



FOR IMMEDIATE RELEASE

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Kao Merges its Kanebo and Sofina Beauty Consulting Companies to Strengthen Brand Communications and Expand its Customer Base

On April 1, 2021, Kao Corporation (President: Yoshihiro Hasebe) will be establishing Kao Beauty Brands Counseling Co., Ltd. by merging two beauty counseling companies within the group (Sofina Beauty Counseling Co., Ltd. and Kanebo Beauty Counseling Co., Ltd.). Through professional counseling conducted by beauty consultants, Kao Beauty Brands Counseling will be reinforcing the images and values of Kao's cosmetics brands and maintaining and expanding a diverse and loyal user base.

■ Leading up to the merger

In May 2018, Kao Corporation created a "New Global Portfolio" centered on a growth strategy for its cosmetics operations. Eleven strategic brands (G11) to be strengthened globally and eight brands (R8) to be expanded in Japan were selected from the group's five big cosmetics business units: Sofina, Curél, Molton Brown, Kanebo Cosmetics and e'quipe. By fusing scientifically proven skin benefits with sensory appeal, the New Global Portfolio will enhance the individuality of the brands and grow their presence in Japan, Asia, and Europe.

As it pushes forward with its growth strategy, Kao has been unifying the operations of its five cosmetics units step by step. A horizontally organized structure linking the brands in operational planning was completed in January 2019. The operations travel retail and beauty research & creation were similarly linked a year later, in January 2020. In the next step, to take effect from January 2021, Kao will complete its strategic shift away from brand management centered on individual business units (Sofina, Curél, Kanebo Cosmetics, etc.) to brand management centered on three business groups: Prestige Business, Masstige Business and Regional Business.

■ About the merger and its aims

By establishing Kao Beauty Brands Counseling Co., Ltd. through the merger of Sofina Beauty Counseling Co., Ltd. and Kanebo Beauty Counseling Co., Ltd., we will accelerate the development of strong brands in concert with our operations.

The new company will develop synergies within the group by stepping up the productivity of its beauty consultants and the appropriate allocation of personnel. In the process, it will seek to 1) promote counseling activities that provide complete satisfaction to every customer; 2) create counseling areas that attract customers; 3) improve education to nurture true beauty professionals; 4) create an optimal working environment for maintaining and expanding its range of loyal

customers; 5) and provide all of its employees with essential livelihood support while empowering them to develop their careers to their full potential.

Kao Beauty Brands will continue to enrich the lives of people with joy and celebrate the individual beauty of diverse customers.

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Corporate Strategy

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