

KaO

Kirei—Making Life Beautiful

Consolidated Financial Results for the Year Ended December 31, 2024 and FY2025 Forecast

Kao Corporation
February 6, 2025



Disclaimer

Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

Notes:

1. Numbers in parentheses in charts are negative.
2. Year on year growth rates for net sales are all like-for-like, excluding the effect of translation of local currencies into Japanese yen. Growth by volume includes changes due to differences in product mix.
3. Changes and comparisons are all with the same period a year earlier unless otherwise noted.
4. Household & personal care (H&PC): Consumer products/ Global consumer care products excluding cosmetics
5. CP: Abbreviation of Consumer Products
6. GC: Abbreviation of Global Consumer Care
7. Core income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023
8. *Yoki-Monozukuri*: In Japanese, “yoki” means good or excellent, and “monozukuri” means making or craftsmanship. For us, Yoki-Monozukuri means an excellent creation process that is good for everyone involved and enriches the lives of consumers and customers.

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Key Highlights

- In FY2024, the Kao Group took a vigorous step toward achieving K27 by posting results that exceeded its plans.

[Background]

- Restored profit through structural reforms
- Improved competitive advantages for core brands
- Ramped up global rollout of high-value-added products



Reformed earning power
(Effects of structural reforms)



Further advanced
“Yoki-Monozukuri”
Kao's Strengths

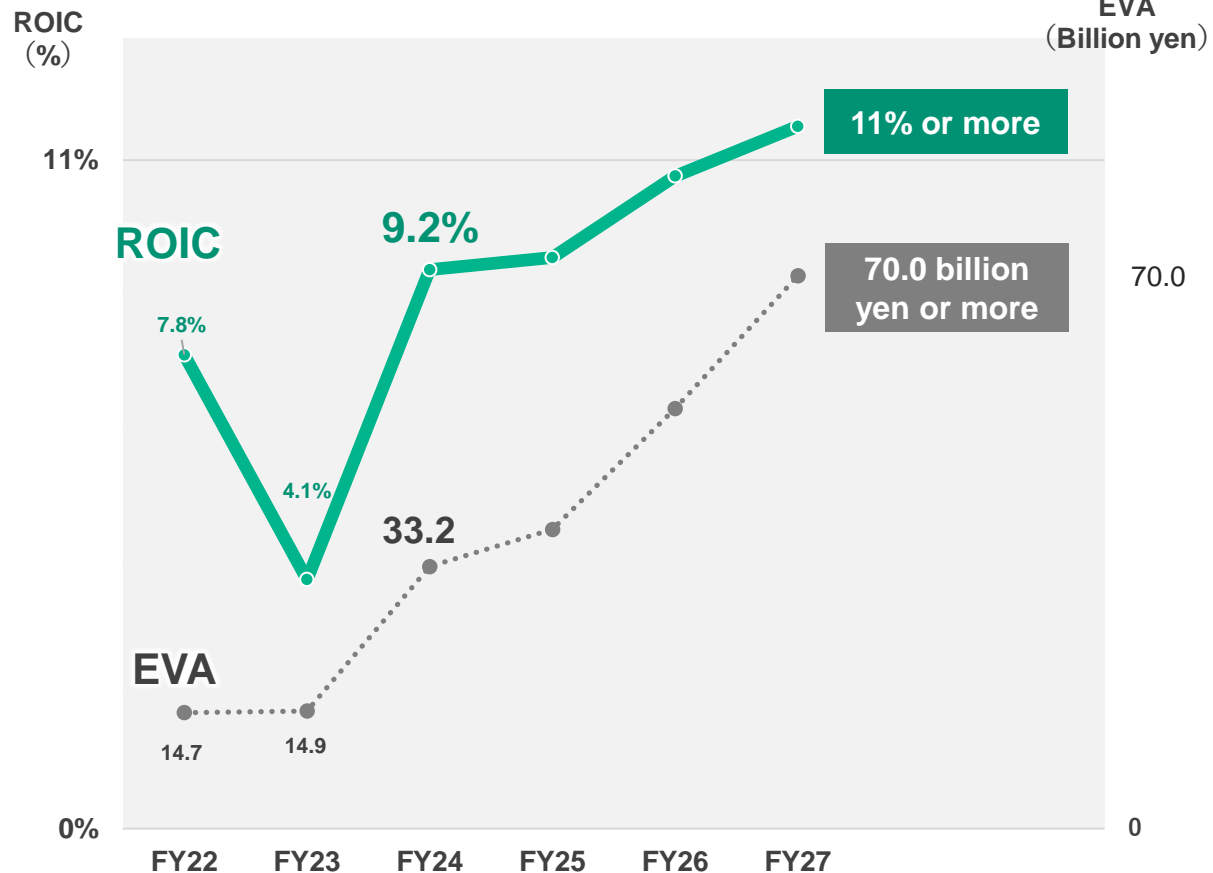
- In FY2025, the Kao Group will sustainably increase its earning power and establish a strong foundation for accelerating growth.
- In the Cosmetics Business, implemented optimization of distribution inventory in China as planned and expect to contribute to profit in FY2025.
- Exceeded the plan in FY2024 toward the key ROIC improvement target under K27 through profit growth and disposal of inefficient assets, among other measures.

(Billion yen)	FY2023 Results	FY2024 Revised Plan ³	FY2024 Results	FY2025 Plan	FY2027 Targets
ROIC	4.1%	8.8%	9.2%	9.4%	11.0% or more
EVA	14.9	27.0 or more	33.2	37.0	70.0 or more
Operating Income	114.7 ²	140.0	146.6	160.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	Approx. 700.0	705.5	730.0	800.0 or more (Sales CAGR+4.3%)

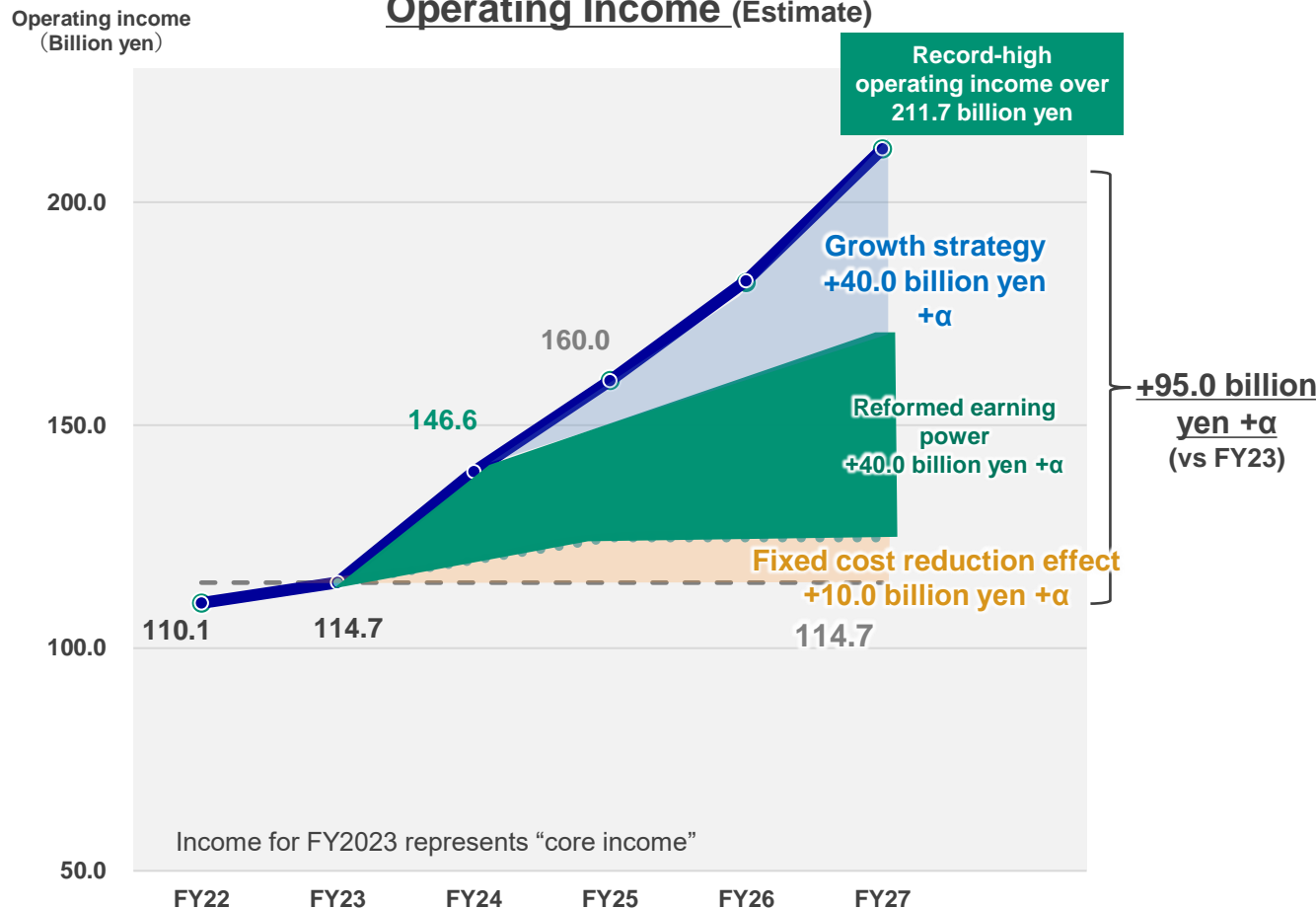
1. Sales outside Japan are based on the location where the sales were recognized.
2. Core operating income
3. Announced on August 8, 2024

- Significant progress on the *Global Sharp Top* strategy, which is Kao's growth strategy, has increased the certainty of achieving K27.

ROIC (Estimate)



Operating Income (Estimate)



Reference: Assumptions at the time of K27 announcement

1. Fixed cost reduction effect
2. Reformed earning power



Effects of structural reforms :
Approximately 30.0 billion yen

02

Financial Results

for the Year Ended December 31, 2024

Highlights of Consolidated Financial Results

- The gross margin increased **1.9** pts and operating income increased 31.9 billion yen (+27.8%) to 146.6 billion yen due to contributions from H&PC products in Japan and the Chemicals Business, in addition to the effects of structural reforms.

Billions yen	FY2023	FY2024	Growth %	Change
Net sales	1,532.6	1,628.4	+6.3	+95.9
		Effect of currency translation	+3.0	+45.8
		Like-for-like growth	+3.3	+50.0
Gross profit	575.1	638.4	+11.0	+63.3
Gross margin	37.3% 37.5%	39.2%	-	+1.9 +1.7
Operating income	114.7	146.6	+27.8	+31.9
Operating margin	7.5%	9.0%	-	+1.5
Income before income taxes	118.5	151.0	+27.4	+32.5
Net income	88.3	110.4	+25.1	+22.1
Net income attributable to owners of the parent	86.0	107.8	+25.3	+21.8
EBITDA (Operating income + Depr. & Amort.)	149.6	235.1	+57.1	+85.4
Basic earnings per share (yen)	184.95	231.94	+25.4	46.99
Cash dividends per share (yen)	150.00	152.00	-	+2.00
Net cash flows from operating activities	202.5	201.6	(0.4)	(0.9)

Exchange rates: 151.42 yen/USD 163.81 yen/Euro 21.04 yen/Yuan
Income for FY2023 represents "core income" (excluding EBITDA.)

Figures in orange indicate ratios using core net sales, which are sales excluding the impact of a provision for product returns due to cosmetics brand consolidation.

Highlights of Q4 Consolidated Financial Results (Oct.-Dec.)

- The gross margin increased 0.1 pts and operating income increased 1.7 billion yen (+3.8%) to 45.6 billion.

Billion yen	FY2023 Q4	FY2024 Q4	Growth %	Change
Net sales	406.7	438.4	+7.8	+31.7
		Effect of currency translation	+1.3	+5.2
		Like-for-like growth	+6.5	+26.6
Gross profit	165.8	179.1	+8.0	+13.3
Gross margin	40.8%	40.9%	-	+0.1
Operating income	43.9	45.6	+3.8	+1.7
Operating margin	10.8%	10.4%	-	(0.4)
Income before income taxes	43.9	47.0	+7.2	+3.1
Net income	36.0	37.5	+3.9	+1.4
Net income attributable to owners of the parent	35.8	36.7	+2.7	+1.0
EBITDA (Operating income + Depr. & Amort.)	31.9	67.6	+111.7	+35.7
Basic earnings per share (yen)	76.93	79.10	+2.8	+2.17

Exchange rates: 152.30 yen/USD 162.55 yen/Euro 21.19 yen/Yuan
Income for FY2023 Q4 represents "core income" (excluding EBITDA.)

Key Points of FY2024 Results

Net sales **1,628.4** billion yen
+3.3% on a like-for-like basis

Operating income **146.6** billion yen
(+31.9 billion yen; +27.8%*); margin **9.0%**

FY2024 Financial Results

Profit growth

- Fabric and Home Care sales increased 6.8% and the operating margin rose to 18.2% due to faster product development and the launch of new high-value-added products, among other factors. Market share also grew in Japan.
- Structural reforms had a substantial positive effect on sanitary products. With additional factors including progress in enhancing brand power and improving production efficiency, this business posted a profit even excluding a gain on business transfer.
- Chemical sales increased in all regions due to expanded sales of high-value-added products in the electronic materials, semiconductor and other sectors. The operating margin increased 1.8 pts to 8.5%.

Sales growth

- The operating margin for Health and Beauty Care decreased 2.8 pts to 8.1%, but the business made upfront investments in marketing for growth from 2025 onward and conducted structural reforms at subsidiaries in the Americas and Europe.
 - ✓ Skin protection sales grew approximately 30%.
 - ✓ Hair care reforms progressed. Entered the premium market in Japan (*melt*, *THE ANSWER*) and secured double the targeted market share.

Adapting to changing market conditions

- If the impact of China, provision for product returns due to cosmetics brand consolidation in Japan that was implemented in FY2023, and other factors are also excluded, sales of Cosmetics increased approximately 4% on a like-for-like basis. The operating margin decreased 3.7 pts to -1.5% due to the impact of distribution inventory optimization in China.

* Comparison with "core income" for FY2023

Consolidated Net Sales by Segment/Geographic Region in FY2024

- Achieved higher-than-market growth in major categories as the consumer products market in Japan grew.
- Net sales of the Consumer Products Business in Asia, excluding China decreased 2.1% due to a focus on improving profitability.

Billion yen		Japan	Asia	Americas	Europe	Consolidated
Fabric & Home Care	FY2024	327.9	44.3	3.5	-	375.7
	Like-for-like %	+9.2	(7.3)	(14.5)	-	+6.8
Sanitary	FY2024	76.5	92.1	-	-	168.6
	Like-for-like %	(4.9)	(5.7)	-	-	(5.4)
Hygiene and Living Care Business	FY2024	404.4	136.4	3.5	-	544.3
	Like-for-like %	+6.2	(6.2)	(15.8)	-	+2.8
Health and Beauty Care Business	FY2024	212.1	36.7	112.5	62.7	424.0
	Like-for-like %	+3.3	+0.7	+3.2	+11.2	+4.1
Life Care Business	FY2024	40.2	0.2	15.2	0.2	55.9
	Like-for-like %	(4.5)	+219.9	+1.8	+19.9	(2.6)
Cosmetics Business	FY2024	166.5	39.1	7.9	30.6	244.1
	Like-for-like %	+8.4	(26.7)	(4.6)	+2.9	+0.0 ²
Consumer Products Business	FY2024	823.2	212.5	139.1	93.5	1,268.2
	Like-for-like %	+5.3	(9.7)	+2.0	+8.4	+2.4
Chemical Business ¹	FY2024	138.4	105.0	68.3	94.2	405.9
	Like-for-like %	+3.4	+13.6	+4.8	+3.5	+6.1
Consolidated	FY2024	923.0	313.7	207.3	184.5	1,628.4
	Like-for-like %	+5.3	(3.3)	+2.9	+5.2	+3.3

1. Net sales of the Chemical Business include intersegment transactions

Sales by geographic region are classified based on the location of the sales recognized.

2. If the impact of China, provision for product returns due to cosmetics brand consolidation in Japan that was implemented in FY2023, and other factors are also excluded, sales increased approximately 4% on a like-for-like basis.

Consolidated Results by Segment in FY2024

- The Fabric & Home Care, Health & Beauty Care and Chemical Business achieved both price and sales volume increases.
- The operating margin of the Chemical Business increased 1.8 pts to 8.5% due to promotion of tertiary amines and other high-value-added products, in addition to market recovery.

Billion yen		Net sales				Operating income		
		FY2024	Like-for-like %	Like-for-like		FY2024	Change ³	Operating margin %
By Volume % ²	By Price %							
	Fabric & Home Care	375.7	+6.8	+3.3	+3.6	68.4	+17.4	18.2
	Sanitary	168.6	(5.4)	(8.1)	+2.7	7.3	+16.4	4.4
	Hygiene and Living Care Business	544.3	+2.8	(0.5)	+3.3	75.8	+33.9	13.9
	Health and Beauty Care Business	424.0	+4.1	+4.0	+0.1	34.4	(8.4)	8.1
	Life Care Business	55.9	(2.6)	(2.9)	+0.3	6.3	+7.6	11.3
	Cosmetics Business	244.1	+0.0 ⁴	(1.6)	+1.7	(3.7)	(9.0)	(1.5)
	Consumer Products Business	1,268.2	+2.4	+0.6	+1.8	112.8	+24.1	8.9
	Chemical Business ¹	405.9	+6.1	+5.6	+0.5	34.6	+9.9	8.5
	Consolidated	1,628.4	+3.3	+1.7	+1.5	146.6	+31.9	9.0

1. Net sales and operating income of the Chemical Business include intersegment transactions.

2. Growth by volume includes changes due to differences in product mix.

3. Comparison with "core income" for FY2023

4. If the impact of China, provision for product returns due to cosmetics brand consolidation in Japan that was implemented in FY2023, and other factors are also excluded, sales increased approximately 4% on a like-for-like basis.

Q4 Consolidated Net Sales by Segment/Geographic Region (Oct.-Dec.)

- Achieved higher-than-market growth in major categories as the consumer products market in Japan grew.
- Sales outpaced the plan, driven by factors including sales expansion for high-value-added products of the Chemical Business.

Billion yen		Japan	Asia	Americas	Europe	Consolidated
Fabric & Home Care	Q4	95.1	11.4	0.7	-	107.3
	Like-for-like %	+7.5	(4.0)	(20.2)	-	+6.0
Sanitary	Q4	21.2	22.8	-	-	44.0
	Like-for-like %	+6.7	(3.2)	-	-	+1.4
Hygiene and Living Care Business	Q4	116.3	34.2	0.7	-	151.3
	Like-for-like %	+7.4	(3.5)	(22.8)	-	+4.6
Health and Beauty Care Business	Q4	56.2	9.6	27.6	15.9	109.3
	Like-for-like %	+3.7	+11.3	(2.5)	+7.3	+3.2
Life Care Business	Q4	11.2	0.1	3.9	0.0	15.3
	Like-for-like %	(5.0)	+656.8	+4.6	(3.8)	(2.1)
Cosmetics Business	Q4	50.3	7.2	2.3	11.2	70.9
	Like-for-like %	+23.2	(30.3)	(10.2)	+3.8	+10.3
Consumer Products Business	Q4	234.0	51.1	34.6	27.1	346.8
	Like-for-like %	+8.8	(6.0)	(2.9)	+5.8	+4.9
Chemical Business*	Q4	37.7	27.8	16.6	22.1	104.3
	Like-for-like %	+7.7	+28.8	+12.1	+6.0	+12.8
Consolidated	Q4	260.9	77.9	51.2	48.4	438.4
	Like-for-like %	+8.7	+3.6	+1.6	+5.2	+6.5

* Net sales of the Chemical Business include intersegment transactions. Sales by geographic region are classified based on the location of the sales recognized.

Q4 Consolidated Results by Segment (Oct.-Dec.)

- The operating margin of the Chemical Business increased 2.3 pts to 9.2% due to promotion of tertiary amines and other high-value-added products, in addition to market recovery.

Billion yen		Net sales				Operating income		
		Q4	Like-for-like %	By Volume % ²		Q4	Change ³	Operating margin %
By Volume % ²	By Price %							
	Fabric & Home Care	107.3	+6.0	+4.0	+2.0	20.6	+0.8	19.2
	Sanitary	44.0	+1.4	+1.3	+0.1	1.0	+2.8	2.3
	Hygiene and Living Care Business	151.3	+4.6	+3.2	+1.4	21.6	+3.6	14.3
	Health and Beauty Care Business	109.3	+3.2	+2.7	+0.4	8.8	(3.4)	8.1
	Life Care Business	15.3	(2.1)	(0.1)	(2.0)	0.7	+0.8	4.6
	Cosmetics Business	70.9	+10.3	+11.5	(1.2)	4.2	(2.7)	6.0
	Consumer Products Business	346.8	+4.9	+4.1	+0.9	35.4	(1.8)	10.2
	Chemical Business ¹	104.3	+12.8	+6.7	+6.1	9.6	+3.3	9.2
	Consolidated	438.4	+6.5	+4.4	+2.1	45.6	+1.7	10.4

1. Net sales and operating income of the Chemical Business include intersegment transactions.

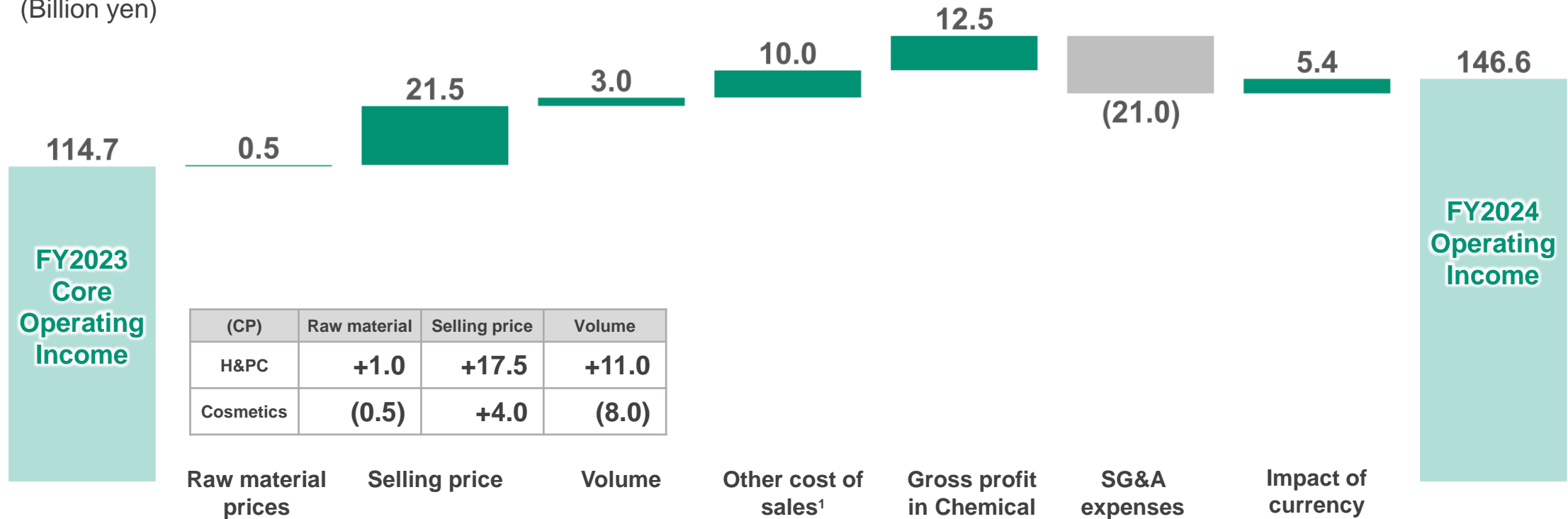
2. Growth by volume includes changes due to differences in product mix.

3. Comparison with "core income" for FY2023 Q4

Analysis of Change in Operating Income in FY2024 (Year-on-Year Change)

- In Household and Personal Care, in addition to promoting high-value-added products, earning power reforms, including price revisions, productivity improvements and cost reductions, had a substantial effect, and sales volume also grew, offsetting rising personnel, logistics and other expenses.
- In Cosmetics, optimization of distribution inventory in China was conducted as planned, resulting in a substantial decrease in sales volume. In Chemicals, expanding sales of high-value-added products and other factors made a substantial contribution.
- Proactively invested for growth, including deployment of marketing expenses.
- Executed inventory reduction and disposal of inefficient assets as planned, to improve capital efficiency.
- Effects of structural reforms³ is approximately 28.0 billion yen.

(Billion yen)



1. Including change in product mix

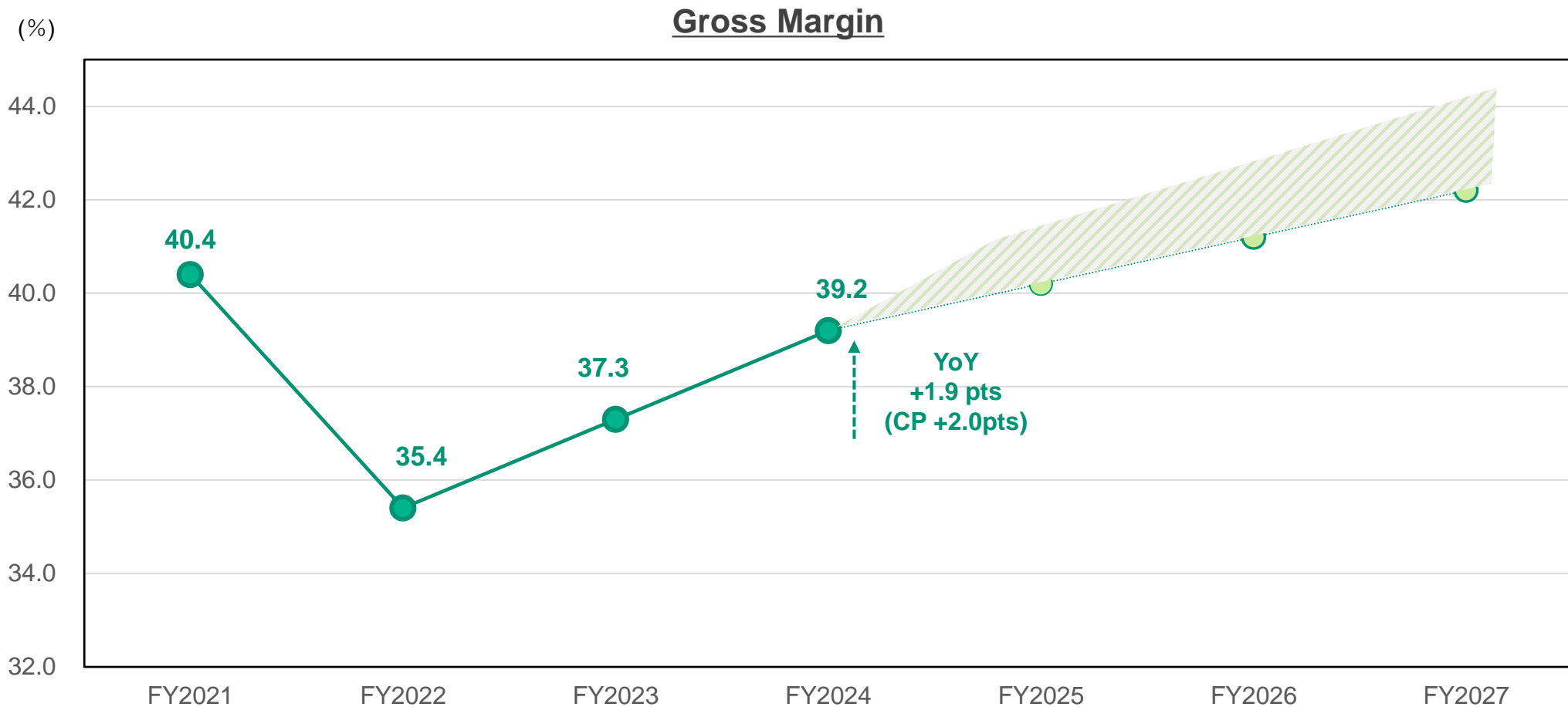
2. Breakdown of main items: 1) Asset sales, etc.: Pet care business +4.3 billion yen, beverage business +6.3 billion yen, disposal of lands, etc. -3.0 billion yen

2) Structural reform expenses for subsidiaries in the Americas and Europe -3.4 billion yen

3. Includes raw material prices, selling price and portion of the other cost of sales and SG&A expenses.

Improvement of Profit Margin through Progress of Earning Power Reforms

- The gross margin improved 1.9 pts year on year.
- Enacted price revisions based on the promotion of high-value-added products and increased brand loyalty, and improved cost competitiveness through productivity improvements, etc. Aim to improve gross margin by +1.0 pts or more each year in the Consumer Products business going forward.
- Achieve the targets of K27 through implementing global growth strategies while continuing to reform earning power.



Gross margin for FY2023 represents "core gross margin."

03

FY2025 Forecast

FY2025 Forecast

Billion yen	FY2024	Growth %*	FY2025 Forecast	Growth %	Change
Net sales	1,628.4	+6.3	1,670.0	+2.6	+41.6
	Effect of currency translation	+3.0	Effect of currency translation	(0.5)	(9.5)
	Like-for-like growth	+3.3	Like-for-like growth	+3.1	+51.1
Operating income	146.6	+27.8	160.0	+9.1	+13.4
Operating margin	9.0%	-	9.6%	-	-
Income before income taxes	151.0	+27.4	163.0	+7.9	+12.0
Net income attributable to owners of the parent	107.8	+25.3	116.0	+7.6	+8.2
EBITDA (Operating income + Depr. & Amort.)	235.1	+57.1	246.0	+4.7	+10.9
ROE (%)	10.5%	-	10.8%	-	-
Basic core earnings per share (yen)	231.94	+25.4	249.74	+7.7	+17.80
Cash dividends per share (yen)	152.00	-	154.00	-	+2.00

* Comparison with "core income" for FY2023 (excluding EBITDA and ROE.)

Exchange rate assumptions: 150 yen/USD 160 yen/Euro 21 yen/Yuan

Sales Forecast for FY2025

(By Segment)

Billion yen	Japan		Consolidated	
		Growth %		Like-for-like growth%
Hygiene Living Care Business	405.0	+0.1	546.0	+0.2
Health Beauty Care Business	222.0	+4.7	448.0	+6.9
Cosmetics Business	171.0	+2.7	254.0	+4.5
Business Connected Business	40.0	(0.6)	40.0	(0.4)
Global Consumer Care	838.0	+1.8	1,288.0	+3.3
Chemical Business*			427.0	+2.4
Consolidated			1,670.0	+3.1

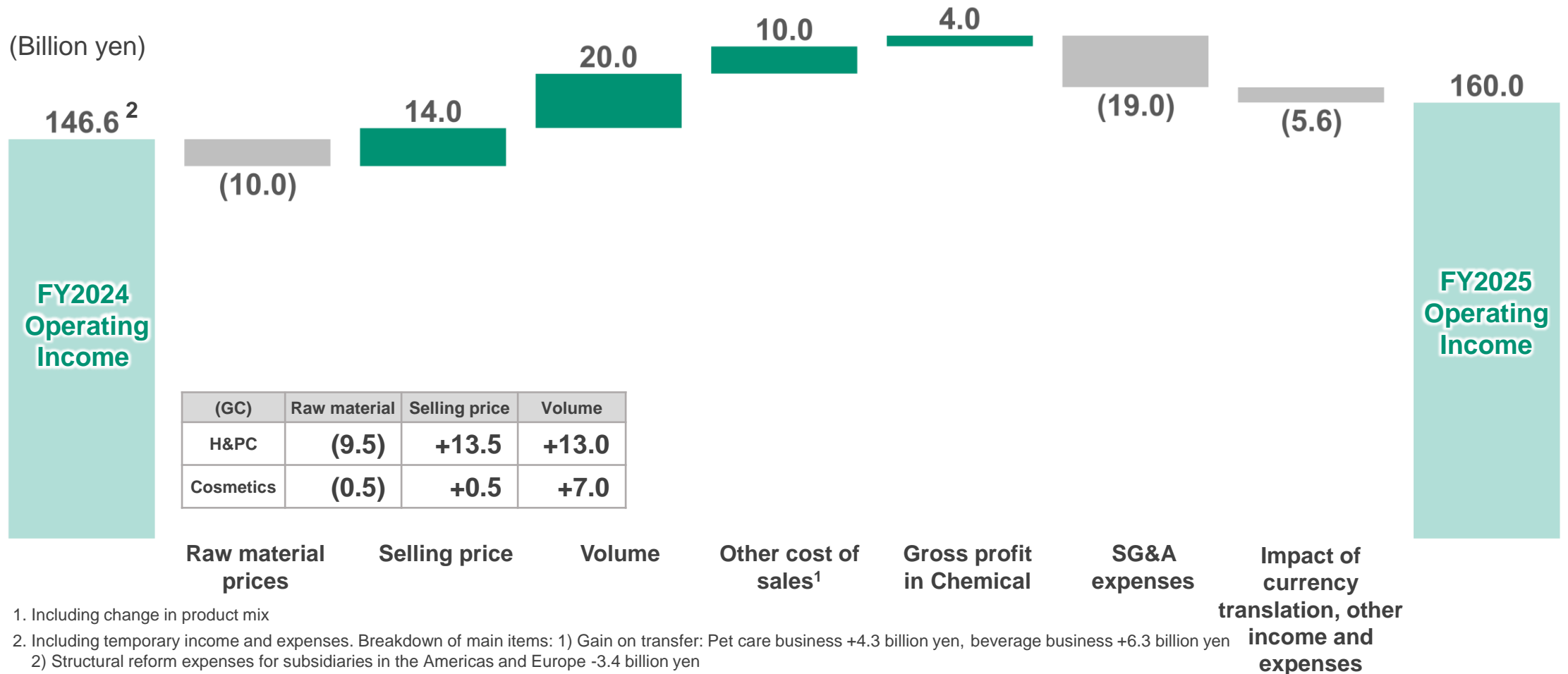
(By Region)

Billion yen	Consolidated	
		Like-for-like growth%
Japan	939.0	+1.8
Asia	323.0	+4.5
Americas	211.0	+2.1
Europe	197.0	+8.9
Consolidated	1,670.0	+3.1

* Net sales of the Chemical Business include intersegment transactions.
 Sales by geographic region are classified based on the location of the sales recognized.
 Changes to reportable segments were implemented in January 2025. See slide #64 for details.

Forecast of Factors in Operating Income in FY2025 (vs. FY2024 Results)

- Expecting an approximately 13.0 billion yen increase in income³ from cost reductions, productivity improvements and other earning power reforms.
- Price adjustments will continue in response to rising raw material prices for household and personal care products, with concurrent plans to increase sales volume through new product launches and other methods.
- Cosmetics sales volume is expected to recover significantly as distribution inventory is optimized in China.



1. Including change in product mix

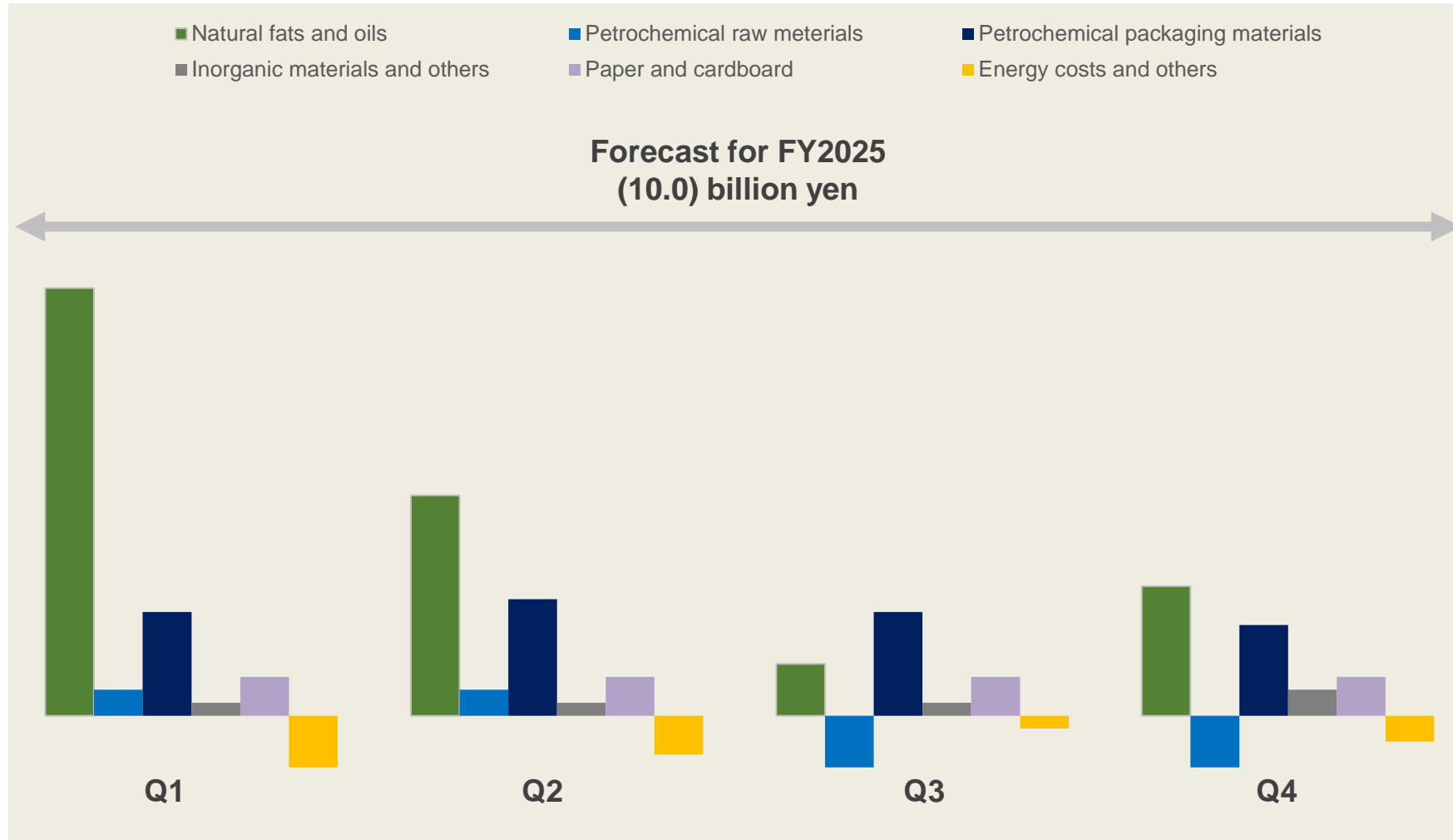
2. Including temporary income and expenses. Breakdown of main items: 1) Gain on transfer: Pet care business +4.3 billion yen, beverage business +6.3 billion yen

2) Structural reform expenses for subsidiaries in the Americas and Europe -3.4 billion yen

3. Includes raw material prices, selling price and portion of the other cost of sales.

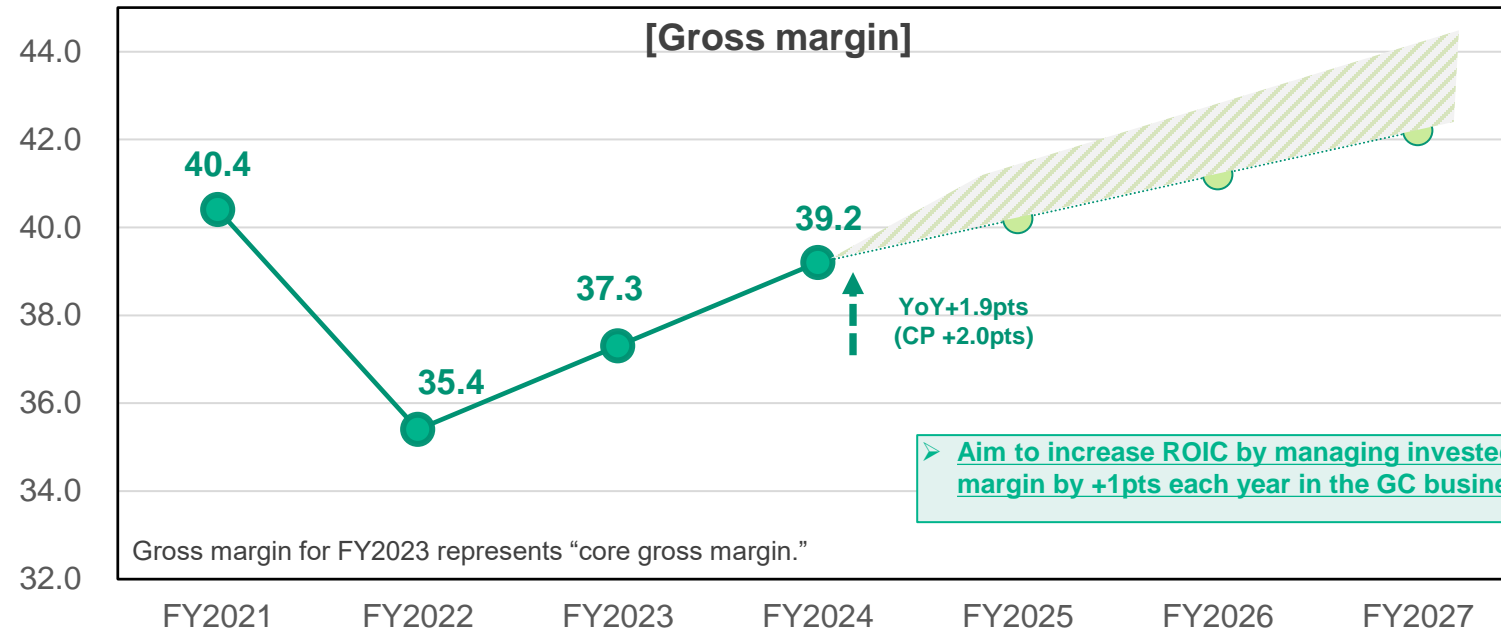
Raw Material Prices Outlook (Global Consumer Care Business; vs. FY2024)

- Substantial impact from rising raw material prices, particularly for fats and oils, is expected in the first half. Personnel expenses are expected to rise throughout the year.



Promoting ROIC Management

(%)



➤ Aim to increase ROIC by managing invested capital and improving gross margin by +1pts each year in the GC business.

ROIC perspective

Improvement in capital cost (achievement)

Inventory: Approx. 8% reduction¹ (SKU: Approx. 13% reduction)

1. Comparison between the end of December 2022 and the end of December 2024

Capital expenditure control (excluding strategic investments)

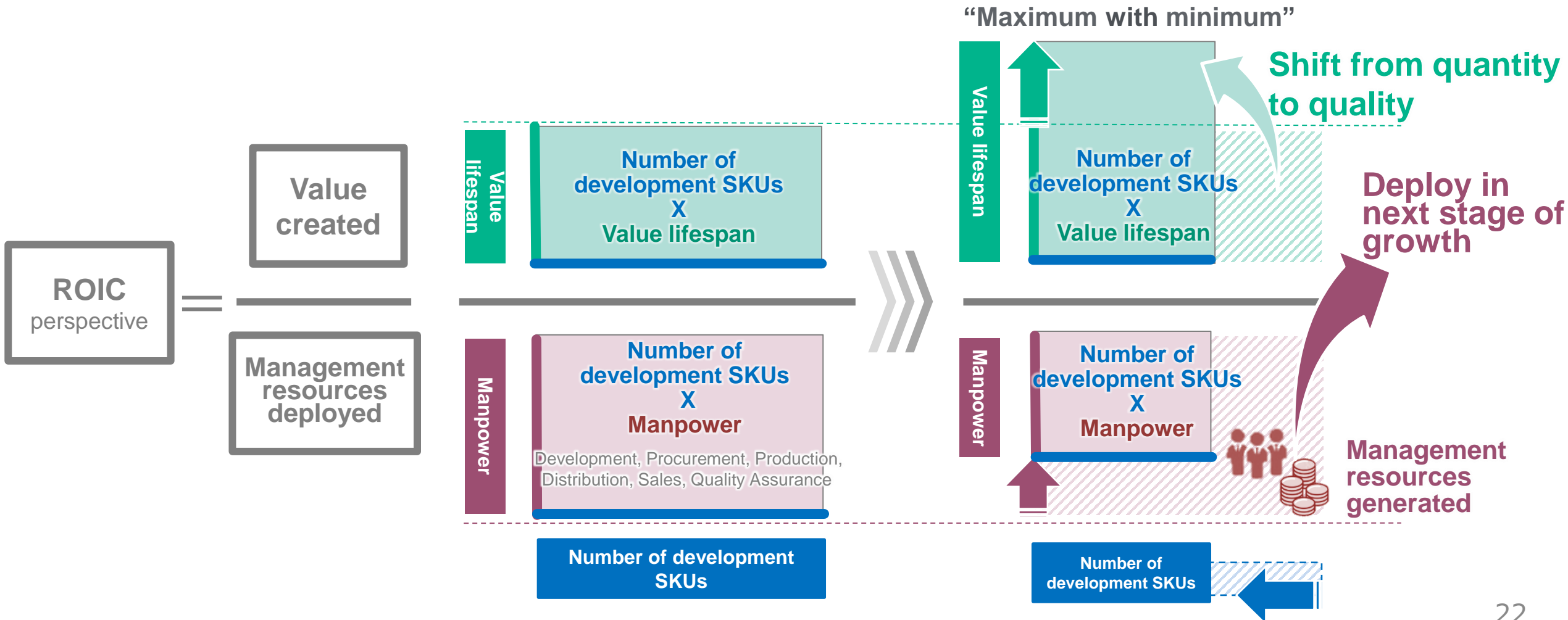
2. Converted at the rate at the time of announcement of K27. Excluding right-of-use assets.

Fiscal Year	Capital Expenditure (Billion yen)
FY2022	74.5
FY2023	65.9
FY2024	71.6
FY2025	~80.0
FY2026	~70.0
FY2027	~85.0

"K27" 360.0 billion yen² (investment within the depreciation range)

Creating Capital for the Next Stage of Growth - ROIC Management -

- Extending the value lifespan of products and reducing the number of development SKUs by increasing brand loyalty.
- Management resources are generated by increasing the speed of product development in addition to reducing the number of development SKUs.



Note: Value lifespan and manpower per SKU

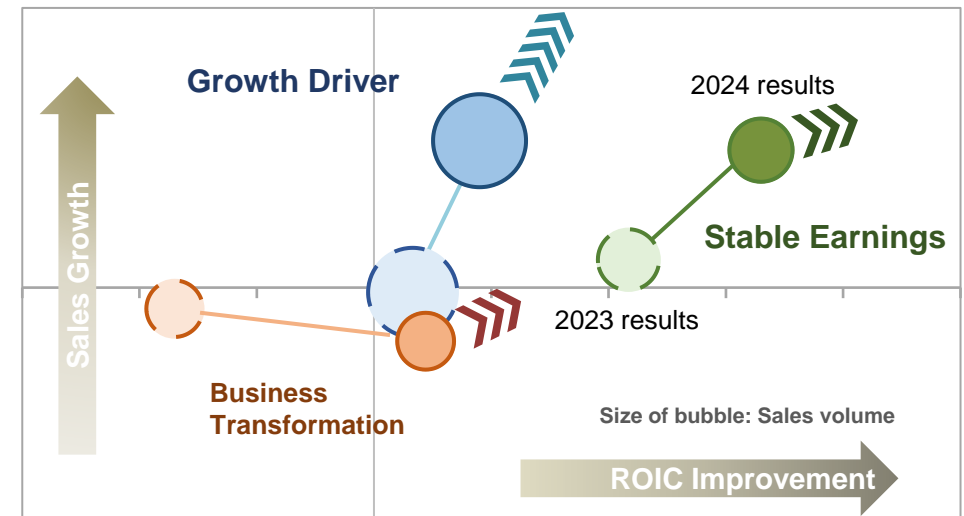
FY2024 Improvement Results (vs. FY2023 Results) and Targets for Capital Efficiency and Profitability by Business Area

- In FY2024, ROIC improved substantially in the stable earnings and business transformation areas.
- The Growth driver area was impacted by Cosmetics in China, but growth is expected to accelerate from FY2025 onward as the Kao Group invests in marketing.
- The ROIC target has been revised to 30% in the stable earnings area, and despite a revision to 10% in the growth driver area, total ROIC is expected to reach 11% or more.

	Stable Earnings	Growth Driver	Business Transformation	Total
Sales Growth Rate (%)	+5.9	+4.3 <small>+5.7³</small>	(2.3)	+3.3
Improvement in Operating Income ¹ (Billion yen)	+15.9	(0.7) <small>+6.0³</small>	+18.8	+31.9
Improvement in ROIC (pts)	+6.8	+1.0 <small>+1.5³</small>	+10.6	+5.1
K27 ROIC Targets ²	20->30%	12->10%	7%	11.0% or more

Stable Earnings: Fabric care, Home care, Personal health
Growth Driver: Skin care, Chemicals, Cosmetics and Professional hygiene products
Business Transformation: Hair care, Sanitary

Image of ROIC improvement in 3 areas



1. Compared to 2023 "core profit."
 2. ROIC targets have been changed due to changes in the cosmetics business environment.
 3. Excluding the impact on the Chinese cosmetics market in 2024.

Strategies by Area for FY2025

- Deploy cash generated in the stable earnings area into the growth driver area for global growth.
- Business transformation will simultaneously improve profitability and capital efficiency, aiming for an early shift to stable earnings and growth drivers.

Stable Earnings

Increase customer loyalty and improve ROIC by promoting high-value-added products



< Fabric Home Care >

- Offer high-value-added products and set reasonable prices
- Reinforce the outstanding No. 1 position in Japan and drive market expansion

< Personal Health >

- Offer new value and launch new products through advances in “Yoki-Monozukuri”

Growth Driver

Growth investments and global growth



< Skin Care >

- Continuously offer new value in skin protection
- Establish a global manufacturing system
- Strengthen the Americas and Europe, and focus on core brands

< Cosmetics >

- Focus investment in six brands
- Shift away from reliance on China
- Strengthen branding in each market

< Chemical >

- Startup tertiary amine facility in the United States, following Europe
- Promote the rollout of high-value-added products (semiconductor-related, electronic materials)

Business Transformation

Increase loyalty and constant ROIC improvement with narrowly targeted customers



< Sanitary >

- Strengthen ability to offer core products and improve production efficiency
- Conduct activities to increase loyal customers

- Optimize production to strengthen the earnings base

< Hair Care >

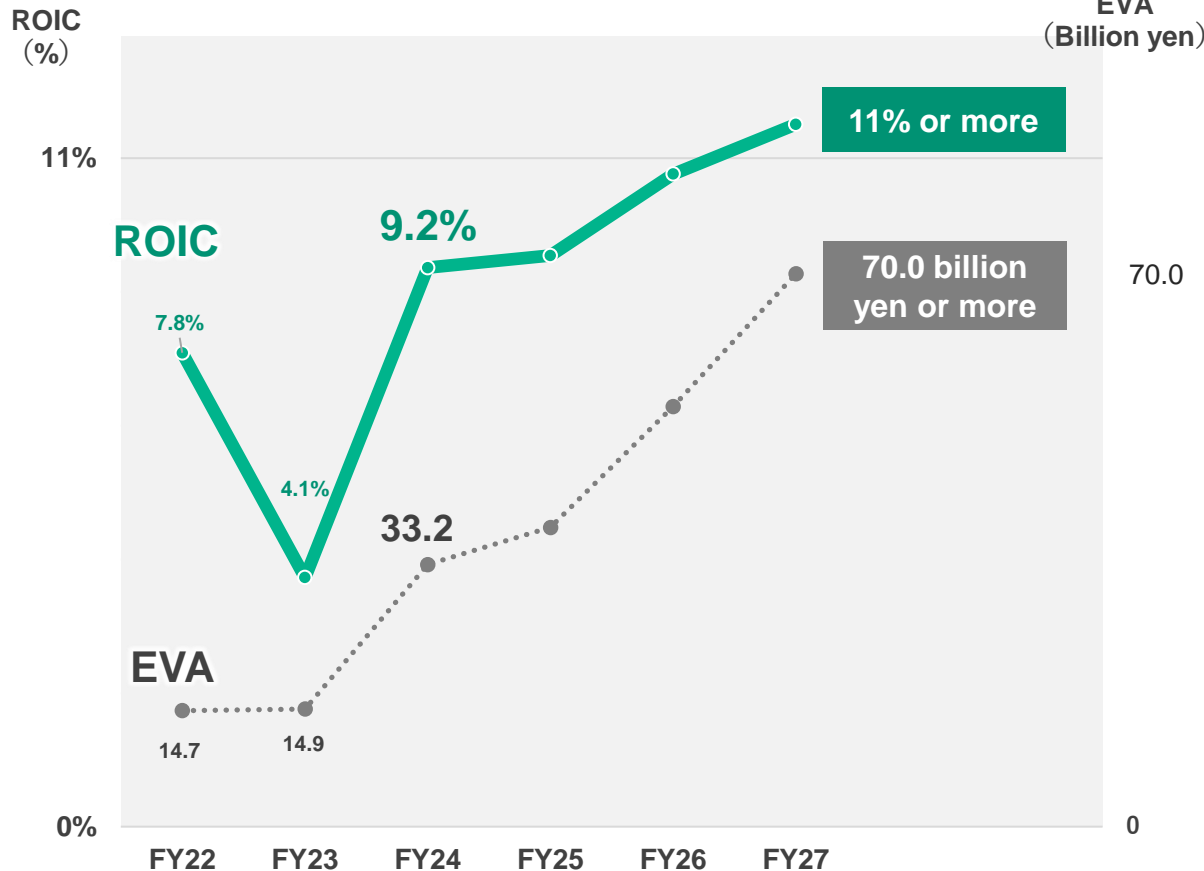
- Establish a presence in the in-bath high premium category
- Strengthen offerings for *Liese* hair color in Asia

< Products for Hair Salons >

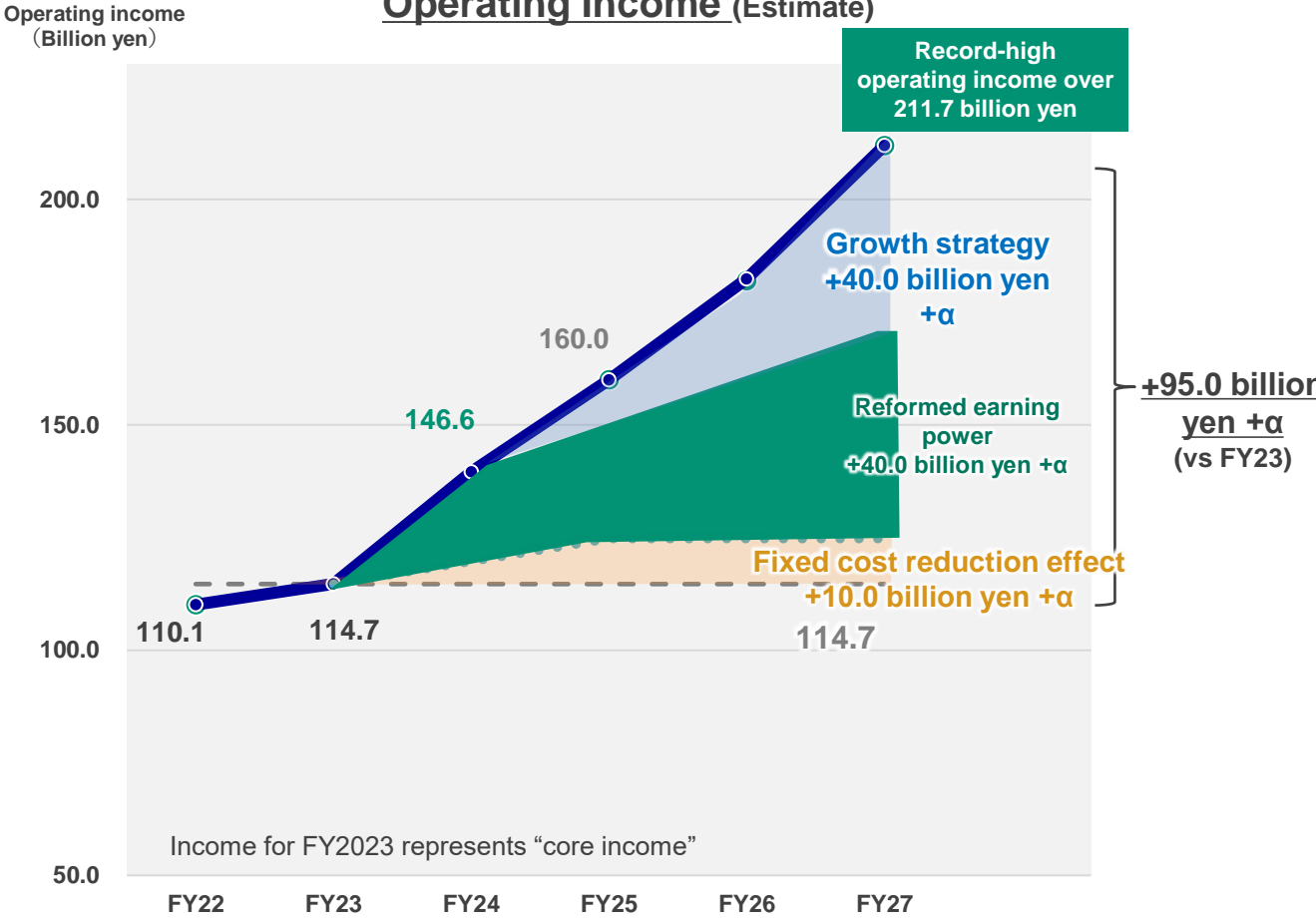
- Maximize synergy between *GOLDWELL* and *ORIBE*

K27 Progress

ROIC (Estimate)



Operating Income (Estimate)



Reference: Assumptions at the time of K27 announcement

- 1. Fixed cost reduction effect
- 2. Reformed earning power

Effects of structural reforms : Approximately 30.0 billion yen

04

Significant Progress on the K27 Strategy

Steady Progress in Achieving the K27 targets

- The Kao group has exceeded the FY2024 targets and remains on track to deliver on its commitments.
- The Kao group has made excellent progress on its four targets that have been set for improving capital efficiency and profitability, and for achieving global growth.

(Billion yen)	FY2023 Results	FY2024 Revised Plan ³	FY2024 Results	FY2025 Plan	FY2027 Targets
ROIC	4.1%	8.8%	9.2%	9.4%	11.0% or more
EVA	14.9	27.0 or more	33.2	37.0	70.0 or more
Operating Income	114.7 ²	140.0	146.6	160.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	Approx. 700.0	705.5	730.0	800.0 or more (Sales CAGR+4.3%)

1. Sales outside Japan are based on the location where the sales were recognized.
 2. Core operating income
 3. Announced on August 8, 2024

Vision **Saving future lives**

【K27 Basic Policy】

1. Become an essential company in a sustainable world
2. Transform to build robust business through investment
3. Maximize the power and potential of employees

Strategies for achieving K27

Build Global Sharp Top businesses

Global shift to essential, highly profitable businesses

**Social significance
Exclusive uniqueness**

Global Sharp Top human capital/organizational management

**Decisive investment in human capital
Withdrawal from matrix management**

Strengthen scrum management

Improve capital efficiency/profitability

Maximize the value of management capital

Data-driven management

Build businesses through co-creation with partners

Faster maximization of technology assets

Moving away from self-reliance

Three Strategic Areas Enabling Global Growth

Global growth

Stable Earnings	Growth Driver	Business Transformation
<p>Fabric Home Care</p> <p>Personal Health</p>	<p>Skin Care</p> <p>Chemical</p>	<p>Sanitary (Diapers, Sanitary napkins)</p> <p>→ Aim to shift to “Stable Earnings”</p> <p>2024 Transfer of pet care business 2024 Transfer of beverage business</p>
	<p>Cosmetics</p> <p>Commercial-use Hygiene Products</p>	<p>Hair Care (including for Hair Salons)</p> <p>→ Aim to shift to “Growth Driver”</p>

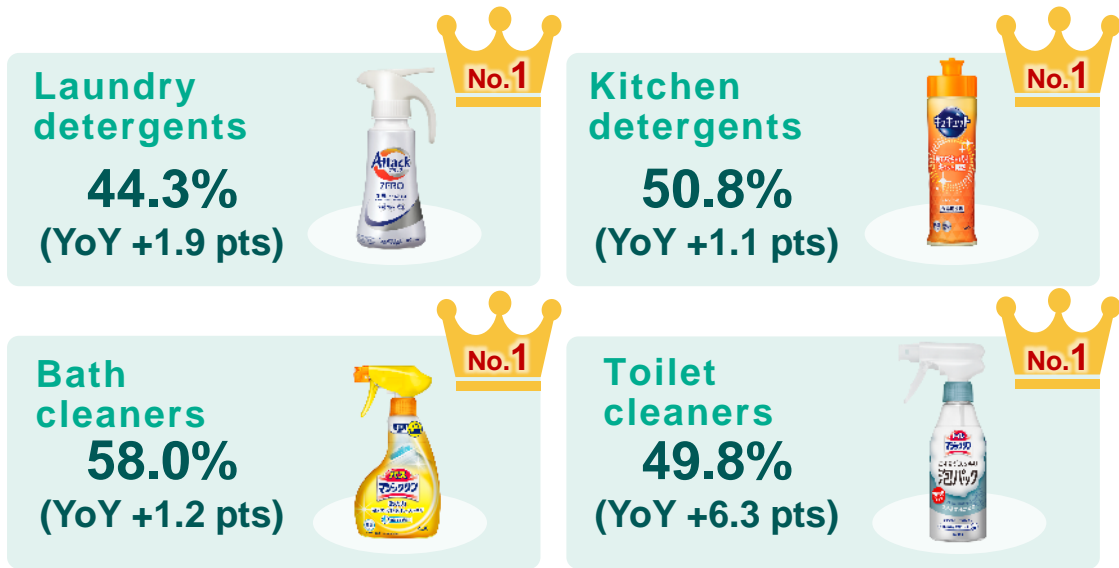
Stable Earnings: Expanded Leadership Position in the Fabric Home Care Business in Japan

Stable Earnings Growth Driver Business Transformation

- Profitability improved significantly from strategic price increases and promotion of high-value-added products in response to rising raw material prices, focusing on fabric home care in Japan. The ability to generate strong cash flow creates a significant source of investment capital.
- Captured outstanding market share by enhancing brand power through loyalty marketing.

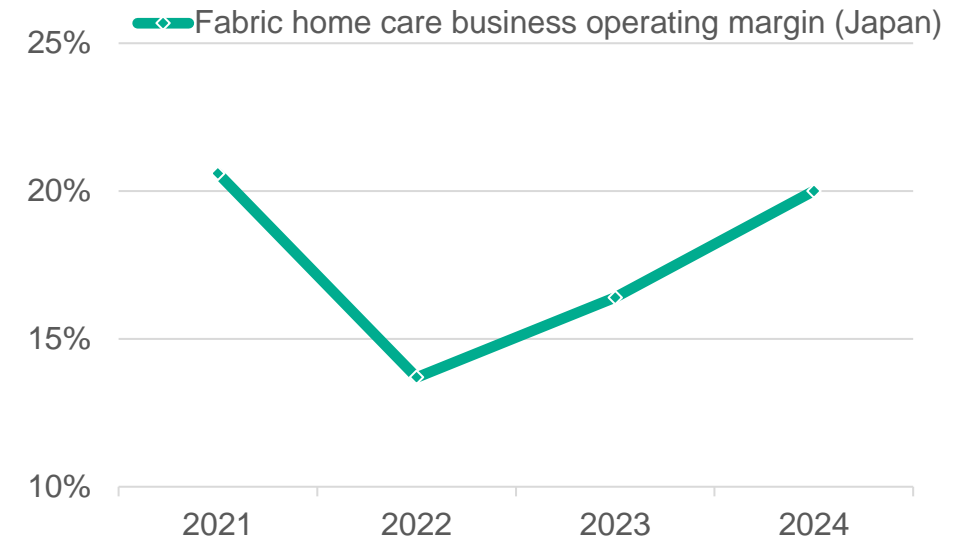
Categories with No. 1 Shares*

Expanded market share position demonstrated Kao's brand power



Operating Margin

Operating margin recovered to 20% due to improved earning power



*Source: INTAGE, Inc. SRI+ January 2024 to December 2024

Data-driven Management to Enhance Profitability and Capital Efficiency

Stable Earnings

Growth Driver

Business Transformation

Outcomes :

Approx. **24.0** billion yen reduction in inventory¹

Approx. **13%** improvement in SKUs¹

Strategic inventory and SKU reduction through continuous monitoring of business portfolio

Approx. **4.8%** improvement in ROIC²

Improved business monitoring from production to sales, by brand and product

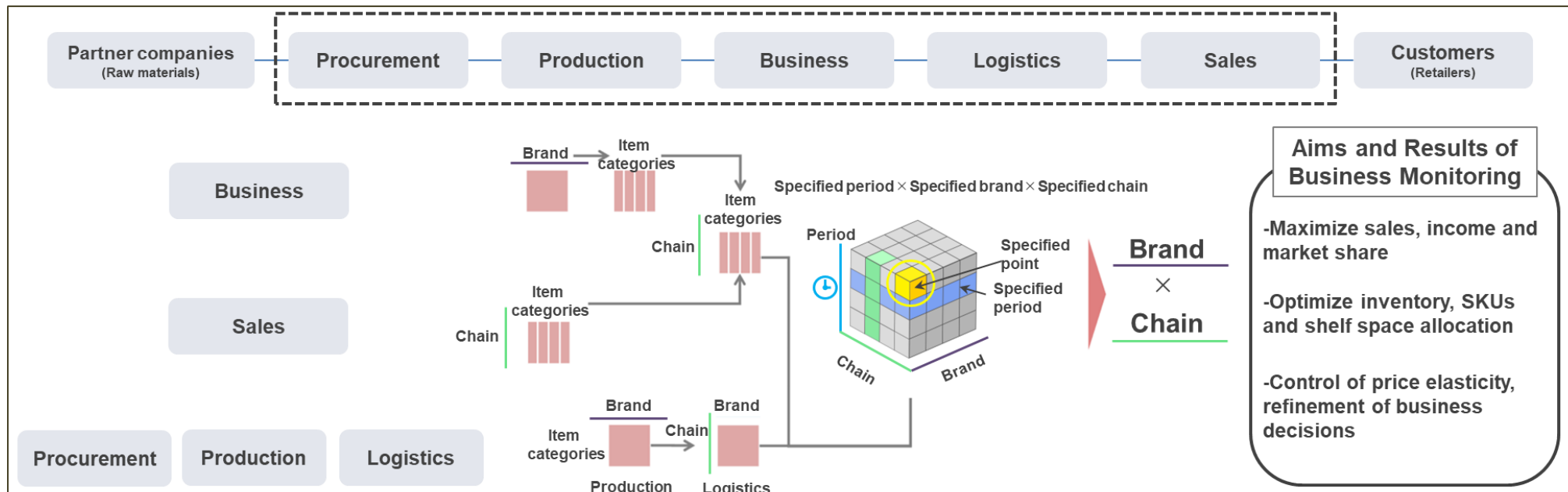
Approx. **70.0** billion yen in strategic price increases²

Kao i-Lake enables both strategic price increases and market share gains

1. Comparison between the end of December 2022 and the end of December 2024

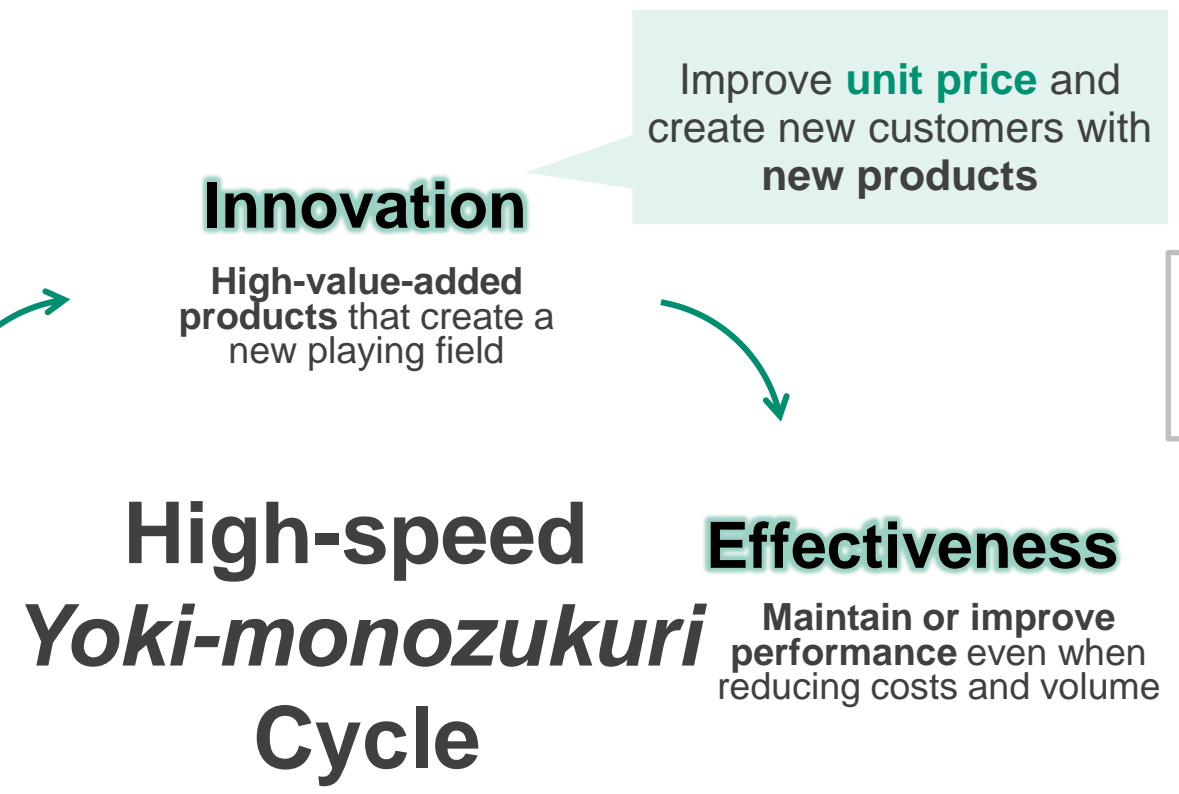
2. 2022 ⇒ 2024 Cumulative total

Mechanisms : through optimized business simulations based on the latest data



A Profitable Growth Strategy Based on “High-speed *Yoki-monozukuri*”

Stable Earnings Growth Driver Business Transformation



Improve **unit price** and create new customers with new products



Increase **unit profit** of existing and improved products

Improve **global value** of affiliated products



Business Transformation: Reorganizing Businesses to Enhance Efficiency

- To enhance ROIC, Kao transferred its underperforming pet care and beverage businesses and ended local production of baby diapers in China.
- Reforming the Sanitary business, achieving a V-shaped recovery in operating income while launching a new growth strategy in Hair Care.

Transfer of Businesses

Pet Care



Business Transfer completed
Nyan Tomo Clean Toilet
 June 2024

Beverage



Business Transfer completed
Healthya
 August 2024

Executing Business Reform

Hair Care

High value-added proposals that bring a solid change through strategic brands

Showing results from branding that appeals to the emotions and technologies that meet customers' essential care needs

- Both new premium care products in Japan, *melt* and *THE ANSWER*, secured **double the targeted market share targets (Nov.-Dec. 2024)**



- ORIBE* continued its high growth rate (12% CAGR for sales 2018-2024) due in part to the contribution from a new product developed jointly with Kao Europe Research Laboratories

Strategic brands for hair care



Sanitary

Improved production efficiency through product standardization and strengthened branding to increase loyalty

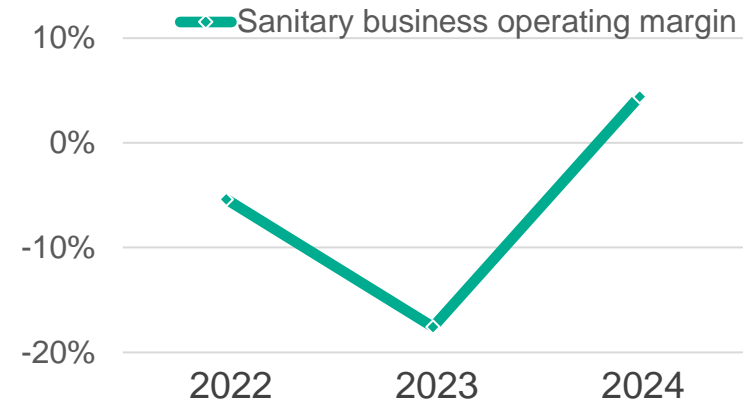


Merries
 Ended local production in China
 August 2023



Laurier
 Focused intensively on nurturing high-value-added products and expanded sales

V-shaped recovery in operating margin by structural reforms



Growth Driver: Delivering Growth through *Global Sharp Top* Strategy

- The Skin care, Chemicals and Cosmetics business, prime examples of the *Global Sharp Top* strategy, saw significant sales growth in targeted areas and customer segments.

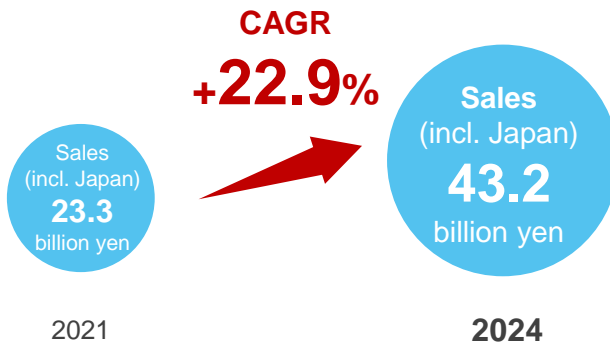
Stable Earnings

Growth Driver

Business Transformation

Skin Care

Skin protection business* sales growth over 20%

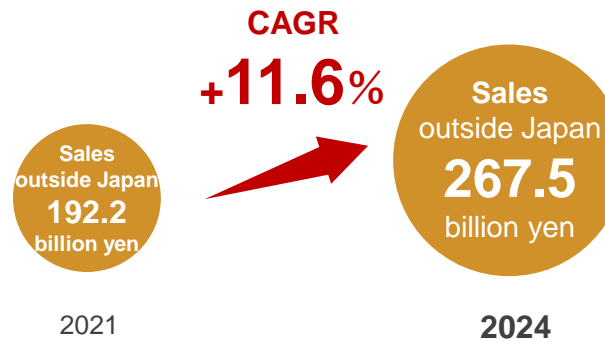


Captured substantial market share in countries worldwide



Chemical

Growth outside Japan, which accounts for about 60% of sales

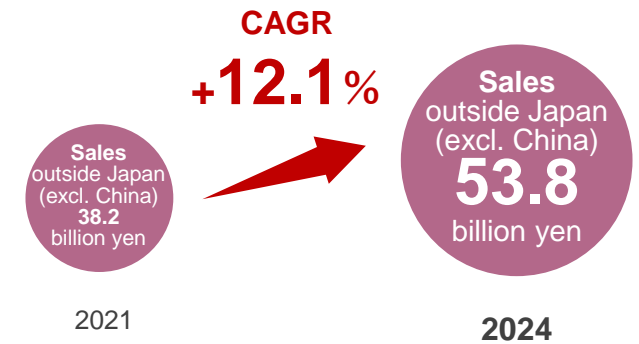


Growth outside Japan from high-value-added products

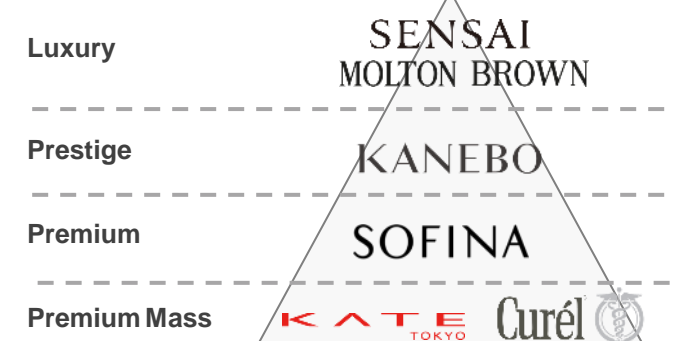


Cosmetics

Double-digit growth in target markets outside Japan



Focus on six brands to drive further growth outside Japan



* Protection of the skin from the external environment. Consists of three categories: UV care, self-tanning and environmental protection.

Kao's Global Growth Strategy

-Global Sharp Top Strategy-

[Definition] Contribute as global No. 1 with leading-edge solutions and brands that address critical needs in specific areas and customer segments.

[Rationale] Given the level of severity and importance of solving today's rapidly evolving social challenges, Kao is delivering critical market solutions that will generate meaningful and sustainable global profitable growth.

	Global	Sharp	Top
Target conditions	Global business rollout	Exclusive uniqueness	Market presence
Details	Rollout in multiple areas including Japan, Europe, the Americas and Asia	Proprietary technology, strong brand or distinctive business model	Competitive advantage over other companies
Indicator	Scale of sales in target countries/areas of operation	Loyalty ratio and profitability in target markets	Share of target markets

Global Sharp Top in the Chemical Business

-Exclusive Uniqueness and Social Significance-

Stable Earnings

Growth Driver

Business Transformation



	Global Sharp Top	Global Top	Global Sharp	Sharp Top		
Current situation	<p>Sales CAGR* 4%</p>	<p>Sales CAGR* 4%</p> <p>Expanding globally</p>	<p>Sales CAGR* 10%</p> <p>Expanding sharply across global bases</p>	<p>Sales CAGR* 6%</p> <p>Executing an exclusive expansion with leading market share</p>		
	<p>Tertiary amines</p> <p>Toner and toner binders</p>	<p>AKYPO® (Long alkyl chain ether carboxylic acid)</p> <p>Hard disk processing</p>	<p>Alcohols</p> <p>Softeners</p>	<p>Synthetic aroma chemicals</p> <p>MIGHTY (Superplasticizers)</p>	<p>Inkjet ink</p> <p>Asphalt modifiers</p>	<p>Agricultural adjuvants</p> <p>Eco tires</p>
Growth Strategy	Continue to grow by strengthening exclusive uniqueness	Further sharpen distinctiveness	Strengthen partnerships Develop major global customers	Accelerate global business rollout through industry alliances		

* FY2024 Results → FY2027 Target

Global Sharp Top in the Global Consumer Care Business

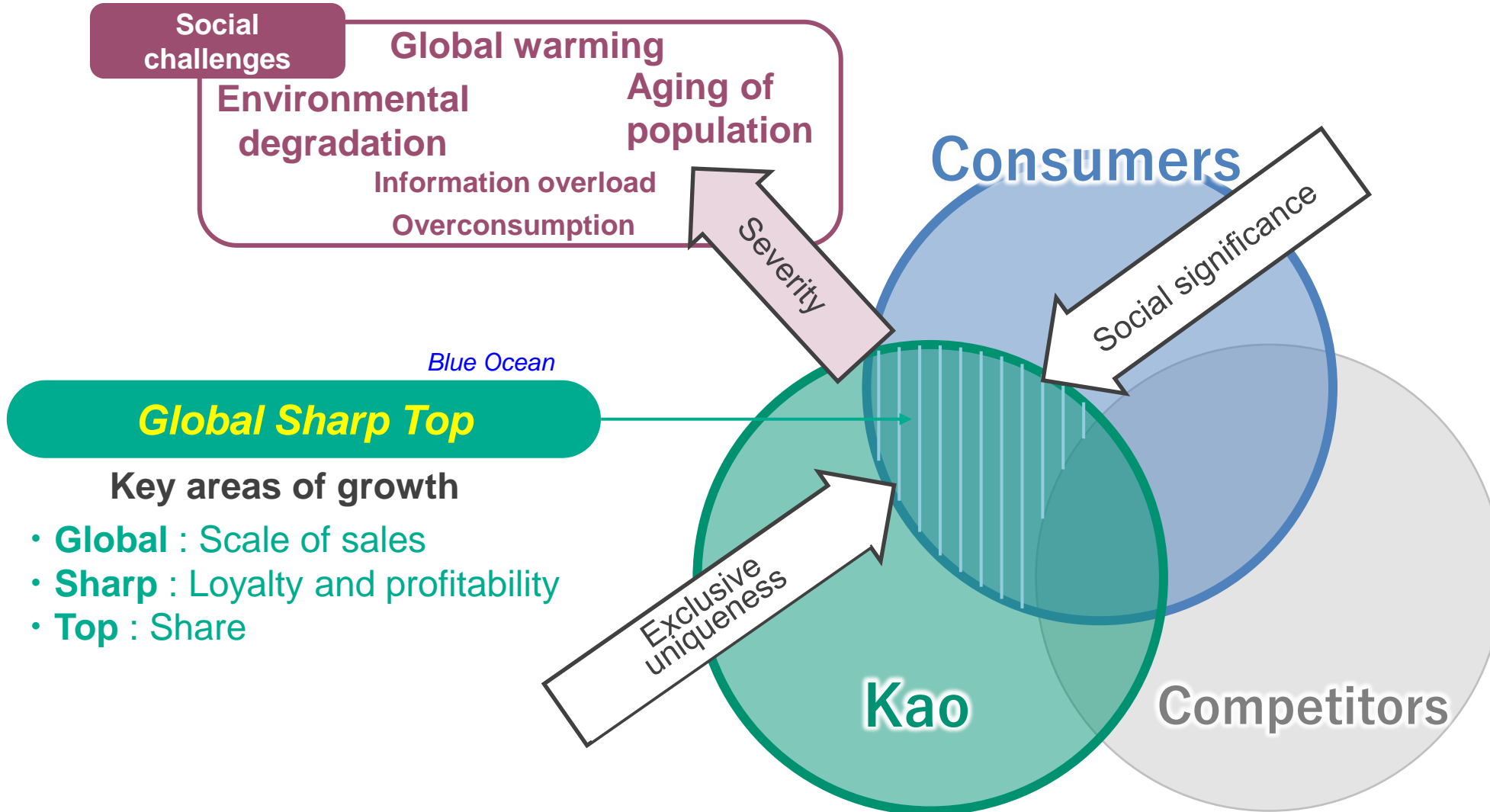
Stable Earnings

Growth Driver

Business Transformation



- Given the level of severity and importance of solving today's rapidly evolving social challenges, Kao is delivering critical market solutions that will generate meaningful and sustainable global profitable growth.



Global Sharp Top in the Skin Protection Business

Stable Earnings

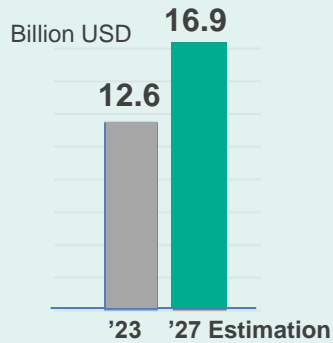
Growth Driver

Business Transformation

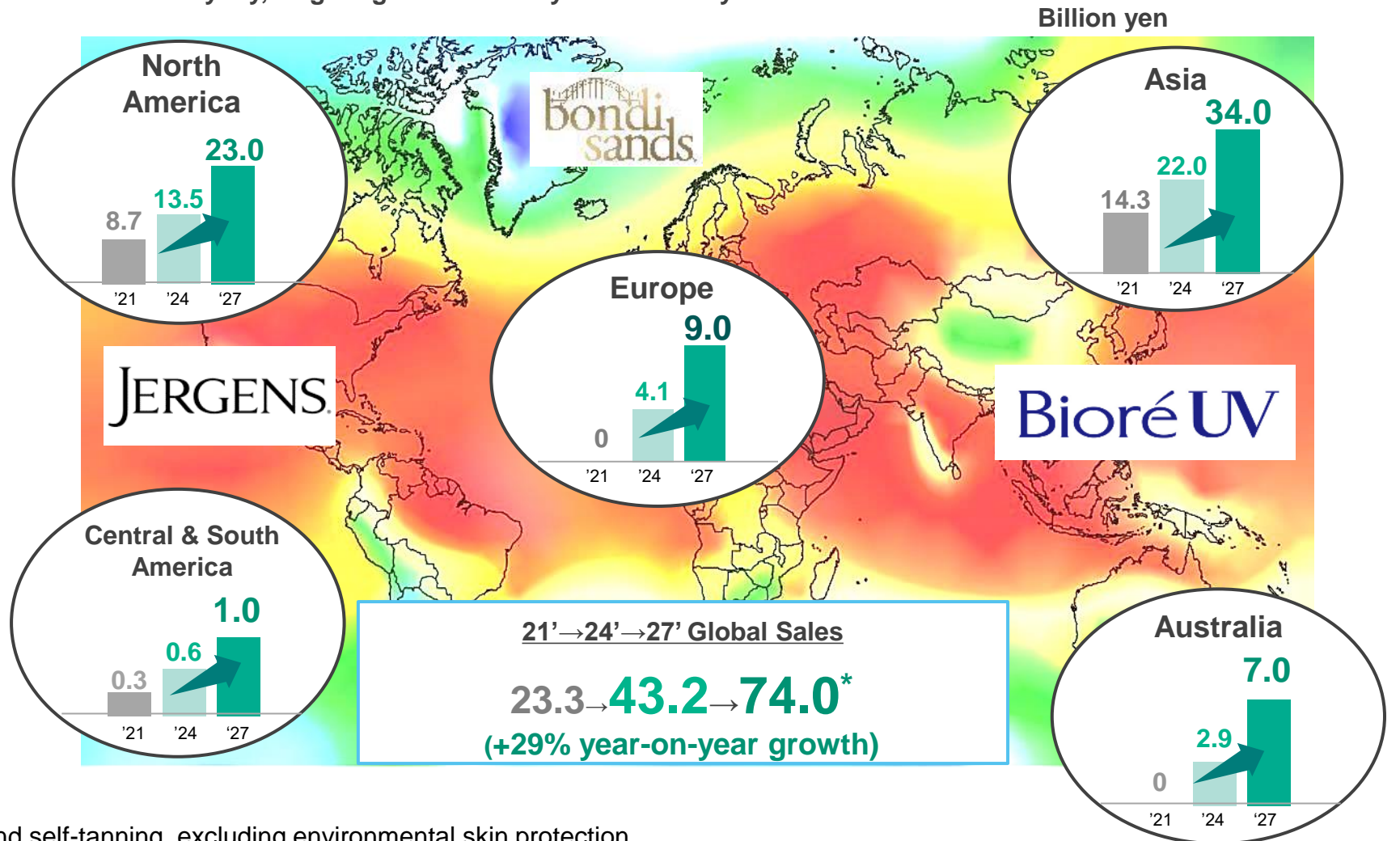
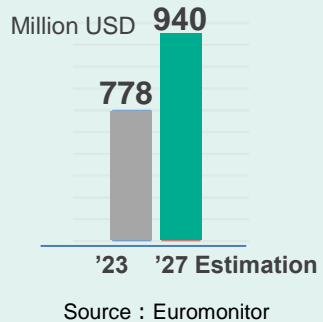


- Capture global demand, particularly for UV care, which is growing due to global warming, with its precision protective coating technology that excels in durability.
- Strengthen regulatory compliance and expand production bases to 8 locations by adding three new bases in Indonesia, Germany and Brazil, enhancing collaborations with global customers.
- Leverage precision marketing to drive customer loyalty, targeting 100.0 billion yen in sales by 2030.

Sunscreen Market



Self-tanning Market

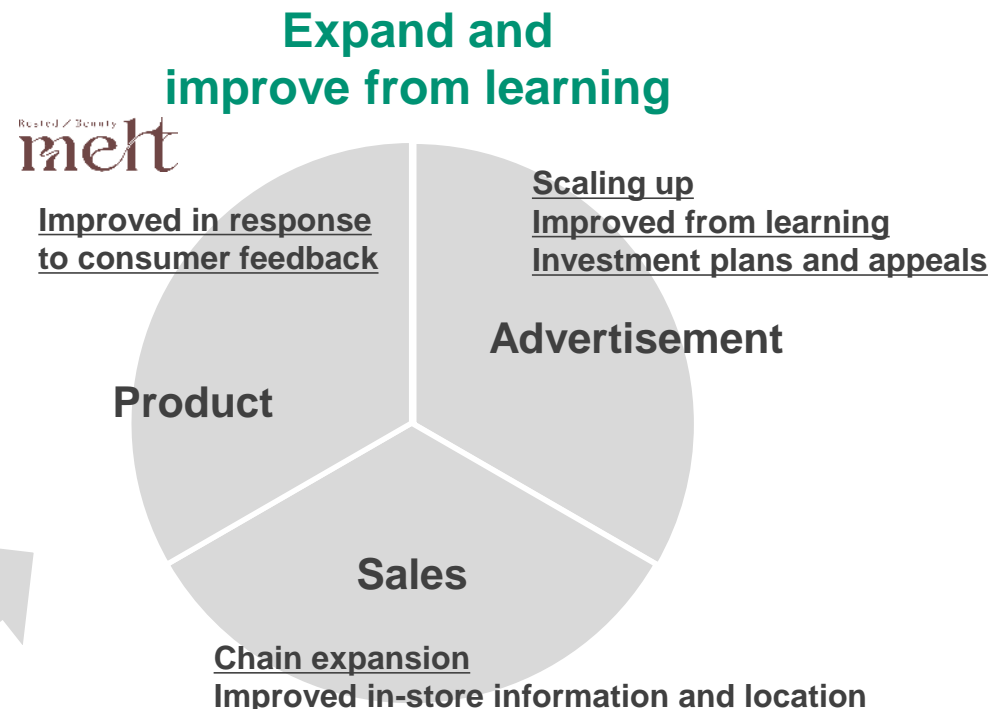
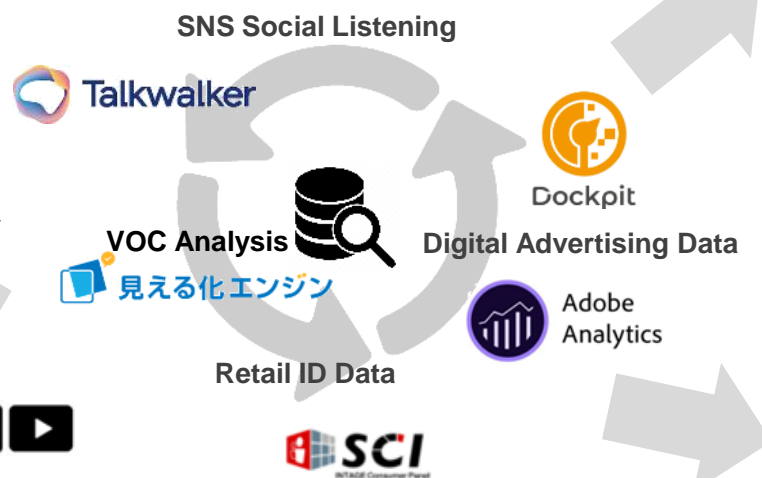


* Sales are the sum of UV care and self-tanning, excluding environmental skin protection.

- Sharp-top measures that use fast PDCA cycles in exclusive chains and areas to derive successful patterns and expand with highly successful strategies.
- Continuously leveraging learnings from successful patterns to improve our approach and meet evolving customer needs through enhanced marketing effectiveness.



Utilizing big data analysis in the market, identify winning patterns



* Including skin care, hair care, cosmetics and a portion of personal health

Achievements of Marketing DX -Examples of Beauty Care-

Marketing transformation with digital utilization

Proactive implementation of social listening tools

- Understanding user interests
- VoC* listening
- Visualization of Web behavior

DS.INSIGHT | story bank | Dockpit | Talkwalker

*VoC: Voice of Customers

Training for internal implementation

- Text mining training
- Data analyst training

→ Approx. 500 employees → Approx. 40 employees

The essence of corporate activities: the "Yoki-Monozukuri" cycle



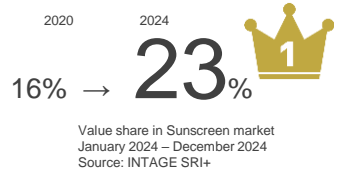
A makeup experience in which you can discover a new you

Digital space for co-creation with hard-core fans



Realization of continuous, and high-speed PDCA

Quickly detect customer evaluations of test marketing using social listening tools, and continuously refine UX and marketing measures using a scrum-style system.

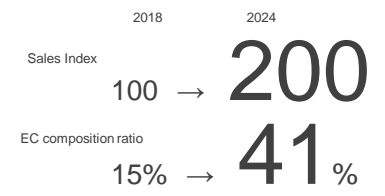


Ultra-fast product development using a scrum-style system and digital technology

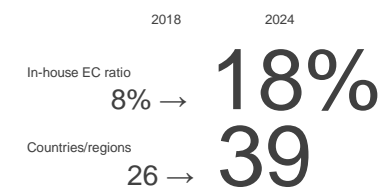
Product development speed **6x**



Rapid growth driven by EC while maintaining high prestige



Accelerate globalization through a unique omnichannel strategy

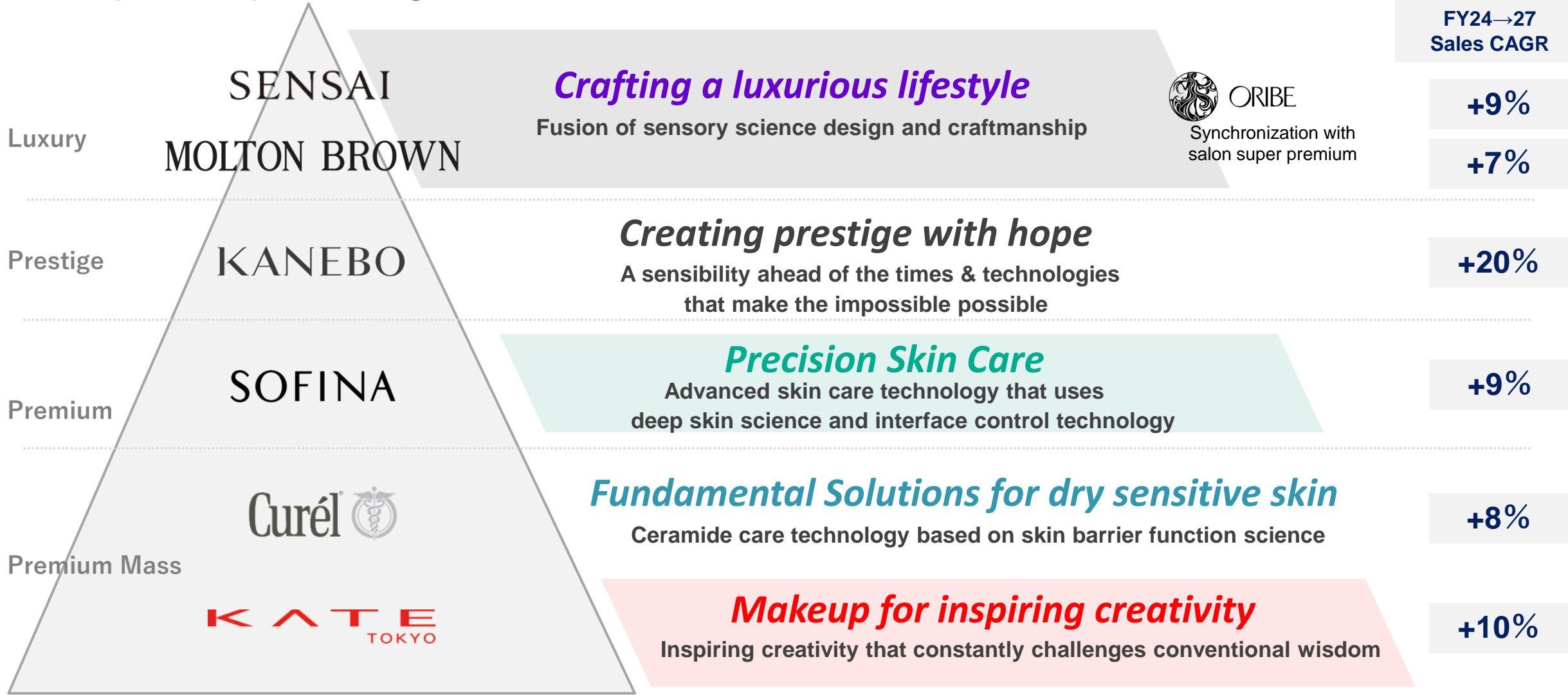


Expand market share in Europe through effective new product launches driven by high-speed PDCA cycle



Global Sharp Top in the Cosmetics Business

- Global expansion of six highly distinctive brands through the Sharp Top strategy.
(FY24→27) CAGR Target for sales: +10% * Market CAGR +5%*



* Kao survey

Build Businesses through Co-creation with Partners

Business expansion through collaboration with highly specialized companies

- Joint development with Panasonic Corporation



Pioneering activities for automatic dispensers, a future standard feature of washing machines

Laundry cleaning agent
Gokuraku Stain Remover

Co-creation with beauty appliance technologies



Curél Wearable Stratum Corneum Care Veil Creator

Creating new value by combining technological capabilities

- Joint development with Earth Corporation



Synergy with the skin protection business

ARS Mos Shooter contains no insecticides

Global rollout of Kao technology

Co-creation with global customers

- Collaboration with C.P. (Charoen Pokphand) Group, a major Thai conglomerate

Creation of a large-scale global business foundation



- Collaborative development featuring innovative, sustainable consumer products sold under C.P. Group's brands, leveraging Kao Group's innovations to advance sustainability goals.

- Exclusive supply of specific environmentally friendly products from Kao Group to C.P. Group.

- Exploration of further collaborative opportunities in the chemical business.

- Collaboration to address social issues and develop products for industries related to C.P. Group's businesses by leveraging the expertise of both companies.

Synergy between distinctive technological capabilities and strong sales power

Key Highlights

- In FY2024, the Kao Group took a vigorous step toward achieving K27 by posting results that exceeded its plans.

[Background]

- Restored profit through structural reforms
- Improved competitive advantages for core brands
- Ramped up global rollout of high-value-added products



Reformed earning power
(Effects of structural reforms)



Further advanced
“Yoki-Monozukuri”
Kao's Strengths

- In FY2025, the Kao Group will sustainably increase its earning power and establish a strong foundation for accelerating growth.
- In the Cosmetics Business, implemented optimization of distribution inventory in China as planned and expect to contribute to profit in FY2025.
- Exceeded the plan in FY2024 toward the key ROIC improvement target under K27 through profit growth and disposal of inefficient assets, among other measures.

(Billion yen)	FY2023 Results	FY2024 Revised Plan ³	FY2024 Results	FY2025 Plan	FY2027 Targets
ROIC	4.1%	8.8%	9.2%	9.4%	11.0% or more
EVA	14.9	27.0 or more	33.2	37.0	70.0 or more
Operating Income	114.7 ²	140.0	146.6	160.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	Approx. 700.0	705.5	730.0	800.0 or more (Sales CAGR+4.3%)

1. Sales outside Japan are based on the location where the sales were recognized.
2. Core operating income
3. Announced on August 8, 2024

- Significant progress on the *Global Sharp Top* strategy, which is Kao's growth strategy, has increased the certainty of achieving K27.

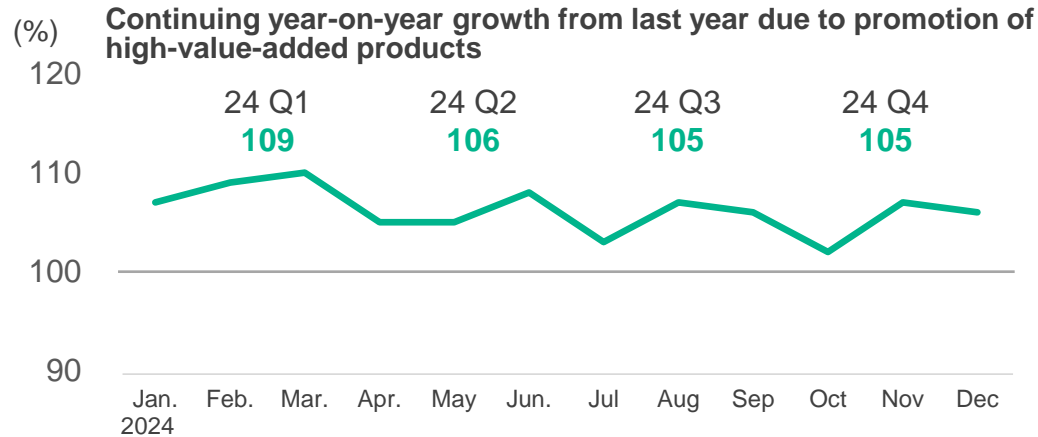
05

| **Appendix**

Consumer Products Market in Japan

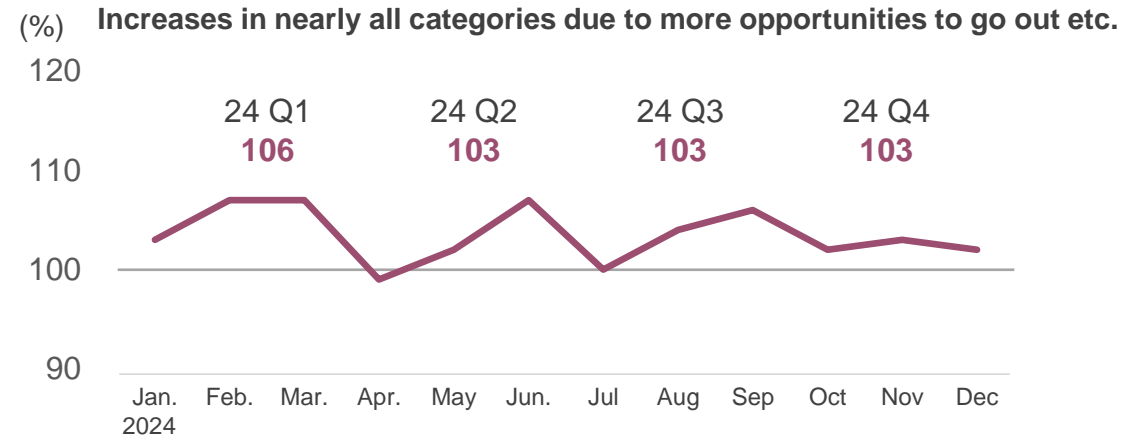
Growth of H&PC Market

87 categories SRI¹
Market growth rate in value terms



Growth of Cosmetics Market

26 categories SLI²
Market growth rate in value terms



Market Growth Rates of Major Categories

vs. previous year	Oct.	Nov.	Dec.	Q4
H&PC total	102	107	106	105
Laundry detergents	107	113	109	110
Fabric softeners	107	113	109	110
Bath cleaning products	99	103	103	102
Sanitary napkins	105	107	104	105
Baby diapers	102	103	102	102
Sunscreens	114	111	116	114
Hand soaps	104	104	109	105
Hand sanitizers	78	82	105	89
Bath additives	97	108	108	105

Market Growth Rates of Major Categories

(Source: INTAGE Inc.)

vs. previous year	Oct.	Nov.	Dec.	Q4
Cosmetics total	102	103	102	103
Skin care products	103	104	103	103
Facial cleansers/ Makeup removers	103	102	108	104
Lotions/emulsions/ creams	104	101	103	103
Serums	95	104	98	99
Makeup products	103	104	101	103
Makeup bases	104	104	103	104
Point makeup products	102	104	99	102
Other	92	94	88	92
Sunscreens	104	110	98	101

1. SRI+: Estimates based on POS data from approx. 6,000 retail outlets in Japan
2. SLI: Estimates based on a panel survey of approx. 40,000 consumers in Japan

Kao's Main Markets outside Japan

Asia

vs. previous year	China (including e-commerce)				Indonesia				Thailand			
	24 Q1	24 Q2	24 Q3	24 Q4	24 Q1	24 Q2	24 Q3	24 Q4	24 Q1	24 Q2	24 Q3	24 Q4
Baby diapers	-	-	-	-	95	94	97	98	89	87	89	81
Sanitary napkins and panty liners	102	103	106	106	110	110	109	108	103	102	103	103
Laundry detergents	-	-	-	-	107	105	105	104	109	106	103	100
Sunscreens	-	-	-	-	-	-	-	-	117	113	109	109
House cleaning products	-	-	-	-	-	-	-	-	105	100	100	97

Source: NielsenIQ

Americas and Europe

vs. previous year	U.S.				U.K.				Germany			
	24 Q1	24 Q2	24 Q3	24 Q4	24 Q1	24 Q2	24 Q3	24 Q4	24 Q1	24 Q2	24 Q3	24 Q4
Hair care	103	103	103	103	105	105	106	109	106	103	104	106
Facial care products	104	100	99	99	-	-	-	-	109	105	97	94
Self tanning	99	99	100	109	-	-	-	-	-	-	-	-
Hand and body lotions	104	104	105	107	-	-	-	-	-	-	-	-

Source: Circana

Consumer Products Business in FY2024

Billion yen	Net sales				Operating income			Operating margin %	
	FY2023	FY2024	Growth %	Like-for-like %	FY2023	FY2024	Change	FY2023	FY2024
Japan	781.7	823.2	+5.3	+5.3	54.6	89.0	+34.4	7.0	10.8
Asia	222.6	212.5	(4.6)	(9.7)	23.2	16.7	(6.5)	10.4	7.8
Americas	126.6	139.1	+9.9	+2.0	9.8	7.8	(2.0)	7.7	5.6
Europe	79.4	93.5	+17.7	+8.4	1.1	(0.6)	(1.7)	1.4	(0.6)
Consumer Products Business	1,210.3	1,268.2	+4.8	+2.4	88.7	112.8	+24.1	7.3	8.9

Net sales growth rates of major companies (Like-for-like %)

Kao China:	(25)%	Kao Taiwan:	+1%	Kao Vietnam:	+12%
Kao Indonesia:	(2)%	Kao Thailand:	(1)%	Kao Hong Kong:	(7)%

Sales by geographic region are classified based on the location of the sales recognized.
Income for FY2023 represents "core income."

Hygiene and Living Care Business in FY2024

- Sales: **544.3** billion yen (+2.8%) Operating income: **75.8** billion yen (+33.9 billion yen*) Operating margin: **13.9%**
- Due to promotion of high-value-added products and effective deployment of marketing expenses, the brand power of *Attack*, *CuCute*, *Magiclean* and other core brands improved, and market share continued to increase.
- The operating margin increased 5.9 pts due to the effects of structural reforms and a gain on the transfer of the pet care business.

Fabric & Home Care

Net sales +6.8%, operating margin +3.6 pts due to continued growth of core brands

- Fabric Care: Sales of laundry detergents remained strong due to proactive offerings of high-value-added products. Sales of laundry bleaches grew due to continued promotion of high-value-added products.
- Home Care: Sales of dishwashing detergents and high-value-added toilet and bath cleaners remained strong.



Attack

Sanitary

Operating margin 4.4% due to the effects of structural reforms and the recording of gain on the transfer of the pet care business

- Sanitary napkins: Sales grew in Japan due to marketing innovations.
- Baby diapers: Although conditions were tough for sales targeting China, profit margins tended to improve due to the effects of structural reforms.



Laurier

* Comparison with “core income” for FY2023

Health and Beauty Care Business in FY2024

- Sales: **424.0** billion yen (+4.1%) Operating income: **34.4** billion yen (-8.4 billion yen*) Operating margin: **8.1%**
- High-value-added *Bioré* products sold strongly due to effective deployment of marketing expenses. Ramped up rollout of UV care products outside Japan.
- Operating income decreased 8.4 billion yen due to recording 3.4 billion yen in structural reform expenses for subsidiaries in the Americas and Europe.

Skin Care

Increase in sales, with a major contribution from high-value-added products

- Japan: High-value-added UV care products and new seasonal products sold strongly.
- Americas and Europe: *Bondi Sands*, acquired in 2023, contributed to sales.



Bioré UV

Hair Care

Increase in sales due to strong performance in Europe

- Japan: Rebranded *Essential*, the new brands *melt* and *THE ANSWER* sold strongly.
- Americas and Europe: New *JOHN FRIEDA* products contributed to sales.



THE ANSWER

Products for Hair Salons

Increase in sales due to continued strong sales of *ORIBE*

- *ORIBE* continued to sell strongly mainly via e-commerce.

Personal Health

Decrease in sales as oral care products faced tough conditions, despite strong sales of *MegRhythm* thermo products

- *MegRhythm* eye masks sold strongly.



MegRhythm

* Comparison with "core income" for FY2023

Life Care Business in FY2024

- Sales: **55.9** billion yen (-2.6%) Operating income: **6.3** billion yen (+7.6 billion yen*) Operating margin: **11.3%**
- The operating margin increased 13.6 pts to 11.3% due to a 6.3 billion yen gain on the transfer of the beverage business.
- Commercial-use hygiene product sales and operating income both increased.

Commercial-use Hygiene Products

Increases in sales and operating income in both Japan and the Americas

- Japan: Although the impact of the shrinking market for sanitizers and other products persisted, sales and income increased due to rising demand in the food service industry and lodging facilities and other establishments for kitchen cleaning agents and guest room amenities.
- Americas : Sales and operating income both increased.



Commercial-use hygiene products

* Comparison with “core income” for FY2023

Cosmetics Business in FY2024

- Sales: **244.1** billion yen (+0.0%¹) Operating income: **-3.7** billion yen (-9.0 billion yen²) Operating margin: **-1.5%**
- Sales decreased as strong performance in Japan and Europe was not enough to offset the downturn in Asia.
- Income was substantially impacted by the optimization of distribution inventory in China.

Japan

Market growth in the mid-single digits; sales driven by six brands, with like-for-like growth in the low single digits

- Continuing strong growth momentum of *KANEBO*, with an increase in sales of more than 30%, driving growth in the region.
- *Curél* sold strongly due to the contribution from new products and enhanced communication with users.
- *SOFINA iP* sales increased, driven by mainstay base care serum and new products.



KANEBO

Asia

Sales -26.7% due to a decline in China despite high-single-digit growth in Asia excluding China

- Sales grew by double digits in Taiwan and Thailand due to the contribution from *Curél* and *KATE*
- Sales decreased substantially in China due to a market slump and shipment restrictions in intensifying competition
- Locally produced products in China sold as planned, with strong acquisition of new customers.



Curél

Europe

Growth of 2.9%, outpacing a steady market

- For *SENSAI*, new products and the supreme skin care line drove strengthened initiatives in northern Europe.
- *MOLTON BROWN* had solid growth in the northern Europe.



SENSAI

1. If the impact of China, provision for product returns due to cosmetics brand consolidation in Japan that was implemented in FY2023, and other factors are also excluded, sales increased approximately 4% on a like-for-like basis.
 2. Comparison with “core income” for FY2023

Chemical Business in FY2024

- Sales: **405.9** billion yen (+6.1%) Operating income: **34.6** billion yen (+9.9 billion yen*) Operating margin: **8.5%**
- Income increased due to higher sales in sectors that grew as a result of expanded sales of high-value-added products and improved profit margins, mainly in oleo chemicals.

Oleo chemicals

Customer demand on a recovery track, increased sales, and improvement in profitability

- Tertiary amine sales expanded 11%, supported by recovery in demand and the contribution from the start-up of new facilities.
- Also made steady progress in the rollout of high-value-added products (agricultural adjuvants, etc.)

Performance chemicals

Sales basically unchanged due to the slowdown in some target markets and continued impact of intensified competition

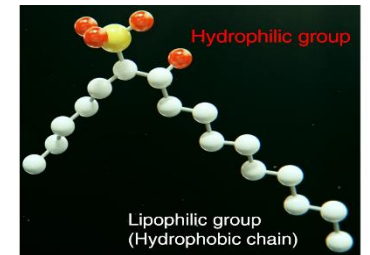
- A slump continued in automobile-related products and Japan's industrial materials sector.
- Rollout of high-value-added products progressed steadily (anti-rust cleaner for metal parts, *Lunaflow* hydrophobic cellulose nanofiber composite material, etc.).

Information materials

Increase in sales from steadily capturing recovering demand in target industries

- Demand recovered steadily in hard disk and semiconductor-related sectors, contributing substantially to sales growth.
- Sales of inkjet ink increased due to a new product launch and other factors.

Kao has partnered with chemical manufacturer Pilot Chemical Company for a rollout in the United States of products that use Bio IOS® technology. The partnership will leverage the synergy between Kao's technology and Pilot Chemical's extensive expertise, manufacturing facilities and sales channels to provide sustainable surfactants in the U.S. market.



* Comparison with "core income" for FY2023

Use of Cash Flow* and Shareholder Returns

Use steadily generated cash flow effectively from an EVA and ROIC standpoint as shown below toward further development.

- **Investment for future development (capital expenditures, M&A, etc.)**
- **Steady and continuous cash dividends**
- **Share repurchases**

* Net cash flows from operating activities

Kao's ESG activities which are highly rated by external organizations

Evaluation by external organizations



< 4 consecutive years >
Only one in Japan
Only 10 companies globally
 Received CDP's "Triple A"



< 18 consecutive years >
Only one in Asia
Only 6 companies globally
 Selected as one of "World's Most Ethical Companies®"

CLIMATE FORESTS WATER

Top 10%	Highest rating for 7 consecutive years	Certified as Prime	Top 5%	Commended by Minister of Economy, Trade and Industry	Certified in 2016	Commended by Prime Minister	Certified 9 times	8 consecutive years	Highest rating	Bronze

ESG index: Adopt to composite

8 consecutive years	Adopted in 2024	7 consecutive years	8 consecutive years	17 consecutive years	8 consecutive years	3 consecutive years	7 consecutive years	2 consecutive years

*"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC. MSCI <https://www.msci.com/our-solutions/sustainable-investing>

Initiatives with a Focus on ESG -Sustainability as the only path-

Resolving Social Issues

Building a Sustainable Palm Oil Supply Chain¹

- Disclosed the results of an analysis of forests in Indonesia using a landscape approach (forest footprint assessment) in 2024.
- Increased the number of RSPO-certified plantations to 1,496 (as of December 31, 2024) through the SMILE program, which provides assistance to independent palm oil smallholders.
- Collaborated with Caux Round Table Japan to introduce a grievance mechanism for smallholders at 259 plantations, with 271 consultations received and resolved in 2024.

Encouraging Diverse Employees to Take on Challenges to Maximize Their Vitality²

- Introduced objectives and key results (OKRs) throughout the Kao Group in 2021 to encourage employees to take on challenges independently.
- The Kao Group is rolling out HR policies to promote individual growth, such as an autonomous learning program and open recruiting, and conducts regular engagement surveys to identify issues, creating a cycle of initiatives aimed at maximizing employee vitality.

Co-creation with Partners

Aiming to Be a UX Creator with My Kao, an Interactive Digital Platform for Connecting Directly with Consumers⁵

- The platform enables interactive communication with consumers through four functions—learn, experience, purchase and create—helping the Kao Group to build sustainable relationships with them.
- The deeper the contacts and relationships with My Kao, the higher the customer lifetime value (LTV) of the Kao Group's products.

Collaboration with Another Company in the Mosquito Control Field in Thailand⁶

- Applying Kao's technology that prevents mosquitoes from flying by wetting their wings and bodies,* Kao and Earth Corporation jointly commercialized the *ARS Moss Shooter*, a spray that can eradicate mosquitoes. Sales began in Thailand in July.
- * Focusing on the Surface of the Mosquito's Body to Control Mosquito Behavior Using a Surfactant

Resolving Social Issues and Expanding Business/Creating New Businesses

New *Magiclean* Toilet Cleaner Offering Drives the Market

- *Toilet Magiclean Foam Pack* established the innovative cleaning method of simply covering the toilet bowl with foam, then flushing. Reimagining housework from an ESG perspective has significantly reduced time and effort, winning the support of consumers.
- The product has driven double-digit growth in the toilet cleaner market, achieving the highest market share ever.



Guhl: Improving Brand Image through Purpose-based Brand Restaging³

- *Guhl* continued its purpose-driven approach focused on authentic and inclusive communication and building trust, which positively resonated with consumers.
- In their TV campaign, *Guhl* told the story of Andrea, a woman with down's syndrome, who sees her hair as a sign of strength and self-confidence.
- Supporting *Guhl's* focus on creating trust and their commitment to high-quality, sustainable products, the brand also launched its first-ever Kids shampoo line.
- Following its 2023 and 2024 campaigns & launches, the brand saw a significant increase in both purchase intent and sales.
- Brand image was strengthened, especially in terms of trust and emotional connection as well as being an ethical brand.



Development of Asphalt Modifier Made from Waste PET⁴

- The Kao Group is steadily building a track record in Japan for *NEWTLAC* asphalt modifier, which uses waste PET as a raw material for improved durability (up to 5 times), helping to resolve social issues and reduce environmental impact.
- Aiming to establish a Global Sharp Top business with a rollout into the markets of Taiwan in 2023 and Europe in 2024.

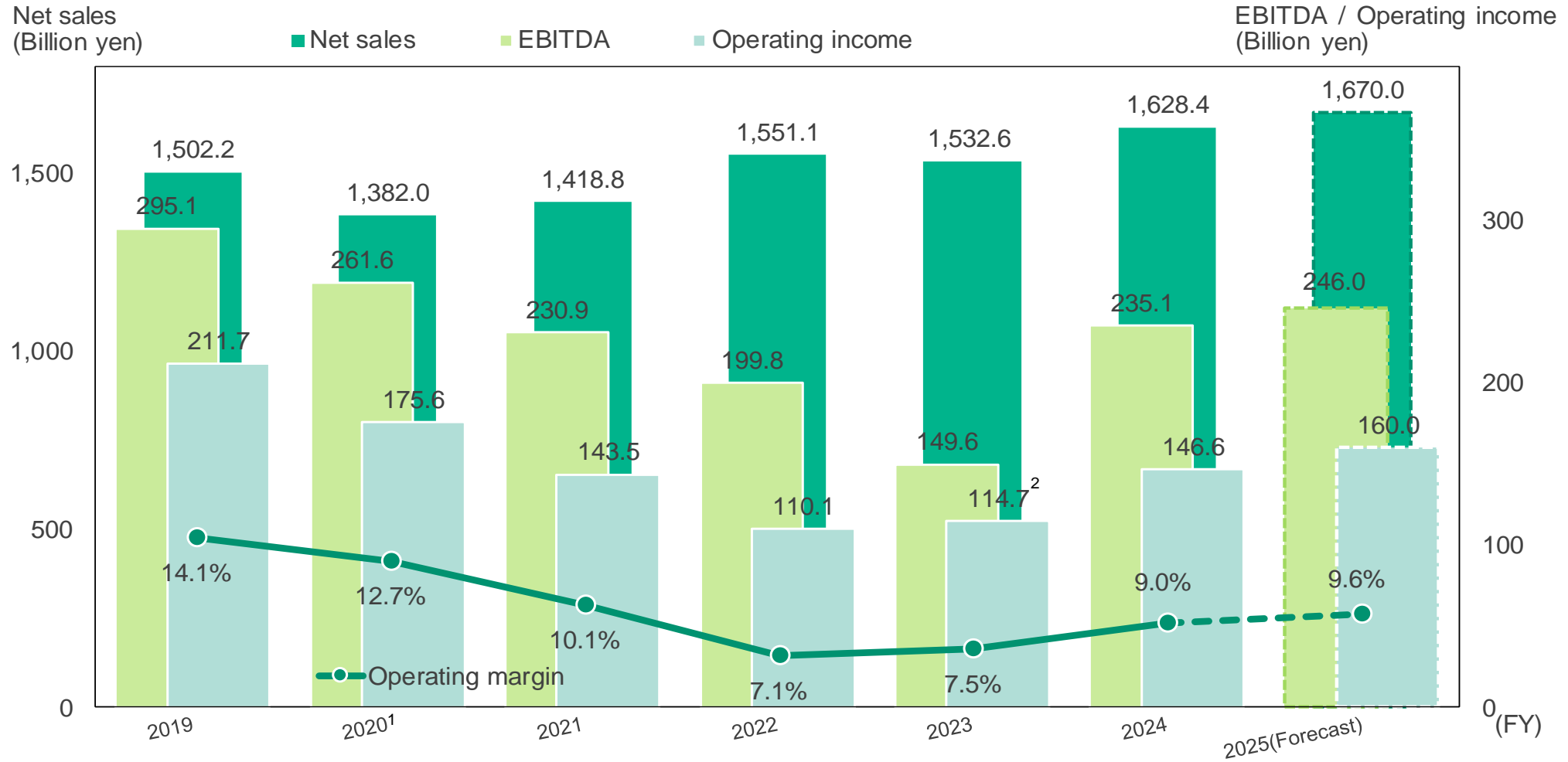


Received the Minister of Economy, Trade and Industry Award at the 2024 Resource Recycling Technology and Systems Awards

Value Creation



Consolidated Net Sales/EBITDA/Operating Income



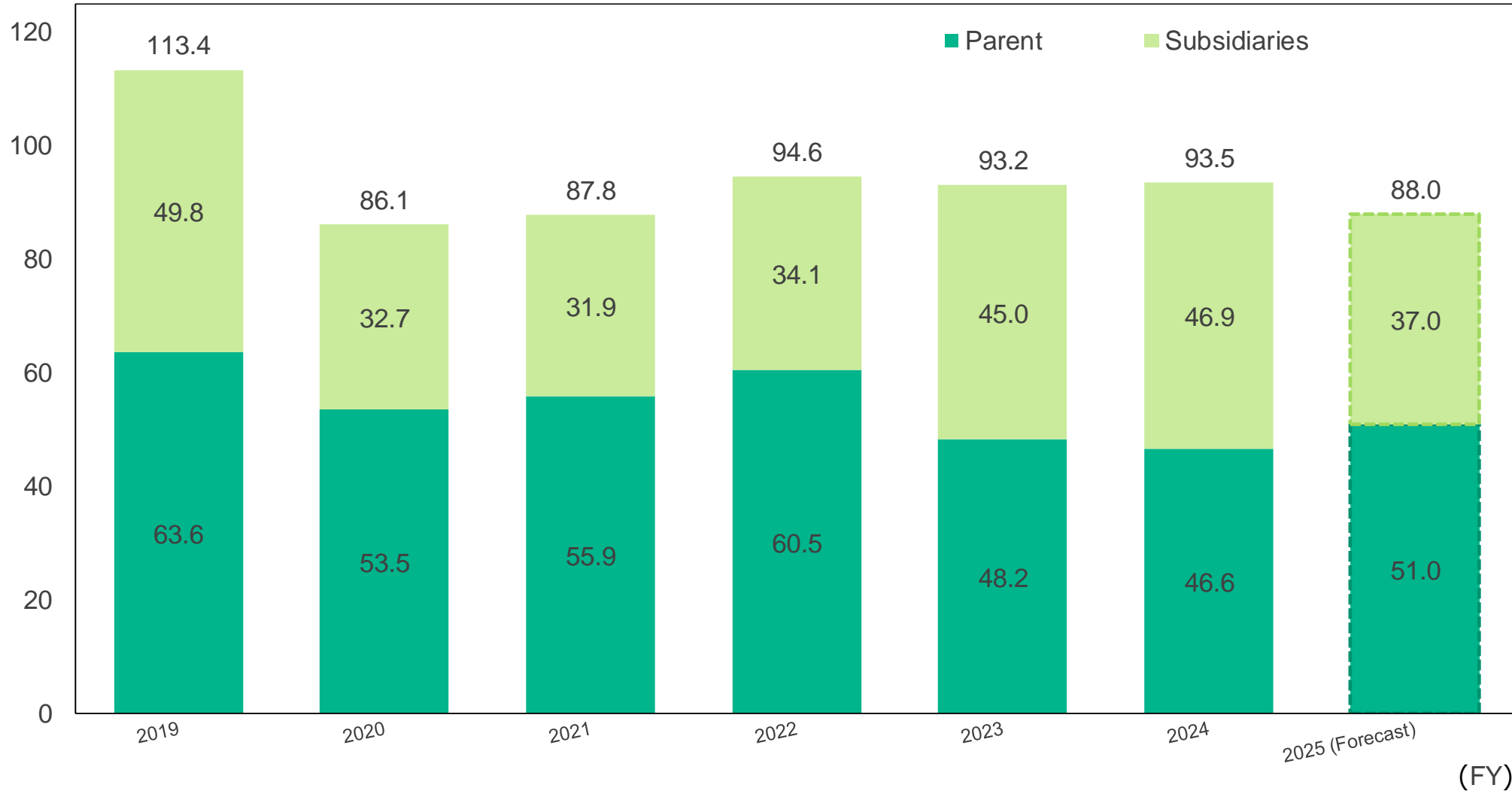
1. As of FY2020, the Company changed its method of recognizing sales for certain transactions from the gross amount to the net amount.

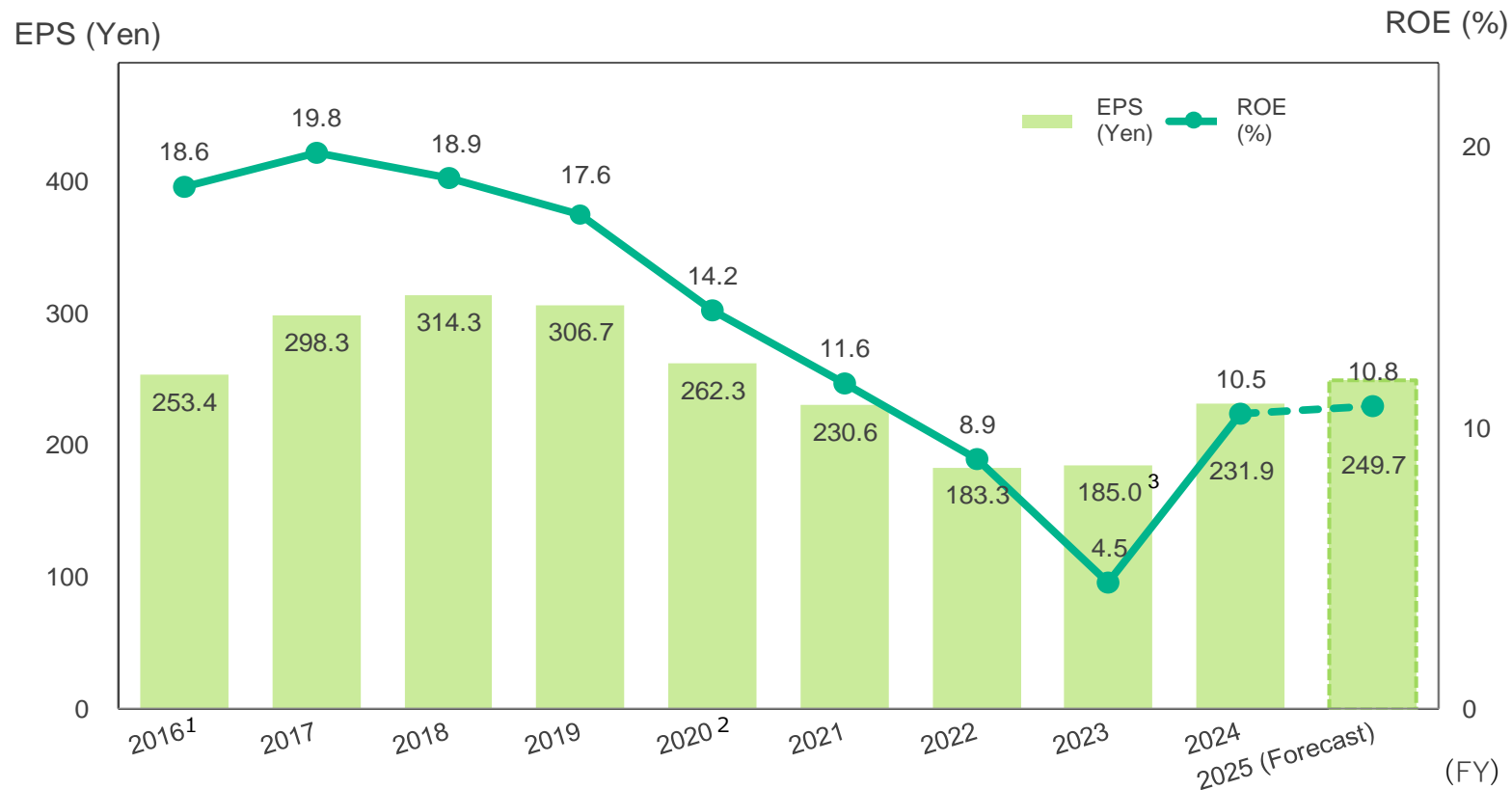
2. The figure for FY2023 is core operating income.

Core income: Income excluding impacts of structural reforms for FY2023

Capital Expenditures

(Billion yen)





Weighted average number of shares outstanding (Million shares)	499.4	492.8	489.1	483.3	480.9	475.5	469.4	464.9	464.6	464.5
Net income attributable to owners of the parent [IFRS] (Billion yen)	126.6	147.0	153.7	148.2	126.1	109.6	86.0	86.0	107.8	116.0

1. IFRS adopted in FY2016.

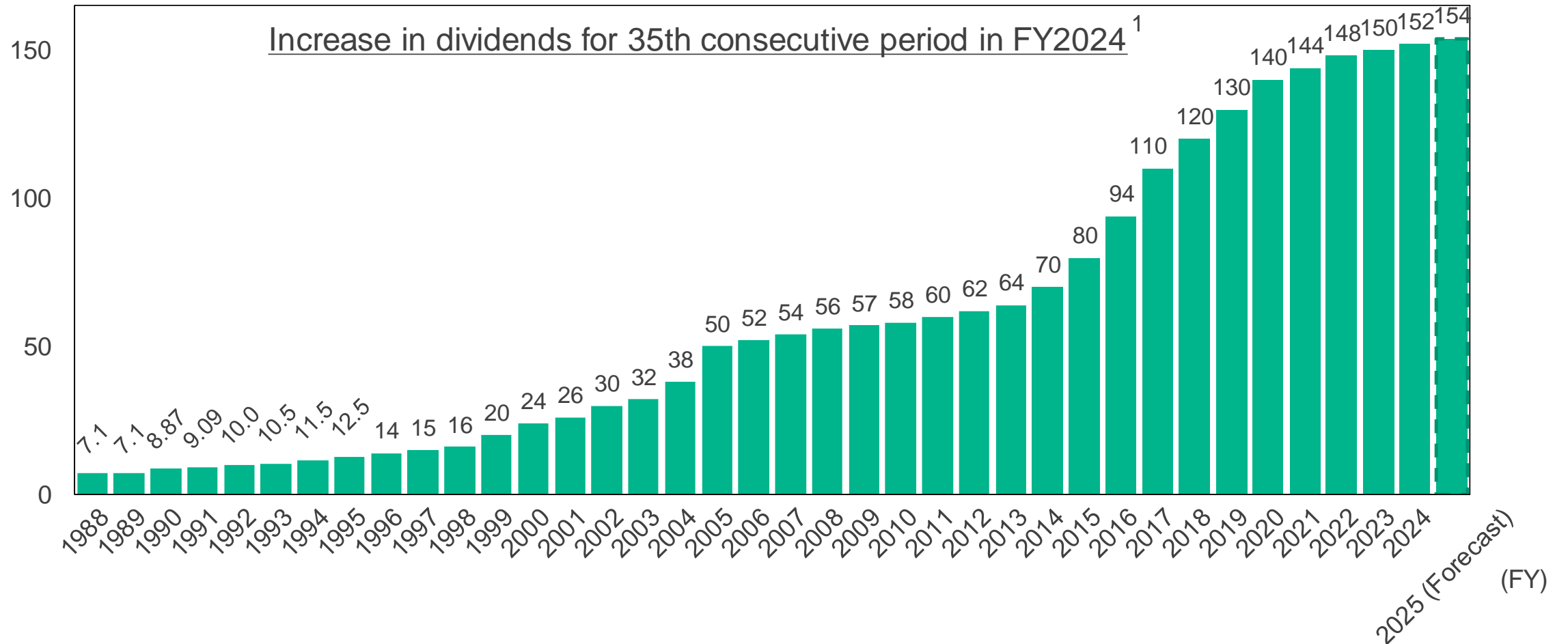
2. As of FY2020, the Company changed its method of recognizing sales for certain transactions from the gross amount to the net amount.

3. FY2023 figure is calculated based on core income.

Core income: Income excluding impacts of structural reforms for FY2023

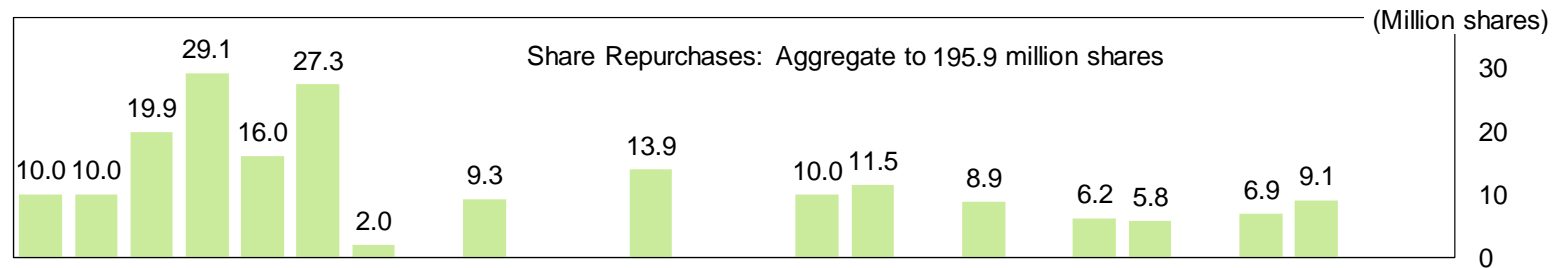
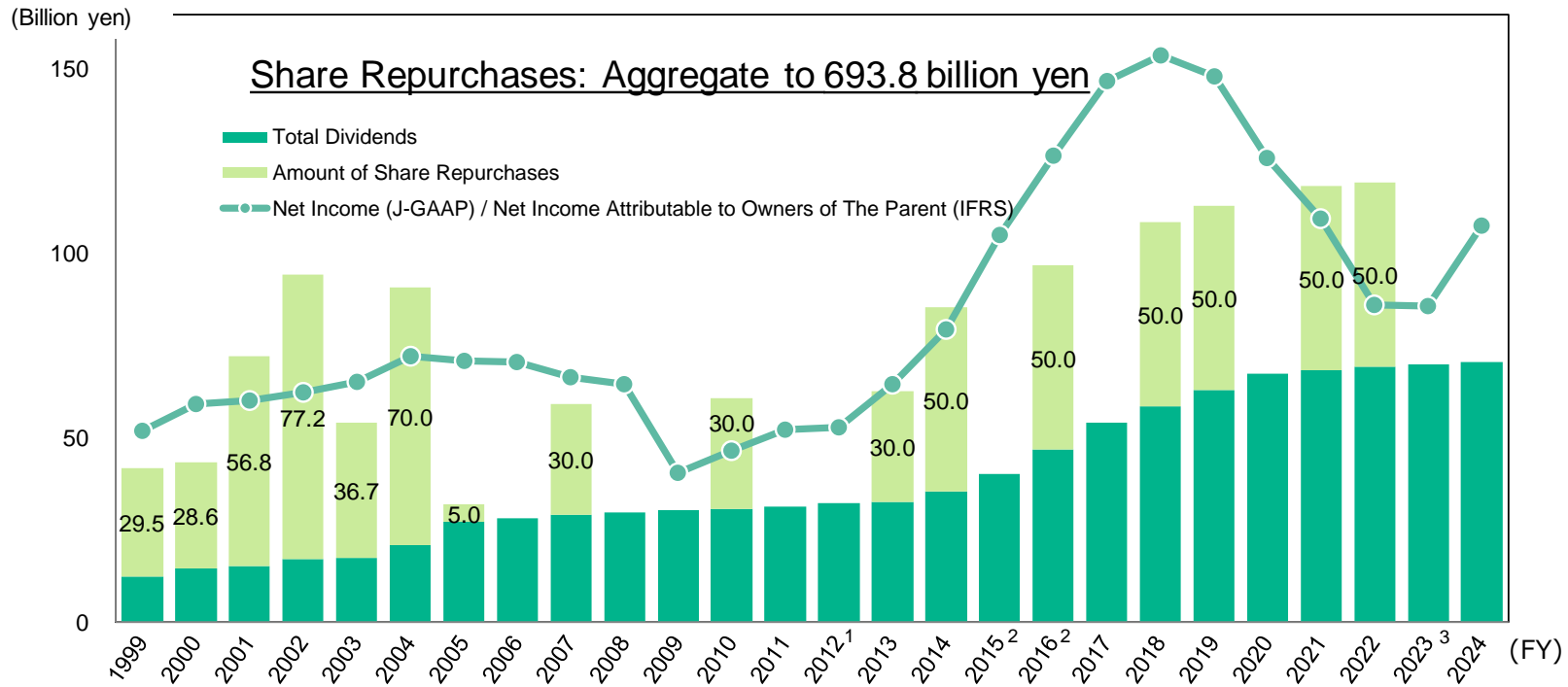
Cash Dividends per Share

Cash Dividends per Share (Yen)



1. Formally decided at the Annual General Meeting of Shareholders
 Impacts of share splits are retroactively reflected

Shareholder Returns



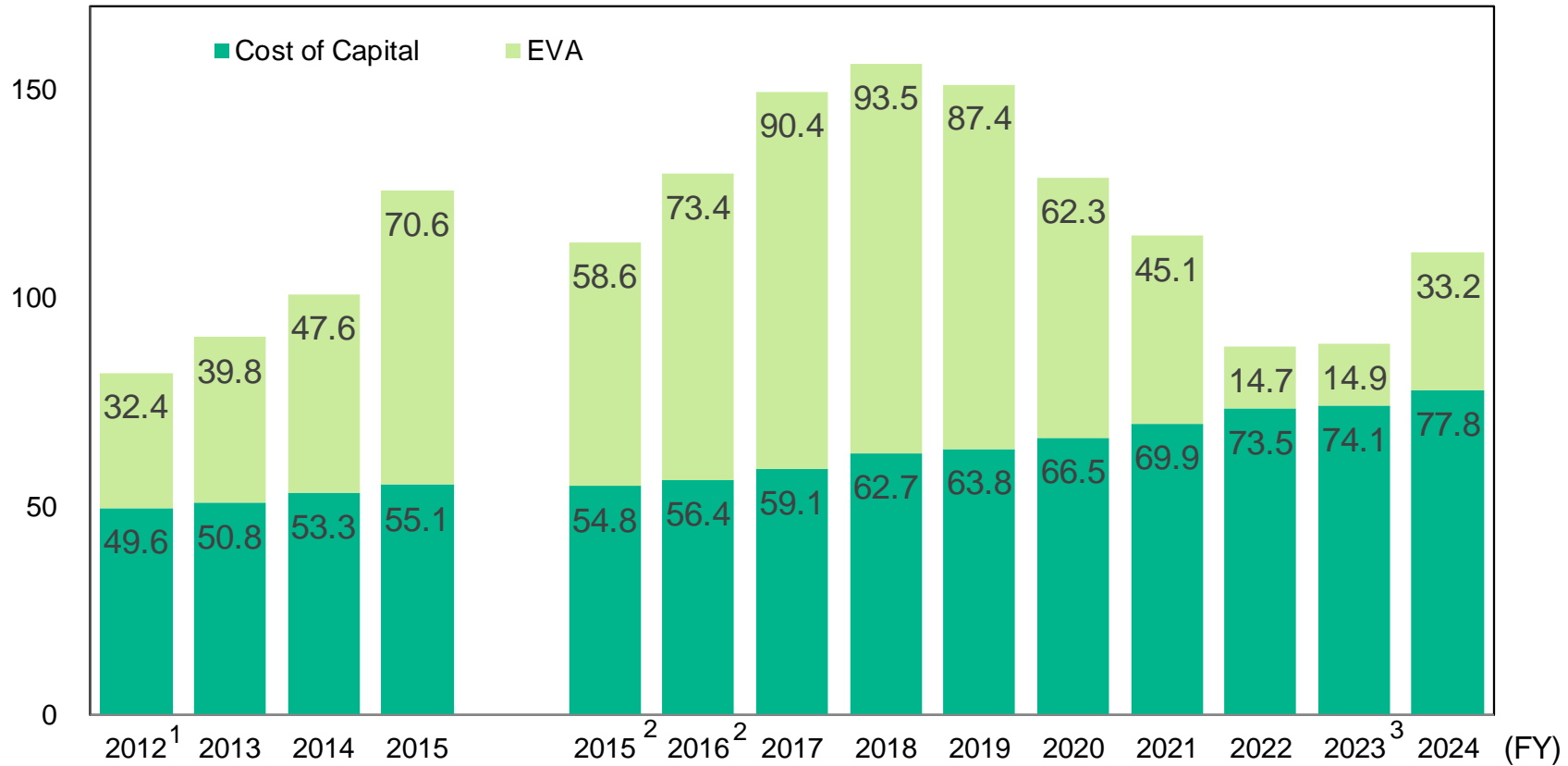
1. Fiscal year end changed from March 31 to December 31 in FY2012 (FY2012 results are for the nine-month period from April to December for Group companies whose fiscal year end was previously March 31 and the twelve-month period from January to December for Group companies whose fiscal year end was December 31).

2. IFRS adopted in FY2016. FY2015 figures are calculations based on IFRS.

3. FY2023 figures are calculated based on core income.

Core income: Income excluding impacts of structural reforms for FY2023

(Billion yen)



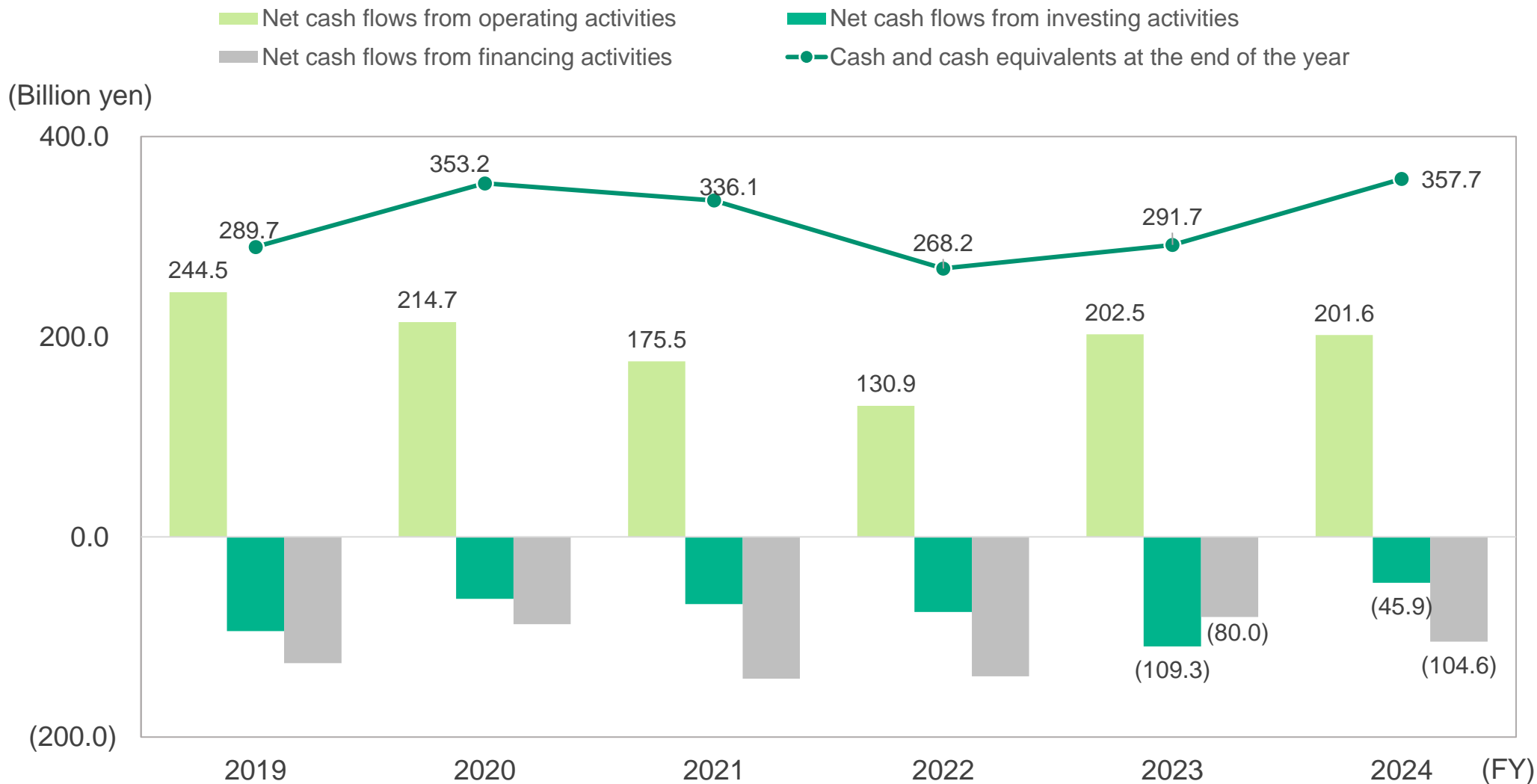
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3. FY2023 figures are calculated based on core income.

Core income: Income excluding impacts of structural reforms for FY2023

Cash Flows



Business Segments and Main Product Categories

Hygiene and Living Care Business	<ul style="list-style-type: none"> ● Laundry detergents ● Fabric treatments ● Kitchen cleaning products ● House cleaning products ● Paper-based cleaning products ● Sanitary napkins ● Baby diapers 	FY2024 Net sales: Like-for-like growth ¹ : Share of net sales: Operating margin:	544.3 billion yen +2.8 % 33.5 % 13.9 %
Health and Beauty Care Business	<ul style="list-style-type: none"> ● Skin care products ● Hair care products ● Professional hair care products ● Bath additive ● Oral care products ● Thermo products 	FY2024 Net sales: Like-for-like growth ¹ : Share of net sales: Operating margin:	424.0 billion yen +4.1 % 26.0 % 8.1 %
Life Care Business	<ul style="list-style-type: none"> ● Commercial-use hygiene products 	FY2024 Net sales: Like-for-like growth ¹ : Share of net sales: Operating margin:	55.9 billion yen (2.6) % 3.4 % 11.3 %
Cosmetics Business	<ul style="list-style-type: none"> ● Counseling cosmetics ● Self-selection cosmetics 	FY2024 Net sales: Like-for-like growth ¹ : Share of net sales: Operating margin:	244.1 billion yen +0.0% 15.0 % (1.5) %
Chemical Business	<ul style="list-style-type: none"> ● Oleo chemicals ● Performance chemicals ● Information materials 	FY2024 Net sales: Like-for-like growth ¹ : Share of net sales: Operating margin:	405.9 billion yen +6.1 % 22.1 % 8.5 %

1. Excluding the effect of currency translation 2. Net sales of the Chemical Business include intersegment transactions 3. Share of net sales is calculated based on sales to customers

Changes in Reportable Segments (From January 2025)

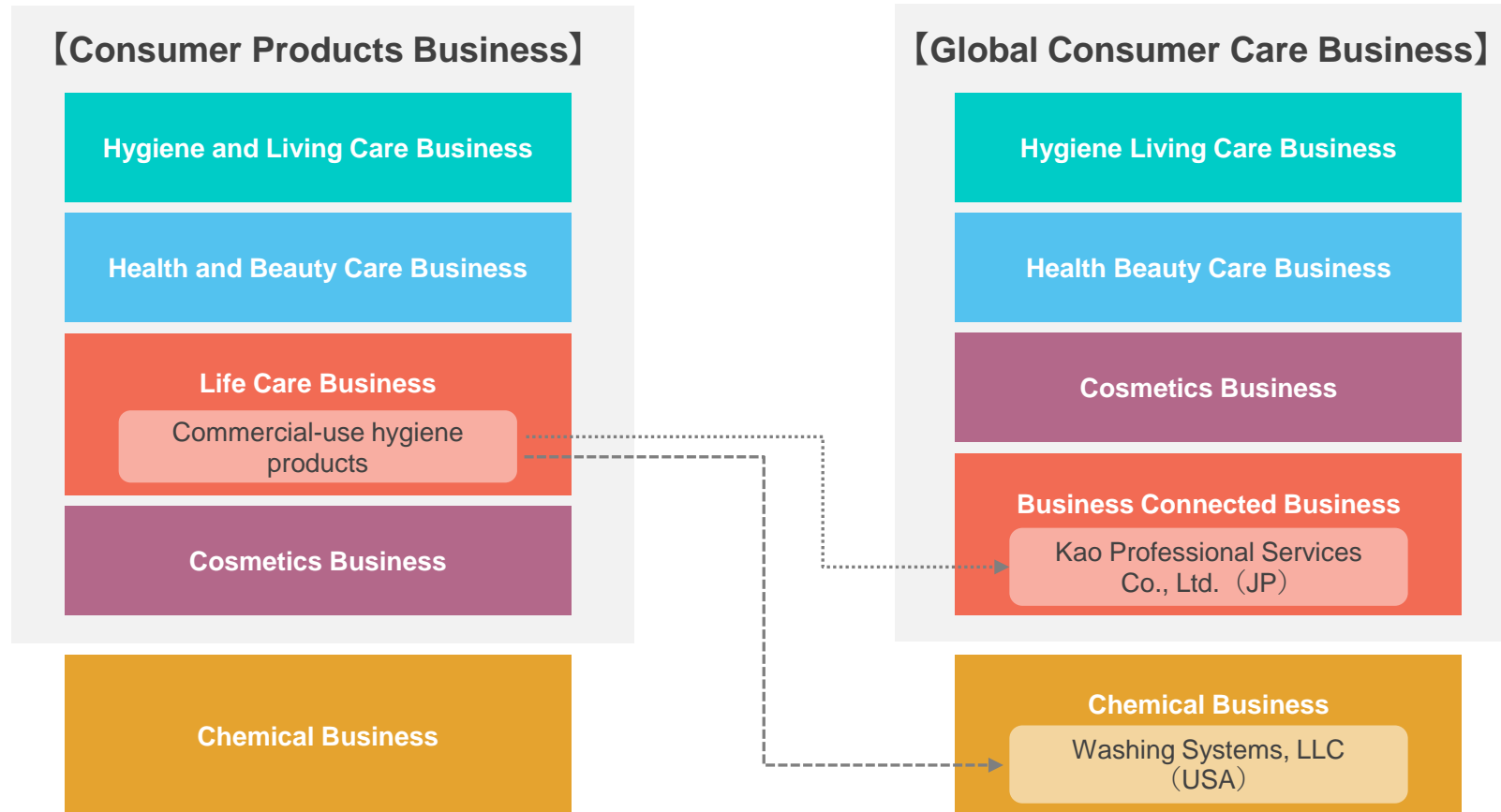
To further ramp up global growth, the Kao Group restructured its organization and functions as of January 2025.

【Changes of Names】

- The “Consumer Products Business” has been renamed as the “Global Consumer Care Business.”
- The “Hygiene and Living Care Business” has been renamed as the “Hygiene Living Care Business.”
- The “Health and Beauty Care Business” has been renamed as the “Health Beauty Care Business.”

【New Establishment】

- The “Business Connected Business” has been established to further improve productivity and strengthen both internal and external collaboration for creating new businesses. The business consists of the commercial-use hygiene products that were previously included in the Life Care Business (excluding Washing Systems, LLC in the United States), as well as business co-creation initiatives with partners.



KaO

Kirei—Making Life Beautiful

