

Kao
Beauty
Brands

Kao Group Cosmetics Business: Global Strategy



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September 26, 2023

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01

K25 Progress

02

Vision

03

Globalization

New Growth Strategy Since 2018

- Intensive Investment in the G11/R8 brands

- Business structural reform

Brand consolidation

2018

2019

2020

2021

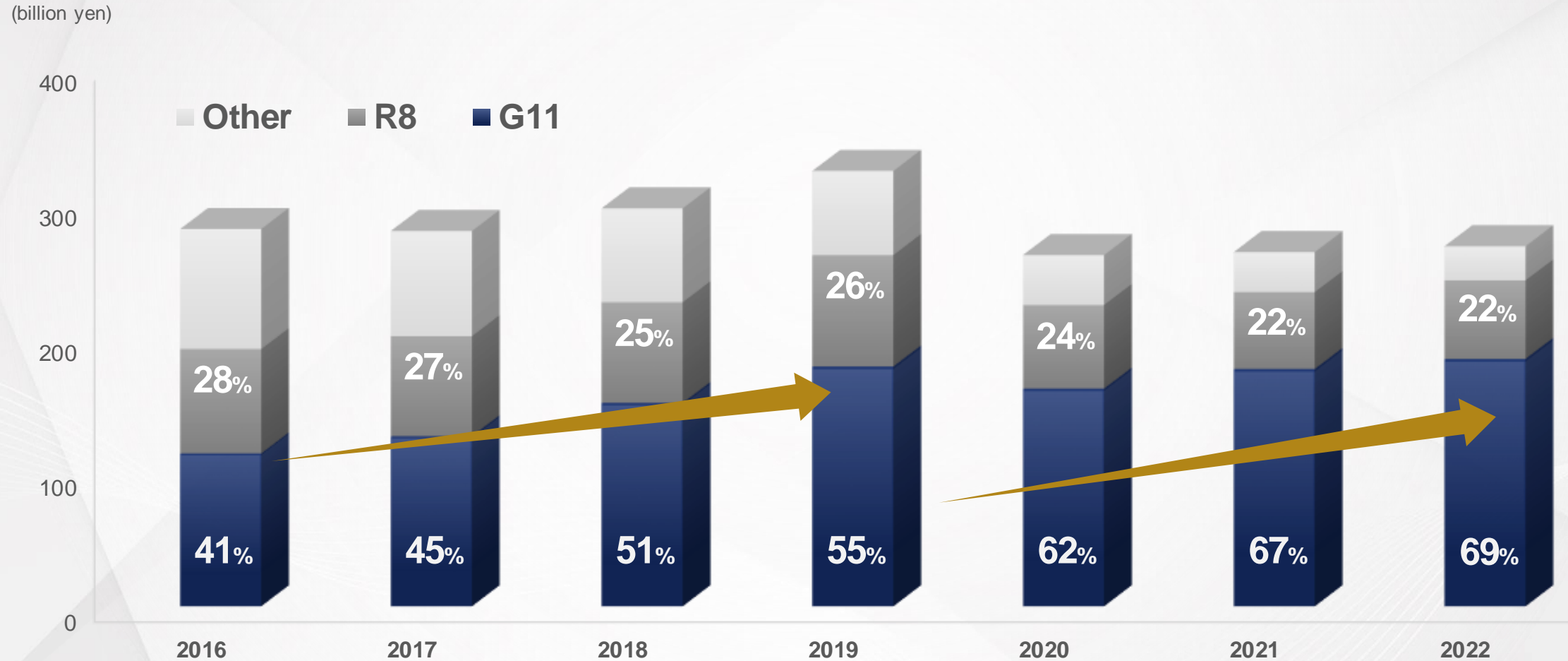
2022

2023

- Establishment of a new cross-business organization

- Reorganization of the marketing division
Merging beauty counseling companies for integrated operation

G11 / R8: Sales trends



01

K25 Progress

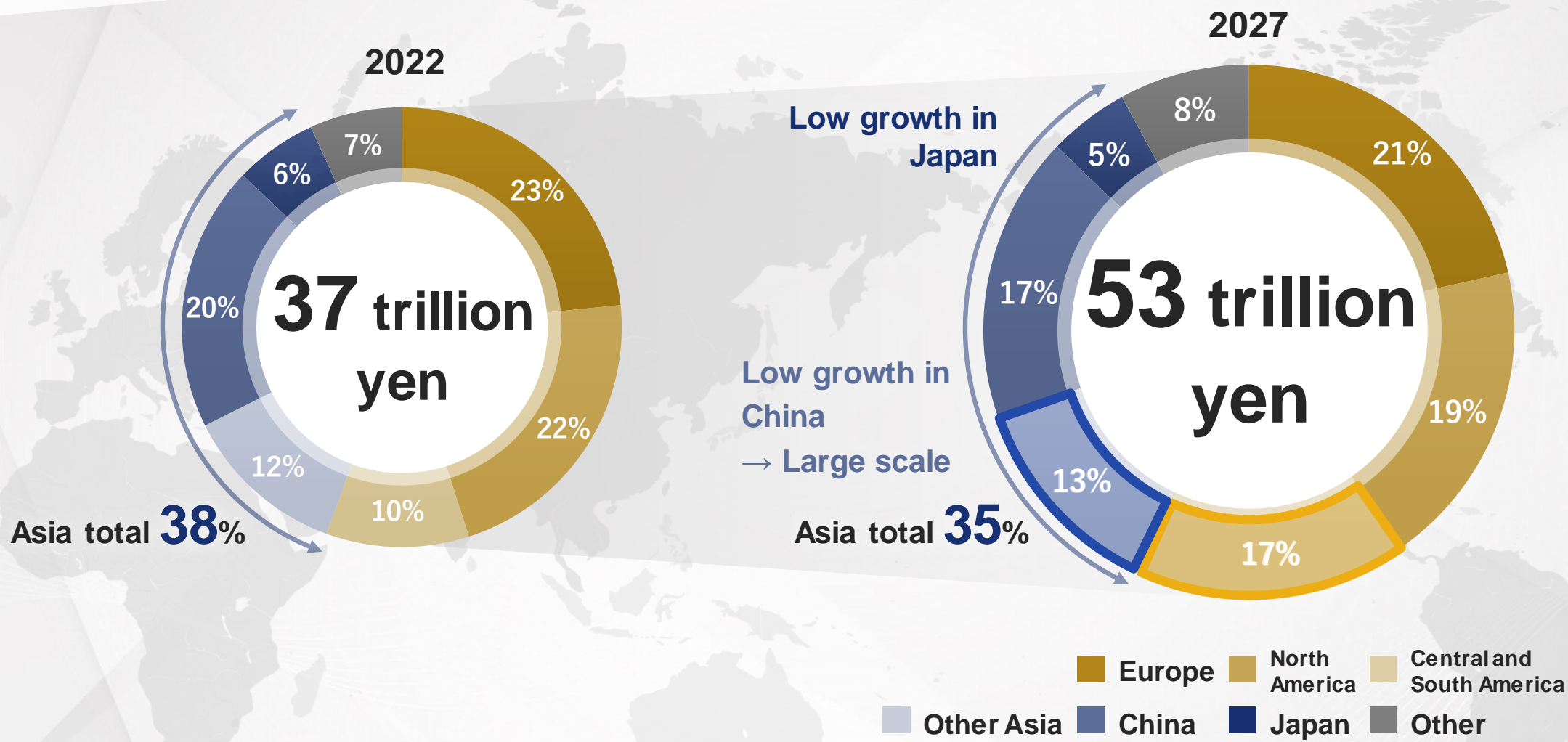
02

Vision

03

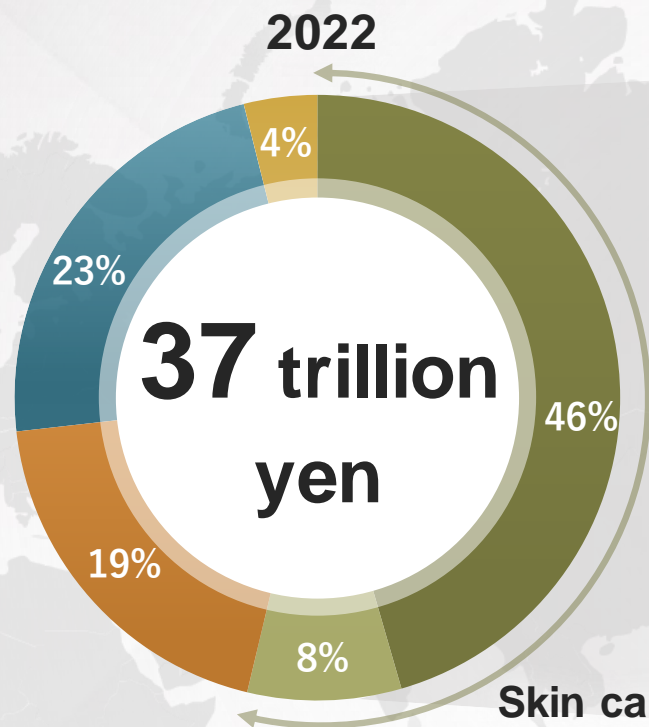
Globalization

Global cosmetics market forecast



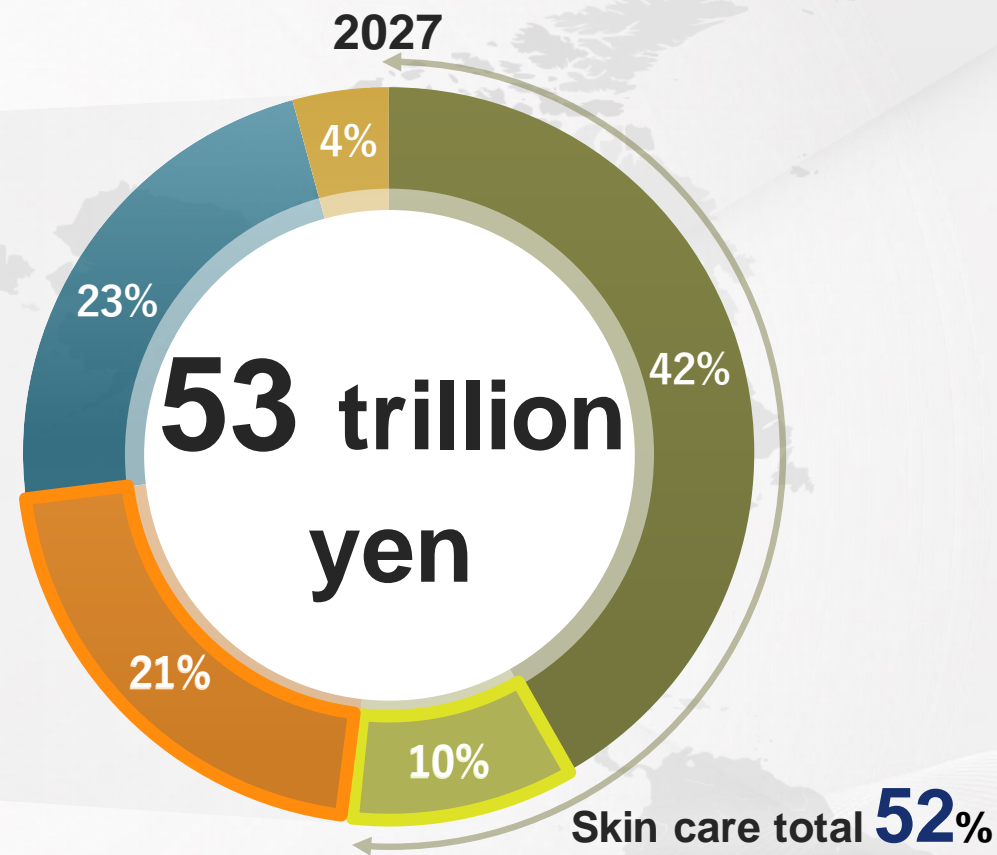
Kao estimate, based on Euromonitor's market data updated in May 2023

Global market forecast by category



Skin care total **54%**

Dermatological
cosmetics
is growing



Skin care total **52%**

■ Skin care
■ Fragrance

■ Dermatological cosmetics
■ Makeup

■ Sun care
(*includes "self-tanning" and
"after sun care" products)

Kao estimate, based on Euromonitor data

Challenges and opportunities



▲ Uncertainty caused by geopolitical tensions



▲ Changes in distribution in Japan



◎ Growth of the Asian market



◎ Growing awareness of genderless beauty



◎ Growth of the fragrance and sensitive skin care markets



The ideal state of the Cosmetics Business



Business division which **No.1s** are aggregated

Invigorate the business division by expanding No.1 domains.
Aim to become the best beauty company in the world to work for.

Enter the top 10 for global sales of cosmetics by 2030

Strengthening brands



Globalization



Increased productivity



M&A ⇒
Portfolio enhancement

Persistency for value marketing and sustainable *Monozukuri*

Kao's underlying strengths: fundamental technology,
formulas, production technology, global locations



Steps toward globalization



01

K25 Progress

02

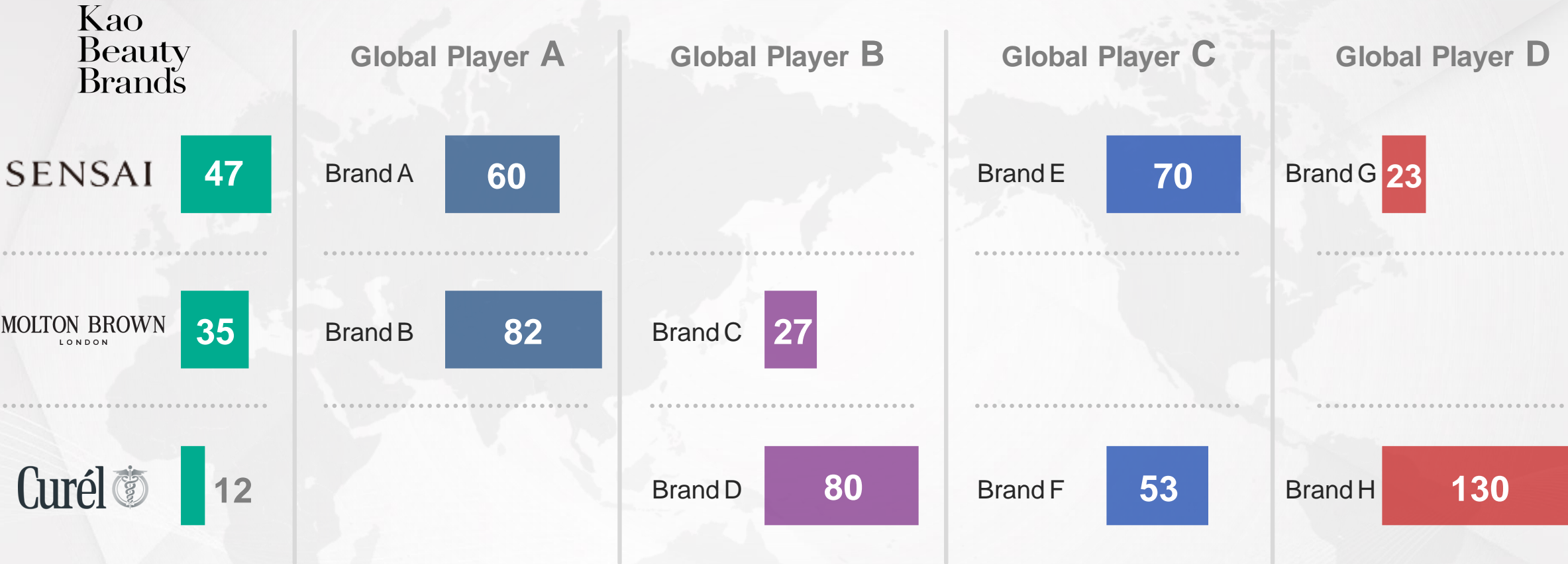
Vision

03

Globalization

Toward enhancement of overseas expansion

[Number of countries/regions where competing brands are expanding]



Numbers of regions where products are sold differ significantly between the brands

* Competitors [Countries of Sales] Companies' and brands' official website, Euromonitor
 * Competitor brands [Source of Launch Countries] Competitors' websites, brand websites, Euromonitor

SENSAI



SILK
[Koishimaru Silk]



SILK SKIN



Saho
[Routine]

SENSAI From Europe to Asia



SENSAI Dominance strategy for China market

Dominant model developed in the Shanghai area as a three-year plan
Entering the Huanan area next with the same model, to gradually expand to major cities in China





British Style / Unique & Original Fragrance



Luxury x ESG

EMEA

JP

ASIA



Brand value

British luxury/unique and original fragrance

Customer

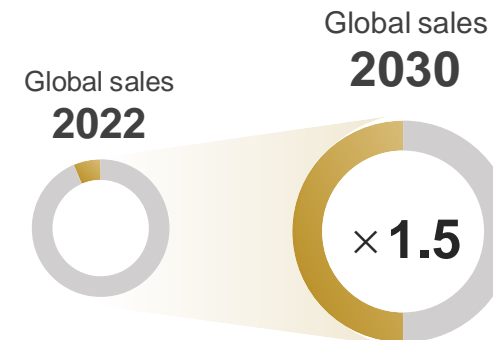
Those who value things with a history those wanting curated lifestyles

Target image

**Those who admire the image of sophisticated Britishness
Consumers wanting hotel-like lifestyles**

Asian expansion plan

Launch “MOLTON BROWN Village” in areas with strong potential in Asia’s growing prestige fragrance market



“MOLTON BROWN Village”

Flagship stores



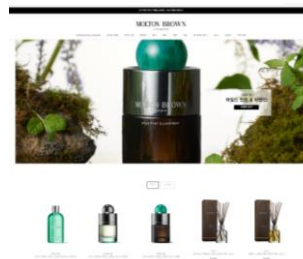
(Example: High-end shopping malls unique to Asia)

High-end hotel amenity

(Already ongoing in Asia)



E-commerce



Physical stores in Asia, now and planned



MOLTON BROWN
LONDON

Kao
Beauty
Brands

SENSAI and MOLTON BROWN: EMEA strategy

Executive Officer, President, Cosmetics European
and American Cosmetics Business, Kao Corporation

Mark Johnson

September 26, 2023





乾燥性敏感肌を考えた

Curél



**Attitude of staying close
to consumers who have
dry, sensitive skin
concerns**

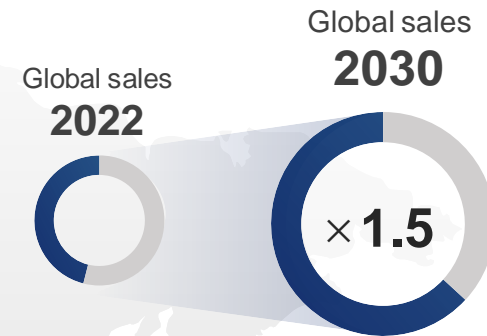
**Category expansion
based on the brand
purpose**



**Ceramide research
(has won many
awards)
Solid evidence**

Curél From Japan to Asia and Europe

Expand the solution (ceramide care) developed in Japan for dry and sensitive skin in order to solve global skin concerns, which are found in places having different environments and skin textures



EMEA

CN

JP

ASEAN

Brand strengths

- Ceramide research
- Research on dry and sensitive skin
- No.1 derma brand in Japan

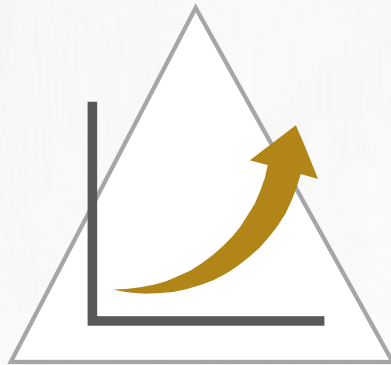


Curél 

Becoming a true global player by fostering 1st Runners Brands

1st Runner Brands

SENSAI



Curél

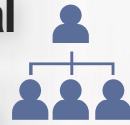
MOLTON
BROWN
LONDON



Global Player

Early structural enhancement by amassing
expertise and knowledge

Global human capital

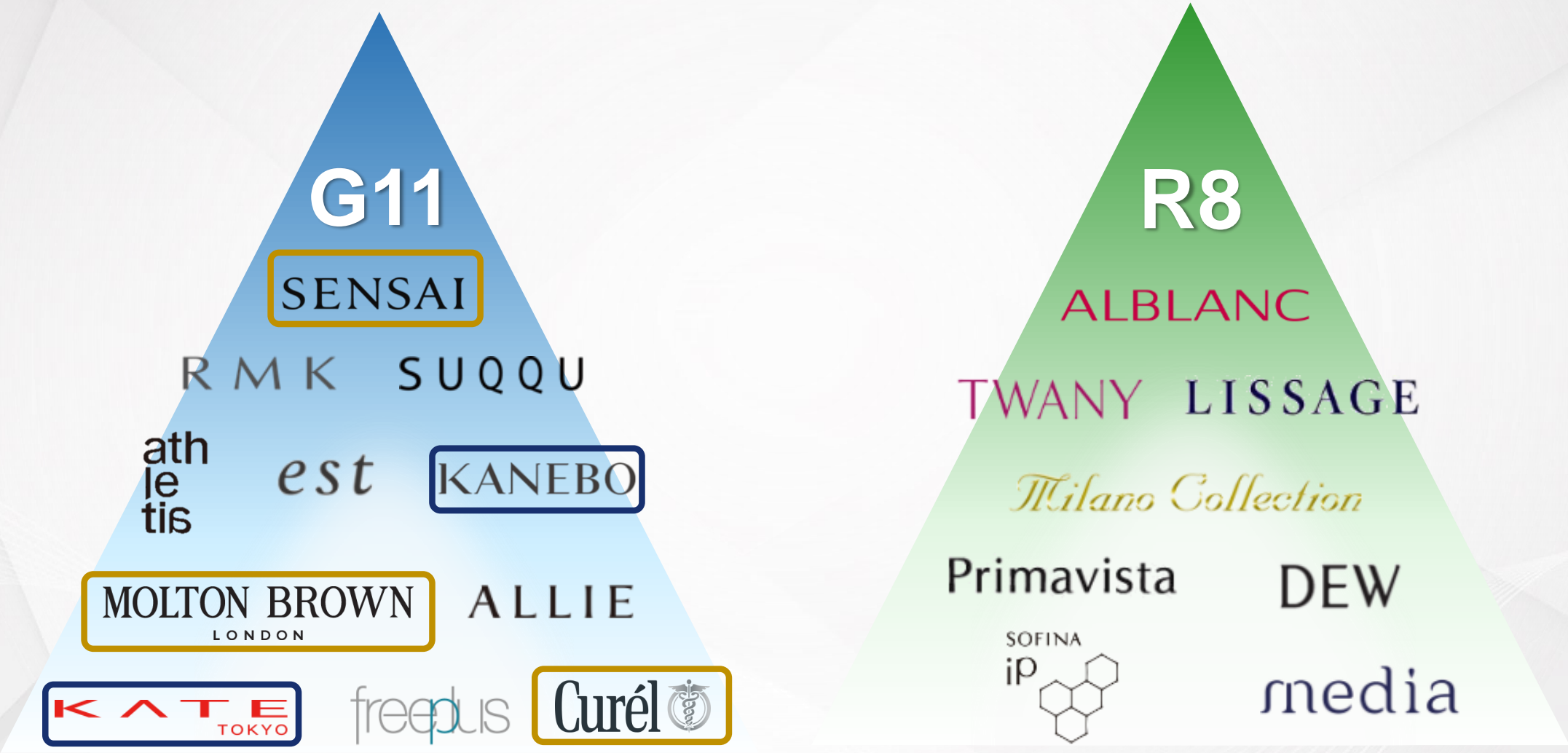


Global organization

Global infrastructure



Brand Portfolio: Brand priority order toward globalization



Becoming a brand that offers hope in Asia

Expand the successful purpose branding in Japan to all other countries in Asia

Asia

- Purpose branding
- Capturing of the needs of Chinese people
- Entry into mainland China

Japan

- Flagship store strategy
- Expansion of the "KANEBO" category
- OMO* promotion
(*Online Merges with Offline)





Becoming a leading brand in Asia by creating Tokyo-originated, purpose-driven user experience

Make young Asian people its fans

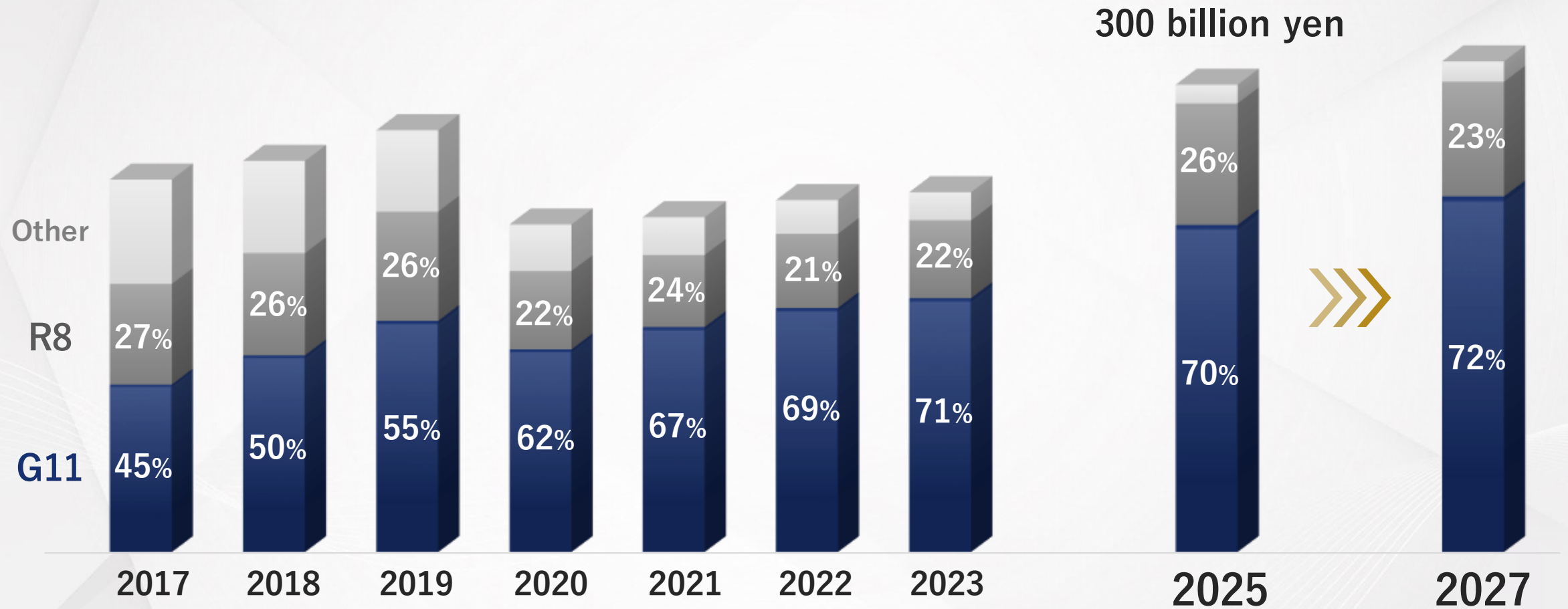
Asia

- EC Expansion
 - Utilization of cross-border e-commerce
- *Cross-border e-commerce transactions

Japan

- Travelers experiencing KATE
- Ranked No. 1 in major makeup categories
- Category expansion
- Metaverse (UX)

Sales targets



* The bar graph indicates the size of net sales, while the percentages indicate the composition ratio.

[illegible]