



Kirei—Making Life Beautiful

Consolidated Financial Results for the Year Ended December 31, 2025 and FY2026 Forecast

Kao Corporation
February 5, 2026



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 are negative.
2. YoY: Abbreviation for year on year
3. 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.
4. Changes and comparisons are all with the previous year unless otherwise noted.
5. Household & personal care (H&PC): Global consumer care products excluding cosmetics
6. GC: Abbreviation for Global Consumer Care
7. Core income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023.
8. Net sales and operating income for the previous fiscal year have been reclassified and restated to reflect the changes to reportable segments implemented during the three months ended March 31, 2025 (see page 64 for details).

Contents

01 Key Highlights

02 Financial Results
for the Year Ended December 31, 2025

03 FY2026 Forecast

04 Mid-term Plan “K27” Progress and Beyond

05 Appendix

Key Highlights

FY2025 Results

- ✓ **In Japan, firmly established continuous market share expansion and earning power. Outside Japan, clearly identified key areas of improvement and entered a phase in which early signs of growth have begun to emerge.**
 - Enhanced competitiveness of GC business in Japan: The Kao Group's share of Japan's H&PC market has grown YoY for 30 consecutive months.
 - Focus on growth businesses: Substantially increased sales and operating income in the Cosmetics Business, accelerated initiatives in the skin protection business in the Americas and Europe, as well as other businesses.
 - Improved earnings quality: Increased earning power through promotion of high-value-added products and cost reductions. Firmly established ROIC-centered business portfolio management.

FY2026 Key Initiatives / Path to Growth

- ✓ **Accelerate the expansion of businesses with growth potential and the turnaround of businesses facing challenges to achieve K27 and drive growth beyond.**
 - FY2026 Key initiatives: Improve earning power, including selling price adjustment; expand the GC Business outside Japan; enhance a global promotion framework
 - Path to growth: Three key technologies - precision selective cleansing, individual optimal selection, and environment-adaptive selection

Capital Allocation / Shareholder Returns

- ✓ **Clarification of the Approach to Capital Allocation**
- ✓ **FY2025 Results: Share repurchases totaling 80.0 billion yen and retirement of shares**
- ✓ **FY2026 Plan:** Dividends (planned): 37th consecutive fiscal year of increases in dividends (on a pre-share split basis)
Share split: 2-for-1 share split of ordinary share, effective July 1, 2026

02

Financial Results

for the Year Ended December 31, 2025

Highlights of Consolidated Financial Results

Billion yen	FY2024	FY2025	Growth	Change
Net sales	1,628.4	1,688.6	+3.7%	+60.2
		Effect of currency translation*	+0.0%	+0.7
		Like-for-like growth	+3.7%	+59.5
Gross profit	638.4	668.2	+4.7%	+29.8
Gross margin(%)	39.2%	39.6%	-	+0.4pts
Operating income	146.6	164.1	+11.9%	+17.4
Operating margin(%)	9.0%	9.7%	-	+0.7pts
Income before income taxes	151.0	169.8	+12.5%	+18.8
Net income	110.4	120.6	+9.3%	+10.2
Net income attributable to owners of the parent	107.8	120.1	+11.4%	+12.3
EBITDA (Operating income + Depr. & Amort.)	235.1	249.9	+6.3%	+14.8
Basic earnings per share (yen)	231.94	260.30	+12.2%	+28.36
Cash dividends per share (yen)	152.00	154.00	-	+2.00
Net cash flows from operating activities	201.6	199.7	(0.9%)	(1.9)

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

Billion yen	FY2024 Q4	FY2025 Q4	Growth	Change
Net sales	438.4	456.6	+4.1%	+18.2
		Effect of currency translation*	+1.6%	+7.2
		Like-for-like growth	+2.5%	+11.0
Gross profit	179.1	186.8	+4.3%	+7.7
Gross margin(%)	40.9%	40.9%	-	+0.0pts
Operating income	45.6	49.2	+7.9%	+3.6
Operating margin(%)	10.4%	10.8%	-	+0.3pts
Income before income taxes	47.0	50.4	+7.3%	+3.4
Net income	37.5	35.7	(4.7%)	(1.8)
Net income attributable to owners of the parent	36.7	35.4	(3.8%)	(1.4)
EBITDA (Operating income + Depr. & Amort.)	67.6	71.1	+5.1%	+3.5
Basic earnings per share (yen)	79.10	77.92	(1.5%)	(1.18)

Key Points of Results

Net sales 1,688.6 billion yen
+3.7% on a like-for-like basis

Operating income 164.1 billion yen
(+17.4 billion yen; +11.9%); margin 9.7%
(+24.7 billion yen; +16.8% on a like-for-like basis*)

ROIC 9.7%
+0.5 pts

Net sales

- The GC Business in Japan grew substantially, outperforming market growth.
- In the Chemical Business, sales increased due to steady performance by information materials and selling price adjustments reflecting rising raw material prices for fats and oils.

Operating income

- GC Business: Operating margin of 10.4% — returned to double digits
- Fabric & Home Care: Effectiveness of combining high-value-added products with appropriate pricing in Japan — sales and market share expanded, and the operating margin rose to 19.1%
- Cosmetics Business: Rapid profit growth due to recovery in China, expansion in key areas, and streamlining of fixed costs — operating income of 10.4 billion yen (+14.1 billion yen)

ROIC

- Improved by 0.5 pts year on year due to greater profitability.

*Excluding the impact of one-time income and expenses in 2024 (+7.2 billion yen). 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

Consolidated Net Sales by Segment/Geographic Region in FY2025

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- The GC Business grew 2.5%, driven by strong sales in Japan. Although conditions outside Japan were sluggish, our updated cosmetics strategy is delivering results reflected in the double-digit growth in the Cosmetics Business in Asia.
- Chemical Business sales increased due to steady performance by information materials and selling price adjustments for oleo chemicals reflecting rising prices in the raw materials market.

	Japan		Asia		Americas		Europe		Outside Japan		Consolidated	
	Billion yen	Like-for-like	Billion yen	Like-for-like	Billion yen	Like-for-like	Billion yen	Like-for-like	Billion yen	Like-for-like	Billion yen	Like-for-like
Fabric & Home Care	346.0	5.5%	40.1	(11.3%)	3.0	(9.3%)	-	-	43.1	(11.1%)	389.1	3.4%
Sanitary	71.6	(6.3%) (2.9%)	88.6	(2.1%)	-	-	-	-	88.6	(2.1%)	160.2	(4.0%) (2.4%)
Hygiene Living Care Business	417.6	3.3% 4.0%	128.6	(5.1%)	3.0	(9.3%)	-	-	131.7	(5.2%)	549.3	1.1% 1.6%
Health Beauty Care Business	225.0	6.1%	36.5	(0.1%)	109.1	(1.4%)	62.3	(3.4%)	207.9	(1.8%)	432.9	2.2%
Cosmetics Business	177.0	6.3%	45.3	16.2%	7.7	(1.0%)	31.5	(0.0%)	84.5	8.1%	261.6	6.9%
Business Connected Business	38.8	(3.5%) 1.2%	0.4	47.7%	-	-	-	-	0.4	47.7%	39.2	(3.2%) 1.5%
GC Business	858.5	4.3% 4.9%	210.8	(0.2%)	119.9	(1.6%)	93.8	(2.3%)	424.4	(1.1%)	1,283.0	2.5% 2.8%
Chemical Business*	144.6	4.5%	120.8	14.2%	86.9	6.7%	99.3	2.3%	307.0	8.0%	451.5	6.9%
Consolidated	963.4	4.4% 4.9%	328.3	4.8%	206.5	1.7%	190.4	0.3%	725.2	2.7%	1,688.6	3.7% 4.0%

* Net sales of the Chemical Business include intersegment transactions

- Sales by geographic region are classified based on the location of the sales recognized.
- Green figures: Excluding the impact of business transfers and structural reform expenses in FY2024

Consolidated Results by Segment in FY2025

- The GC Business maintained its strong performance from the previous year, achieving an operating margin of 10.4% (+1.5 pts).
- Chemical Business operating income decreased due to lower sales volume resulting from a decline in demand in Europe and shrinking margins in the oleo chemicals business, as well as the additional impact of inventory valuation losses.

	Net sales				Operating income			Overview
	(Billion yen)	Like-for-like	By Volume	By Price	(Billion yen)	Change	Operating margin	
Fabric & Home Care	389.1	3.4%	1.4%	2.0%	74.1	5.7	19.1%	In Japan, promotion of high-value-added products, selling price adjustments, and other factors drove profit, offsetting a slump in Asia, for an operating margin approaching 20%.
Sanitary	160.2	(4.0%) (2.4%)	(3.0%)	(1.1%)	7.1	(0.2) 4.1	4.5%	Sales of sanitary napkins grew in Asia, mainly in China. <i>Merries</i> achieved full-year profitability. Excluding the gain on the transfer recorded in 2024, operating income increased by 4.1 billion yen.
Hygiene Living Care Business	549.3	1.1% 1.6%	0.1%	1.0%	81.3	5.5 9.8	14.8%	—
Health Beauty Care Business	432.9	2.2%	2.0%	0.2%	39.1	4.7 1.3	9.0%	Personal health grew, as did skin care and high premium hair care in Japan. Ramped up investment for growth in skin care.
Cosmetics Business	261.6	6.9%	5.9%	1.0%	10.4	14.1	4.0%	Operating income grew substantially due to streamlining of fixed costs in Japan, recovery in the China business, and other factors (operating margin +5.5 pts). The Japan business returned to profitability.
Business Connected Business	39.2	(3.2%) 1.5%	(4.6%)	1.4%	2.3	(3.0) 3.4	5.8%	Although the medical and other sectors were impacted by price competition, sales increased in the lodging and leisure sectors due to firm market conditions.
GC Business	1,283.0	2.5% 2.8%	1.7%	0.8%	133.1	21.3 28.6	10.4%	—
Chemical Business*	451.5	6.9%	(3.2%)	10.1%	30.2	(5.5)	6.7%	Although information materials performed steadily, results were impacted by a decline in market demand for performance chemicals, shrinking margins for oleo chemicals, and inventory valuation losses.
Consolidated	1,688.6	3.7% 4.0%	0.5%	3.2%	164.1	17.4 24.7	9.7%	

* Net sales of the Chemical Business include intersegment transactions

- Growth by volume includes changes due to differences in product mix.
- Sales by geographic region are classified based on the location of the sales recognized.
- Green figures: Excluding the impact of business transfers and structural reform expenses in FY2024

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

- Sales of the GC Business increased overall, driven by steady performance in Japan and in Asia, where significant improvement in the Cosmetics Business contributed.
- Sales of the GC Business decreased YoY in the Americas and Europe due to the impact of weak performance in the business for hair salons.

	Japan		Asia		Americas		Europe		Outside Japan		Consolidated	
	Billion yen	Like-for-like	Billion yen	Like-for-like	Billion yen	Like-for-like						
Fabric & Home Care	99.4	4.4%	10.6	(10.4%)	0.8	5.4%	-	-	11.4	(9.4%)	110.7	2.9%
Sanitary	18.3	(13.7%)	22.4	(1.8%)	-	-	-	-	22.4	(1.8%)	40.7	(7.5%)
Hygiene Living Care Business	117.7	1.1%	33.0	(4.6%)	0.8	5.4%	-	-	33.8	(4.4%)	151.4	(0.1%)
Health Beauty Care Business	58.1	3.4%	9.7	(0.8%)	27.4	(2.1%)	15.9	(8.6%)	52.9	(3.8%)	111.0	(0.1%)
Cosmetics Business	53.9	7.2%	12.5	68.3%	2.5	5.1%	11.6	(2.7%)	26.5	22.9%	80.4	11.8%
Business Connected Business	11.1	(0.7%)	0.1	(5.4%)	-	-	-	-	0.1	(5.4%)	11.2	(0.8%)
GC Business	240.8	2.9%	55.2	6.4%	30.6	(1.3%)	27.4	(6.2%)	113.3	1.1%	354.1	2.3%
Chemical Business*	37.6	(0.5%)	31.1	8.4%	21.8	2.4%	24.1	(1.3%)	77.0	3.6%	114.6	2.2%
Consolidated	268.1	2.8%	85.4	7.3%	52.4	0.1%	50.7	(4.0%)	188.5	2.1%	456.6	2.5%

* Net sales of the Chemical Business include intersegment transactions

- Sales by geographic region are classified based on the location of the sales recognized.
- Green figures: Excluding the impact of business transfers and structural reform expenses in FY2024

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

- The Cosmetics Business accelerated its strong momentum up to Q3, leading to substantial increases in both sales and operating income.
- In the Chemical Business, operating income decreased due to the substantial impact of falling prices for oleo chemicals and inventory valuation losses.

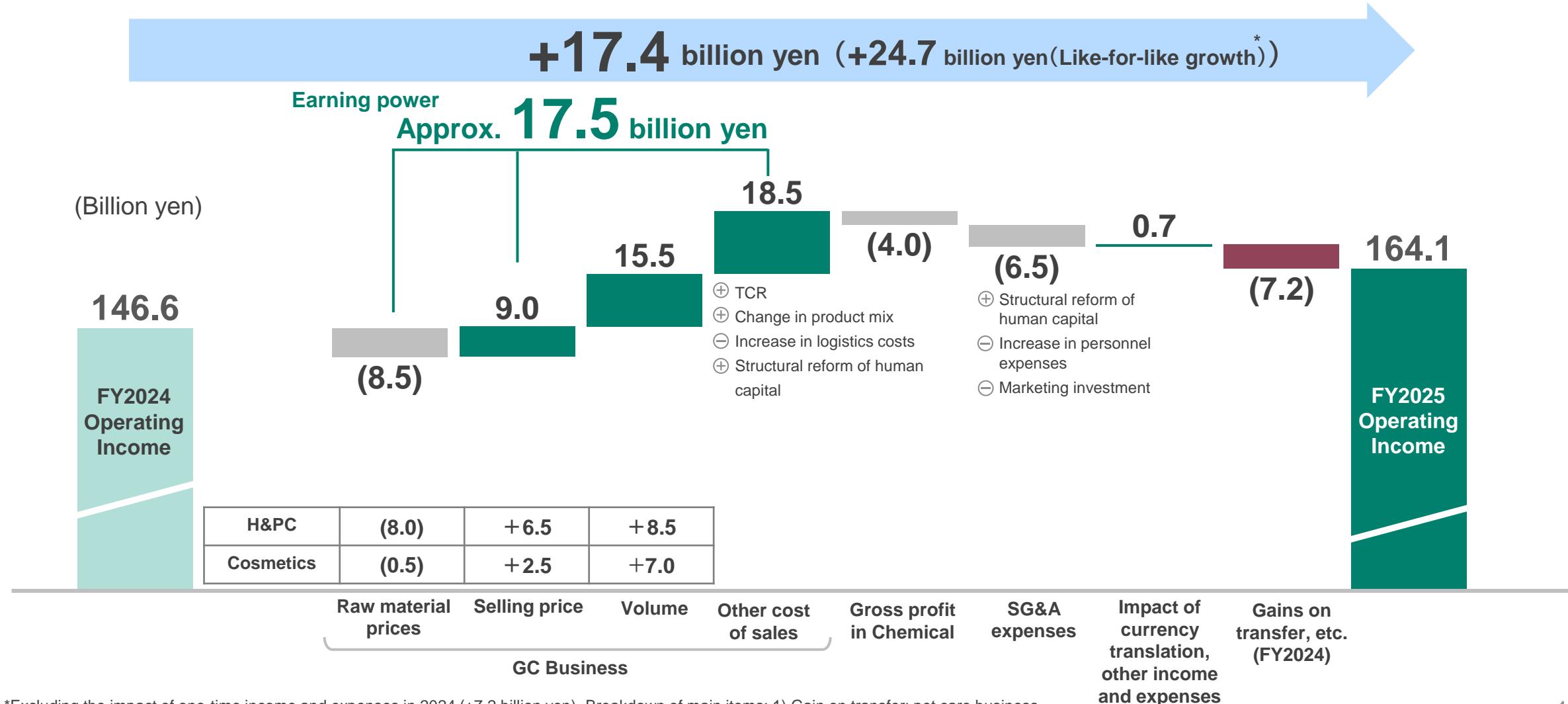
		Net sales				Operating income		
		Billion yen	Like-for-like	By Volume	By Price	Billion yen	Change	Operating margin
	Fabric & Home Care	110.7	2.9%	0.9%	2.0%	22.6	2.0	20.4%
	Sanitary	40.7	(7.5%)	(7.0%)	(0.5%)	1.0	0.0	2.5%
	Hygiene Living Care Business	151.4	(0.1%)	(1.4%)	1.3%	23.6	2.0	15.6%
	Health Beauty Care Business	111.0	(0.1%)	(0.1%)	0.0%	9.6	0.8 1.1	8.6%
	Cosmetics Business	80.4	11.8%	10.3%	1.4%	7.4	3.2	9.3%
	Business Connected Business	11.2	(0.8%)	(2.7%)	1.9%	1.1	0.6	9.8%
	GC Business	354.1	2.3%	1.4%	0.9%	41.7	6.5 6.9	11.8%
	Chemical Business*	114.6	2.2%	(4.6%)	6.8%	7.3	(2.5)	6.4%
	Consolidated	456.6	2.5%	0.1%	2.4%	49.2	3.6 4.0	10.8%

* Net sales of the Chemical Business include intersegment transactions

- Growth by volume includes changes due to differences in product mix.
- Sales by geographic region are classified based on the location of the sales recognized.
- Green figures: Excluding the impact of business transfers and structural reform expenses in FY2024

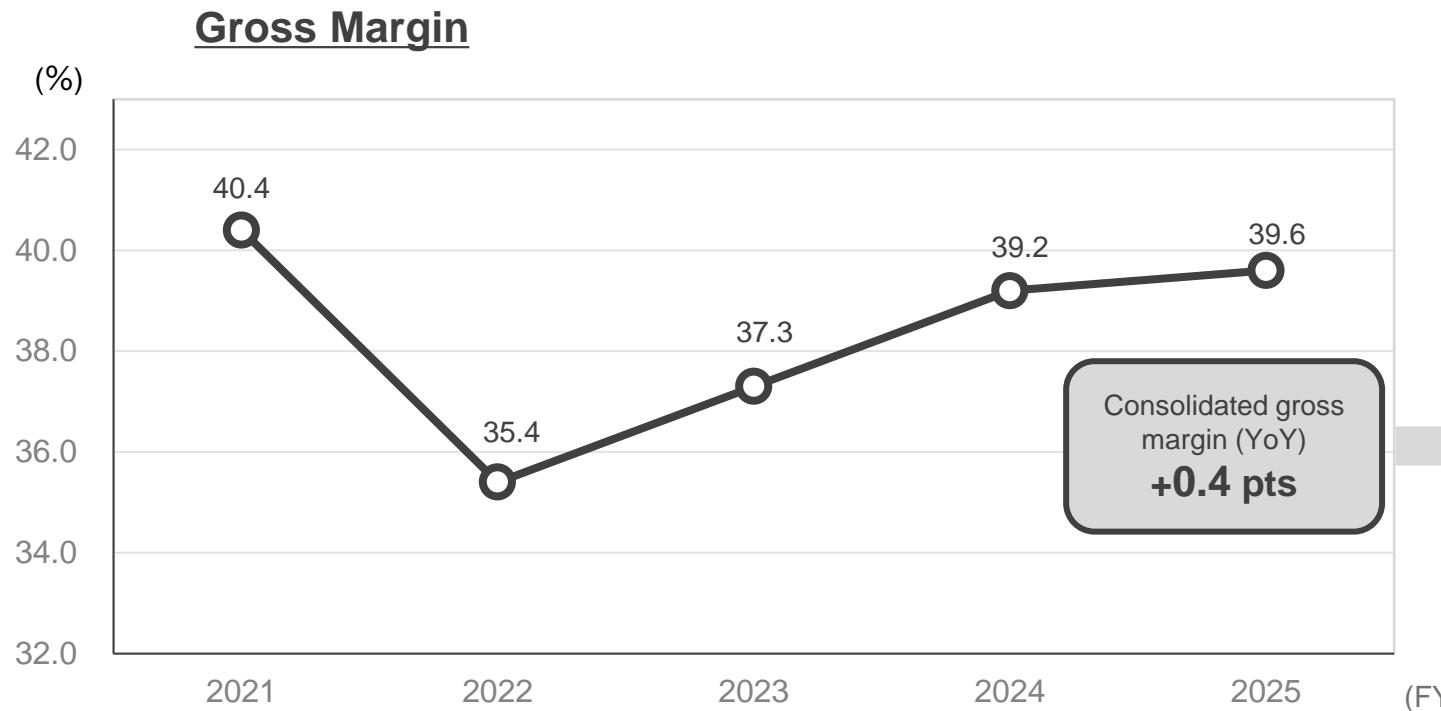
Analysis of Change in Operating Income in FY2025 (YoY Change)

- In the GC Business, operating income increased substantially due to significant growth in volume, together with the contribution from increased sales of high-value-added products and selling price adjustments.
- Achieved an increase in operating income of approx. 17.5 billion yen through improved earning power.



Further Improvement of Earning Power

- Launches of high-value-added products, cost reduction activities and other measures offset the impact of rising raw material prices.
- Growth in the Cosmetics Business also contributed, resulting in an improvement of 1.5 pts, substantially exceeding the target.



Gross margin for FY2023 represents "core gross margin."



A Steady Path toward Sustainable Growth

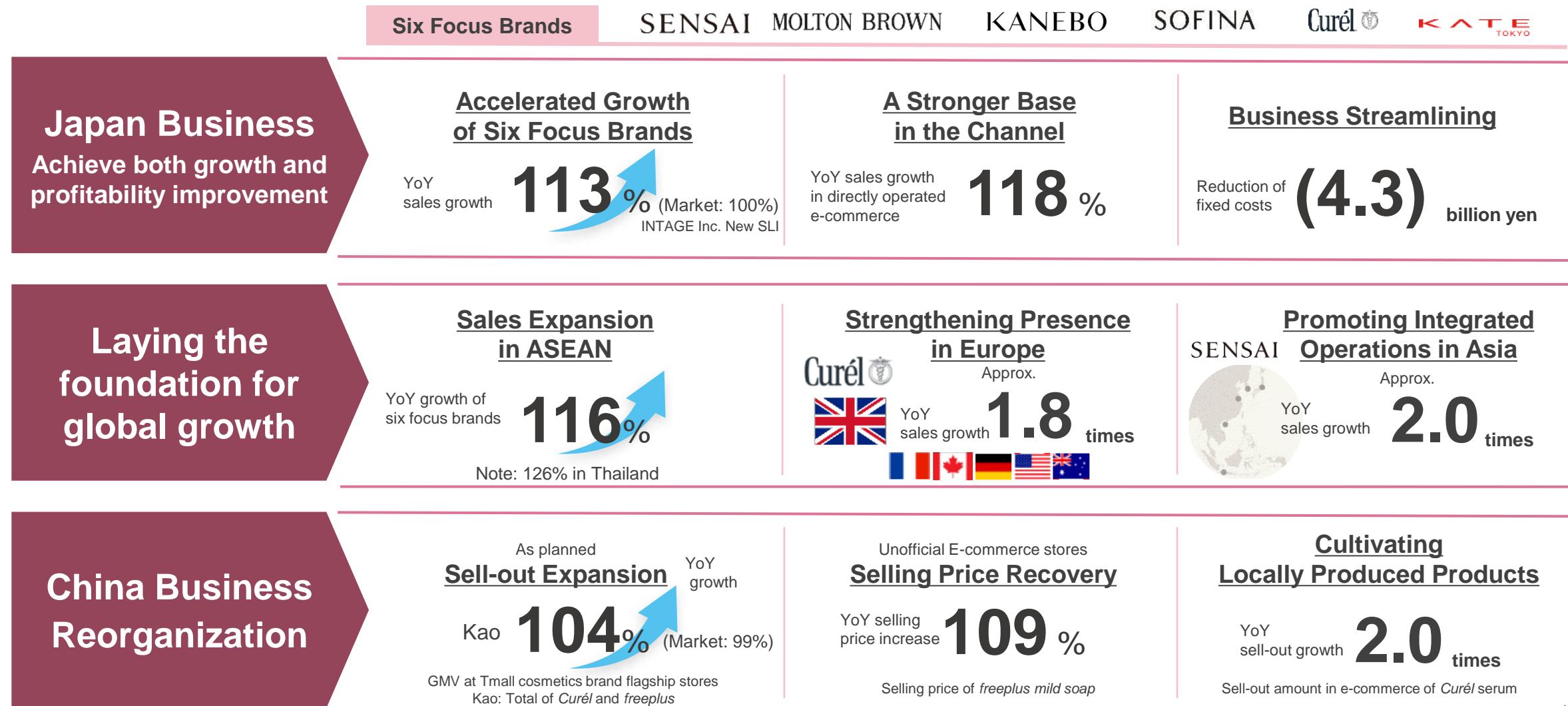
- Responding to a market with increasingly polarized consumption by offering value in both high premium and mass-market price segments to achieve sustainable growth.



Reorganizing the Cosmetics Business to Achieve Profitable Growth and Promoting Globalization

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- Operating income exceeded 10.0 billion yen. The Japan business achieved profitability.



Strengthening the GC Business outside Japan: Results in FY2025

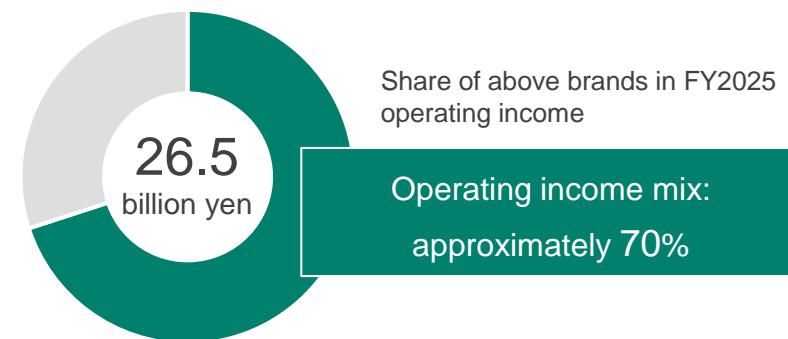
- Strengthened brands and made progress in category development in major markets outside Japan, focusing on cosmetics and skin protection.

Cosmetics	Europe Americas Asia	SENSAI Curél etc.	Strengthened global collaboration to drive the "three strategic expansion models".	YoY sales growth
				+8%
Bioré UV (Skin protection)	Europe Americas Asia		Promoted differentiation through evidence-based marketing. Achieved expanded distribution in strategic retail chains.	+2%
JERGENS Base (Skin care)	Americas Asia		Since August, new product launches and strengthened digital initiatives have significantly increased brand awareness among younger consumers. A first step toward brand renewal.	+1% (Jul.-Dec.: +4%)
Laurier (Sanitary products)	Asia		Implemented area-specific strategy and loyalty marketing. Improved investment efficiency, and achieved profitable growth.	+9%

Sales
High single-digit growth

Operating Income
Approx. 1.4X
Double-digit operating margin

GC Business
outside Japan
Operating income
(FY2025)



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

- ROIC improved in all three business areas. Kao Group ROIC was 9.7%.

	Stable Earnings	Growth Driver	Business Transformation	Total
(vs. FY2024)	Fabric care and Home care Personal health	Skin care Cosmetics Business Connected (Commercial-use hygiene products) Chemicals	Sanitary Hair care (Including products for hair salons)	
Sales Growth Rate	+3.5%	+5.1%	(0.3)%	+3.7%
Improvement in Operating Income (Like-for-like growth ¹)	+6.7¥bn	+4.9¥bn (+11.2¥bn)	+4.2¥bn (+5.1¥bn)	+17.4¥bn³ (+24.7¥bn)
Improvement in ROIC ²	+1.4pts	+0.1pts	+1.1pts	+0.5pts

1. Excluding the impact of one-time income and expenses in 2024 (+7.2 billion yen). 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

2. Business-area ROIC is an internal indicator for strengthening management in each business. Focused on improvement rates, it is calculated using operating assets such as inventory and fixed assets as invested capital in the denominator. Consolidated ROIC is positioned as a major KPI for the overall Kao Group. It is calculated using invested capital based on the Consolidated Statement of Financial Position in the Annual Securities Report as the denominator.

3. A portion of expenses were allocated as corporate expenses. 4. ¥bn : Abbreviation for Japanese yen in billions

03

FY2026 Forecast

FY2026 Forecast

Billion yen	FY2025		FY2026		
	Growth	Forecast	Growth	Change	
Net sales	1,688.6	+3.7%	1,750.0	+3.6%	+61.4
	Effect of currency translation ¹	+0.0%		+0.4%	+7.8
	Like-for-like growth	+3.7%		+3.2%	+53.6
Operating income	164.1	+11.9%	182.0	+10.9%	+17.9
Operating margin(%)	9.7%	-	10.4%	-	+0.7pts
Income before income taxes	169.8	+12.5%	185.0	+8.9%	+15.2
Net income attributable to owners of the parent	120.1	+11.4%	130.0	+8.3%	+9.9
EBITDA (Operating income + Depr. & Amort.)	249.9	+6.3%	270.0	+8.0%	+20.1
ROE (%)	11.3%	-	12.0%	-	+0.7pts
Basic core earnings per share (yen)	260.30	+12.2%	287.41 ²	+10.4%	+27.11
Cash dividends per share (yen)	154.00	-	156.00 ²	-	+2.00

1. Exchange rate assumptions: 150 yen/USD 175 yen/Euro 21 yen/Yuan

2. These figures do not take into account the impact of the 2-for-1 ordinary share split scheduled to take effect on July 1, 2026.

Key Points of FY2026 Sales Forecast by Segment

- Expecting continued rapid progress from hair care in Japan, and growth of cosmetics and skin care outside Japan.

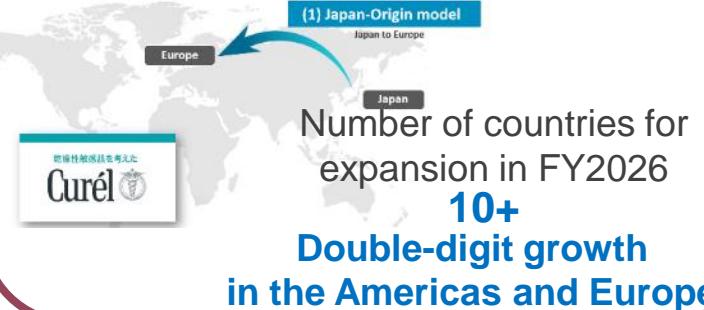
Billion yen	Japan	Outside Japan	Consolidated	Overview of Initiatives			
	Like-for-like	Like-for-like	Like-for-like				
Hygiene Living Care Business	424.0	1.5%	133.0	0.0%	557.0	1.1%	In Fabric & Home Care, establish the dominance of core products and create new usage habits. In sanitary products, prioritize stabilizing profitability.
Health Beauty Care Business	239.0	6.2%	222.5	6.4%	461.5	6.3%	Expand growth drivers (year-round promotion, entry into new countries, and high-premium and Asia-specific colors) and transform the salon business model.
Cosmetics Business	183.0	3.4%	88.5	4.9%	271.5	3.9%	Implement the three strategic expansion models outside Japan and strengthen channel strategies (e-commerce and drugstore self-selection).
Business Connected Business	40.0	3.1%	0.5	20.0%	40.5	3.2%	Achieve sustainable growth by strengthening proposals of high-value-added solutions in the core food service business.
GC Business	886.0	3.2%	444.5	4.1%	1,330.5	3.5%	—
Chemical Business*	146.0	1.0%	320.0	2.8%	466.0	2.2%	Expand sales and acquire new customers by capturing recovery in demand, mainly for oleo chemicals, while nurturing businesses that will become future sources of earnings.
Consolidated	992.0	3.0%	760.0	3.6%	1,750.0	3.2%	
↓ 《GC Business sales outside Japan》							
Asia	216.0	1.6%					* Net sales of the Chemical Business include intersegment transactions
Americas	127.0	6.1%					Sales by geographic region are classified based on the location of the sales recognized.
Europe	101.5	7.2%					

Strengthening Priority Businesses outside Japan: Key Focus for FY2026

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Cosmetics × Europe

Japan-origin Global Expansion: Curél's Full-scale Rollout in Europe and the Americas



Number of countries for
expansion in FY2026

10+
Double-digit growth
in the Americas and Europe

Cosmetics × Asia

Asia Model Global Expansion: Building a Thailand-led Success Model



Sales in Thailand
(KANEBO/KATE)
**Double-digit
growth well
exceeding the
market**

Skin care × Global

Global Expansion of the *Bioré* Brand

The Americas and Europe

**Double-digit sales
growth**

Asia

**Expansion through wide rollout
including new cleansing products**



Skin care × Americas

Expanding Younger Users through Brand Renewal

**Growth exceeding
the market**

• Strengthening social media communication

JERGENS.



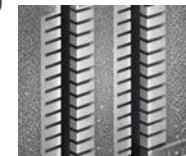
Chemicals × Global

Building a Stronger Earnings Base and Expanding Priority Areas

Sales in growth areas such as
electronic materials including
semiconductors

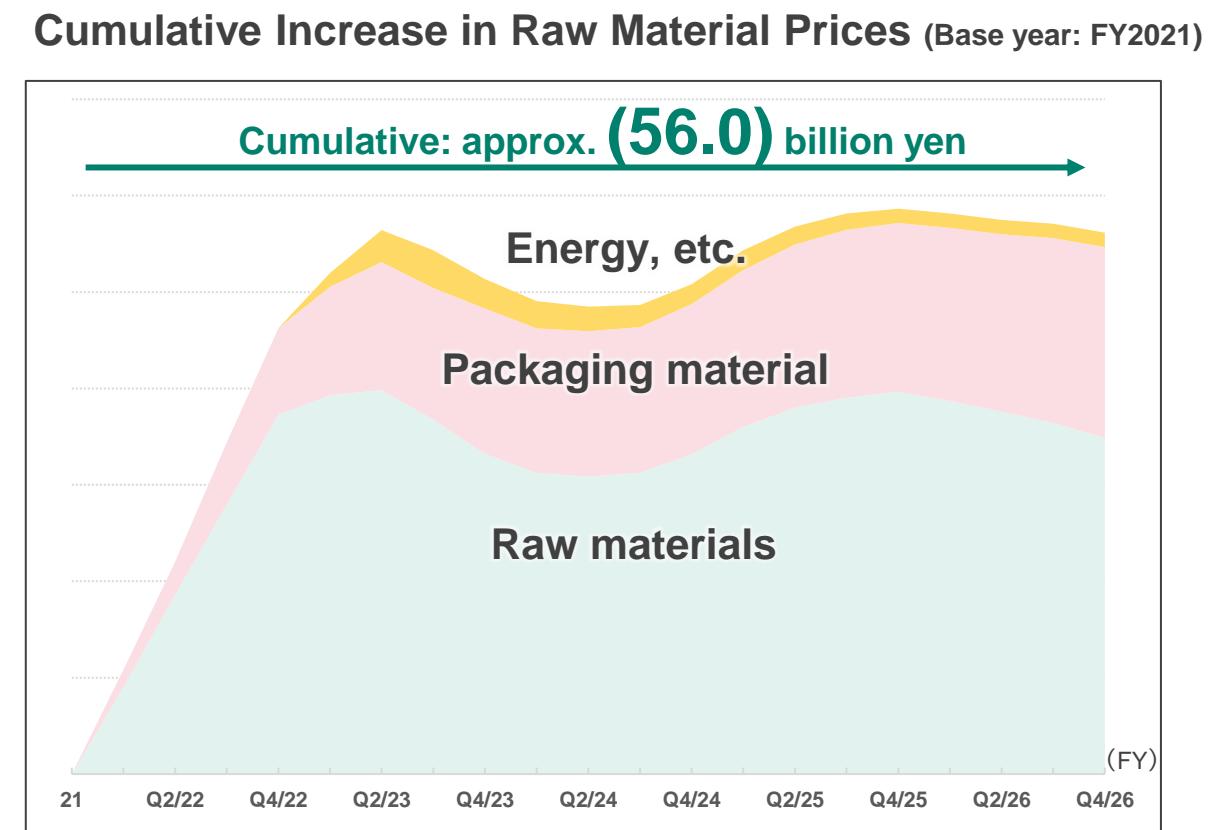
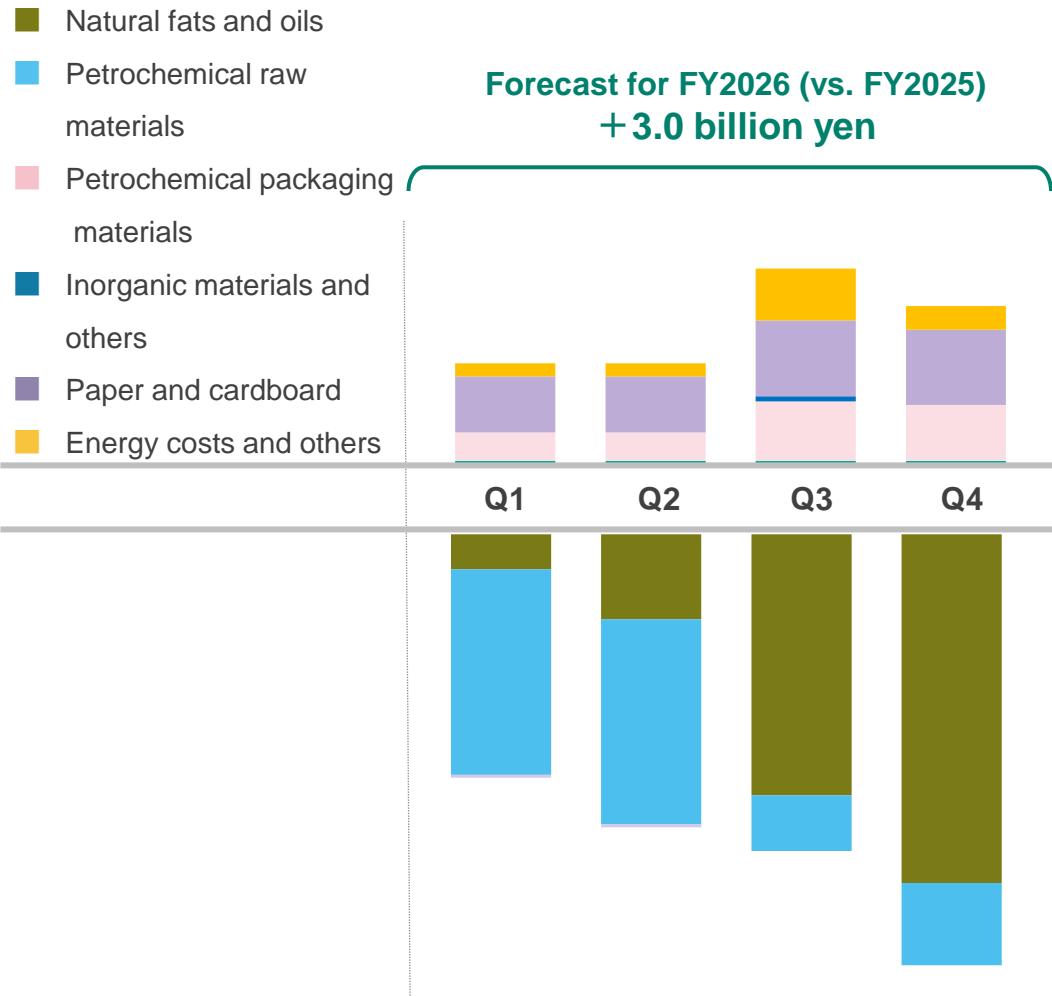
**Double-digit
YoY growth**

• Establishment of a three-regional production
structure for tertiary amines (US, Europe, and Asia)



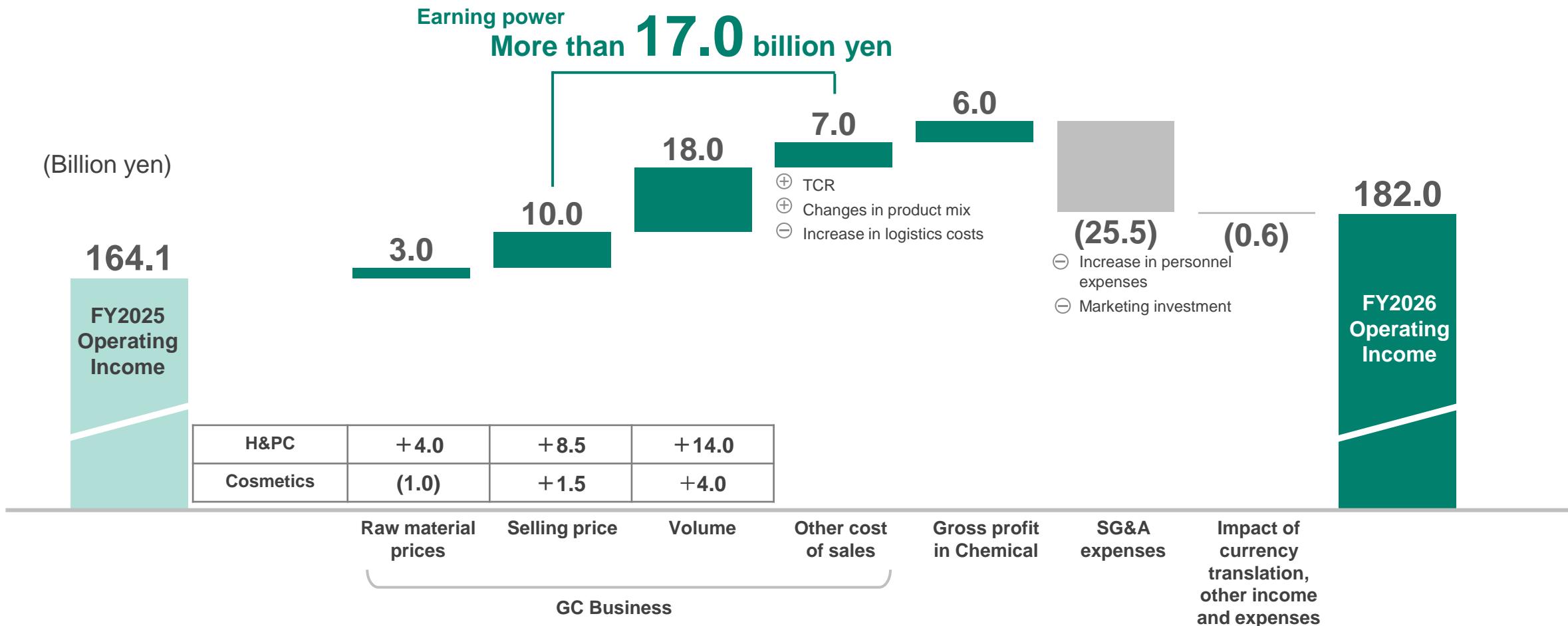
Outlook for Raw Material Prices in FY2026 (GC Business vs. FY2025)

- After a negative YoY impact, the pricing impact is expected to turn positive for the first time in six years.
- Cumulative cost increases of approx. 56.0 billion yen since FY2021 are expected to be absorbed through selling price adjustments in line with high-value-added products and cost reduction initiatives.



Forecast of Factors in Operating Income in FY2026 (vs. FY2025 Results)

- Plan above-market volume growth, mainly led by hair care in Japan and UV care in the Americas.
- Mitigate the impact of rising personnel and logistics costs by proactively adjusting selling prices aligned with high-value-added products.
- Aim to achieve profit growth of more than 17.0 billion yen through improved earning power.



K27 Progress

- Progressing as planned toward achieving the targets of K27.

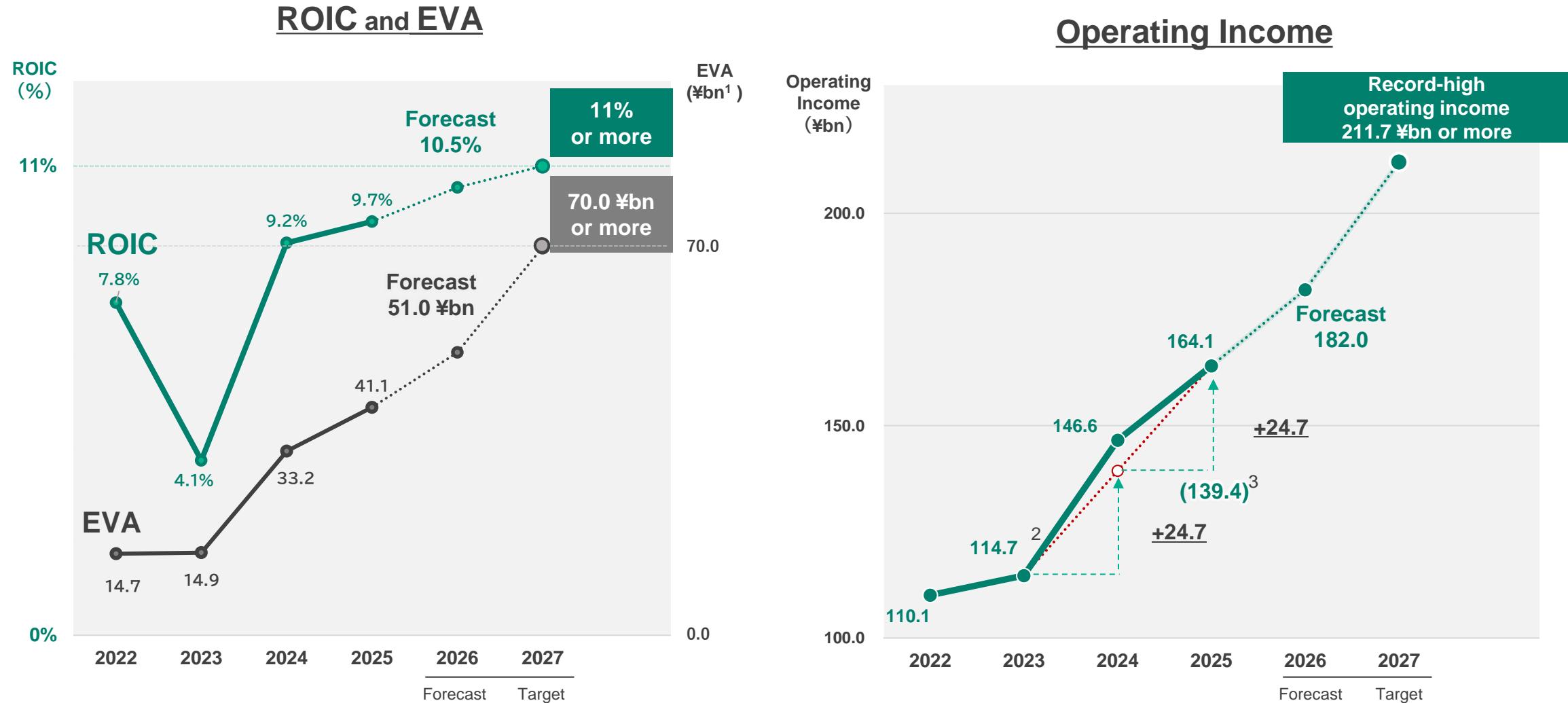
(Billion yen)	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Forecasts	FY2027 Targets
ROIC	4.1%	9.2%	9.7%	10.5%	11.0% or more
EVA	14.9	33.2	41.1	51.0	70.0 or more
Operating Income	114.7 ²	146.6	164.1	182.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	705.5	725.2	760.0	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

K27 Progress

- Leverage the growth foundation built to date to expand growth in stages starting in FY2026.



1. Abbreviation for Japanese yen in billions 2. FY2023 figures are calculated based on core income.

3. Excluding the impact of one-time income and expenses in 2024 (+7.2 billion yen). 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

Approach to Capital Allocation

Underpinned by its capacity to generate over 200 billion yen in operating cash flow annually, the Kao Group will conduct disciplined capital allocation prioritizing investments that contribute to stronger competitiveness and business expansion going forward.

[Allocation Guideline]	
● Capital expenditures for future growth¹	approx. 40%
● Strategic investments including M&A (also including share repurchases)	approx. 30%
● Steady and continuous dividend increases	approx. 30%

- ✓ The allocation outlined above is not fixed, but will be managed flexibly and in a disciplined manner within a defined range, taking into account the business environment, investment opportunities, and capital efficiency.
- ✓ Using EVA as its common language for making capital allocation decisions, the Kao Group will
 - Emphasize value creation that exceeds the cost of capital in strategic investment and M&A.
 - Avoid holding surplus cash over the long term, keep the equity ratio at or below its current level, and utilize debt financing as necessary for M&A.
 - Flexibly deploy share repurchases from the perspective of improving capital efficiency when investment opportunities in strategic investments expected to generate value in excess of the cost of capital are temporarily limited.

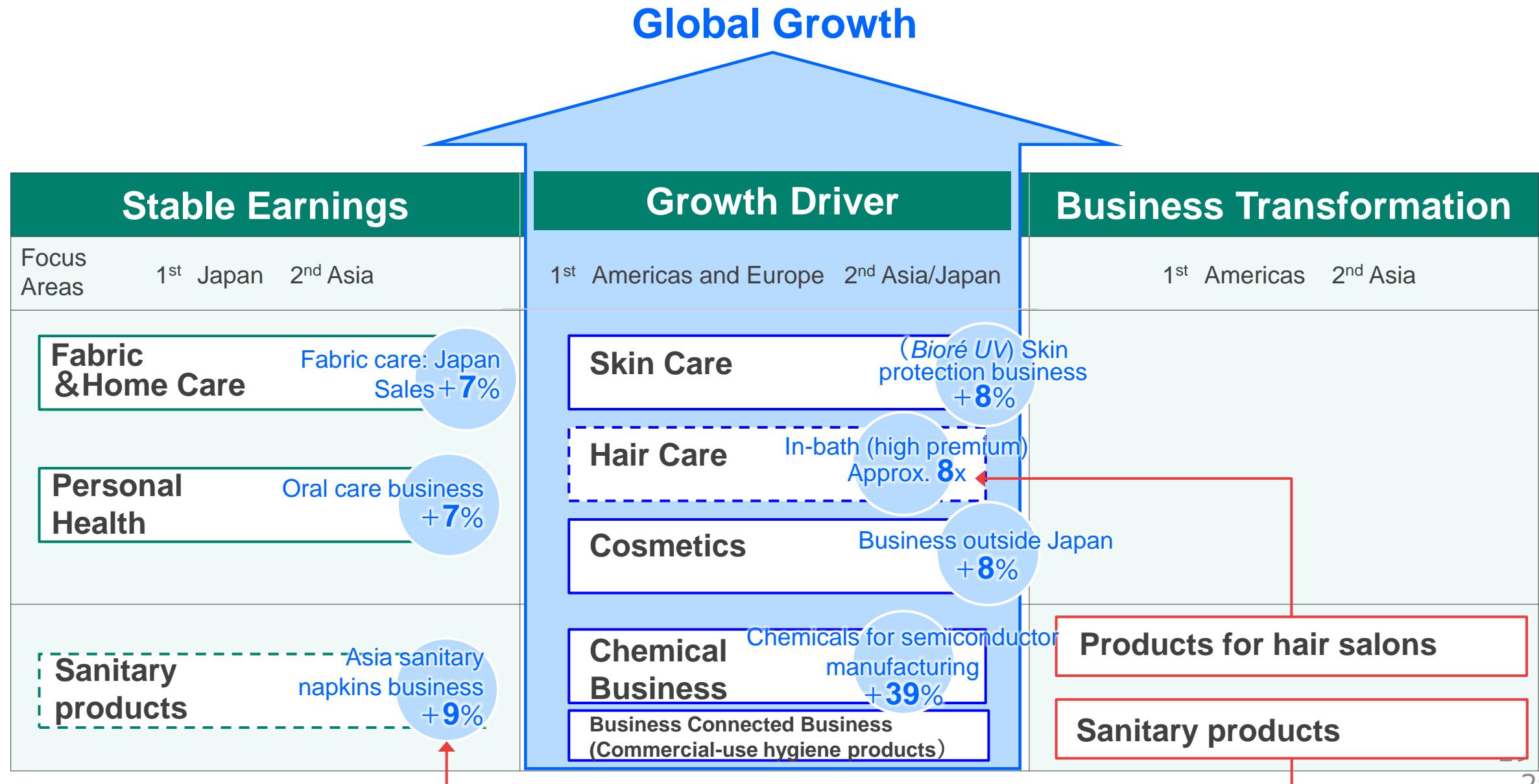
1. Investments that contribute to enhancing future competitiveness, such as investments for maintaining and strengthening the business foundation (including replacement investment), capacity expansion, and digital transformation (DX). Includes expenditures for repayment of lease liabilities.

2. Measures aimed at strengthening and transforming the business portfolio as well as capturing discontinuous growth opportunities.

04

Mid-term Plan “K27” Progress and Beyond

- 1) K27 Progress**
- 2) Pathways for further growth**
- 3) Digital Transformation
to Build a Foundation for Business Growth**
- 4) Advancing *Dialogue-based Management***



K27: Key Drivers of Record-High Profit

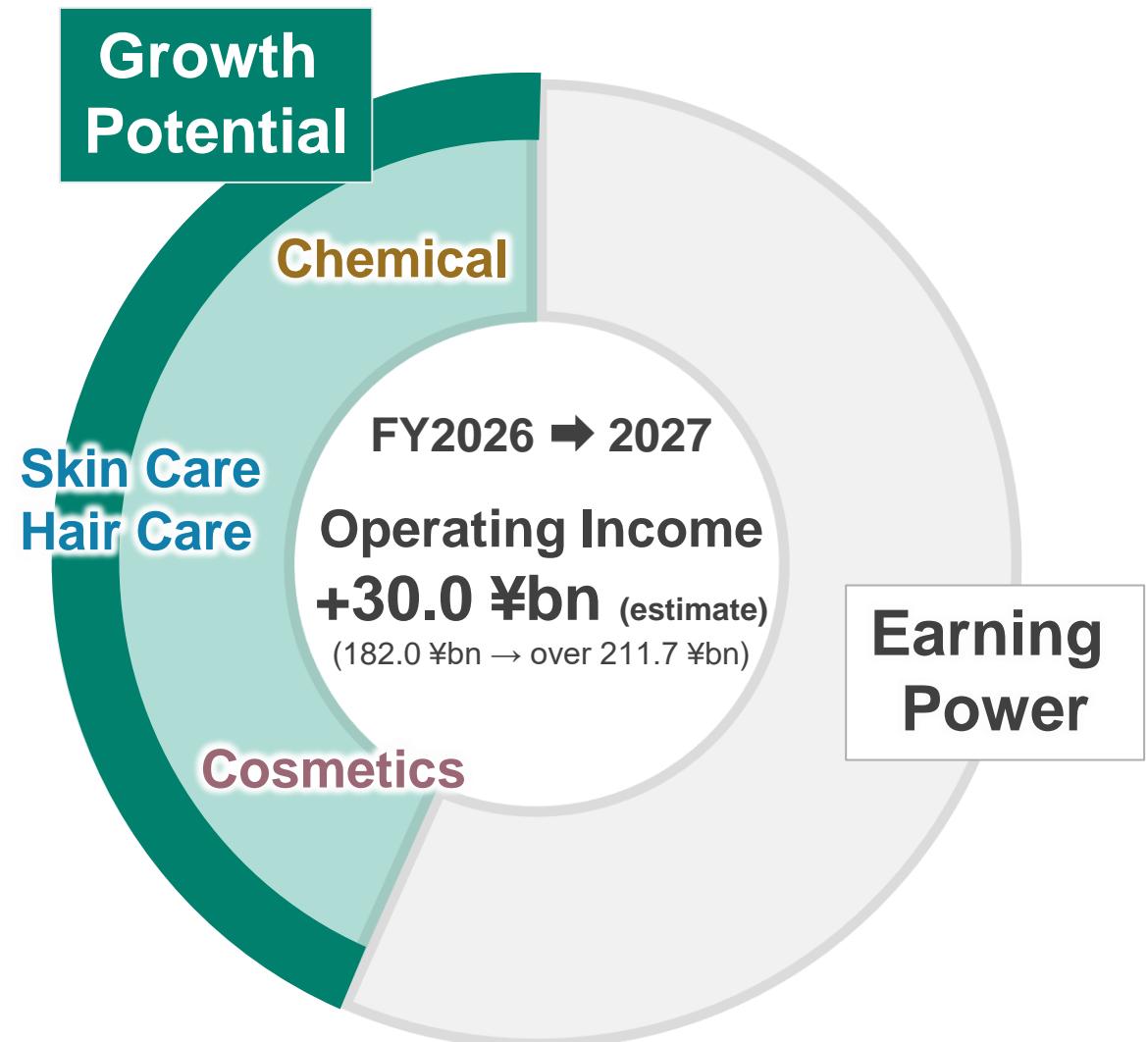
Global Business Promotion Structure / DX Promotion

- Ramped up high value-added businesses
 - Electronic materials, agrochemicals, etc.
- Increased countries served

- Stepped up rollout of skin protection
- Reviewed the Asia portfolio
- RNA platform business

- Full-scale rollout of the three strategic expansion models outside Japan
- Strengthened channel strategies (e-commerce, drugstore self-selection)
- RNA platform business

Maximum with Minimum



An Indispensable Approach for Achieving K27 and Growth Beyond: *Global Sharp Top Strategy*

kao

	Global	Sharp	Top
Target conditions	Global business rollout	Exclusive uniqueness	Established position in core regions
Details	Multi-region expansion potential	Proprietary technologies and strong brands or distinctive business model	Competitive advantage over other companies
Indicator	Market size and growth Rate in target countries/areas of operation	Loyalty rate and profitability in target markets	Share of target markets

“Protect what is essential, remove only what is unnecessary, and precisely control physical properties.”

Three Guiding Principles for Technology

Precision
Selective Cleansing

Individual Optimal
Selection

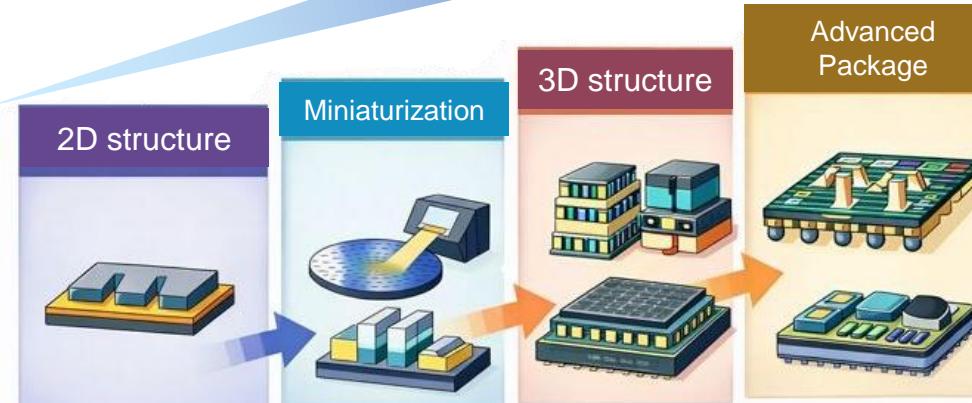
Environment-adaptive
Selection

Path to Growth - Rising Demand for Cleaning

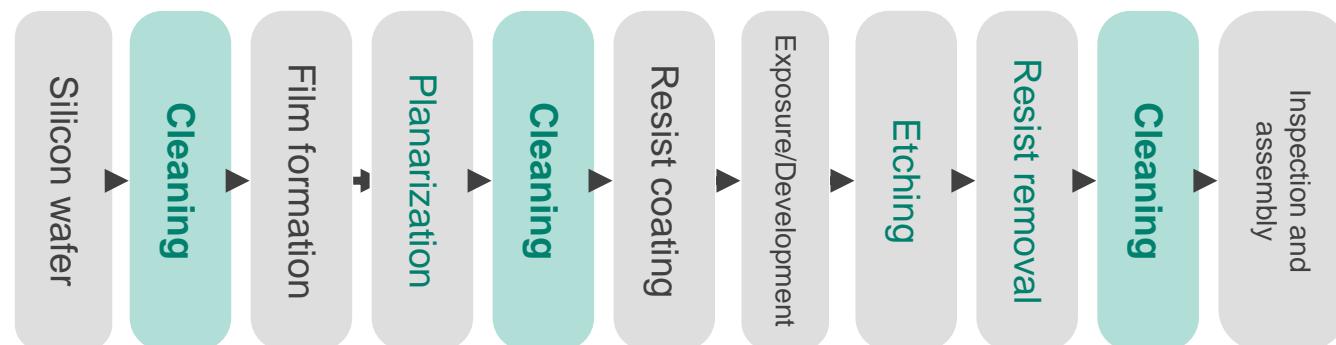
Backed by Growth of Generative AI and Data Centers

Advancement of semiconductor manufacturing process

Complexity and sophistication



30-40% of the more than 500 steps in semiconductor manufacturing are cleaning processes



Note: Processes for removing microscopic metals, organic substances, and other contaminants from silicon wafers

Precision selective cleansing

Individual optimal selection

Environment-adaptive selection

Powered by Selective Cleansing Technology

Kao's 140 Years of Selective Cleansing Technology (Interface Control Technology)



Selective Cleansing
of Skin



Selective Washing
of Fabrics



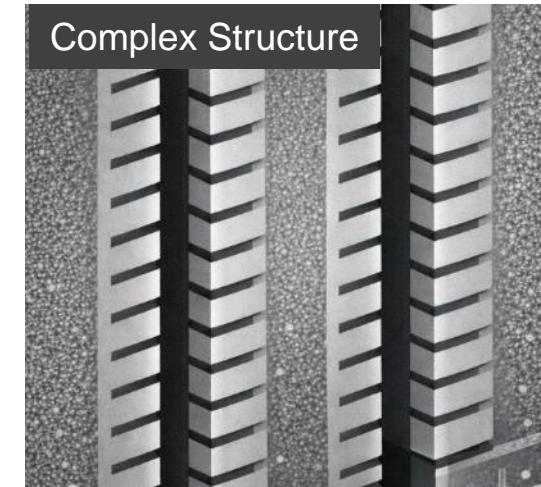
Selective Cleansing
of Semiconductors

- No damage to fine structures
- Preservation of surface properties
- Highly reliable

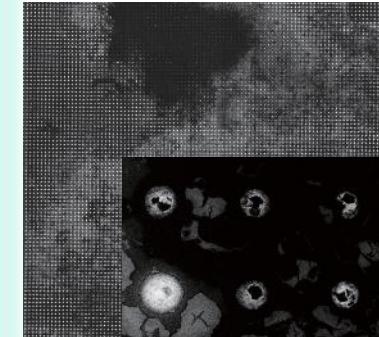
Higher-performance semiconductors

↓
Advances in packaging interface
optimization technologies

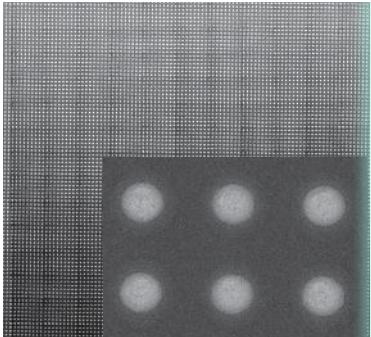
↓
Greater structural complexity and
increased difficulty of cleaning



Complex Structure
Conventional Cleaning
Technology



New Cleaning
Technology



Precision selective
cleansing

Individual optimal
selection

Environment-adaptive
selection

Precision selective
cleansing

Individual optimal
selection

Environment-adaptive
selection

Electronic Materials Business

Two Consecutive Years of
Record Sales
Record Income

- Strongly linked to the growth of data centers -

**Hard Disk
Manufacturing Agents**
(polishing and cleaning agents)

Global share **50%**
(Kao estimate)

Other Chemicals
CMP slurry agent, Dispersant for ceramic, Immersion Coolant

K27 Plan to double sales (vs. FY2023) CAGR approx. 20%

**Semiconductor Manufacturing
Agents**

(Cleaning agents for semiconductor packaging)

Global share **60%**
(Kao estimate)

Expanding Investment to Contribute to Technology Innovation

- Participation in the JOINT3 co-creation-based evaluation platform
- Establishment of the Fine Cleaning Center in Taiwan
- Ramping up co-creation with partners



Path to Growth - Growth in the Platform Business Backed by Expanding Generative AI and Data-Driven Demand

サヨナラ、自分を知らずに買う時代。

買った商品がどれも自分の身体に合わず、何を買っていいのか迷子になってしまう人が大勢います。私たちはそんな世の中を変えたい。無駄な買い物から人々を救いたい。

RNA遺伝子によって身体の“今”的状態を知ることで、「自分の身体に合う、自分にとって本当に価値あるもの」を迷うことなく選べる時代へ。誰もが真に自分らしい美や健康を選択できることが、未来の暮らしや社会を根底から変えていく。さあ、RNA遺伝子という確かな根拠のもとで、「自分を知る」革命が始まります。

肌遺伝子モード

kao i-style KOSÉ KIRIN PERFECT Marukyo Cookers & Co. RNA 共創コンソーシアム

<https://www.rna-co-creation.jp/>

Message above from the RNA Co-creation Consortium

- Say goodbye to guesswork. Knowing yourself is the smarter way to buy.
- Too many people get trapped in a cycle of buying product after product, only to find that none of them truly suit. The result? Confusion, wasted money, and frustration. We're here to change that.
- Using RNA science to help understand your body's condition at any particular time opens up a whole new way of making choices—one where you can confidently select what genuinely works for you, and only what truly matters.
- Empowering people to choose beauty and health that reflect who they really are won't just change their lives—it will reshape the future of society.
- Backed by the proven science of RNA, a revolution is beginning. A revolution in truly knowing ourselves.

Precision selective cleansing

Individual optimal selection

Environment-adaptive selection

Shift the competitive axis from price and shelf space to scientific reproducibility and data

Target Business KPIs

Company:
Marketing ROI

After introduction: **>2.0x**
(Target: 3-4x)

Consumers:
Matching success rate

After introduction: **>2.0x**

Society:
Product waste

After introduction: **<0.5x**

Index using pre-introduction as 1.0

A New Skin Metric Derived from RNA Research That Reveals “Who I Am Right Now”

■ Need for a New Metric

- Even highly rated cosmetics may not suit an individual
- The same skincare routine can feel effective one day and less so the next
- ▶ The problem is that the same criteria are used even as skin conditions change

■ The Skin Gene Mode Concept

- Not discernible through appearance or touch
- Reflecting environment, lifestyle, and other conditions
- A metric for understanding the skin's current underlying state



■ A Metric Developed from Precision Data

- Analysis of gene expression data from **more than 2,000 RNAs** in skin surface lipids
- Original AI image analysis based on highly detailed RNAs data from **over 5,000 individuals** and more than 10,000 bare-skin images
- Skin Gene Mode is identified from bare-skin photos taken using a smartphone

■ Essential Qualities of the Metric

- Skin Gene Mode fluctuates in approximately **60%** of individuals
- Designed to be **checked regularly** rather than identified once and done with
- A guideline for selecting skin care based on understanding the skin's current underlying state rather than on assumptions about what may work

Path to Growth - RNA Platform Business

Precision selective cleansing

Individual optimal selection

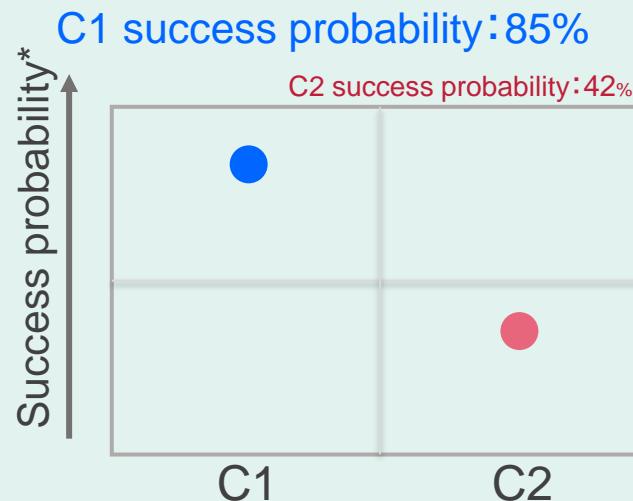
Environment-adaptive selection

Understanding Skin Gene Modes Reveals the Probability of Success in Skin Care

- Increase the precision of skin suitability through a range of products and recommend products for each suitability group.
- Identify product combinations for each suitability group and develop products even better adapted to those groups.



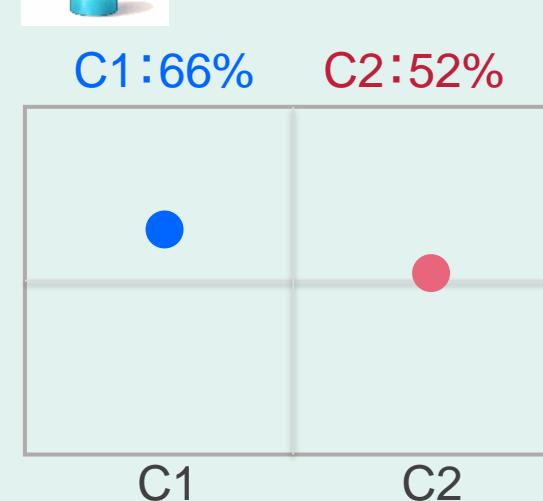
Product(1)



Product(2)



Product(3)



Competitive advantage: Matching accuracy based on accumulated comprehensive data
Profitability: An LTV-driven data accumulation model based on estimation of skin type

Path to Growth – New Offerings That Address Individual Characteristics of Skin

KAO

Precision selective cleansing

Individual optimal selection

Environment-adaptive selection

SOFINA SYNC+

Using RNA and Stratum Corneum Research to Deliver Optimal Solutions for Ever-changing Skin

Value Offering

Visualizes the skin's underlying state to continuously propose optimal solutions tailored to its current condition

Core Technology (Exclusive Uniqueness)

Skin_surface_lipid RNA monitoring combined with AI-based image analysis (Skin Gene Mode)

Product

“A serum that responds to the skin”

An activating pre-serum (C1/C2) that synchronizes with changes in the stratum corneum



THE ANSWER PROGRAM

Evolving Hair Care from One-time Purchases to a Continuous, Data-driven Model

Value Offering

Combining analysis, science and continuity for ongoing updates to optimized personal care

Core Technology (Exclusive Uniqueness)

A reproducible analytical algorithm based on four dimensions and 16 hair types

Product

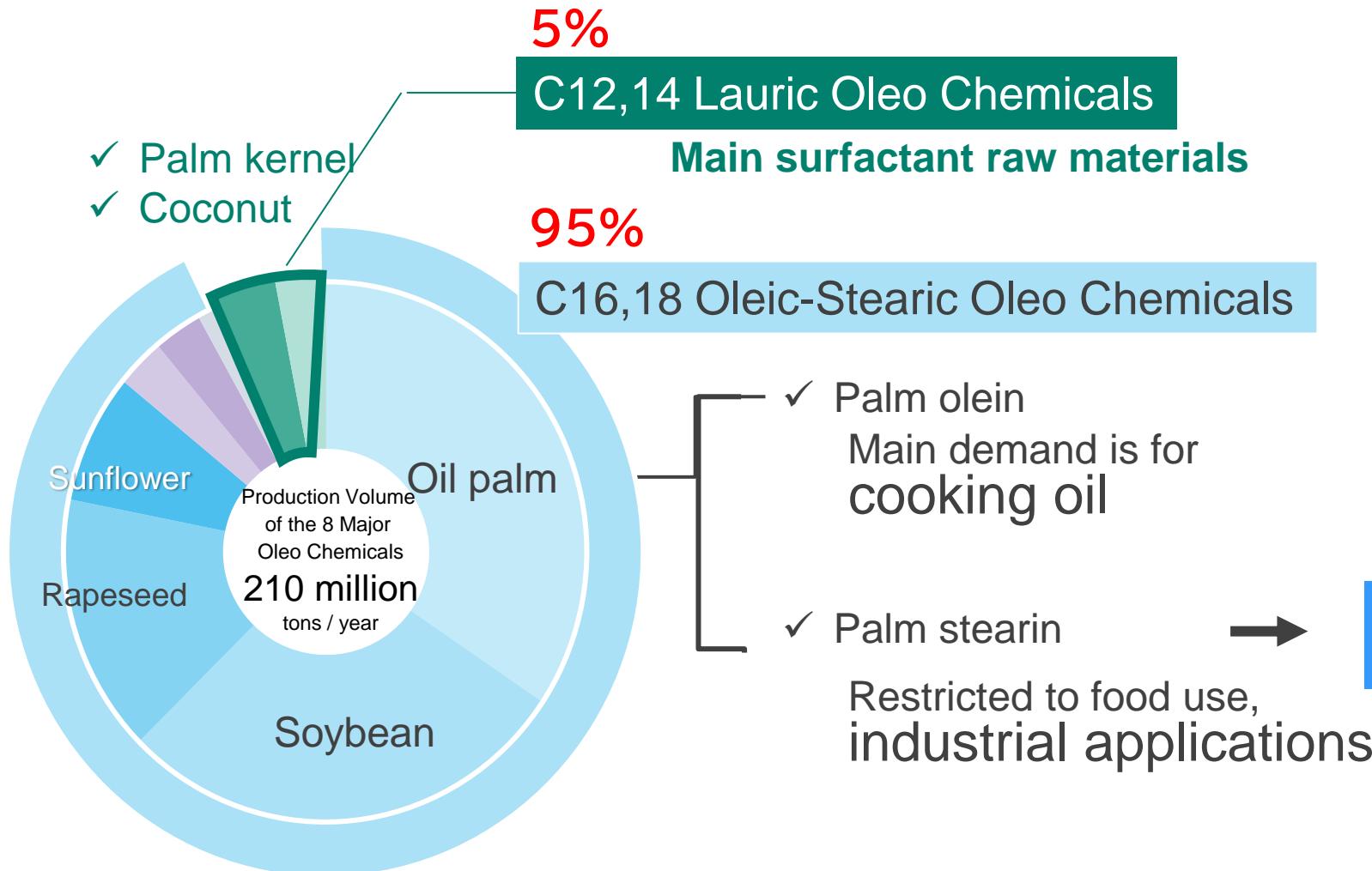
“Combination Insight”

Hair care designed through “combination insight” based on analytical results

Scheduled launch
Monday, March 2



Path to Growth - Confronting the Limits of Sustainability in Washing



Precision selective cleansing

Individual optimal selection

Environment-adaptive selection

Main surfactant raw materials

✓ Palm olein
Main demand is for cooking oil

✓ Palm stearin
Restricted to food use, industrial applications

World's First (Kao)

New High-Performance Surfactant Bio IOS

- New surfactant properties
- Eliminate EO, Dioxane
- Low-cost raw material

Source: OIL WORLD, 2023 (July 2022–June 2023)

Continue to enhance environmental compatibility and economic value while creating new, high-value-added products.

Precision selective cleansing

Individual optimal selection

Environment-adaptive selection

New surfactant Bio IOS	Attack ZERO (Laundry detergent)	Attack Antibacterial EX (Laundry detergent)	Bioré The Body Totonoihada (Body wash)	Merit Osolo (shampoo)
Representative product				
New/high value-added	High-speed cleaning performance	Ultra hydrophilic surface coating	Selective sebum cleansing technology	Protection through hair-beautifying ingredients
CO ₂ Emissions ¹	(37%)	— ⁴	(29%)	— ⁴
Renewable carbon ratio ¹	+15%	— ⁴	+7%	— ⁴
Price per unit volume ²	2.6x	1.1x	2.2x	— ⁴
Contribution to net sales ³	25%	1.6%	4%	1.3%

1 Compared to product formulations before incorporating Bio IOS

2 Compared to category core products (as of 2025)

3 Percentage share of sales within same category of the brand in 2025

(Bioré Totonoihada: 9 months following launch in Apr. 2025; Merit Osolo: 3 months following launch in Oct. 2025)

4 No product is available for comparison, as this is a new offering within the same brand.

Path to Growth – Kao's Approach to ESG

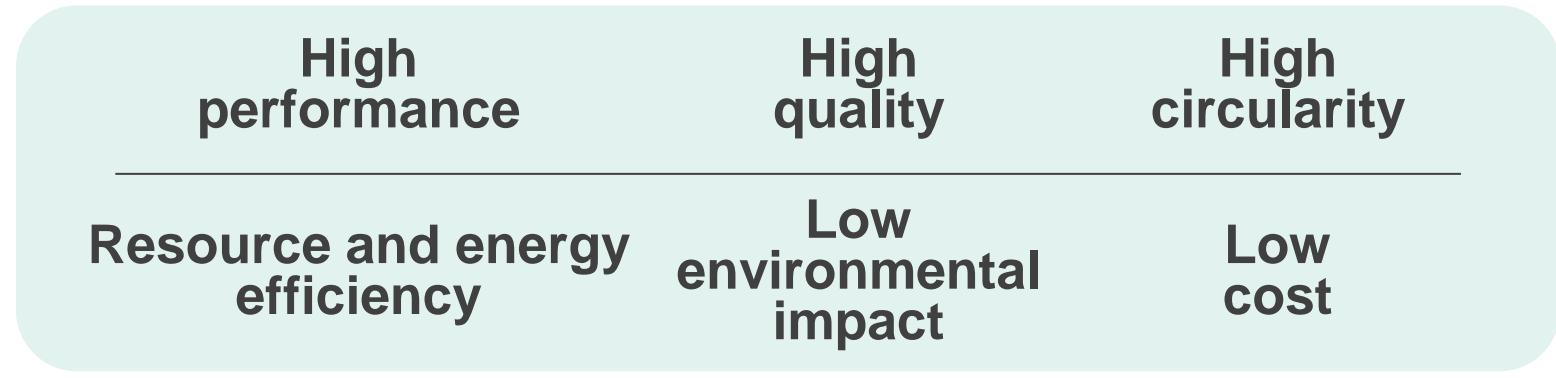
**Going beyond the ability to address environmental issues,
to making that our competitive edge**

Precision selective
cleansing

Individual optimal
selection

Environment-adaptive
selection

Positioning ESG not as a **cost** or **corporate citizenship**,
but as a **competitive edge** and **revenue stream** backed by exclusive uniqueness



Kao's approach to sustainability

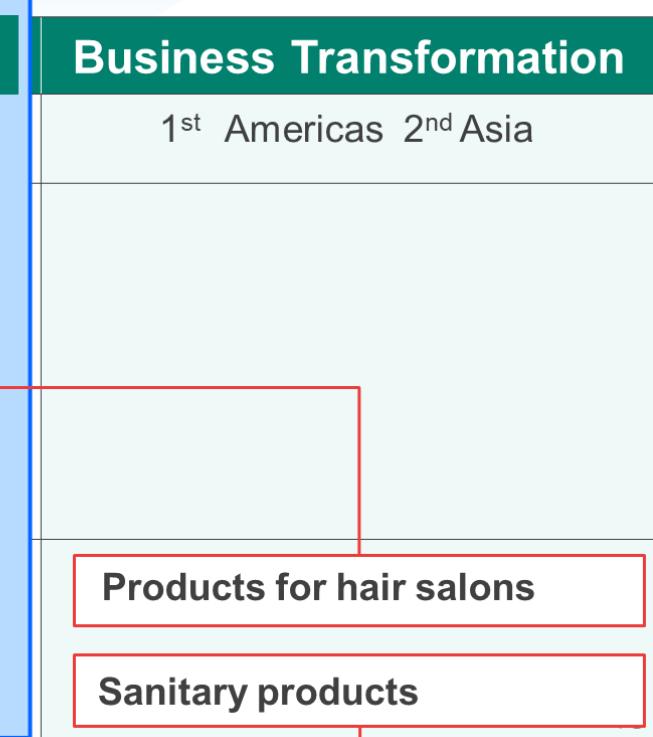
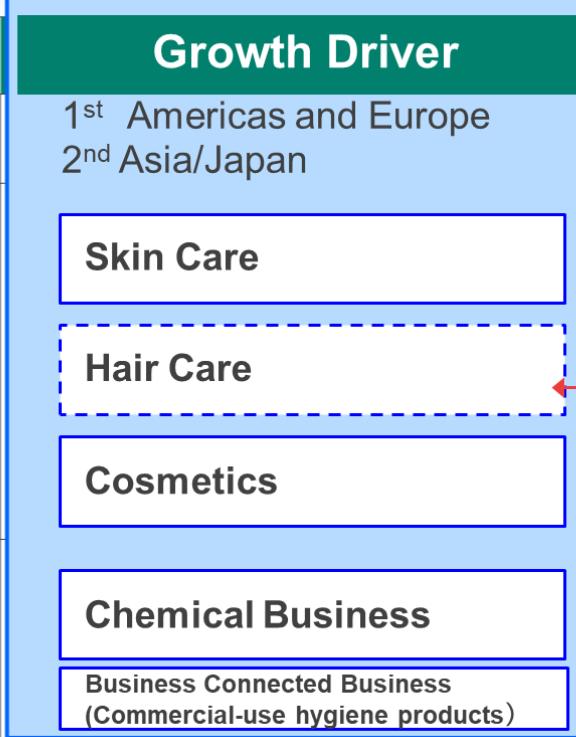
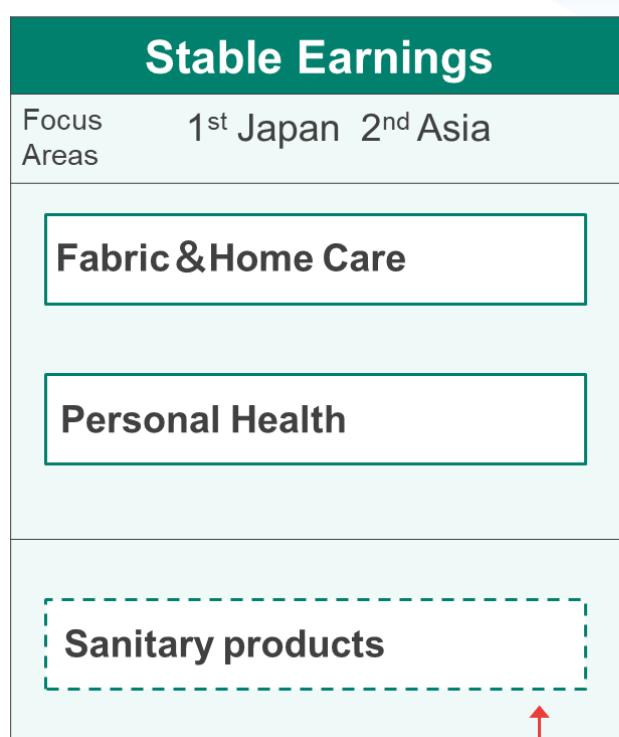
**A forward-looking strategy
treating ESG as “future-financial” rather than “non-financial”**

Aiming for further growth with three technologies with exclusive uniqueness as our core

Precision Selective Cleansing

Individual Optimal Selection Global Growth

Environment-adaptive Selection



Digital Transformation Progress and Achievements:

Initiatives to Build a Foundation for Business Growth and Create Value

- AI-centric initiatives that strengthen the management base and create value are contributing to business growth.

<h3>Business Growth</h3>	<h4>D2C Business</h4> <p>Six cosmetics focus brands D2C sales in Japan 142% YoY sales growth</p> <p>SENSAI MOLTON BROWN KANEBO SOFINA Curel KATE TOKYO</p>	<h4>RNA Co-creation</h4> <p>More than 100,000 users kao istyle Skin care diagnosis recipients (since July 2025)</p>	<h4>AI Demand Forecasting</h4> <p>Cosmetics in Japan 38% reduction</p>
<h3>Value Creation</h3>	<h4>Skin Diagnostics</h4> <p>Evaluation categories (vs. previous methods) 5-fold increase to 77 categories <i>Kirei skin AI:</i> Kao's proprietary AI technology for skin evaluation enables highly accurate analysis of not only the skin's outward appearance but also infers its internal condition, based on a single facial image.</p>	<h4>In-house Utilization of Information</h4> <p>60% reduction in information collection (estimate vs. conventional methods)</p>	<h4>Utilization of Consumer Feedback</h4> <p>Talkwalker (Social listening tool) More than 800 users in over 10 countries</p>
<h3>Management Base</h3>	<h4>Core System</h4> <p>SAP S/4HANA Scope: 97 companies in 29 countries</p>	<h4>AI Utilization</h4> <p>Total DAU by Tool (Non-Unique / Aggregate) 5,000 per day KAO AI CHAT  </p>	<h4>DX Talent</h4> <p>More than 4,700 citizen developers</p>

An External Expert's Evaluation of Kao's DX



Miki Tsusaka
President,
Microsoft Japan Co., Ltd.

Kao is a corporate leader in implementing DX throughout its organization, from frontline operations to top management. Centered on a data lake built on Microsoft Azure, Kao has established Group-wide, global infrastructure, and through a network of 4,700 citizen developers leveraging its Power Platform, enables all employees—including the executive team—to actively develop and utilize data, AI, and AI agents.

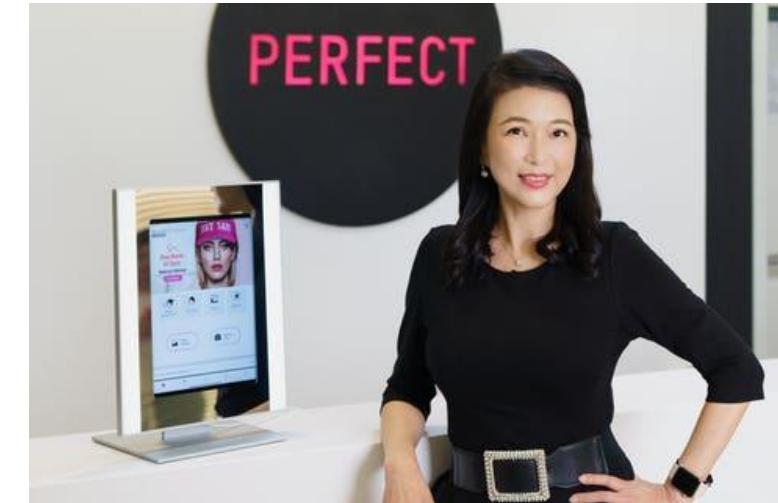
This has resulted in numerous successful use cases and is driving business transformation across the organization.



Hirofumi Suzuki
President and Representative Director,
SAP Japan Co., Ltd.

Kao is a highly advanced company that utilizes SAP S/4HANA not merely as a core system upgrade, but as a decision-making platform that supports ROIC-based management and ESG management.

While steadily rolling out SAP S/4HANA across its 97 companies in 29 countries, the Kao Group has further expanded application of the system to business process standardization and greater data utilization in its business operations and management. I consider these to be exemplary initiatives on a global scale.



Alice H. Chang
CEO and Founder,
Perfect Corp.

I am particularly impressed that Kao does not use AI as a showcase experience, but rather as a platform for bringing together skin science and consumer understanding.

The company's end-to-end approach, seamlessly connecting research, product development, and customer experience, is one of the few global-level examples where AI has been elevated to a driver of genuine value creation in the cosmetics industry.

Advancing *Dialogue-based Management*

- With a view to achieving the K27 targets and growth beyond, the management structure continues to evolve



[Expected roles]

Leveraging his management and marketing experience at global consumer goods and IT companies, Mr. Okuyama will contribute to the oversight of Kao's overall management, including its growth strategies, human capital initiatives, and DX initiatives.



[Expected roles]

Leveraging her expertise in corporate and industry research and her deep understanding of capital markets, Ms. Sato will provide strategic advice to management, enhance the quality of dialogue with investors, and contribute to building a robust internal knowledge infrastructure.

Shinji Okuyama Outside Director (Candidate)

[Career summary]

Apr. 1989	Joined P&G Far East, Inc. (currently, P&G Japan G.K.)
Sep. 2008	President, Procter & Gamble Korea, Inc.
Jun. 2012	President, P&G Japan Limited
Nov. 2016	Senior Corporate Officer - Marketing, Ezaki Glico Co., Ltd.
Feb. 2021	Representative of a global IT company (current)

Wakako Sato Executive Fellow

[Career summary]

Apr. 1992	Joined The Sumitomo Trust & Banking Co., Ltd.
May. 1994	Began equity research analyst coverage
Jun. 2006	Mizuho Securities Co., Ltd.
May 2019	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Jan. 2024	Managing Director, Morgan Stanley MUFG Securities Co., Ltd.
Jan. 2026	Executive Fellow, Kao Corporation (current)

Nikkei Veritas Analyst Rankings (2017–2025): No. 1 in Toiletries & Cosmetics/Extel (formerly Institutional Investor) (2019–2025): No. 1 in Cosmetics & Personal Care

K27 Progress

- Progressing as planned toward achieving the targets of K27.

(Billion yen)	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Forecasts	FY2027 Targets
ROIC	4.1%	9.2%	9.7%	10.5%	11.0% or more
EVA	14.9	33.2	41.1	51.0	70.0 or more
Operating Income	114.7 ²	146.6	164.1	182.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	705.5	725.2	760.0	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

Key Highlights

FY2025 Results

- ✓ **In Japan, firmly established continuous market share expansion and earning power. Outside Japan, clearly identified key areas of improvement and entered a phase in which early signs of growth have begun to emerge.**
 - Enhanced competitiveness of GC business in Japan: The Kao Group's share of Japan's H&PC market has grown YoY for 30 consecutive months.
 - Focus on growth businesses: Substantially increased sales and operating income in the Cosmetics Business, accelerated initiatives in the skin protection business in the Americas and Europe, as well as other businesses.
 - Improved earnings quality: Increased earning power through promotion of high-value-added products and cost reductions. Firmly established ROIC-centered business portfolio management.

FY2026 Key Initiatives / Path to Growth

- ✓ **Accelerate the expansion of businesses with growth potential and the turnaround of businesses facing challenges to achieve K27 and drive growth beyond.**
 - FY2026 Key initiatives: Improve earning power, including selling price adjustment; expand the GC Business outside Japan; enhance a global promotion framework
 - Path to growth: Three key technologies - precision selective cleansing, individual optimal selection, and environment-adaptive selection

Capital Allocation / Shareholder Returns

- ✓ **Clarification of the Approach to Capital Allocation**
- ✓ **FY2025 Results: Share repurchases totaling 80.0 billion yen and retirement of shares**
- ✓ **FY2026 Plan:** Dividends (planned): 37th consecutive fiscal year of increases in dividends (on a pre-share split basis)
Share split: 2-for-1 share split of ordinary share, effective July 1, 2026

- **Briefing on Marketing Strategy**
- **Briefing on Research and Development Strategy**

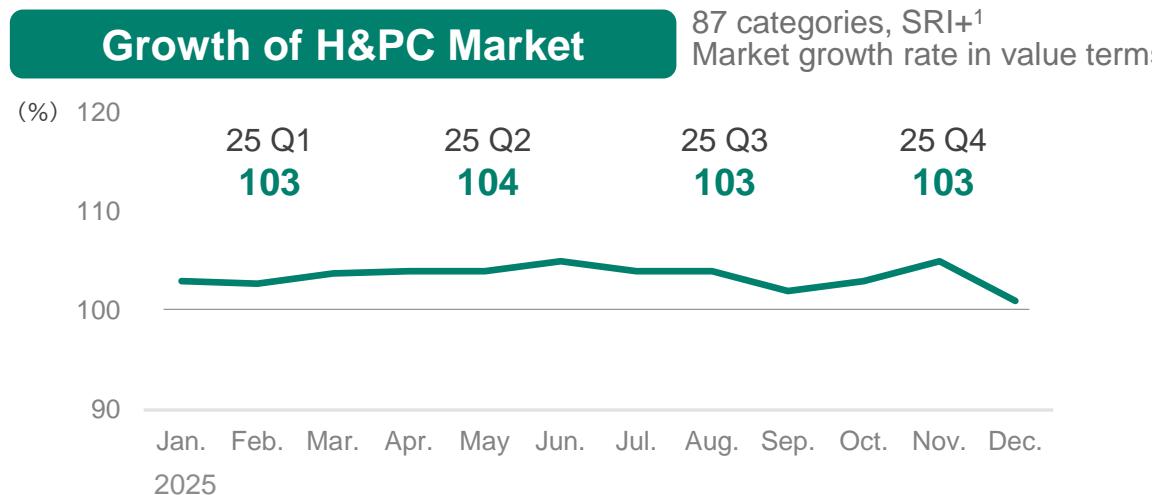


05

Appendix

Consumer Products Market in Japan

Growth of H&PC Market



Growth of Cosmetics Market



Market Growth Rates of Major Categories

vs. previous year	Oct.	Nov.	Dec.	Q4
H&PC total	103	105	101	103
Laundry detergents	108	110	106	108
Fabric softeners	103	105	101	103
Bath cleaning products	104	104	99	102
Sanitary napkins	101	102	99	101
Baby diapers	101	104	99	101
Sunscreens	108	109	108	108
Hand soaps	103	107	101	104
Hand sanitizers	107	157	104	120
Bath additives	105	106	99	103

Market Growth Rates of Major Categories

vs. previous year	Oct.	Nov.	Dec.	Q4
Cosmetics total	100	100	98	99
Skin care products	102	100	99	100
Facial cleansers/ Makeup removers	98	103	100	100
Lotions/emulsions/creams	105	101	97	101
Serums	100	100	102	101
Makeup products	95	100	96	97
Makeup bases	96	100	96	98
Point makeup products	94	99	96	96
Other	109	98	107	104
Sunscreens	108	109	104	107

1. SRI+: Estimates based on POS data from approx. 6,000 retail outlets in Japan

2. New SLI: Estimates based on a panel survey of approx. 40,000 consumers in Japan

Kao's Main Markets outside Japan

Asia

Market growth rate in value terms (% vs. previous year)	China (including e-commerce)				Indonesia			Thailand				
	25 Q1	25 Q2	25 Q3	25 Q4	25 Q1	25 Q2	25 Q3	25 Q4	25 Q1	25 Q2	25 Q3	25 Q4
Baby diapers	-	-	-	-	95	95	95	97	86	86	79	83
Sanitary napkins and panty liners	105	104	103	96	107	104	103	105	101	101	101	103
Laundry detergents	-	-	-	-	102	102	102	102	99	100	101	104
Sunscreens	-	-	-	-	-	-	-	-	102	92	97	96
House cleaning products	-	-	-	-	-	-	-	-	93	96	96	100

Source: NielsenIQ

Americas and Europe

Market growth rate in value terms (% vs. previous year)	U.S.				U.K.				Germany			
	25 Q1	25 Q2	25 Q3	25 Q4	25 Q1	25 Q2	25 Q3	25 Q4	25 Q1	25 Q2	25 Q3	25 Q4
Hair care	105	105	105	104	107	108	107	107	105	106	106	108
Facial care products	102	104	107	105	-	-	-	-	-	-	-	-
Self tanning	108	101	107	116	-	-	-	-	-	-	-	-
Hand and body lotions	112	106	106	109	-	-	-	-	-	-	-	-

Source: Circana

Global Consumer Care Business: Results by Geographic Region

Billion yen	Net sales				Operating income			Operating margin		
	FY2024	FY2025	Growth	Like-for-like	FY2024	FY2025	Change	FY2024	FY2025	Change
Japan	823.2	858.5	4.3%	4.3%	89.0	106.5	17.6	10.8%	12.4%	1.6pts
Asia	212.5	210.8	(0.8%)	(0.2%)	16.7	18.7	2.0	7.8%	8.9%	1.0pts
Americas	123.9	119.9	(3.2%)	(1.6%)	6.6	5.7	(0.9)	5.3%	4.7%	(0.6pts)
Europe	93.3	93.8	0.6%	(2.3%)	(0.5)	2.2	2.7	(0.5%)	2.4%	2.9pts
Outside Japan	429.6	424.4	(1.2%)	(1.1%)	22.8	26.5	3.8	5.3%	6.3%	1.0pts
GC Business	1,252.8	1,283.0	2.4%	2.5%	111.7	133.1	21.3	8.9%	10.4%	1.5pts

Net sales growth rates of major companies (Like-for-like %)	Kao China:	12.9%	Kao Taiwan:	(9.7%)	Kao Vietnam:	8.2%
	Kao Indonesia:	(9.3%)	Kao Thailand:	(0.6%)	Kao Hong Kong:	2.4%

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

Shareholder Returns and Share Split

Shareholder Returns

- ✓ The dividend forecast for FY2026 is 156 yen* per share, an increase of 2 yen from the previous fiscal year.
 - Scheduled to be the 37th consecutive period of dividend increases (on a pre-share split basis).

Share Split

- ✓ The Kao Group is scheduled to split its ordinary share at a ratio of 2 for 1, effective July 1, 2026.
 - By lowering the investment unit price and creating a more accessible investment environment, the Kao Group aims to expand its investor base.

*This amount does not take into account the impact of the 2-for-1 ordinary share split scheduled to take effect on July 1, 2026. For the fiscal year ending December 31, 2026, the Kao Group plans to pay a second quarter-end dividend of 78 yen per share prior to the share split and a year-end dividend of 39 yen per share after the share split.

ESG Evaluations by external organizations

As of January 2026

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

External Evaluations and Recognitions



The only company in Asia that has been recognized for 19 consecutive years

**19 consecutive years:
Only 6 companies worldwide
Selected as one of "World's Most Ethical Companies®"**

Top 10%	Highest rating for 8 consecutive years	Certified as Prime	Top 15%	Commended by Minister of Economy, Trade and Industry	Certified in 2016	Commended by Prime Minister	Certified 10 times	9 consecutive years	Highest rating
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SRI indexes

Adopted in 2025	2 consecutive years	8 consecutive years	9 consecutive years	18 consecutive years	9 consecutive years	4 consecutive years	8 consecutive years	3 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>

• FTSE <https://www.lseg.com/ja/ftse-russell/indices>

• Morningstar® Japan Ex-REIT Gender Diversity Tilt Index: Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Kao corporation to use of the Morningstar® Japan ex-REIT Gender Diversity Tilt Index Logo ("Logo") to reflect the fact that, for the designated ranking period, Kao corporation ranks within the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt Index ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Kao corporation solely for informational purposes. Kao corporation's use of the Logo should not be construed as an endorsement by Morningstar of Kao corporation or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Kao corporation. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

- Driving dual pillars of opportunity creation and risk mitigation by addressing environmental and social challenges through business activities while enhancing value for consumers

UV Care: Adapting to Climate Change While Delivering UV Protection and Comfort

Economic value

- March 2025 pre-sales reached 1.5x plan, with 89%*¹ repurchase intent
- Skin Protection Business shipment value at 107% YoY vs. 2024
- Bioré UV* offered in 27 countries/regions leveraging proprietary technology



Environmental and Social Value

- Responding to fluctuations in UV intensity, temperature and humidity driven by climate change addresses conflicting challenges of outdoor heat/humidity and indoor dryness in environments
- In addition to existing technology that creates a uniform protective coat, proprietary technology absorbs sweat in hot, humid conditions and releases moisture in dry conditions, reducing stickiness, preventing skin dryness, and reducing burden on the skin
- Delivers high UV protection with comfortable skin feel, supporting sunburn prevention and everyday comfort

Sustainable Palm Oil Procurement: Mitigating Raw Material Procurement Risks Through Supply Chain Partnerships

Economic value

- Ensuring traceability and enforcing NDPE*¹ reduces risk of procurement issues and remediation actions arising from deforestation and human rights issues
- SMILE*² program improves independent smallholder productivity, strengthening supply stability within existing supply chains
- Collaboration with third-party organizations and NGOs enabled the establishment of investigation, remediation, and disclosure mechanisms, clarifying the process from issue identification to remediation and supporting a sustainable management system

Environmental and Social Value

- Securing traceability up to 91% for palm plantations and 99% for mills*³ enables upstream visibility of deforestation and human rights risks
- Supporting a cumulative total of 3,489 oil palm smallholders*⁴ through the SMILE*² program enhances productivity on existing farmland and promotes RSPO certification
- Supported farms have achieved an average yield increase of 56%*⁵, accelerating the transition to sustainable production without deforestation
- Grievance mechanisms aligned with the UN Guiding Principles have been implemented at 309 plantations*³, institutionalizing early response and remediation for human rights violations and land disputes.

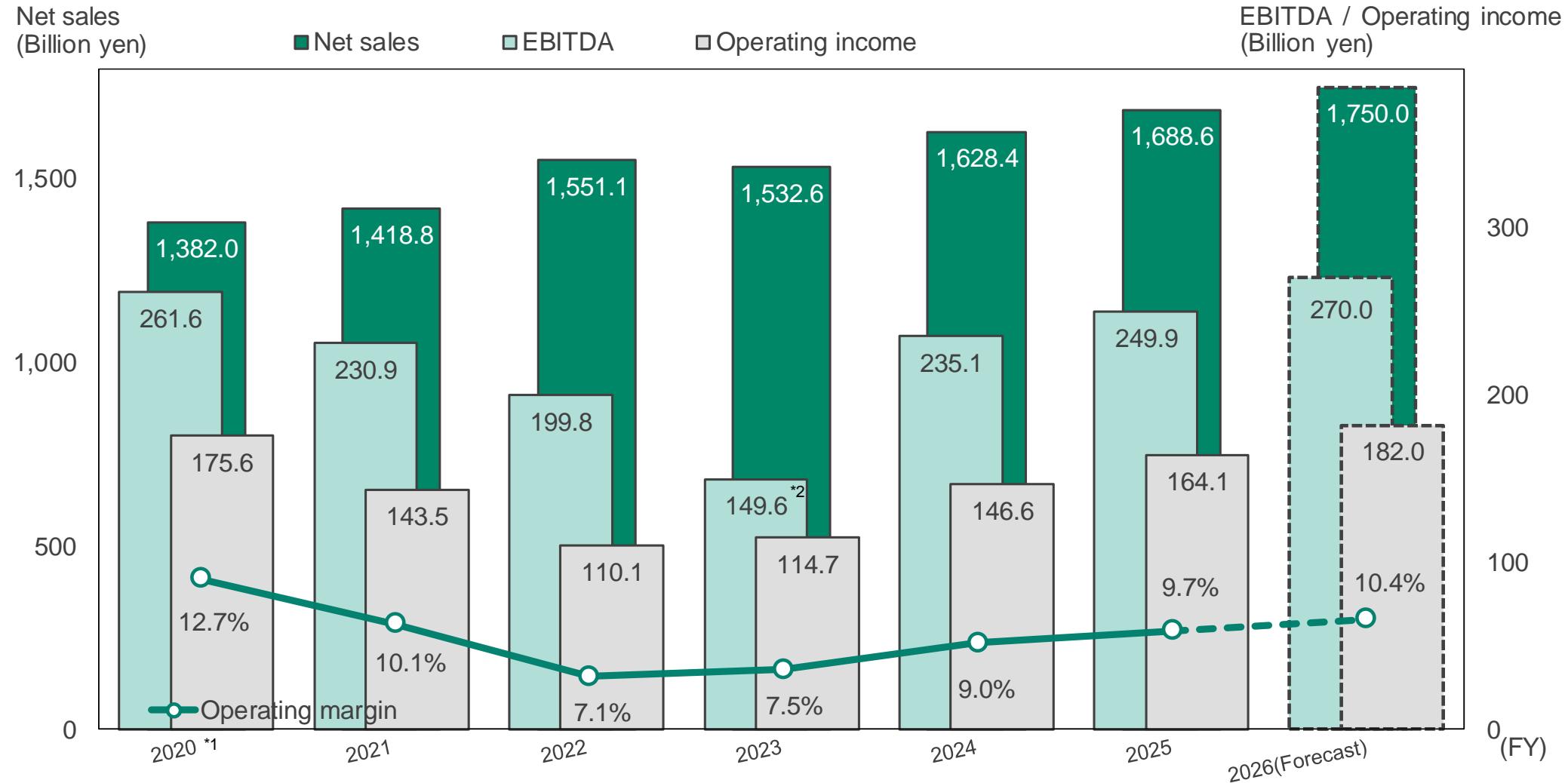
*1: “*Bioré UV Aqua Rich Airy Hold Cream*” 2025 pre-release purchasers in Japan: 108 women aged 20-59 (surveyed in April 2025)

*1: NDPE: No Deforestation, No Peat, and No Exploitation, *2: Actual results as of June 30, 2025,

*3: Smallholder Inclusion for Better Livelihood & Empowerment, *4: Actual results as of December 31, 2024

*5: Actual results for fiscal year 2021

Consolidated Net Sales/EBITDA/Operating Income



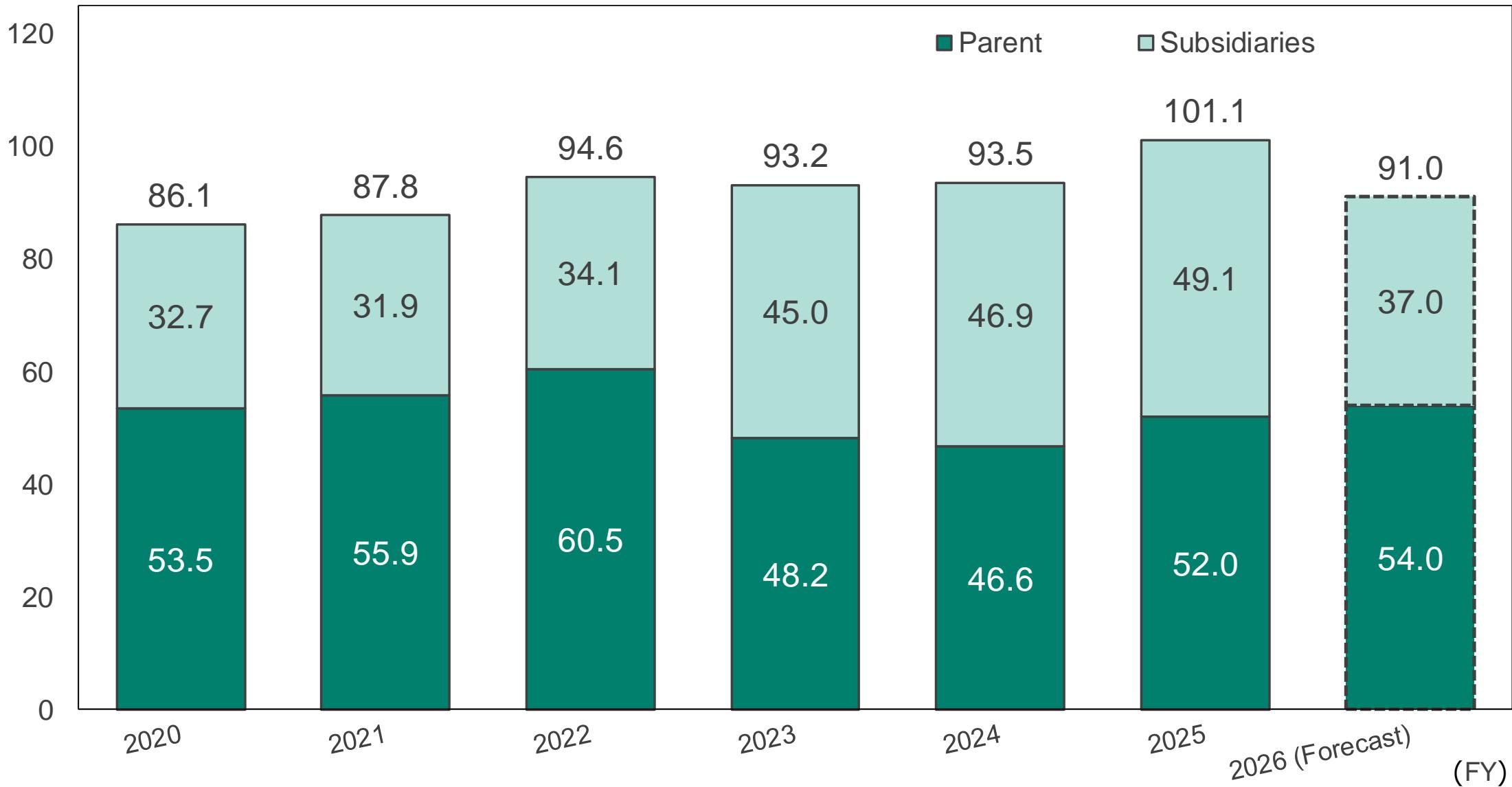
1. As of FY2020, the Kao Group changed its method of recognizing sales for certain transactions from the gross amount to the net amount.

2. FY2023 figures are calculated based on core income.

Core income: Income excluding impacts of structural reforms for FY2023

Capital Expenditures

(Billion yen)



ROE & EPS



Weighted average number of shares outstanding (Million shares)	492.8	489.1	483.3	480.9	475.5	469.4	464.9	464.6	461.3	452.3
Net income attributable to owners of the parent [IFRS] (Billion yen)	147.0	153.7	148.2	126.1	109.6	86.0	86.0	107.8	120.1	130.0

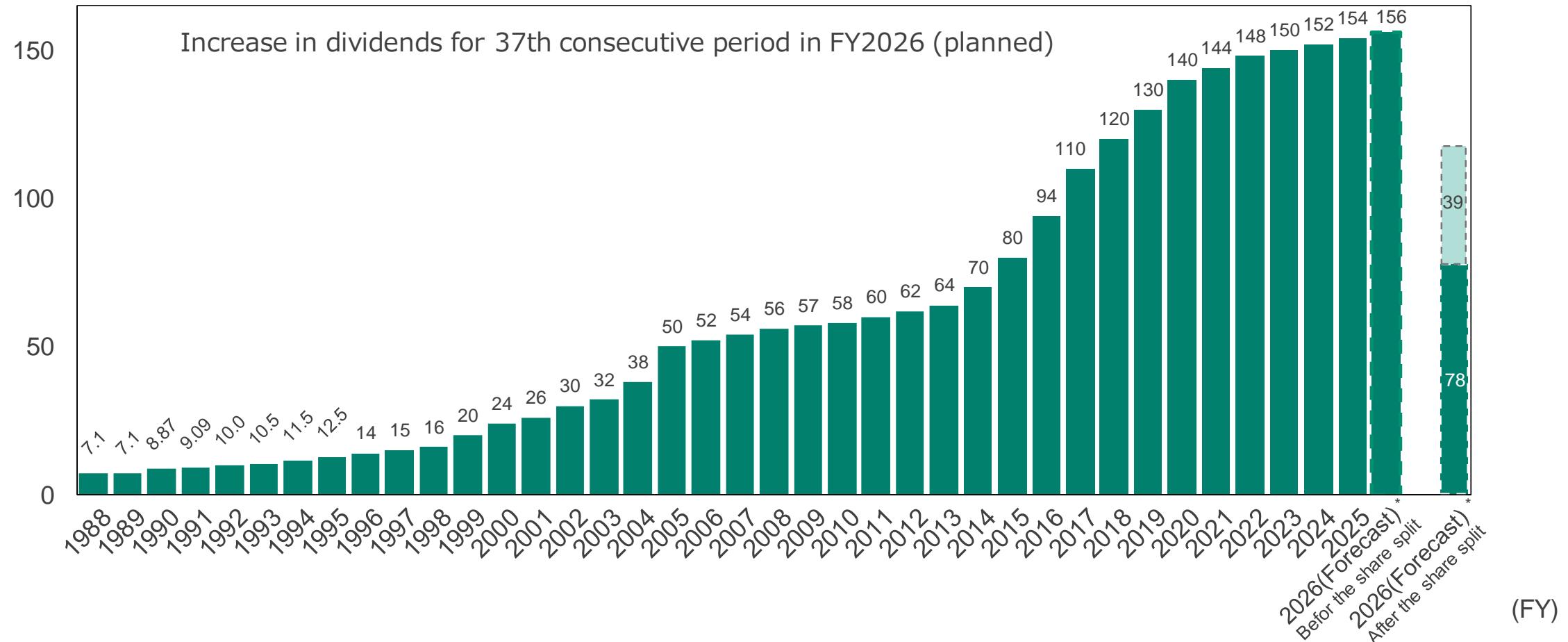
1. As of FY2020, the Kao Group changed its method of recognizing sales for certain transactions from the gross amount to the net amount.

2. FY2023 figures are calculated based on core income.

3. At a meeting of the Board of Directors held in February 2026, the Kao Group resolved to conduct a share split at a ratio of two shares for each ordinary share, with July 1, 2026, as the effective date. Earnings per share (EPS) for the fiscal year ending December 31, 2026 are presented on a pre-share split basis. EPS for the full fiscal year, adjusted to reflect the share split, would be 143.7 yen.

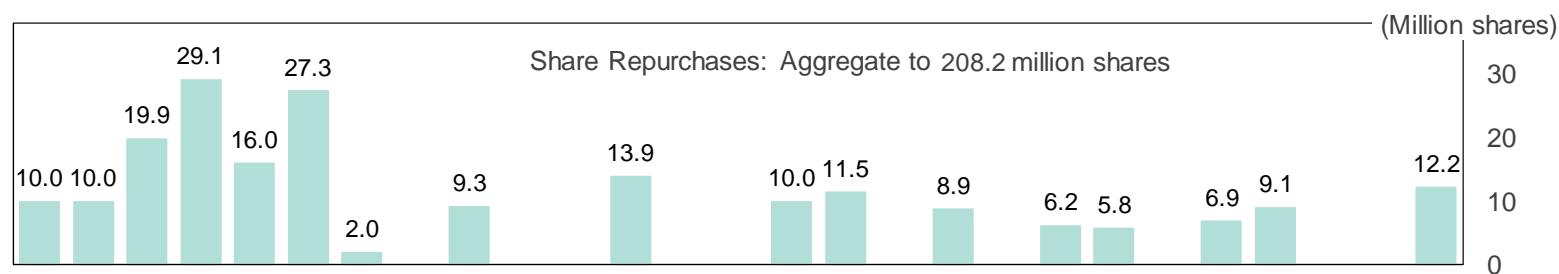
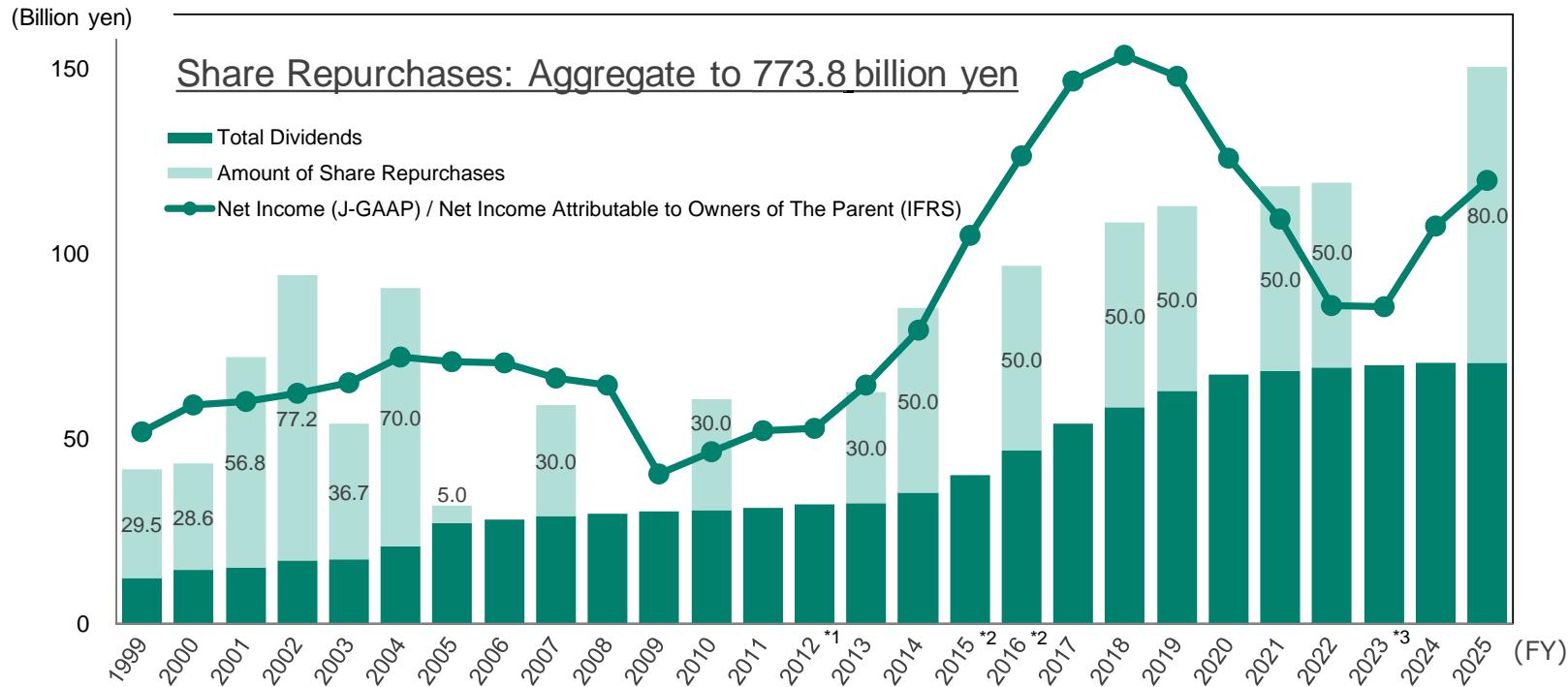
Cash Dividends per Share

Cash Dividends per Share (Yen)



* At a meeting of the Board of Directors held in February 2026, the Kao Group resolved to conduct a share split at a ratio of two shares for each ordinary share, with July 1, 2026, as the effective date. The second quarter-end dividend for the fiscal year ending December 31, 2026, for which the record date is June 30, 2026, will be paid based on the number of shares outstanding prior to the share split. The forecast of the year-end dividend for the fiscal year ending December 31, 2026, presents the planned amount as both 78 yen per share on a pre-share split basis and 39 yen per share on a post-share split basis.

Shareholder Returns



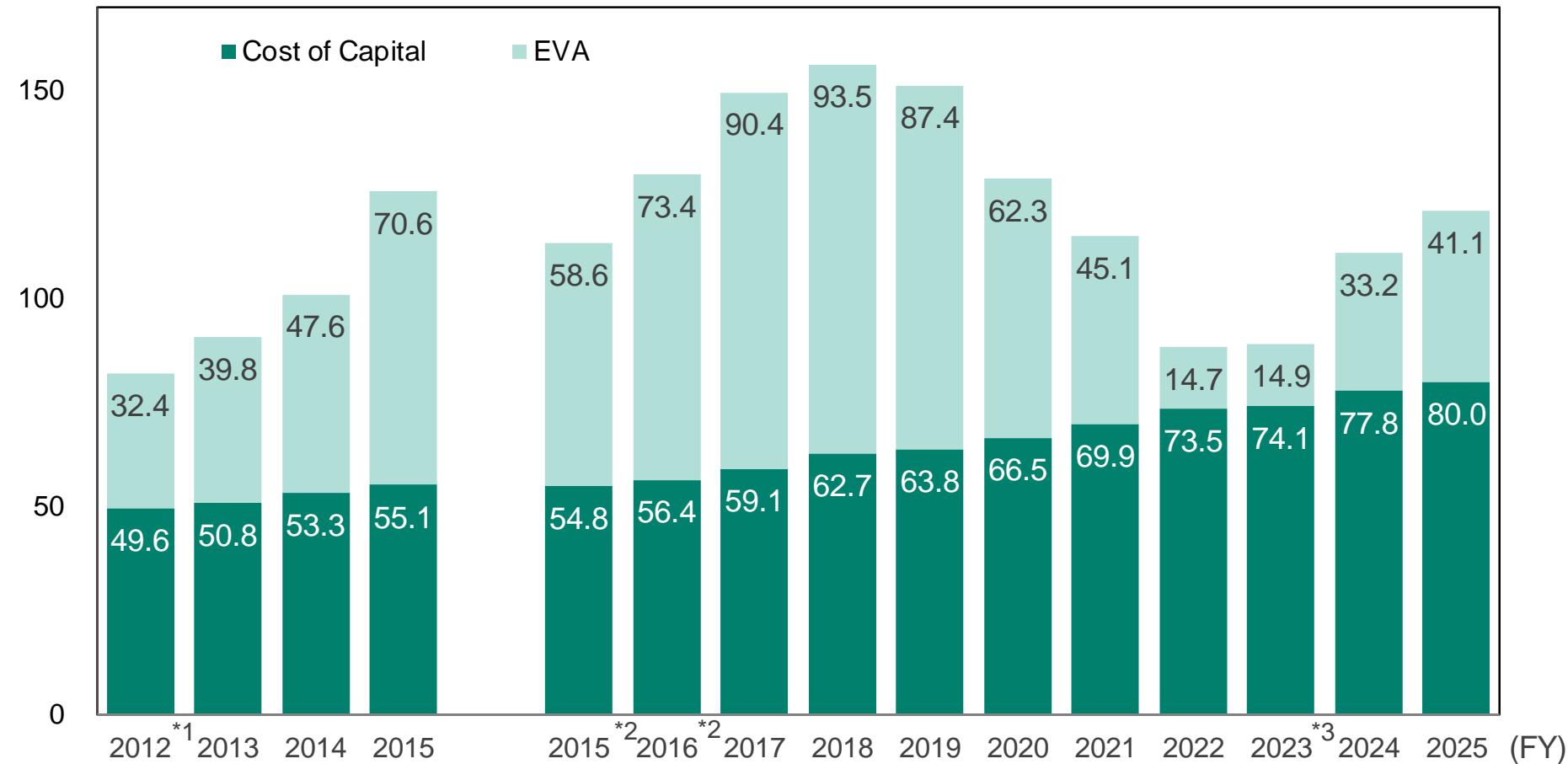
1. Fiscal year end changed from March 31 to December 31 in FY2012 (FY2012 results are for the nine-month period from April to December for Group companies whose fiscal year end was previously March 31 and the twelve-month period from January to December for Group companies whose fiscal year end was December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

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

3. FY2023 figures are calculated based on core income.

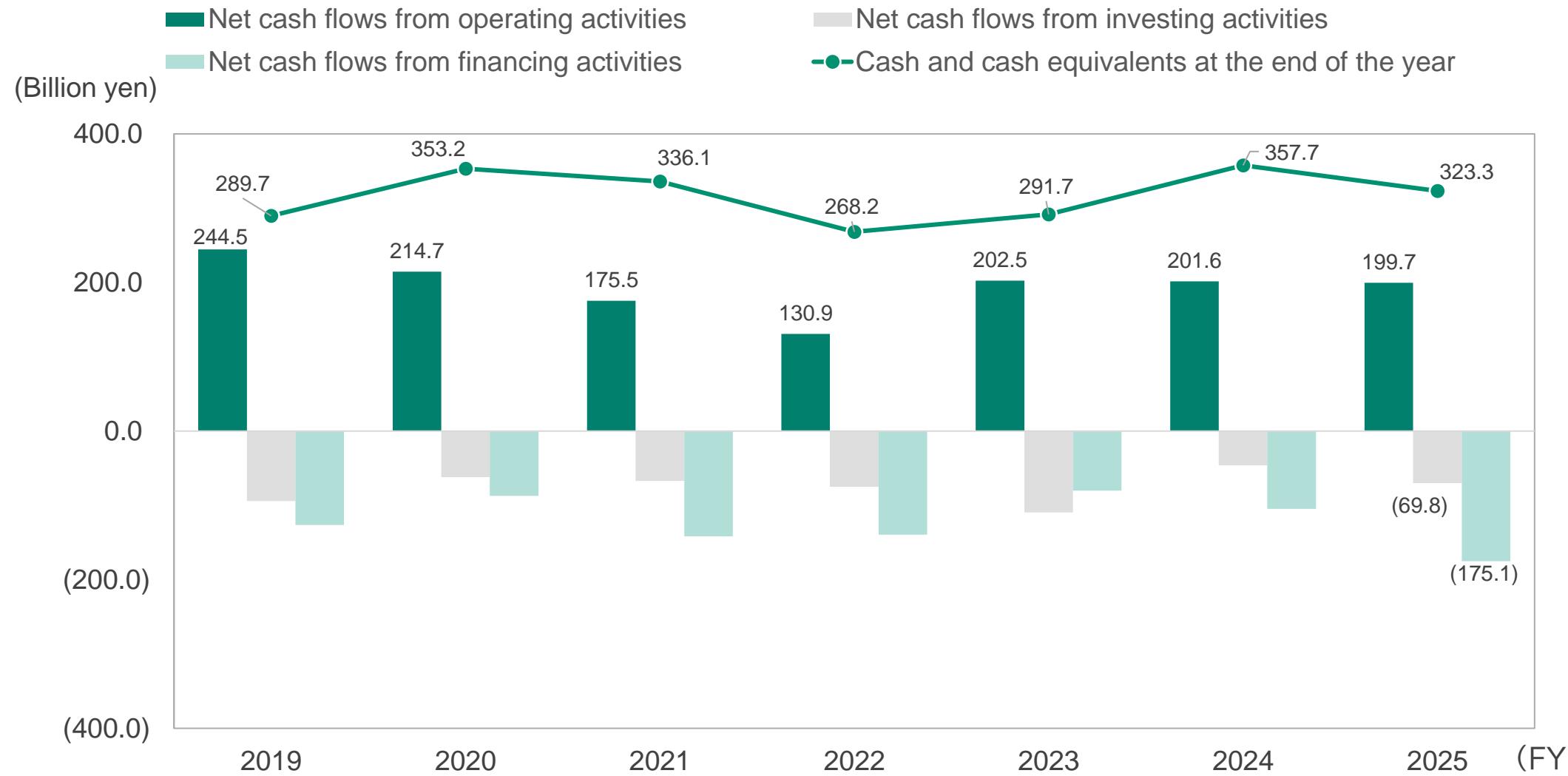
EVA

(Billion yen)



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.

Cash Flows



Business Segments and Main Product Categories

	Net sales		Operating income	Operating margin	Main brands	
	1,688.6 ¥bn YoY +3.7%	Share	164.1 ¥bn YoY +17.4¥bn	9.7 % YoY +0.7pts		
Global Consumer Care Business	Hygiene and Living Care Business <ul style="list-style-type: none">Laundry detergentsFabric treatmentsKitchen cleaning productsHouse cleaning productsPaper-based cleaning productsSanitary napkinsBaby diapers	549.3 ¥bn +1.1%	32.5 %	81.3 ¥bn +5.5¥bn	14.8 % +0.9pts	      
	Health and Beauty Care Business <ul style="list-style-type: none">Skin care productsHair care productsProfessional hair care productsBath additivesThermo productsOral care positives	432.9 ¥bn +2.2%	25.7 %	39.1 ¥bn +4.7¥bn	9.0 % +0.9pts	       
	Cosmetics Business <ul style="list-style-type: none">Counselling cosmeticsSelf-selection cosmetics	261.6 ¥bn +6.9%	15.5 %	10.4 ¥bn +14.1¥bn	4.0 % +5.5pts	     
	Business Connected Business <ul style="list-style-type: none">Commercial-use hygiene products	39.2 ¥bn △3.2%	2.3 %	2.3 ¥bn △3.0¥bn	5.8 % △7.1pts	   
	Chemical Business <ul style="list-style-type: none">Oleo chemicalsPerformance chemicalsInformation materials	451.5 ¥bn 6.9%	24.0 %	30.2 ¥bn △5.5¥bn	6.7 % △1.8pts	

- Results for the fiscal year ended December 31, 2025
- ¥bn : Abbreviation for Japanese yen in billions
- Year-on-year growth rates for net sales are shown on all like-for-like basis, excluding the effect of translation of local currencies into Japanese yen.
- Net sales of the Chemical Business include intersegment transactions.
- Operating income of ¥164.1 bn includes corporate expenses and other items not allocated to each segment.

Changes in Reportable Segments (From January 2025)

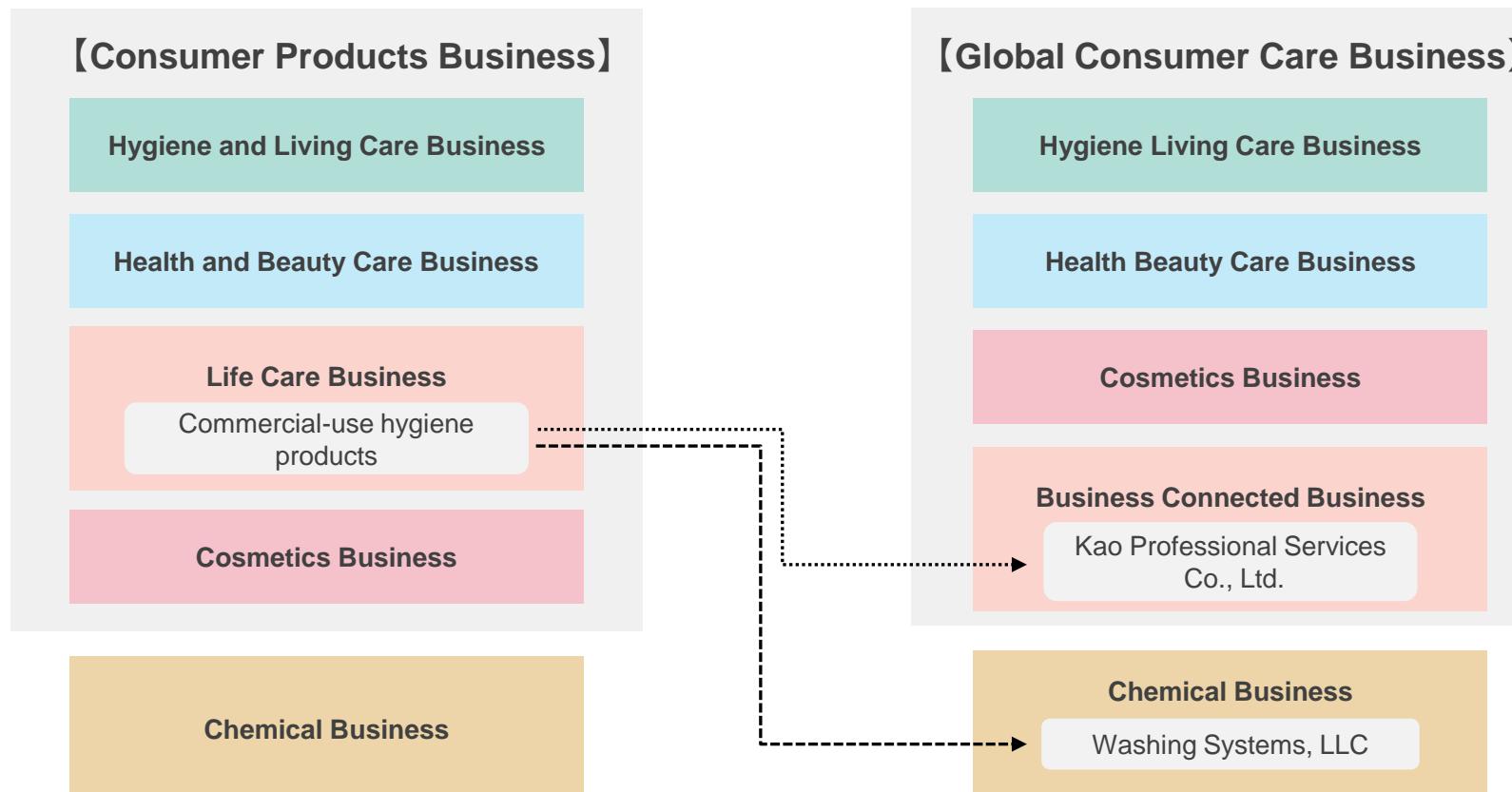
To further ramp up global growth, the Kao Group restructured its organization and functions as of January 2025.

【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), as well as life care products and other products.



kao

Kirei—Making Life Beautiful

