



Kirei—Making Life Beautiful

Consolidated Financial Results for the Nine Months Ended September 30, 2024

Kao Corporation
November 7, 2024



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 in charts 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): Consumer products excluding cosmetics
5. CP: Abbreviation of Consumer Products
6. Core income: Income excluding impacts of structural reforms for the fiscal year ended December 31, 2023

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Financial Results

for the Nine Months Ended September 30, 2024

Key Highlights

- **K27 has progressed as planned. The competitive advantages of core brands improved as the effects of structural reforms became clear.**
 - ✓ **Restored profit through structural reforms**
 - Entrenched earning power improvement by shifting to manufacturing that enhances value.
 - The effects of structural reform of human capital, including organizational revitalization, became evident.
 - ✓ **Improved competitive advantages for core brands**
 - Achieved improvement in both market share and profit margins by strengthening core brands.
 - Entered the premium hair care market in Japan, launching *THE ANSWER* in November as the second new brand.
 - Visualized progress in establishing loyal users through DX and upgraded marketing methods.
 - ✓ **Ramped up global rollout of high-value-added products**
 - Proactively deployed marketing expenses to expand skin protection and six focus cosmetics brands.
 - *ORIBE* experienced significant growth in the business for hair salons in the Americas and Europe.
 - The Chemical Business improved its operating margin by expanding high-performance products such as semiconductor chemicals that capture growing demand for AI.
- **To improve profitability in the Cosmetics Business from FY2025 onwards, the Kao Group expanded restrictions of cosmetics shipments in China to optimize distribution inventory.**
- **To improve capital efficiency, the Kao Group reduced inventory and disposed of inefficient assets, among other measures in line with the priority targets of K27.**
ROIC increased +4.9 pts (FY2023/Q3 YTD: 3.5% → FY2024/Q3 YTD: 8.4%, FY2024 forecast: 8.8%)

Highlights of Consolidated Financial Results

- The gross margin increased 2.3 pts and operating income increased 30.3 billion yen (+42.8%) to 101.1 billion yen due to contributions from H&PC products in Japan and the Chemicals Business, in addition to the effects of structural reforms.

Billion yen	FY2023 Q3 YTD	FY2024 Q3 YTD	Growth %	Change
Net sales	1,125.9	1,190.0	+5.7	+64.1
		Effect of currency translation	+3.6	+40.7
		Like-for-like growth	+2.1	+23.4
Gross profit	409.2	459.3	+12.2	+50.1
Gross margin	36.3%	38.6%	-	-
Operating income	70.8	101.1	+42.8	+30.3
Operating margin	6.3%	8.5%	-	-
Income before income taxes	74.6	104.0	+39.3	+29.4
Net income	52.2	72.9	+39.6	+20.7
Net income attributable to owners of the parent	50.2	71.0	+41.5	+20.8
EBITDA (Operating income + Depr. & Amort.)	117.7	167.5	+42.3	+49.8
Basic earnings per share (yen)	108.02	152.85	+41.5	+44.83

Exchange rates: 151.12 yen/USD, 164.24 yen/Euro, 20.99 yen/Yuan
Income for FY2023 Q3 YTD represents "core income" (excluding EBITDA.)

Highlights of Q3 Consolidated Financial Results (Jul. - Sep.)

- The operating margin increased 1.3 pts due to the effects of structural reforms and other factors.
- Recorded a 6.3 billion yen gain on transfer of the beverage business upon the completion of the transfer.

Billion yen	FY2023 Q3	FY2024 Q3	Growth %	Change
Net sales	387.4	402.0	+3.8	+14.7
		Effect of currency translation	+1.4	+5.4
		Like-for-like growth	+2.4	+9.3
Gross profit	149.6	155.6	+4.1	+6.1
Gross margin	38.6%	38.7%	-	-
Operating income	36.3	43.1	+18.7	+6.8
Operating margin	9.4%	10.7%	-	-
Income before income taxes	37.5	39.6	+5.8	+2.2
Net income	24.8	28.1	+13.4	+3.3
Net income attributable to owners of the parent	23.9	27.6	+15.6	+3.7
EBITDA (Operating income + Depr. & Amort.)	47.2	65.2	+38.0	+17.9
Basic earnings per share (yen)	51.39	59.45	+15.7	+8.06

Exchange rates: 149.44 yen/USD, 164.04 yen/Euro, 20.84 yen/Yuan
Income for FY2023 Q3 represents "core income" (excluding EBITDA.)

Key Points of Q3 YTD Results

Net sales **1,119.0** billion yen
+2.1% on a like-for-like basis

Operating income **101.1** billion yen
(+30.3 billion yen; +42.8%*); margin **8.5%**

FY2024 Q3 YTD Financial Results

- Sales of Fabric and Home Care Business increased 7.2% and the operating margin increased to 17.8% due to the introduction of new high-value-added products.
- Structural reforms had a substantial effect in Sanitary Business, which maintained profitability even excluding a gain on business transfer.
- The operating margin for the Health and Beauty Care Business decreased 2.5 pts to 8.1%, due in part to the impact of structural reform expenses at subsidiaries in the Americas and Europe.
- Chemical Business sales increased in all regions due to expanded sales of high-value-added products that captured increased demand, among other factors. The operating margin increased by 1.6 pts to 8.3%.
- Cosmetics Business sales increased by 3.1%, excluding China. The operating margin decreased 3.6 pts to -4.6% due to the impact of distribution inventory optimization in China.

FY2024 Q4 Initiatives

- Proactive deployment of marketing expenses for growth from FY2025.
- Ongoing optimization of distribution inventory in the Cosmetic Business in China.

* Comparison with "core income" for FY2023 Q3 YTD

Consolidated Net Sales by Segment/Geographic Region in Q3 YTD

- Achieved higher-than-market growth in major categories as the consumer products market in Japan grew.
- Net sales of the Consumer Products Business in Asia, excluding China decreased 2.7% due to a focus on improving profitability.

Billion yen			Japan	Asia	Americas	Europe	Consolidated
Consumer Products Business	Fabric & Home Care	Q3 YTD	232.8	32.9	2.8	-	268.4
		Like-for-like %	+9.9	(8.4)	(12.8)	-	+7.2
	Sanitary	Q3 YTD	55.3	69.3	-	-	124.6
		Like-for-like %	(8.8)	(6.5)	-	-	(7.6)
	Hygiene and Living Care Business	Q3 YTD	288.1	102.2	2.8	-	393.0
		Like-for-like %	+5.8	(7.1)	(13.6)	-	+2.1
	Health and Beauty Care Business	Q3 YTD	155.9	27.1	84.9	46.8	314.7
		Like-for-like %	+3.2	(2.7)	+5.4	+12.7	+4.4
	Life Care Business	Q3 YTD	29.0	0.1	11.3	0.1	40.6
		Like-for-like %	(4.4)	+113.3	+0.8	+31.2	(2.8)
	Cosmetics Business	Q3 YTD	116.2	31.9	5.6	19.4	173.2
		Like-for-like %	+3.1	(25.8)	(1.9)	+2.3	(3.7)
	Consumer Products Business	Q3 YTD	589.2	161.4	104.5	66.4	921.5
		Like-for-like %	+4.0	(10.8)	+3.8	+9.5	+1.5
Chemical Business*		Q3 YTD	100.6	77.1	51.7	72.2	301.6
		Like-for-like %	+1.8	+8.8	+2.4	+2.7	+3.8
Consolidated		Q3 YTD	662.0	235.8	156.1	136.1	1,190.0
		Like-for-like %	+4.0	(5.4)	+3.4	+5.2	+2.1

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

Consolidated Results by Segment in Q3 YTD

- **Fabric & Home Care:** Sales grew by both volume and price due to the introduction of new high-value-added products.
- **Chemical Business:** Sales and profits increased due to expanded sales of high-value-added products, among other factors.

Billion yen			Net sales				Operating income		
			Q3 YTD	Like-for-like %			Q3 YTD	Change ³	Operating margin %
					By Volume % ²	By Price %			
		Fabric & Home Care	268.4	+7.2	+3.0	+4.2	47.8	+16.6	17.8
		Sanitary	124.6	(7.6)	(11.1)	+3.5	6.3	+13.6	5.1
		Hygiene and Living Care Business	393.0	+2.1	(1.9)	+4.0	54.2	+30.3	13.8
		Health and Beauty Care Business	314.7	+4.4	+4.9	(0.5)	25.6	(4.9)	8.1
		Life Care Business	40.6	(2.8)	(3.9)	+1.1	5.6	+6.8	13.8
		Cosmetics Business	173.2	(3.7)	(6.4)	+2.7	(7.9)	(6.3)	(4.6)
		Consumer Products Business	921.5	+1.5	(0.6)	+2.1	77.5	+25.9	8.4
		Chemical Business ¹	301.6	+3.8	+5.2	(1.4)	25.1	+6.6	8.3
		Consolidated	1,190.0	+2.1	+0.8	+1.3	101.1	+30.3	8.5

1. Net sales and operating income of the Chemical Business include intersegment transactions.
2. Growth by volume includes changes due to differences in product mix.
3. Comparison with "core income" for FY2023 Q3 YTD

Q3 Consolidated Net Sales by Segment/Geographic Region (Jul. – Sep.)

- Achieved higher-than-market growth in major categories as the consumer products market in Japan grew.
- Chemical Business sales increased substantially in all regions due to expanded sales of high-value-added products, among other factors.

Billion yen			Japan	Asia	Americas	Europe	Consolidated
Consumer Products Business	Fabric & Home Care	Q3	84.3	11.2	0.8	-	96.3
		Like-for-like %	+9.0	(6.7)	(12.7)	-	+6.7
	Sanitary	Q3	18.3	22.9	-	-	41.1
		Like-for-like %	(11.2)	(2.7)	-	-	(6.7)
	Hygiene and Living Care Business	Q3	102.6	34.0	0.8	-	137.4
		Like-for-like %	+4.7	(4.1)	(13.1)	-	+2.3
	Health and Beauty Care Business	Q3	54.2	8.5	26.0	15.4	104.1
		Like-for-like %	+2.5	(5.5)	+1.8	+10.5	+2.7
	Life Care Business	Q3	10.1	0.1	3.9	0.1	14.1
		Like-for-like %	(3.7)	+166.7	+5.8	+64.7	(0.8)
	Cosmetics Business	Q3	39.9	7.6	1.8	7.1	56.4
		Like-for-like %	+7.3	(44.5)	(7.3)	(2.9)	(6.0)
	Consumer Products Business	Q3	206.8	50.3	32.5	22.5	312.1
		Like-for-like %	+4.2	(13.6)	+1.3	+6.0	+0.7
Chemical Business*		Q3	34.3	26.1	17.2	24.3	101.8
		Like-for-like %	+8.5	+9.9	+8.2	+10.5	+9.3
Consolidated		Q3	231.2	75.4	49.6	45.7	402.0
		Like-for-like %	+4.8	(7.1)	+3.5	+6.8	+2.4

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

Q3 Consolidated Results by Segment (Jul. – Sep.)

- **Fabric & Home Care:** The operating margin increased 3.8 pts year on year to 20.5%
- **Life Care Business:** 6.3 billion yen gain on transfer of beverage business

Billion yen			Net sales				Operating income		
			Q3	Like-for-like %			Q3	Change ³	Operating margin %
					By Volume % ²	By Price %			
		Fabric & Home Care	96.3	+6.7	+4.1	+2.7	19.8	+4.7	20.5
		Sanitary	41.1	(6.7)	(8.6)	+1.9	0.4	+1.4	1.0
		Hygiene and Living Care Business	137.4	+2.3	(0.1)	+2.4	20.2	+6.2	14.7
		Health and Beauty Care Business	104.1	+2.7	+4.6	(1.9)	10.6	(3.9)	10.2
		Life Care Business	14.1	(0.8)	(0.5)	(0.3)	6.1	+6.2	42.9
		Cosmetics Business	56.4	(6.0)	(9.0)	+3.0	(1.8)	(2.1)	(3.1)
		Consumer Products Business	312.1	+0.7	(0.3)	+1.0	35.1	+6.3	11.3
		Chemical Business ¹	101.8	+9.3	+4.9	+4.3	8.4	+1.0	8.3
		Consolidated	402.0	+2.4	+0.6	+1.8	43.1	+6.8	10.7

1. Net sales and operating income of the Chemical Business include intersegment transactions.

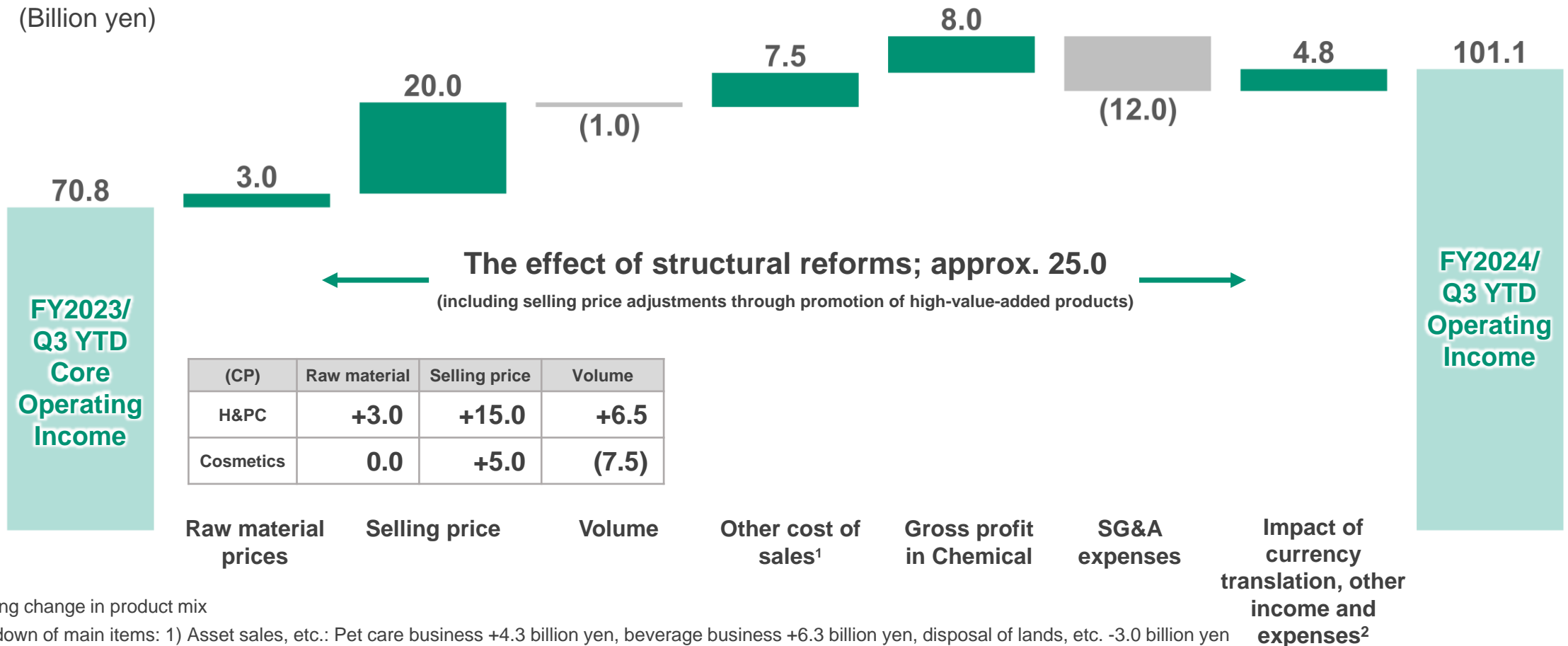
2. Growth by volume includes changes due to differences in product mix.

3. Comparison with "core income" for FY2023 Q3

Analysis of Change in Operating Income in Q3 YTD (Year-on-Year Change)

- Adjusted selling prices while maintaining sales volume, mainly for household and personal care products in Japan. Recovery in the Chemical Business also contributed substantially.
- Distribution inventory optimization in the Cosmetics Business in China had a substantial impact.
- Proactively invested for growth, including deployment of marketing expenses.
- Executed inventory reduction and disposal of inefficient assets as planned, to improve capital efficiency.

(Billion yen)



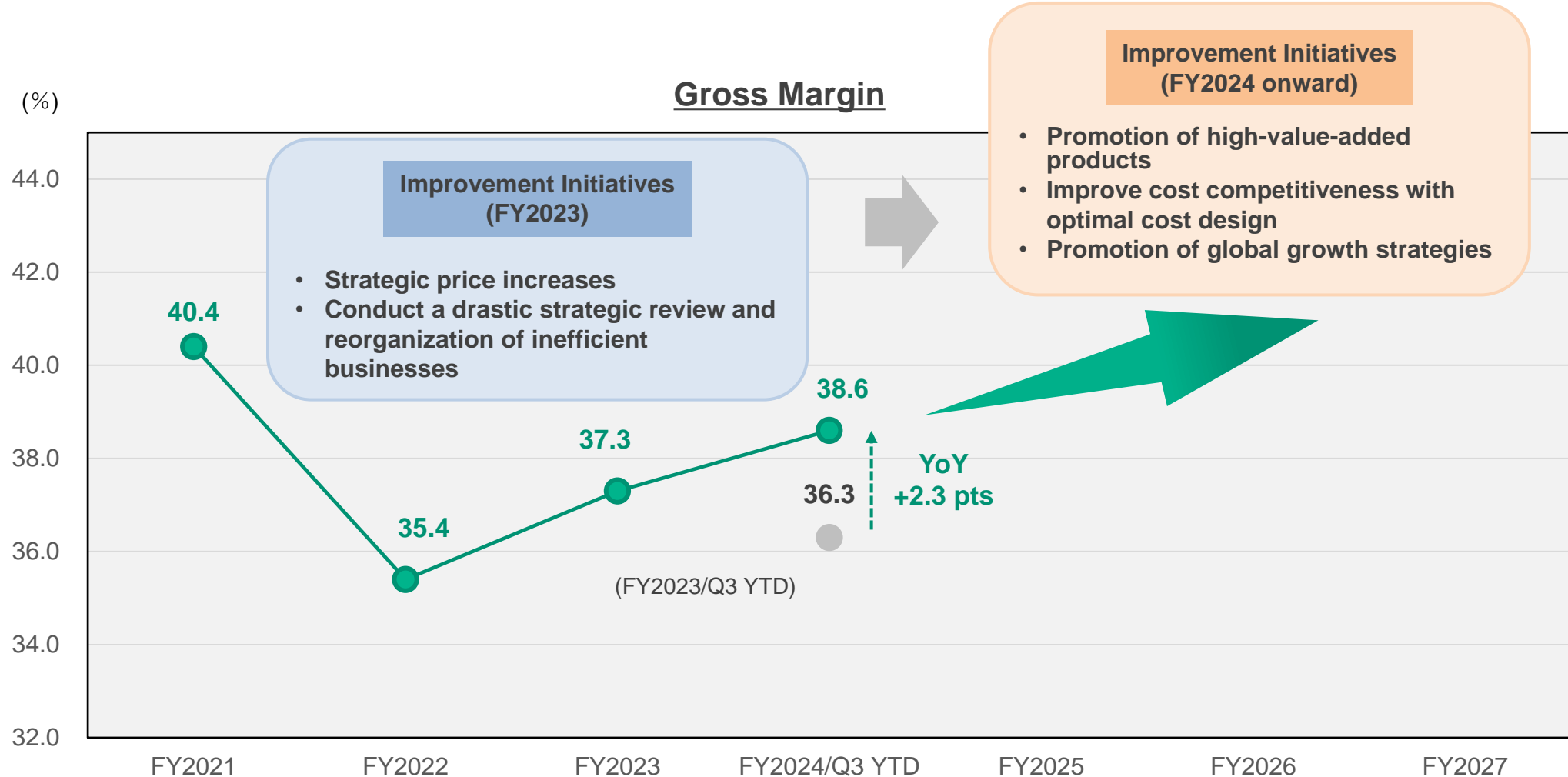
1. Including change in product mix

2. Breakdown of main items: 1) Asset sales, etc.: Pet care business +4.3 billion yen, beverage business +6.3 billion yen, disposal of lands, etc. -3.0 billion yen

2) Structural reform expenses for subsidiaries in the Americas and Europe -3.7 billion yen

Improvement of Profit Margin through Progress of Earning Power Reforms

- The gross margin improved 2.3 pts year on year.
- Focus on achieving sustainable profit growth through structural reforms and the implementation of global growth strategies.
- Increased ROIC by 4.9 pts, outperforming the plan, by rolling out scrum-style activities for ROIC-conscious business, production, sales, research and other areas.

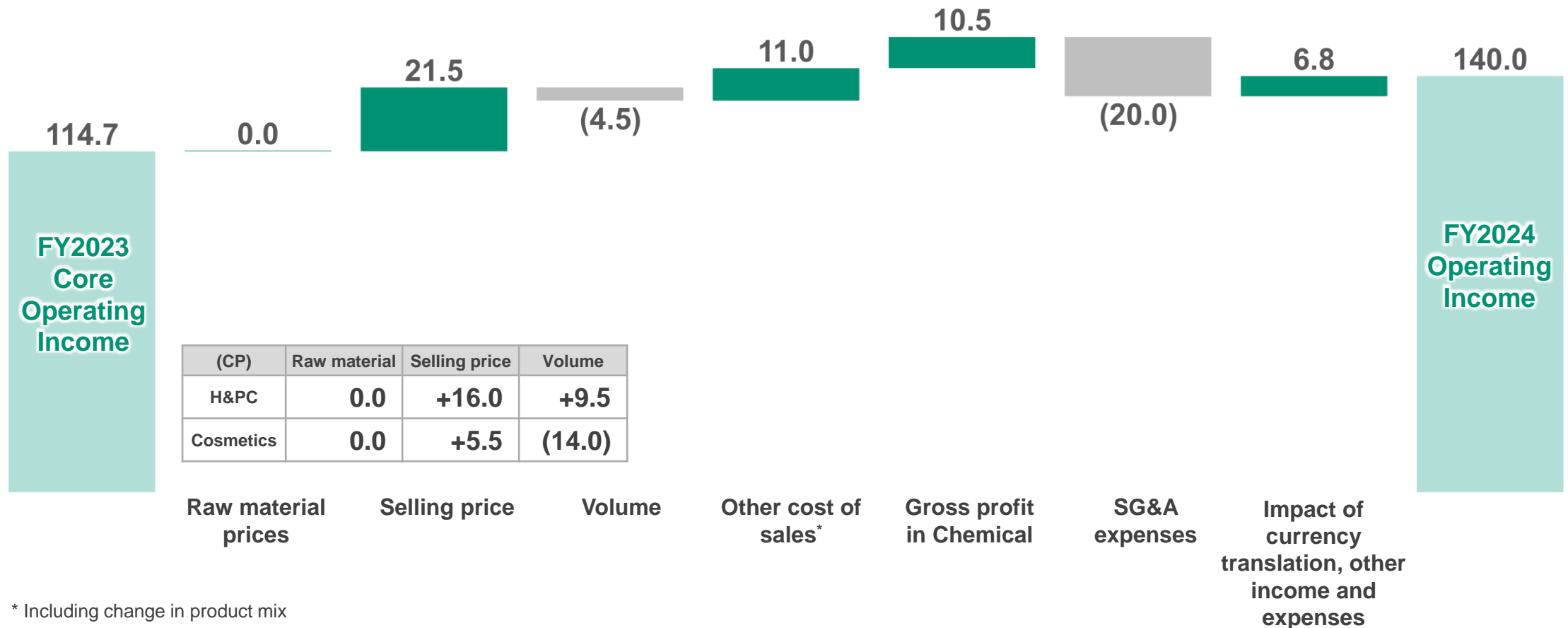


Gross margin for FY2023 represents "core gross margin."

Forecast of Factors in Operating Income in FY2024 (Year-on-Year Change)

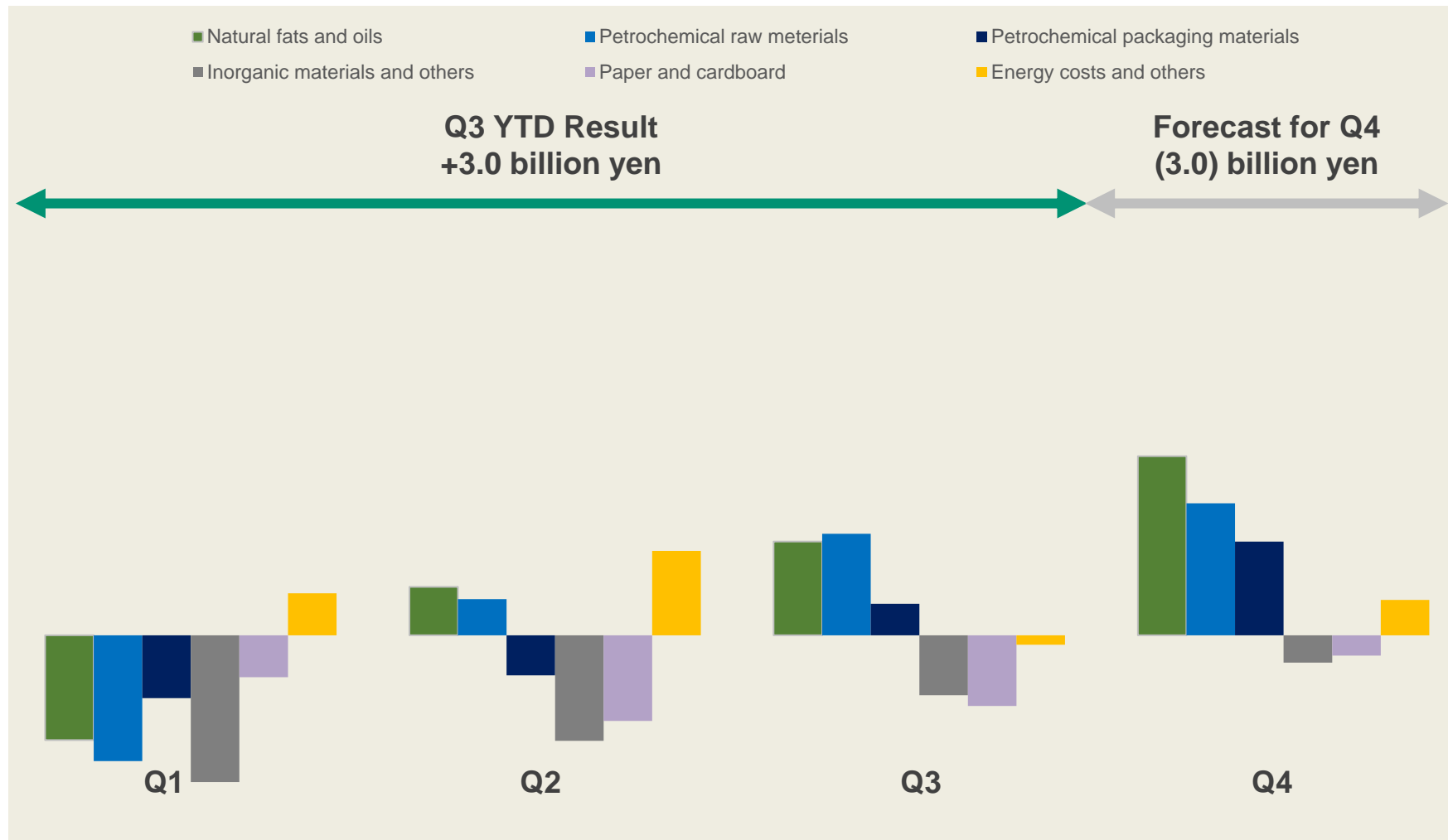
- Expecting the effect of structural reforms to be approximately 28.0 billion yen.
- Sales volume is expected to decrease substantially due to the impact of distribution inventory optimization in the Cosmetics Business in China.
- Proactively invest for growth, including deployment of marketing and personnel expenses.

(Billion yen)



Raw Material Prices Outlook (Consumer Products Business; vs. FY2023)

- Expecting increases in personnel and logistics costs, in addition to fluctuations in prices for crude oil and natural fats and oils.
- To achieve profit targets, cost increases will be offset through selling price adjustments and Total Cost Reduction (TCR) initiatives, while also enhancing the promotion of high-value-added products.



Progress of *Global Sharp Top* Strategy

Aiming to Contribute as Global No.1 with Leading-edge Solutions and Brands

Bioré UV Care

Global expansion driven by the products centered on unique Kao technologies



Japan

- No. 1 market share¹ for four consecutive years
 - Substantial contribution to sales growth from new high-value-added products



United States

- Strong e-commerce sales and expansion of distribution to four major chains for brick-and-mortar stores



ORIBÈ

Creation of luxury hair care products rooted in a salon heritage



United States

- Good performance driven by growth in D2C² site
 - Strong sales of a new product³ developed jointly with Kao Europe Research Laboratories (No.1 item in ORIBÈ's D2C² site)

³ Mirror Rinse Glass Hair Treatment



Europe

- Sales growth of approx. 1.5 times year on year
 - Launch of D2C² sites in the U.K. and Germany

KANEBO

Global expansion with purpose-driven brand's worldview, "I HOPE."



Japan

- More than 30% growth in sales
 - Launch of a new flagship serum⁴
 - Held an event for influencers from Asia

⁴ FUSION-ING SOLUTION



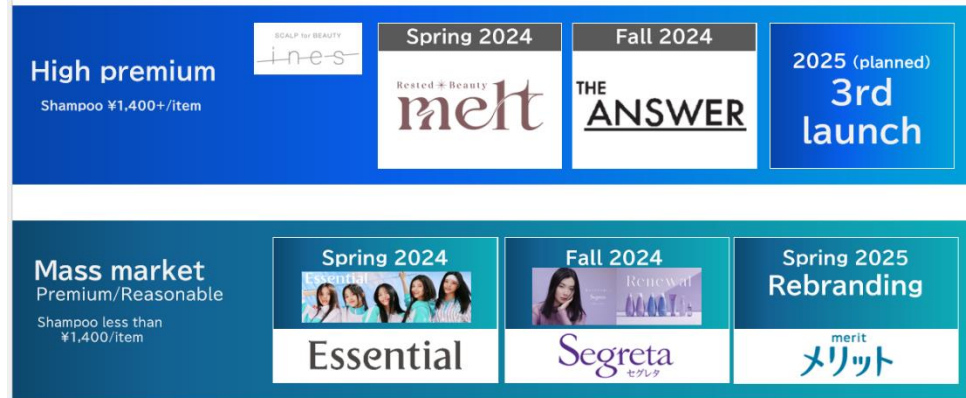
Asia

- Simultaneous launch of a new serum⁴ in Asia
 - Progress in Taiwan more than three times the plan
 - Strong performance in Malaysia and Thailand contributed to sales growth

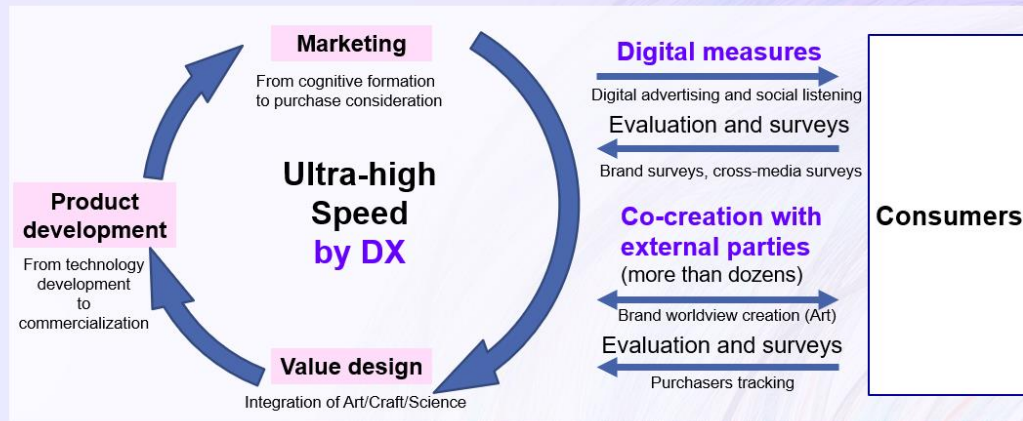
Progress of Hair Care Business Growth Strategy - Shift from the “Business Transformation” to the “Growth Driver”

Advanced Product Development and Marketing through DX for a Full-scale Entry into the Premium Care Market

Japan: Enter the in-bath premium care market



Reform systems for product development and marketing by DX
 Reducing development period to 1/4 — Efficient and effective digital marketing



- *melt*, first new brand launch, expands sales outlets from autumn 2024



- More than doubled* weekly market share
 *Kao Group survey
- Promote further penetration of the value of “beauty care for relaxing moments” by leveraging know-how in creating on-shelf displays through collaboration with pre-launch sales outlets and in digital measures

- *THE ANSWER*, second new brand launch



- Launch on Saturday, November 2
 (Sales started at limited stores in October)
- Generate buzz through media PR and pre-launch digital measures
- Promote trial use by strengthening collaboration with influencers who have a high level of affinity with target customers

Chemical Business - *Global Sharp Top* Progress

Deepened the *Global Sharp Top* Strategy for Expanded Rollouts and Growth in Each Business Sector

Oleo chemicals

Tertiary amines

- **15% increase by volume**
 - Expanded sales for disinfection and cleaning applications
 - New facility in the U.S. scheduled to start operation in 2025



Agricultural adjuvants

- **Accelerated growth in China**
 - Increased sales growth rate 80% by acquiring sales channels
 - Plan to expand the market in collaboration with the largest distributor in China



Performance chemicals

Highly durable asphalt modifiers

- **Working to expand collaboration with local governments based on high evaluation of the initiative**
 - Kao received an award from the Minister of Economy, Trade and Industry in recognition of its recycling technology, and plans to substantially increase sales by accelerating use of local resources



Foundry sand binders

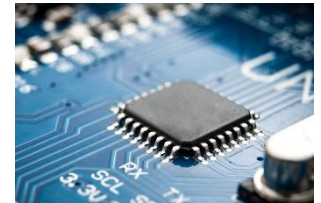
- **Global rollout underway**
 - Top market share for furan binders in Japan and Thailand. Sales are also expanding in India (25% increase in sales)



Information materials

Semiconductor chemicals

- **40% increase in sales**
 - Substantial growth due to market recovery and from capturing increased demand for AI
 - Sales increase planned in 2025 due to decisions by major companies worldwide to adopt Kao's new process chemicals



Inkjet inks

- **10% increase in sales**
 - Sales of eco-friendly inks for industrial and commercial printing are expanding in Europe



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 - ✓ **Restored profit through structural reforms**
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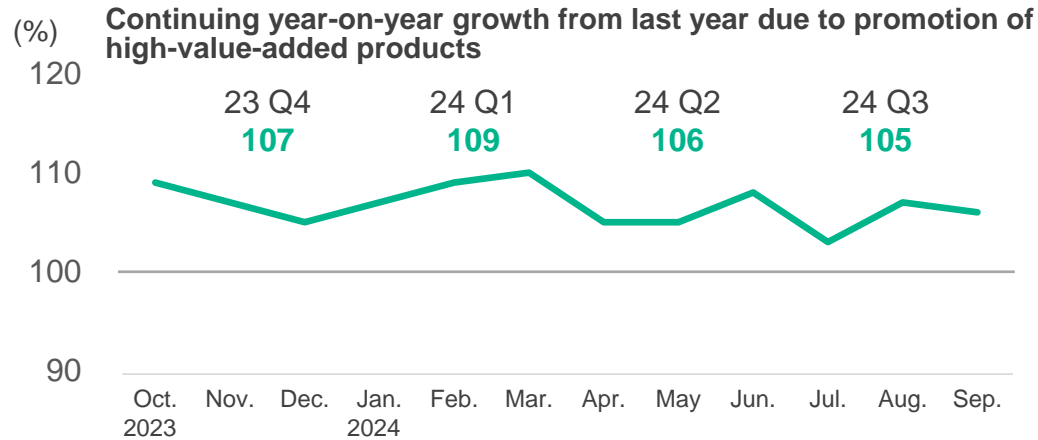
02

Appendix

Consumer Products Market in Japan

Growth of H&PC Market

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

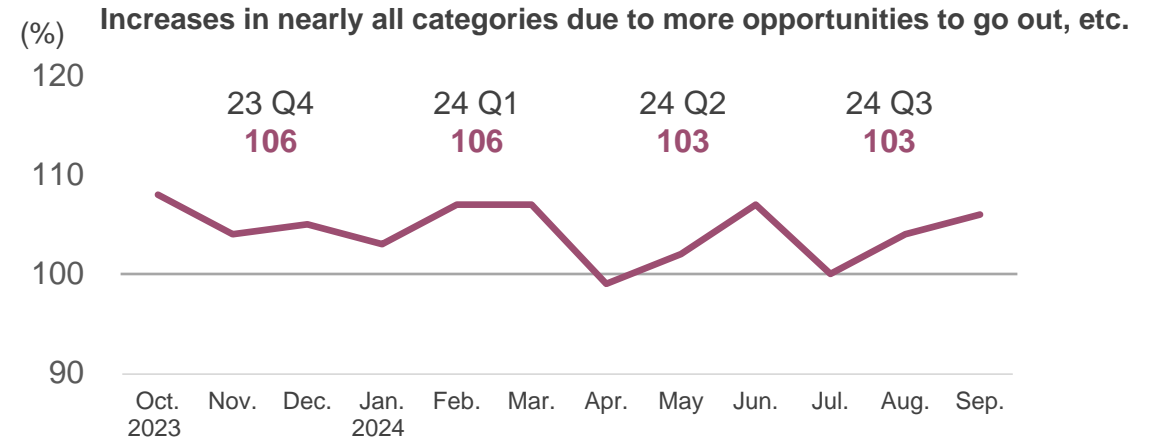


Market Growth Rates of Major Categories

vs. previous year	Jul.	Aug.	Sep.	Q3
H&PC total	103	107	106	105
Laundry detergents	110	113	112	111
Fabric softeners	106	109	111	108
Bath cleaning products	102	107	102	104
Sanitary napkins	107	119	108	111
Baby diapers	100	111	106	106
Sunscreens	92	101	107	98
Hand soaps	102	108	107	106
Hand sanitizers	95	91	69	84
Bath additives	100	105	108	104

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	Jul.	Aug.	Sep.	Q3
Cosmetics total	100	104	106	103
Skin care products	100	106	107	104
Facial cleansers/ Makeup removers	101	109	102	104
Lotions/emulsions/ creams	97	104	106	102
Serums	97	104	101	100
Makeup products	103	103	105	104
Makeup bases	106	104	104	105
Point makeup products	101	103	106	103
Other	93	95	101	95
Sunscreens	93	103	101	98

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

- China: Year-on-year growth continued amid a gradual recovery in consumption.
- Indonesia: The market continued its growth trend due to rising product prices.
- Thailand: The market continued its growth trend, although at a slower rate.

vs. previous year	China (including e-commerce)				Indonesia				Thailand			
	23 Q4	24 Q1	24 Q2	24 Q3	23 Q4	24 Q1	24 Q2	24 Q3	23 Q4	24 Q1	24 Q2	24 Q3
Baby diapers	-	-	-	-	93	95	94	97	92	89	87	89
Sanitary napkins and panty liners	98	102	103	106	108	110	110	109	104	103	102	103
Laundry detergents	-	-	-	-	105	107	105	105	109	109	106	103
Sunscreens	-	-	-	-	-	-	-	-	116	117	113	109
House cleaning products	-	-	-	-	-	-	-	-	99	105	100	100

Source: NielsenIQ

Americas and Europe

- The markets in all three countries continued their growth trend due to rising product prices, although at a slower rate.

vs. previous year	U.S.				U.K.				Germany			
	23 Q4	24 Q1	24 Q2	24 Q3	23 Q4	24 Q1	24 Q2	24 Q3	23 Q4	24 Q1	24 Q2	24 Q3
Hair care	106	103	103	103	105	105	105	106	107	106	103	104
Facial care products	109	104	100	99	-	-	-	-	109	109	105	97
Self tanning	103	99	99	100	-	-	-	-	-	-	-	-
Hand and body lotions	104	104	104	105	-	-	-	-	-	-	-	-

Source: Circana

Hygiene and Living Care Business in Q3 YTD

- Sales: **393.0** billion yen (+2.1%) Operating income: **54.2** billion yen (+30.3 billion yen*) Operating margin: **13.8%**
- Due to promotion of high-value-added products and effective deployment of marketing expenses, the brand power of *Attack*, *CuCute*, *Magiclean* and other core brands improved, and market share continued to increase.
- The operating margin increased 7.5 pts due to the effects of structural reforms and a gain on the transfer of the pet care business.

Fabric & Home Care

Net sales +7.2%, operating margin +5.3 pts due to continued growth of core brands

- Fabric Care: Sales of laundry detergents remained strong due to proactive offerings of high-value-added products. Sales of laundry bleaches grew due to continued promotion of high-value-added products.
- Home Care: Sales of dishwashing detergents and high-value-added toilet and bath cleaners remained strong.



Attack

Sanitary

Operating margin 5.1% due to the effects of structural reforms and the recording of gain on the transfer of the pet care business

- Sanitary napkins: Sales grew in Japan due to marketing innovations.
- Baby diapers: Although conditions were tough for sales targeting China, profit margins tended to improve due to the effects of structural reforms.



Laurier

* Comparison with "core income" for FY2023 Q3 YTD

Health and Beauty Care Business in Q3 YTD

- Sales: **314.7** billion yen (+4.4%) Operating income: **25.6** billion yen (-4.9 billion yen*) Operating margin: **8.1**%
- New high-value-added *Bioré* products sold strongly due to effective deployment of marketing expenses. Ramped up rollout of UV care products outside Japan.
- Operating income decreased 4.9 billion yen due to recording 3.7 billion yen in structural reform expenses for subsidiaries in the Americas and Europe.

Skin Care

Increase in sales, with a major contribution from high-value-added products

- Japan: High-value-added UV care products and sheet-related products sold strongly.
- Americas and Europe: *Bondi Sands*, acquired in 2023, contributed to sales.



Bioré UV

Hair Care

Increase in sales due to strong performance in the Americas and Europe

- Japan: Rebranded *Essential* and the new brand *melt* sold strongly.
- Americas and Europe: New *JOHN FRIEDA* products contributed to sales.



melt

Products for Hair Salons

Increase in sales with significant growth of *ORIBE*

- *ORIBE* continued to sell strongly, mainly via e-commerce.

Personal Health

Decrease in sales as oral care products faced tough conditions, despite strong sales of *MegRhythm* thermo products

- *MegRhythm* eye masks sold strongly.



JOHN FRIEDA

* Comparison with "core income" for FY2023 Q3 YTD

Life Care Business in Q3 YTD

- Sales: **40.6** billion yen (-2.8%) Operating income: **5.6** billion yen (+6.8 billion yen*) Operating margin: **13.8%**
- The operating margin increased 16.8 pts to 13.8% due to a 6.3 billion yen gain on the transfer of the beverage business.
- Sales of commercial-use hygiene products were flat.

Commercial-use Hygiene Products

Sales flat in Japan; increases in both sales and operating income in the Americas

- Japan: Although demand increased for kitchen cleaning agents and guest room amenities in the food service industry and lodging facilities and other establishments, sales of sanitizers and other products were affected by market shrinkage.
- Americas : Sales and operating income both increased.



Commercial-use hygiene products

* Comparison with “core income” for FY2023 Q3 YTD

Cosmetics Business in Q3 YTD

- Sales: **173.2** billion yen (-3.7%) Operating income: **-7.9** billion yen (-6.3 billion yen*) Operating margin: **-4.6%**
- Unable to compensate for the sales decline in China despite high-single digit sales in Asia, excluding China, and steady sales in Japan and Europe.
- Profits were affected by the decline in China.

Japan

3.1% sales growth as the market, including inbound demand, moved toward recovery

- Continuing strong growth momentum of *KANEBO*, with a sales increase of more than 30%, drove growth in the region.
- *SOFINA iP*, *ALLIE* and other self-selection brands sold strongly.



KANEBO

China

Substantial decrease in sales amid slowing market growth and a tough competitive environment

- Among locally produced products, sales of *freeplus* were in line with the plan and sales of *Curél* exceeded the plan.
- Implemented restrictions of shipments to optimize distribution inventory.



Curél

Europe

2.3% sales growth, outperforming the slumping market

- *SENSAI* exceeded market growth with strong performance of new products and the supreme skincare line.
- *MOLTON BROWN* had solid growth in the northern Europe region.



MOLTON BROWN

* Comparison with "core income" for FY2023 Q3 YTD

Chemical Business in Q3 YTD

- Sales: **301.6** billion yen (+3.8%) Operating income: **25.1** billion yen (+6.6 billion yen*) Operating margin: **8.3%**
- Profits increased due to increased sales in sectors that grew by capturing recovering demand, as well as to improved profit margins, mainly for oleo chemicals.

Oleo chemicals

Customer demand on a recovery track, increased sales, and improvement in profitability

- Tertiary amine sales expanded 13%, supported by recovery in demand and the contribution from the start of operations at new facilities.
- Also made steady progress in the rollout of high-value-added products (agricultural adjuvant, etc.).

Performance chemicals

Decrease in sales due to the slowdown in some target markets and continued impact of intensified competition

- The impact continued in automobile-related products and Japan's industrial materials sector.
- Rollout of high-value-added products progressed steadily (anti-corrosive detergent for metal parts, *Lunaflow* hydrophobic cellulose nanofiber composite material, etc.).

Information materials

Increase in sales from steadily capturing recovering demand in target industries

- Hard disk and semiconductor-related sectors recovered as expected, contributing substantially to sales growth.
- Sales of inkjet ink increased due to a new product launch and other factors.

NEWTLAC highly durable asphalt modifier received a Resource Recycling Technology and Systems Award from the Minister of Economy, Trade and Industry in recognition of its contribution to the establishment of a resource recycling system. Based on this recognition, the Kao Group will work to further expand collaboration with local governments.



* Comparison with "core income" for FY2023 Q3 YTD

Kao

Kirei—Making Life Beautiful

