Date and time:
Tuesday, July 14, 2026, 14:00 – 15:00 (JST)

Respondents:
Hirofumi Ito, Executive Director, Global Consumer Care, Head of Marketing Innovation Center
Mitsuhiro Watanabe, Vice President, Investor Relations

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1) Regarding AI-powered marketing, what is Kao's competitive advantage? Also, what indicators should we focus on to assess the results of this strategy?

We do not view AI itself as a competitive advantage. Instead, we position AI as an "amplifier" that expands and enhances our marketing capabilities.

Our competitive edge lies in the research and development data accumulated over decades, combined with consumer insights cultivated across our diverse product portfolio both consolidated into a data lake. In addition, we have a large pool of digital talent, including citizen developers. By leveraging these assets, we will further evolve our Scientific Marketing we have cultivated and strengthen our organizational marketing capabilities. In particular, we aim to translate the outcomes of our marketing strategy into growth and improved profitability in our business outside Japan, where we see significant room for growth. We believe that improving the profitability of our Global Consumer Care business outside Japan cannot be achieved through marketing strategy alone and requires an integrated approach with business strategy.

2) Other companies also have research and development capabilities and scientific evidence. What is Kao's competitive advantage that will allow it to continue to be chosen in the AI era?

In AI-powered search, the importance of highly reliable information, such as research data and product reviews, will increase significantly. Kao's strength lies in combining research data covering all aspects of daily life, which we have accumulated through our broad portfolio of consumer product categories, with our Scientific Marketing we have pursued for more than 50 years. Building on these insights, we will create products with Social Significance and Exclusive Uniqueness, while leveraging marketing visualization tools to strengthen our "Power to Keep Being Chosen" by both consumers and AI. Furthermore, we will continue to evolve our overall systems, including Consumer Quality, cost competitiveness, and organizational capabilities, to strengthen our competitive advantage.

3) Is it correct to understand that AI-era marketing outside Japan is aimed at expanding online channels such as e-commerce?

Agentic Commerce is a new purchasing experience in which AI autonomously handles the entire process from search and comparison to product recommendations and purchases, and it is not synonymous with traditional e-commerce. AI-powered marketing is not limited to online channels; it targets a wide range of purchasing behavior, including both digital and offline, and is intended to strengthen our points of contact with consumers across all touch points.

4) **Could you give a specific example of how you track the results of your marketing activities?**

As one example, in addition to the number of users for each brand, we continuously track trends among loyal users, trial users and repeat users to verify the effectiveness of our marketing measures. By monitoring trends in these indicators, we assess whether each measure has been effective.

5) **In Japan, marketing reforms have enabled price increases and share gains. How will you roll out successful cases outside Japan, including organizational changes?**

Outside Japan, we have established a proven playbook with *Bioré UV* by partnering with select retailers and employing the Lean Startup Approach. We test in select markets first, then progressively expand to nationwide distribution, identifying market-specific challenges and implementing continuous improvements. This methodology has generated successful cases in markets such as the United States.

In addition, we deploy AI Recommendation Monitoring and our VoC (Voice of Consumer) Dashboard to visualize brand performance and authentic consumer sentiment across each market. This enables us to develop and execute market-tailored strategies with greater speed and precision. Furthermore, we are strengthening partnerships with major global digital platforms, centered on the AEMEA DX Marketing Center, led by Executive Officer Rebecca McBride, who brings extensive e-commerce expertise. Through this integrated approach, we are accelerating our marketing reforms globally.

6) **How are you advancing AI-powered marketing reform in Asia? Could you tell us about your initiatives, including in China?**

In Asia, we are advancing AI-powered marketing reform in collaboration with our headquarters in Japan. In China, local regulations make it difficult to link data with other regions, but members from Japan are working on-site to build a similar framework. In Asian countries other than China as well, we are promoting marketing reform through the use of various tools.

7) **Given the gap in brand strength between Japan and markets outside Japan, executing strategy outside Japan is likely to take time. How do you link marketing strategy with business strategy outside Japan, and connect this to resource allocation and decision-making for brands?**

We had been traditionally tracking the state of our brands using brand asset scores, but these are indicators that reflect outcomes, and we faced challenges in quickly grasping what was happening on the ground. By using Global Marketing i-Kao to visualize AI-driven brand recommendation status and the voice of consumers, we can capture changes in our brands more quickly and connect this to decision-making. With the establishment of the new AEMEA DX Marketing Center, we believe we can accelerate local execution and strengthen the organizational structure, enabling us to implement marketing initiatives more quickly and effectively than before. In addition, the Marketing Innovation Center will expand marketers' capabilities through media buying, planning, research and other functions, thereby supporting each business in executing its strategy from a marketing perspective.