



Kirei—Making Life Beautiful

Consolidated Financial Results for the Six Months Ended June 30, 2025 and Mid-term Plan “K27” Progress

Kao Corporation
August 6, 2025



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. 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.
3. Changes and comparisons are all with the same period a year earlier unless otherwise noted.
4. Household & personal care (H&PC): Global consumer care products excluding cosmetics
5. GC: Abbreviation of Global Consumer Care
6. Core income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023.
7. Net sales and operating income year on year have been reclassified and restated to reflect the changes to reportable segments implemented during the three months ended March 31, 2025 (see page 47 for details).

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Key Highlights

Positioning of FY2025 toward Achieving K27

- ✓ **Improving earning power while building a foundation for global sales expansion accompanied by profitable growth, as planned.**
 - Enhancing profitability and capital efficiency and accelerating a virtuous cycle of investment in the growth driver area to achieve growth outside Japan from FY2026 onward.

FY2025 H1 Results

- ✓ **The revenue base of the Global Consumer Care business in Japan became stronger. The operating margin increased 1.2 pts.**
 - Fabric and Home Care in Japan continued to perform well. Market share also continued to grow.
 - The profitability of Cosmetics improved substantially due to the growth of the six focus brands, achieving H1 profitability for the first time in three years.
 - Hair care also moved from the “reform” stage to the “growth” stage.
- ✓ **Rolled out measures for global growth in the growth driver area including for UV care products and cosmetics.**
- ✓ **Revised full-year earnings forecast for FY2025 upward.**
 - Made progress in improving profitability, with clear effects toward achieving targets.

(Billion yen)	FY2023 Results	FY2024 Results	FY2025 Initial Forecast ³	FY2025 Revised Forecast	FY2027 Target
ROIC	4.1%	9.2%	9.4%	10.0%	11.0% or more
EVA	14.9	33.2	37.0	44.0	70.0 or more
Operating Income	114.7 ²	146.6	160.0	165.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	705.5	730.0	730.0	800.0 or more (Sales CAGR+4.3%)

Shareholder Returns

- ✓ **Resolved to repurchase stock up to a total of 80.0 billion yen or 15.0 million shares.**
 - Implemented a balanced and consistent capital policy based on growth investments, the business portfolio and capital efficiency.

1.Sales based on the location where the sales were recognized.
2.Core operating income
3.Announced on February 6, 2025

02

Financial Results

for the Six Months Ended June 30, 2025

Highlights of Consolidated Financial Results

Billion yen	FY2024 H1	FY2025 H1	Growth	Change
Net sales	788.0	809.0	+2.7%	+21.0
		Effect of currency translation* (1.0%)		(8.0)
		Like-for-like growth <u>+3.7%</u>		+29.1
Gross profit	303.7	311.8	+2.7%	+8.2
Gross margin(%)	38.5%	38.5%	-	+0.0pts
Operating income	57.9	69.5	<u>+19.9%</u>	+11.5
Operating margin(%)	7.4%	8.6%	-	<u>+1.2pts</u>
Income before income taxes	64.4	71.8	+11.4%	+7.4
Net income	44.8	49.5	+10.4%	+4.6
Net income attributable to owners of the parent	43.4	49.6	+14.3%	+6.2
EBITDA (Operating income + Depr. & Amort.)	102.3	112.2	+9.7%	+9.9
Basic earnings per share (yen)	93.41	<u>106.85</u>	<u>+14.4%</u>	+13.44
Cash dividends per share (yen)	76.00	77.00	-	+1.00

*Exchange rates: 148.54 yen/USD, 162.12 yen/Euro, 20.47 yen/Yuan

Highlights of Q2 Consolidated Financial Results (April-June)

Billion yen	FY2024 Q2	FY2025 Q2	Growth	Change
Net sales	422.2	419.2	(0.7%)	(3.0)
		Effect of currency translation *	(2.4%)	(10.1)
		Like-for-like growth	+1.7%	+7.1
Gross profit	166.7	163.8	(1.7%)	(2.8)
Gross margin(%)	39.5%	39.1%	-	(0.4pts)
Operating income	36.0	38.3	+6.5%	+2.3
Operating margin(%)	8.5%	9.1%	-	+0.6pts
Income before income taxes	39.6	40.2	+1.4%	+0.5
Net income	27.5	26.5	(3.8%)	(1.0)
Net income attributable to owners of the parent	26.9	26.8	(0.6%)	(0.2)
EBITDA (Operating income + Depr. & Amort.)	58.2	59.5	+2.2%	+1.3
Basic earnings per share (yen)	57.98	57.65	(0.6%)	(0.33)

* Exchange rates: 144.49 yen/USD, 163.73 yen/Euro, 19.98 yen/Yuan

Key Points of Results and Future Initiatives

Net sales 809.0 billion yen
+3.7% on a like-for-like basis

Operating income 69.5 billion yen
(+11.5 billion yen; +19.9%); margin 8.6%

ROIC 8.0%
+0.5 pts

FY2025 H1 Financial Results

- Net sales increased, driven by the Global Consumer Care Business in Japan and the Chemical Business.
- GC Business in Japan was solidified due to reinforcing Fabric and Home Care, steady and efficient implementation of measures for Cosmetics, and improved earning power.
- Operating income exceeded the plan, increasing 11.5 billion yen (1.2 pts increase in operating margin)
- ROIC 8.0%(+0.5 pts), due to the increased profitability as well as to the improved capital efficiency for Sanitary business and others.

Initiatives for Q3 Onward

- Strengthen high-value-added product offerings, increase profitability, and build a foundation for global sales expansion.
- Implement price adjustments in GC Business along with the promotion of high-value-added products.
- Review amount of risk impact from changes to U.S. tariff policies.

Upward Revision of Full-year Forecast for Net Sales and Operating Income

	<u>Initial Forecast</u>		<u>Revised Forecast</u>
Net sales	1,670 billion yen	➡	1,690 billion yen
Operating income	160 billion yen	➡	165 billion yen

Consolidated Net Sales by Segment/Geographic Region in H1

- Consolidated sales exceeded the plan.
- The Global Consumer Care Business performed well in Japan, and market share continued to grow. Outside Japan, sales decreased due to intensifying competition in Asia and weak growth in the Americas and Europe.
- The Chemical Business grew substantially in all areas.

		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	156.8	5.6%	19.9	(9.0%)	1.5	(19.0%)	-	-	21.4	(9.8%)	178.2	3.5%
	Sanitary	36.0	(2.7%) 1.3%	43.6	(3.6%)	-	-	-	-	43.6	(3.6%)	79.6	(3.2%) (1.5%)
	Hygiene Living Care Business	192.8	3.9% 4.8%	63.5	(5.3%)	1.5	(19.0%)	-	-	65.0	(5.7%)	257.8	1.3% 1.9%
	Health Beauty Care Business	107.4	5.6%	17.9	(2.0%)	55.7	(2.4%)	30.6	(1.9%)	104.1	(2.2%)	211.5	1.6%
	Cosmetics Business	81.4	6.7%	21.4	(9.8%)	3.4	(7.4%)	12.3	0.6%	37.1	(6.4%)	118.5	2.1%
	Business Connected Business	17.9	(5.7%) 0.2%	0.1	123.7%	-	-	-	-	0.1	123.7%	18.0	(5.4%) 0.6%
	GC Business	399.5	4.4% 5.2%	102.9	(5.7%)	60.6	(3.2%)	42.9	(1.2%)	206.4	(4.1%)	605.8	1.3% 1.8%
	Chemical Business*	72.0	8.5%	59.6	17.7%	43.8	11.3%	50.6	7.0%	154.1	12.1%	226.0	11.0%
	Consolidated	451.8	4.9% 5.5%	161.0	1.8%	104.2	2.4%	92.1	3.0%	357.3	2.3%	809.0	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 H1

- Operating income increased due to strong performance by Fabric & Home Care and sanitary products, and substantial improvement in the profitability of Cosmetics.
- In the Chemical Business, operating income decreased due to a lag in the timing of selling price adjustments in response to rising raw material prices.

		Net sales				Operating income			Overview
		H1 (Billion yen)	Like- for-like	By Volume	By Price	H1 (Billion yen)	Change	Operating margin	
	Fabric & Home Care	178.2	3.5%	2.0%	1.5%	30.9	2.9	17.3%	Earning power from promotion of high-value-added products, price adjustments and other measures drove sales and profits. Volume and market share also grew.
	Sanitary	79.6	(3.2%) (1.5%)	(1.9%)	(1.3%)	4.5	(1.5) 2.8	5.6%	Both sales and profits of sanitary napkins grew substantially. <i>Merries</i> returned to profitability and profits stabilized. The operating margin improved by 4.6 pts.
Hygiene Living Care Business		257.8	1.3% 1.9%	0.7%	0.6%	35.4	1.4 5.7	13.7%	—
Health Beauty Care Business		211.5	1.6%	1.8%	(0.2%)	18.1	3.1 (0.3)	8.6%	Skin care and high-premium hair care grew substantially in Japan. Ramped up investment for growth in skin care.
Cosmetics Business		118.5	2.1%	1.3%	0.8%	0.4	6.5	0.3%	Profitability improved substantially due to growth of the six focus brands and business streamlining. Achieved profitability in H1.
Business Connected Business		18.0	(5.4%) 0.6%	(5.4%)	—	0.4	1.4	2.1%	Although the nursing care and other sectors were impacted by price competition, sales increased in the lodging and leisure sectors due to firm market conditions.
GC Business		605.8	1.3% 1.8%	1.0%	0.3%	54.3	12.5 13.3	9.0%	—
Chemical Business*		226.0	11.0%	(1.5%)	12.4%	14.9	(2.3)	6.6%	Sales increased substantially but operating income decreased due to the impact of a decline in demand in some sectors, including automotives, and rising raw material prices.
Consolidated		809.0	3.7% 4.0%	0.2%	3.5%	69.5	11.5 12.4	8.6%	

* 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

Q2 Consolidated Net Sales by Segment/Geographic Region (April-June)

- Consolidated sales were nearly in line with the plan. The Global Consumer Care Business continued to expand its market share in Japan. The Chemical Business maintained its sales growth.
- Outside Japan, sales decreased due to intensifying competition in the Hygiene Living Care Business in Asia and in the Health Beauty Care Business in the Americas and Europe.

		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	84.1	2.6%	9.3	(12.4%)	0.7	(22.0%)	-	-	10.0	(13.2%)	94.1	0.6%
	Sanitary	19.1	(0.2%) 3.2%	20.1	(7.2%)	-	-	-	-	20.1	(7.2%)	39.3	(4.1%) (2.6%)
	Hygiene Living Care Business	103.2	2.1% 2.7%	29.4	(8.9%)	0.7	(22.0%)	-	-	30.1	(9.2%)	133.3	(0.8%) (0.4%)
	Health Beauty Care Business	60.2	4.5%	8.9	(0.4%)	28.6	(3.9%)	15.9	(2.3%)	53.4	(2.9%)	113.6	0.8%
	Cosmetics Business	41.7	3.0%	10.8	(15.5%)	1.6	(8.0%)	6.2	2.3%	18.6	(9.7%)	60.2	(1.4%)
	Business Connected Business	9.7	(4.1%) 1.0%	0.1	278.8%	-	-	-	-	0.1	278.8%	9.8	(3.5%) 1.6%
	GC Business	214.8	2.6% 3.2%	49.1	(8.9%)	31.0	(4.6%)	22.1	(1.1%)	102.2	(6.1%)	317.0	(0.5%) (0.1%)
	Chemical Business*	37.2	7.7%	29.5	12.1%	22.4	12.2%	24.8	2.4%	76.8	8.9%	114.0	8.5%
	Consolidated	241.7	3.1% 3.6%	78.0	(2.0%)	53.3	1.8%	46.2	0.9%	177.5	(0.1%)	419.2	1.7% 2.0%

* 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

Q2 Consolidated Results by Segment (April-June)

- Operating income increased due to strong performance by Fabric & Home Care and hair care products, and substantial improvement in the profitability of Cosmetics.
- In the Chemical Business, operating income decreased due to a lag in the timing of price adjustments in response to rising raw material prices.

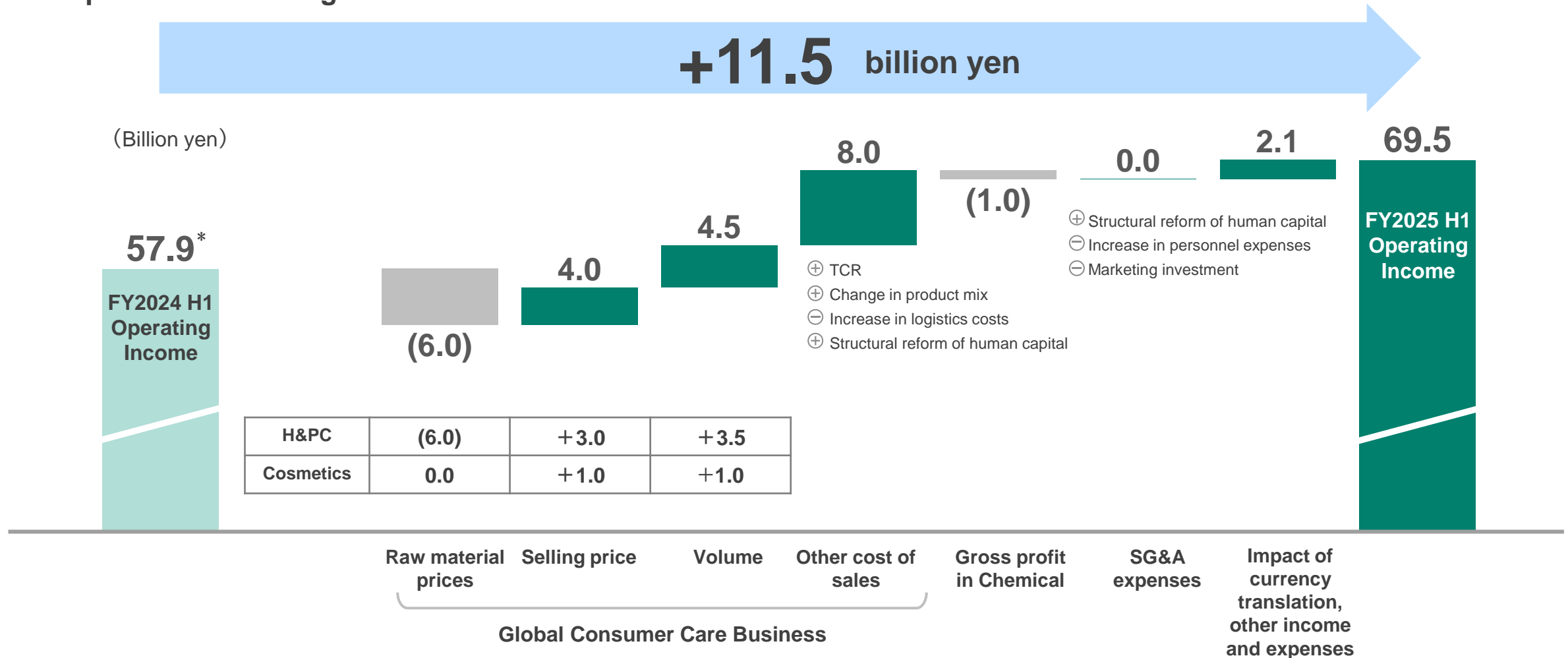
		Net sales				Operating income		
		Billion yen	Like-for-like	By Volume	By Price	Billion yen	Change	Operating margin
	Fabric & Home Care	94.1	0.6%	(0.6%)	1.2%	16.6	1.1	17.6%
	Sanitary	39.3	(4.1%) (2.6%)	(0.9%)	(3.1%)	2.1	(3.2) 1.0	5.4%
	Hygiene Living Care Business	133.3	(0.8%) (0.4%)	(0.7%)	(0.1%)	18.7	(2.1) 2.2	14.0%
	Health Beauty Care Business	113.6	0.8%	1.4%	(0.6%)	11.4	3.0 (0.4)	10.0%
	Cosmetics Business	60.2	(1.4%)	(2.3%)	0.8%	0.9	2.3	1.4%
	Business Connected Business	9.8	(3.5%) 1.6%	(3.5%)	—	0.5	0.9	5.1%
GC Business		317.0	(0.5%) (0.1%)	(0.4%)	(0.1%)	31.5	4.2 5.1	9.9%
Chemical Business*		114.0	8.5%	(2.6%)	11.1%	6.6	(2.3)	5.7%
Consolidated		419.2	1.7% 2.0%	(1.1%)	2.8%	38.3	2.3 3.2	9.1%

* 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 H1 (Year-on-Year Change)

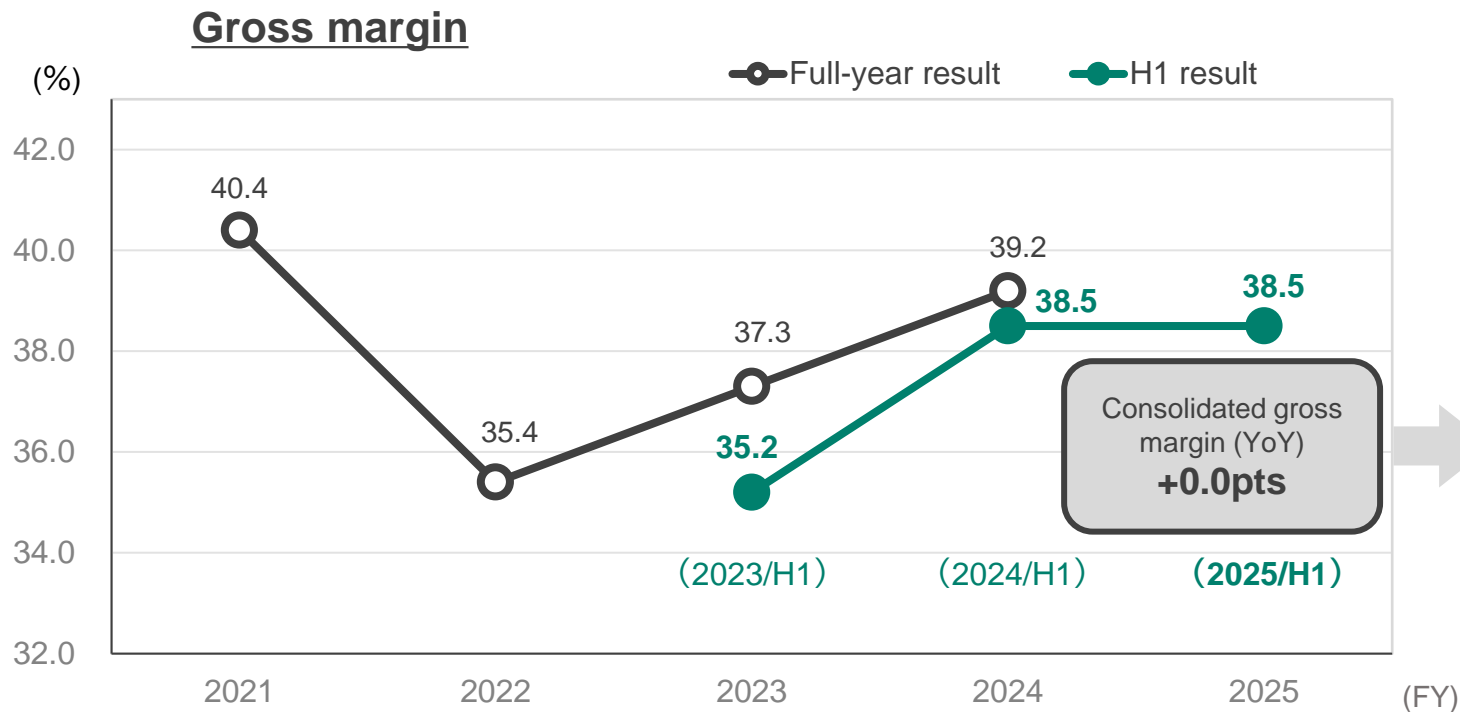
- Selling price adjustments and increased sales volume offset the impact of rising raw material prices, mainly in the Global Consumer Care Business.
- As personnel and other expenses increased, structural reforms and rigorous cost management kept SG&A expenses from rising.



*Including temporary income and expenses +1.0 billion yen. Breakdown of main items: 1) Gain on transfer: Pet care business +4.3 billion yen, 2) Structural reform expenses for subsidiaries in the Americas and Europe -3.4 billion yen

Further Improvement of Earning Power

- Proactive launches of high-value-added products, cost reduction activities and other measures offset the impact of rising raw material prices, improving the profit margin. Progress toward targets has been steady.



Gross margin for FY2023 represents "core gross margin."

GC Business Gross margin

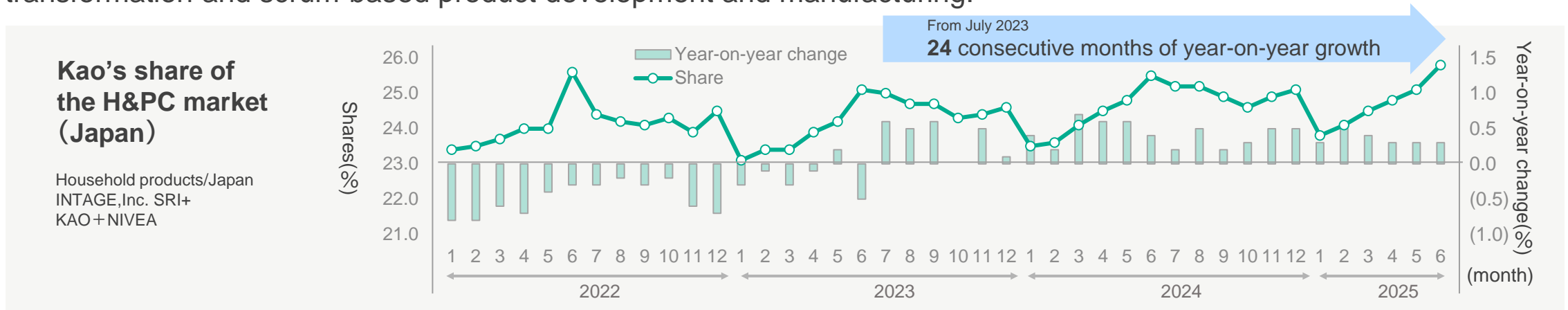
+1.2pts

> Target improvement rate +1.0pts/year

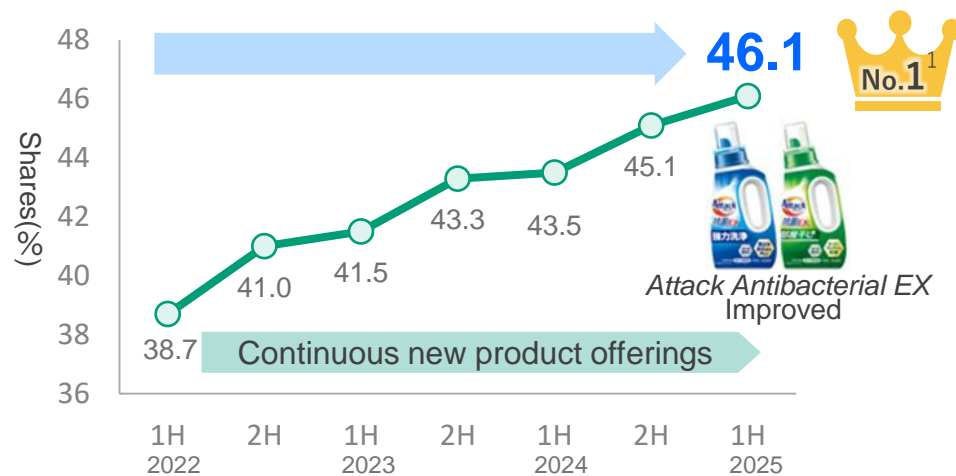
- Selling price increases (promotion of high-value-added products/price hikes): +1.2 pts
- Cost reductions, etc. (including product mix differences): +2.0 pts
- Rising raw material prices: (2.0) pts

Steady Progress toward Sustainable Growth

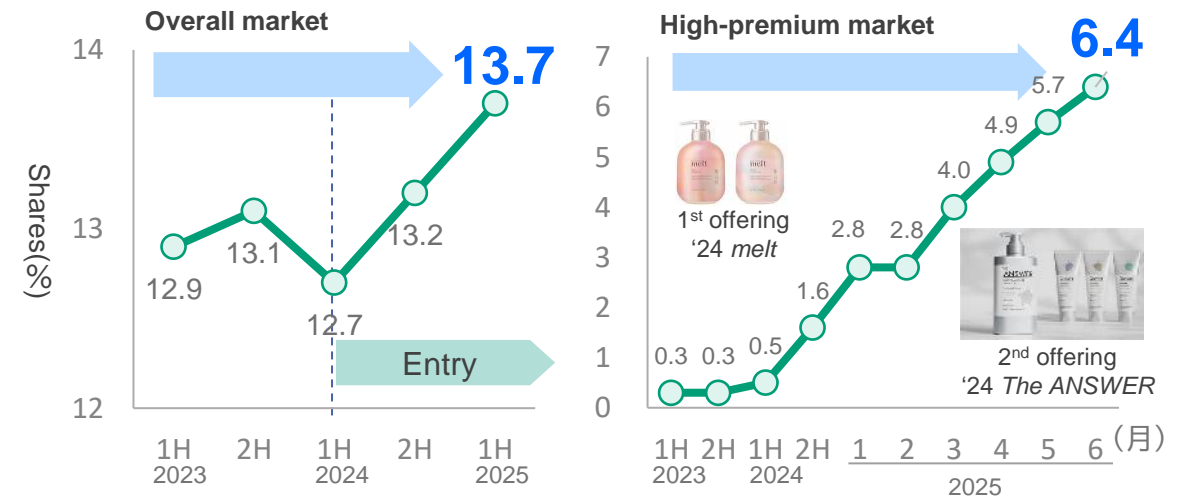
- Accelerating the rollout of new brands/products and increase the probability of a strong product launch by digital transformation and scrum-based product development and manufacturing.



Making a strong brand even stronger: Laundry detergent



New entry into the high-end market²: In-bath hair care

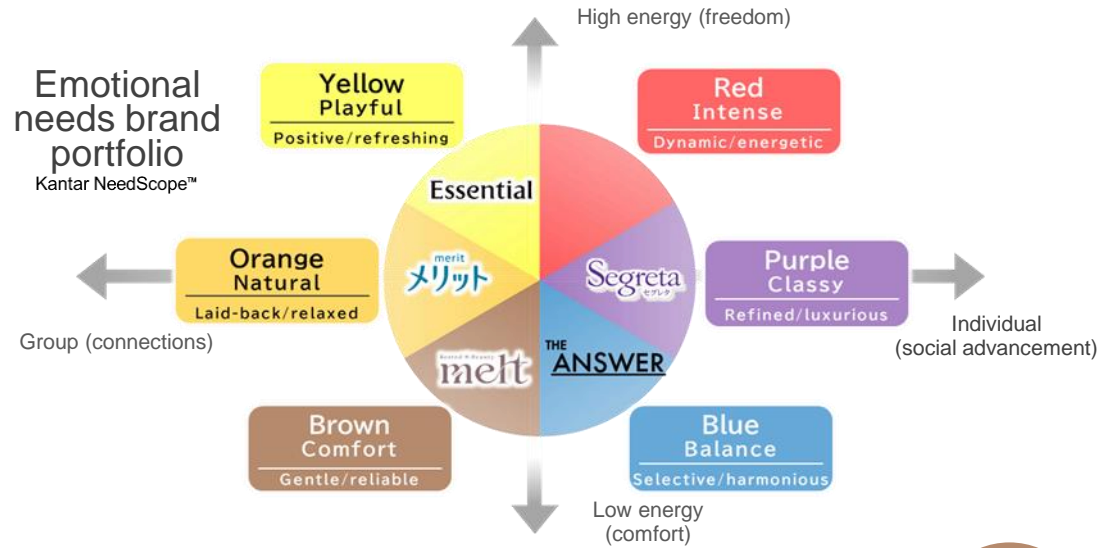


1. INTAGE, Inc. SRI+ July 2023 to June 2025

2. Categorized into high premium (1,400 yen and higher) and mass (premium mass/reasonable mass) (under 1,400 yen) (based on the selling price of pump-type shampoo/conditioner)

Hair Care Business Reform: Rapid Progress of High-Premium Products

- The restructured brand lineup has sharply defined target consumers, with substantial increases in both trial and repeat purchases.



3rd Offering



August 2025 launch

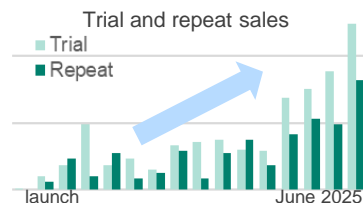
MEMEME

An Experience That Gives a Bounce to Both Hair and Mood

Rapid absorption hair treatment
-Next-generation
alpha gel control technology-

melt “Beauty Care for Relaxing Moments”

- FY2025 H1 sales: **1.8** times plan
- Carbonated dense foaming bubble technology
- Consumers in their 20s–30s: **54%** (+25 pts vs. market)



Winner of **59**
“best cosmetics”
awards*

1st Offering

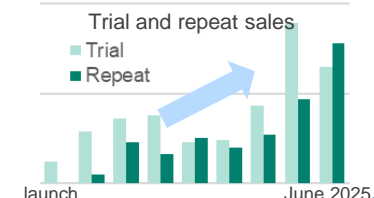


2nd Offering

THE ANSWER

“A Century of Kao Hair Care Research”

- FY2025 H1 sales: **2** times plan
- Lamellar platform technology
- Consumers in their 30s–40s: **46%** (+5 pts vs. market)



Winner of **27**
“best cosmetics”
awards*



Reorganizing the Cosmetics Business to Achieve Profitable Growth and Promoting Globalization

- Sales of the six focus brands expanded, mainly in Japan and ASEAN. At the same time, business streamlining made headway in Japan, and profitability was achieved in H1 for the first time in three years.

Six Focus Brands

SENSAI

MOLTON BROWN

KANEBO

SOFINA

Curél

KATE
TOKYO

Japan Business

Achieve both growth and profitability improvement

Accelerated Growth of Six Focus Brands

Year-on-year sales growth **115 %**



A Stronger Base in the Channel

Year-on-year sales growth in directly operated e-commerce **134 %**

Business Streamlining

Reduction of fixed costs **(3.8)** billion yen

Laying the foundation for global growth

Sales Expansion in ASEAN

Year-on-year growth of six focus brands **111 %**



Note: 127% in Thailand

Strengthening Presence in Europe



Approx.



Year-on-year sales growth **1.7** times

Promoting Integrated Operations in Asia

SENSAI

Approx.



Year-on-year sales growth **2.4** times

China Business Reorganization

As planned Sell-out Expansion

Year-on-year growth **103 %**

GMV of Curél and freeplus at Tmall flagship store

Unofficial E-commerce stores Selling Price Recovery

Year-on-year selling price increase **113 %**

Selling price of freeplus mild soap

Cultivating Locally Produced Products

Year-on-year sell-out growth **1.8** times

Sell-out amount in e-commerce of Curél serum

03

FY2025 Forecast

FY2025 Forecast

Billion yen	FY2024		FY2025				
		Growth*	Revised Forecast	Growth	Change	Initial Forecast	Change form Initial
Net sales	1,628.4	+6.3%	1,690.0	+3.8%	+61.6	1,670.0	+20.0
	Effect of currency translation	+3.0%		(1.0%)	(16.9)		(7.4)
	Like-for-like growth	+3.3%		+4.8%	+78.5		+27.4
Operating income	146.6	+27.8%	165.0	+12.5%	+18.4	160.0	+5.0
Operating margin(%)	9.0%	-	9.8%	-	+0.8pts	9.6%	+0.2pts
Income before income taxes	151.0	+27.4%	168.0	+11.2%	+17.0	163.0	+5.0
Net income attributable to owners of the parent	107.8	+25.3%	121.0	+12.3%	+13.2	116.0	+5.0
EBITDA (Operating income + Depr. & Amort.)	235.1	+57.1%	250.0	+6.3%	+14.9	246.0	+4.0
ROE (%)	10.5%	-	11.7%	-	+1.2pts	10.8%	+0.9pts
Basic core earnings per share (yen)	231.94	+25.4%	262.02	+13.0%	+30.08	249.74	+12.28
Cash dividends per share (yen)	152.00	-	154.00	-	+2.00	154.00	-

* Comparison with "core income" for FY2023 (excluding EBITDA and ROE.)
Exchange rate assumptions: 147 yen/USD 164 yen/Euro 20.2 yen/Yuan

Key Points of FY2025 Sales Forecast by Segment

- In Japan, aiming to increase profitability and achieve sustainable growth by offering high-value-added products in fabric care and elsewhere.
- Outside Japan, working for recovery through growth in Cosmetics and new product offerings in Health Beauty Care, among other measures.

Billion yen		Japan		Outside Japan		Consolidated		Overview of Initiatives from Q3	
			Like-for-like	Like-for-like		Like-for-like			
	Hygiene Living Care Business	415.0	2.6%	132.5	(2.9%)	547.5	1.2%	Continue growth in Japan by promoting high-value-added products and ramping up selling price adjustments. Also work for a comeback in Asia.	
	Health Beauty Care Business	226.0	6.6%	208.0	0.3%	434.0	3.4%	Accelerate growth in Japan. Launch new products and strengthen e-commerce to regain ground in businesses outside Japan.	
	Cosmetics Business	174.0	4.5%	84.0	10.0%	258.0	6.3%	Accelerate global growth centered on the six focus brands.	
	Business Connected Business	40.0	(0.6%)	0.5	82.9%	40.5	(0.1%)	Ramp up offerings of high-value-added solutions in the core food service business for sustainable growth.	
	GC Business	855.0	3.9%	425.0	1.1%	1,280.0	2.9%	—	
	Chemical Business*	147.0	6.2%	313.5	13.3%	460.5	11.0%	Sustain high growth by adjusting selling prices and by continuing to cultivate high-value-added products.	
	Consolidated	960.0	4.0%	730.0	5.9%	1,690.0	4.8%	—	

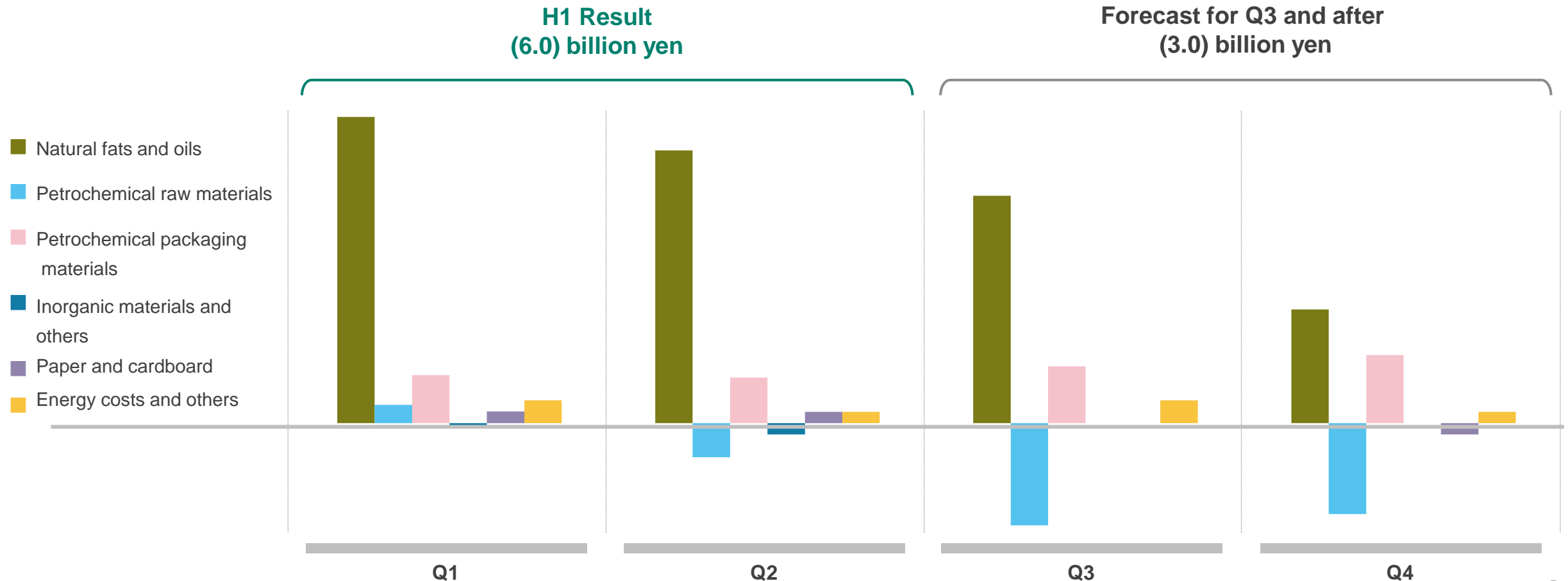
《GC Business sales outside Japan》

Asia	210.0	1.6%
Americas	121.0	1.0%
Europe	94.0	0.1%

* Net sales of the Chemical Business include intersegment transactions
Sales by geographic region are classified based on the location of the sales recognized.

Raw Material Prices Outlook in FY2025 (GC Business; vs. FY2024 Results)

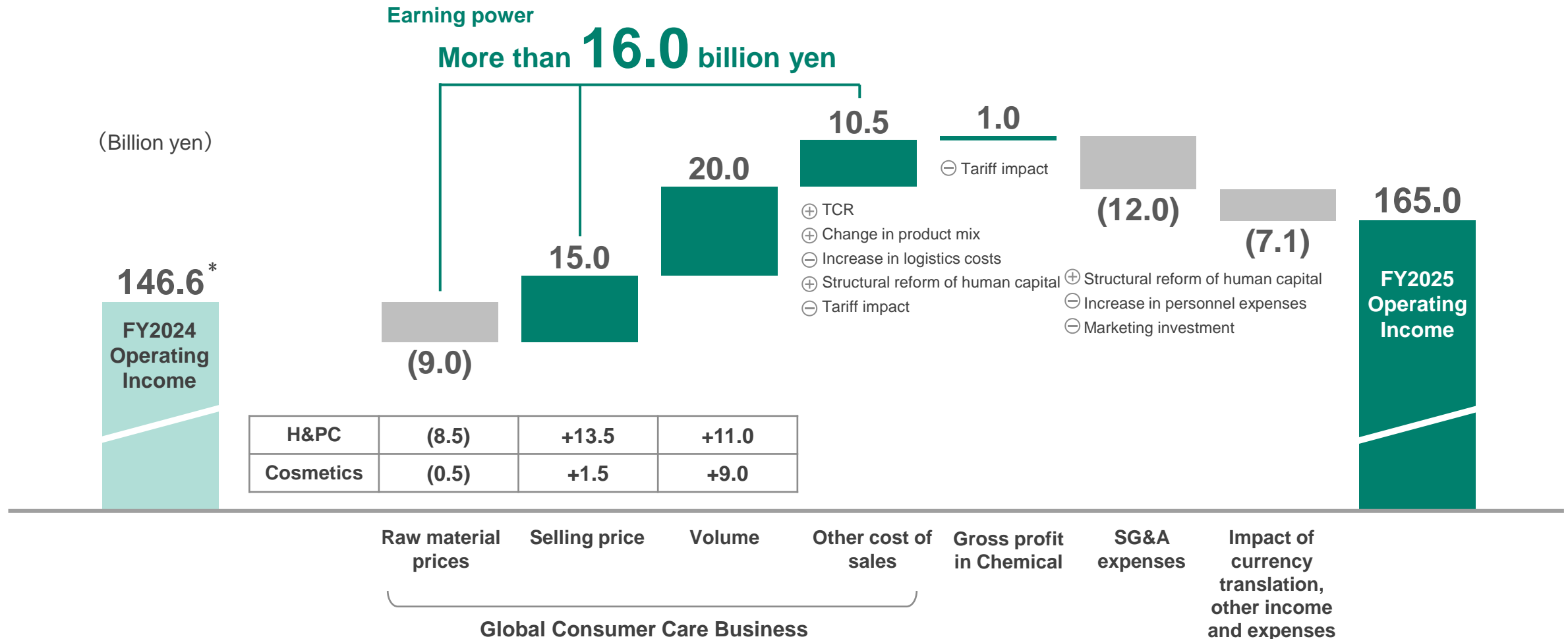
- Prices of fats and oils in H1 were higher than the initial assumption. Petrochemical raw material prices are expected to gradually decline in Q3 and thereafter.
- Due to the impact of petrochemical raw materials, raw material prices are expected to be approximately 1.0 billion yen less* than forecast.
- The Kao Group plans to offset increased costs and ensure profits by adjusting selling prices to reflect added value, among other measures.



* Compared with the (10.0) billion yen forecast for raw material prices announced on February 6, 2025.

Forecast of Factors in Operating Income in FY2025 (vs. FY2024 Results)

- Aim to achieve a profit increase of more than 16.0 billion yen by enhancing earning power.
- Price adjustments in response to rising raw material prices for household and personal care products will continue concurrently with plans to increase sales volume through new product launches and other measures.
- U.S. tariffs are expected to have a direct negative impact of less than 1.5 billion yen.



*Including temporary income and expenses +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

H1 Improvement Results for Capital Efficiency and Profitability by Business Area (vs. FY2024 H1 Results)

- Operating income and ROIC improved in all three business areas. Progress in each area was as expected. (Consolidated ROIC: 8.0%)

	Stable Earnings	Growth Driver	Business Transformation
(vs. FY2024 H1)	While investments were curtailed, profitability improved as planned. Sales increased as well as both operating income and ROIC improved.	Although improvement in ROIC was limited due to investments for future growth, both sales and operating income increased.	Sales declined due to the impact of structural reforms implemented at subsidiaries in the Americas and Europe in FY2024.
Sales Growth Rate (%)	+3.5	+5.4	(0.1)
Improvement in Operating Income (billion yen)	+3.8	+4.1	+2.2
Improvement in ROIC (pts)	+2.4	+0.5	+1.4
	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)

* 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.

K27 Progress

- Progress toward K27 targets is ahead of plan. The Kao Group has upwardly revised its full-year earnings forecast for FY2025.

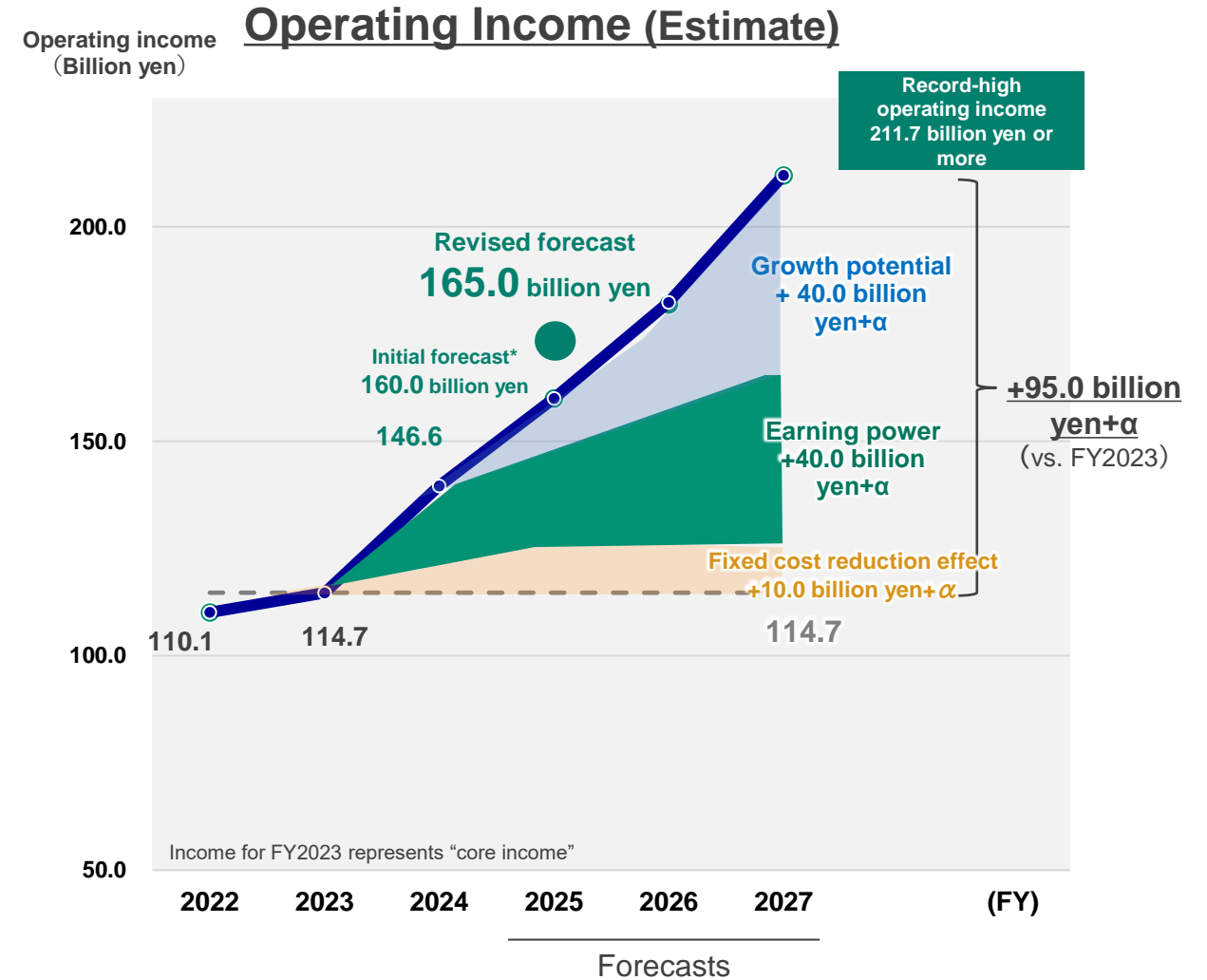
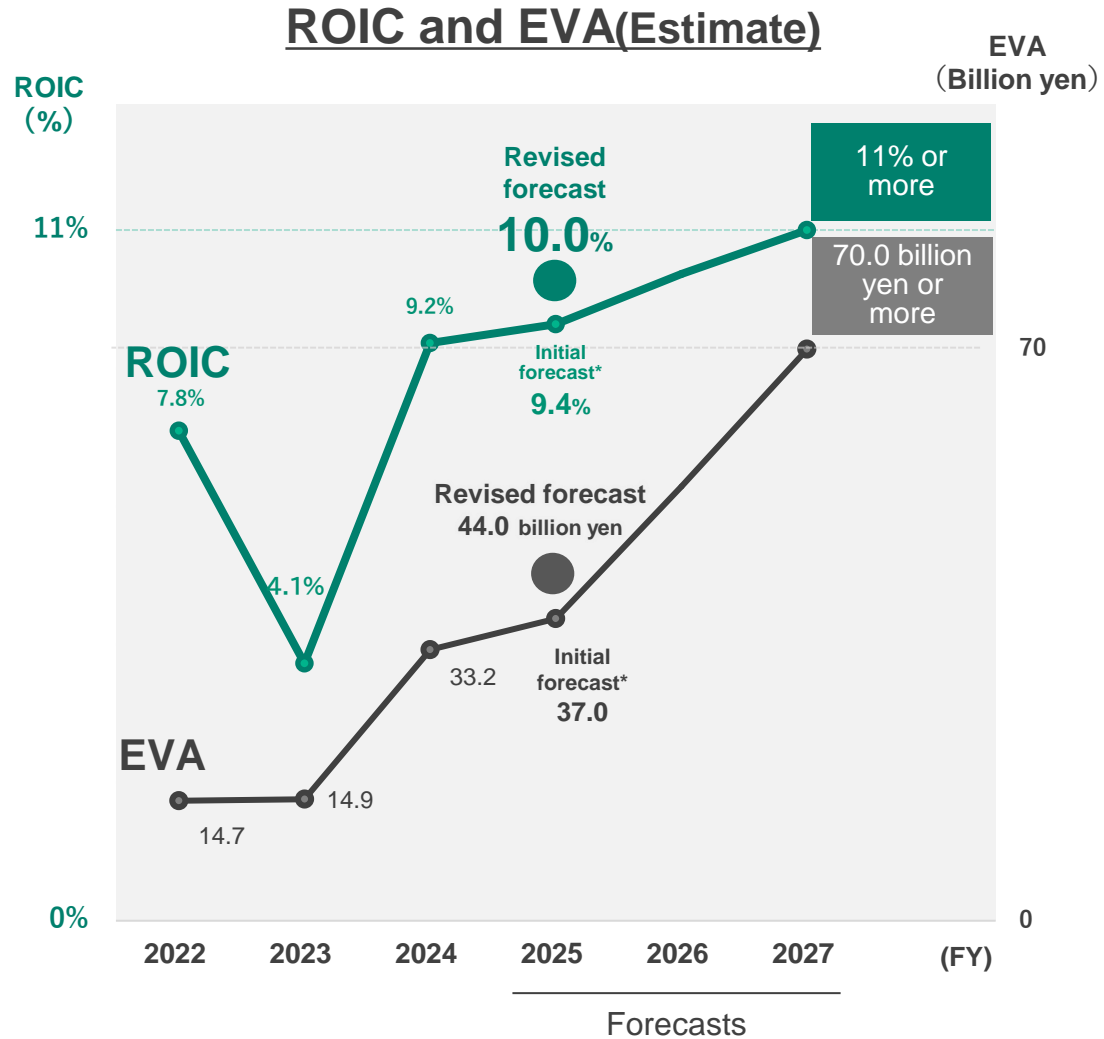
(Billion yen)	FY2023 Results	FY2024 Results	FY2025 Initial Forecast ³	FY2025 Revised Forecast	FY2027 Target
ROIC	4.1%	9.2%	9.4%	10.0%	11.0% or more
EVA	14.9	33.2	37.0	44.0	70.0 or more
Operating Income	114.7 ²	146.6	160.0	165.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	705.5	730.0	730.0	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

3. Announced on February 6, 2025

K27 Progress

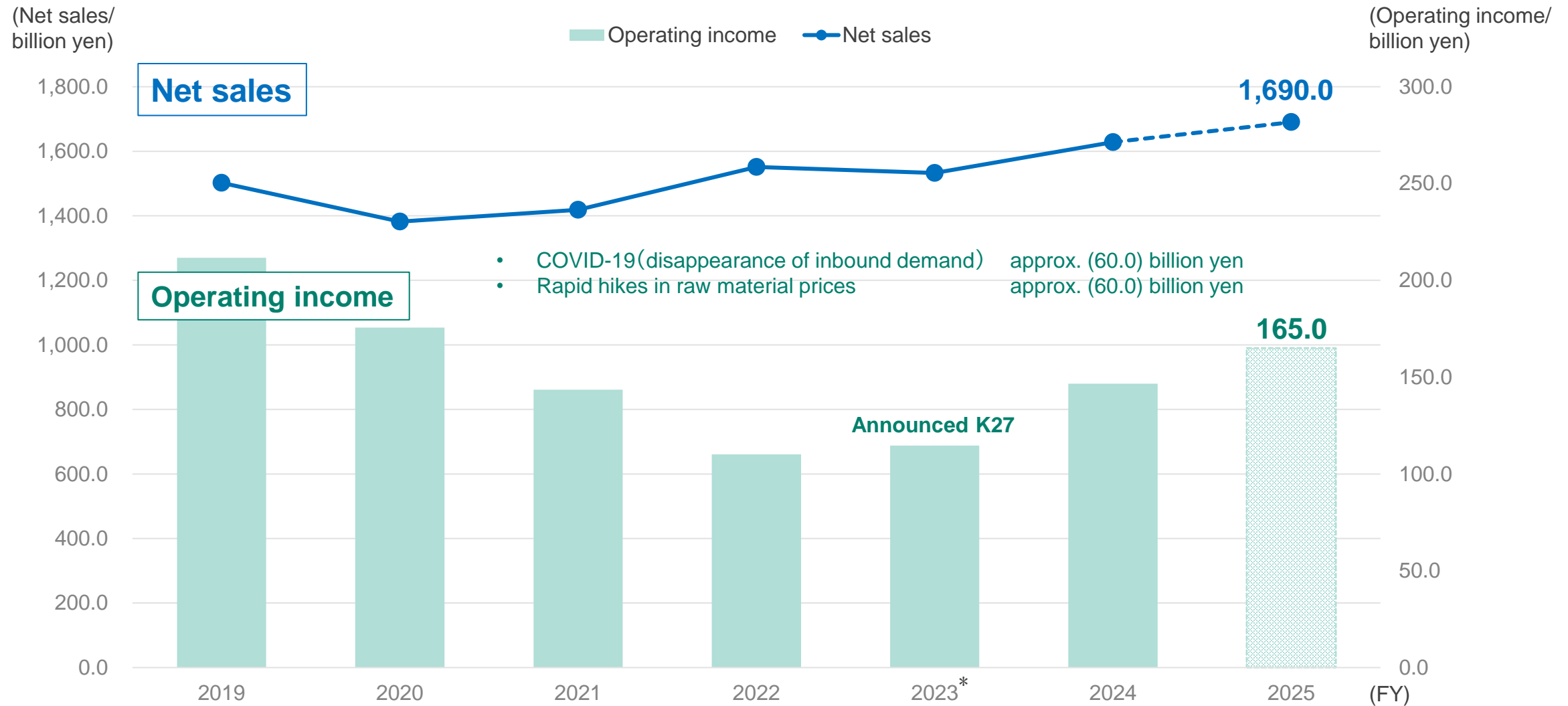


*Announced on February 6, 2025

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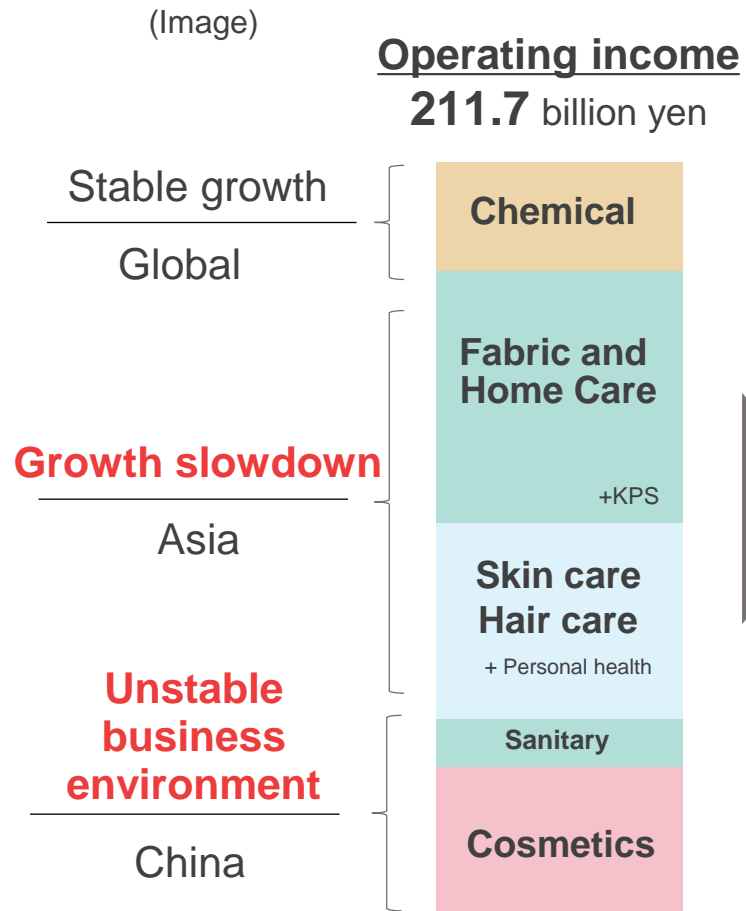
Mid-term Plan “K27” Progress

Financial Results



* Core operating income

Business Structure at the Time of Record Profits in 2019 and Management Reform Framework



- Unstable foundation dependent on China's market
- Business structure vulnerable to fluctuations in raw material prices
- Analog management system

Management Issues	Symptoms	Reform Policies	KPI
Global Growth	Structural dependence on special inbound demand (dependence on consumption by Chinese consumers)	Business portfolio management	Sales outside Japan ≥ 800 billion yen
	Overdependence on retailers in Japan (preference for low prices rooted in commercial practices and public sentiment)	Orientation toward value-based pricing (strategic price hikes)	
	Structural overemphasis on profit (stagnation in core profit-generating businesses)	ROIC management	
Earning Power	Insufficient allocation to strategic investments Excessive SKUs and safety stock (dependence on quantity, decline in quality)	High demand/ High added value (uniqueness and maximization of customer benefits)	Profit > 211.7 billion yen
		Data-driven management (sustainable business cycle, emphasis on profitability)	ROIC ≥ 11% EVA ≥ 70 billion yen
Organizational culture/ Human capital	Matrix-based hierarchy (siloization and top-down delegation)	Scrum-style activities (proactive, unified team activities)	Engagement Score ≥ 75
	Immobilization of human capital (overemphasis on task-oriented operations)	Impartiality, retraining and external recruiting (virtuous cycle of motivation and vitalization)	

Business Strategy Portfolio

Based on Customer Perspective and Business Characteristics

		Health Beauty Care			Hygiene Living Care	
		Cosmetics	Skin care Hair care	Personal health	Fabric & Home Care	Sanitary
Consumer perspective	Needs to be met	Prioritize new gains			Prioritize removing pain	
	Required product mix	Emphasis on variety			Emphasis on basic functions	
	Category preferences	Want to try different things			Do not want to change	
	Loyalty	Tends to be low			Tends to be high	
Investment perspective	Capital expenditures	Small			Large	
	Marketing	Much			Little	
		Global Sharp Top (Specialized strategy)			Global Sharp Top (Standard strategy)	
		✓ Lean Startup (starting small → learning/dialogue → expansion/application)			✓ Brand upgrade (Improvement of basic performance)	
		✓ Gain to pain (preferred → indispensable)			✓ Strengthen in a limited area (Asia centered on Japan)	


Major brand initiatives based on *Global Sharp Top Strategy*

Strategies

Given the level of severity and importance of solving today's rapidly evolving social challenges, deliver critical market solutions that will generate meaningful and sustainable global growth.

Tactics

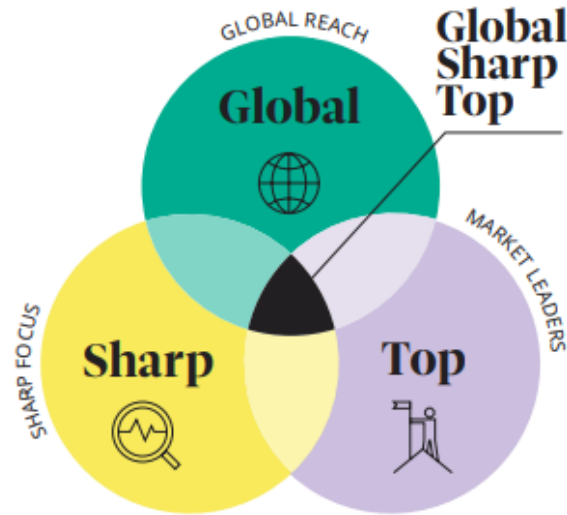
- ✓ Lean Startup : starting small → learning/dialogue → expansion/application
- ✓ Gain to pain : preferred → indispensable

	Social Significance	Exclusive Uniqueness	Gain to Pain	Lean Startup	Results
Bioré UV	Increase in the severity and frequency of sunburn due to global warming	Gel capsule (uniform, long-lasting UV protection coating)	A skincare experience that encourages a UV protection habit	Limited chains	Sales up 10 times from the second year
Curél 	Increase in sensitive skin due to temperature differences and excessive dryness	High-penetration, high-concentration ceramide care technology	Enhancing quality of life through improved skin condition	Extremely dry areas	No.1 ¹ in sensitive skincare in Japan
KATE TOKYO	3D modeling needs in Asia (self-expression)	3D shading makeup technology	Experience of deep-set eyes and beautiful lips with long-lasting color	Signature categories (eyebrows and <i>LIP MONSTER</i>)	No.1 ² in makeup in Japan
<small>Rested * Beauty</small> melt THE ANSWER	Widening gap between impressions and expected values	Essential hair care technology tailored to individual hair concerns	An unimaginable hair quality experience	Limited chains	Sales up 15 times from the second year

1. INTAGE Inc. SRI+ Sensitive skin care market value share July 2024 to June 2025

2. INTAGE Inc. SRI+ Makeup market value share July 2024 to June 2025

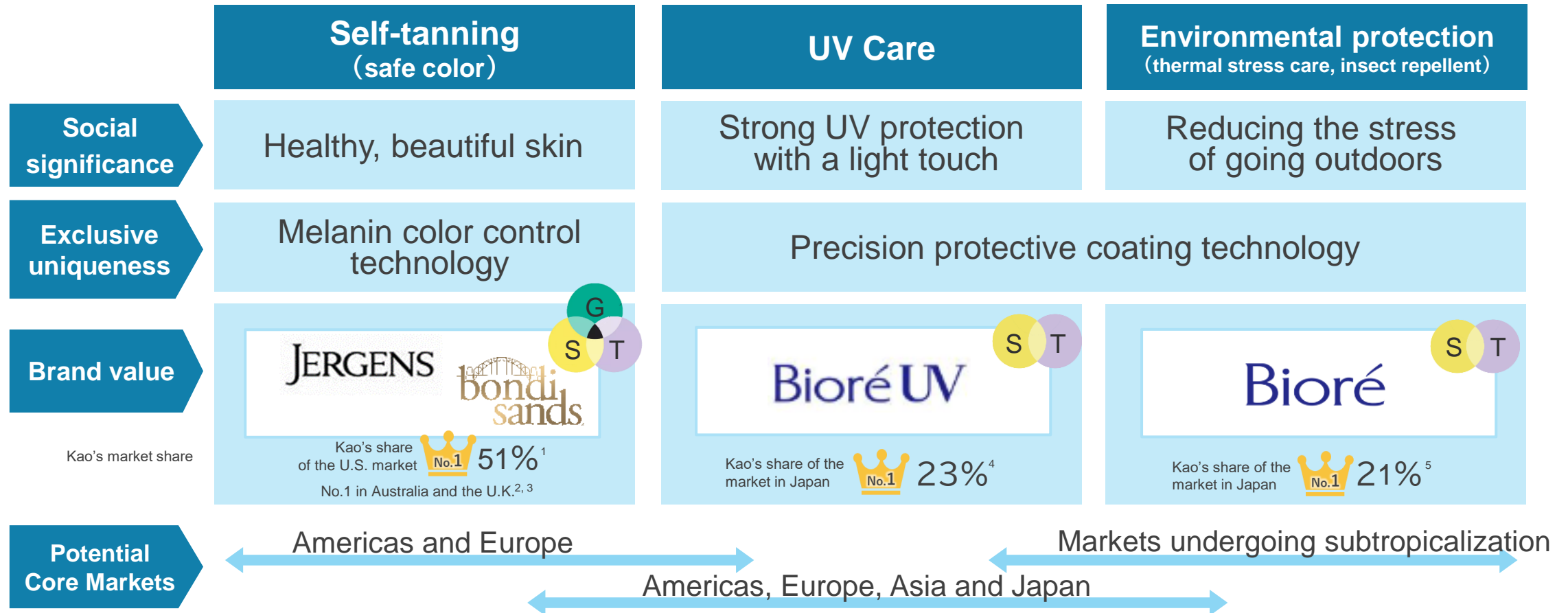
Kao's Global Growth Strategy - *Global Sharp Top* Strategy



	Global	Sharp	Top
Target conditions	Global business rollout	Exclusive uniqueness	Market presence
Details	Rollout in multiple areas including Japan, Europe, the Americas and Asia	Proprietary technology, strong brand or distinctive business model	Competitive advantage over other companies
Indicator	Scale of sales in target countries/areas of operation	Loyalty ratio and profitability in target markets	Share of target markets

Skin Protection Growth Strategy

- As global warming becomes more severe, the market for beautifying and protecting skin (social significance) is expected to expand.
- The Kao Group is aiming for a *Global Sharp Top* company with precision control technology that acts on the skin interface (exclusive uniqueness).



1. U.S.: Jergens and Bondi Sands together have the No. 1 market share in the FY2024 U.S. Self-Tanning Market.

Source: Circana, LLC, Total U.S. – MULO+, Total Self-Tanning by Products Combined, Dollar Share Combined, 52 Weeks Ending Dec. 2024

2. Australia: Bondi Sands – Australia's No. 1 Self-Tanning Brand in FY2023, Euromonitor International; Beauty & Personal Care 2024 Edition; Retail Sales

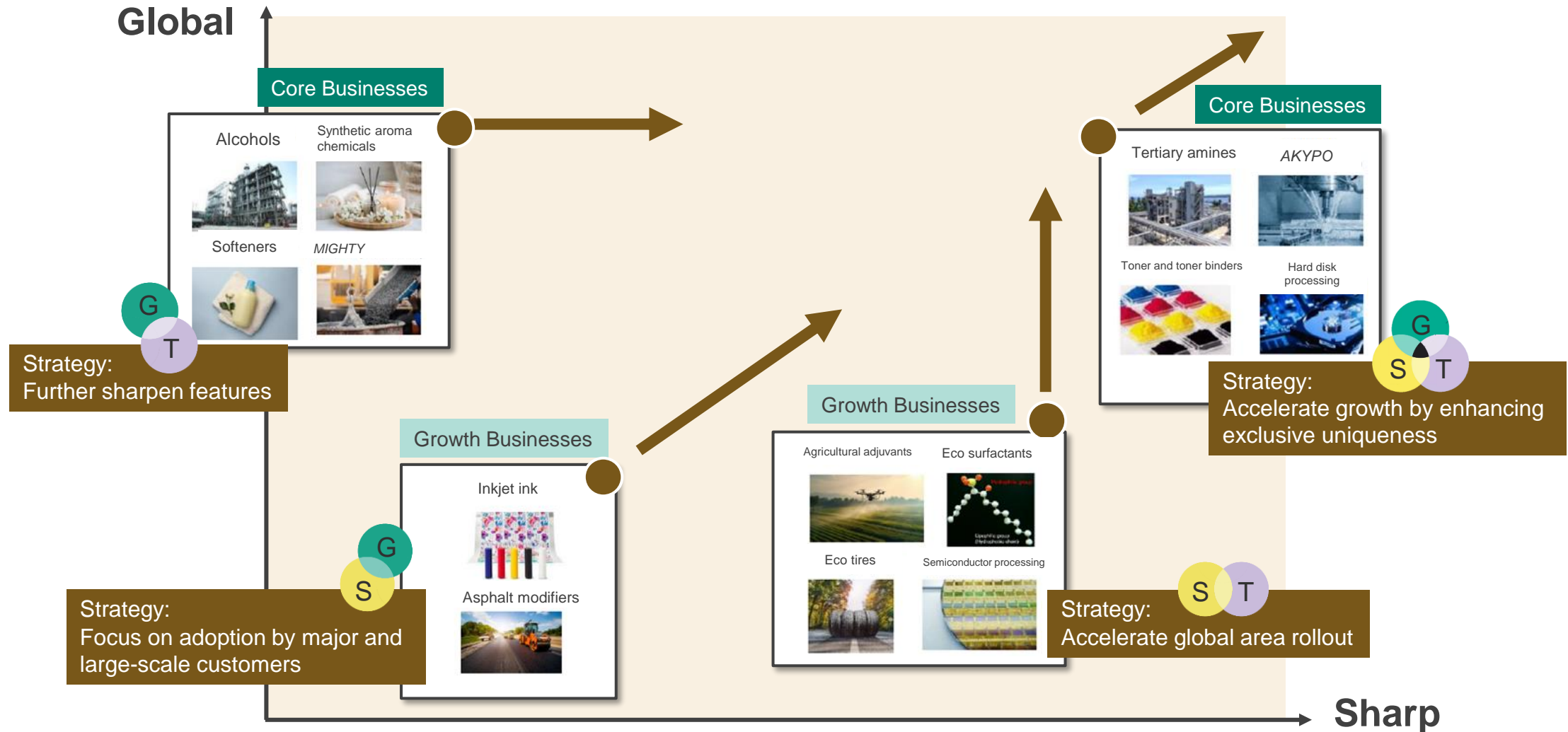
3. U.K.: Bondi Sands – The U.K.'s No. 1 Self-Tanning Brand in FY2023, Euromonitor International; Beauty & Personal Care 2024 Edition; Retail Sales

4. Japan: INTAGE SRI+ Sunscreen market: July 2024 to June 2025 value share by series

5. Japan: INTAGE SRI+ Antiperspirants, deodorants and cooling goods market: July 2024 to June 2025 value share by series

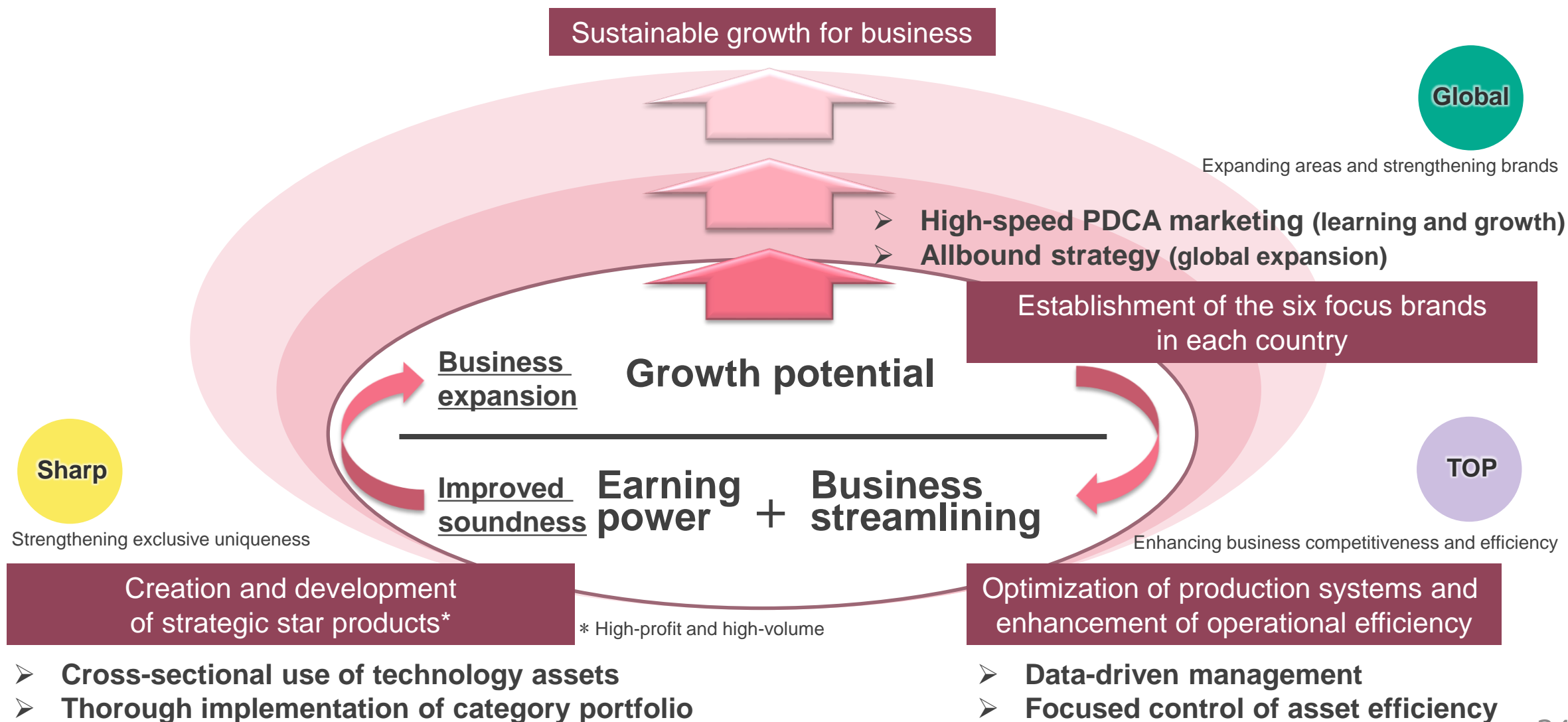
Chemical Business Growth Strategy

Exclusive uniqueness and area expansion for ongoing strong growth



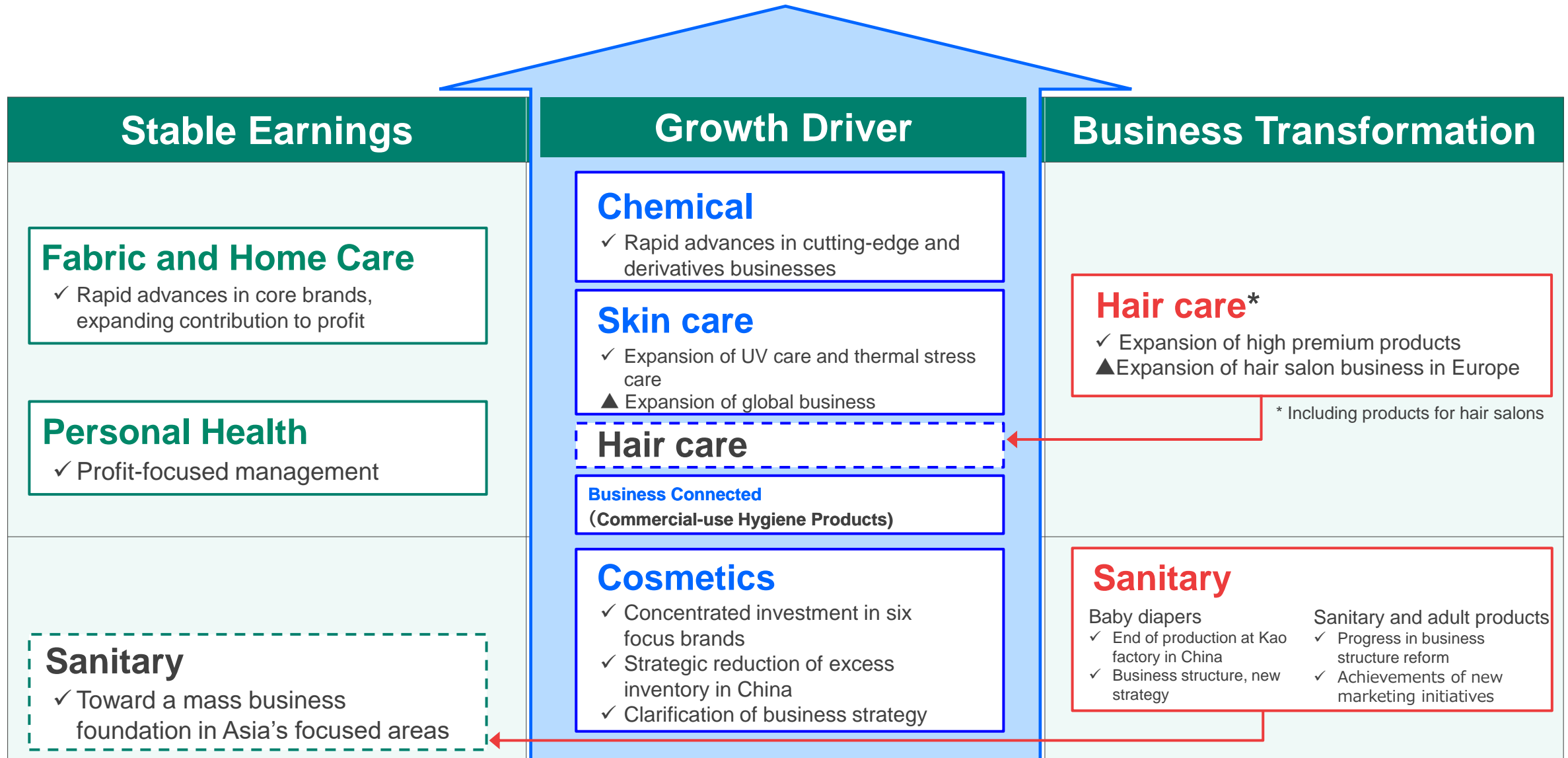
Cosmetics Business Reform and Growth Strategy: Direction and Measures

A self-sustaining cycle of capital acquisition and investment for sustained growth

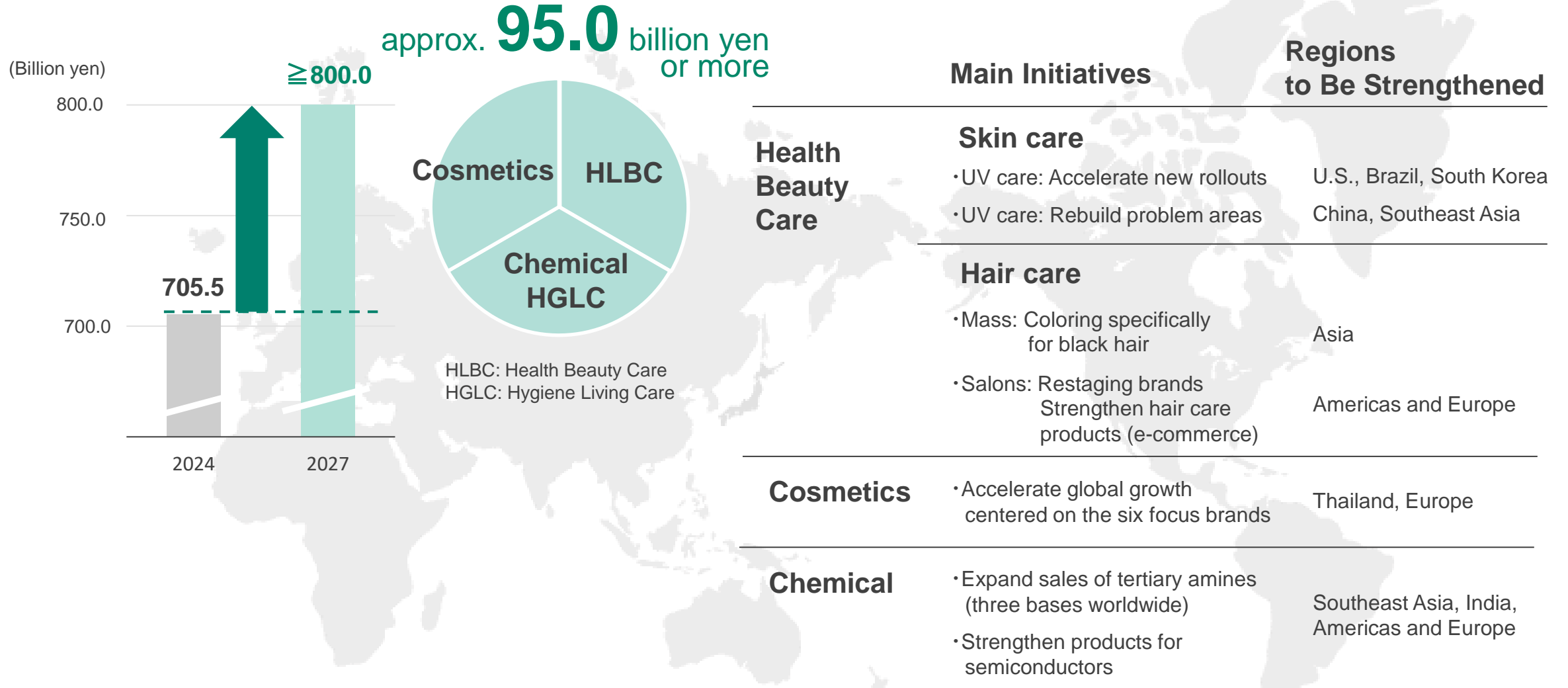


Progress in Portfolio Management and the Vision for K27

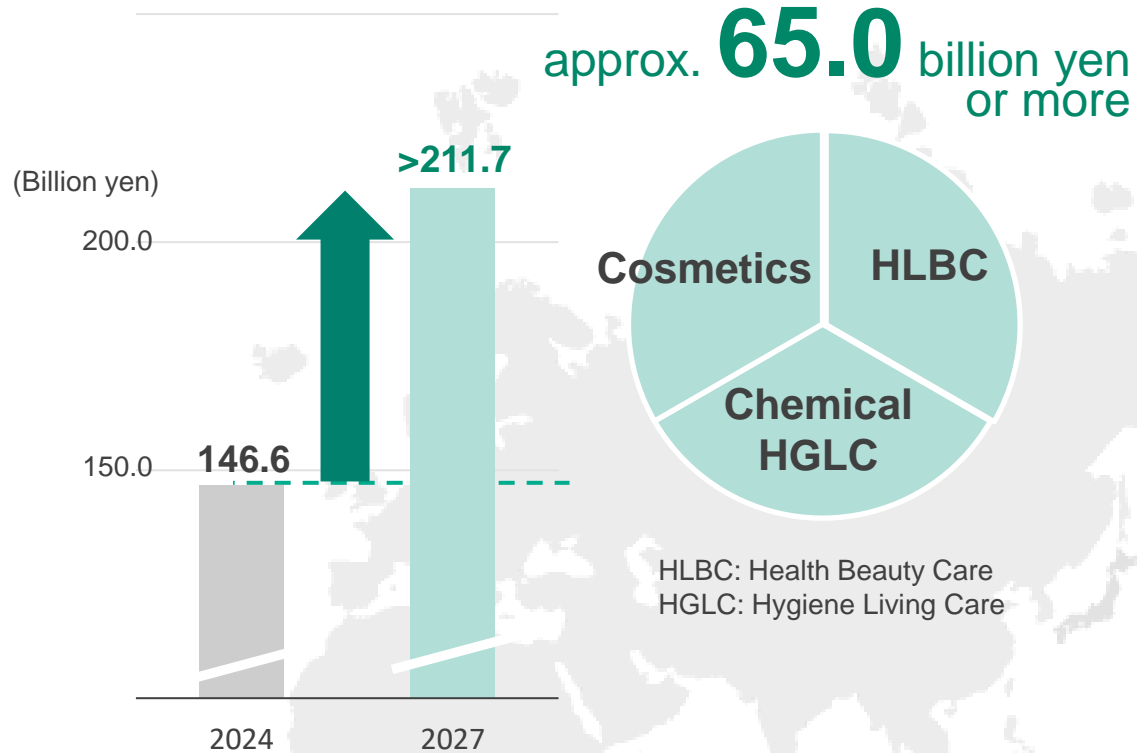
Global growth



Toward Achieving the K27 Target for Sales outside

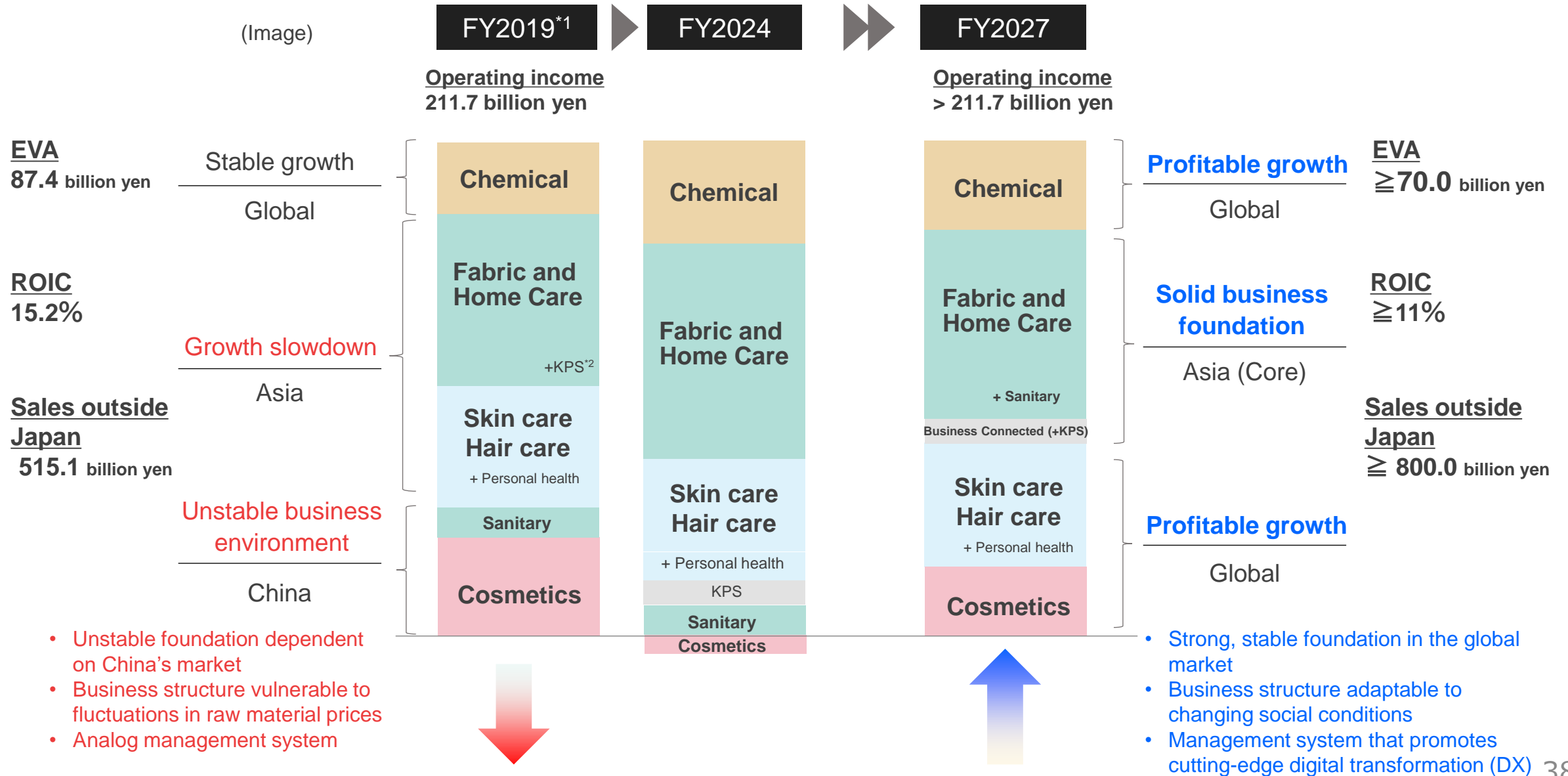


Toward Achieving the K27 Target for Operating Income



	Main Initiatives	Regions to Be Strengthened
Health Beauty Care	Skin care	
	<ul style="list-style-type: none"> • Create a new market by offering thermal stress care • Optimize streamlining of formulation and manufacturing 	Japan Global
Cosmetics	Hair care	
	<ul style="list-style-type: none"> • Expand of the high-premium category • Promote consumer loyalty 	Japan
Hygiene Living Care	Cosmetics	
	<ul style="list-style-type: none"> • Optimize production system and enhance operating efficiency • Create and develop strategic star products (high-profit and high-volume) 	Japan Global
Hygiene Living Care	Hygiene Living Care	
	<ul style="list-style-type: none"> • Promote high value-added products to enhance profitability • Offer new categories 	Japan

Ideal Profit Structure of K27



Kao Group Mid-term Plan K27

Kao Group Mid-term Plan K27

Vision

Saving future lives

【K27 Basic Policy】

1. Become an essential company in a sustainable world
2. Transform to build robust business through investment
3. Maximize the power and potential of employees

Strategies for achieving K27

Build Global Sharp Top businesses

Global shift to essential,
highly profitable
businesses

Social significance
Exclusive uniqueness

Global Sharp Top human capital/organizational management

Decisive investment in
human capital
Withdrawal from
matrix management

Strengthen scrum
management

Improve capital efficiency/profitability

Maximize the value of
management capital

Data-driven
management

Build businesses through co-creation with partners

Faster maximization of
technology assets

Moving away
from self-reliance

Key Highlights

Positioning of FY2025 toward Achieving K27

- ✓ **Improving earning power while building a foundation for global sales expansion accompanied by profitable growth, as planned.**
 - Enhancing profitability and capital efficiency and accelerating a virtuous cycle of investment in the growth driver area to achieve growth outside Japan from FY2026 onward.

FY2025 H1 Results

- ✓ **The revenue base of the Global Consumer Care business in Japan became stronger. The operating margin increased 1.2 pts.**
 - Fabric and Home Care in Japan continued to perform well. Market share also continued to grow.
 - The profitability of Cosmetics improved substantially due to the growth of the six focus brands, achieving H1 profitability for the first time in three years.
 - Hair care also moved from the “reform” stage to the “growth” stage.
- ✓ **Rolled out measures for global growth in the growth driver area including for UV care products and cosmetics.**
- ✓ **Revised full-year earnings forecast for FY2025 upward.**
 - Made progress in improving profitability, with clear effects toward achieving targets.

(Billion yen)	FY2023 Results	FY2024 Results	FY2025 Initial Forecast ³	FY2025 Revised Forecast	FY2027 Target
ROIC	4.1%	9.2%	9.4%	10.0%	11.0% or more
EVA	14.9	33.2	37.0	44.0	70.0 or more
Operating Income	114.7 ²	146.6	160.0	165.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ¹	655.8	705.5	730.0	730.0	800.0 or more (Sales CAGR+4.3%)

Shareholder Returns

- ✓ **Resolved to repurchase stock up to a total of 80.0 billion yen or 15.0 million shares.**
 - Implemented a balanced and consistent capital policy based on growth investments, the business portfolio and capital efficiency.

1.Sales based on the location where the sales were recognized.
2.Core operating income
3.Announced on February 6, 2025

Upcoming Events (Planned)

- **Briefing on Strategies for the Cosmetics Business**
Friday, September 19, 2025

Kao
Beauty
Brands



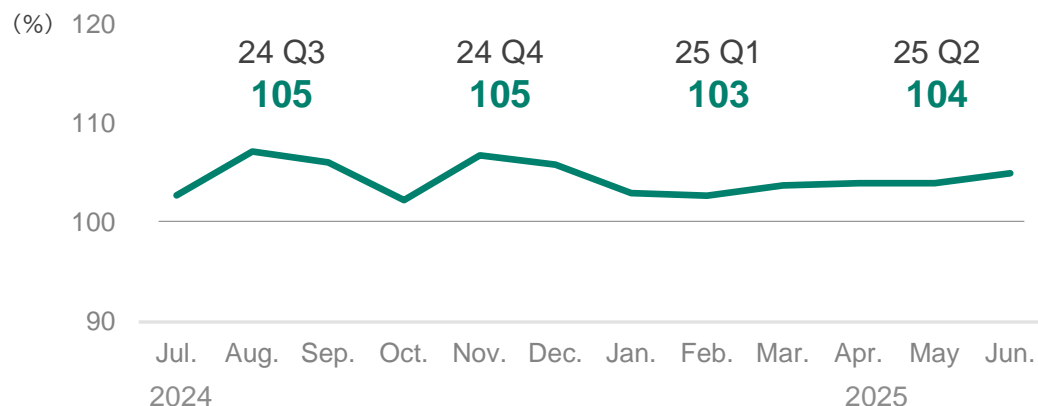
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Appendix

Consumer Products Market in Japan

Growth of H&PC Market

87 categories, SRI+¹
Market growth rate in value terms

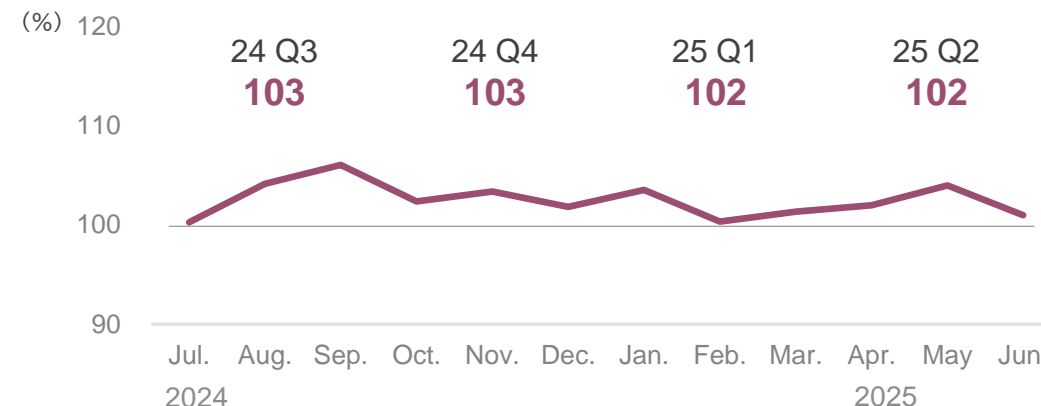


Market Growth Rates of Major Categories

vs. previous year	Apr.	May	Jun.	Q2
H&PC total	104	104	105	104
Laundry detergents	106	105	107	106
Fabric softeners	104	105	105	105
Bath cleaning products	105	107	104	105
Sanitary napkins	105	103	102	103
Baby diapers	105	104	104	105
Sunscreens	99	99	117	105
Hand soaps	105	105	102	104
Hand sanitizers	90	93	81	88
Bath additives	108	107	103	106

Growth of Cosmetics Market

26 categories, SLI²
Market growth rate in value terms



Market Growth Rates of Major Categories (Source: INTAGE Inc.)

vs. previous year	Apr.	May	Jun.	Q2
Cosmetics total	102	104	101	102
Skin care products	107	104	102	104
Facial cleansers/ Makeup removers	104	106	98	102
Lotions/emulsions/creams	105	102	103	103
Serums	110	110	108	109
Makeup products	94	106	98	99
Makeup bases	96	109	101	102
Point makeup products	92	103	94	96
Other	97	97	99	98
Sunscreens	99	95	102	99

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

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

Kao's Main Markets outside Japan

Asia

vs. previous year	China (including e-commerce)				Indonesia				Thailand			
	24 Q3	24 Q4	25 Q1	25 Q2	24 Q3	24 Q4	25 Q1	25 Q2	24 Q3	24 Q4	25 Q1	25 Q2
Baby diapers	-	-	-	-	94	94	95	95	88	83	86	86
Sanitary napkins and panty liners	107	105	105	104	108	107	107	104	103	103	101	101
Laundry detergents	-	-	-	-	104	103	102	102	104	101	99	100
Sunscreens	-	-	-	-	-	-	-	-	109	110	102	93
House cleaning products	-	-	-	-	-	-	-	-	100	97	93	96

Source: NielsenIQ

Americas and Europe

vs. previous year	U.S.				U.K.				Germany			
	24 Q3	24 Q4	25 Q1	25 Q2	24 Q3	24 Q4	25 Q1	25 Q2	24 Q3	24 Q4	25 Q1	25 Q2
Hair care	105	105	104	105	106	109	105	105	104	106	105	107
Facial care products	100	100	100	103	-	-	-	-	99	96	95	102
Self tanning	107	116	105	99	-	-	-	-	-	-	-	-
Hand and body lotions	108	109	112	106	-	-	-	-	-	-	-	-

Source: Circana

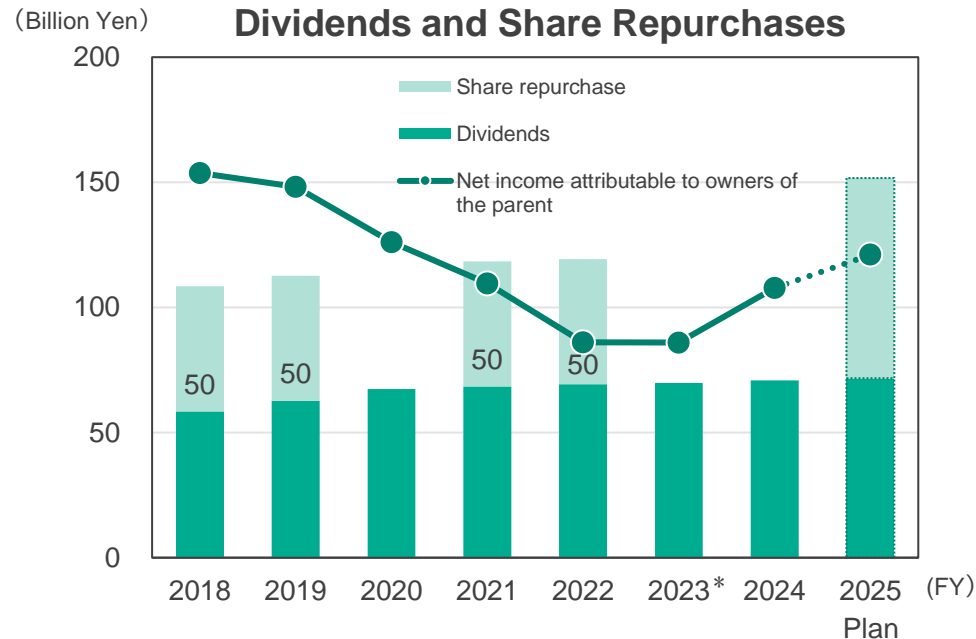
Share Repurchases Based on a Capital Allocation Strategy

Overview of Share Repurchase

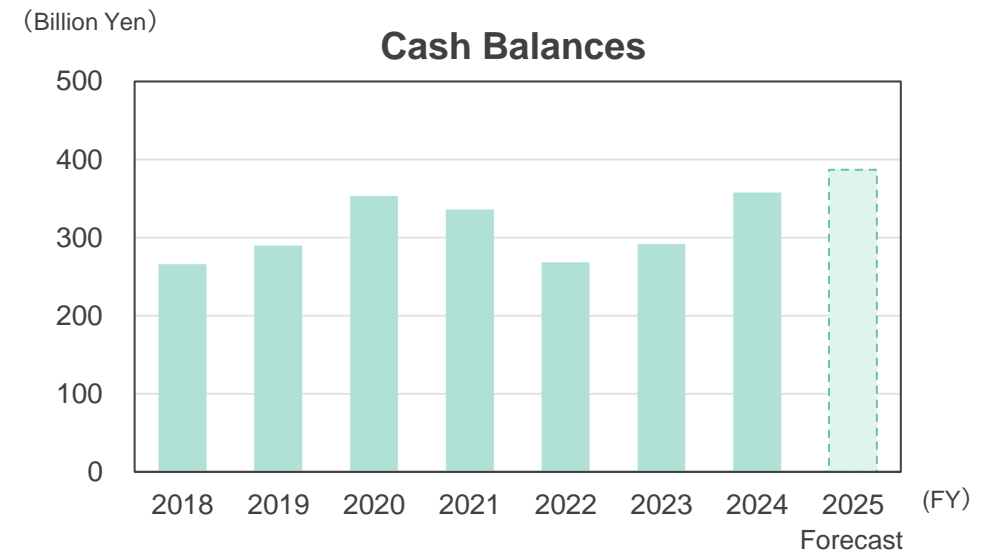
- Acquisition Price: 80.0 billion yen (Kao's largest to date)
- Period: August 2025–January 2026
- Objective: Improve capital efficiency

Background and Strategic Positioning

- Due to recovery in cash generation capabilities, the balance of cash has exceeded needs for working capital and reached a record high.
- Share repurchases are conducted as part of strategic investments to improve ROIC and EVA.
- The Kao Group will maintain the financial flexibility required to continue emphasizing investments for future growth.



* Core income in FY2023



H1 Global Consumer Care Business: Results by Geographic Region

Billion yen	Net sales				Operating income			Operating margin		
	FY2024 H1	FY2025 H1	Growth	Like-for-like	FY2024 H1	FY2025 H1	Change	FY2024 H1	FY2025 H1	Change
Japan	382.5	399.5	4.4%	4.4%	28.6	41.2	12.6	7.5%	10.3%	2.8pts
Asia	111.1	102.9	(7.4%)	(5.7%)	12.3	10.8	(1.5)	11.1%	10.5%	(0.6pts)
Americas	64.6	60.6	(6.3%)	(3.2%)	3.4	2.6	(0.8)	5.3%	4.3%	(1.0pts)
Europe	43.8	42.9	(2.0%)	(1.2%)	(2.5)	(0.3)	2.2	(5.6%)	(0.6%)	5.0pts
Outside Japan	219.5	206.4	(6.0%)	(4.1%)	13.3	13.1	(0.2)	6.0%	6.4%	0.3pts
GC Business	601.9	605.8	0.6%	1.3%	41.8	54.3	12.5	6.9%	9.0%	2.0pts

Net sales growth rates of major companies
(Like-for-like %)

Kao China: **(7.0%)**

Kao Indonesia: **(10.0%)**

Kao Taiwan: **(3.6%)**

Kao Thailand: **(0.9%)**

Kao Vietnam: **4.0%**

Kao Hong Kong: **0.8%**

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

Changes in Reportable Segments (From January 2025)

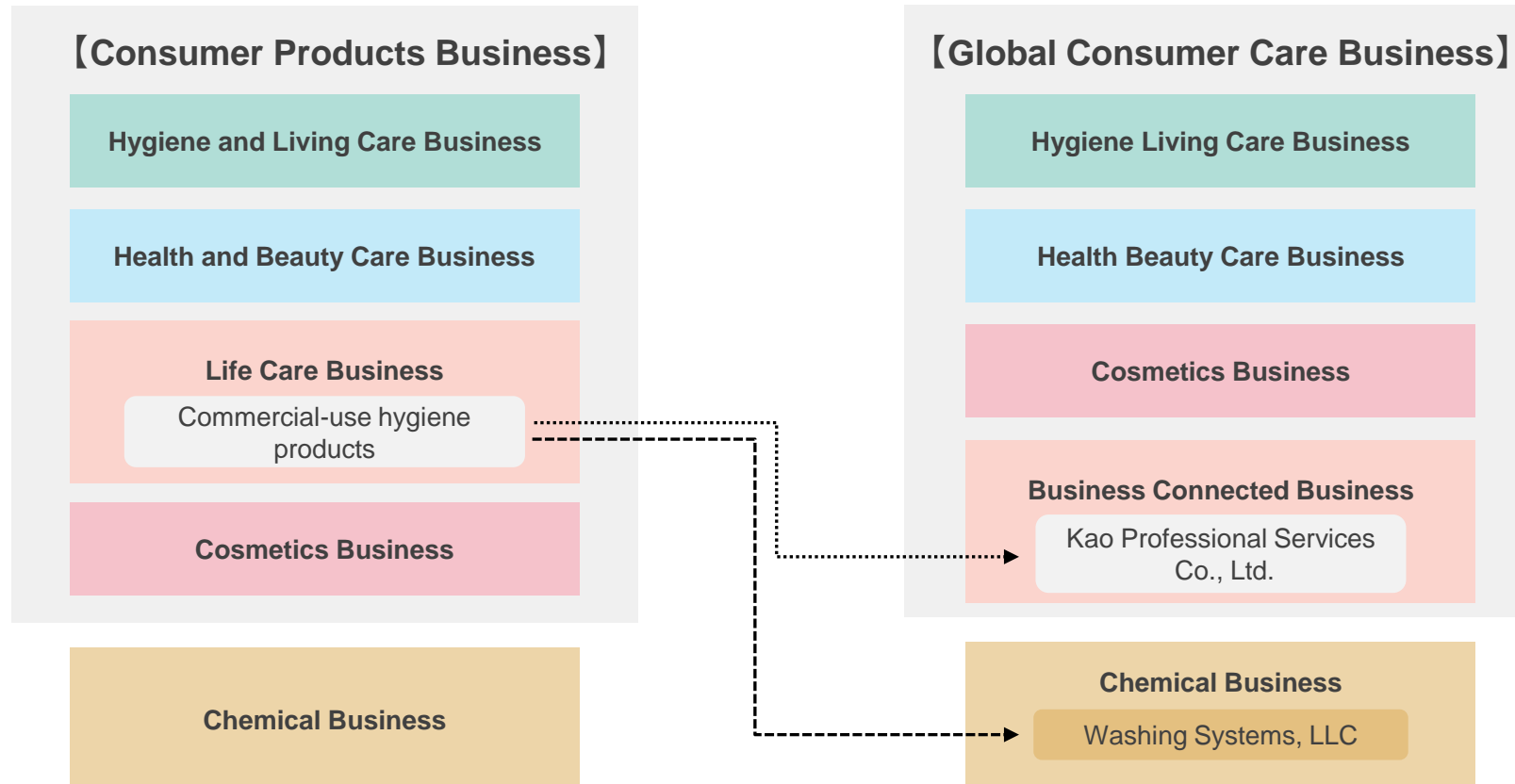
To further ramp up global growth, the Kao Group restructured its organization and functions as of January 2025.

【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

