Consolidated Financial Results for the Nine Months Ended September 30, 2026 [IFRS Accounting Standards]

November 5, 2026

Company name: Kao Corporation — Tokyo Stock Exchange in Japan
Stock code: 4452 (URL: www.kao.com/global/en/investor-relations/library/results/)
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Scheduled commencement date for dividend payments: -
Preparation of supplementary material on financial results: Yes
Financial results information meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated financial results for the nine months ended September 30, 2026 (from January 1, 2026 to September 30, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Income before income taxes		Net income	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	1,319,305	7.1	146,539	28.1	148,664	24.5	105,726	24.5
September 30, 2025	1,232,034	3.5	114,402	—	119,420	—	84,901	16.4

	Net income attributable to owners of the parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2026	105,051	24.0	108,416	47.0	116.12	—
September 30, 2025	84,719	19.3	73,729	(14.4)	91.32	—

Notes:
1. Due to early adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" (hereinafter, "IFRS 18") in the three months ended March 31, 2026, operating income and income before income taxes for the nine months ended September 30, 2025, are presented as retrospectively adjusted figures reflecting the change in accounting policy, and year-on-year changes for the same period are not presented due to this retrospective adjustment.
2. Kao Corporation (the "Company") has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share is calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2026	1,867,105	1,132,207	1,102,971	59.1	1,219.08
December 31, 2025	1,875,054	1,094,700	1,064,077	56.7	1,176.25

Note: The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Equity attributable to owners of the parent per share is calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

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2. Dividends

	Annual cash dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	—	77.00	—	77.00	154.00
Fiscal year ending December 31, 2026	—	78.00	—		
Fiscal year ending December 31, 2026 (Forecast)				39.00	—

Notes:
1. Revisions to the most recently announced forecast of cash dividends: None
2. The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. The second quarter-end dividend per share for the fiscal year ending December 31, 2026, is presented as the actual amount prior to the share split, while the forecast fiscal year-end dividend per share is presented on a post-share split basis. The forecast of total annual cash dividends per share for the fiscal year ending December 31, 2026, has not been presented as the implementation of the share split makes a simple aggregation of the second quarter-end dividend and the year-end dividend impracticable. If the share split were not taken into account, the forecast year-end dividend per share for the fiscal year ending December 31, 2026, would be 78.00 yen, and total annual cash dividends per share would be 156.00 yen.

3. Forecast of consolidated operating results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Income before income taxes		Net income attributable to owners of the parent		Basic earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
December 31, 2026	1,800,000	6.6	190,000	16.2	193,000	13.6	135,000	12.4	149.21

Notes:
1. Revisions to the most recently announced forecast of consolidated operating results: None
2. The Kao Group early adopted IFRS 18 in the three months ended March 31, 2026, and year-on-year changes in operating income and income before income taxes are presented as percentages calculated based on retrospectively adjusted amounts due to the application of this Standard.
3. The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share in the forecast of consolidated operating results for the fiscal year ending December 31, 2026 takes into account the impact of the share split. If the share split were not taken into account, basic earnings per share would be 298.42 yen.

4. Others

(1) Significant changes in the scope of consolidation during the period: None
Newly included: — companies (Company name) —
Excluded: — companies (Company name) —

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS Accounting Standards : None
2) Changes in accounting policies due to reasons other than 1) : Yes
For details, please refer to page 17, "Changes in Accounting Policies" in "2. Condensed Consolidated Financial Statements and Notes, (6) Notes to Condensed Consolidated Financial Statements."
3) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)
1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2026	907,200,000 shares
As of December 31, 2025	907,200,000 shares

2) Number of treasury shares at the end of the period

As of September 30, 2026	2,443,731 shares
As of December 31, 2025	2,562,888 shares

3) Average number of shares outstanding during the period

Nine months ended September 30, 2026	904,701,410 shares
Nine months ended September 30, 2025	927,698,449 shares

Note: The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Total number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

Review of the Japanese-language originals of the attached condensed consolidated financial statements by certified public accountants or an audit firm: None

Explanation regarding the appropriate use of forecast of operating results and other special items

(Caution regarding forward-looking statements, etc.)

Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.

Please refer to page 9, "1. Qualitative Information on Financial Results for the Nine Months Ended September 30, 2026, (3) Description of Information on Outlook, Including Forecasts of Consolidated Results" for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

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1. Qualitative Information on Financial Results for the Nine Months Ended September 30, 2026

(1) Description of Operating Results

Note: Changes and comparisons are all with the same period a year earlier unless otherwise noted. Like-for-like growth rates below exclude the effect of translation of local currencies into Japanese yen. Growth by volume includes changes due to differences in product mix.

Due to early adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" in the three months ended March 31, 2026, operating income and income before income taxes for the nine months ended September 30, 2025, are presented as retrospectively adjusted figures reflecting the change in accounting policy.

Kao Corporation (the "Company") has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share is calculated as if this share split had been conducted at the beginning of the previous fiscal year.

(Billions of yen, except operating margin and per share amounts)

Nine months ended September 30	**2026**	2025	Growth
Net sales	**1,319.3**	1,232.0	7.1% Like-for-like: 3.1%
Operating income	**146.5**	114.4	28.1%
Operating margin (%)	**11.1**	9.3	-
Income before income taxes	**148.7**	119.4	24.5%
Net income	**105.7**	84.9	24.5%
Net income attributable to owners of the parent	**105.1**	84.7	24.0%
Basic earnings per share (Yen)	**116.12**	91.32	27.2%

The global economy continues to grow moderately, driven by AI-related investment and demand for semiconductors. At the same time, the prolonged situation in the Middle East has led to ongoing price volatility for crude oil and naphtha, as well as rising logistics costs. In Japan, the economy has been supported by factors including sustained wage increases and AI-related investment. However, personal consumption has lacked strength due to the impact of rising prices.

The household and personal care products market and the cosmetics market in Japan are the Kao Group's key markets, and during the period from January to September 2026, the household and personal care products market grew compared with the same period a year earlier according to both retail sales performance and consumer purchasing survey data. In the cosmetics market, retail sales performance increased, but consumer purchasing survey data indicate that demand in Japan decreased slightly compared with the same period a year earlier.

Under these conditions, the Kao Group has been addressing critical social issues to further enhance the sustainability of its earning power, centered on the Group's Exclusive Uniqueness, as it works to successfully carry out its Mid-term Plan 2027 ("K27") and build a foundation for step-change growth thereafter.

Net sales increased 7.1% compared with the same period a year earlier to 1,319.3 billion yen. Currency translation accounted for a 4.0% increase and net sales increased 3.1% on a like-for-like basis (breakdown of the increase: 0.2% decrease by volume, 3.3% increase by price). Operating income was 146.5 billion yen, an increase of 32.1 billion yen. The increase in operating income was due to continued growth in the Global Consumer Care Business both in and outside Japan, as well as improved profitability in the Chemical Business. In addition, the Kao Group sold land in the first quarter as part of logistics optimization, and recognized a gain on sale of 11.5 billion yen. Income before income taxes was 148.7 billion yen, an increase of 29.2 billion yen. Net income was 105.7 billion yen, an increase of 20.8 billion yen.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign consolidated subsidiaries and associates were as shown below.

	First quarter Jan. – Mar.	Second quarter Apr. – Jun.	Third quarter Jul. – Sep.
U.S. dollar	156.81 (152.65)	159.40 (144.49)	159.31 (147.41)
Euro	183.57 (160.48)	185.34 (163.73)	183.31 (172.30)
Chinese yuan	22.64 (20.98)	23.42 (19.98)	23.63 (20.59)

Note: Figures in parentheses represent the exchange rates for the same period a year earlier.

Summary of Segment Information

Consolidated Results by Segment

Nine months ended September 30

	Net sales				Operating income				
					2025		2026		
	2025 (Billions of yen)	2026 (Billions of yen)	Growth (%)	Like-for-like (%)	(Billions of yen)	Operating margin (%)	(Billions of yen)	Operating margin (%)	Change (Billions of yen)
Fabric and Home Care Products	278.4	294.0	5.6	4.8	51.8	18.6	57.5	19.6	5.7
Sanitary Products	119.5	122.3	2.4	(1.3)	6.0	5.0	6.4	5.2	0.4
Hygiene Living Care Business	397.9	416.4	4.6	2.9	57.8	14.5	63.8	15.3	6.1
Health Beauty Care Business	321.8	341.7	6.2	2.1	29.6	9.2	32.3	9.5	2.7
Cosmetics Business	181.2	199.4	10.1	6.5	2.9	1.6	9.8	4.9	6.9
Business Connected Business	28.0	29.2	4.6	4.4	1.2	4.2	1.8	6.2	0.6
Global Consumer Care Business	928.9	986.7	6.2	3.4	91.5	9.8	107.8	10.9	16.3
Chemical Business	336.9	368.8	9.5	2.5	22.3	6.6	27.0	7.3	4.7
Total	1,265.8	1,355.5	7.1	3.1	113.8	-	134.7	-	21.0
Elimination and Reconciliation	(33.8)	(36.2)	-	-	0.6	-	11.8	-	11.2
Consolidated	1,232.0	1,319.3	7.1	3.1	114.4	9.3	146.5	11.1	32.1

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Consolidated Net Sales Composition

(Billions of yen)

Nine months ended September 30		Japan	Asia	Americas	Europe	Consolidated
Fabric and Home Care Products	2025	246.7	29.5	2.3	-	278.4
	2026	260.4	31.4	2.2	-	294.0
	Growth (%)	5.6	6.4	(2.0)	-	5.6
	Like-for-like (%)	5.6	(0.5)	(16.7)	-	4.8
Sanitary Products	2025	53.3	66.2	-	-	119.5
	2026	52.7	69.7	-	-	122.3
	Growth (%)	(1.3)	5.3	-	-	2.4
	Like-for-like (%)	(1.3)	(1.4)	-	-	(1.3)
Hygiene Living Care Business	2025	300.0	95.7	2.3	-	397.9
	2026	313.1	101.1	2.2	-	416.4
	Growth (%)	4.4	5.6	(2.0)	-	4.6
	Like-for-like (%)	4.4	(1.1)	(16.7)	-	2.9
Health Beauty Care Business	2025	166.9	26.8	81.7	46.4	321.8
	2026	172.3	30.5	89.8	49.2	341.7
	Growth (%)	3.2	13.6	9.9	6.0	6.2
	Like-for-like (%)	3.2	6.8	2.0	(4.5)	2.1
Cosmetics Business	2025	123.2	32.8	5.3	19.9	181.2
	2026	132.0	40.6	5.4	21.4	199.4
	Growth (%)	7.2	23.8	2.2	7.3	10.1
	Like-for-like (%)	7.2	11.1	(4.5)	(2.7)	6.5
Business Connected Business	2025	27.7	0.3	-	-	28.0
	2026	28.6	0.6	-	-	29.2
	Growth (%)	3.3	144.4	-	-	4.6
	Like-for-like (%)	3.3	117.5	-	-	4.4
Global Consumer Care Business	2025	617.8	155.6	89.2	66.4	928.9
	2026	646.0	172.8	97.4	70.6	986.7
	Growth (%)	4.6	11.1	9.2	6.4	6.2
	Like-for-like (%)	4.6	3.0	1.1	(4.0)	3.4
Chemical Business	2025	107.0	89.6	65.1	75.2	336.9
	2026	115.3	99.6	71.5	82.4	368.8
	Growth (%)	7.7	11.1	9.9	9.5	9.5
	Like-for-like (%)	7.7	1.5	(0.2)	(1.6)	2.5
Elimination of intersegment	2025	(29.5)	(2.3)	(0.1)	(1.9)	(33.8)
	2026	(30.5)	(3.3)	(0.1)	(2.3)	(36.2)
Consolidated	2025	695.3	242.9	154.1	139.7	1,232.0
	2026	730.8	269.1	168.8	150.6	1,319.3
	Growth (%)	5.1	10.8	9.5	7.9	7.1
	Like-for-like (%)	5.1	2.2	0.6	(2.9)	3.1

Notes:

1. *Figures for the Global Consumer Care Business present sales to external customers and figures for the Chemical Business include sales to the Global Consumer Care Business in addition to external customers. Sales by geographic region are classified based on the location of the sales recognized.*
2. *The percentage of sales outside Japan to total net sales was 44.6% compared with 43.6% in the same period a year earlier.*

Analysis of Change in Net Sales Compared with the Same Period a Year Earlier

	Change (%)	Currency Translation (%)	Like-for-Like (%)		
				By Volume (%)	By Price (%)
Fabric and Home Care Products	5.6	0.9	4.8	(0.4)	5.2
Sanitary Products	2.4	3.7	(1.3)	(1.3)	(0.0)
Hygiene Living Care Business	4.6	1.7	2.9	(0.7)	3.6
Health Beauty Care Business	6.2	4.1	2.1	1.0	1.1
Cosmetics Business	10.1	3.6	6.5	5.7	0.7
Business Connected Business	4.6	0.2	4.4	(0.6)	5.0
Global Consumer Care Business	6.2	2.9	3.4	1.2	2.2
Chemical Business	9.5	7.0	2.5	(3.4)	5.9
Total	7.1	4.0	3.1	(0.2)	3.3

Note: Chemical Business sales include intersegment transactions.

Global Consumer Care Business

Sales increased 6.2% compared with the same period a year earlier to 986.7 billion yen. Currency translation accounted for a 2.9% increase and sales increased 3.4% on a like-for-like basis (breakdown of the increase: 1.2% increase by volume, 2.2% increase by price).

Globally, in addition to rising raw material prices and logistics costs, among other impacts from the situation in the Middle East, consumer demand has become increasingly selective due to a growing tendency to economize. In Japan, although a downturn in some demand was apparent due to inclement weather, overall demand in the Kao Group's target markets held firm, even as moves to increase prices became more widespread. Under these circumstances, the Kao Group worked to expand global sales by offering high-value-added products that provide tangible benefits backed by the Group's proprietary technologies, increasing selling prices in line with that added value, and enhancing marketing capabilities through the use of digital technologies and AI. The Kao Group also worked to ensure stable supply through its flexible procurement and production network.

In Japan, sales increased 4.6% to 646.0 billion yen.

In Asia, sales increased 11.1% to 172.8 billion yen. On a like-for-like basis, sales increased 3.0%.

In the Americas, sales increased 9.2% to 97.4 billion yen. On a like-for-like basis, sales increased 1.1%.
In Europe, sales increased 6.4% to 70.6 billion yen. On a like-for-like basis, sales decreased 4.0%.

Operating income increased 16.3 billion yen compared with the same period a year earlier to 107.8 billion yen due to the contribution of improved earning power and increased sales volume amid the impact of rising raw material prices.

Note: The Kao Group's Global Consumer Care Business consists of the Hygiene Living Care Business, the Health Beauty Care Business, the Cosmetics Business and the Business Connected Business.

Hygiene Living Care Business

Sales increased 4.6% compared with the same period a year earlier to 416.4 billion yen. Currency translation accounted for a 1.7% increase and sales increased 2.9% on a like-for-like basis (breakdown of the increase: 0.7% decrease by volume, 3.6% increase by price).

Sales of fabric and home care products increased 5.6% to 294.0 billion yen. Currency translation accounted for a 0.9% increase and sales increased 4.8% on a like-for-like basis (breakdown of the increase: 0.4% decrease by volume, 5.2% increase by price).

Sales of fabric care products increased. In Japan, laundry detergents contributed significantly to increased sales, supported by higher sales volume, selling price increases for high-value-added products, and growth in market share.

Sales of home care products increased due to the contribution of innovative new products that have created new market demand, among other factors.

Operating income for fabric and home care products increased 5.7 billion yen to 57.5 billion yen.

Sales of sanitary products increased 2.4% to 122.3 billion yen. Currency translation accounted for a 3.7% increase and sales decreased 1.3% on a like-for-like basis (breakdown of the decrease: 1.3% decrease by volume, 0.0% decrease by price).

Sales of *Laurier* sanitary napkins increased in both Japan and Asia, reflecting the success of globally integrated operations and loyalty marketing initiatives. Sales of *Merries* baby diapers decreased in both Japan and Asia due to the impact of aggressive competition, among other factors.

Operating income for sanitary products was 6.4 billion yen, an increase of 0.4 billion yen.

Operating income for the Hygiene Living Care Business increased 6.1 billion yen compared with the same period a year earlier to 63.8 billion yen.

Health Beauty Care Business

Sales increased 6.2% compared with the same period a year earlier to 341.7 billion yen. Currency translation accounted for a 4.1% increase and sales increased 2.1% on a like-for-like basis (breakdown of the increase: 1.0% increase by volume, 1.1% increase by price).

Sales of skin care products increased in Japan, Asia, and the Americas. In Japan, while the sunscreen market shrank due to inclement weather, *Bioré* UV care products sold strongly, and new facial cleansers

also contributed to sales growth. In the Americas, sales of *Bioré* UV care products grew, and a recovery in sales of *Bondi Sands* also contributed to results.

Sales of hair care products increased in Japan, with contributions from the premium-priced hair care brand *THE ANSWER* and new products from the hair styling brand *Cape*, among other factors. Sales of professional hair care products (formerly products for hair salons) in the Americas and Europe decreased slightly, despite the growth of *ORIBE* for high-end hair salons in the Americas and Europe, as *GOLDWELL* struggled in Europe.

Sales of personal health products increased due to strong sales of *PureOra* oral care products, among other products.

Operating income increased 2.7 billion yen compared with the same period a year earlier to 32.3 billion yen.

Cosmetics Business

Sales increased 10.1% compared with the same period a year earlier to 199.4 billion yen. Currency translation accounted for a 3.6% increase and sales increased 6.5% on a like-for-like basis (breakdown of the increase: 5.7% increase by volume, 0.7% increase by price).

Sales in Japan increased substantially despite a year-on-year decline in the overall market. In addition to the success of measures including the release of new products and seasonal promotions for the *Curél* derma care brand, and increased awareness of new products from the *KATE* makeup brand, along with expanded shelf space through collaborations with retailers, sales of the new *SOFINA BASIC+* line, launched in August under the *SOFINA* skin care and makeup brand, were strong. Sales in Asia increased substantially, reflecting progress in initiatives to strengthen the earnings base in China and contributions from brand development for *KATE* and the *KANEBO* prestige skin care and makeup brand in Thailand. In Europe, sales decreased due to the impact of a market slowdown, although sales of the *SENSAI* luxury brand increased as new products performed well.

Operating income increased 6.9 billion yen compared with the same period a year earlier to 9.8 billion yen.

Business Connected Business

Sales increased 4.6% compared with the same period a year earlier to 29.2 billion yen. Currency translation accounted for a 0.2% increase and sales increased 4.4% on a like-for-like basis (breakdown of the increase: 0.6% decrease by volume, 5.0% increase by price).

Sales of commercial-use hygiene products increased. Higher demand resulted in strong sales of kitchen cleaning agents and cleaning products in the food service and nursing care sectors, as well as guest room amenities in the lodging and leisure sector.

Operating income increased 0.6 billion yen compared with the same period a year earlier to 1.8 billion yen.

Chemical Business

Sales increased 9.5% compared with the same period a year earlier to 368.8 billion yen. Currency translation accounted for a 7.0% increase and sales increased 2.5% on a like-for-like basis (breakdown of the increase: 3.4% decrease by volume, 5.9% increase by price).

In oleo chemicals, sales decreased due to the impact of inventory adjustments by customers outside Japan, despite the contribution from selling price adjustments implemented in response to rising prices for fat and oil raw materials.

In consumer care chemicals, sales increased due to the substantial contribution from selling price adjustments implemented in response to rising prices for fat and oil raw materials.

In performance chemicals, sales increased, supported by demand from key application sectors, as well as the contribution from the effects of selling price adjustments.

In information materials, sales increased as a result of steadily capturing firm demand in the electronic materials sector, including for semiconductor-related and hard disk products.

Operating income increased 4.7 billion yen compared with the same period a year earlier to 27.0 billion yen due to the contribution of improved profit margins, mainly for oleo chemicals, and increased sales of high-value-added products in the electronic materials sector, together with the impact of accounting treatment for unrealized gains.

(2) Description of Financial Position

Consolidated Financial Position

(Billions of yen, except per share amounts)

	December 31, 2025	September 30, 2026	Incr./(Dcr.)
Total assets	1,875.1	1,867.1	(7.9)
Total liabilities	780.4	734.9	(45.5)
Total equity	1,094.7	1,132.2	37.5
Ratio of equity attributable to owners of the parent to total assets	56.7%	59.1%	-
Equity attributable to owners of the parent per share (Yen)	1,176.25	1,219.08	42.83
Bonds and borrowings	131.7	132.1	0.4

Total assets decreased 7.9 billion yen from December 31, 2025, to 1,867.1 billion yen. The principal increase in assets was a 30.6 billion yen increase in inventories. The principal decrease in assets was a 16.9 billion yen decrease in property, plant and equipment.

Total liabilities decreased 45.5 billion yen from December 31, 2025, to 734.9 billion yen. The principal decrease in liabilities was a 14.1 billion yen decrease in trade and other payables.

Total equity increased 37.5 billion yen from December 31, 2025, to 1,132.2 billion yen. The principal increase in equity was net income totaling 105.7 billion yen. The principal decrease in equity was dividends totaling 71.4 billion yen.

The ratio of equity attributable to owners of the parent to total assets was 59.1% compared with 56.7% at December 31, 2025, partly due to the impact of foreign currency translation.

(3) Description of Information on Outlook, Including Forecasts of Consolidated Results

The Kao Group is further enhancing the sustainability of its earning power to accelerate its shift toward growth. By ensuring the achievement of its Mid-term Plan 2027 (“K27”) and building a foundation for step-change growth thereafter, the Kao Group has made greater progress than planned during the nine months ended September 30, 2026.

During the three months ending December 31, 2026, the Kao Group will continue or step up initiatives including promoting high-value-added products, implementing selling price increases, and conducting Total Cost Reduction (TCR) activities. However, an uncertain business environment is expected due to rising raw material prices and international supply chain costs, expenses associated with strengthening the earnings base of operations outside Japan, and a global economic slowdown due to the persistently tense situation in the Middle East, among other factors. Accordingly, there is no change from the forecast of consolidated results announced on August 5, 2026.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 157 yen, one euro to 182 yen and one Chinese yuan to 22.8 yen.

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2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

Kao Corporation and Consolidated Subsidiaries
As of September 30, 2026

(Millions of yen)

	December 31, 2025	September 30, 2026	Change
Assets			
Current assets			
Cash and cash equivalents	323,282	316,283	(6,999)
Trade and other receivables	245,286	239,615	(5,671)
Inventories	292,366	322,984	30,618
Other financial assets	10,925	9,739	(1,186)
Income tax receivables	5,469	4,646	(823)
Other current assets	26,906	29,915	3,009
Subtotal	904,234	923,182	18,948
Non-current assets held for sale	1,658	1,985	327
Total current assets	905,892	925,167	19,275
Non-current assets			
Property, plant and equipment	443,080	426,171	(16,909)
Right-of-use assets	113,218	104,373	(8,845)
Goodwill	231,071	232,367	1,296
Intangible assets	79,471	74,597	(4,874)
Investments accounted for using the equity method	15,616	17,953	2,337
Other financial assets	29,639	29,473	(166)
Deferred tax assets	43,303	43,377	74
Other non-current assets	13,764	13,627	(137)
Total non-current assets	969,162	941,938	(27,224)
Total assets	1,875,054	1,867,105	(7,949)

(Millions of yen)

	December 31, 2025	September 30, 2026	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	270,149	256,042	(14,107)
Bonds and borrowings	26,059	26,469	410
Lease liabilities	20,878	20,163	(715)
Other financial liabilities	7,623	666	(6,957)
Income tax payables	31,824	25,253	(6,571)
Provisions	1,362	875	(487)
Contract liabilities	43,342	43,253	(89)
Other current liabilities	116,958	112,073	(4,885)
Total current liabilities	518,195	484,794	(33,401)
Non-current liabilities			
Bonds and borrowings	105,599	105,627	28
Lease liabilities	90,606	83,199	(7,407)
Other financial liabilities	6,543	6,632	89
Retirement benefit liabilities	36,686	32,554	(4,132)
Provisions	6,934	7,086	152
Deferred tax liabilities	10,829	10,459	(370)
Other non-current liabilities	4,962	4,547	(415)
Total non-current liabilities	262,159	250,104	(12,055)
Total liabilities	780,354	734,898	(45,456)
Equity			
Share capital	85,424	85,424	—
Capital surplus	106,398	106,470	72
Treasury shares	(5,125)	(4,710)	415
Other components of equity	160,759	164,138	3,379
Retained earnings	716,621	751,649	35,028
Equity attributable to owners of the parent	1,064,077	1,102,971	38,894
Non-controlling interests	30,623	29,236	(1,387)
Total equity	1,094,700	1,132,207	37,507
Total liabilities and equity	1,875,054	1,867,105	(7,949)

(2) Condensed Consolidated Statement of Income

Kao Corporation and Consolidated Subsidiaries
Nine months ended September 30, 2026

(Millions of yen)

	Notes	Nine months ended September 30, 2025	Nine months ended September 30, 2026	Change
Net sales	2	1,232,034	1,319,305	87,271
Cost of sales		(750,699)	(789,876)	(39,177)
Gross profit		481,335	529,429	48,094
Selling, general and administrative expenses	3	(367,336)	(394,950)	(27,614)
Other operating income		13,346	25,490	12,144
Other operating expenses		(12,943)	(13,430)	(487)
Operating income	2	114,402	146,539	32,137
Share of profit in investments accounted for using the equity method		2,807	3,471	664
Other investment income and expenses		1,275	1,750	475
Income before financing and income taxes		118,484	151,760	33,276
Financial income		3,567	258	(3,309)
Financial expenses		(2,631)	(3,354)	(723)
Income before income taxes		119,420	148,664	29,244
Income taxes		(34,519)	(42,938)	(8,419)
Net income		84,901	105,726	20,825
Attributable to:				
Owners of the parent		84,719	105,051	20,332
Non-controlling interests		182	675	493
Net income		84,901	105,726	20,825
Earnings per share				
Basic (Yen)		91.32	116.12	
Diluted (Yen)		–	–	

(3) Condensed Consolidated Statement of Comprehensive Income

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2026

(Millions of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026	Change
Net income	84,901	105,726	20,825
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	503	(105)	(608)
Remeasurements of defined benefit plans	(28)	—	28
Share of other comprehensive income of investments accounted for using the equity method	855	1,543	688
Total of items that will not be reclassified to profit or loss	1,330	1,438	108
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(12,195)	1,264	13,459
Share of other comprehensive income of investments accounted for using the equity method	(307)	(12)	295
Total of items that may be reclassified subsequently to profit or loss	(12,502)	1,252	13,754
Other comprehensive income, net of taxes	(11,172)	2,690	13,862
Comprehensive income	73,729	108,416	34,687
Attributable to:			
Owners of the parent	74,923	108,543	33,620
Non-controlling interests	(1,194)	(127)	1,067
Comprehensive income	73,729	108,416	34,687

(4) Condensed Consolidated Statement of Changes in Equity

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2025 (Millions of yen)

	Equity attributable to owners of the parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other com-prehensive income
January 1, 2025	85,424	106,256	(5,924)	124,321	6	7,912
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	(11,129)	2	1,359
Comprehensive income	—	—	—	(11,129)	2	1,359
Disposal of treasury shares	—	(320)	363	—	—	—
Purchase of treasury shares	—	(0)	(41,738)	—	—	—
Share-based payment transactions	—	496	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries	—	(122)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(143)
Total transactions with the owners	—	54	(41,375)	—	—	(143)
September 30, 2025	85,424	106,310	(47,299)	113,192	8	9,128

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasure-ments of defined benefit plans	Total				
January 1, 2025	—	132,239	748,781	1,066,776	32,059	1,098,835
Net income	—	—	84,719	84,719	182	84,901
Other comprehensive income	(28)	(9,796)	—	(9,796)	(1,376)	(11,172)
Comprehensive income	(28)	(9,796)	84,719	74,923	(1,194)	73,729
Disposal of treasury shares	—	—	(42)	1	—	1
Purchase of treasury shares	—	—	—	(41,738)	—	(41,738)
Share-based payment transactions	—	—	—	496	—	496
Dividends	—	—	(71,073)	(71,073)	(1,663)	(72,736)
Changes in the ownership interest in subsidiaries	—	—	—	(122)	(971)	(1,093)
Transfer from other components of equity to retained earnings	28	(115)	115	—	—	—
Total transactions with the owners	28	(115)	(71,000)	(112,436)	(2,634)	(115,070)
September 30, 2025	—	122,328	762,500	1,029,263	28,231	1,057,494

Nine months ended September 30, 2026 (Millions of yen)

	Equity attributable to owners of the parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other com-prehensive income
January 1, 2026	85,424	106,398	(5,125)	150,503	6	10,250
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	2,055	—	1,437
Comprehensive income	—	—	—	2,055	—	1,437
Disposal of treasury shares	—	(414)	427	—	—	—
Purchase of treasury shares	—	—	(12)	—	—	—
Share-based payment transactions	—	486	—	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(113)
Total transactions with the owners	—	72	415	—	—	(113)
September 30, 2026	85,424	106,470	(4,710)	152,558	6	11,574

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasure-ments of defined benefit plans	Total				
January 1, 2026	—	160,759	716,621	1,064,077	30,623	1,094,700
Net income	—	—	105,051	105,051	675	105,726
Other comprehensive income	—	3,492	—	3,492	(802)	2,690
Comprehensive income	—	3,492	105,051	108,543	(127)	108,416
Disposal of treasury shares	—	—	(11)	2	—	2
Purchase of treasury shares	—	—	—	(12)	—	(12)
Share-based payment transactions	—	—	—	486	—	486
Dividends	—	—	(70,125)	(70,125)	(1,260)	(71,385)
Transfer from other components of equity to retained earnings	—	(113)	113	—	—	—
Total transactions with the owners	—	(113)	(70,023)	(69,649)	(1,260)	(70,909)
September 30, 2026	—	164,138	751,649	1,102,971	29,236	1,132,207

(5) Condensed Consolidated Statement of Cash Flows

Kao Corporation and Consolidated Subsidiaries
Nine months ended September 30, 2026

(Millions of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Cash flows from operating activities		
Operating income	114,402	146,539
Depreciation and amortization	63,997	67,522
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	2,213	(9,021)
(Increase) decrease in trade and other receivables	9,559	3,613
(Increase) decrease in inventories	(22,315)	(31,781)
Increase (decrease) in trade and other payables	(12,287)	(5,236)
Increase (decrease) in retirement benefit liabilities	(2,831)	(3,537)
Increase (decrease) in provisions	(2,024)	(496)
Other	(10,218)	(15,245)
Cash flows from operating activities before income taxes	140,496	152,358
Income taxes paid	(31,126)	(49,323)
Net cash flows from operating activities	109,370	103,035
Cash flows from investing activities		
Payments into time deposits	(7,272)	(11,359)
Proceeds from withdrawal of time deposits	11,541	12,011
Purchase of property, plant and equipment	(50,329)	(38,964)
Proceeds from sale of property, plant and equipment	87	14,339
Purchase of intangible assets	(6,389)	(4,692)
Interest received	2,512	2,264
Dividends received	3,377	3,564
Other	269	209
Net cash flows from investing activities	(46,204)	(22,628)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	90	410
Proceeds from long-term borrowings	10,000	25,593
Repayments of long-term borrowings	(10,014)	(25,608)
Proceeds from issuance of bonds	24,939	—
Redemption of bonds	(24,951)	(12)
Repayments of lease liabilities	(16,658)	(17,614)
Purchase of treasury shares	(41,738)	(12)
Interest paid	(2,000)	(2,626)
Dividends paid to owners of the parent	(70,625)	(69,679)
Dividends paid to non-controlling interests	(1,667)	(1,246)
Other	(940)	179
Net cash flows from financing activities	(133,564)	(90,615)
Net increase (decrease) in cash and cash equivalents	(70,398)	(10,208)
Cash and cash equivalents at the beginning of the period	357,713	323,282
Effect of exchange rate changes on cash and cash equivalents	(1,435)	3,209
Cash and cash equivalents at the end of the period	285,880	316,283

Note: "Other" under cash flows from operating activities for the nine months ended September 30, 2025, and the nine months ended September 30, 2026, includes no items of material significance.

(6) Notes to Condensed Consolidated Financial Statements

Changes in Accounting Policies

Early Adoption of IFRS 18 "Presentation and Disclosure in Financial Statements"

The Kao Group early adopted IFRS 18 "Presentation and Disclosure in Financial Statements" (issued in April 2024; hereinafter, "IFRS 18") in the three months ended March 31, 2026. The Kao Group has applied the Standard retrospectively in accordance with the transitional provisions, and has also restated the comparative information in accordance with IFRS 18.

In the first year of applying IFRS 18, entities are required to disclose a reconciliation for each line item in the consolidated statement of income for the immediately preceding comparative period, showing the restated amounts presented applying this Standard and the amounts previously presented applying IAS 1, "Presentation of Financial Statements" (hereinafter, "IAS 1").

The reconciliation of each line item in the condensed consolidated statement of income for the nine months ended September 30, 2025 is as follows.

Nine months ended September 30, 2025 (Millions of yen)

IAS 1		Reclassification	IFRS 18		
Accounts	Amounts		Amounts	Notes	Accounts
Net sales	1,232,034	—	1,232,034		Net sales
Cost of sales	(750,699)	—	(750,699)		Cost of sales
Gross profit	481,335	—	481,335		Gross profit
Selling, general and administrative expenses	(367,336)	—	(367,336)		Selling, general and administrative expenses
Other operating income	13,346	—	13,346		Other operating income
Other operating expenses	(12,478)	(465)	(12,943)	(1)	Other operating expenses
Operating income	114,867	(465)	114,402		Operating income
		2,807	2,807	(2)	Share of profit in investments accounted for using the equity method
		1,275	1,275	(1),(3)	Other investment income and expenses
		3,617	118,484		Income before financing and income taxes
Financial income	4,369	(802)	3,567	(1),(3)	Financial income
Financial expenses	(2,631)	—	(2,631)		Financial expenses
Share of profit in investments accounted for using the equity method	2,807	(2,807)	—	(2)	
Income before income taxes	119,412	8	119,420		Income before income taxes
Income taxes	(34,511)	(8)	(34,519)	(1)	Income taxes
Net income	84,901	—	84,901		Net income

Notes on the Reconciliation of Income and Expenses for the First Nine Months of the Previous Fiscal Year (January 1, 2025 to September 30, 2025)

(1) Reclassification of Foreign Exchange Differences

Under IAS 1, foreign exchange differences were presented within financial income. Under IFRS 18, they are classified and presented within the operating, investing, financing, or income taxes categories. Foreign exchange differences arising from intragroup loans are classified in the same category in which the income and expenses arising from those loans would have been classified before their elimination on consolidation.

(2) Reclassification of Share of Profit in Investments Accounted for Using the Equity Method

Under IFRS 18, the share of profit in investments accounted for using the equity method is presented within the investing category.

(3) Reclassification of Other Investment Income and Expenses

Under IAS 1, interest and dividend income was presented within financial income. Under IFRS 18, it is presented as other investment income and expenses.

1. Management-defined Performance Measures

The Kao Group uses net operating profit after tax (hereinafter, "NOPAT") as a management-defined performance measure. This measure presents management's view of one aspect of overall financial performance. It is not defined by IFRS Accounting Standards and may not be comparable to similar measures used by other companies.

The Kao Group uses Economic Value Added (hereinafter, "EVA®") and Return on Invested Capital (hereinafter, "ROIC"), management indicators that take capital cost and capital efficiency into account, as its main performance measures and works to enhance its corporate value by improving EVA and ROIC. EVA is a registered trademark of Stern Stewart & Co.

ROIC is a ratio metric obtained by dividing NOPAT by invested capital. NOPAT is calculated by adjusting net income for interest expenses after tax.

The Kao Group's management believes that NOPAT, as a performance measure used in the calculation of ROIC, provides useful information for understanding the Kao Group's performance from the perspectives of capital cost and capital efficiency.

The reconciliation between net income and NOPAT under IFRS Accounting Standards is as follows.

Nine months ended September 30, 2025

(Millions of yen)

		Income taxes[2]	Net income attributable to non-controlling interests
Net income	84,901		
Interest expenses[1]	366	(112)	1
Income taxes[2]	(112)	—	—
NOPAT	85,155		

Notes:

1. The adjustment to interest expenses is primarily attributable to bonds and borrowings and excludes interest expense on lease liabilities.
   Interest expenses are included in financial expenses in the condensed consolidated statement of income.
2. The amount of income taxes is calculated primarily based on the statutory tax rate applicable in the tax jurisdiction where the relevant transaction occurs.

Nine months ended September 30, 2026

(Millions of yen)

		Income taxes[2]	Net income attributable to non-controlling interests
Net income	105,726		
Interest expenses[1]	709	(217)	11
Income taxes[2]	(217)	—	—
NOPAT	106,218		

Notes:

1. The adjustment to interest expenses is primarily attributable to bonds and borrowings and excludes interest expense on lease liabilities.
   Interest expenses are included in financial expenses in the condensed consolidated statement of income.
2. The amount of income taxes is calculated primarily based on the statutory tax rate applicable in the tax jurisdiction where the relevant transaction occurs.

2. Segment Information

(1) Summary of Reportable Segments

The Kao Group's reportable segments are the components of the Kao Group for which discrete financial information is available and are regularly reviewed by the Board of Directors in deciding how to allocate resources and in assessing their performance. Net sales and operating income are the key measures used by the Board of Directors to evaluate the performance of each segment.

The Kao Group is organized on the basis of five businesses: the four business areas that constitute the Global Consumer Care Business (the Hygiene Living Care Business, the Health Beauty Care Business, the Cosmetics Business, and the Business Connected Business) and the Chemical Business. In each business, the Kao Group plans comprehensive business strategies and carries out business activities on a global basis.

Accordingly, the Kao Group has five reportable segments: the Hygiene Living Care Business, the Health Beauty Care Business, the Cosmetics Business, the Business Connected Business, and the Chemical Business.

The Kao Group early adopted IFRS 18 in the three months ended March 31, 2026. The Kao Group has applied the Standard retrospectively in accordance with the transitional provisions, and has also restated the comparative information in accordance with IFRS 18.

Major products by reportable segment are as follows:

Reportable segments		Major products	
Global Consumer Care Business	Hygiene Living Care Business	Fabric care products	Laundry detergents, fabric treatments
		Home care products	Kitchen cleaning products, house cleaning products, paper cleaning products
		Sanitary products	Sanitary napkins, baby diapers
	Health Beauty Care Business	Skin care products	Soaps, facial cleansers, body cleansers, UV care products
		Hair care products	Shampoos, conditioners, hair styling agents, hair coloring agents, men's products
		Personal health products	Bath additives, oral care products, thermo products
	Cosmetics Business	Cosmetics	Counseling cosmetics, self-selection cosmetics
	Business Connected Business	Commercial-use hygiene products, life care products	Commercial-use hygiene products, life care products
Chemical Business		Oleo chemicals	Oleochemicals, fat and oil derivatives
		Consumer care chemicals	Surfactants and blending products, fragrances
		Performance chemicals	Water-reducing admixture for concrete, casting sand binders, plastics additives, process chemicals for various industries
		Information materials	Toners/Toner binders, inkjet ink colorants, ink, fine polishing agents and cleaner for hard disk, materials and process chemicals for semiconductor

(2) Sales and Results of Reportable Segments

Nine months ended September 30, 2025

(Millions of yen)

	Reportable segments								
	Global Consumer Care Business								
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal	Chemical Business	Total	Reconciliation[1]	Consolidated
Net sales									
Sales to customers	397,901	321,834	181,191	27,962	928,888	303,146	1,232,034	—	1,232,034
Intersegment sales and transfers[2]	—	—	—	—	—	33,787	33,787	(33,787)	—
Total net sales	397,901	321,834	181,191	27,962	928,888	336,933	1,265,821	(33,787)	1,232,034
Operating income	57,769	29,609	2,909	1,187	91,474	22,287	113,761	641	114,402
Share of profit in investments accounted for using the equity method									2,807
Other investment income and expenses									1,275
Income before financing and income taxes									118,484
Financial income									3,567
Financial expenses									(2,631)
Income before income taxes									119,420

Notes:

1. The operating income reconciliation of 641 million yen includes income and corporate expenses not allocated to reportable segments, as well as elimination of intersegment inventory transactions.
2. Intersegment sales and transfers are mainly calculated based on market price and manufacturing cost.

Nine months ended September 30, 2026

(Millions of yen)

	Reportable segments								
	Global Consumer Care Business								
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal	Chemical Business	Total	Reconciliation[1]	Consolidated
Net sales									
Sales to customers	416,354	341,696	199,433	29,248	986,731	332,574	1,319,305	—	1,319,305
Intersegment sales and transfers[2]	—	—	—	—	—	36,202	36,202	(36,202)	—
Total net sales	416,354	341,696	199,433	29,248	986,731	368,776	1,355,507	(36,202)	1,319,305
Operating income	63,849	32,318	9,785	1,805	107,757	26,985	134,742	11,797	146,539
Share of profit in investments accounted for using the equity method									3,471
Other investment income and expenses									1,750
Income before financing and income taxes									151,760
Financial income									258
Financial expenses									(3,354)
Income before income taxes									148,664

Notes:

1. The operating income reconciliation of 11,797 million yen includes income and corporate expenses not allocated to reportable segments, as well as elimination of intersegment inventory transactions.
2. Intersegment sales and transfers are mainly calculated based on market price and manufacturing cost.

3. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

(Millions of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Selling expenses		
Advertising	64,114	69,597
Sales promotion	40,362	44,567
Employee benefits	82,874	88,238
Depreciation	4,489	4,527
Amortization	2,247	2,481
Other selling expenses	25,314	28,548
Total selling expenses	219,400	237,958
General and administrative expenses		
Employee benefits[1]	49,390	52,964
Depreciation[1]	7,036	7,681
Amortization[1]	6,440	7,027
Research and development[1]	45,900	46,577
Other general and administrative expenses	39,170	42,743
Total general and administrative expenses	147,936	156,992
Total	367,336	394,950

Note:

1. Employee benefits, depreciation, and amortization related to research and development activities are included in research and development.

(7) Note regarding Assumption of Going Concern

None applicable.