

Notice of Revision of Operating Results Forecast

August 3, 2023

Kao Corporation (the “Company” —*Ticker code: 4452*) hereby announces that it has decided to revise its forecast of consolidated operating results for the fiscal year ending December 31, 2023 disclosed on May 10, 2023, as described below.

1.Revision of Forecast of Consolidated Operating Results for the Fiscal Year Ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Numbers in parentheses below are negative

*Millions of yen, except per share amounts

	Net sales	Operating income	Income before income taxes	Net income attributable to owners of the parent	Basic earnings per share (Yen)
Previous forecast (A)	1,580,000	120,000	121,000	88,000	189.31
Revised forecast (B)	1,580,000	60,000	61,000	41,000	88.20
Change (B-A)	0	(60,000)	(60,000)	(47,000)	—
Change (%)	0	(50.0)	(49.6)	(53.4)	—
(For reference) Actual results for the year ended December 31, 2022	1,551,059	110,071	115,848	86,038	183.28

Core income excluding expenses related to structural reforms from the revised consolidated operating results is as below.

Percentages in parentheses are year-on-year changes

Core operating income	120,000 million yen (9.0%)
Core income before income taxes	121,000 million yen (4.4%)
Core net income attributable to owners of the parent	88,000 million yen (2.3%)
Basic core earnings per share	189.30 yen

2.Reasons for the Revision

There is no revision made to the forecast of existing businesses. However, we will implement structural reform measures to improve earnings and strengthen our business foundation in the medium term. The Kao Group expects to record structural reform expenses of approximately 60 billion yen for the fiscal year ending December 31, 2023. Accordingly, on August 3, 2023, the Board of Directors resolved to revise the operating results forecast for the fiscal year ending December 31, 2023.

The Company is considering implementing the following three main structural reform measures:

- ① Drastic strategic review and reorganization of inefficient businesses
- ② Structural reform of human capital
- ③ Reform of earning power (thorough pursuit of high added value and optimal cost design)

We intend to announce the details of each measure as they become available and ready to be announced.

Further, the Kao Group recorded 8.6 billion yen in expenses related to structural reforms for the six months ended June 30, 2023.

(Note) Forward-looking statements such as the above forecasts are based on information currently available to the Company as of the date of this notice and certain assumptions that management believes to be reasonable, and actual results may differ from expectations due to various factors.

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