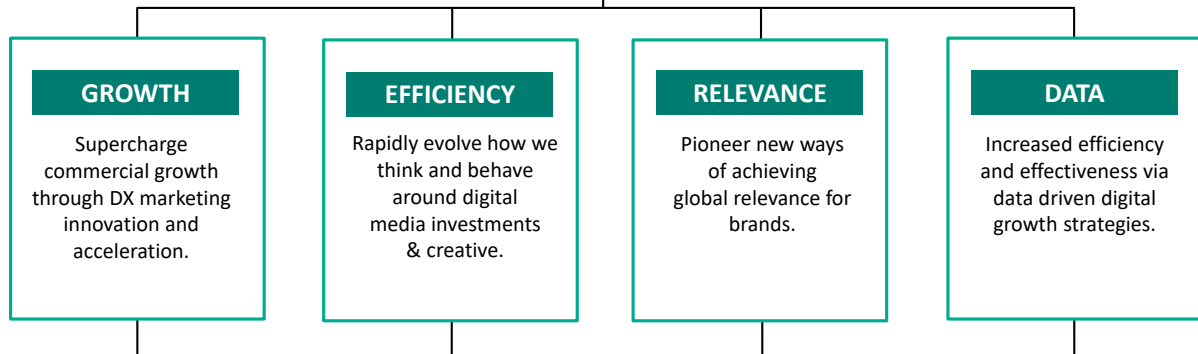
Our focus is on building a consolidated, One Kao approach as a catalyst to supercharge the global expansion of our power brands.

We continue to make strong progress with the establishment of the AEMEA DX Marketing Center of Excellence, the introduction of new, agile, scrum styles of working, and DX Acceleration missions now live across all major AEMEA markets.

DX Marketing is a critical enabler of the Kao Global Growth Strategy. Our priority is to harness its power to deliver measurable commercial impact & profitable growth.

The Mission

One Kao: unite AEMEA with Kao's global growth mission



AI powered, data driven, ROI DX marketing culture

Our mission in AEMEA is focused around four major areas of focus.

The first is growth, supercharging commercial growth through DX marketing, innovation and acceleration.

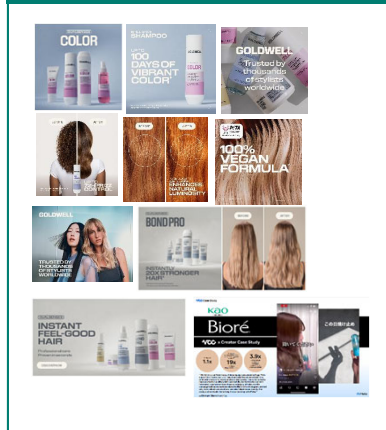
The second is efficiency, rapidly evolving how we think and behave around digital media investments and creative.

The third is relevance, pioneering new ways of achieving global relevance for our brands.

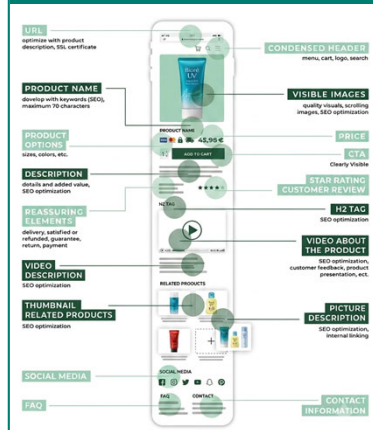
And finally, data, increased efficiency and effectiveness via data driven digital growth strategies.

We will also focus on building capability across the AEMEA organization, putting an increased focus on data driven ROI focused DX marketing culture.

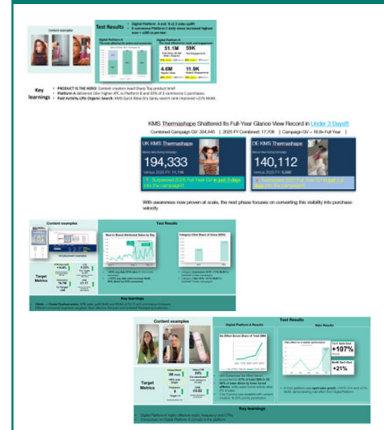
AI powered content at scale



Agentic ready brand content



Real-time data analysis & investment optimisation



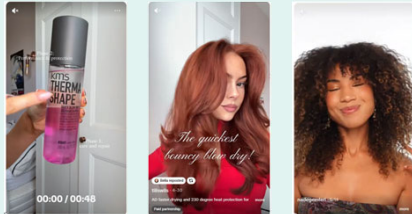
We're making strong progress in AEMEA with three landmark projects already delivered in the first half of 2026.

AI powered content at scale. The new global toolkit for the restage of Goldwell Dual Senses has been created and optimized using AI, which has increased both efficiency and productivity.

Agentic ready brand content, ensuring consumers can discover our products wherever they are shopping online, and a more sophisticated use of data to optimize our investments and get closer to our consumers to understand their behaviors.

Campaigns on Leading Global Digital Platforms Driving Traffic to a Leading E-Commerce Platform for KMS THERMASHAPE

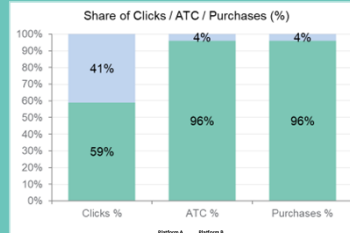
Content examples



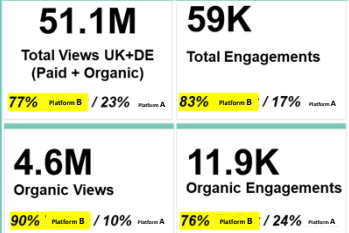
- Test**
- Digital Platform A and B x2.5 sales uplift
- Results**
- E-commerce Platform C daily views increased highest ever > x260 vs pre test



Digital Platform A The most effective for action and conversion



Digital Platform B The most effective for reach and engagement



Key learnings

- PRODUCT IS THE HERO:** Content creators need *Sharp Top* product brief.
- Platform A** delivered 10x+ higher ATC vs Platform B and 93% of E-commerce purchases.
- Paid Activity Lifts Organic Search:** KMS Quick Blow Dry Spray search rank improved +21% MoM.

Also in the first half of 2026, we've run a live content creator initiative to increase new customers and grow digital sales.

Working in agile cross function and cross market scrum teams, the project was delivered in 10 weeks, demonstrating speed and agility.

The results are highly encouraging and we will continue to invest in this area.

A Consolidated One Kao approach

**Close collaboration with Kao HQ
to prioritise global acceleration of
Kao power brands**



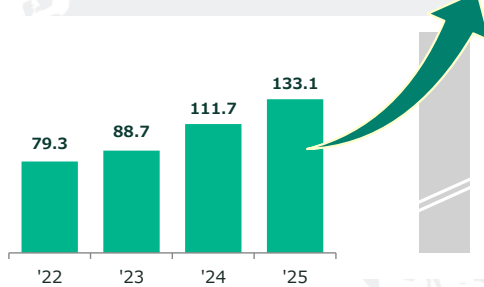
- Catalyst for discontinuous growth
- Focus on strategic partnerships and platforms to accelerate progress
- AI at the heart of the transformation

With the AEMEA DX Marketing Center of Excellence now fully established, we will continue our close collaboration with Japan HQ to further accelerate progress in DX marketing.

Thank you.

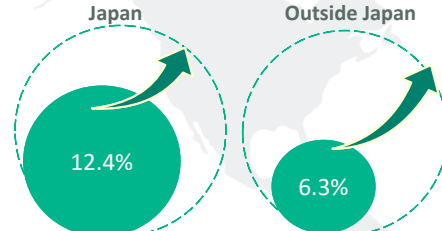
Finally — Accelerating the Slope of Global Growth with Two Engines

GC Business Operating Profit (¥bn) Step-Change Growth into a Global Player



GC Business Operating Margin (%) (2025)

Outside Japan Margin: Toward Japan Levels



Gap Between Japan and Outside Japan Total **Approx. 6.1 pts**
Room to Bring Outside Japan Profitability Closer to Japan's Structure
= Our Biggest Profit Driver

New!

Global Marketing i-Kao



New!

AEMEA DX Marketing Center

Bringing the Power to Keep Being Chosen, to the World

Copyright © Kao Corporation. All rights reserved.

Kao

34

While operating profit in our Global Consumer Care Business has expanded steadily since 2023, we aim for Step-Change Growth to firmly face global players.

Also, operating margin overseas is 6 points lower than in Japan. While we expand in Japan, we will raise overseas profit margins to Japan's levels.

To Keep Being Chosen by consumers in the AI era, we will leverage our two engines: visualizing marketing metrics via “Global Marketing i-Kao” to build organizational knowledge and collaborating with the AEMEA DX Marketing Center to aim for Step-Change Growth.

Through these initiatives, Kao is committed to bringing the “Power to Keep Being Chosen” to the world.

That concludes my presentation. Thank you very much.

