

OASIS

Statement by Oasis on “A Better Kao”

www.ABetterKao.com

(Stock Code: 4452 JT)

HONG KONG – Oasis Management Company Ltd. (“Oasis”) is the manager to funds that own shares of Kao Corporation (4452 JP) (“Kao” or the “Company”). Oasis has adopted the Japan FSA’s “Principles for Responsible Institutional Investors” (a/k/a the Japan Stewardship Code) and in line with those principles, Oasis monitors and engages with its investee companies.

Oasis is a long-term shareholder of Kao. The Company owns an impressive stable of brands with significant potential, including Curél, Molton Brown, Oribe, Bioré, Jergens, and many more. Kao has the product portfolio to directly compete with Beiersdorf, L’Oréal, Estee Lauder and Procter & Gamble and become a global leader, representing the best of what Japan can be.

However, despite its treasure trove of assets, the Company has significantly underperformed its peers in revenue growth, margins, return on equity, and, subsequently, stock price performance.

Unfortunately, Kao’s management appear to have little interest in fully unleashing the potential of the Company’s great brands. The Company has not prioritized marketing or distribution to promote its products and drive revenue growth. Instead, Kao’s disappointing “Global Sharp Top” plan forecasts below-market growth for key brands and suggests growth will have to come from new business areas, such as healthcare. As a result, the Company has consistently lost market share to competitors.

Kao should be a global leader in the Home & Personal Care and Cosmetics industries. We believe Kao has a unique opportunity to significantly enhance profitability and achieve its fullest potential. Thus, today, Oasis announces its “A Better Kao” campaign in order to urge transformational change at Kao to enhance the company’s business and governance for every stakeholder, including consumers, employees, and shareholders.

To achieve its full potential, Oasis urges the Company to:

- 1. Prioritize the international growth of core cosmetics and skincare brands.**
- 2. Hire a leading Chief Marketing Officer or equivalent with global experience immediately to transform the Company’s approach to marketing.**
- 3. Appoint outside board members with branding and marketing experience.**
- 4. Cut underperforming brands and SKUs.**
- 5. Enhance transparency and disclosure.**

If Kao focused on its Cosmetics and Health & Beauty Segments and improved marketing, Oasis believes its stock price would exceed JPY10,000 per share, a +76% upside from current levels.

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

“Kao’s iconic brands are waiting to be unleashed. The under-utilization of these beloved brands is a disservice to customers and shareholders alike. It’s time for Kao’s management to step up and tap into their full potential. We plan to hold them accountable until they act on the immense opportunities in front of them.”

Full details of Oasis's proposals are available at www.ABetterKao.com.

We will continue our efforts to engage constructively with management to help further enhance corporate value and realize "A Better Kao". We welcome all stakeholders to contact Oasis at info@ABetterKao.com and join the movement to create A Better Kao.

About Oasis

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>. Oasis has adopted the Japan FSA's "Principles of Responsible Institutional Investors" (a/k/a Japan Stewardship Code) and in line with those principles, Oasis monitors and engages with our investee companies.

Disclaimer

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