

The 118th Annual General Meeting of Shareholders

Business Report

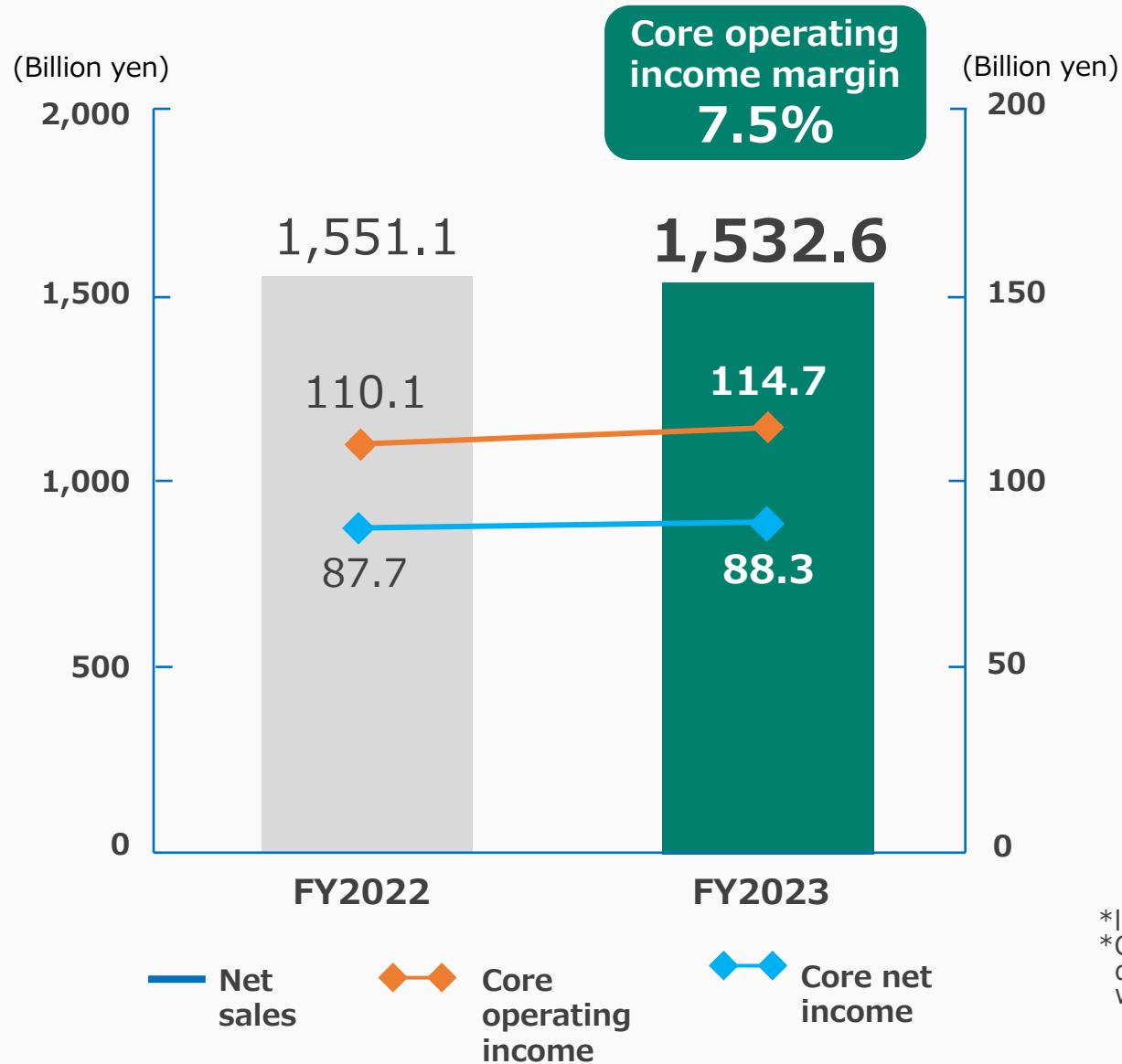
Financial Results



Convergence of the Covid-19

**Uncertain business environment
due to geopolitical risks**

Consolidated Results



Net sales

1,532.6 billion yen

-1.2% year-on-year
-3.8% like-for-like

Core operating income

114.7 billion yen

Year-on-year change
+4.6 billion yen

Core net income

88.3 billion yen

Year-on-year change
+600.0 million yen

Basic core earnings per share

184.95 yen

Year-on-year change
+1.67 yen

*like-for-like: Exclude the effect of translation of local currencies into Japanese yen
*Core profit: The Kao Group presents income excluding one-time gains and losses due to non-recurring factors (such as gains and losses arising from business withdrawal or downsizing, or sale or disposal of assets) as "core income"

Review of operations

Hygiene and Living Care Business

Health and Beauty Care Business

Life Care Business

Cosmetics business

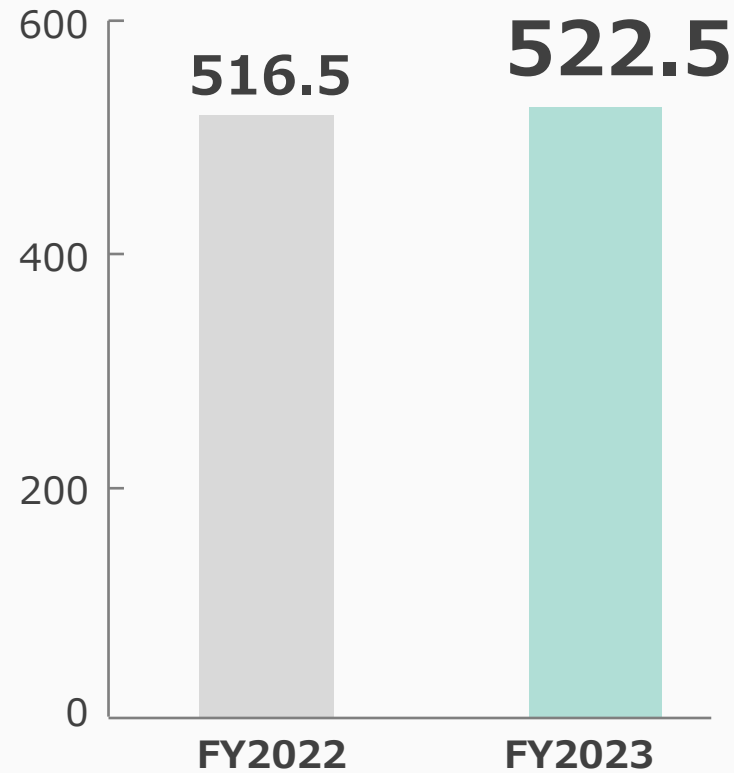
Chemical Business

Hygiene and Living Care Business



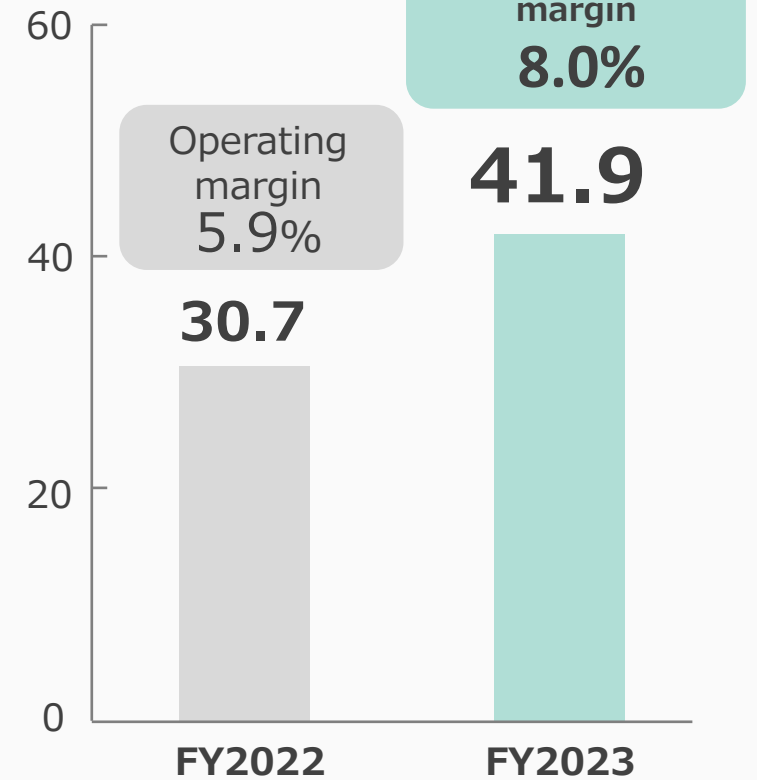
Net sales

(Billion yen)



Core operating income

(Billion yen)



Hygiene and Living Care Business



Attack laundry detergent



CuCute Eco-peco dishwashing detergent bottle



Toilet Magiclean foam packs



Laurier sanitary napkins (Japan)



(China)

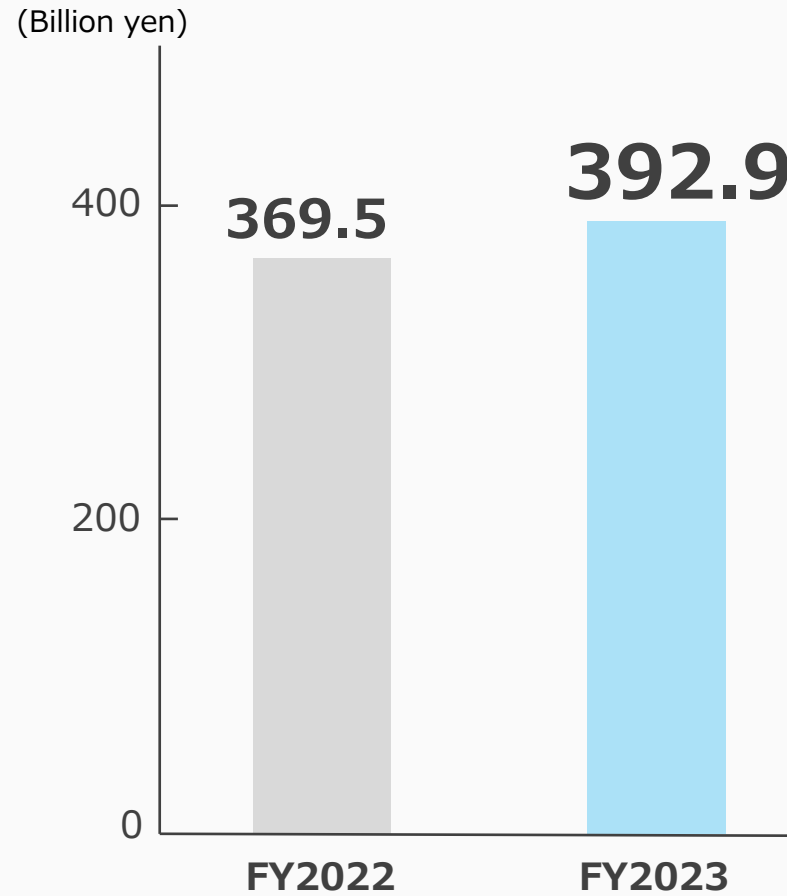


Merries baby diapers (Indonesia)

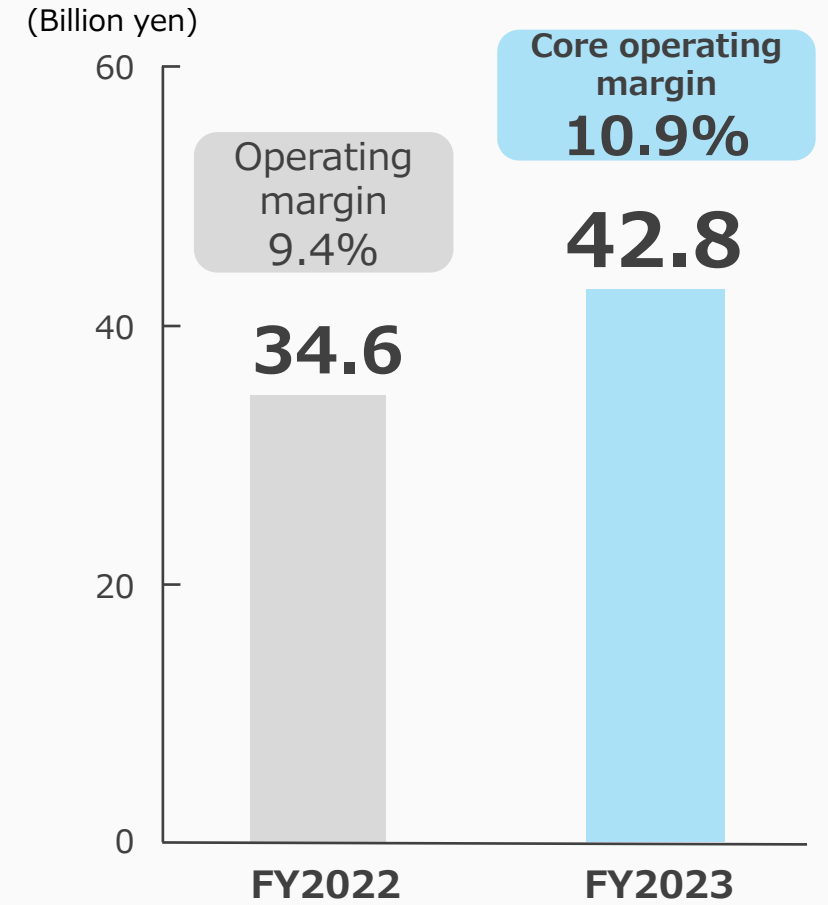
Health and Beauty Care Business



Net sales



Core operating income



Health and Beauty Care Business



Bioré UV care and makeup remover



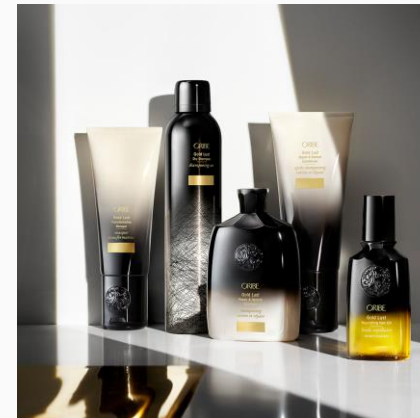
Essential shampoo & conditioner



MegRhythm thermo pads



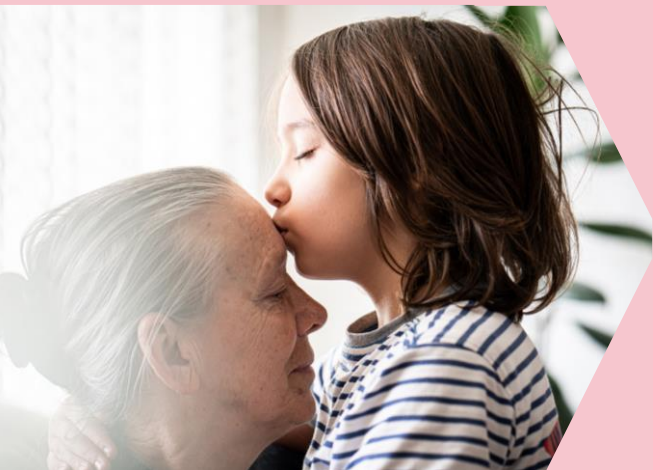
Cape hair spray



ORIBE

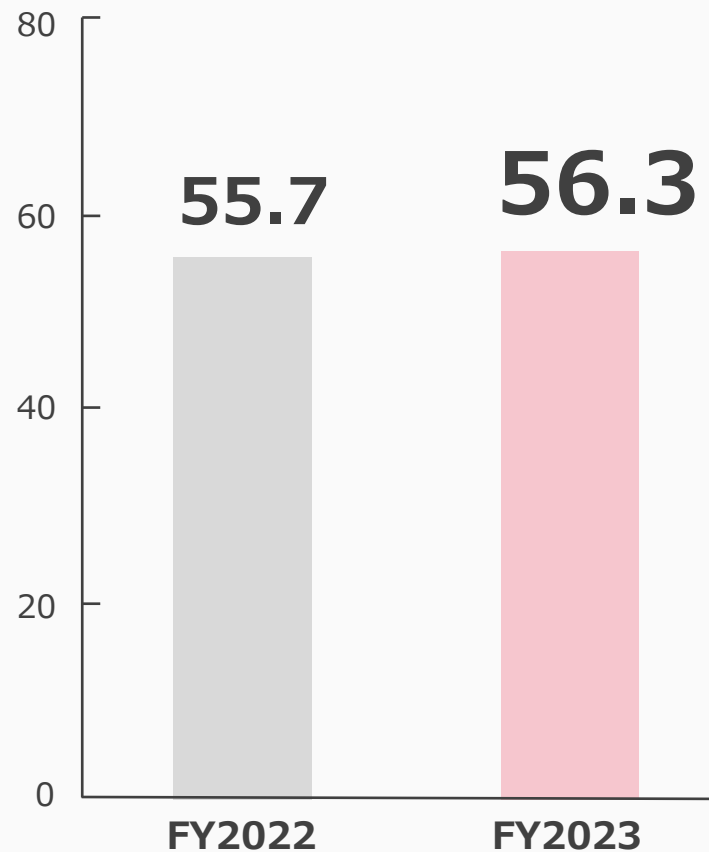


Life Care Business



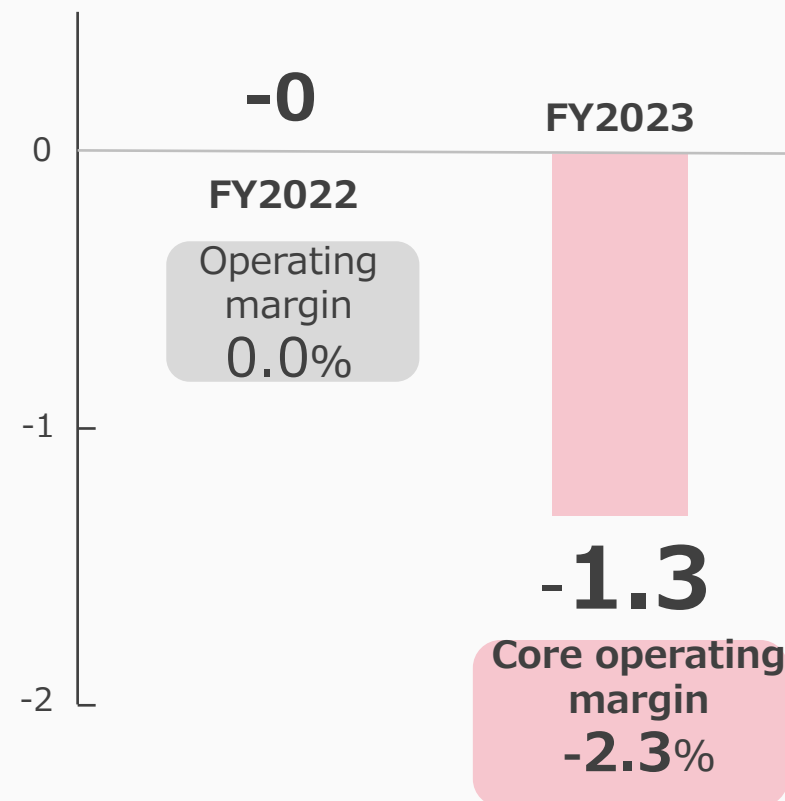
Net sales

(Billion yen)



Core operating income

(Billion yen)



Life Care Business



Commercial-use products

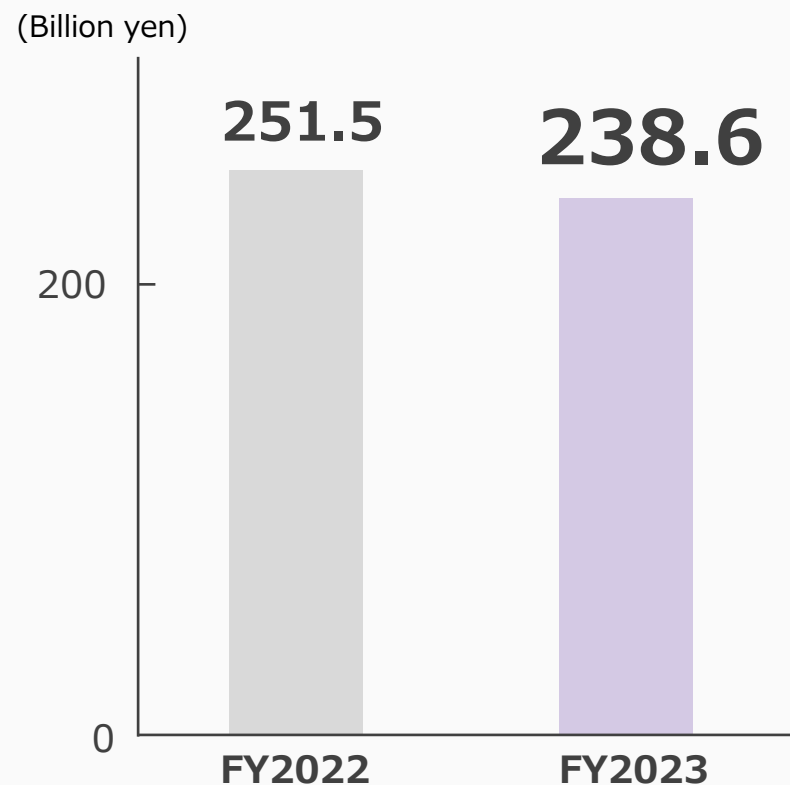


Healthya health drinks

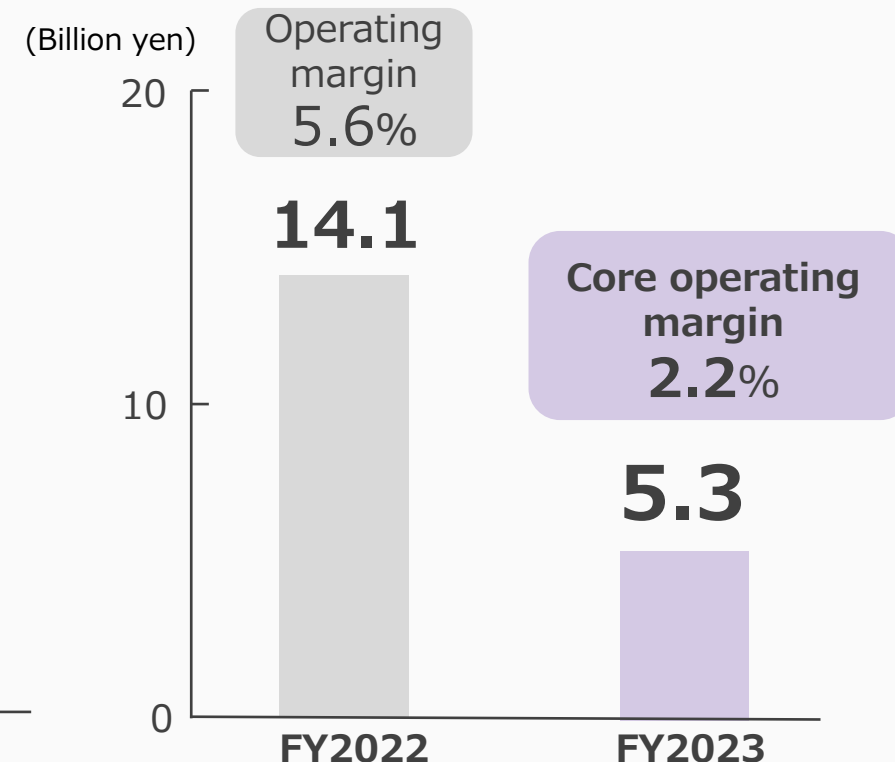
Cosmetics Business



Net sales



Core operating income



Cosmetics Business



KATE



KANEBO



SENSAI



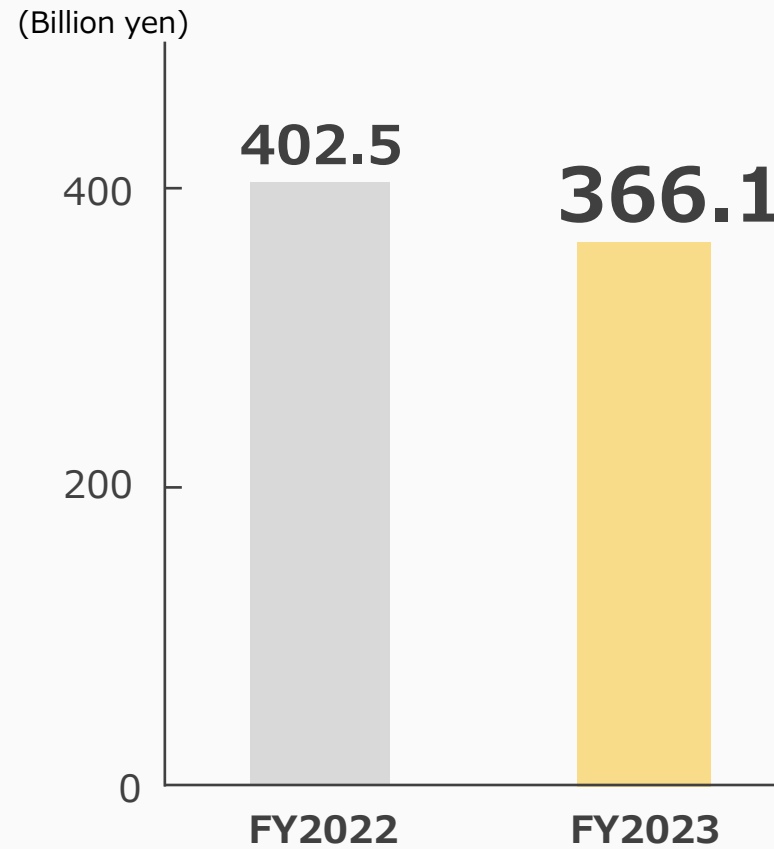
Molton Brown



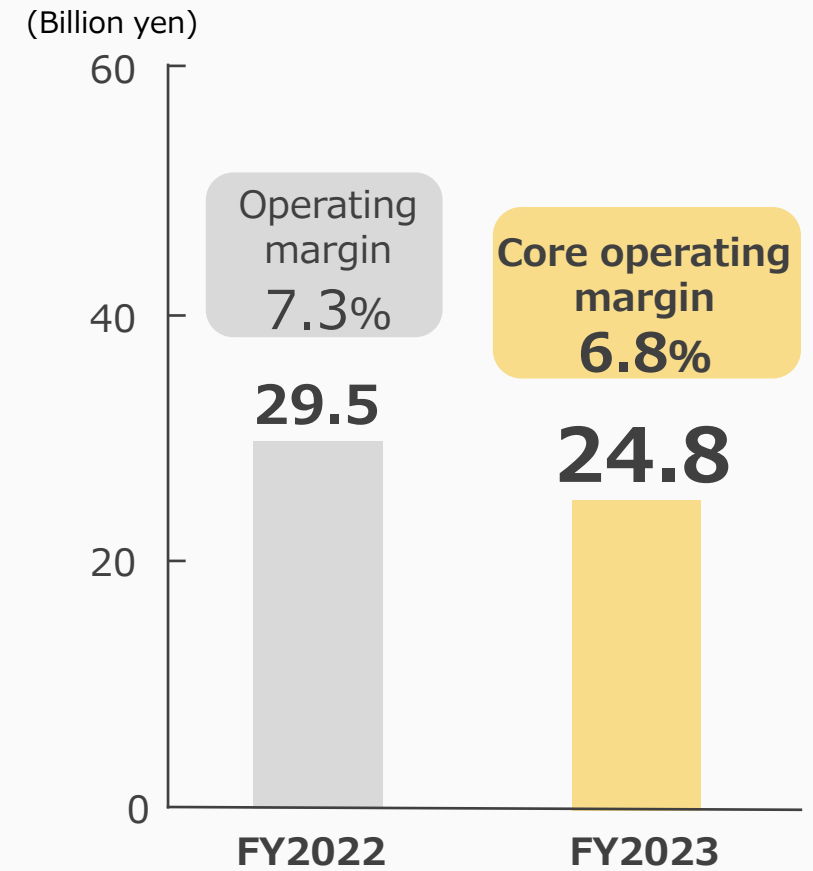
Chemical Business



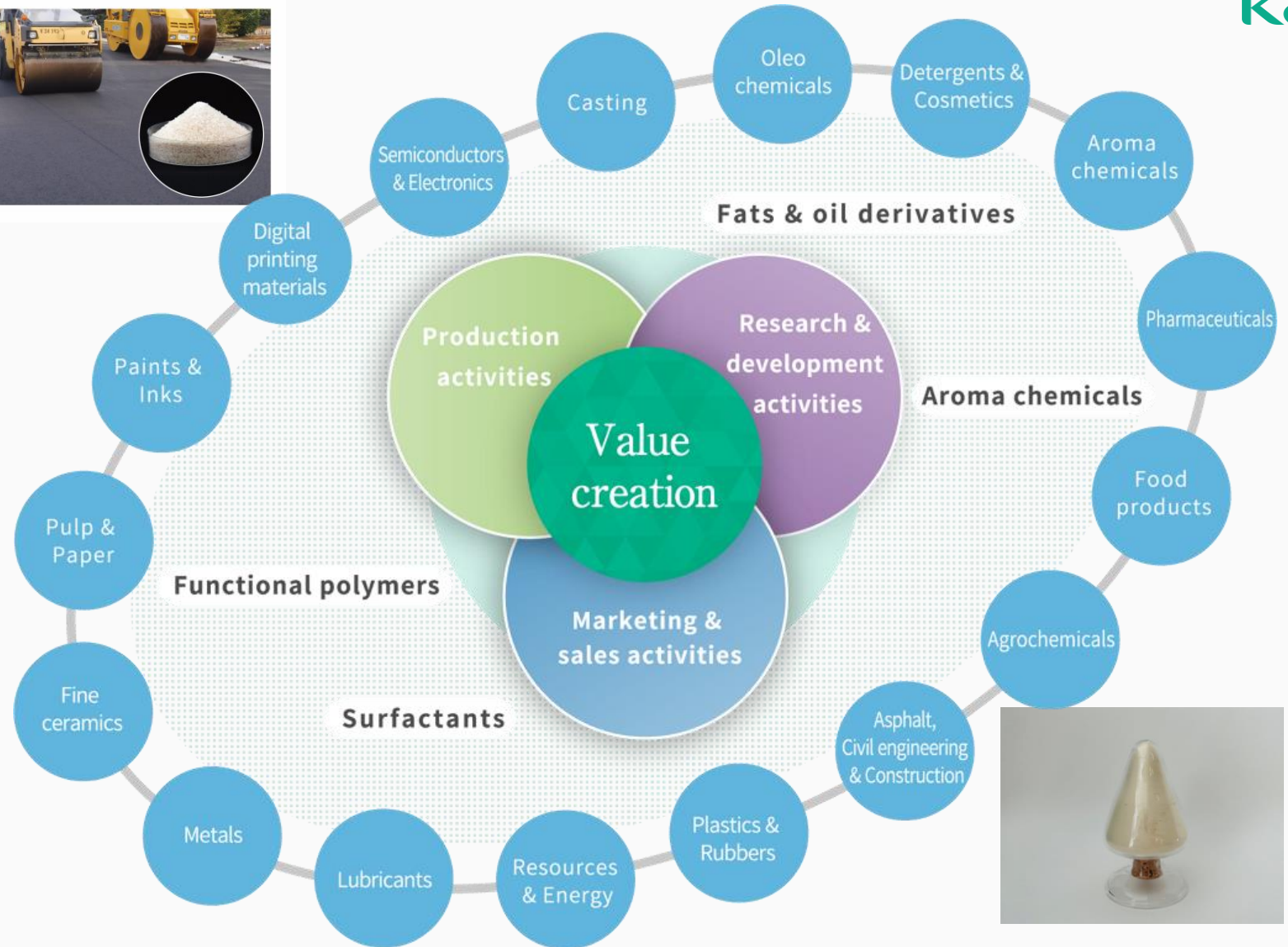
Net sales



Core operating income



Chemical Business



Using fermentative production technology that leverages years of knowledge from detergent enzyme production studies, Kao succeeded in high-efficiency production of gallic acid, leading to the launch of bio gallic acid.

Structural Reforms

Implementation as Planned of Structural Reforms for "K27"

(Billion yen)

1. Fundamental strategic review and reorganization of inefficient businesses

- Baby diaper business (Japan/China)
- Streamlining of other businesses and brand lineups
 - ✓ Complete structural reforms of the cosmetics business
 - ✓ Reorganize inefficient assets
 - ✓ M&A related expenses
 - ✓ Business/brand transfer
 - Tea-catechin beverage *Healthya*
 - *Nyan Tomo CleanToilet*

In 2023

39.7



2. Promote structure reform of human capital

- Maximize the power and potential of employees
 - ✓ Career support/work environmental improvement
 - ✓ Reorganization of Group companies outside Japan

15.0

Structural reform expenses (excluding tax impact) **54.7^{*1}**

3. Reform of earning power

- Comprehensively pursue high added value
- Improve cost competitiveness with optimal cost design

Profit improvement effect by structural reforms^{*2}

Approx. **30.0** billion yen/year

Some effects are expected to begin appearing in FY2004, with approx. 30.0 billion yen improvement expected to continue from FY2025 onward.

^{*1} Structural reform expenses of 54.7 billion yen include 38.6 billion yen in expenses that did not involve cash expenditures.

^{*2} Like-for-like change excluding M&A and effect of currency translation.

Targets of Mid-Term Plan K27

Two new management indicators ROIC and sales outside Japan, have been established to improve capital efficiency and ramp up global rollout.

(Billion yen)	FY2023 Results	FY2024 Forecasts	FY2027 Targets
ROIC	4.1%	8.6 %	11 % or more
EVA	14.9	24.0	70.0 or more
Operating income^{*1}	114.7	130.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan^{*2}	655.8	697.0	800.0 or more (Sales CAGR +4.3%)

*1 The figure for FY2023 is core operating income.

*2 Sales outside Japan are based on the location where the sales were recognized.

Kao

Kirei—Making Life Beautiful

