

Shifting from a Manufacturing Company to a UX Creation Company

Kao has streamlined operations and driven work style reforms using AI and other advanced technologies from FY2018. We made fully fledged efforts to promote digital transformation (DX) in business starting in FY2021, and in January 2023, we newly established a division called DX Strategy by integrating DX functions.

Our current top-priority initiative for business DX is to build an interactive platform “My Kao” for directly connecting with customers to strengthen bonds with them.

To this end, we are pursuing two approaches that are unique to Kao. One approach is to provide a unique user experience (UX) through our monitoring technologies. The other approach is to harness our broad business domains to stay close to each and every customer, and thereby realize a Kirei Life.

This platform will also significantly contribute to the digitalization of our *Yoki-Monozukuri*. The big data collected on a daily basis through this platform will help update our capabilities in consumer understanding, product development and marketing.



Yoshihiro Murakami

Managing Executive Officer
Senior Vice President, DX Strategy

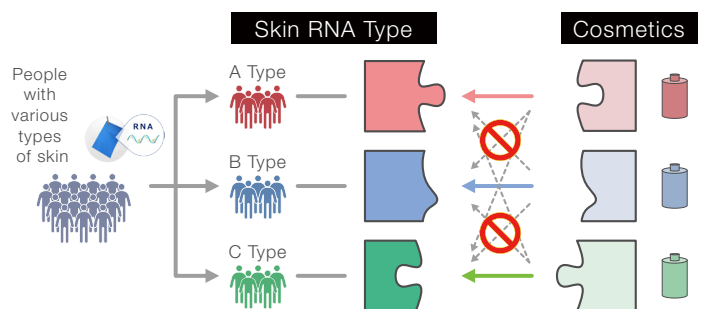
We seek to go beyond manufacturing products and become a company that provides unparalleled experiences. In other words, Kao’s challenge for DX is to transform from a manufacturing company to a UX creation company.

UX Creation and Business Model Reform

We have two distinct perspectives for UX: monitoring and solution matching.

For example, the monitoring can clearly show customers changes in their physical status, as well as makeup and hairstyles that suit them, or the hygienic status in their living spaces. On top of this, we will bring customers the joy of coming across the ideal solution that suits them, and deliver an experience that has them want to continue using it. This is what Kao seeks to achieve in UX.

▼ Evolving our business in cosmetics through collaboration with istyle Inc.



Categorize people into groups based on their skin RNA type. Analyze @cosme evaluation comments from people in each group and give estimates on cosmetics that suit each group.

Rolling out the Interactive Digital Platform Worldwide

We launched “My Kao” in December 2022 as our first interactive digital platform in Japan. My Kao has four functions: knowing, experiencing, buying and creating. It helps us to connect with customers and get closer using One-ID, allowing us to provide UX in many ways.

We have already launched direct-to-consumer (D2C) business in China and AEMEA (the Americas, Europe, the Middle East and Africa). We will share knowledge from each area and work to develop the interactive digital platform worldwide.



- ▶ Japan “My Kao”: my.kao-kirei.com/
- ▶ Americas (brand site): www.kao.com/americas/en/brands/
- ▶ EMEA (brand site): www.kao.com/emea/en/brands/
- ▶ China (e-commerce website): www.kao.com/cn/e-commerce/

	FY2022 results	FY2025 challenge
e-Commerce	11 % (5%)	25 % (15%)
In-house ratio in e-commerce	4 % (8%)	15 % (20%)

Numbers in parentheses are those for Japan

Improving web accessibility



Kao Web Accessibility Policy:
www.kao.com/global/en/web-accessibility/policy/

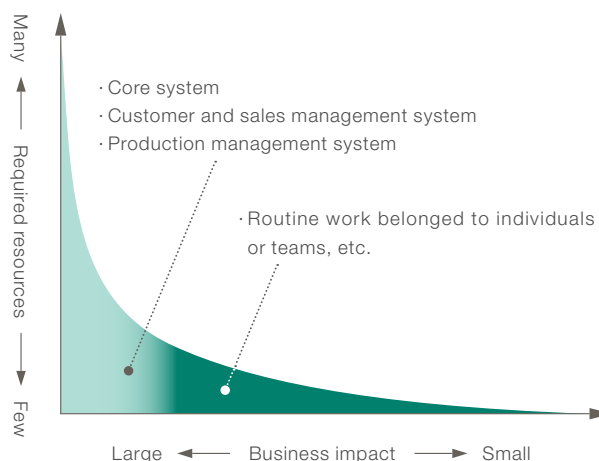
As part of our commitment to environmental and social responsibility and our goal of promoting a fulfilling lifestyle, we are working to improve the accessibility of information and features on our website (web accessibility). Through this effort, we aim to promote user friendly digital communication, making it easy and stress free for everyone to find and use Kao products.

DX Human Capital Development and Internal DX as the Foundation for a UX Creation Company

Our DX human capital require wide-reaching knowledge and skills in both IT and business, including fields like IT technologies, data science and digital marketing. We are developing human capital by using digital skill study services and providing data analyst training.

Developing DX human capital is also crucial for improving work styles and business processes. To respond to projects for individuals or specific teams that have a lower company-wide priority, we have built a system to train employees who understand the *Genba* as “citizen developers”. In this way, by accumulating many small-scale internal DX projects, we are steadily improving streamlining operations.

Two approaches for internal DX



We will respond to high-priority projects with active investments, and to low-priority projects through employee reskilling. As of February 2023, there are 673 citizen developers.