



Consolidated Financial Results for the Three Months Ended March 31, 2025 [IFRS]

May 8, 2025

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

(Amounts less than one million yen are rounded)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 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	%
Three months ended March 31, 2025	389,857	6.6	31,184	41.9	31,574	27.5	23,005	32.8
March 31, 2024	365,797	5.2	21,984	201.7	24,764	193.4	17,326	222.6

	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, 2025	22,850	38.7	(4,557)	—	49.19	—
March 31, 2024	16,470	241.9	50,089	235.8	35.43	—

(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, 2025	1,773,478	1,057,985	1,028,777	58.0	2,214.88
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	—				
Fiscal year ending December 31, 2025 (Forecast)		77.00	—	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	1,670,000	2.6	160,000	9.1	163,000	7.9	116,000	7.6	249.74

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 March 31, 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 March 31, 2025	1,415,697 shares
As of December 31, 2024	1,415,333 shares

3) Average number of shares outstanding during the period

Three months ended March 31, 2025	464,484,565 shares
Three months ended March 31, 2024	464,865,165 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, 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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Contents of Attachments

1. Qualitative Information on Financial Results for the Three Months Ended March 31, 2025	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	19

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

Three months ended March 31	2025	2024	Growth
Net sales	389.9	365.8	6.6% Like-for-like: 6.0%
Operating income	31.2	22.0	41.9%
Operating margin (%)	8.0	6.0	-
Income before income taxes	31.6	24.8	27.5%
Net income	23.0	17.3	32.8%
Net income attributable to owners of the parent	22.8	16.5	38.7%
Basic earnings per share (Yen)	49.19	35.43	38.9%

In the global economy, concerns are growing about worsening business conditions due to the impact of disruptions caused by tariff policies on corporate supply chains, procurement costs and other factors. With the addition of ongoing geopolitical risks in Europe and the Middle East, uncertainty has increased rapidly. In Japan, the impact of high prices remained significant and recovery in domestic demand 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 March 2025 compared with the same period a year earlier.

To successfully carry out its Mid-term Plan 2027 ("K27") in this business environment, the Kao Group has been working to improve its earning power while building a foundation for global sales expansion accompanied by profit growth.

Net sales increased 6.6% compared with the same period a year earlier to 389.9 billion yen. Currency translation accounted for a 0.6% increase and net sales increased 6.0% on a like-for-like basis (breakdown of the increase: 1.6% increase by volume, 4.4% increase by price). Operating income was 31.2 billion yen, an increase of 9.2 billion yen, and income before income taxes was 31.6 billion yen, an increase of 6.8 billion yen. Net income was 23.0 billion yen, an increase of 5.7 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.
U.S. dollar	152.65 (148.22)
Euro	160.48 (160.99)
Chinese yuan	20.98 (20.63)

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

Three months ended March 31

	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	78.4	84.1	7.4	6.9	12.6	16.1	14.3	17.1	1.7
Sanitary Products	41.0	40.3	(1.6)	(2.3)	0.6	1.3	2.3	5.8	1.8
Hygiene Living Care Business	119.4	124.5	4.3	3.7	13.1	11.0	16.7	13.4	3.5
Health Beauty Care Business	94.8	97.9	3.3	2.6	6.6	7.0	6.7	6.9	0.1
Cosmetics Business	54.6	58.3	6.7	6.2	(4.7)	(8.5)	(0.5)	(0.8)	4.2
Business Connected Business	8.9	8.2	(7.5)	(7.5)	(0.5)	(5.9)	(0.1)	(1.5)	0.4
Global Consumer Care Business	277.7	288.9	4.0	3.5	14.6	5.3	22.8	7.9	8.2
Chemical Business	98.0	112.0	14.2	13.7	8.3	8.4	8.3	7.4	0.0
Total	375.7	400.9	6.7	6.1	22.9	-	31.1	-	8.3
Elimination and Reconciliation	(9.9)	(11.0)	-	-	(0.9)	-	0.0	-	0.9
Consolidated	365.8	389.9	6.6	6.0	22.0	6.0	31.2	8.0	9.2

Consolidated Net Sales Composition

(Billions of yen)

Three months ended March 31			Japan	Asia	Americas	Europe	Consolidated
Fabric and Home Care Products	2024		66.5	10.9	0.9	-	78.4
	2025		72.7	10.7	0.8	-	84.1
	Growth (%)		9.3	(2.2)	(17.4)	-	7.4
	Like-for-like (%)		9.3	(5.7)	(15.9)	-	6.9
Sanitary Products	2024		17.8	23.2	-	-	41.0
	2025		16.9	23.5	-	-	40.3
	Growth (%)		(5.4)	1.3	-	-	(1.6)
	Like-for-like (%)		(5.4)	0.1	-	-	(2.3)
Hygiene Living Care Business	2024		84.4	34.1	0.9	-	119.4
	2025		89.6	34.1	0.8	-	124.5
	Growth (%)		6.2	0.2	(17.4)	-	4.3
	Like-for-like (%)		6.2	(1.8)	(15.9)	-	3.7
Health Beauty Care Business	2024		44.1	9.2	26.7	14.8	94.8
	2025		47.2	9.0	27.0	14.6	97.9
	Growth (%)		7.1	(2.4)	1.3	(1.1)	3.3
	Like-for-like (%)		7.1	(3.6)	(0.7)	(1.4)	2.6
Cosmetics Business	2024		35.9	10.8	1.9	6.2	54.6
	2025		39.7	10.6	1.8	6.2	58.3
	Growth (%)		10.8	(1.2)	(4.1)	(0.2)	6.7
	Like-for-like (%)		10.8	(2.8)	(6.8)	(1.1)	6.2
Business Connected Business	2024		8.9	0.0	-	-	8.9
	2025		8.2	0.0	-	-	8.2
	Growth (%)		(7.6)	32.4	-	-	(7.5)
	Like-for-like (%)		(7.6)	31.4	-	-	(7.5)
Global Consumer Care Business	2024		173.1	54.1	29.5	21.0	277.7
	2025		184.7	53.8	29.6	20.8	288.9
	Growth (%)		6.7	(0.5)	0.3	(0.8)	4.0
	Like-for-like (%)		6.7	(2.3)	(1.5)	(1.3)	3.5
Chemical Business	2024		31.8	23.4	19.7	23.1	98.0
	2025		34.7	30.1	21.4	25.8	112.0
	Growth (%)		9.3	28.5	8.4	11.6	14.2
	Like-for-like (%)		9.3	24.3	10.2	11.9	13.7
Elimination of intersegment	2024		(8.5)	(0.9)	(0.0)	(0.6)	(9.9)
	2025		(9.3)	(0.9)	(0.1)	(0.8)	(11.0)
Consolidated	2024		196.5	76.6	49.2	43.5	365.8
	2025		210.1	83.0	50.9	45.9	389.9
	Growth (%)		6.9	8.3	3.5	5.4	6.6
	Like-for-like (%)		6.9	5.8	3.1	5.4	6.0

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 46.1% compared with 46.3% 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	7.4	0.5	6.9	5.1	1.8
Sanitary Products	(1.6)	0.7	(2.3)	(2.9)	0.7
Hygiene Living Care Business	4.3	0.5	3.7	2.3	1.4
Health Beauty Care Business	3.3	0.7	2.6	2.3	0.2
Cosmetics Business	6.7	0.5	6.2	5.4	0.7
Business Connected Business	(7.5)	0.0	(7.5)	(7.5)	-
Global Consumer Care Business	4.0	0.6	3.5	2.6	0.8
Chemical Business	14.2	0.6	13.7	(0.3)	13.9
Total	6.6	0.6	6.0	1.6	4.4

Note: Chemical Business sales include intersegment transactions.

Global Consumer Care Business

Sales increased 4.0% compared with the same period a year earlier to 288.9 billion yen. Currency translation accounted for a 0.6% increase and sales increased 3.5% on a like-for-like basis (breakdown of the increase: 2.6% increase by volume, 0.8% increase by price).

Globally, although the trend toward low prices remained apparent, demand for products that offer practicality and value has been growing stronger. In the market in Japan, despite support from wage increases and inbound demand, consumer behavior tended to remain cautious due to rising prices. Under these circumstances, the Kao Group conducted initiatives including upgrading its marketing measures through digital transformation (DX), offering high-value-added products and adjusting selling prices to reflect that added value.

In Japan, sales increased 6.7% to 184.7 billion yen.

In Asia, sales decreased 0.5% to 53.8 billion yen. On a like-for-like basis, sales decreased 2.3%.

In the Americas, sales increased 0.3% to 29.6 billion yen. On a like-for-like basis, sales decreased 1.5%.

In Europe, sales decreased 0.8% to 20.8 billion yen. On a like-for-like basis, sales decreased 1.3%.

Operating income increased 8.2 billion yen compared with the same period a year earlier to 22.8 billion yen despite an increase in raw material prices, due to the contribution of improved earning power and increased sales volume.

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

Hygiene Living Care Business

Sales increased 4.3% compared with the same period a year earlier to 124.5 billion yen. Currency translation accounted for a 0.5% increase and sales increased 3.7% on a like-for-like basis (breakdown of the increase: 2.3% increase by volume, 1.4% increase by price). However, if the impact of the transfer of the pet care business conducted in June 2024 is also excluded, sales increased 4.5% on a like-for-like basis.

Sales of fabric and home care products increased 7.4% to 84.1 billion yen. Currency translation accounted for a 0.5% increase and sales increased 6.9% on a like-for-like basis (breakdown of the increase: 5.1% increase by volume, 1.8% increase by price).

Sales of fabric care products increased substantially. In Japan, the Kao Group worked to adjust prices by promoting high-value-added products and other measures amid market growth. Laundry detergents *Attack* and improved *New Beads* sold strongly, and both market share and sales volume increased.

Sales of home care products increased. In Japan, sales of *CuCute* dishwashing detergent grew and high-value-added *Magiclean* brand products, including bath cleaners and toilet cleaners, continued to perform well.

Operating income for fabric and home care products increased 1.7 billion yen to 14.3 billion yen.

Sales of sanitary products decreased 1.6% to 40.3 billion yen. Currency translation accounted for a 0.7% increase and sales decreased 2.3% on a like-for-like basis (breakdown of the decrease: 2.9% decrease by volume, 0.7% increase by price). However, if the impact of the transfer of the pet care business conducted in June 2024 is also excluded, sales decreased 0.3% on a like-for-like basis.

Sales of *Laurier* sanitary napkins increased. In China, strong sales of *Super Slim Guard* and new panty-type products contributed to increased sales. Although sales of *Merries* baby diapers decreased, their market share in Japan grew.

Operating income for sanitary products was 2.3 billion yen, an increase of 1.8 billion yen. Operating income for *Merries* moved into the black due to the contribution of earning power reforms and other initiatives.

Operating income for the Hygiene Living Care Business increased 3.5 billion yen compared with the same period a year earlier to 16.7 billion yen.

Health Beauty Care Business

Sales increased 3.3% compared with the same period a year earlier to 97.9 billion yen. Currency translation accounted for a 0.7% increase and sales increased 2.6% on a like-for-like basis (breakdown of the increase: 2.3% increase by volume, 0.2% increase by price).

Sales of skin care products were basically unchanged. In Japan, UV care products and hand soap sold strongly. In the Americas, sales decreased due to the impact of competition on the *Jergens* skin care brand.

Sales of hair care products increased substantially. Amid a severely competitive environment in Japan, sales of new high-priced hair care brands *melt* and *THE ANSWER*, which were launched in 2024, exceeded plans, and rebranded *Essential* also sold strongly. Sales of products for hair salons in the Americas and Europe increased as *ORIBE* products performed strongly.

Sales of personal health products increased, with strong sales of *MegRhythm* thermo products.

Operating income increased 0.1 billion yen compared with the same period a year earlier to 6.7 billion yen as the Kao Group stepped up investment in marketing for growth.

Cosmetics Business

Sales increased 6.7% compared with the same period a year earlier to 58.3 billion yen. Currency translation accounted for a 0.5% increase and sales increased 6.2% on a like-for-like basis (breakdown of the increase: 5.4% increase by volume, 0.7% increase by price).

In Japan, sales of the Kao Group's six focus brands increased substantially, driven by new products from the *KANEBO* prestige skincare and makeup brand and the *KATE* makeup brand, and by the *Curél* derma care brand. Sales in Asia decreased, although in China market prices were on a recovery track and locally produced products performed well. In Asia excluding China, sales of *KATE* and *KANEBO* grew substantially. In Europe, new *MOLTON BROWN* products performed well and sales of *Curél* began in France and Germany.

Although operating income was negative 0.5 billion yen, this was an increase of 4.2 billion yen from the same period a year earlier due to the contribution to improved profits from concentrated investment in the six focus brands, human capital structural reforms and the effects of a scrum-style business management system.

Business Connected Business

Sales decreased 7.5% compared with the same period a year earlier to 8.2 billion yen. Currency translation accounted for a 0.0% increase and sales decreased 7.5% on a like-for-like basis (breakdown of the decrease: 7.5% decrease by volume, no increase or decrease in price). However, if the impact of the transfer of the beverage business conducted in August 2024 is also excluded, sales decreased 0.5% on a like-for-like basis.

Sales of commercial-use hygiene products decreased slightly. Demand continued to rise for kitchen cleaning agents and guest room amenities in the food service industry and lodging facilities and other establishments, but sales of products for hospitals and nursing care were affected by price competition.

Operating income increased 0.4 billion yen compared with the same period a year earlier to negative 0.1 billion yen.

Chemical Business

Sales increased 14.2% compared with the same period a year earlier to 112.0 billion yen. Currency translation accounted for a 0.6% increase and sales increased 13.7% on a like-for-like basis (breakdown of the increase: 0.3% decrease by volume, 13.9% increase by price).

In oleo chemicals, sales increased due to the substantial contribution from selling price adjustments in line with rising prices for fat and oil raw materials.

In performance chemicals, sales increased due to the contribution of a recovery outside Japan, despite a slowdown in the automobile-related sector and other target markets.

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

Operating income increased 0.0 billion yen compared with the same period a year earlier to 8.3 billion yen due to the impact of rising raw material prices, despite efforts to maintain profit margins, mainly for oleo chemicals.

(2) Description of Financial Position

Consolidated Financial Position

	(Billions of yen, except per share amounts)		
	December 31, 2024	March 31, 2025	Incr./((Dcr.)
Total assets	1,867.2	1,773.5	(93.8)
Total liabilities	768.4	715.5	(52.9)
Total equity	1,098.8	1,058.0	(40.9)
Ratio of equity attributable to owners of the parent to total assets	57.1%	58.0%	-
Equity attributable to owners of the parent per share (Yen)	2,296.69	2,214.88	(81.81)
Bonds and borrowings	131.1	131.1	0.0

Total assets decreased 93.8 billion yen from December 31, 2024 to 1,773.5 billion yen. The principal increase in assets was a 13.5 billion yen increase in inventories. The principal decreases in assets were a 79.0 billion yen decrease in cash and cash equivalents and an 18.4 billion yen decrease in trade and other receivables.

Total liabilities decreased 52.9 billion yen from December 31, 2024 to 715.5 billion yen. The principal decreases in liabilities were a 22.5 billion yen decrease in other current liabilities and an 8.7 billion yen decrease in trade and other payables.

Total equity decreased 40.9 billion yen from December 31, 2024 to 1,058.0 billion yen. The principal increase in equity was net income totaling 23.0 billion yen. The principal decreases in equity were dividends totaling 36.5 billion yen and exchange differences on translation of foreign operations totaling 26.8 billion yen.

The ratio of equity attributable to owners of the parent to total assets was 58.0% compared with 57.1% at December 31, 2024.

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

To successfully carry out its Mid-term Plan K27, the Kao Group is working to improve its earning power while building a foundation for global sales expansion accompanied by profit growth, and exceeded its plans for the three months ended March 31, 2025.

However, because of expectations of an uncertain business environment including a slowdown in the global economy due to disruptions caused by tariff policies, geopolitical risks in Europe and the Middle East, and rising raw material prices, there is no change from the forecast of consolidated results announced on February 6, 2025.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 143 yen, one euro to 160 yen and one Chinese yuan to 19.8 yen.

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

Kao Corporation and Consolidated Subsidiaries

As of March 31, 2025

	(Millions of yen)		
	December 31, 2024	March 31, 2025	Change
Assets			
Current assets			
Cash and cash equivalents	357,713	278,717	(78,996)
Trade and other receivables	238,077	219,633	(18,444)
Inventories	274,628	288,155	13,527
Other financial assets	10,525	10,097	(428)
Income tax receivables	5,467	5,251	(216)
Other current assets	26,053	32,768	6,715
Subtotal	912,463	834,621	(77,842)
Non-current assets held for sale	1,562	1,504	(58)
Total current assets	914,025	836,125	(77,900)
Non-current assets			
Property, plant and equipment	423,251	416,877	(6,374)
Right-of-use assets	116,637	116,852	215
Goodwill	228,413	223,961	(4,452)
Intangible assets	81,947	79,174	(2,773)
Investments accounted for using the equity method	14,526	12,490	(2,036)
Other financial assets	28,132	27,583	(549)
Deferred tax assets	49,044	48,875	(169)
Other non-current assets	11,262	11,541	279
Total non-current assets	953,212	937,353	(15,859)
Total assets	1,867,237	1,773,478	(93,759)

		(Millions of yen)	
	December 31, 2024	March 31, 2025	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	258,035	249,339	(8,696)
Bonds and borrowings	35,749	25,754	(9,995)
Lease liabilities	20,146	20,507	361
Other financial liabilities	7,280	2,334	(4,946)
Income tax payables	20,984	12,395	(8,589)
Provisions	2,773	1,936	(837)
Contract liabilities	43,878	38,708	(5,170)
Other current liabilities	120,755	98,272	(22,483)
Total current liabilities	509,600	449,245	(60,355)
Non-current liabilities			
Bonds and borrowings	95,310	105,307	9,997
Lease liabilities	94,123	94,573	450
Other financial liabilities	6,370	6,269	(101)
Retirement benefit liabilities	39,460	38,047	(1,413)
Provisions	8,223	7,480	(743)
Deferred tax liabilities	9,754	9,185	(569)
Other non-current liabilities	5,562	5,387	(175)
Total non-current liabilities	258,802	266,248	7,446
Total liabilities	768,402	715,493	(52,909)
Equity			
Share capital	85,424	85,424	—
Capital surplus	106,256	106,443	187
Treasury shares	(5,924)	(5,926)	(2)
Other components of equity	132,239	106,544	(25,695)
Retained earnings	748,781	736,292	(12,489)
Equity attributable to owners of the parent	1,066,776	1,028,777	(37,999)
Non-controlling interests	32,059	29,208	(2,851)
Total equity	1,098,835	1,057,985	(40,850)
Total liabilities and equity	1,867,237	1,773,478	(93,759)

(2) Condensed Consolidated Statement of Income

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2025

		Three months ended March 31, 2024	Three months ended March 31, 2025	(Millions of yen) Change
	Notes			
Net sales	1	365,797	389,857	24,060
Cost of sales		(228,833)	(241,879)	(13,046)
Gross profit		136,964	147,978	11,014
Selling, general and administrative expenses	2	(115,405)	(117,772)	(2,367)
Other operating income		4,533	4,448	(85)
Other operating expenses		(4,108)	(3,470)	638
Operating income	1	21,984	31,184	9,200
Financial income		2,518	1,076	(1,442)
Financial expenses		(862)	(1,685)	(823)
Share of profit in investments accounted for using the equity method		1,124	999	(125)
Income before income taxes		24,764	31,574	6,810
Income taxes		(7,438)	(8,569)	(1,131)
Net income		17,326	23,005	5,679
Attributable to:				
Owners of the parent		16,470	22,850	6,380
Non-controlling interests		856	155	(701)
Net income		17,326	23,005	5,679
Earnings per share				
Basic (Yen)		35.43	49.19	
Diluted (Yen)		—	—	

(3) Condensed Consolidated Statement of Comprehensive Income

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2025

	(Millions of yen)		
	Three months ended March 31, 2024	Three months ended March 31, 2025	Change
Net income	17,326	23,005	5,679
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	551	(287)	(838)
Remeasurements of defined benefit plans	—	(28)	(28)
Share of other comprehensive income of investments accounted for using the equity method	186	(159)	(345)
Total of items that will not be reclassified to profit or loss	737	(474)	(1,211)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	31,663	(26,803)	(58,466)
Share of other comprehensive income of investments accounted for using the equity method	363	(285)	(648)
Total of items that may be reclassified subsequently to profit or loss	32,026	(27,088)	(59,114)
Other comprehensive income, net of taxes	32,763	(27,562)	(60,325)
Comprehensive income	50,089	(4,557)	(54,646)
Attributable to:			
Owners of the parent	48,231	(2,884)	(51,115)
Non-controlling interests	1,858	(1,673)	(3,531)
Comprehensive income	50,089	(4,557)	(54,646)

(4) Condensed Consolidated Statement of Changes in Equity

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2024

(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, 2024	85,424	105,780	(3,267)	77,448	10	6,461
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	31,026	(2)	737
Comprehensive income	—	—	—	31,026	(2)	737
Purchase of treasury shares	—	—	(4)	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(123)
Total transactions with the owners	—	—	(4)	—	—	(123)
March 31, 2024	85,424	105,780	(3,271)	108,474	8	7,075

	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, 2024	—	83,919	711,802	983,658	28,385	1,012,043	
Net income	—	—	16,470	16,470	856	17,326	
Other comprehensive income	—	31,761	—	31,761	1,002	32,763	
Comprehensive income	—	31,761	16,470	48,231	1,858	50,089	
Purchase of treasury shares	—	—	—	(4)	—	(4)	
Dividends	—	—	(34,865)	(34,865)	(425)	(35,290)	
Transfer from other components of equity to retained earnings	—	(123)	123	—	—	—	
Total transactions with the owners	—	(123)	(34,742)	(34,869)	(425)	(35,294)	
March 31, 2024	—	115,557	693,530	997,020	29,818	1,026,838	

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	

(5) Condensed Consolidated Statement of Cash Flows

Kao Corporation and Consolidated Subsidiaries

Three months ended March 31, 2025

	Three months ended March 31, 2024	(Millions of yen) Three months ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	24,764	31,574
Depreciation and amortization	22,065	21,485
Interest and dividend income	(1,129)	(879)
Interest expense	631	641
Share of profit in investments accounted for using the equity method	(1,124)	(999)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	326	450
(Increase) decrease in trade and other receivables	7,725	11,257
(Increase) decrease in inventories	(5,905)	(19,522)
Increase (decrease) in trade and other payables	(12,792)	(8,348)
Increase (decrease) in retirement benefit liabilities	(842)	(975)
Increase (decrease) in provisions	(972)	(1,517)
Other	(25,386)	(35,696)
Subtotal	7,361	(2,529)
Interest received	1,099	911
Dividends received	2,231	2,618
Interest paid	(506)	(657)
Income taxes paid	(13,954)	(17,360)
Net cash flows from operating activities	(3,769)	(17,017)
Cash flows from investing activities		
Payments into time deposits	(2,381)	(1,917)
Proceeds from withdrawal of time deposits	123	1,913
Purchase of property, plant and equipment	(10,398)	(11,086)
Purchase of intangible assets	(2,016)	(2,237)
Other	1,646	70
Net cash flows from investing activities	(13,026)	(13,257)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	3,176	—
Proceeds from long-term borrowings	5,000	10,000
Repayments of long-term borrowings	(2)	(10,002)
Repayments of lease liabilities	(5,275)	(5,473)
Dividends paid to owners of the parent	(34,208)	(34,740)
Dividends paid to non-controlling interests	(2)	(471)
Other	(9)	(10)
Net cash flows from financing activities	(31,320)	(40,696)
Net increase (decrease) in cash and cash equivalents	(48,115)	(70,970)
Cash and cash equivalents at the beginning of the period	291,663	357,713
Effect of exchange rate changes on cash and cash equivalents	9,989	(8,026)
Cash and cash equivalents at the end of the period	253,537	278,717

(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
Chemical Business	Business Connected Business	Commercial-use hygiene products, life care products	Commercial-use hygiene products, life care products
		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
Three months ended March 31, 2024

(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	119,363	94,761	54,643	8,909	277,676	88,121	365,797	—	365,797
Intersegment sales and transfers ²	—	—	—	—	—	9,926	9,926	(9,926)	—
Total net sales	119,363	94,761	54,643	8,909	277,676	98,047	375,723	(9,926)	365,797
Operating income (loss)	13,150	6,627	(4,665)	(526)	14,586	8,275	22,861	(877)	21,984
Financial income									2,518
Financial expenses									(862)
Share of profit in investments accounted for using the equity method									1,124
Income before income taxes									24,764

Notes:

1. The operating income (loss) reconciliation of (877) 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.

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)	16,675	6,738	(464)	(122)	22,827	8,307	31,134	50	31,184
Financial income									1,076
Financial expenses									(1,685)
Share of profit in investments accounted for using the equity method									999
Income before income taxes									31,574

Notes:

1. The operating income (loss) reconciliation of 50 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)	
	Three months ended March 31, 2024	Three months ended March 31, 2025
Advertising	16,686	16,669
Sales promotion	10,795	12,442
Employee benefits	43,718	44,216
Depreciation	4,298	3,841
Amortization	2,760	2,910
Research and development	16,199	16,086
Other	20,949	21,608
Total	115,405	117,772

(7) Note regarding Assumption of Going Concern

None applicable.