

FOR IMMEDIATE RELEASE

October 13, 2026

Promoting the Use of Digital Technology to Support Management Decision-Making **Kao Develops an AI Agent to Support Demand Planning** Contributing to the Realization of Inventory Optimization and Reduction of Opportunity Losses Through Enhanced Demand and Supply Planning

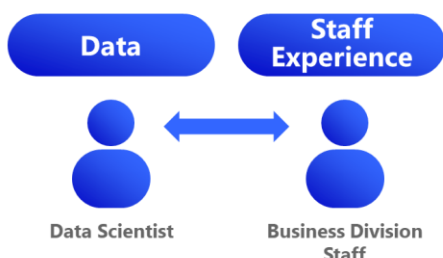
Kao Corporation has developed Kao-MIKOMIL, an AI agent that supports demand planning by overlaying information on planned sales promotions and other measures onto forecasts generated by Kao's in-house demand forecast model. This AI agent was introduced in July 2026 for the *KATE* cosmetic brand, and its use will gradually be expanded to other cosmetic brands.

Until now, demand plans have been developed jointly by data scientists from the Digital Strategy Division and business division staff, based on the sales performance of similar products, promotional activities, and other relevant factors. With Kao-MIKOMIL, the AI agent generates a demand plan proposal and provides the rationale behind it, enabling business division staff to review the proposal and make the final decision. This helps accelerate the demand planning process.

In addition to reviewing its product mix and streamlining inventory operations, Kao is working to refine demand and supply planning by linking data across its business, production, logistics, and sales functions. Through these initiatives, Kao aims to reduce product inventory in its cosmetics business by about 25% by 2027 compared with 2024 levels. The introduction of Kao-MIKOMIL will further accelerate inventory optimization and help minimize opportunity losses.

Before

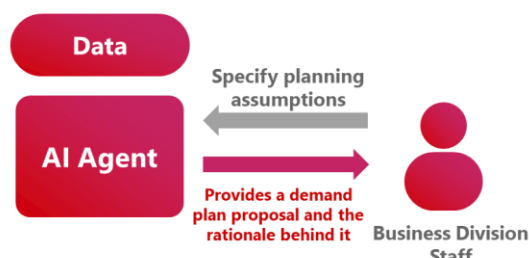
Demand planning reliant on staff experience



- Work with data scientists to develop demand plan proposals
- Decision-making rationale and methods depend on individual staff experience
- Demand planning requires considerable time and effort

With Kao-MIKOMIL

Demand planning based on AI-generated rationale, with final decisions made by staff



- Business division staff can complete the demand planning process on their own, using the AI-generated proposal
- AI provides a demand plan proposal and the rationale behind it
- An initial demand plan proposal can be generated quickly

Background

Kao regards the data it holds as a vital management asset and leverages it to advance strategic Sales and Operations Planning (S&OP). Kao has also introduced an integrated global platform to standardize demand and supply planning while linking data across business, production, logistics, and sales. In addition, product information and demand and supply data are integrated and centrally managed on Kao i-Lake, the company's platform for utilizing data across the organization.

This enables Kao to generate monthly demand forecasts up to 18 months in advance and daily demand forecasts up to 6 months in advance for all products except limited-edition items. These forecasts provide the basis for production planning, enabling Kao to optimize production and supply based on anticipated demand. This is made possible by one of Kao's strengths—its integrated supply chain—which enables data from every stage, from procurement to sales, to be leveraged across the company.

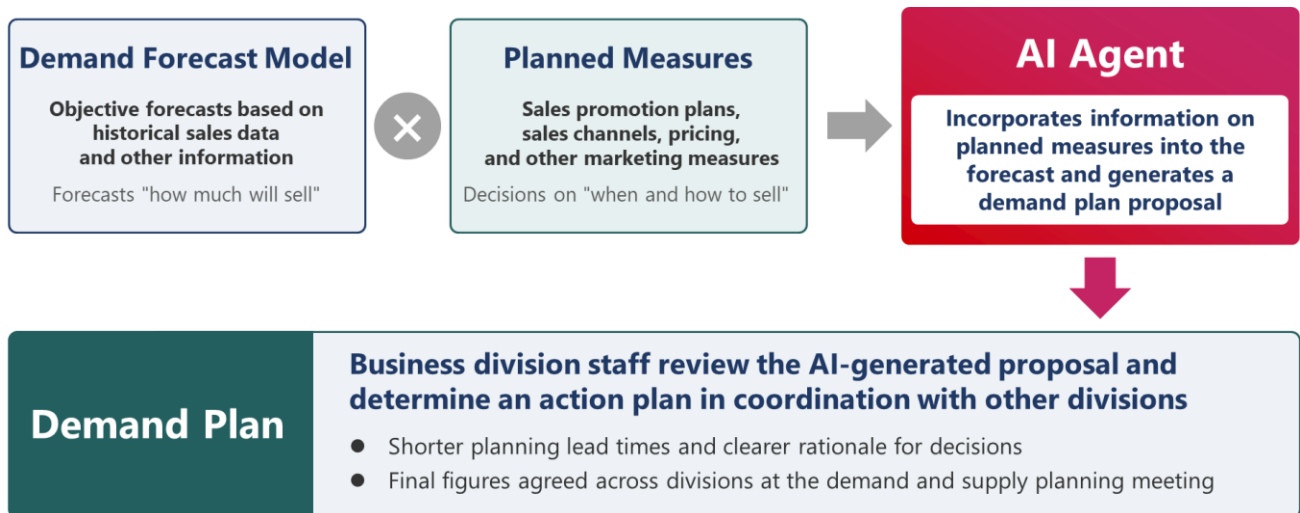
Overview

The newly developed AI agent Kao-MIKOMIL supports demand planning using an AI-based demand forecast model. The demand forecast model generates objective forecasts based on historical sales data and other information, while the AI agent incorporates information on planned sales promotions, sales channels, pricing, and other measures to generate a demand plan proposal and provide the rationale behind it. Previously, data scientists and business division staff worked together to develop demand plan proposals based on the sales performance of similar products and their experience, while taking into account factors such as product launch timing and planned sales promotions.

With the AI agent, business division staff can review demand plan proposals and the rationale behind them for both new and existing products and determine an action plan in coordination with other divisions. This will help shorten the time required for demand planning, provide greater clarity on the rationale behind decisions, and improve operational efficiency. Repeated use of the AI agent is also expected to accumulate demand planning knowledge and further improve planning accuracy.

To develop the AI agent, data scientists were embedded in the business division to gain a deeper understanding of the challenges and processes involved in demand planning. This enabled them to design a system for medium- to long-term use. The system was first introduced for the *KATE* cosmetic brand to evaluate planning accuracy and its impact on operations, and will gradually be rolled out to other brands.

Kao's Demand Planning Process



Future Developments

Going forward, Kao will make active use of digital technologies, including AI, to improve the speed and quality of decision-making. Enhancing demand and supply planning will help optimize inventory and reduce opportunity losses, enhancing supply chain efficiency and improving ROIC.

Related Information

News Release from May 22, 2026

[Kao | Kao Selected as a DX Stock 2026](#)

News Release from July 27, 2026

[Kao | Formulation of the “Kao AI Governance Policy”](#)

About Kao

Kao, a Japan-based manufacturer of cosmetics, personal care and household products, as well as specialty chemicals, creates high-value-added products and services that provide care and enrichment for the life of all people and the planet. Through its brands such as *Curél*, *SENSAI*, and *MOLTON BROWN* cosmetics, *Bioré* and *Jergens* skin care products, *Oribe* hair care products, *Attack* laundry detergent, and *Laurier* sanitary products, Kao is part of the everyday lives of people across Asia, the Americas, Europe, the Middle East, and Africa. Combined with its chemical business, which contributes to a wide range of industries, Kao generates about 1,690 billion yen in annual sales. Kao employs about 31,500 people worldwide and has more than 130 years of history in innovation.

Please visit [the Kao Group website](#) for additional information.

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