

# Consolidated Financial Results for the Nine Months Ended September 30, 2025 [IFRS]

November 6, 2025

Company name: Kao Corporation Tokyo Stock Exchange in Japan  
 Stock code: 4452 (URL: [www.kao.com/global/en/investor-relations/library/results/](http://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, 2025 (from January 1, 2025 to September 30, 2025)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Income before income taxes		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2025	1,232,034	3.5	114,867	13.7	119,412	14.8	84,901	16.4
September 30, 2024	1,190,011	5.7	101,055	99.3	104,016	90.6	72,917	111.1

	Net income attributable to owners of the parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended September 30, 2025	84,719	19.3	73,729	(14.4)	182.64	—
September 30, 2024	71,027	118.3	86,162	(10.2)	152.85	—

### (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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of September 30, 2025	1,791,798	1,057,494	1,029,263	57.4	2,245.81
December 31, 2024	1,867,237	1,098,835	1,066,776	57.1	2,296.69

## 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, 2024	—	76.00	—	76.00	152.00
Fiscal year ending December 31, 2025	—	77.00	—		
Fiscal year ending December 31, 2025 (Forecast)				77.00	154.00

Note: Revisions to the most recently announced forecast of cash dividends: None

### 3. Forecast of consolidated operating results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	1,690,000	3.8	165,000	12.5	168,000	11.2	121,000	12.3	262.31

Note: Revisions to the most recently announced forecast of consolidated operating results: None

### 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 : None

2) Changes in accounting policies due to reasons other than 1) : None

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, 2025	465,900,000 shares
As of December 31, 2024	465,900,000 shares

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

As of September 30, 2025	7,596,989 shares
As of December 31, 2024	1,415,333 shares

3) Average number of shares outstanding during the period

Nine months ended September 30, 2025	463,849,224 shares
Nine months ended September 30, 2024	464,672,121 shares

**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, 2025, (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, 2025

### (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.*

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

Nine months ended September 30	2025	2024	Growth
Net sales	<b>1,232.0</b>	1,190.0	3.5% Like-for-like: 4.1%
Operating income	<b>114.9</b>	101.1	13.7%
Operating margin (%)	<b>9.3</b>	8.5	-
Income before income taxes	<b>119.4</b>	104.0	14.8%
Net income	<b>84.9</b>	72.9	16.4%
Net income attributable to owners of the parent	<b>84.7</b>	71.0	19.3%
Basic earnings per share (Yen)	<b>182.64</b>	152.85	19.5%

In the global economy, conditions remain uncertain due to international supply chain disruptions and rising procurement costs resulting from the impact of changes in tariff policies, in addition to protracted geopolitical risks in Europe and the Middle East. In Japan, the impact of high prices has persisted and recovery in domestic demand has lacked strength.

According to retail sales and consumer purchasing survey data, the household and personal care products and cosmetics markets in Japan, which are the Kao Group's key markets, grew during the period from January to September 2025 compared with the same period a year earlier.

To successfully execute its Mid-term Plan 2027 ("K27") in this business environment, the Kao Group has been improving its earning power while building a foundation for global sales expansion toward profitable growth.

Net sales increased 3.5% compared with the same period a year earlier to 1,232.0 billion yen. Currency translation accounted for a 0.5% decrease and net sales increased 4.1% on a like-for-like basis (breakdown of the increase: 0.6% increase by volume, 3.5% increase by price). Operating income was 114.9 billion yen, an increase of 13.8 billion yen, and income before income taxes was 119.4 billion yen, an increase of 15.4 billion yen. Net income was 84.9 billion yen, an increase of 12.0 billion yen.

To improve capital efficiency and further increase shareholders' returns, the Board of Directors of Kao Corporation (the "Company") resolved at a meeting held on August 6, 2025, to repurchase shares of the Company's stock. As of September 30, 2025, the total number of repurchased shares was 6,232,000 for a total amount of 41.7 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	152.65 (148.22)	144.49 (155.72)	147.41 (149.44)
Euro	160.48 (160.99)	163.73 (167.68)	172.30 (164.04)
Chinese yuan	20.98 (20.63)	19.98 (21.51)	20.59 (20.84)

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

### Summary of Segment Information

A summary of the changes to reportable segments implemented during the three months ended March 31, 2025, is as follows. (Reference: 2. Condensed Consolidated Financial Statements and Notes, (6) Notes to Condensed Consolidated Financial Statements, 1. Segment Information on page 17.)

1. The "Consumer Products Business," "Hygiene and Living Care Business," and "Health and Beauty Care Business" have been renamed the "Global Consumer Care Business," "Hygiene Living Care Business," and "Health Beauty Care Business," respectively.
2. The Business Connected Business has been newly established within the Global Consumer Care Business. This business consists of commercial-use hygiene products (excluding Washing Systems, LLC), life care products, and other products.
3. Washing Systems, LLC has been included in the Chemical Business.
4. Net sales and operating income for the same period a year earlier have been reclassified and restated to reflect the reorganization of segments in items 1 to 3 above.

### Consolidated Results by Segment

Nine months ended September 30

	Net sales				Operating income				
	2024 (Billions of yen)	2025 (Billions of yen)	Growth (%)	Like-for-like (%)	2024		2025		Change (Billions of yen)
					(Billions of yen)	Operating margin (%)	(Billions of yen)	Operating margin (%)	
Fabric and Home Care Products	268.4	278.4	3.7	3.6	47.8	17.8	51.6	18.5	3.8
Sanitary Products	124.6	119.5	(4.1)	(2.8)	6.3	5.1	6.1	5.1	(0.2)
Hygiene Living Care Business	393.0	397.9	1.2	1.6	54.2	13.8	57.7	14.5	3.5
Health Beauty Care Business	314.7	321.8	2.3	3.0	25.6	8.1	29.6	9.2	3.9
Cosmetics Business	173.2	181.2	4.6	4.9	(7.9)	(4.6)	3.0	1.6	10.9
Business Connected Business	29.2	28.0	(4.2)	(4.2)	4.7	16.2	1.2	4.1	(3.6)
Global Consumer Care Business	910.1	928.9	2.1	2.5	76.6	8.4	91.4	9.8	14.8
Chemical Business	313.0	336.9	7.6	8.5	25.9	8.3	22.9	6.8	(3.0)
Total	1,223.1	1,265.8	3.5	4.0	102.5	-	114.3	-	11.7
Elimination and Reconciliation	(33.1)	(33.8)	-	-	(1.5)	-	0.6	-	2.1
Consolidated	1,190.0	1,232.0	3.5	4.1	101.1	8.5	114.9	9.3	13.8

**Consolidated Net Sales Composition**

(Billions of yen)

Nine months ended September 30			Japan	Asia	Americas	Europe	Consolidated
Fabric and Home Care Products	2024		232.8	32.9	2.8	-	268.4
	2025		246.7	29.5	2.3	-	278.4
	Growth (%)		6.0	(10.3)	(17.6)	-	3.7
	Like-for-like (%)		6.0	(11.6)	(13.2)	-	3.6
Sanitary Products	2024		55.3	69.3	-	-	124.6
	2025		53.3	66.2	-	-	119.5
	Growth (%)		(3.5)	(4.5)	-	-	(4.1)
	Like-for-like (%)		(3.5)	(2.2)	-	-	(2.8)
Hygiene Living Care Business	2024		288.1	102.2	2.8	-	393.0
	2025		300.0	95.7	2.3	-	397.9
	Growth (%)		4.1	(6.4)	(17.6)	-	1.2
	Like-for-like (%)		4.1	(5.2)	(13.2)	-	1.6
Health Beauty Care Business	2024		155.9	27.1	84.9	46.8	314.7
	2025		166.9	26.8	81.7	46.4	321.8
	Growth (%)		7.1	(1.1)	(3.8)	(0.8)	2.3
	Like-for-like (%)		7.1	0.2	(1.2)	(1.7)	3.0
Cosmetics Business	2024		116.2	31.9	5.6	19.4	173.2
	2025		123.2	32.8	5.3	19.9	181.2
	Growth (%)		6.0	2.8	(5.4)	2.5	4.6
	Like-for-like (%)		6.0	4.4	(3.5)	1.5	4.9
Business Connected Business	2024		29.0	0.1	-	-	29.2
	2025		27.7	0.3	-	-	28.0
	Growth (%)		(4.6)	89.7	-	-	(4.2)
	Like-for-like (%)		(4.6)	92.8	-	-	(4.2)
Global Consumer Care Business	2024		589.2	161.4	93.2	66.2	910.1
	2025		617.8	155.6	89.2	66.4	928.9
	Growth (%)		4.8	(3.6)	(4.3)	0.2	2.1
	Like-for-like (%)		4.8	(2.3)	(1.7)	(0.7)	2.5
Chemical Business	2024		100.6	77.1	63.0	72.3	313.0
	2025		107.0	89.6	65.1	75.2	336.9
	Growth (%)		6.4	16.2	3.3	4.1	7.6
	Like-for-like (%)		6.4	16.3	8.1	3.4	8.5
Elimination of intersegment	2024		(27.8)	(2.7)	(0.1)	(2.5)	(33.1)
	2025		(29.5)	(2.3)	(0.1)	(1.9)	(33.8)
Consolidated	2024		662.0	235.8	156.1	136.1	1,190.0
	2025		695.3	242.9	154.1	139.7	1,232.0
	Growth (%)		5.0	3.0	(1.3)	2.6	3.5
	Like-for-like (%)		5.0	3.9	2.2	1.8	4.1

**Notes:**

- 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.
- The percentage of sales outside Japan to total net sales was 43.6% compared with 44.4% in the same period a year earlier. Starting from the three months ended March 31, 2025, this percentage is disclosed based on the location where the sales were recognized. Figures for the same period a year earlier were recalculated using the same method.

**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	3.7	0.1	3.6	1.6	2.0
Sanitary Products	(4.1)	(1.3)	(2.8)	(1.5)	(1.2)
Hygiene Living Care Business	1.2	(0.3)	1.6	0.6	0.9
Health Beauty Care Business	2.3	(0.7)	3.0	2.7	0.2
Cosmetics Business	4.6	(0.3)	4.9	4.0	0.9
Business Connected Business	(4.2)	(0.0)	(4.2)	(5.3)	1.2
Global Consumer Care Business	2.1	(0.4)	2.5	1.8	0.7
Chemical Business	7.6	(0.8)	8.5	(2.7)	11.2
Total	3.5	(0.5)	4.1	0.6	3.5

*Note: Chemical Business sales include intersegment transactions.*

**Global Consumer Care Business**

Sales increased 2.1% compared with the same period a year earlier to 928.9 billion yen. Currency translation accounted for a 0.4% decrease and sales increased 2.5% on a like-for-like basis (breakdown of the increase: 1.8% increase by volume, 0.7% increase by price).

Globally, amid an ongoing consumer orientation toward low prices, demand for products that offer practicality and high added value was firm. In Japan, although widespread wage increases and inbound demand supported the economy, consumer behavior tended to remain cautious due to the impact of rising prices. Under these circumstances, the Kao Group continued to improve its earning power while working to build a foundation for global sales expansion toward profitable growth by offering high-value-added products and increasing selling prices to reflect that added value, among other measures.

In Japan, sales increased 4.8% to 617.8 billion yen.

In Asia, sales decreased 3.6% to 155.6 billion yen. On a like-for-like basis, sales decreased 2.3%.

In the Americas, sales decreased 4.3% to 89.2 billion yen. On a like-for-like basis, sales decreased 1.7%.

In Europe, sales increased 0.2% to 66.4 billion yen. On a like-for-like basis, sales decreased 0.7%.

Operating income increased 14.8 billion yen compared with the same period a year earlier to 91.4 billion yen, even with the impact of an increase in raw material prices, due to the contribution of increased sales volume and improved earning power.

*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 1.2% compared with the same period a year earlier to 397.9 billion yen. Currency translation accounted for a 0.3% decrease and sales increased 1.6% on a like-for-like basis (breakdown of the increase: 0.6% increase by volume, 0.9% increase by price). However, if the impact of the transfer of the pet care business conducted in June 2024 is also excluded, sales increased 2.2% on a like-for-like basis.

Sales of fabric and home care products increased 3.7% to 278.4 billion yen. Currency translation accounted for a 0.1% increase and sales increased 3.6% on a like-for-like basis (breakdown of the increase: 1.6% increase by volume, 2.0% increase by price).

Sales of fabric care products increased. In Japan, improved products in the *Attack Antibacterial EX* series of laundry detergents, among other products, contributed to increased sales and market share expansion, due in part to the effect of price increases along with their enhanced value.

Sales of home care products increased due to strong performance by improved dishwashing detergents and other products in Japan.

Operating income for fabric and home care products increased 3.8 billion yen to 51.6 billion yen.

Sales of sanitary products decreased 4.1% to 119.5 billion yen. Currency translation accounted for a 1.3% decrease and sales decreased 2.8% on a like-for-like basis (breakdown of the decrease: 1.5% decrease by volume, 1.2% decrease by price). However, if the impact of the transfer of the pet care business conducted in June 2024 is also excluded, sales decreased 1.0% on a like-for-like basis.

Sales of *Laurier* sanitary napkins increased. In China, sales were strong due to the continued success of loyalty marketing. Sales of *Merries* baby diapers increased in Japan but decreased in Asia due to aggressive competition and other factors.

Operating income for sanitary products was 6.1 billion yen, a decrease of 0.2 billion yen. However, excluding the impact of the transfer of the pet care business conducted in June 2024, operating income increased 4.0 billion yen.

Operating income for the Hygiene Living Care Business increased 3.5 billion yen compared with the same period a year earlier to 57.7 billion yen. However, excluding the impact of the transfer of the pet care business conducted in June 2024, operating income increased 7.8 billion yen.

**Health Beauty Care Business**

Sales increased 2.3% compared with the same period a year earlier to 321.8 billion yen. Currency translation accounted for a 0.7% decrease and sales increased 3.0% on a like-for-like basis (breakdown of the increase: 2.7% increase by volume, 0.2% increase by price).



Sales of skin care products increased. Sales increased in Japan due to the growth of UV care products and seasonal sheet-type products but decreased in the Americas due to the impact of competition on the *JERGENS* skin care brand, among other factors.

Sales of hair care products increased substantially. In Japan, in addition to high-priced hair care brands launched in 2024, new product *MEMEME* sold strongly. Among products for hair salons in the Americas and Europe, *ORIBE* for high-end hair salons performed strongly but sales of *GOLDWELL* decreased due to the impact of factors including worsening business sentiment in the United States and Europe.

Sales of personal health products increased. Sales of *PureOra Carbonic Acid Toothpaste* remained strong in Japan and sales of improved *MegRhythm* thermo products grew in Japan and China.

Operating income increased 3.9 billion yen compared with the same period a year earlier to 29.6 billion yen. However, excluding the impact of structural reform expenses at subsidiaries in the Americas and Europe in the same period a year earlier, operating income increased 0.2 billion yen.

### **Cosmetics Business**

Sales increased 4.6% compared with the same period a year earlier to 181.2 billion yen. Currency translation accounted for a 0.3% decrease and sales increased 4.9% on a like-for-like basis (breakdown of the increase: 4.0% increase by volume, 0.9% increase by price).

Sales in Japan increased. Continued strong sales of the Kao Group's six focus brands, including the *Curél* derma care brand, the *KANEBO* prestige skincare and makeup brand, the *SOFINA iP* skin care brand, and the *SENSAI* luxury brand, which captured inbound demand, contributed to the ongoing increase in sales. Sales in Asia also increased. In China, sales increased substantially due to strong performance by *freeplus*, which is hypoallergenic and contains Japanese and Chinese botanical extracts, in addition to the absence of the restrictions on shipments implemented by the Kao Group in the same period a year earlier to optimize distribution inventory. In Thailand, where the Kao Group is focusing its efforts, the progress of *KANEBO* and the *KATE* makeup brand exceeded the plan. In Europe, *SENSAI* and *MOLTON BROWN* performed well and the Kao Group stepped up its rollout of *Curél*.

Operating income was 3.0 billion yen, an increase of 10.9 billion yen from the same period a year earlier due to the substantial contribution to improved profits from concentrated investment in the six focus brands and business streamlining, among other factors.

### **Business Connected Business**

Sales decreased 4.2% compared with the same period a year earlier to 28.0 billion yen. Currency translation accounted for a 0.0% decrease and sales decreased 4.2% on a like-for-like basis (breakdown of the decrease: 5.3% decrease by volume, 1.2% increase by price). However, if the impact of the transfer of the beverage business conducted in August 2024 is also excluded, sales increased 1.6% on a like-for-like basis.

Sales of commercial-use hygiene products increased. Although products for the medical sector were affected by price competition, demand continued to rise for kitchen cleaning agents and guest room amenities in the food service, lodging, and leisure sectors due to firm market conditions.

Operating income decreased 3.6 billion yen compared with the same period a year earlier to 1.2 billion yen. However, excluding the impact of the transfer of the beverage business conducted in August 2024, operating income increased 2.7 billion yen.

### **Chemical Business**

Sales increased 7.6% compared with the same period a year earlier to 336.9 billion yen. Currency translation accounted for a 0.8% decrease and sales increased 8.5% on a like-for-like basis (breakdown of the increase: 2.7% decrease by volume, 11.2% increase by price).

In oleo chemicals, although differences in demand emerged in each region, 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, despite a slump in the automobile-related sector and other target markets, sales were on par with the same period a year earlier due to the contribution from the effects of selling price adjustments.

In information materials, sales grew as a result of steadily capturing ongoing firm demand in the semiconductor-related, hard disk, and other target sectors.

Operating income decreased 3.0 billion yen compared with the same period a year earlier to 22.9 billion yen due to factors including a decline in demand in some target sectors and the impact of fluctuating raw material prices.

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**(2) Description of Financial Position**  
**Consolidated Financial Position**

	(Billions of yen, except per share amounts)		
	December 31, 2024	September 30, 2025	Incr./ (Dcr.)
Total assets	1,867.2	1,791.8	(75.4)
Total liabilities	768.4	734.3	(34.1)
Total equity	1,098.8	1,057.5	(41.3)
Ratio of equity attributable to owners of the parent to total assets	57.1%	57.4%	-
Equity attributable to owners of the parent per share (Yen)	2,296.69	2,245.81	(50.88)
Bonds and borrowings	131.1	131.1	0.0

Total assets decreased 75.4 billion yen from December 31, 2024, to 1,791.8 billion yen. The principal increase in assets was a 21.1 billion yen increase in inventories. The principal decreases in assets were a 71.8 billion yen decrease in cash and cash equivalents and a 10.2 billion yen decrease in trade and other receivables.

Total liabilities decreased 34.1 billion yen from December 31, 2024, to 734.3 billion yen. The principal decrease in liabilities was a 15.3 billion yen decrease in trade and other payables.

Total equity decreased 41.3 billion yen from December 31, 2024, to 1,057.5 billion yen. The principal increase in equity was net income totaling 84.9 billion yen. The principal decreases in equity were dividends totaling 72.7 billion yen, repurchases of the Company's stock totaling 41.7 billion yen pursuant to a resolution of the Board of Directors at a meeting held on August 6, 2025, and exchange differences on translation of foreign operations totaling 12.2 billion yen.

The ratio of equity attributable to owners of the parent to total assets was 57.4% compared with 57.1% at December 31, 2024.

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

To successfully execute its Mid-term Plan K27, the Kao Group is improving its earning power while building a foundation for global sales expansion toward profitable growth, and progress was as planned for the nine months ended September 30, 2025.

Despite expectations of an uncertain business environment in the fourth quarter, including the impact of high prices and an intensifying competitive environment outside Japan, there is no change from the forecast of consolidated results announced on August 6, 2025.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 149 yen, one euro to 168 yen, and one Chinese yuan to 20.6 yen.

**2. Condensed Consolidated Financial Statements and Notes****(1) Condensed Consolidated Statement of Financial Position**

Kao Corporation and Consolidated Subsidiaries

As of September 30, 2025

	(Millions of yen)		
	December 31, 2024	September 30, 2025	Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	357,713	285,880	(71,833)
Trade and other receivables	238,077	227,840	(10,237)
Inventories	274,628	295,679	21,051
Other financial assets	10,525	5,623	(4,902)
Income tax receivables	5,467	6,192	725
Other current assets	26,053	26,813	760
Subtotal	912,463	848,027	(64,436)
Non-current assets held for sale	1,562	2,232	670
Total current assets	914,025	850,259	(63,766)
Non-current assets			
Property, plant and equipment	423,251	426,406	3,155
Right-of-use assets	116,637	108,272	(8,365)
Goodwill	228,413	225,188	(3,225)
Intangible assets	81,947	77,426	(4,521)
Investments accounted for using the equity method	14,526	14,843	317
Other financial assets	28,132	28,332	200
Deferred tax assets	49,044	49,485	441
Other non-current assets	11,262	11,587	325
Total non-current assets	953,212	941,539	(11,673)
Total assets	1,867,237	1,791,798	(75,439)

	(Millions of yen)		
	December 31, 2024	September 30, 2025	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	258,035	242,736	(15,299)
Bonds and borrowings	35,749	25,857	(9,892)
Lease liabilities	20,146	20,287	141
Other financial liabilities	7,280	4,249	(3,031)
Income tax payables	20,984	25,981	4,997
Provisions	2,773	1,451	(1,322)
Contract liabilities	43,878	44,005	127
Other current liabilities	120,755	112,470	(8,285)
Total current liabilities	509,600	477,036	(32,564)
Non-current liabilities			
Bonds and borrowings	95,310	105,225	9,915
Lease liabilities	94,123	86,304	(7,819)
Other financial liabilities	6,370	6,647	277
Retirement benefit liabilities	39,460	37,064	(2,396)
Provisions	8,223	7,503	(720)
Deferred tax liabilities	9,754	9,003	(751)
Other non-current liabilities	5,562	5,522	(40)
Total non-current liabilities	258,802	257,268	(1,534)
Total liabilities	768,402	734,304	(34,098)
Equity			
Share capital	85,424	85,424	—
Capital surplus	106,256	106,310	54
Treasury shares	(5,924)	(47,299)	(41,375)
Other components of equity	132,239	122,328	(9,911)
Retained earnings	748,781	762,500	13,719
Equity attributable to owners of the parent	1,066,776	1,029,263	(37,513)
Non-controlling interests	32,059	28,231	(3,828)
Total equity	1,098,835	1,057,494	(41,341)
Total liabilities and equity	1,867,237	1,791,798	(75,439)

**(2) Condensed Consolidated Statement of Income**

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2025

		Nine months ended September 30, 2024	Nine months ended September 30, 2025	(Millions of yen) Change
	Notes			
Net sales	1	1,190,011	1,232,034	42,023
Cost of sales		(730,725)	(750,699)	(19,974)
Gross profit		459,286	481,335	22,049
Selling, general and administrative expenses	2	(363,737)	(367,336)	(3,599)
Other operating income		24,040	13,346	(10,694)
Other operating expenses		(18,534)	(12,478)	6,056
Operating income	1	101,055	114,867	13,812
Financial income		3,747	4,369	622
Financial expenses		(3,543)	(2,631)	912
Share of profit in investments accounted for using the equity method		2,757	2,807	50
Income before income taxes		104,016	119,412	15,396
Income taxes		(31,099)	(34,511)	(3,412)
Net income		72,917	84,901	11,984
Attributable to:				
Owners of the parent		71,027	84,719	13,692
Non-controlling interests		1,890	182	(1,708)
Net income		72,917	84,901	11,984
Earnings per share				
Basic (Yen)		152.85	182.64	
Diluted (Yen)		—	—	

**(3) Condensed Consolidated Statement of Comprehensive Income**

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2025

	(Millions of yen)		
	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Change
Net income	72,917	84,901	11,984
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	1,050	503	(547)
Remeasurements of defined benefit plans	—	(28)	(28)
Share of other comprehensive income of investments accounted for using the equity method	318	855	537
Total of items that will not be reclassified to profit or loss	1,368	1,330	(38)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	11,845	(12,195)	(24,040)
Share of other comprehensive income of investments accounted for using the equity method	32	(307)	(339)
Total of items that may be reclassified subsequently to profit or loss	11,877	(12,502)	(24,379)
Other comprehensive income, net of taxes	13,245	(11,172)	(24,417)
Comprehensive income	<u>86,162</u>	<u>73,729</u>	<u>(12,433)</u>
Attributable to:			
Owners of the parent	82,867	74,923	(7,944)
Non-controlling interests	3,295	(1,194)	(4,489)
Comprehensive income	<u>86,162</u>	<u>73,729</u>	<u>(12,433)</u>

**(4) Condensed Consolidated Statement of Changes in Equity**

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2024

(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 comprehensive income
January 1, 2024	85,424	105,780	(3,267)	77,448	10	6,461
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	10,475	(4)	1,369
Comprehensive income	—	—	—	10,475	(4)	1,369
Disposal of treasury shares	—	(182)	189	—	—	—
Purchase of treasury shares	—	—	(2,838)	—	—	—
Share-based payment transactions	—	490	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries	—	5	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(217)
Total transactions with the owners	—	313	(2,649)	—	—	(217)
September 30, 2024	85,424	106,093	(5,916)	87,923	6	7,613

	Equity attributable to owners of the parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total				
January 1, 2024	—	83,919	711,802	983,658	28,385	1,012,043
Net income	—	—	71,027	71,027	1,890	72,917
Other comprehensive income	—	11,840	—	11,840	1,405	13,245
Comprehensive income	—	11,840	71,027	82,867	3,295	86,162
Disposal of treasury shares	—	—	(7)	0	—	0
Purchase of treasury shares	—	—	—	(2,838)	—	(2,838)
Share-based payment transactions	—	—	—	490	—	490
Dividends	—	—	(70,169)	(70,169)	(1,001)	(71,170)
Changes in the ownership interest in subsidiaries	—	—	—	5	(16)	(11)
Transfer from other components of equity to retained earnings	—	(217)	217	—	—	—
Total transactions with the owners	—	(217)	(69,959)	(72,512)	(1,017)	(73,529)
September 30, 2024	—	95,542	712,870	994,013	30,663	1,024,676



Nine months ended September 30, 2025

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				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 comprehensive 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			
	Remeasurements 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	

**(5) Condensed Consolidated Statement of Cash Flows**

Kao Corporation and Consolidated Subsidiaries

Nine months ended September 30, 2025

	Nine months ended September 30, 2024	(Millions of yen) Nine months ended September 30, 2025
Cash flows from operating activities		
Income before income taxes	104,016	119,412
Depreciation and amortization	66,427	63,997
Gain on transfer of business	(10,590)	—
Interest and dividend income	(3,518)	(2,633)
Interest expense	2,020	1,820
Share of profit in investments accounted for using the equity method	(2,757)	(2,807)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	1,899	2,213
(Increase) decrease in trade and other receivables	19,654	9,559
(Increase) decrease in inventories	(3,103)	(22,315)
Increase (decrease) in trade and other payables	(2,563)	(12,287)
Increase (decrease) in retirement benefit liabilities	(2,318)	(2,831)
Increase (decrease) in provisions	(10,640)	(2,024)
Other	(5,410)	(11,608)
Subtotal	153,117	140,496
Interest received	3,370	2,512
Dividends received	2,270	3,377
Interest paid	(1,708)	(2,000)
Income taxes paid	(25,143)	(31,126)
Net cash flows from operating activities	131,906	113,259
Cash flows from investing activities		
Payments into time deposits	(9,319)	(7,272)
Proceeds from withdrawal of time deposits	7,980	11,541
Purchase of property, plant and equipment	(41,799)	(50,329)
Proceeds from sale of property, plant and equipment	5,086	87
Purchase of intangible assets	(6,454)	(6,389)
Proceeds from transfer of business	11,783	—
Other	2,328	269
Net cash flows from investing activities	(30,395)	(52,093)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(13,404)	90
Proceeds from long-term borrowings	10,000	10,000
Repayments of long-term borrowings	(7)	(10,014)
Proceeds from issuance of bonds	—	24,939
Redemption of bonds	(12)	(24,951)
Repayments of lease liabilities	(16,143)	(16,658)
Purchase of treasury shares	(2,838)	(41,738)
Dividends paid to owners of the parent	(69,625)	(70,625)
Dividends paid to non-controlling interests	(1,021)	(1,667)
Other	70	(940)
Net cash flows from financing activities	(92,980)	(131,564)
Net increase (decrease) in cash and cash equivalents	8,531	(70,398)
Cash and cash equivalents at the beginning of the period	291,663	357,713
Effect of exchange rate changes on cash and cash equivalents	4,268	(1,435)
Cash and cash equivalents at the end of the period	304,462	285,880

**(6) Notes to Condensed Consolidated Financial Statements****1. 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.

Due to a change in organization as of January 1, 2025, the Kao Group reclassified its five former reportable segments (the Hygiene and Living Care Business, the Health and Beauty Care Business, the Life Care Business, the Cosmetics Business, and the Chemical Business) into the above-noted five reportable segments (the Hygiene Living Care Business, the Health Beauty Care Business, the Cosmetics Business, the Business Connected Business, and the Chemical Business) from the three months ended March 31, 2025. Segment information for the same period a year earlier has been restated to reflect the reclassification.

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, 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, 2024

(Millions of yen)

	Reportable segments							Reconciliation <sup>1</sup>	Consolidated
	Global Consumer Care Business					Chemical Business	Total		
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal				
Net sales									
Sales to customers	393,012	314,704	173,156	29,183	910,055	279,956	1,190,011	—	1,190,011
Intersegment sales and transfers <sup>2</sup>	—	—	—	—	—	33,050	33,050	(33,050)	—
Total net sales	393,012	314,704	173,156	29,183	910,055	313,006	1,223,061	(33,050)	1,190,011
Operating income (loss)	54,157	25,612	(7,902)	4,730	76,597	25,922	102,519	(1,464)	101,055
Financial income									3,747
Financial expenses									(3,543)
Share of profit in investments accounted for using the equity method									2,757
Income before income taxes									104,016

## Notes:

1. The operating income (loss) reconciliation of (1,464) million yen includes 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, 2025

(Millions of yen)

	Reportable segments							Reconciliation <sup>1</sup>	Consolidated
	Global Consumer Care Business					Chemical Business	Total		
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal				
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 <sup>2</sup>	—	—	—	—	—	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 (loss)	57,697	29,558	2,972	1,157	91,384	22,873	114,257	610	114,867
Financial income									4,369
Financial expenses									(2,631)
Share of profit in investments accounted for using the equity method									2,807
Income before income taxes									119,412

## Notes:

1. The operating income (loss) reconciliation of 610 million yen includes 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.

2. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Advertising	61,840	64,114
Sales promotion	37,330	40,362
Employee benefits	132,306	132,264
Depreciation	12,733	11,525
Amortization	8,424	8,687
Research and development	46,448	45,900
Other	64,656	64,484
Total	363,737	367,336

**(7) Note regarding Assumption of Going Concern**

None applicable.