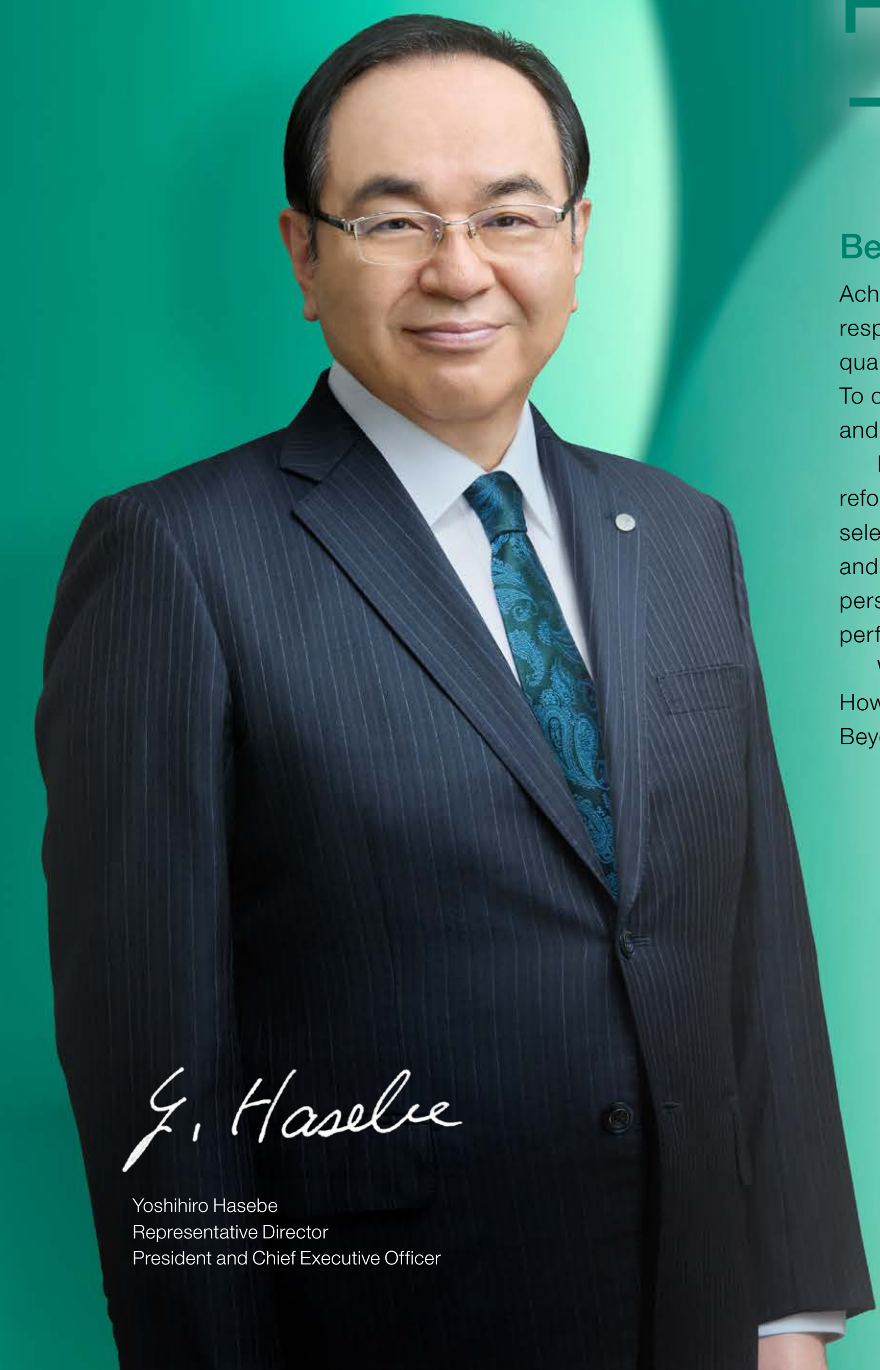
CEO Message

GRI2-22

From Conviction to Strength —Toward the Next Growth Frontier



Yoshihiro Hasebe
Representative Director
President and Chief Executive Officer

Become Essential in a Sustainable World

Achieving a sustainable society is not optional. It is our responsibility. Within limited resources, we must enhance the quality of life while continuing to advance society sustainably. To do so, companies must continually question their purpose and continue to evolve.

Kao has rebuilt its management foundation with structural reform at the core: sharpening its business portfolio through selection and concentration, strengthening capital efficiency, and advancing organizational reform from a global perspective. These actions are delivering results, and our performance is firmly on a recovery trajectory.

We now have a clear sense of progress toward K27. However, this is not the destination. K27 is a milestone. Beyond it lies the sustainable growth we must achieve.

Leveraging K27 to Unlock the Next Stage of Growth

K27 has been about quality of growth, not quantity. We prioritized building a profitable and competitive foundation over short-term expansion.

By restructuring our business portfolio and sharpening resource allocation, we have strengthened decision-making speed for global competition, enhanced frontline autonomy, and advanced management visibility through digital tools.

These are not outcomes, they are capabilities that position us for the next stage of growth, one we are actively pursuing on a much stronger foundation. At the core is the *Global Sharp Top* strategy: delivering world-leading contributions through sharp, differentiated solutions that leverage Kao's exclusive uniqueness to address needs of high Societal Significance.

By treating the world as our market, choosing where we can contribute most, and creating unique value through *Yoki-Monozukuri*, we aim to become indispensable to a sustainable society. With confidence in achieving K27, we are already looking beyond it.

> "Equipped with the Speed, Autonomy, and Digital Visibility to Compete Globally"

Our Scientific Advantage —Precision Interface Control Technology

At the core of our growth strategy is Precision Interface Control Technology, refined over decades to design and control interfaces at the atomic and molecular level. Not easily replicated, we position it not as a component technology but as our innovation engine for value creation.

This technology drives consumer loyalty through superior sensory quality and solutions optimized for individual needs.

It is equally vital in growth areas to simultaneously achieve both lower environmental impact and high functionality while advancing the production of next-generation materials. With both consumer and industrial businesses, Kao addresses these challenges from technology and business perspectives.

Our Precision Cleansing technology targets only impurities, from laundry and personal care to semiconductor.

This accumulated expertise, and the ability to apply it across industries, is our exclusive uniqueness.

Building Economic and Social Value Together

For Kao, enhancing societal and environmental value, with economic discipline at its core, directly strengthens our corporate value.

Attack ZERO, featuring our proprietary surfactant Bio IOS® , has achieved a 38% reduction in energy consumption and a 47% reduction in water quality impact compared to conventional products.

At Kao, science drives this virtuous cycle between environmental performance and business growth.

Powering Growth with Scientific Marketing and AI

We have continued to advance our strength in scientific marketing.* By deepening consumer understanding through evidence-based insights and designing value accordingly, we have strengthened brand equity and customer loyalty.

We have also adopted a lean, data-driven business model. We test in focused areas and expand based on highly accurate insights.

Within this model, AI plays a central role. It enhances decision-making quality and speed across R&D, marketing, and supply chains, enabling the creation of new value.

As we increase our investment in these areas, integrating technology, data, and AI, we continue to strengthen Kao's competitive advantage.

* Scientific marketing: Kao's approach to understanding consumers and designing product value through diverse evidence-based insights—encompassing consumer science, behavioral data, and cross-domain expertise.

Strengthening Our Portfolio through Disciplined Investment

Growth depends on disciplined investment. We manage each business according to its competitive position, growth potential, and capital efficiency.

We continuously evolve our portfolio based on competitiveness, growth potential, and capital efficiency. Under K27's financial discipline, we invest actively in growth areas while accelerating structural transformation elsewhere.

This dynamic and disciplined resource allocation drives sustainable growth beyond K27.

“Integrating Technology, Data, and AI to Strengthen Competitive Advantage”

No Growth without Investing in People

People create value. This applies to both technology and business.

To achieve the next stage of growth, we are committed to further strengthening investment in our people.

As part of that commitment, in November 2025, we established *Yukei* at the Sumida Office as a co-creation hub. It enables people to experience the philosophy of *Yoki-Monozukuri* through all five senses. It also serves as a platform to co-create value with diverse stakeholders.

Beyond internal development, we actively recruit experienced professionals. Mid-career hires now match new-graduate scale, bringing diverse expertise to the organization.

We value those who deepen their expertise, cross boundaries, and offer fresh perspectives. Together, we are building an environment where everyone performs at their best, developing globally competitive talent and organizations.

Moving Forward: *The Kao Way*

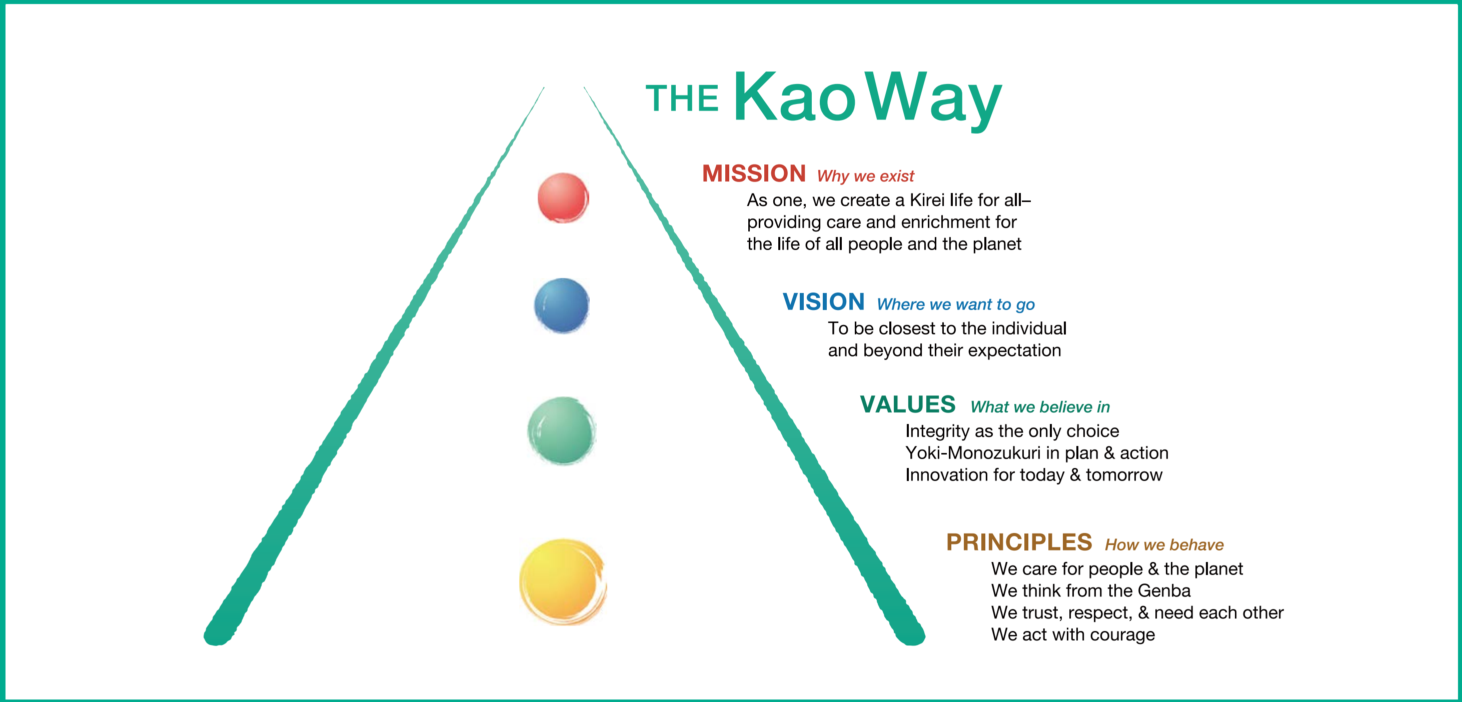
At the foundation of everything we do lies *The Kao Way*. Since our founding 139 years ago, our purpose has remained unchanged: As one, we create a *Kirei* life for all, providing care and enrichment for the life of all people and the planet.

From that same spirit, we make people and society clean, enriching lives and creating more smiles.

Dedication and altruism define Kao at its core. We engage sincerely with society and create value through *Yoki-Monozukuri*. This philosophy does not change, even as the world evolves.

What lies beyond K27 is not simply a growth strategy. It is a statement of what kind of company we aim to become.

With technology at the core, and by fully leveraging scientific marketing and AI, we are harnessing our scientific advantage, from Precision Interface Control to insight-driven marketing, to achieve the next stage of growth as a company essential to a sustainable society.



> "Enabling Peak Performance, Developing Globally Competitive Talent and Organizations"