

The image features the Kao logo in white, sans-serif font, centered in the upper half. Below it is the tagline 'Kirei—Making Life Beautiful' in a smaller, lighter font. A thin white arc is positioned below the tagline. The background is a photograph of a person's silhouette standing on a mountain ridge, holding their hands up to form a heart shape against a bright, low sun. The sky is filled with soft, wispy clouds in shades of blue, orange, and yellow.

Kao

Kirei—Making Life Beautiful

Kao Corporation

The 117th Annual General Meeting of Shareholders

- **Summary of activities in FY2022**
- **Outlook and policies for FY2023**
- **Measures for business reform**

Highlights of consolidated financial results FY2022



(billion yen)

	Net Sales			Operating income			Factor
	FY2021	FY2022	Growth (%)	FY2021	FY2022	Change	
● Hygiene & Living Care Business	496.8	516.5	+0.4%	51.8	30.7	-21.1	Strategic price increase ↗ Intensifying competition Soaring raw material prices ↘
● Health and Beauty Care Business	354.5	369.5	-1.8%	49.7	34.6	-15.1	Strong performance of new products ↗ Increased competition Soaring raw material prices ↘
● Cosmetics Business	239.3	251.5	+0.8%	7.5	14.1	+6.6	Strong performance of new products ↗ Japanese market recovery ↗
● Life Care Business	53.0	55.7	+1.4%	3.6	-0	-3.6	Soaring raw material prices ↘
● Chemical Business	314.3	402.5	+18.6%	29.6	29.5	-0.1	Inventory write-down due to market fluctuations ↘
Total	1,418.8	1,551.1	+3.7%	143.5	110.1	-33.4	

Consolidated net sales by geographical region FY2022



	Net Sales (billion yen)			Growth (%)			Share of Net Sales*
	Japan	Asia	Americas & Europe	Japan	Asia	Americas & Europe	
● Hygiene & Living Care Business	370.3	142.5	3.7	+1.0	-1.8	+17.9	33.3%
● Health and Beauty Care Business	200.2	33.9	135.5	-2.4	+1.0	-1.4	23.8%
● Cosmetics Business	160.7	59.6	31.2	+5.1	-10.1	-0.5	16.2%
● Life Care Business	43.7	0.0	11.9	+0.7	+33.9	+4.9	3.6%
● Chemical Business	140.1	98.2	164.2	+14.7	+15.9	+24.3	23.1%

*Share of net sales is calculated based on external sales to customers

- 1. Insufficient actions against of soaring raw material prices**
(Strategic price increase could not cover for the increase)
 - 2. Intensifying competition in our stable earnings business**
 - 3. Sluggish business in Europe, America and China**
(Logistics disruption and inflation/lockdowns)
-
- 4. Recovery and expansion of growth driver businesses**

Progress toward becoming an essential company to a sustainable society KAO

Ecology



One of the 12 companies in the world and the only company in Japan to win a

Triple A

rating for 3 straight years

Evaluated by an NGO run by a U.K. charity group



283 companies made the 2022 Climate Change A List



25 companies made the 2022 Forests A List



103 companies made the 2022 Water Security A List

Everyday lives



"Japan Resilience Award"



< Runner-up/Gold Award >
Kao Corporation
“Green pavement”:
technology for improving
durability of asphalt
pavement using PET waste

Life



“Nikkei Superior Products and Services Awards”
Mosquito repellent for Thailand
Bioré GUARD Mos Block Serum













- Summary of activities in FY2022
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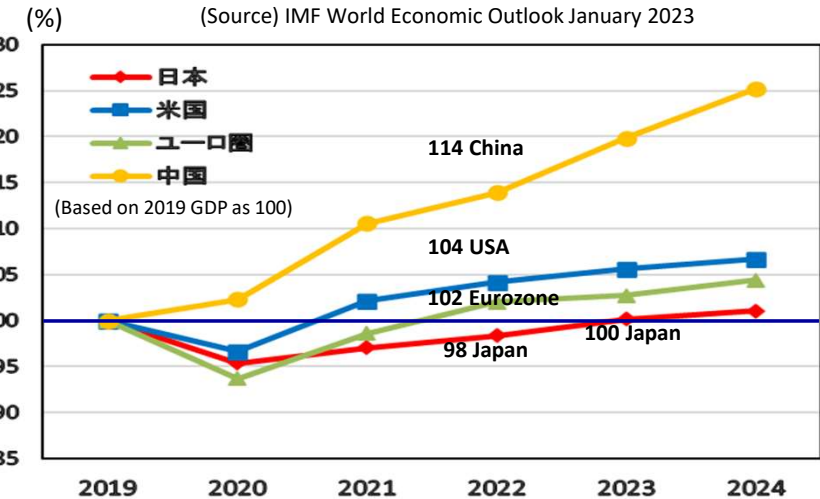
Global economic situation

IMF GDP Growth Outlook (announced in January 2023)

Global GDP growth in 2023: 2.9%

	2021	2022	2023	2024
Japan	+1.7	+1.4 	+1.8 	+0.9
USA	+5.7	+2.0 	+1.4 	+1.0
Eurozone	+5.2	+3.5 	+0.7 	+1.6
Germany	+2.6	+1.9 	+0.1 	+1.4
China	+8.1	+3.0 	+5.2 	+4.5

Source: IMF World Economic Outlook January 2023



Major risks in the world

- Prolonged and escalated situation in Ukraine
- Intensification of US-China conflict
- Prolonged soaring prices of goods
- Continuation of energy-related turmoil and crises
- Further deterioration of the Chinese economy

Forecast of the impact of the prolonged situation in Ukraine

- Continued destabilization of energy resource and raw material procurement
- Soaring food prices
- Fatigue of assistance from developed countries in Europe and the US and destabilization of domestic politics
- Reconstruction of the international order (The world will continue to be "tri-polarized") *Tri-polarization: The Western countries, China/Russia, and Emerging countries

Market environment of each business



Cosmetics and toiletries industry

Signs of full recovery in inbound demand

In November 2022,
The number of **foreign visitors** to Japan has recovered
to **40% of the pre-COVID 19 level** (*1)
At the end of 2023,
The number of visitor is expected to recover to
over 20 million*1

In 2023,
Inbound consumption is assumed to be 3.1 trillion yen*1
Asked “what you want to buy in Japan” among those
planning to travel from China
3rd in the ranking is Cosmetics (51.9%) *2

*1) Japan Research Institute Report, January 10, 2023

*2) According to ENJOY JAPAN November 15, 2022

Chemical industry

Movement towards decarbonization

Japan Chemical Industry Association
estimated a minimum investment of 7.4 trillion yen will be required for the
chemical industry to decarbonize
(R&D expenses, capital investment, etc.)
Policy to request support for business
conversion from the government

3) Nikkei Online Edition April 26, 2022

Retail industry

Continues to put higher prices
to products and services

In the domestic retail industry,
those companies who are **scheduled to
raise prices in April 2023**
61.0% of companies

4) Teikoku Databank December 2010 survey

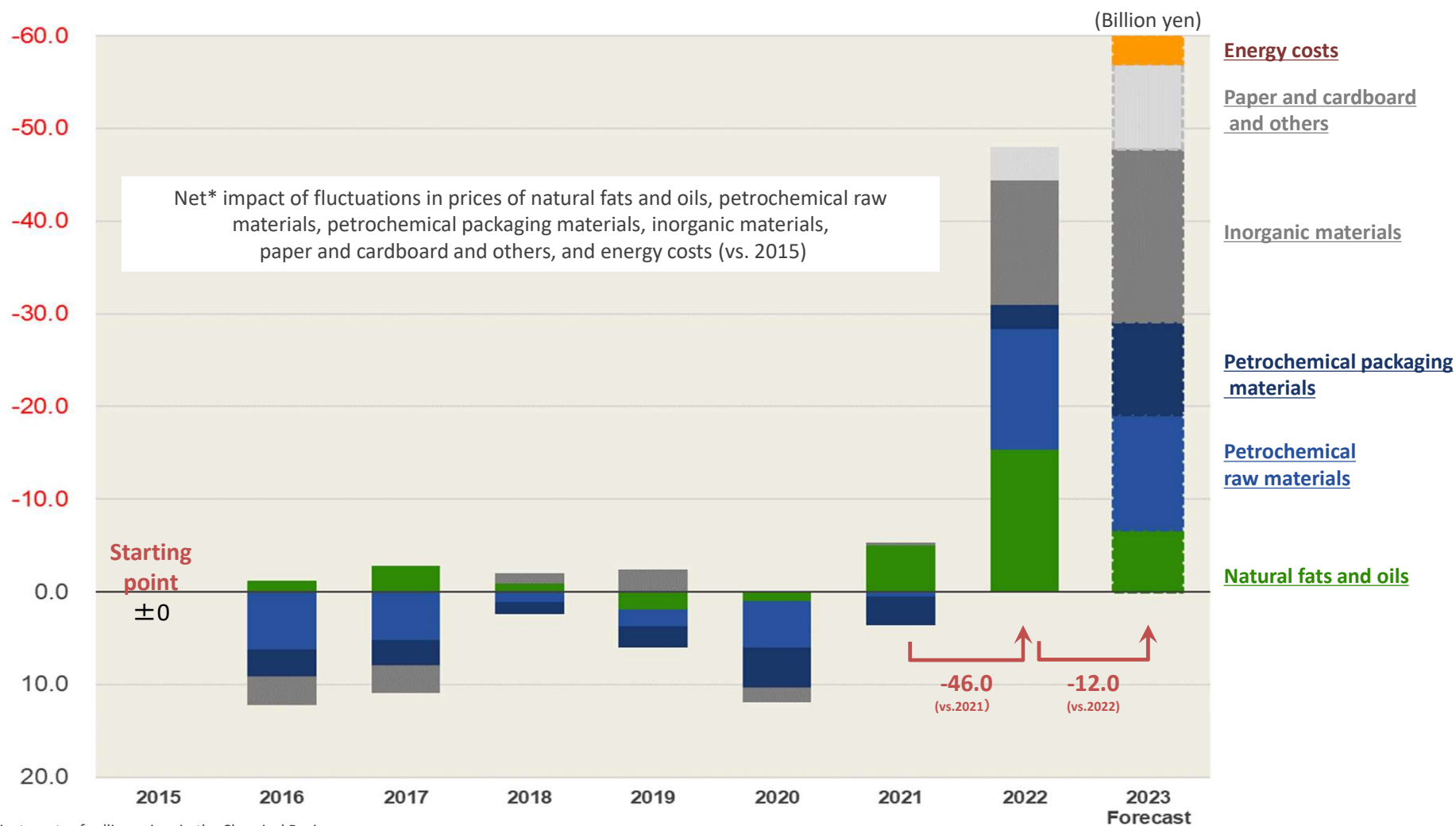
Logistics industry

Responding to the expansion of e-commerce
despite labor shortages

Driven by the expansion of e-commerce,
logistics facility to be completed in the
Tokyo metropolitan area in 2023
Record high for 3 consecutive years
of 3 million square meters

5) Nikkei Newspaper December 2, 2022

Impact of hikes in raw material prices on consumer products business (vs. 2015)



* Offsetting with adjustments of selling prices in the Chemical Business

Management policy for FY2023



■ **Change to a resilient business structure independent of market conditions** (insufficient effort in 2022)

- ✓ Expand strategic price increases to all categories (across wide range of products in a limited amount)
- ✓ Increase the sales ratio of high-value-added, highly profitable products

■ **Strengthen and expand strategic businesses globally** (reinforcement and alignment in 2023)

- ✓ Intensively strengthen core businesses (earnings base and growth drivers)
- ✓ Commitment to the success of strategic products
- ✓ Early improvement of challenging business through structural reform

Consolidated operating results forecast for FY2023



(Billion yen)

	FY2022	FY2023 (Forecast)	Growth/Change
Net Sales	1,551.1	1,580.0	+1.9%
Operating income	110.1	120.0	+9.9
Operating margin	7.1%	7.6%	—
Net income attributable to owners of the parent	86.0	88.0	+2.0
Cash dividends per share	148.00 yen	150.00 yen (planned)	+2.00 yen

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Strategically balanced targets for each business portfolio



Stable Earnings	Growth Driver	Business Transformation
Expand share and increase profitability	Growth investment and global growth	Improve profitability
Fabric care Home care Personal health care	Skin care Cosmetics <u>Chemical</u> Professional Service (hygiene)	Hair care for salons Hair care Sanitary (sanitary products) Sanitary (diapers)

Japan market share: +5 pts	Global : more than 50%	← Structural reforms
Target Business ROIC: >20%	Target Business ROIC: >12%	Target Business ROIC: >7%

Representative materials, materials and solutions in chemical business

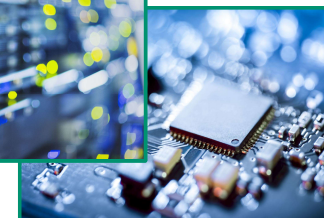


	Business	Market position
Materials	Natural fatty alcohol	Top in global
	Tertiary amine	//
	Sulfate type anionic surfactant	//
	Surfactant for fabric softeners (ester quaternary salt type)	//
	Aroma chemicals (HCA, MDJ, lactones, etc.)	//
Solution	Toner/Toner Binder	Top in global
	Hard disk polishing agents/cleaners	//
	Cleaning agents for semiconductor back-end processes	//
	Silica dispersant for fuel-efficient tires	Top in Japan
	Adjuvant for agrochemicals	//
	Additives for tofu	//
	Emulsifiers for confectionery	//
	Furan binder for casting	//
	Metal cleaners	//
	High-range water reducing admixtures for concrete products	//

1 in 2
Color copies



1 in 3
Hard disks



1 in 2
Eco tires



Reduces
agrochemicals



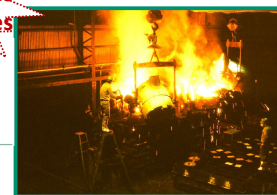
1 in 2
Tofu



Required for
skyscrapers

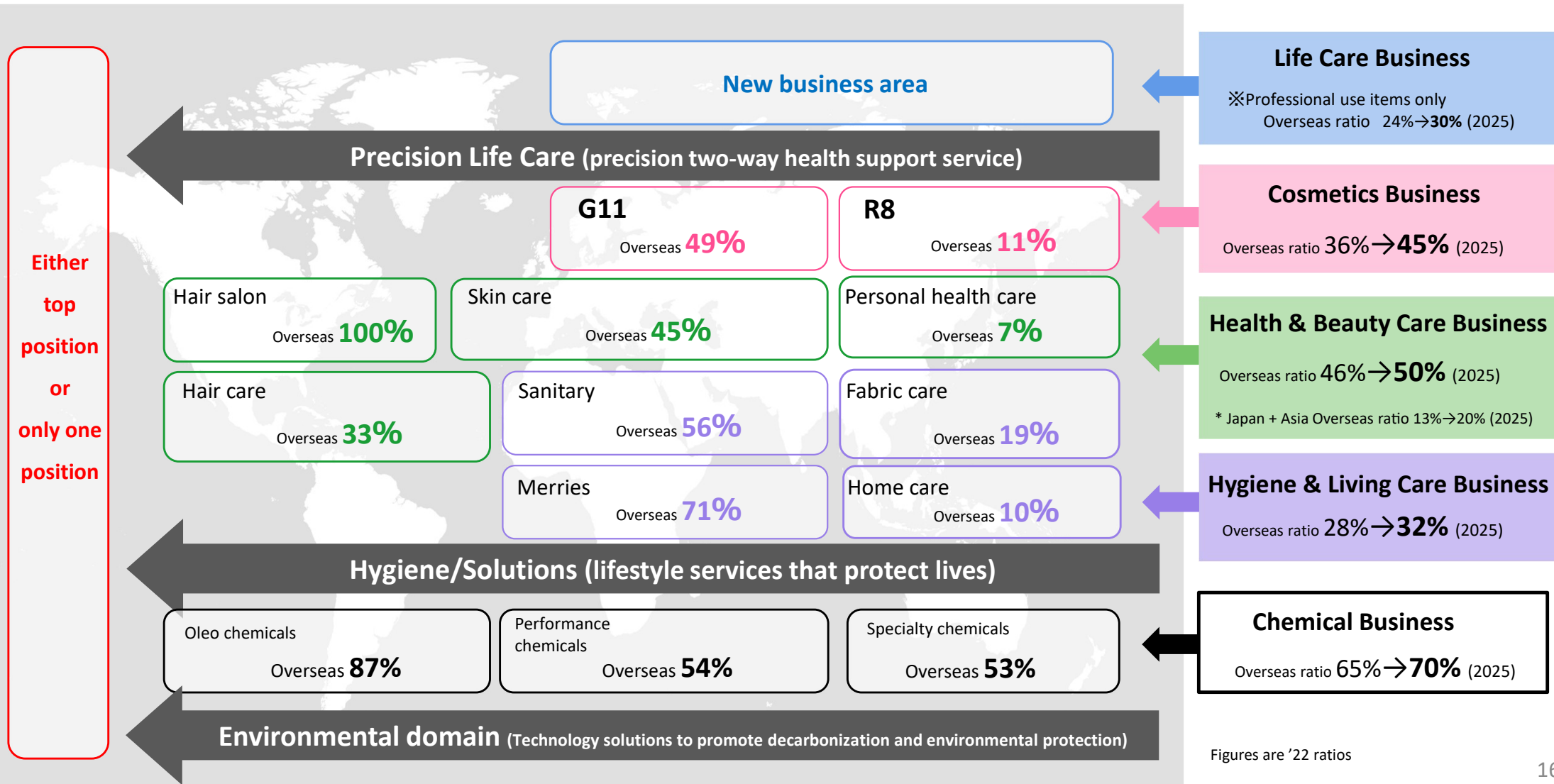


90% of poles
60% of pipes





Excerpt from the chemical business

Global expansion policy for each business



Reinforcement of EC sales and target for precision monitoring

e-Commerce (online sales) 	Kao online sales (My Kao Mall) 
<div> <div>'22'25</div> <div>Global : > 11→25%</div> <div>Japan : >5→15%</div> </div>	<div> <div>'22'25</div> <div>Global : > 4→15%</div> <div>Japan : > 8→20%</div> <div>within Kao EC</div> </div>
<p>Precision Monitoring (high-precision personalization)</p> <p>Precisely understand each individual and accurately match products</p>	

Life care business (launch of testing business)

KaO

In June 2021, the Food Sanitation Act and other related legal action were revised. Due to this revision, small businesses, restaurants, supermarkets, etc. are required to implement "hygiene management that incorporates the concept of HACCP". We started to deploy a hygiene management platform to help with this management.



衛生管理を企業成長のエンジンに

一元管理

従業員衛生管理	設備衛生管理	機器類温度管理
中心温度管理	加熱後の冷却管理	油酸価値管理

2021年6月施行 HACCP制度化に対応
花王プロフェッショナル・サービスだからできる
現場に寄り添った衛生管理プラットフォーム



About one third of babies are at high risk of developing allergies in the future due to the delay in early detection of allergic potential. We launched "Babywell Check", a mail-in testing service that aids in early detection without stress on babies.

KaO

皮脂RNAモニタリング技術

×

Healthcare
Systems

郵送検査技術と事業ノウハウ



- **Regain earning power**
(Strengthen supervision of management and finance)
- **Create strong business field**
(Reinforce strategic businesses and pursue global expansion)
- **Marketing innovation**
(Launch of Kao's “digital” and “monitoring”)



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