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Oasis to Nominate Industry-Leading Independent Director Candidates for Upcoming Kao AGM; Increases Stake to Over 5%

(Securities Code: 4452 JT)

- Oasis to nominate five industry-leading director candidates for Kao's upcoming AGM in March 2025
- Oasis boosts its stake in Kao to over 5%, becoming one of the Company's largest institutional investors
- Oasis denounces Kao's dilution of Board oversight and premature announcement of director changes before interviewing candidates submitted by Oasis

December 11, 2024, Hong Kong -- Oasis Management Company Ltd. ("Oasis"), the manager to funds that beneficially own shares of Japanese global cosmetics and chemicals company Kao Corporation (4452 JT) ("Kao" or the "Company"), today announced it has increased its stake in Kao to over 5%. This reinforces Oasis's position as one of the Company's largest institutional investors and underscores its commitment to driving sustainable growth at Kao.

Kao is a leader in Japan's Fast-Moving Consumer Goods ("FMCG") market, with a world-class portfolio of brands in high-growth global categories like Derma-cosmetics (Curél and freeplus), mass-market color cosmetics (Kate Tokyo), skin and body care (Bioré and Jergens), and luxury hair, skin and body care (Oribe, Kanebo, Sensai and Molton Brown).

Despite its domestic presence and reputation for delivering high-quality products, Kao has consistently failed to fully capitalize on its international growth potential. Oasis believes that by leveraging its brands to drive robust international growth, Kao has the potential to become a global leader, competing with the likes of Beiersdorf AG, L'Oreal SA, Unilever Plc and The Procter & Gamble Co.

Oasis's Increased Investment in Kao

Since introducing our vision for "A Better Kao" in April 2024 (see www.ABetterKao.com), Oasis has conducted further deep dive research and analysis. This has included direct discussions with Kao's leadership, leveraging third-party analytics to conduct in-depth monitoring of brand performance, commissioning customer and investor surveys, and holding extensive interviews with industry experts and peers.

These efforts have strengthened our belief in Kao's substantial growth opportunities, which remain untapped due to management's lack of ambition and focus to drive effective global expansion.

Oasis has increased its investment in Kao to over 5%, underpinning our belief that our engaged approach can help Kao realize its full potential as a global leader in the FMCG industry.

Governance Concerns Following Kao's December 2 Announcement

Alongside a greater capital commitment, Oasis's conviction also motivated an extensive search for external directors to support Kao in achieving its growth potential. This process - involving critical evaluation of board weaknesses, the support of multiple executive search firms, dozens

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of candidates, and many hours of interviews and deliberation – concluded with five highly-experienced independent profiles. Seeking to further Oasis’ engagement with the Board, Oasis submitted these names and detailed resumes to the Nomination Committee for consideration.

Following this submission, Kao announced its director nominees for the 2025 Annual General Meeting (“AGM”) on December 2. This announcement, made nearly three months ahead of normal schedule, was deeply disappointing, as it came without Kao’s Nomination Committee interviewing (or even contacting) any of the candidates Oasis had referred for consideration. In our follow-up meeting with the Nomination Committee after the December 2 announcement, the Directors* refused to be transparent over the selection process of their own director candidates, provide clarity on their current and future roles at the Company, or explain why they had not even reached out to interview the profiles prior to making the premature disclosure. Kao’s offer to interview the candidates, which only came after the public release of their director nominees, is clearly disingenuous.

Kao’s rushed announcement and lack of transparency about the nomination process raise serious governance concerns. Oasis believes that these actions indicate an approach to director nominations that falls well short of the due process expected from public companies.

Oasis further notes that alongside the announcement of board and executive changes, Kao disclosed further critical alterations to their governance structure, namely, a “*substantial delegation of authority*” from the Board of Directors (the “Board”) to the executive management. In aggregate, these announcements amount to the Board abdicating its oversight function, creating ambiguities in governance, and stifling progress.

Proposed Independent Director Candidates

Oasis believes it is vital for Kao and its stakeholders to appoint independent directors sourced from a robust search process with significant FMCG and international experience to the Board of Directors to help drive change and grow to compete on a global scale.

In light of Kao’s flawed nomination process and early release of their nominees, it is clear that Kao has no intention of objectively assessing or nominating the candidates presented by Oasis. Oasis has, therefore, decided to nominate these five candidates at the upcoming AGM in March 2025. These candidates possess market-leading expertise from the FMCG industry in international growth, digital transformation, marketing, and strategic turnaround -- all skills currently missing or underrepresented on Kao’s Board.

The candidates are:

An FMCG Supply Chain Specialist – This candidate spent nearly 35 years at one of the world’s leading FMCG multinationals, where, for almost a decade, they presided over a team of more than 50,000 people in their global supply chain organization. During their tenure, they oversaw more than \$6.0 billion worth of structural savings in the supply chain function across areas such as transportation, material, packaging, and logistics, and inventory reduction.

The tangible results of these initiatives included a more than 20% improvement in inventory turns in just under a decade, and improving the company’s cash conversion cycle by over a month and half over the period.

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A Consumer Goods Commercial Leader – This candidate brings more than two decades of experience in Consumer Goods, focused on the intersection of Marketing, Financial Planning & Analysis (FP&A) and Strategy & Transformation. They were most recently Global Chief Financial Officer & Head of Strategy at one of the world’s most recognizable brands, with operations in 150 markets worldwide. She previously held leadership roles at one of the world’s largest cosmetics companies, where she was responsible for development of its long-range financial strategy and built its Global Strategic Pricing function, which continues to enable process improvement through digitalization and automation.

A Beauty and Cosmetics Chief Marketing Officer – This candidate previously served as Global Chief Marketing Officer (CMO) for an international luxury cosmetics brand, where she oversaw Product Development & Innovation, marketing operations, and drove revenue growth. She has substantial experience in restructuring and brand portfolio management. She started her career as part of an internal strategy team tasked with pivoting the brand portfolio of a US consumer goods conglomerate towards growth opportunities in their respective product categories. She then worked in brand development at one of the world’s leading cosmetic groups, refreshing and growing both existing and newly acquired brands in the portfolio, and worked in management consulting, running a consumer insights and analytics practice focused on FMCG firms.

A Digital Transformation Leader – This candidate is currently a guest lecturer at one of the world’s leading business schools. She was previously Chief Digital Officer and led the digital transformation strategy at one of the world’s largest tobacco companies, where she created and implemented a two-year global digital transformation strategy at the company and established a new digital business unit to leverage consumer data to better handle the transition to E-Commerce, and oversaw programs to drive efficiency gains in Research and Development, Supply Chain Management, and sales. Prior to this, she held senior leadership roles at some of the world’s largest Food & Beverage companies, where she created and implemented global E-Commerce and digital strategies focused on growing B2C and B2B online channels.

An FMCG Turnaround Strategist – This candidate spent over 15 years as Vice President running the consumer products division of a top US FMCG company, specializing in brand turnarounds and implementing revenue growth strategies. Achievements include reviving multiple brands and growing revenue at one sub-scale brand by over ten times in three years. The candidate also ran substantial operations in Japan and managed the brand strategy for a multibillion dollar spin off at another employer while building out its digital marketing, customer acquisition and analytics efforts in both its B2B and B2C channels.

Collectively, these individuals have over 100 years of experience and a proven track record of driving profitable growth in global FMCG markets. With their exceptional qualifications, Oasis believes they would strengthen Kao’s strategic oversight and ability to expand internationally.

Kao Shareholders - Call for Engagement

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Current and prospective shareholders are welcome to contact Oasis to schedule interviews with these director candidates, and to encourage Kao's Board to support Oasis's candidates. Please contact Oasis at directors@abetterkao.com.

Seth Fischer, Founder & Chief Investment Officer of Oasis, said:

“With Kao’s world-class brands, the Company can, and should, be a global leader. However, unlocking this potential requires an ambitious, growth-oriented strategy led by an independent and highly-qualified Board. Our increased stake reflects our confidence in the immense opportunity we see ahead for Kao, and we urge the Board to embrace the expertise of the five independent candidates we have proposed. It is time for Kao to deliver the leadership, focus, and strategy it deserves.”

Oasis remains committed to engaging constructively with Kao's management and Board to enhance corporate value and drive sustainable growth for “A Better Kao”.

We welcome all stakeholders to contact us at info@ABetterKao.com and see full details of Oasis's proposals at www.ABetterKao.com.

**Outside Directors of the Board constituting the Nomination Committee include, Eriko Sakurai (Chair of the Committee), Osamu Shinobe (Chair of the Board), Takaaki Nishii, Makoto Takashima; and, from the Audit & Supervisory Board, Nobuhiro Oka.*

Oasis Management Company Ltd. manages private investment funds focused on opportunities in a wide array of asset classes across countries and sectors. Oasis was founded in 2002 by Seth H. Fischer, who leads the firm as its Chief Investment Officer. [More information about Oasis is available at https://oasiscm.com](https://oasiscm.com). Oasis has adopted the Japan FSA's “Principles of Responsible Institutional Investors” (a/k/a the Japan Stewardship Code) and, in line with those principles, Oasis monitors and engages with our investee companies.

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