






Digital Transformation Progress and Achievements:

Initiatives to Build a Foundation for Business Growth and Create Value

- AI-centric initiatives that strengthen the management base and create value are contributing to business growth.

<h3>Business Growth</h3>	<h4><u>D2C Business</u></h4> <p>Six cosmetics focus brands D2C sales in Japan 142% YoY sales growth</p> <p>SENSAI MOLTON BROWN KANEBO SOFINA Curel® KATE TOKYO</p>	<h4><u>RNA Co-creation</u></h4>  <p>More than 100,000 users</p> <p>kaol istyle</p> <p>Skin care diagnosis recipients (since July 2025)</p>	<h4><u>AI Demand Forecasting</u></h4> <p>Cosmetics in Japan</p> <p>38% reduction</p>
<h3>Value Creation</h3>	<h4><u>Skin Diagnostics</u></h4> <p>Evaluation categories (vs. previous methods) 5-fold increase to 77 categories</p> <p><i>Kirei skin AI:</i> Kao's proprietary AI technology for skin evaluation enables highly accurate analysis of not only the skin's outward appearance but also infers its internal condition, based on a single facial image.</p>	<h4><u>In-house Utilization of Information</u></h4> <p>60% reduction in information collection (estimate vs. conventional methods)</p>	<h4><u>Utilization of Consumer Feedback</u></h4>  <p>Talkwalker (Social listening tool)</p> <p>More than 800 users in over 10 countries</p>
<h3>Management Base</h3>	<h4><u>Core System</u></h4> <p>SAP S/4HANA</p> <p>Scope: 97 companies in 29 countries</p>	<h4><u>AI Utilization</u></h4> <p>Total DAU by Tool (Non-Unique / Aggregate) 5,000 per day</p>   	<h4><u>DX Talent</u></h4> <p>More than 4,700 citizen developers</p>