

Corrections: Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [IFRS]

February 10, 2023

Kao Corporation (Ticker Code:4452) makes certain corrections to “Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [IFRS]” released on February 2, 2023.

The corrections are underlined as shown on the following pages.

Content of the Revision

- “1. Consolidated financial results for the fiscal year ended December 31, 2022  
(from January 1, 2022 to December 31, 2022)”
- “Consolidated Statement of Financial Position”
- “Consolidated Statement of Comprehensive Income”
- “Consolidated Statement of Changes in Equity”
- “Consolidated Statement of Cash Flows”

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[Correction]

(Millions of yen, except per share amounts)  
(Amounts less than one million yen are rounded)

**1. Consolidated financial results for the fiscal year ended December 31, 2022  
(from January 1, 2022 to December 31, 2022)**

(1) Consolidated operating results

	Fiscal year ended		Fiscal year ended	
	December 31, 2022	%	December 31, 2021	%
Net sales	1,551,059	9.3	1,418,768	2.7
Operating income	110,071	(23.3)	143,510	(18.3)
Income before income taxes	115,848	(22.8)	150,002	(13.8)
Net income	87,742	(21.2)	111,415	(13.0)
Net income attributable to owners of the parent	86,038	(21.5)	109,636	(13.1)
Comprehensive income	<u>128,298</u>	<u>(22.3)</u>	165,132	22.8

(Percentages indicate year-on-year changes)

	Fiscal year ended	Fiscal year ended
	December 31, 2022	December 31, 2021
Basic earnings per share (Yen)	183.28	230.59
Diluted earnings per share (Yen)	183.27	230.57
Ratio of net income to equity attributable to owners of the parent	8.9%	11.6%
Ratio of income before income taxes to total assets	6.8%	8.9%
Ratio of operating income to net sales	7.1%	10.1%
(Reference) Share of profit in investments accounted for using the equity method	2,545	2,620

(2) Consolidated financial position

	December 31, 2022	December 31, 2021
Total assets	<u>1,726,350</u>	1,704,007
Total equity	<u>995,384</u>	983,877
Equity attributable to owners of the parent	<u>972,061</u>	965,137
Ratio of equity attributable to owners of the parent to total assets	56.3%	56.6%
Equity attributable to owners of the parent per share (Yen)	<u>2,091.20</u>	2,036.66



[Original]

(Millions of yen, except per share amounts)  
(Amounts less than one million yen are rounded)

**1. Consolidated financial results for the fiscal year ended December 31, 2022  
(from January 1, 2022 to December 31, 2022)**

(1) Consolidated operating results

	Fiscal year ended		Fiscal year ended	
	December 31, 2022	%	December 31, 2021	%
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Net income attributable to owners of the parent	86,038	(21.5)	109,636	(13.1)
Comprehensive income	<u>128,667</u>	<u>(22.1)</u>	165,132	22.8

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	December 31, 2022	December 31, 2021
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Diluted earnings per share (Yen)	183.27	230.57
Ratio of net income to equity attributable to owners of the parent	8.9%	11.6%
Ratio of income before income taxes to total assets	6.8%	8.9%
Ratio of operating income to net sales	7.1%	10.1%
(Reference) Share of profit in investments accounted for using the equity method	2,545	2,620

(2) Consolidated financial position

	December 31, 2022	December 31, 2021
Total assets	<u>1,726,187</u>	1,704,007
Total equity	<u>995,753</u>	983,877
Equity attributable to owners of the parent	<u>972,430</u>	965,137
Ratio of equity attributable to owners of the parent to total assets	56.3%	56.6%
Equity attributable to owners of the parent per share (Yen)	<u>2,091.99</u>	2,036.66



## Consolidated Statement of Financial Position

[Correction]

(Millions of yen)

	December 31, 2022	December 31, 2021	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	268,248	336,069	(67,821)
Trade and other receivables	230,604	216,209	14,395
Inventories	278,382	228,070	50,312
Other financial assets	3,605	6,094	(2,489)
Income tax receivables	4,171	2,508	1,663
Other current assets	22,196	20,842	1,354
<b>Total current assets</b>	<b>807,206</b>	<b>809,792</b>	<b>(2,586)</b>
<b>Non-current assets</b>			
Property, plant and equipment	439,325	428,609	10,716
Right-of-use assets	138,629	144,057	(5,428)
Goodwill	191,860	183,498	8,362
Intangible assets	60,183	52,636	7,547
Investments accounted for using the equity method	11,061	10,050	1,011
Other financial assets	25,325	23,588	1,737
Deferred tax assets	43,833	41,348	2,485
Other non-current assets	8,928	10,429	(1,501)
<b>Total non-current assets</b>	<b>919,144</b>	<b>894,215</b>	<b>24,929</b>
<b>Total assets</b>	<b><u>1,726,350</u></b>	<b><u>1,704,007</u></b>	<b><u>22,343</u></b>



(Millions of yen)

	December 31, 2022	December 31, 2021	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	243,767	229,086	14,681
Bonds and borrowings	65,670	6,156	59,514
Lease liabilities	19,440	19,929	(489)
Other financial liabilities	7,249	6,329	920
Income tax payables	12,299	24,078	(11,779)
Provisions	1,246	2,041	(795)
Contract liabilities	32,465	31,143	1,322
Other current liabilities	104,488	103,135	1,353
Total current liabilities	<u>486,624</u>	<u>421,897</u>	<u>64,727</u>
Non-current liabilities			
Bonds and borrowings	62,166	121,581	(59,415)
Lease liabilities	115,614	121,016	(5,402)
Other financial liabilities	7,223	7,070	153
Retirement benefit liabilities	<u>38,738</u>	29,843	<u>8,895</u>
Provisions	8,803	8,187	616
Deferred tax liabilities	6,858	5,830	1,028
Other non-current liabilities	4,940	4,706	234
Total non-current liabilities	<u>244,342</u>	<u>298,233</u>	<u>(53,891)</u>
Total liabilities	<u>730,966</u>	<u>720,130</u>	<u>10,836</u>
Equity			
Share capital	85,424	85,424	-
Capital surplus	105,880	105,633	247
Treasury shares	(3,459)	(3,960)	501
Other components of equity	43,842	(3,723)	47,565
Retained earnings	<u>740,374</u>	<u>781,763</u>	<u>(41,389)</u>
Equity attributable to owners of the parent	<u>972,061</u>	<u>965,137</u>	<u>6,924</u>
Non-controlling interests	23,323	18,740	4,583
Total equity	<u>995,384</u>	<u>983,877</u>	<u>11,507</u>
Total liabilities and equity	<u><u>1,726,350</u></u>	<u><u>1,704,007</u></u>	<u><u>22,343</u></u>



[Original]

(Millions of yen)

	December 31, 2022	December 31, 2021	Change
Assets			
Current assets			
Cash and cash equivalents	268,248	336,069	(67,821)
Trade and other receivables	230,604	216,209	14,395
Inventories	278,382	228,070	50,312
Other financial assets	3,605	6,094	(2,489)
Income tax receivables	4,171	2,508	1,663
Other current assets	22,196	20,842	1,354
Total current assets	807,206	809,792	(2,586)
Non-current assets			
Property, plant and equipment	439,325	428,609	10,716
Right-of-use assets	138,629	144,057	(5,428)
Goodwill	191,860	183,498	8,362
Intangible assets	60,183	52,636	7,547
Investments accounted for using the equity method	11,061	10,050	1,011
Other financial assets	25,325	23,588	1,737
Deferred tax assets	43,670	41,348	2,322
Other non-current assets	8,928	10,429	(1,501)
Total non-current assets	918,981	894,215	24,766
Total assets	1,726,187	1,704,007	22,180



(Millions of yen)

	December 31, 2022	December 31, 2021	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	243,767	229,086	14,681
Bonds and borrowings	65,670	6,156	59,514
Lease liabilities	19,440	19,929	(489)
Other financial liabilities	7,249	6,329	920
Income tax payables	12,299	24,078	(11,779)
Provisions	1,246	2,041	(795)
Contract liabilities	32,465	31,143	1,322
Other current liabilities	104,488	103,135	1,353
Total current liabilities	<u>486,624</u>	<u>421,897</u>	<u>64,727</u>
Non-current liabilities			
Bonds and borrowings	62,166	121,581	(59,415)
Lease liabilities	115,614	121,016	(5,402)
Other financial liabilities	7,223	7,070	153
Retirement benefit liabilities	<u>38,206</u>	29,843	<u>8,363</u>
Provisions	8,803	8,187	616
Deferred tax liabilities	6,858	5,830	1,028
Other non-current liabilities	4,940	4,706	234
Total non-current liabilities	<u>243,810</u>	<u>298,233</u>	<u>(54,423)</u>
Total liabilities	<u>730,434</u>	<u>720,130</u>	<u>10,304</u>
Equity			
Share capital	85,424	85,424	-
Capital surplus	105,880	105,633	247
Treasury shares	(3,459)	(3,960)	501
Other components of equity	43,842	(3,723)	47,565
Retained earnings	<u>740,743</u>	<u>781,763</u>	<u>(41,020)</u>
Equity attributable to owners of the parent	<u>972,430</u>	<u>965,137</u>	<u>7,293</u>
Non-controlling interests	23,323	18,740	4,583
Total equity	<u>995,753</u>	<u>983,877</u>	<u>11,876</u>
Total liabilities and equity	<u><u>1,726,187</u></u>	<u><u>1,704,007</u></u>	<u><u>22,180</u></u>



## Consolidated Statement of Comprehensive Income

[Correction]

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021	Change
Net income	87,742	111,415	(23,673)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	369	390	(21)
Remeasurements of defined benefit plans	(8,751)	11,729	(20,480)
Share of other comprehensive income of investments accounted for using the equity method	(186)	330	(516)
Total of items that will not be reclassified to profit or loss	<u>(8,568)</u>	12,449	<u>(21,017)</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	48,497	40,876	7,621
Share of other comprehensive income of investments accounted for using the equity method	627	392	235
Total of items that may be reclassified subsequently to profit or loss	<u>49,124</u>	41,268	7,856
Other comprehensive income, net of taxes	<u>40,556</u>	53,717	<u>(13,161)</u>
Comprehensive income	<u>128,298</u>	165,132	<u>(36,834)</u>
Attributable to:			
Owners of the parent	<u>125,437</u>	161,686	<u>(36,249)</u>
Non-controlling interests	<u>2,861</u>	3,446	<u>(585)</u>
Comprehensive income	<u>128,298</u>	165,132	<u>(36,834)</u>





[Original]

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021	Change
Net income	87,742	111,415	(23,673)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	369	390	(21)
Remeasurements of defined benefit plans	(8,382)	11,729	(20,111)
Share of other comprehensive income of investments accounted for using the equity method	(186)	330	(516)
Total of items that will not be reclassified to profit or loss	(8,199)	12,449	(20,648)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	48,497	40,876	7,621
Share of other comprehensive income of investments accounted for using the equity method	627	392	235
Total of items that may be reclassified subsequently to profit or loss	49,124	41,268	7,856
Other comprehensive income, net of taxes	40,925	53,717	(12,792)
Comprehensive income	<u>128,667</u>	<u>165,132</u>	<u>(36,465)</u>
Attributable to:			
Owners of the parent	125,807	161,686	(35,879)
Non-controlling interests	2,860	3,446	(586)
Comprehensive income	<u>128,667</u>	<u>165,132</u>	<u>(36,465)</u>



## Consolidated Statement of Changes in Equity

[Correction]

(Millions of yen)

	Equity attributable to owners of the parent												
	Share capital	Capital surplus	Treasury shares	Other components of equity					Total	Retained earnings	Total	Non-controlling interests	Total equity
Subscription rights to shares				Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans						
January 1, 2022	85,424	105,633	(3,960)	175	(9,678)	(0)	5,780	-	(3,723)	781,763	965,137	18,740	983,877
Net income	-	-	-	-	-	-	-	-	-	86,038	86,038	1,704	87,742
Other comprehensive income	-	-	-	-	48,000	7	193	(8,801)	39,399	-	39,399	1,157	40,556
Comprehensive income	-	-	-	-	48,000	7	193	(8,801)	39,399	86,038	125,437	2,861	128,298
Disposal of treasury shares	-	(120)	50,511	(90)	-	-	-	-	(90)	(50,298)	3	-	3
Purchase of treasury shares	-	(25)	(50,010)	-	-	-	-	-	-	-	(50,035)	-	(50,035)
Share-based payment transactions	-	384	-	-	-	-	-	-	-	-	384	-	384
Dividends	-	-	-	-	-	-	-	-	-	(68,864)	(68,864)	(414)	(69,278)
Changes in the ownership interest in subsidiaries	-	8	-	-	-	-	-	-	-	-	8	2,136	2,144
Transfer from other components of equity to retained earnings	-	-	-	(28)	-	-	(517)	8,801	8,256	(8,256)	-	-	-
Other increase (decrease)	-	-	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Total transactions with the owners	-	247	501	(118)	-	-	(517)	8,801	8,166	(127,427)	(118,513)	1,722	(116,791)
December 31, 2022	85,424	105,880	(3,459)	57	38,322	7	5,456	-	43,842	740,374	972,061	23,323	995,384
January 1, 2021	85,424	106,618	(3,865)	268	(49,368)	(0)	5,724	-	(43,376)	778,886	923,687	14,507	938,194
Net income	-	-	-	-	-	-	-	-	-	109,636	109,636	1,779	111,415
Other comprehensive income	-	-	-	-	39,690	(0)	715	11,645	52,050	-	52,050	1,667	53,717
Comprehensive income	-	-	-	-	39,690	(0)	715	11,645	52,050	109,636	161,686	3,446	165,132
Disposal of treasury shares	-	(334)	51,697	(89)	-	-	-	-	(89)	(51,273)	1	-	1
Purchase of treasury shares	-	-	(51,792)	-	-	-	-	-	-	-	(51,792)	-	(51,792)
Share-based payment transactions	-	370	-	-	-	-	-	-	-	-	370	-	370
Dividends	-	-	-	-	-	-	-	-	-	(67,794)	(67,794)	(797)	(68,591)
Changes in the ownership interest in subsidiaries	-	(1,021)	-	-	-	-	-	-	-	-	(1,021)	1,584	563
Transfer from other components of equity to retained earnings	-	-	-	(4)	-	-	(659)	(11,645)	(12,308)	12,308	-	-	-
Total transactions with the owners	-	(985)	(95)	(93)	-	-	(659)	(11,645)	(12,397)	(106,759)	(120,236)	787	(119,449)
December 31, 2021	85,424	105,633	(3,960)	175	(9,678)	(0)	5,780	-	(3,723)	781,763	965,137	18,740	983,877



[Original]

(Millions of yen)

	Equity attributable to owners of the parent												
	Other components of equity								Total	Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans					
January 1, 2022	85,424	105,633	(3,960)	175	(9,678)	(0)	5,780	-	(3,723)	781,763	965,137	18,740	983,877
Net income	-	-	-	-	-	-	-	-	-	86,038	86,038	1,704	87,742
Other comprehensive income	-	-	-	-	48,000	7	194	(8,432)	39,769	-	39,769	1,156	40,925
Comprehensive income	-	-	-	-	48,000	7	194	(8,432)	39,769	86,038	125,807	2,860	128,667
Disposal of treasury shares	-	(120)	50,511	(90)	-	-	-	-	(90)	(50,298)	3	-	3
Purchase of treasury shares	-	(25)	(50,010)	-	-	-	-	-	-	-	(50,035)	-	(50,035)
Share-based payment transactions	-	384	-	-	-	-	-	-	-	-	384	-	384
Dividends	-	-	-	-	-	-	-	-	-	(68,864)	(68,864)	(414)	(69,278)
Changes in the ownership interest in subsidiaries	-	8	-	-	-	-	-	-	-	-	8	2,137	2,145
Transfer from other components of equity to retained earnings	-	-	-	(28)	-	-	(518)	8,432	7,886	(7,886)	-	-	-
Other increase (decrease)	-	-	-	-	-	-	-	-	-	(10)	(10)	-	(10)
Total transactions with the owners	-	247	501	(118)	-	-	(518)	8,432	7,796	(127,058)	(118,514)	1,723	(116,791)
December 31, 2022	85,424	105,880	(3,459)	57	38,322	7	5,456	-	43,842	740,743	972,430	23,323	995,753
January 1, 2021	85,424	106,618	(3,865)	268	(49,368)	(0)	5,724	-	(43,376)	778,886	923,687	14,507	938,194
Net income	-	-	-	-	-	-	-	-	-	109,636	109,636	1,779	111,415
Other comprehensive income	-	-	-	-	39,690	(0)	715	11,645	52,050	-	52,050	1,667	53,717
Comprehensive income	-	-	-	-	39,690	(0)	715	11,645	52,050	109,636	161,686	3,446	165,132
Disposal of treasury shares	-	(334)	51,697	(89)	-	-	-	-	(89)	(51,273)	1	-	1
Purchase of treasury shares	-	-	(51,792)	-	-	-	-	-	-	-	(51,792)	-	(51,792)
Share-based payment transactions	-	370	-	-	-	-	-	-	-	-	370	-	370
Dividends	-	-	-	-	-	-	-	-	-	(67,794)	(67,794)	(797)	(68,591)
Changes in the ownership interest in subsidiaries	-	(1,021)	-	-	-	-	-	-	-	-	(1,021)	1,584	563
Transfer from other components of equity to retained earnings	-	-	-	(4)	-	-	(659)	(11,645)	(12,308)	12,308	-	-	-
Total transactions with the owners	-	(985)	(95)	(93)	-	-	(659)	(11,645)	(12,397)	(106,759)	(120,236)	787	(119,449)
December 31, 2021	85,424	105,633	(3,960)	175	(9,678)	(0)	5,780	-	(3,723)	781,763	965,137	18,740	983,877



## Consolidated Statement of Cash Flows

[Correction]

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Income before income taxes	115,848	150,002
Depreciation and amortization	89,738	87,341
Interest and dividend income	(2,049)	(1,307)
Interest expense	1,904	2,036
Share of profit in investments accounted for using the equity method	(2,545)	(2,620)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	3,524	4,458
(Increase) decrease in trade and other receivables	3,394	(4,440)
(Increase) decrease in inventories	(36,930)	(20,508)
Increase (decrease) in trade and other payables	5,496	8,682
Increase (decrease) in retirement benefit liabilities	7,333	(22,787)
Other	(17,992)	19,192
Subtotal	167,721	220,049
Interest received	1,920	1,191
Dividends received	2,513	2,222
Interest paid	(1,907)	(2,039)
Income taxes paid	(39,342)	(45,899)
Net cash flows from operating activities	130,905	175,524
Cash flows from investing activities		
Payments into time deposits	(7,426)	(11,418)
Proceeds from withdrawal of time deposits	10,660	12,930
Purchase of property, plant and equipment	(65,520)	(59,951)
Purchase of intangible assets	(11,681)	(11,568)
Other	(944)	2,775
Net cash flows from investing activities	(74,911)	(67,232)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(207)	440
Proceeds from long-term borrowings	7,280	30,091
Repayments of long-term borrowings	(7,331)	(31,380)
Repayments of lease liabilities	(21,704)	(21,266)
Purchase of treasury shares	(50,035)	(51,792)
Dividends paid to owners of the parent	(68,931)	(67,859)
Dividends paid to non-controlling interests	(419)	(802)
Other	2,036	995
Net cash flows from financing activities	(139,311)	(141,573)
Net increase (decrease) in cash and cash equivalents	(83,317)	(33,281)
Cash and cash equivalents at the beginning of the year	336,069	353,176
Effect of exchange rate changes on cash and cash equivalents	15,496	16,174
Cash and cash equivalents at the end of the year	268,248	336,069



[Original]

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Income before income taxes	115,848	150,002
Depreciation and amortization	89,738	87,341
Interest and dividend income	(2,049)	(1,307)
Interest expense	1,904	2,036
Share of profit in investments accounted for using the equity method	(2,545)	(2,620)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	3,524	4,458
(Increase) decrease in trade and other receivables	3,394	(4,440)
(Increase) decrease in inventories	(36,930)	(20,508)
Increase (decrease) in trade and other payables	5,496	8,682
Increase (decrease) in retirement benefit liabilities	6,801	(22,787)
Other	(17,460)	19,192
Subtotal	167,721	220,049
Interest received	1,920	1,191
Dividends received	2,513	2,222
Interest paid	(1,907)	(2,039)
Income taxes paid	(39,342)	(45,899)
Net cash flows from operating activities	130,905	175,524
Cash flows from investing activities		
Payments into time deposits	(7,426)	(11,418)
Proceeds from withdrawal of time deposits	10,660	12,930
Purchase of property, plant and equipment	(65,520)	(59,951)
Purchase of intangible assets	(11,681)	(11,568)
Other	(944)	2,775
Net cash flows from investing activities	(74,911)	(67,232)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(207)	440
Proceeds from long-term borrowings	7,280	30,091
Repayments of long-term borrowings	(7,331)	(31,380)
Repayments of lease liabilities	(21,704)	(21,266)
Purchase of treasury shares	(50,035)	(51,792)
Dividends paid to owners of the parent	(68,931)	(67,859)
Dividends paid to non-controlling interests	(419)	(802)
Other	2,036	995
Net cash flows from financing activities	(139,311)	(141,573)
Net increase (decrease) in cash and cash equivalents	(83,317)	(33,281)
Cash and cash equivalents at the beginning of the year	336,069	353,176
Effect of exchange rate changes on cash and cash equivalents	15,496	16,174
Cash and cash equivalents at the end of the year	268,248	336,069