

Internal Control Report

(“Naibutousei Hokokusho”)

(The 120th Fiscal Year)

From January 1, 2025 to December 31, 2025

Kao Corporation

This is an English translation of the original Internal Control Report filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network (“EDINET”), pursuant to the Financial Instruments and Exchange Act of Japan, for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. In this document, the term “the Company” refers to Kao Corporation.

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Filed Document	Internal Control Report (<i>Naibutousei Hokokusho</i>)
Applicable Law	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	March 25, 2026
Company Name	Kao Kabushiki Kaisha
Company Name in English	Kao Corporation
Name and Title of Representative	Yoshihiro Hasebe, Representative Director, President and Chief Executive Officer
Name and Title of Chief Financial Officer	Masakazu Negoro, Representative Director, Senior Managing Executive Officer (Responsible for Management Finance Unit)
Address of Head Office	14-10, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo
Place Where the Filed Document is Available for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Matters Related to the Basic Framework of Internal Control over Financial Reporting

Yoshihiro Hasebe, Representative Director, President and Chief Executive Officer, and Masakazu Negoro, Representative Director, Senior Managing Executive Officer (Responsible for Management Finance Unit), are responsible for designing and operating effective internal control over financial reporting of the Company. Such internal control has been designed and operated in accordance with the basic framework of internal control presented in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Accordingly, internal control over financial reporting may not completely prevent or detect material misstatements in financial reporting.

2. Matters Related to the Scope of Assessment, the Basis Date of Assessment and the Assessment Procedures

The assessment of internal control over financial reporting was conducted as of December 31, 2025, which is the end of the fiscal year. The assessment was carried out in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, internal controls that may have a material effect on our entire financial reporting on a consolidated basis (company-level controls) were first evaluated, and based on the results of that evaluation, the business processes subject to assessment were then selected. In conducting the assessment, these selected business processes were analyzed, key controls that may have a material impact on the reliability of financial reporting were identified, and the design and operation of these key controls were assessed. Through these procedures, the effectiveness of internal controls of the Company was evaluated.

The materiality that may affect the reliability of financial reporting is determined by considering the materiality of quantitative and qualitative impacts on financial reporting, as well as the likelihood of its occurrence. Based on the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries, and associates accounted for using the equity method, the scope of assessment of internal control over business processes was reasonably determined. Consolidated subsidiaries and associates accounted for using the equity method that were deemed immaterial from the perspectives of quantitative and qualitative impacts on financial reporting were not included in the scope of assessment of company-level controls.

With respect to the scope of assessment of internal control over business processes, the Company determined that net sales were an important and appropriate indicator for measuring the scale of its business activities, as manufacturing and sales constitute the Company's principal businesses. Given the favorable assessment of company-level controls, the materiality was evaluated from quantitative and qualitative perspectives. Taking into consideration the performance forecast for the fiscal year under review, “significant business locations” were selected. The selected locations (two domestic locations and three overseas locations) are those whose net sales (after elimination of inter-company transactions) for the previous fiscal year, when aggregated, accounted for approximately two-thirds of total net sales on a consolidated basis.

At the selected locations, considering that manufacturing and sales constitute the Company's principal business activities, the business processes leading to net sales, accounts receivable, and inventories were included in the scope of assessment, as these accounts are closely related to the Company's business objectives. In addition, regardless of the selected significant business locations, business processes related to important accounts involving a high risk of material misstatement and requiring estimates or forecasts (such as business processes related to impairment testing of goodwill) were added to the scope of assessment as business processes with high materiality, in consideration of their impact on financial reporting, even if they pertain to business locations other than the selected locations.

3. Matters Related to the Results of the Assessment

As a result of the above assessment, the Company concluded that its internal control over financial reporting was effective as of the end of the fiscal year.

4. Supplementary Information

Not applicable.

5. Special Notes

Not applicable.