Consolidated Financial Results
for the Six Months Ended June 30, 2026
[IFRS Accounting Standards]

August 5, 2026

Company name: Kao Corporation — Tokyo Stock Exchange in Japan
Stock code: 4452 (URL: www.kao.com/global/en/investor-relations/library/results/)
Representative: Yoshihiro Hasebe, President and CEO
Contact person: Yoshimasa Minegishi, Vice President, Financial Controllers, Global
Telephone: +81-3-3660-7111

Scheduled date to file semi-annual securities report: August 7, 2026
Scheduled commencement date for dividend payments: September 1, 2026
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 six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Income before income taxes		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	871,934	7.8	95,831	38.5	97,319	35.6	66,232	33.9
June 30, 2025	809,022	2.7	69,184	—	71,768	—	49,465	10.4

	Net income attributable to owners of the parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2026	65,662	32.3	90,606	369.1	72.58	—
June 30, 2025	49,631	14.3	19,316	(83.0)	53.42	—

Notes:
1. Due to early adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" (hereinafter, "IFRS 18") in the three months ended March 31, 2026, operating income and income before income taxes for the six months ended June 30, 2025, are presented as retrospectively adjusted figures reflecting the change in accounting policy, and year-on-year changes for the same period are not presented due to this retrospective adjustment.
2. Kao Corporation (the "Company") has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share is calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

(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
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2026	1,898,353	1,149,540	1,119,449	59.0	1,237.29
December 31, 2025	1,875,054	1,094,700	1,064,077	56.7	1,176.25

Note: The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Equity attributable to owners of the parent per share is calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

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

Notes:
1. Revisions to the most recently announced forecast of cash dividends: None
2. The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. The second quarter-end dividend per share for the fiscal year ending December 31, 2026, is presented as the actual amount prior to the share split, while the forecast fiscal year-end dividend per share 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	1,800,000	6.6	190,000	16.2	193,000	13.6	135,000	12.4	149.21

Notes:
1. Revisions to the most recently announced forecast of consolidated operating results: Yes
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 taxes are presented as percentages calculated based on retrospectively adjusted amounts due to the application of this Standard.
3. The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share in the forecast of consolidated operating results for the fiscal year ending December 31, 2026 takes into account the impact of the share split. If the share split were not taken into account, basic earnings per share would be 298.42 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 June 30, 2026	907,200,000 shares
As of December 31, 2025	907,200,000 shares

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

As of June 30, 2026	2,442,006 shares
As of December 31, 2025	2,562,888 shares

3) Average number of shares outstanding during the period

Six months ended June 30, 2026	904,673,138 shares
Six months ended June 30, 2025	928,997,513 shares

Note: The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Total number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated assuming that this share split had been conducted at the beginning of the previous fiscal year.

Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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 Six Months Ended June 30, 2026, (2) 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 Six Months Ended June 30, 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.

Due to early adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" in the three months ended March 31, 2026, operating income and income before income taxes for the six months ended June 30, 2025, are presented as retrospectively adjusted figures reflecting the change in accounting policy.

Kao Corporation (the "Company") has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share is calculated as if this share split had been conducted at the beginning of the previous fiscal year.

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

Six months ended June 30	**2026**	2025	Growth
Net sales	**871.9**	809.0	7.8% Like-for-like: 3.4%
Operating income	**95.8**	69.2	38.5%
Operating margin (%)	**11.0**	8.6	-
Income before income taxes	**97.3**	71.8	35.6%
Net income	**66.2**	49.5	33.9%
Net income attributable to owners of the parent	**65.7**	49.6	32.3%
Basic earnings per share (Yen)	**72.58**	53.42	35.9%

The global economy continues to grow moderately, driven by AI-related investment and demand for semiconductors. At the same time, ongoing tensions in the Middle East have led to higher energy prices and disruptions in global supply chains, while raw material markets remain unstable. The Japanese economy has been supported by sustained wage increases and capital investment. However, personal consumption still lacks strength due to the impact of rising prices. The recovery remains gradual.

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

Under these conditions, the Kao Group has been addressing critical social issues to further enhance the sustainability of its earning power, centered on the Group's Exclusive Uniqueness, as it works to successfully carry out its Mid-term Plan 2027 ("K27") and build a foundation for step-change growth thereafter.

Net sales increased 7.8% compared with the same period a year earlier to 871.9 billion yen. Currency translation accounted for a 4.4% increase and net sales increased 3.4% on a like-for-like basis (breakdown of the increase: 1.3% increase by volume, 2.1% increase by price). Operating income was 95.8 billion yen, an increase of 26.6 billion yen. The increase in operating income was due to continued growth in the Global Consumer Care Business both in and outside Japan, as well as improved profitability in the Chemical Business. In addition, the Kao Group sold land in the first quarter as part of logistics optimization, and recognized a gain on sale of 11.5 billion yen. Income before income taxes was 97.3 billion yen, an increase of 25.6 billion yen, and net income was 66.2 billion yen, an increase of 16.8 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.
U.S. dollar	156.81 (152.65)	159.40 (144.49)
Euro	183.57 (160.48)	185.34 (163.73)
Chinese yuan	22.64 (20.98)	23.42 (19.98)

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

Summary of Segment Information

Consolidated Results by Segment

Six months ended June 30

	Net sales				Operating income				
					2025		2026		
	2025 (Billions of yen)	2026 (Billions of yen)	Growth (%)	Like-for-like (%)	(Billions of yen)	Operating margin (%)	(Billions of yen)	Operating margin (%)	Change (Billions of yen)
Fabric and Home Care Products	178.2	189.0	6.1	5.1	31.2	17.5	34.7	18.4	3.5
Sanitary Products	79.6	81.7	2.6	(1.3)	4.3	5.4	4.4	5.4	0.1
Hygiene Living Care Business	257.8	270.7	5.0	3.1	35.6	13.8	39.2	14.5	3.6
Health Beauty Care Business	211.5	228.6	8.1	3.6	18.2	8.6	19.9	8.7	1.7
Cosmetics Business	118.5	131.0	10.5	6.7	0.3	0.3	5.8	4.4	5.4
Business Connected Business	18.0	19.2	6.4	6.2	0.4	2.3	0.8	4.4	0.4
Global Consumer Care Business	605.8	649.5	7.2	4.1	54.6	9.0	65.7	10.1	11.1
Chemical Business	226.0	247.2	9.4	1.8	14.3	6.3	18.1	7.3	3.7
Total	831.9	896.7	7.8	3.5	68.9	-	83.8	-	14.9
Elimination and Reconciliation	(22.8)	(24.8)	-	-	0.3	-	12.1	-	11.8
Consolidated	809.0	871.9	7.8	3.4	69.2	8.6	95.8	11.0	26.6

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Consolidated Net Sales Composition

(Billions of yen)

Six months ended June 30		Japan	Asia	Americas	Europe	Consolidated
Fabric and Home Care Products	2025	156.8	19.9	1.5	-	178.2
	2026	167.4	20.1	1.5	-	189.0
	Growth (%)	6.8	0.8	3.8	-	6.1
	Like-for-like (%)	6.8	(7.1)	(12.1)	-	5.1
Sanitary Products	2025	36.0	43.6	-	-	79.6
	2026	34.2	47.5	-	-	81.7
	Growth (%)	(5.1)	8.9	-	-	2.6
	Like-for-like (%)	(5.1)	1.9	-	-	(1.3)
Hygiene Living Care Business	2025	192.8	63.5	1.5	-	257.8
	2026	201.6	67.6	1.5	-	270.7
	Growth (%)	4.6	6.4	3.8	-	5.0
	Like-for-like (%)	4.6	(0.9)	(12.1)	-	3.1
Health Beauty Care Business	2025	107.4	17.9	55.7	30.6	211.5
	2026	113.2	20.3	62.3	32.9	228.6
	Growth (%)	5.4	13.4	11.9	7.6	8.1
	Like-for-like (%)	5.4	5.9	4.2	(4.9)	3.6
Cosmetics Business	2025	81.4	21.4	3.4	12.3	118.5
	2026	86.8	27.2	3.5	13.4	131.0
	Growth (%)	6.7	27.2	2.5	8.9	10.5
	Like-for-like (%)	6.7	14.2	(3.6)	(2.9)	6.7
Business Connected Business	2025	17.9	0.1	-	-	18.0
	2026	18.8	0.4	-	-	19.2
	Growth (%)	5.1	220.7	-	-	6.4
	Like-for-like (%)	5.1	186.6	-	-	6.2
Global Consumer Care Business	2025	399.5	102.9	60.6	42.9	605.8
	2026	420.4	115.4	67.4	46.3	649.5
	Growth (%)	5.2	12.2	11.2	8.0	7.2
	Like-for-like (%)	5.2	3.6	3.4	(4.4)	4.1
Chemical Business	2025	72.0	59.6	43.8	50.6	226.0
	2026	76.8	67.3	47.3	55.8	247.2
	Growth (%)	6.8	12.9	7.9	10.3	9.4
	Like-for-like (%)	6.8	2.9	(2.1)	(3.1)	1.8
Elimination of intersegment	2025	(19.7)	(1.6)	(0.1)	(1.5)	(22.8)
	2026	(21.1)	(2.0)	(0.1)	(1.6)	(24.8)
Consolidated	2025	451.8	161.0	104.2	92.1	809.0
	2026	476.1	180.7	114.5	100.6	871.9
	Growth (%)	5.4	12.2	9.9	9.3	7.8
	Like-for-like (%)	5.4	3.2	1.2	(3.6)	3.4

Notes:

1. *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.*
2. *The percentage of sales outside Japan to total net sales was 45.4% compared with 44.2% 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	6.1	1.0	5.1	1.6	3.5
Sanitary Products	2.6	3.9	(1.3)	(0.6)	(0.7)
Hygiene Living Care Business	5.0	1.9	3.1	0.9	2.2
Health Beauty Care Business	8.1	4.5	3.6	3.0	0.6
Cosmetics Business	10.5	3.8	6.7	5.9	0.8
Business Connected Business	6.4	0.2	6.2	4.2	2.0
Global Consumer Care Business	7.2	3.1	4.1	2.7	1.4
Chemical Business	9.4	7.5	1.8	(1.8)	3.6
Total	7.8	4.4	3.4	1.3	2.1

Note: Chemical Business sales include intersegment transactions.

Global Consumer Care Business

Sales increased 7.2% compared with the same period a year earlier to 649.5 billion yen. Currency translation accounted for a 3.1% increase and sales increased 4.1% on a like-for-like basis (breakdown of the increase: 2.7% increase by volume, 1.4% increase by price).

Globally, in addition to rising raw material prices and logistics costs, among other impacts from the situation in the Middle East, there was a growing consumer tendency to economize. Market conditions also remained unclear in Japan, with consumers becoming increasingly selective, driven by continually rising prices. Under these circumstances, the Kao Group worked to expand global sales by offering high-value-added products, increasing selling prices in line with that added value, and enhancing marketing capabilities through the use of digital technologies and AI. The Kao Group also worked to ensure stable supply through its flexible procurement and production network.

As a result, sales in Japan increased 5.2% to 420.4 billion yen.

Sales in Asia increased 12.2% to 115.4 billion yen. On a like-for-like basis, sales increased 3.6%.

Sales in the Americas increased 11.2% to 67.4 billion yen. On a like-for-like basis, sales increased 3.4%.
Sales in Europe increased 8.0% to 46.3 billion yen. On a like-for-like basis, sales decreased 4.4%.

Operating income increased 11.1 billion yen compared with the same period a year earlier to 65.7 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 5.0% compared with the same period a year earlier to 270.7 billion yen. Currency translation accounted for a 1.9% increase and sales increased 3.1% on a like-for-like basis (breakdown of the increase: 0.9% increase by volume, 2.2% increase by price).

Sales of fabric and home care products increased 6.1% to 189.0 billion yen. Currency translation accounted for a 1.0% increase and sales increased 5.1% on a like-for-like basis (breakdown of the increase: 1.6% increase by volume, 3.5% increase by price).

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

Sales of home care products increased. Sales in Japan were strong due to the contribution of innovative products that have created new market demand, among other factors.

Operating income for fabric and home care products increased 3.5 billion yen to 34.7 billion yen.

Sales of sanitary products increased 2.6% to 81.7 billion yen. Currency translation accounted for a 3.9% increase and sales decreased 1.3% on a like-for-like basis (breakdown of the decrease: 0.6% decrease by volume, 0.7% decrease by price).

Sales of *Laurier* sanitary napkins increased. Sales grew in China and other countries, reflecting the success of globally integrated operations and loyalty marketing initiatives. Sales of *Merries* baby diapers decreased due to the impact of aggressive competition in Japan, among other factors, although signs of a recovery were apparent in Indonesia.

Operating income for sanitary products was 4.4 billion yen, an increase of 0.1 billion yen.

Operating income for the Hygiene Living Care Business increased 3.6 billion yen compared with the same period a year earlier to 39.2 billion yen.

Health Beauty Care Business

Sales increased 8.1% compared with the same period a year earlier to 228.6 billion yen. Currency translation accounted for a 4.5% increase and sales increased 3.6% on a like-for-like basis (breakdown of the increase: 3.0% increase by volume, 0.6% increase by price).

Sales of skin care products increased. Sales in Japan and Asia increased, driven by UV care and other products from *Bioré*, which the Kao Group aims to roll out globally. Sales in the Americas also increased, supported by growth in sales of *Bioré* UV care products, as well as a recovery in sales of *Bondi Sands*.

Sales of hair care products increased. In Japan, premium hair care brand *THE ANSWER* and a new product from the *Cape* brand contributed to sales growth. Sales of professional hair care products (formerly products for hair salons) in the Americas and Europe decreased slightly, despite the growth of *ORIBE* in the Americas due to the expansion of e-commerce sales, 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 1.7 billion yen compared with the same period a year earlier to 19.9 billion yen.

Cosmetics Business

Sales increased 10.5% compared with the same period a year earlier to 131.0 billion yen. Currency translation accounted for a 3.8% increase and sales increased 6.7% on a like-for-like basis (breakdown of the increase: 5.9% increase by volume, 0.8% increase by price).

Sales in Japan increased substantially, driven by strong performance among the six focus brands. Growth of the *Curél* derma care brand significantly outpaced the market, driven by the success of new products and a seasonal promotion. For the *KATE* makeup brand, increased brand awareness resulting from a new product promotion and expanded shelf space secured through initiatives with retailers contributed significantly to increased sales. Sales in Asia increased substantially, led by China, where initiatives to strengthen the earnings base progressed, and Thailand, where efforts focused on nurturing *KATE* and the *KANEBO* prestige skincare and makeup brand. 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 5.4 billion yen compared with the same period a year earlier to 5.8 billion yen.

Business Connected Business

Sales increased 6.4% compared with the same period a year earlier to 19.2 billion yen. Currency translation accounted for a 0.2% increase and sales increased 6.2% on a like-for-like basis (breakdown of the increase: 4.2% increase by volume, 2.0% increase by price).

Sales of commercial-use hygiene products increased. Higher demand resulted in strong 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 0.4 billion yen compared with the same period a year earlier to 0.8 billion yen.

Chemical Business

Sales increased 9.4% compared with the same period a year earlier to 247.2 billion yen. Currency translation accounted for a 7.5% increase and sales increased 1.8% on a like-for-like basis (breakdown of the increase: 1.8% decrease by volume, 3.6% increase 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 due to the substantial 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 from key application sectors, as well as the contribution from the effects of selling price adjustments.

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

Operating income increased 3.7 billion yen compared with the same period a year earlier to 18.1 billion yen. Despite the impact of a decline in demand in some target sectors and rising raw material prices, income increased due to improved margins mainly for oleo chemicals and expanded sales of high-value-added products in the electronic materials sector, together with the impact of accounting treatment for unrealized gains.

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

Revised Forecast of Consolidated Operating Results for the Fiscal Year Ending December 31, 2026

Due to early adoption of IFRS 18 "Presentation and Disclosure in Financial Statements" in the three months ended March 31, 2026, operating income and income before income taxes under "(Reference) Results for the previous fiscal year (ended December 31, 2025)" are presented as retrospectively adjusted figures reflecting the change in accounting policy.

The Company has conducted a share split at a ratio of two shares for each ordinary share on the effective date of July 1, 2026. Basic earnings per share is calculated as if this share split had been conducted at the beginning of the previous fiscal year.

(Billions of yen, except per share amounts)

	Net sales	Operating income	Income before income taxes	Net income attributable to owners of the parent	Basic earnings per share (Yen)
Previously announced forecast (A) *	1,750.0	182.0	185.0	130.0	143.70
Revised forecast (B)	1,800.0	190.0	193.0	135.0	149.21
Change (B-A)	50.0	8.0	8.0	5.0	5.51
Percentage change (%)	2.9	4.4	4.3	3.8	3.8
(Reference) Results for the previous fiscal year (ended December 31, 2025)	1,688.6	163.5	169.9	120.1	130.15

* Forecast of consolidated operating results for the fiscal year ending December 31, 2026, announced on May 12, 2026

The Kao Group is further enhancing the sustainability of its earning power to accelerate its shift toward growth. By ensuring the achievement of its Mid-term Plan 2027 ("K27") and building a foundation for step-change growth thereafter, the Kao Group has made greater progress than planned during the six months ended June 30, 2026.

Under these conditions, ongoing tensions in the Middle East are expected to create an uncertain business environment, reflecting a slowdown in the global economy and rising raw material and international supply chain costs. However, the Kao Group will mitigate the impact by leveraging its global procurement and production network, reducing costs, and implementing selling price pass-through, among other measures. Accordingly, the Kao Group has revised the forecast of consolidated results announced on May 12, 2026 as shown above.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 157 yen, one euro to 182 yen and one Chinese yuan to 22.8 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 June 30, 2026

(Millions of yen)

	December 31, 2025	June 30, 2026	Change
Assets			
Current assets			
Cash and cash equivalents	323,282	326,659	3,377
Trade and other receivables	245,286	244,259	(1,027)
Inventories	292,366	317,472	25,106
Other financial assets	10,925	10,181	(744)
Income tax receivables	5,469	5,936	467
Other current assets	26,906	32,337	5,431
Subtotal	904,234	936,844	32,610
Non-current assets held for sale	1,658	1,781	123
Total current assets	905,892	938,625	32,733
Non-current assets			
Property, plant and equipment	443,080	435,603	(7,477)
Right-of-use assets	113,218	106,253	(6,965)
Goodwill	231,071	235,558	4,487
Intangible assets	79,471	77,881	(1,590)
Investments accounted for using the equity method	15,616	16,564	948
Other financial assets	29,639	29,632	(7)
Deferred tax assets	43,303	43,988	685
Other non-current assets	13,764	14,249	485
Total non-current assets	969,162	959,728	(9,434)
Total assets	1,875,054	1,898,353	23,299

(Millions of yen)

	December 31, 2025	June 30, 2026	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	270,149	272,708	2,559
Bonds and borrowings	26,059	51,738	25,679
Lease liabilities	20,878	20,396	(482)
Other financial liabilities	7,623	386	(7,237)
Income tax payables	31,824	29,679	(2,145)
Provisions	1,362	752	(610)
Contract liabilities	43,342	42,833	(509)
Other current liabilities	116,958	101,552	(15,406)
Total current liabilities	518,195	520,044	1,849
Non-current liabilities			
Bonds and borrowings	105,599	80,574	(25,025)
Lease liabilities	90,606	84,499	(6,107)
Other financial liabilities	6,543	6,736	193
Retirement benefit liabilities	36,686	34,472	(2,214)
Provisions	6,934	6,960	26
Deferred tax liabilities	10,829	10,903	74
Other non-current liabilities	4,962	4,625	(337)
Total non-current liabilities	262,159	228,769	(33,390)
Total liabilities	780,354	748,813	(31,541)
Equity			
Share capital	85,424	85,424	—
Capital surplus	106,398	106,308	(90)
Treasury shares	(5,125)	(4,704)	421
Other components of equity	160,759	184,890	24,131
Retained earnings	716,621	747,531	30,910
Equity attributable to owners of the parent	1,064,077	1,119,449	55,372
Non-controlling interests	30,623	30,091	(532)
Total equity	1,094,700	1,149,540	54,840
Total liabilities and equity	1,875,054	1,898,353	23,299

(2) Condensed Consolidated Statement of Income

Kao Corporation and Consolidated Subsidiaries

Six months ended June 30, 2026

(Millions of yen)

	Notes	Six months ended June 30, 2025	Six months ended June 30, 2026	Change
Net sales	2	809,022	871,934	62,912
Cost of sales		(497,196)	(524,724)	(27,528)
Gross profit		311,826	347,210	35,384
Selling, general and administrative expenses	3	(243,292)	(263,972)	(20,680)
Other operating income		8,810	21,314	12,504
Other operating expenses		(8,160)	(8,721)	(561)
Operating income	2	69,184	95,831	26,647
Share of profit in investments accounted for using the equity method		1,784	1,634	(150)
Other investment income and expenses		(1,373)	2,714	4,087
Income before financing and income taxes		69,595	100,179	30,584
Financial income		3,965	9	(3,956)
Financial expenses		(1,792)	(2,869)	(1,077)
Income before income taxes		71,768	97,319	25,551
Income taxes		(22,303)	(31,087)	(8,784)
Net income		49,465	66,232	16,767
Attributable to:				
Owners of the parent		49,631	65,662	16,031
Non-controlling interests		(166)	570	736
Net income		49,465	66,232	16,767
Earnings per share				
Basic (Yen)		53.42	72.58	
Diluted (Yen)		–	–	

(3) Condensed Consolidated Statement of Comprehensive Income

Kao Corporation and Consolidated Subsidiaries

Six months ended June 30, 2026

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Change
Net income	49,465	66,232	16,767
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	186	(171)	(357)
Remeasurements of defined benefit plans	(28)	–	28
Share of other comprehensive income of investments accounted for using the equity method	45	1,747	1,702
Total of items that will not be reclassified to profit or loss	203	1,576	1,373
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(29,889)	22,591	52,480
Share of other comprehensive income of investments accounted for using the equity method	(463)	207	670
Total of items that may be reclassified subsequently to profit or loss	(30,352)	22,798	53,150
Other comprehensive income, net of taxes	(30,149)	24,374	54,523
Comprehensive income	19,316	90,606	71,290
Attributable to:			
Owners of the parent	21,192	89,891	68,699
Non-controlling interests	(1,876)	715	2,591
Comprehensive income	19,316	90,606	71,290

(4) Condensed Consolidated Statement of Changes in Equity

Kao Corporation and Consolidated Subsidiaries

Six months ended June 30, 2025 (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 com-prehensive income
January 1, 2025	85,424	106,256	(5,924)	124,321	6	7,912
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	(28,646)	3	232
Comprehensive income	—	—	—	(28,646)	3	232
Disposal of treasury shares	—	(320)	363	—	—	—
Purchase of treasury shares	—	—	(6)	—	—	—
Share-based payment transactions	—	342	—	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries	—	(122)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(116)
Total transactions with the owners	—	(100)	357	—	—	(116)
June 30, 2025	85,424	106,156	(5,567)	95,675	9	8,028

	Equity attributable to owners of the parent					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2025	—	132,239	748,781	1,066,776	32,059	1,098,835
Net income	—	—	49,631	49,631	(166)	49,465
Other comprehensive income	(28)	(28,439)	—	(28,439)	(1,710)	(30,149)
Comprehensive income	(28)	(28,439)	49,631	21,192	(1,876)	19,316
Disposal of treasury shares	—	—	(42)	1	—	1
Purchase of treasury shares	—	—	—	(6)	—	(6)
Share-based payment transactions	—	—	—	342	—	342
Dividends	—	—	(35,304)	(35,304)	(1,655)	(36,959)
Changes in the ownership interest in subsidiaries	—	—	—	(122)	(971)	(1,093)
Transfer from other components of equity to retained earnings	28	(88)	88	—	—	—
Total transactions with the owners	28	(88)	(35,258)	(35,089)	(2,626)	(37,715)
June 30, 2025	—	103,712	763,154	1,052,879	27,557	1,080,436

Six months ended June 30, 2026 (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, 2026	85,424	106,398	(5,125)	150,503	6	10,250
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	22,653	—	1,576
Comprehensive income	—	—	—	22,653	—	1,576
Disposal of treasury shares	—	(414)	427	—	—	—
Purchase of treasury shares	—	—	(6)	—	—	—
Share-based payment transactions	—	324	—	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(98)
Total transactions with the owners	—	(90)	421	—	—	(98)
June 30, 2026	85,424	106,308	(4,704)	173,156	6	11,728

	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	—	—	65,662	65,662	570	66,232
Other comprehensive income	—	24,229	—	24,229	145	24,374
Comprehensive income	—	24,229	65,662	89,891	715	90,606
Disposal of treasury shares	—	—	(11)	2	—	2
Purchase of treasury shares	—	—	—	(6)	—	(6)
Share-based payment transactions	—	—	—	324	—	324
Dividends	—	—	(34,839)	(34,839)	(1,247)	(36,086)
Transfer from other components of equity to retained earnings	—	(98)	98	—	—	—
Total transactions with the owners	—	(98)	(34,752)	(34,519)	(1,247)	(35,766)
June 30, 2026	—	184,890	747,531	1,119,449	30,091	1,149,540

(5) Condensed Consolidated Statement of Cash Flows

Kao Corporation and Consolidated Subsidiaries

Six months ended June 30, 2026

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Operating income	69,184	95,831
Depreciation and amortization	42,724	44,771
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	1,400	(9,994)
(Increase) decrease in trade and other receivables	8,911	6,319
(Increase) decrease in inventories	(19,257)	(20,760)
Increase (decrease) in trade and other payables	(5,543)	7,829
Increase (decrease) in retirement benefit liabilities	(1,868)	(2,283)
Increase (decrease) in provisions	(1,903)	(651)
Other	(28,555)	(31,520)
Cash flows from operating activities before income taxes	65,093	89,542
Income taxes paid	(22,241)	(34,292)
Net cash flows from operating activities	42,852	55,250
Cash flows from investing activities		
Payments into time deposits	(3,665)	(10,932)
Proceeds from withdrawal of time deposits	9,519	11,566
Purchase of property, plant and equipment	(28,763)	(28,648)
Proceeds from sale of property, plant and equipment	62	14,285
Purchase of intangible assets	(4,730)	(3,453)
Interest received	1,795	1,505
Dividends received	3,103	3,586
Other	332	61
Net cash flows from investing activities	(22,347)	(12,030)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	40	658
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(10,011)	(12)
Repayments of lease liabilities	(10,973)	(11,683)
Interest paid	(1,241)	(1,652)
Dividends paid to owners of the parent	(35,345)	(34,873)
Dividends paid to non-controlling interests	(947)	(1,244)
Other	(953)	166
Net cash flows from financing activities	(49,430)	(48,640)
Net increase (decrease) in cash and cash equivalents	(28,925)	(5,420)
Cash and cash equivalents at the beginning of the period	357,713	323,282
Effect of exchange rate changes on cash and cash equivalents	(7,208)	8,797
Cash and cash equivalents at the end of the period	321,580	326,659

Note: "Other" under cash flows from operating activities for the six months ended June 30, 2025, and the six months ended June 30, 2026, includes no items of material significance.

(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; hereinafter, "IFRS 18") in the six months ended June 30, 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" (hereinafter, "IAS 1").

The reconciliation of each line item in the condensed consolidated statement of income for the six months ended June 30, 2025 is as follows.

Six months ended June 30, 2025 (Millions of yen)

IAS 1		Reclassification	IFRS 18		
Accounts	Amounts		Amounts	Notes	Accounts
Net sales	809,022	–	809,022		Net sales
Cost of sales	(497,196)	–	(497,196)		Cost of sales
Gross profit	311,826	–	311,826		Gross profit
Selling, general and administrative expenses	(243,292)	–	(243,292)		Selling, general and administrative expenses
Other operating income	8,810	–	8,810		Other operating income
Other operating expenses	(7,875)	(285)	(8,160)	(1)	Other operating expenses
Operating income	69,469	(285)	69,184		Operating income
		1,784	1,784	(2)	Share of profit in investments accounted for using the equity method
		(1,373)	(1,373)	(1),(3)	Other investment income and expenses
		126	69,595		Income before financing and income taxes
Financial income	2,305	1,660	3,965	(1),(3)	Financial income
Financial expenses	(1,792)	–	(1,792)		Financial expenses
Share of profit in investments accounted for using the equity method	1,784	(1,784)	–	(2)	
Income before income taxes	71,766	2	71,768		Income before income taxes
Income taxes	(22,301)	(2)	(22,303)	(1)	Income taxes
Net income	49,465	–	49,465		Net income

Notes on the Reconciliation of Income and Expenses for the First Six Months of the Previous Fiscal Year (January 1, 2025 to June 30, 2025)

(1) Reclassification of Foreign Exchange Differences

Under IAS 1, foreign exchange differences were presented within financial income. Under IFRS 18, they are classified and presented within the operating, investing, financing, or income taxes categories. Foreign exchange differences arising from intragroup loans are classified in the same category in which the income and expenses arising from those loans would have been classified before their elimination on consolidation.

(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. Management-defined Performance Measures

The Kao Group uses net operating profit after tax (hereinafter, "NOPAT") as a management-defined performance measure. This measure presents management's view of one aspect of overall financial performance. It is not defined by IFRS Accounting Standards and may not be comparable to similar measures used by other companies.

The Kao Group uses Economic Value Added (hereinafter, "EVA®") and Return on Invested Capital (hereinafter, "ROIC"), management indicators that take capital cost and capital efficiency into account, as its main performance measures and works to enhance its corporate value by improving EVA and ROIC. EVA is a registered trademark of Stern Stewart & Co.

ROIC is a ratio metric obtained by dividing NOPAT by invested capital. NOPAT is calculated by adjusting net income for interest expenses after tax.

The Kao Group's management believes that NOPAT, as a performance measure used in the calculation of ROIC, provides useful information for understanding the Kao Group's performance from the perspectives of capital cost and capital efficiency.

The reconciliation between net income and NOPAT under IFRS Accounting Standards is as follows.

Six months ended June 30, 2025

(Millions of yen)

		Income taxes[2]	Net income attributable to non-controlling interests
Net income	49,465		
Interest expenses[1]	285	(87)	1
Income taxes[2]	(87)	—	—
NOPAT	49,663		

Notes:

1. The adjustment to interest expenses is primarily attributable to bonds and borrowings and excludes interest expense on lease liabilities.
   Interest expenses are included in financial expenses in the consolidated statement of income.
2. The amount of income taxes is calculated primarily based on the statutory tax rate applicable in the tax jurisdiction where the relevant transaction occurs.

Six months ended June 30, 2026

(Millions of yen)

		Income taxes[2]	Net income attributable to non-controlling interests
Net income	66,232		
Interest expenses[1]	567	(174)	7
Income taxes[2]	(174)	—	—
NOPAT	66,625		

Notes:

1. The adjustment to interest expenses is primarily attributable to bonds and borrowings and excludes interest expense on lease liabilities.
   Interest expenses are included in financial expenses in the consolidated statement of income.
2. The amount of income taxes is calculated primarily based on the statutory tax rate applicable in the tax jurisdiction where the relevant transaction occurs.

2. 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 six months ended June 30, 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:

<table>
<tr><th colspan="2">Reportable segments</th><th colspan="2">Major products</th></tr>
<tr><td rowspan="10">Global Consumer Care Business</td><td rowspan="3">Hygiene Living Care Business</td><td>Fabric care products</td><td>Laundry detergents, fabric treatments</td></tr>
<tr><td>Home care products</td><td>Kitchen cleaning products, house cleaning products, paper cleaning products</td></tr>
<tr><td>Sanitary products</td><td>Sanitary napkins, baby diapers</td></tr>
<tr><td rowspan="3">Health Beauty Care Business</td><td>Skin care products</td><td>Soaps, facial cleansers, body cleansers, UV care products</td></tr>
<tr><td>Hair care products</td><td>Shampoos, conditioners, hair styling agents, hair coloring agents, men's products</td></tr>
<tr><td>Personal health products</td><td>Bath additives, oral care products, thermo products</td></tr>
<tr><td>Cosmetics Business</td><td>Cosmetics</td><td>Counseling cosmetics, self-selection cosmetics</td></tr>
<tr><td>Business Connected Business</td><td>Commercial-use hygiene products, life care products</td><td>Commercial-use hygiene products, life care products</td></tr>
<tr><td colspan="2" rowspan="4">Chemical Business</td><td>Oleo chemicals</td><td>Oleochemicals, fat and oil derivatives</td></tr>
<tr><td>Consumer care chemicals</td><td>Surfactants and blending products, fragrances</td></tr>
<tr><td>Performance chemicals</td><td>Water-reducing admixture for concrete, casting sand binders, plastics additives, process chemicals for various industries</td></tr>
<tr><td>Information materials</td><td>Toners/Toner binders, inkjet ink colorants, ink, fine polishing agents and cleaner for hard disk, materials and process chemicals for semiconductor</td></tr>
</table>

(2) Sales and Results of Reportable Segments
Six months ended June 30, 2025

(Millions of yen)

	Reportable segments								
	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	257,809	211,477	118,532	18,002	605,820	203,202	809,022	—	809,022
Intersegment sales and transfers[2]	—	—	—	—	—	22,847	22,847	(22,847)	—
Total net sales	257,809	211,477	118,532	18,002	605,820	226,049	831,869	(22,847)	809,022
Operating income	35,565	18,249	338	418	54,570	14,317	68,887	297	69,184
Share of profit in investments accounted for using the equity method									1,784
Other investment income and expenses									(1,373)
Income before financing and income taxes									69,595
Financial income									3,965
Financial expenses									(1,792)
Income before income taxes									71,768

Notes:

1. The operating income reconciliation of 297 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.

Six months ended June 30, 2026

(Millions of yen)

	Reportable segments								
	Global Consumer Care Business								
	Hygiene Living Care Business	Health Beauty Care Business	Cosmetics Business	Business Connected Business	Subtotal	Chemical Business	Total	Reconciliation[1]	Consolidated
Net sales									
Sales to customers	270,715	228,642	130,982	19,156	649,495	222,439	871,934	−	871,934
Intersegment sales and transfers[2]	−	−	−	−	−	24,809	24,809	(24,809)	−
Total net sales	270,715	228,642	130,982	19,156	649,495	247,248	896,743	(24,809)	871,934
Operating income	39,171	19,938	5,758	841	65,708	18,066	83,774	12,057	95,831
Share of profit in investments accounted for using the equity method									1,634
Other investment income and expenses									2,714
Income before financing and income taxes									100,179
Financial income									9
Financial expenses									(2,869)
Income before income taxes									97,319

Notes:

1. The operating income reconciliation of 12,057 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.

3. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Selling expenses		
Advertising	40,756	46,005
Sales promotion	26,183	29,518
Employee benefits	55,008	58,896
Depreciation	2,976	3,017
Amortization	1,508	1,669
Other selling expenses	16,864	19,504
Total selling expenses	143,295	158,609
General and administrative expenses		
Employee benefits[1]	32,950	35,444
Depreciation[1]	4,673	5,133
Amortization[1]	4,251	4,684
Research and development[1]	31,439	31,281
Other general and administrative expenses	26,684	28,821
Total general and administrative expenses	99,997	105,363
Total	243,292	263,972

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.