

Consolidated Financial Results for the Three Months Ended March 31, 2026 [IFRS Accounting Standards]

May 12, 2026

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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 three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

(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	%
Three months ended March 31, 2026	413,224	6.0	44,903	45.3	45,980	45.6	31,312	36.1
March 31, 2025	389,857	6.6	30,899	—	31,574	27.5	23,005	32.8

	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
Three months ended March 31, 2026	30,999	35.7	43,812	—	68.53	—
March 31, 2025	22,850	38.7	(4,557)	—	49.19	—

Note: Due to early adoption of IFRS 18 “Presentation and Disclosure in Financial Statements” (hereafter, “IFRS 18”) in the three months ended March 31, 2026, operating income for the three months ended March 31, 2025, is presented as a retrospectively adjusted figure reflecting the change in accounting policy, and year-on-year change for the same period is not presented due to this retrospective adjustment.

(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 March 31, 2026	1,831,159	1,103,069	1,072,464	58.6	2,371.02
December 31, 2025	1,875,054	1,094,700	1,064,077	56.7	2,352.49

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	—				
Fiscal year ending December 31, 2026 (Forecast)		78.00	—	39.00	—

Notes:

1. Revisions to the most recently announced forecast of cash dividends: None
2. At a meeting of the Board of Directors held on February 5, 2026, Kao Corporation resolved to conduct a share split at a ratio of two shares for each share of ordinary share, with June 30, 2026, as the record date and July 1, 2026, as the effective date. The forecast year-end dividend per share for the fiscal year ending December 31, 2026, shown above 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	1,750,000	3.6	182,000	11.3	185,000	8.9	130,000	8.3	143.70

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 tax are presented as percentages calculated based on retrospectively adjusted amounts due to the application of this Standard.
3. Basic earnings per share shown above are presented on a post-share split basis, as described in "2. Dividends." If the share split were not taken into account, basic earnings per share would be 287.41 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 March 31, 2026	453,600,000 shares
As of December 31, 2025	453,600,000 shares

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

As of March 31, 2026	1,279,117 shares
As of December 31, 2025	1,281,444 shares

- 3) Average number of shares outstanding during the period

Three months ended March 31, 2026	452,319,033 shares
Three months ended March 31, 2025	464,484,565 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 Three Months Ended March 31, 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.

Contents of Attachments

1. Qualitative Information on Financial Results for the Three Months Ended March 31, 2026	2
(1) Description of Operating Results	2
(2) Description of Financial Position	8
(3) Description of Information on Outlook, Including Forecasts of Consolidated Results	9
2. Condensed Consolidated Financial Statements and Notes	10
(1) Condensed Consolidated Statement of Financial Position	10
(2) Condensed Consolidated Statement of Income	12
(3) Condensed Consolidated Statement of Comprehensive Income	13
(4) Condensed Consolidated Statement of Changes in Equity	14
(5) Condensed Consolidated Statement of Cash Flows	16
(6) Notes to Condensed Consolidated Financial Statements	17
(7) Note regarding Assumption of Going Concern	22

1. Qualitative Information on Financial Results for the Three Months Ended March 31, 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.

As the Kao Group early adopted IFRS 18 "Presentation and Disclosure in Financial Statements" in the three months ended March 31, 2026, operating income for the three months ended March 31, 2025, has been retrospectively revised in accordance with this change in accounting policy.

(Billions of yen, except operating margin and per share amounts)			
Three months ended March 31	2026	2025	Growth
Net sales	413.2	389.9	6.0% Like-for-like: 2.5%
Operating income	44.9	30.9	45.3%
Operating margin (%)	10.9	7.9	-
Income before income taxes	46.0	31.6	45.6%
Net income	31.3	23.0	36.1%
Net income attributable to owners of the parent	31.0	22.8	35.7%
Basic earnings per share (Yen)	68.53	49.19	39.3%

The global economy remains uncertain amid rising energy prices, disruptions in global supply chains, and heightened geopolitical tensions in the Middle East. The Japanese economy has maintained a moderate recovery trend driven mainly by domestic demand, supported by continued wage increases and government measures to address rising prices. However, inflationary pressures are intensifying, and personal consumption remains weak.

Household and personal care products and cosmetics in Japan are the Kao Group's key markets, and during the period from January to March 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 domestic demand decreased compared with the same period a year earlier.

Under these conditions, the Kao Group has been working to transform earning power into sustainable growth while ensuring the achievement of its Mid-term Plan 2027 ("K27") and building a foundation for step-change growth thereafter.

Net sales increased 6.0% compared with the same period a year earlier to 413.2 billion yen. Currency translation accounted for a 3.5% increase and net sales increased 2.5% on a like-for-like basis (breakdown of the increase: 1.8% increase by volume, 0.7% increase by price). Operating income was

44.9 billion yen, an increase of 14.0 billion yen. Although operating income decreased in the Chemical Business, operating income increased overall, driven by strong performance in the Global Consumer Care Business, particularly in Japan. In addition, the Kao Group sold land as part of logistics optimization, and recognized a gain on sale of 11.5 billion yen from the sale. Income before income taxes was 46.0 billion yen, an increase of 14.4 billion yen. Net income was 31.3 billion yen, an increase of 8.3 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.
U.S. dollar	156.81 (152.65)
Euro	183.57 (160.48)
Chinese yuan	22.64 (20.98)

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

Summary of Segment Information

Consolidated Results by Segment

Three months ended March 31

	Net sales				Operating income				
	2025 (Billions of yen)	2026 (Billions of yen)	Growth (%)	Like-for-like (%)	2025		2026		Change (Billions of yen)
					(Billions of yen)	Operating margin (%)	(Billions of yen)	Operating margin (%)	
Fabric and Home Care Products	84.1	88.3	5.0	4.1	14.5	17.3	17.0	19.2	2.5
Sanitary Products	40.3	40.7	0.8	(1.6)	2.2	5.5	2.6	6.4	0.4
Hygiene Living Care Business	124.5	129.0	3.6	2.3	16.7	13.4	19.6	15.2	2.8
Health Beauty Care Business	97.9	106.5	8.8	5.3	6.7	6.9	7.9	7.4	1.2
Cosmetics Business	58.3	62.9	7.9	5.0	(0.6)	(1.0)	2.1	3.3	2.7
Business Connected Business	8.2	8.5	3.1	2.9	(0.1)	(1.2)	0.1	1.1	0.2
Global Consumer Care Business	288.9	306.8	6.2	3.9	22.8	7.9	29.6	9.7	6.8
Chemical Business	112.0	118.3	5.6	(0.5)	8.1	7.2	3.6	3.0	(4.5)
Total	400.9	425.1	6.0	2.6	30.9	-	33.2	-	2.4
Elimination and Reconciliation	(11.0)	(11.9)	-	-	0.0	-	11.7	-	11.6
Consolidated	389.9	413.2	6.0	2.5	30.9	7.9	44.9	10.9	14.0

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Consolidated Net Sales Composition

(Billions of yen)

Three months ended March 31			Japan	Asia	Americas	Europe	Consolidated
Fabric and Home Care Products	2025		72.7	10.7	0.8	-	84.1
	2026		78.0	9.6	0.7	-	88.3
	Growth (%)		7.3	(10.3)	(6.2)	-	5.0
	Like-for-like (%)		7.3	(16.0)	(17.6)	-	4.1
Sanitary Products	2025		16.9	23.5	-	-	40.3
	2026		16.6	24.0	-	-	40.7
	Growth (%)		(1.6)	2.5	-	-	0.8
	Like-for-like (%)		(1.6)	(1.6)	-	-	(1.6)
Hygiene Living Care Business	2025		89.6	34.1	0.8	-	124.5
	2026		94.7	33.6	0.7	-	129.0
	Growth (%)		5.7	(1.5)	(6.2)	-	3.6
	Like-for-like (%)		5.7	(6.1)	(17.6)	-	2.3
Health Beauty Care Business	2025		47.2	9.0	27.0	14.6	97.9
	2026		50.8	9.6	30.3	15.7	106.5
	Growth (%)		7.6	7.1	12.2	7.4	8.8
	Like-for-like (%)		7.6	1.9	8.2	(5.4)	5.3
Cosmetics Business	2025		39.7	10.6	1.8	6.2	58.3
	2026		41.7	12.6	1.8	6.8	62.9
	Growth (%)		4.9	18.7	0.5	10.2	7.9
	Like-for-like (%)		4.9	10.6	(2.3)	(2.0)	5.0
Business Connected Business	2025		8.2	0.0	-	-	8.2
	2026		8.3	0.2	-	-	8.5
	Growth (%)		1.4	314.6	-	-	3.1
	Like-for-like (%)		1.4	284.5	-	-	2.9
Global Consumer Care Business	2025		184.7	53.8	29.6	20.8	288.9
	2026		195.4	56.0	32.8	22.5	306.8
	Growth (%)		5.8	4.2	11.0	8.3	6.2
	Like-for-like (%)		5.8	(1.3)	6.9	(4.4)	3.9
Chemical Business	2025		34.7	30.1	21.4	25.8	112.0
	2026		36.2	33.5	21.7	26.8	118.3
	Growth (%)		4.4	11.2	1.7	3.9	5.6
	Like-for-like (%)		4.4	4.0	(4.4)	(9.2)	(0.5)
Elimination of intersegment	2025		(9.3)	(0.9)	(0.1)	(0.8)	(11.0)
	2026		(10.2)	(0.8)	(0.1)	(0.8)	(11.9)
Consolidated	2025		210.1	83.0	50.9	45.9	389.9
	2026		221.5	88.7	54.5	48.6	413.2
	Growth (%)		5.4	6.8	7.1	5.9	6.0
	Like-for-like (%)		5.4	0.7	2.1	(7.0)	2.5

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 46.4% compared with 46.1% 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	5.0	0.8	4.1	1.0	3.2
Sanitary Products	0.8	2.4	(1.6)	(0.3)	(1.3)
Hygiene Living Care Business	3.6	1.3	2.3	0.6	1.7
Health Beauty Care Business	8.8	3.5	5.3	5.1	0.2
Cosmetics Business	7.9	2.9	5.0	4.0	1.0
Business Connected Business	3.1	0.2	2.9	2.9	-
Global Consumer Care Business	6.2	2.3	3.9	2.9	1.0
Chemical Business	5.6	6.1	(0.5)	(0.5)	(0.0)
Total	6.0	3.5	2.5	1.8	0.7

Note: Chemical Business sales include intersegment transactions.

Global Consumer Care Business

Sales increased 6.2% compared with the same period a year earlier to 306.8 billion yen. Currency translation accounted for a 2.3% increase and sales increased 3.9% on a like-for-like basis (breakdown of the increase: 2.9% increase by volume, 1.0% increase by price).

Globally, market conditions remained challenging, reflecting rising raw material and distribution costs due to the Middle East situation, as well as increasing consumer frugality. In Japan, the sales environment also remained severe, as consumers became more selective amid continued price increases. Under these conditions, the Kao Group ensured stable supply by leveraging its globally flexible procurement and production network. In addition, the Group expanded global sales in focus businesses and offered high-value-added products, primarily in Japan, while implementing selling price increases in line with added value.

In Japan, sales increased 5.8% to 195.4 billion yen.

In Asia, sales increased 4.2% to 56.0 billion yen. On a like-for-like basis, sales decreased 1.3%.

In the Americas, sales increased 11.0% to 32.8 billion yen. On a like-for-like basis, sales increased 6.9%.

In Europe, sales increased 8.3% to 22.5 billion yen. On a like-for-like basis, sales decreased 4.4%.

Operating income increased 6.8 billion yen compared with the same period a year earlier to 29.6 billion yen 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 3.6% compared with the same period a year earlier to 129.0 billion yen. Currency translation accounted for a 1.3% increase and sales increased 2.3% on a like-for-like basis (breakdown of the increase: 0.6% increase by volume, 1.7% increase by price).

Sales of fabric and home care products increased 5.0% to 88.3 billion yen. Currency translation accounted for a 0.8% increase and sales increased 4.1% on a like-for-like basis (breakdown of the increase: 1.0% increase by volume, 3.2% increase by price).

Sales of fabric care products increased substantially. In Japan, laundry detergents contributed to increased sales and market share expansion, due in part to market growth and the effect of selling price increases for high-value-added products.

Sales of home care products increased. Strong sellers in Japan included *CuCute* dishwashing detergent.

Operating income for fabric and home care products increased 2.5 billion yen to 17.0 billion yen.

Sales of sanitary products increased 0.8% to 40.7 billion yen. Currency translation accounted for a 2.4% increase and sales decreased 1.6% on a like-for-like basis (breakdown of the decrease: 0.3% decrease by volume, 1.3% decrease by price).

Sales of *Laurier* sanitary napkins increased. Sales grew in China and other countries due to the full-scale start of globally integrated operations and progress in loyalty marketing. Sales of *Merries* baby diapers decreased due to aggressive competition in Asia, among other factors.

Operating income for sanitary products was 2.6 billion yen, an increase of 0.4 billion yen.

Operating income for the Hygiene Living Care Business increased 2.8 billion yen compared with the same period a year earlier to 19.6 billion yen.

Health Beauty Care Business

Sales increased 8.8% compared with the same period a year earlier to 106.5 billion yen. Currency translation accounted for a 3.5% increase and sales increased 5.3% on a like-for-like basis (breakdown of the increase: 5.1% increase by volume, 0.2% increase by price).

Sales of skin care products increased substantially. Sales increased in Japan, with growth centered on UV care and other products. Sales also increased in the Americas, driven by an increase in transactions with major retail chains for UV care products and new products from the *JERGENS* skin care brand.

Sales of hair care products increased substantially. In Japan, high premium hair care brands *melt* and *THE ANSWER* contributed significantly to the increase. Sales of professional hair care products (formerly

products for hair salons) in the Americas and Europe decreased as *GOLDWELL* was impacted by factors including an economic downturn in Europe.

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

Operating income increased 1.2 billion yen compared with the same period a year earlier to 7.9 billion yen.

Cosmetics Business

Sales increased 7.9% compared with the same period a year earlier to 62.9 billion yen. Currency translation accounted for a 2.9% increase and sales increased 5.0% on a like-for-like basis (breakdown of the increase: 4.0% increase by volume, 1.0% increase by price).

Sales in Japan increased, with the contribution of the six focus brands, including the *Curél* derma care brand, the *KATE* makeup brand, and new products from the *SOFINA iP* skin care brand. Sales in Asia also increased due to the growth of *Curél* in China and the *KANEBO* prestige skincare and makeup brand and *KATE* in Thailand, a market where the Kao Group is focusing its efforts, as well as increased sales of other brands. In Europe, although the Kao Group stepped up its rollout of *Curél*, sales decreased due to the impact of a market slowdown.

Operating income increased 2.7 billion yen compared with the same period a year earlier to 2.1 billion yen.

Business Connected Business

Sales increased 3.1% compared with the same period a year earlier to 8.5 billion yen. Currency translation accounted for a 0.2% increase and sales increased 2.9% on a like-for-like basis (breakdown of the increase: 2.9% increase by volume, no increase or decrease by price).

Sales of commercial-use hygiene products increased. Increased demand resulted in steady 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 0.2 billion yen compared with the same period a year earlier to 0.1 billion yen.

Chemical Business

Sales increased 5.6% compared with the same period a year earlier to 118.3 billion yen. Currency translation accounted for a 6.1% increase and sales decreased 0.5% on a like-for-like basis (breakdown of the decrease: 0.5% decrease by volume, 0.0% decrease 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 as demand remained firm, with the additional 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 in key application areas, despite regional differences in demand.

In information materials, sales decreased due to the impact of a decline in demand for toner and toner binders, although demand remained firm in the semiconductor-related, hard disk, and other target sectors.

Operating income decreased 4.5 billion yen compared with the same period a year earlier to 3.6 billion yen due to shrinking profit margins caused by a delay in selling price adjustments in response to rising raw material prices, mainly for oleo chemicals, and a slowdown in demand in Europe and other regions.

(2) Description of Financial Position

Consolidated Financial Position

	(Billions of yen, except per share amounts)		
	December 31, 2025	March 31, 2026	Incr./((Dcr.)
Total assets	1,875.1	1,831.2	(43.9)
Total liabilities	780.4	728.1	(52.3)
Total equity	1,094.7	1,103.1	8.4
Ratio of equity attributable to owners of the parent to total assets	56.7%	58.6%	-
Equity attributable to owners of the parent per share (Yen)	2,352.49	2,371.02	18.53
Bonds and borrowings	131.7	132.2	0.5

Total assets decreased 43.9 billion yen from December 31, 2025, to 1,831.2 billion yen. The principal decrease in assets was a 48.4 billion yen decrease in cash and cash equivalents.

Total liabilities decreased 52.3 billion yen from December 31, 2025, to 728.1 billion yen. The principal decreases in liabilities were a 16.3 billion yen decrease in income tax payables and a 15.6 billion yen decrease in other current liabilities.

Total equity increased 8.4 billion yen from December 31, 2025, to 1,103.1 billion yen. The principal increases in equity were net income totaling 31.3 billion yen and exchange differences on translation of foreign operations totaling 12.3 billion yen. The principal decrease in equity was dividends totaling 35.6

billion yen.

The ratio of equity attributable to owners of the parent to total assets was 58.6% compared with 56.7% at December 31, 2025.

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

The Kao Group has been working to transform earning power into sustainable growth while ensuring the achievement of its Mid-term Plan 2027 (“K27”) and building a foundation for step-change growth thereafter. Business results for the three months ended March 31, 2026, exceeded its plan.

However, escalating tensions in the Middle East are expected to create an uncertain business environment, reflecting a slowdown in the global economy, rising raw material and international supply chain costs, and increased risks in raw material procurement. Under these circumstances, the Kao Group will mitigate the impact by leveraging its global procurement and production network, implementing selling price pass-through, and switching to alternative raw materials. Accordingly, there is no change to the consolidated earnings forecast announced on February 5, 2026.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 150 yen, one euro to 175 yen, and one Chinese yuan to 21.0 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 March 31, 2026

	(Millions of yen)		
	December 31, 2025	March 31, 2026	Change
Assets			
Current assets			
Cash and cash equivalents	323,282	274,840	(48,442)
Trade and other receivables	245,286	241,581	(3,705)
Inventories	292,366	300,297	7,931
Other financial assets	10,925	8,768	(2,157)
Income tax receivables	5,469	6,682	1,213
Other current assets	26,906	36,323	9,417
Subtotal	904,234	868,491	(35,743)
Non-current assets held for sale	1,658	1,716	58
Total current assets	905,892	870,207	(35,685)
Non-current assets			
Property, plant and equipment	443,080	438,410	(4,670)
Right-of-use assets	113,218	110,081	(3,137)
Goodwill	231,071	233,845	2,774
Intangible assets	79,471	78,548	(923)
Investments accounted for using the equity method	15,616	14,686	(930)
Other financial assets	29,639	29,276	(363)
Deferred tax assets	43,303	42,324	(979)
Other non-current assets	13,764	13,782	18
Total non-current assets	969,162	960,952	(8,210)
Total assets	1,875,054	1,831,159	(43,895)

		(Millions of yen)	
	December 31, 2025	March 31, 2026	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	270,149	261,997	(8,152)
Bonds and borrowings	26,059	51,626	25,567
Lease liabilities	20,878	21,083	205
Other financial liabilities	7,623	971	(6,652)
Income tax payables	31,824	15,508	(16,316)
Provisions	1,362	1,019	(343)
Contract liabilities	43,342	41,430	(1,912)
Other current liabilities	116,958	101,380	(15,578)
Total current liabilities	518,195	495,014	(23,181)
Non-current liabilities			
Bonds and borrowings	105,599	80,577	(25,022)
Lease liabilities	90,606	87,563	(3,043)
Other financial liabilities	6,543	6,869	326
Retirement benefit liabilities	36,686	35,577	(1,109)
Provisions	6,934	6,905	(29)
Deferred tax liabilities	10,829	10,894	65
Other non-current liabilities	4,962	4,691	(271)
Total non-current liabilities	262,159	233,076	(29,083)
Total liabilities	780,354	728,090	(52,264)
Equity			
Share capital	85,424	85,424	—
Capital surplus	106,398	106,541	143
Treasury shares	(5,125)	(5,109)	16
Other components of equity	160,759	172,872	12,113
Retained earnings	716,621	712,736	(3,885)
Equity attributable to owners of the parent	1,064,077	1,072,464	8,387
Non-controlling interests	30,623	30,605	(18)
Total equity	1,094,700	1,103,069	8,369
Total liabilities and equity	1,875,054	1,831,159	(43,895)

(2) Condensed Consolidated Statement of Income

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2026

		Three months ended March 31, 2025	Three months ended March 31, 2026	(Millions of yen) Change
	Notes			
Net sales	1	389,857	413,224	23,367
Cost of sales		<u>(241,879)</u>	<u>(254,526)</u>	<u>(12,647)</u>
Gross profit		147,978	158,698	10,720
Selling, general and administrative expenses	2	(117,772)	(126,433)	(8,661)
Other operating income		4,448	16,648	12,200
Other operating expenses		<u>(3,755)</u>	<u>(4,010)</u>	<u>(255)</u>
Operating income	1	30,899	44,903	14,004
Share of profit in investments accounted for using the equity method		999	1,145	146
Other investment income and expenses		<u>(510)</u>	<u>1,362</u>	<u>1,872</u>
Income before financing and income taxes		31,388	47,410	16,022
Financial income		1,091	5	(1,086)
Financial expenses		<u>(905)</u>	<u>(1,435)</u>	<u>(530)</u>
Income before income taxes		31,574	45,980	14,406
Income taxes		<u>(8,569)</u>	<u>(14,668)</u>	<u>(6,099)</u>
Net income		<u>23,005</u>	<u>31,312</u>	<u>8,307</u>
Attributable to:				
Owners of the parent		22,850	30,999	8,149
Non-controlling interests		<u>155</u>	<u>313</u>	<u>158</u>
Net income		<u>23,005</u>	<u>31,312</u>	<u>8,307</u>
Earnings per share				
Basic (Yen)		49.19	68.53	
Diluted (Yen)		—	—	

(3) Condensed Consolidated Statement of Comprehensive Income

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2026

	(Millions of yen)		
	Three months ended March 31, 2025	Three months ended March 31, 2026	Change
Net income	23,005	31,312	8,307
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	(287)	(342)	(55)
Remeasurements of defined benefit plans	(28)	—	28
Share of other comprehensive income of investments accounted for using the equity method	(159)	462	621
Total of items that will not be reclassified to profit or loss	(474)	120	594
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(26,803)	12,276	39,079
Share of other comprehensive income of investments accounted for using the equity method	(285)	104	389
Total of items that may be reclassified subsequently to profit or loss	(27,088)	12,380	39,468
Other comprehensive income, net of taxes	(27,562)	12,500	40,062
Comprehensive income	(4,557)	43,812	48,369
Attributable to:			
Owners of the parent	(2,884)	43,057	45,941
Non-controlling interests	(1,673)	755	2,428
Comprehensive income	(4,557)	43,812	48,369

(4) Condensed Consolidated Statement of Changes in Equity

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 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	—	—	—	(25,257)	(2)	(447)
Comprehensive income	—	—	—	(25,257)	(2)	(447)
Disposal of treasury shares	—	0	0	—	—	—
Purchase of treasury shares	—	—	(2)	—	—	—
Share-based payment transactions	—	187	—	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	11
Total transactions with the owners	—	187	(2)	—	—	11
March 31, 2025	85,424	106,443	(5,926)	99,064	4	7,476

	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	—	—	22,850	22,850	155	23,005
Other comprehensive income	(28)	(25,734)	—	(25,734)	(1,828)	(27,562)
Comprehensive income	(28)	(25,734)	22,850	(2,884)	(1,673)	(4,557)
Disposal of treasury shares	—	—	—	0	—	0
Purchase of treasury shares	—	—	—	(2)	—	(2)
Share-based payment transactions	—	—	—	187	—	187
Dividends	—	—	(35,300)	(35,300)	(1,178)	(36,478)
Transfer from other components of equity to retained earnings	28	39	(39)	—	—	—
Total transactions with the owners	28	39	(35,339)	(35,115)	(1,178)	(36,293)
March 31, 2025	—	106,544	736,292	1,028,777	29,208	1,057,985

Three months ended March 31, 2026

(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, 2026	85,424	106,398	(5,125)	150,503	6	10,250
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	11,938	—	120
Comprehensive income	—	—	—	11,938	—	120
Disposal of treasury shares	—	(18)	19	—	—	—
Purchase of treasury shares	—	—	(3)	—	—	—
Share-based payment transactions	—	161	—	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	55
Total transactions with the owners	—	143	16	—	—	55
March 31, 2026	85,424	106,541	(5,109)	162,441	6	10,425

	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, 2026	—	160,759	716,621	1,064,077	30,623	1,094,700	
Net income	—	—	30,999	30,999	313	31,312	
Other comprehensive income	—	12,058	—	12,058	442	12,500	
Comprehensive income	—	12,058	30,999	43,057	755	43,812	
Disposal of treasury shares	—	—	(0)	1	—	1	
Purchase of treasury shares	—	—	—	(3)	—	(3)	
Share-based payment transactions	—	—	—	161	—	161	
Dividends	—	—	(34,829)	(34,829)	(773)	(35,602)	
Transfer from other components of equity to retained earnings	—	55	(55)	—	—	—	
Total transactions with the owners	—	55	(34,884)	(34,670)	(773)	(35,443)	
March 31, 2026	—	172,872	712,736	1,072,464	30,605	1,103,069	

(5) Condensed Consolidated Statement of Cash Flows

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2026

	Three months ended March 31, 2025	(Millions of yen) Three months ended March 31, 2026
Cash flows from operating activities		
Operating income	30,899	44,903
Depreciation and amortization	21,485	22,307
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	450	(11,207)
(Increase) decrease in trade and other receivables	11,257	5,797
(Increase) decrease in inventories	(19,522)	(5,710)
Increase (decrease) in trade and other payables	(8,348)	(6,713)
Increase (decrease) in retirement benefit liabilities	(975)	(1,125)
Increase (decrease) in provisions	(1,517)	(391)
Other	(36,258)	(33,526)
Cash flows from operating activities before income taxes	(2,529)	14,335
Income taxes paid	(17,360)	(31,092)
Net cash flows from operating activities	(19,889)	(16,757)
Cash flows from investing activities		
Payments into time deposits	(1,917)	(1,880)
Proceeds from withdrawal of time deposits	1,913	3,800
Purchase of property, plant and equipment	(11,086)	(13,396)
Proceeds from sale of property, plant and equipment	46	14,114
Purchase of intangible assets	(2,237)	(1,421)
Interest received	911	734
Dividends received	2,618	3,364
Other	24	93
Net cash flows from investing activities	(9,728)	5,408
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	556
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(10,002)	(2)
Repayments of lease liabilities	(5,473)	(5,789)
Interest paid	(657)	(963)
Dividends paid to owners of the parent	(34,740)	(34,313)
Dividends paid to non-controlling interests	(471)	(773)
Other	(10)	(2)
Net cash flows from financing activities	(41,353)	(41,286)
Net increase (decrease) in cash and cash equivalents	(70,970)	(52,635)
Cash and cash equivalents at the beginning of the period	357,713	323,282
Effect of exchange rate changes on cash and cash equivalents	(8,026)	4,193
Cash and cash equivalents at the end of the period	278,717	274,840

(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; hereafter, "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" (hereafter, "IAS 1").

The reconciliation of each line item in the condensed consolidated statement of income for the three months ended March 31, 2025 is as follows.

Three months ended March 31, 2025			(Millions of yen)		
IAS 1		Reclassi- fication	IFRS 18		
Accounts	Amounts		Amounts	Notes	Accounts
Net sales	389,857	—	389,857		Net sales
Cost of sales	(241,879)	—	(241,879)		Cost of sales
Gross profit	147,978	—	147,978		Gross profit
Selling, general and administrative expenses	(117,772)	—	(117,772)		Selling, general and administrative expenses
Other operating income	4,448	—	4,448		Other operating income
Other operating expenses	(3,470)	(285)	(3,755)	(1)	Other operating expenses
Operating income	31,184	(285)	30,899		Operating income
		999	999	(2)	Share of profit in investments accounted for using the equity method
		(510)	(510)	(1),(3)	Other investment income and expenses
		204	31,388		Income before financing and income taxes
Financial income	1,076	15	1,091	(1),(3)	Financial income
Financial expenses	(1,685)	780	(905)	(1)	Financial expenses
Share of profit in investments accounted for using the equity method	999	(999)	—	(2)	
Income before income taxes	31,574	—	31,574		Income before income taxes
Income taxes	(8,569)	—	(8,569)		Income taxes
Net income	23,005	—	23,005		Net income

Notes on the Reconciliation of Income and Expenses for the First Three Months of the Previous Fiscal Year (January 1, 2025 to March 31, 2025)

(1) Reclassification of Foreign Exchange Differences

Under IAS 1, foreign exchange differences were presented within financial expenses. Under IFRS 18, they are classified and presented within the operating, investing, or financing categories.

(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. 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
Three months ended March 31, 2025

(Millions of yen)

	Reportable segments							Reconciliation ¹	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	124,468	97,863	58,298	8,241	288,870	100,987	389,857	—	389,857
Intersegment sales and transfers ²	—	—	—	—	—	11,027	11,027	(11,027)	—
Total net sales	124,468	97,863	58,298	8,241	288,870	112,014	400,884	(11,027)	389,857
Operating income (loss)	16,726	6,741	(568)	(96)	22,803	8,065	30,868	31	30,899
Share of profit in investments accounted for using the equity method									999
Other investment income and expenses									(510)
Income before financing and income taxes									31,388
Financial income									1,091
Financial expenses									(905)
Income before income taxes									31,574

Notes:

1. The operating income (loss) reconciliation of 31 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.

Three months ended March 31, 2026

(Millions of yen)

	Reportable segments							(Millions of yen)	
	Global Consumer Care Business					Chemical Business	Total	Reconciliation ¹	Consolidated
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal				
Net sales									
Sales to customers	128,972	106,470	62,887	8,496	306,825	106,399	413,224	—	413,224
Intersegment sales and transfers ²	—	—	—	—	—	11,863	11,863	(11,863)	—
Total net sales	128,972	106,470	62,887	8,496	306,825	118,262	425,087	(11,863)	413,224
Operating income (loss)	19,551	7,915	2,085	93	29,644	3,602	33,246	11,657	44,903
Share of profit in investments accounted for using the equity method									1,145
Other investment income and expenses									1,362
Income before financing and income taxes									47,410
Financial income									5
Financial expenses									(1,435)
Income before income taxes									45,980

Notes:

1. The operating income (loss) reconciliation of 11,657 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.

2. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

		(Millions of yen)
	Three months ended March 31, 2025	Three months ended March 31, 2026
Selling expenses		
Advertising	16,669	19,100
Sales promotion	12,442	14,211
Employee benefits	27,579	28,976
Depreciation	1,495	1,507
Amortization	765	830
Other selling expenses	7,697	9,241
Total selling expenses	66,647	73,865
General and administrative expenses		
Employee benefits ¹	16,637	17,890
Depreciation ¹	2,346	2,553
Amortization ¹	2,145	2,331
Research and development ¹	16,086	15,563
Other general and administrative expenses	13,911	14,231
Total general and administrative expenses	51,125	52,568
Total	117,772	126,433

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.