



**BE ANYTHING,  
BE EVERYTHING.**



**mandom**



**Mandom Report 2022**



FY2022 Ceremony for New Employees

### Editorial Policy

The Mandom Group has been publishing the Mandom Report (integrated report) since 2018 to help our stakeholders understand our medium- to long-term efforts at value creation. Mandom Report also integrates the previously separate KohDoh Report (CSR report). This has been done as part of our work on providing integrated information as a company and to enhance the non-financial information we provide. When editing this report, we put together a brief summary focused on information that is highly important for improving Mandom's corporate value while referring to the "Guidance for Collaborative Value Creation" released by the Ministry of Economy, Trade and Industry and other resources.

Visit our website for more detailed information.

- IR Information: <https://www.mandom.co.jp/en/ir/>
- CSR Information: <https://www.mandom.co.jp/en/csr/>

### Report Coverage

Mandom Corporation and its affiliated companies both inside and outside Japan

Note: For details, please see p. 80 "Mandom Group Companies."

### Reporting Period

FY2021 (ended March 31, 2022)

- Mandom and Group companies in Japan: April 1, 2021-March 31, 2022
- Overseas Group companies: January 1, 2021-December 31, 2021

Note: To the extent it is possible, the latest information at the time this report was written is included.

### Reference Guidelines

- "International <IR> Framework"
- "Guidance for Collaborative Value Creation" released by the Ministry of Economy, Trade, and Industry
- "ISO 26000:2010—Guidance on Social Responsibility" edited by Japanese Standards Association
- "Environmental Reporting Guidelines (2018 Version)" released by Ministry of the Environment, Japan
- "GRI Standards" released by GRI (Global Reporting Initiative)



### Regarding Forward-Looking Statements:

This annual report contains forward-looking statements concerning Mandom's current plans, strategies, beliefs and performance. These forward-looking statements include statements other than those based on historical fact and represent the assumptions and beliefs of management based on information currently available. Mandom therefore wishes to caution readers that actual results may differ materially from expectations, and that forward-looking statements are subject to a number of foreseen and unforeseen risks and uncertainties. All amounts have been rounded down to the nearest whole unit.



Corporate Slogan

Logo (symbol + company logo)

BE ANYTHING,  
BE EVERYTHING.



mandom

〈意味〉になりたい自分に、全部なろう。

We of course want to help consumers by helping them achieve good looks and beauty through the use of cosmetics, but we also want to help consumers with hesitation to break through the resignation and assumption that they have to sacrifice something in order to be the person they want to be. We believe that our new "Dedication to Service (OYAKUDACHI)" in the future is to support all consumers to "live their own lives" and also to sustainably create a society in which they can achieve this and which is close to their ideals.

人と人 + (^ ^) + M = ^^

Human-oriented

Smile

mandom

We simply express our desire to continue to contribute as a company and "dedicate" in the creation of value to our stakeholders, including our employees.

We have added these three together. "Human-oriented," the core of the Mandom's mission and the "M" in Mandom, which together with "Smile," can create smiles that can be shared by anyone, regardless of race, country or region, age or gender.

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## MISSION Framework



### MANDOM MISSION

#### Human to Human

Mandom is a "human-oriented" company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives.

### MANDOM PRINCIPLES

Consumer-led Lifestyle Value Creation  
Challenge, Change, Innovation  
Active Employee Engagement  
Social Responsibility & Sustainability  
Human Assets

### MANDOM SPIRIT

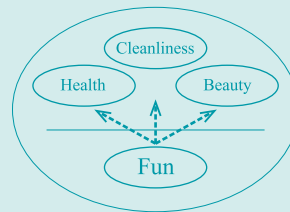
Dedication to Service (Oyakudachi)  
Respect for Humanity  
Freedom & Open-Mindedness

## MANDOM MISSION

The MANDOM MISSION presents the reason for Mandom's existence and defines its commitment to society.

### MISSION Slogan Human to Human

**MISSION Statement** Mandom is a "human-oriented" company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives.



#### Five Aspects of Compassion

LOVE Benevolence toward mankind  
SENSIBILITY Ability to respond to delicate feelings  
HAPPINESS Eagerness to make people happy  
FREEDOM Free-spiritedness  
WILL Enthusiasm for navigating the future

These are the conditions for...

<Imagination>  
Imagining ways of making people happy  
<Creativity>  
Creating value that benefits people

### Health, Cleanliness & Beauty (our domain)

The concepts of Health, Cleanliness, Beauty and Fun provide the basis for Mandom's unique business concept. We position Health, Cleanliness & Beauty as elements of the fundamental concept of Fun to remind ourselves to adopt a playful and lighthearted approach to business in this domain.

### Reaching boldly beyond the norm (our style)

"Reaching beyond the norm" is not synonymous with selfishness. It means thinking and working out of the box and defying convention. "Boldly" does not suggest thinking and acting in a freewheeling manner. It expresses our determination to take up challenges and face hardships squarely.

### Bringing wonder and inspiration to people's everyday lives (our value)

People around the world tend to follow the same routines day after day. In pursuit of more fulfilling lives, we create "something new" and "something different" to bring wonder and lift their spirits and fill their hearts with joy to bring inspiration.

### "Human-oriented" (our stance)

However fast and far science may advance, the qualities of Compassion, Imagination and Creativity remain undeniably human. These qualities provide the basis for our "Five Aspects of Compassion," without which no one can acquire the imagination to envision ways of pleasing people and bringing them happiness or the creativity to generate value that provides true benefits. Mandom is committed to offering value by adopting a "human-oriented" approach out of respect for human sensibilities and creativity.



## ■ MANDOM PRINCIPLES

**The MANDOM PRINCIPLES are a code of conduct that is followed by all Mandom personnel at all times.**

### Consumer-led Lifestyle Value Creation

---

We are committed to perceiving consumer wants and offering solutions, and to encouraging consumers to embrace wonder and inspiration in their everyday lives. Achieving this requires that all of our business activities begin and end with consumers in mind. We consequently maintain our focus on consumers at all times, and think and act ingeniously in the awareness that we, too, are consumers.

### Challenge, Change, Innovation

---

We exercise courage and think and act ingeniously in an ongoing "Challenge" to the unknown and difficult tasks. These efforts lead to "Change" in existing systems and processes, freeing us to pursue appropriate actions to become the company we want to be in the future. This means continuing the "Innovation" that creates novel value for our stakeholders and the world.

### Active Employee Engagement

---

Active Employee Engagement means that all the "Human Assets" comprising our diverse and multi-talented workforce are aligned toward a common goal, and that every one of us unfailingly performs our assigned roles. We respect and collaborate with each other to realize the overall capabilities of our organization.

### Social Responsibility & Sustainability

---

Our social responsibility extends beyond coexistence with society. We pay serious attention to the views and ideas of people from all walks of life and initiate dialogues with them in recognition of and respect for the diversified values and lifestyles of all members of society. We aim to create a better, more sustainable society by addressing social issues from a global perspective and by working out solutions with our stakeholders through our core businesses.

### Human Assets

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We regard our colleagues as "Human Assets" and work with them to shape the Company's future in a relationship of mutual respect. As business people, we think and act ingeniously to make meaningful contributions to society.

## ■ MANDOM SPIRIT

**The MANDOM SPIRIT constitutes the bedrock of Mandom's foundation that is handed down through the generations.**

### Dedication to Service (Oyakudachi)

---

Dedication to Service refers to our spirit of "bringing happiness to customers and suppliers through our ingenuity; receiving profits in return; and passing them on to our stakeholders."

In the past, cosmetic products were extremely expensive. We were passionate about sharing the fun and happiness of using cosmetic products with more people in their daily routines. That is why we launched Tancho Tique to embody our unique concept of "Value for Money." Much more than an economic concept of offering quality products at affordable prices, this concept represents the true meaning of Dedication to Service presented above.

### Respect for Humanity

---

Respect for Humanity means a spirit of love and trust for each other and of concern and caring for others.

Compassion for our employees and attentiveness to their needs have been part of the Mandom tradition since the onset. We determine our expectations and encourage our employees to exercise ingenuity in word and action to fulfill them. We are fully aware that human resources development is an integral part of organizational growth. This spirit is handed down through generations and across the world.

### Freedom & Open-Mindedness

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Freedom & Open-Mindedness represents the spirit of our open corporate culture which, unbound by hierarchy, encourages employees to act on their own initiative and express their thoughts without inhibition.

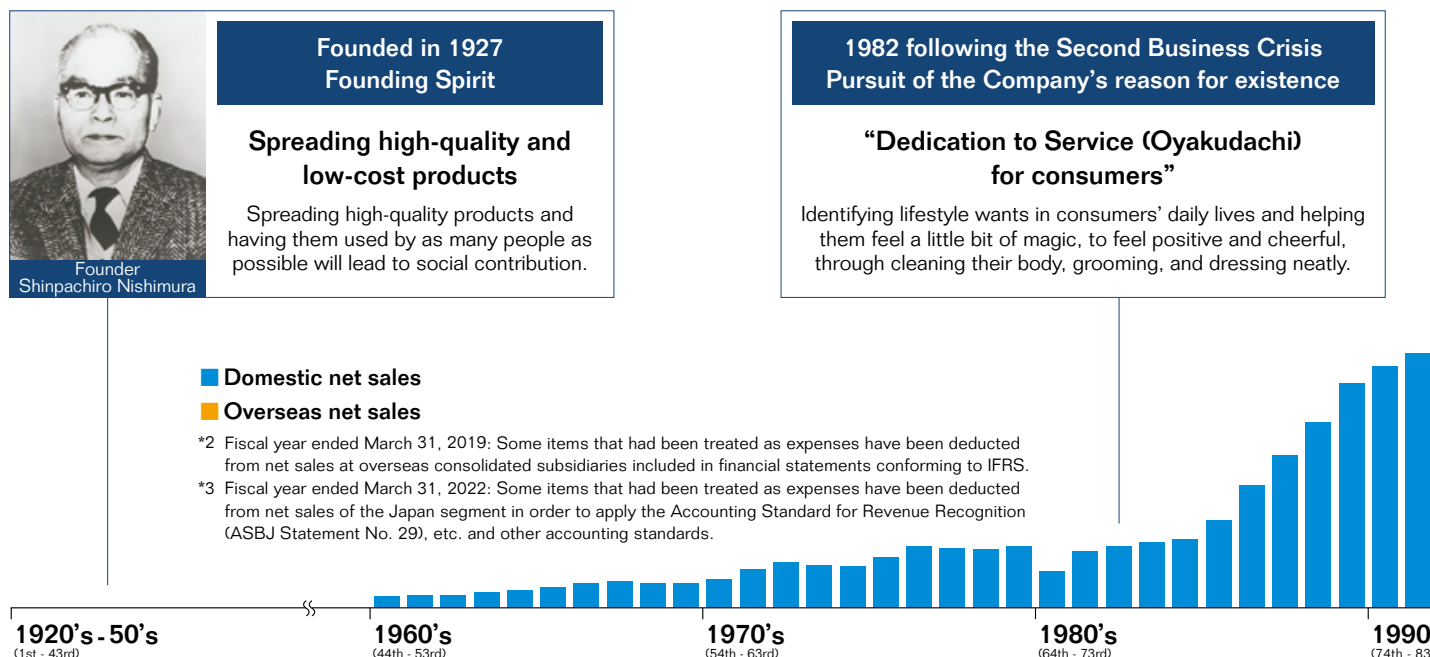
Marketing campaigns conducted following the launch of our "Mandom Series" of products in 1970 challenged the industry status quo and exerted a phenomenal impact on Japanese society. We believe it is important to make continuous efforts of this kind to create new value on a daily basis. Such efforts require an intellectually charged forum of exchange arising from our spirit of Freedom & Open-Mindedness.

# Dedication to Service (Oyakudachi) Continuing Constantly

Shinpachiro Nishimura, the founder, believed that spreading cosmetics would serve society as Dedication to Service (Oyakudachi) under the principle of “High-quality and low-cost products”<sup>\*1</sup>.

Since then, the Company has believed that Dedication to Services (Oyakudachi) for consumers through cosmetics is its reason for existence, and expanded Oyakudachi in terms of quantity (sales) in Japan and Asia through Only One Marketing from the perspective of Consumer-led Lifestyle Value Creation, and the creation of new markets that propose new grooming behaviors.

<sup>\*1</sup> To provide consumers with products of unique quality and value at an appropriate price, and to obtain profit by the spread of the products, thereby maintaining social significance.



## 1927

**Established Kintsuru Perfume Corporation**



## 1960's First Business Crisis

Alcohol-based liquid hair styling products came to market  
Performance of the Company was sluggish due to being unable to respond to changes in consumer wants as a result of not letting go of the success of tique and pomade

## 1980 Second Business Crisis

Transitioned to a direct sales structure in 1978, but with ballooning costs, things came to a standstill in two years, and eventually the decision was made to return to sales through distributors.  
The crisis left a long-standing impact, particularly with respect to having to reduce personnel.

## 1933

**Launched Tancho Tique**



## 1970

**Launched the Mandom Series**



## 1982

**Commenced the first MP**

Developed Mandom terminology such as “Oyakudachi (Dedication to Service)” and “Seikatsusha (Consumers).”

## ► Overseas Business

### 1958

**Commenced operations at technical tie-up in the Philippines**



### 1969

**Established a joint venture in Indonesia**



## Strengthened Overseas Developments

### 1988

Singapore

### 1989

Taiwan

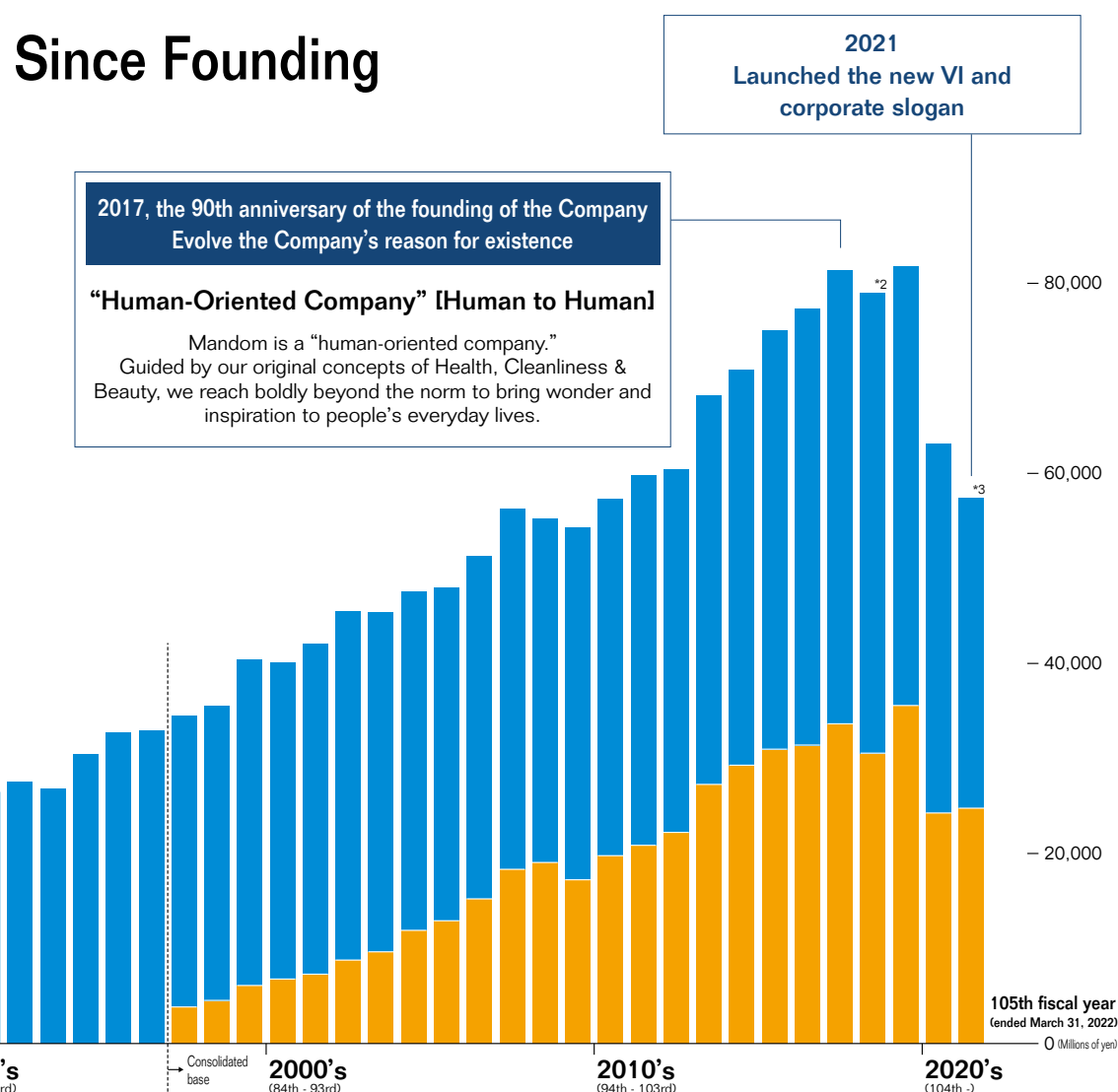
### 1990

Thailand

### 1992

The Philippines

# Since Founding



What the Company  
aspires to be  
in 2027, the 100th  
anniversary of  
its founding

**VISION  
2027**

→ P.56

## Created a market and expanded results by offering new grooming options



**1985**

Commenced the first over-the-counter sales of Gatsby hair foam for men



**LÚCIDO**

**1989**

Launched Lúcido, a lineup of fragrance-free men's cosmetics products, unprecedented in the industry



**1994**

Launched men's hair styling product Gatsby Water Gloss in Indonesia  
Expanded product line for various sizes; became widely known, primarily for the sachet-size version



**1995**

Launched women's cosmetic item Pixy Two Way Cake in Indonesia



**1996**

Launched Gatsby facial cleansing paper  
Introduced a new way of grooming



**2001**

Launched Gatsby Hair Color series, developing a market for men's hair color products



**2006**

Launched Gatsby Moving Rubber, which became a signature series in the men's styling market



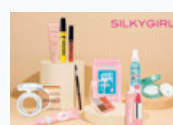
**2011**

Launched Bifesta, a cosmetics brand for women  
Full-scale introduction to the skincare market

**2019**

**The first M&A since founding**

Acquired shares of ACG International Sdn. Bhd.



## Acquired Assets

(Mandom's Six Strengths)

**Only One  
Marketing**

**Knowledge in Men's  
Cosmetics Field**

**Overseas  
Expansion Focused  
on Asia**

**“Unique Research”  
and “Reliable  
Technology”**

**Production System  
with Three  
Manufacturing  
Bases**

**Highly-Engaged  
Human Resources  
(Employees)**

→ From P.23

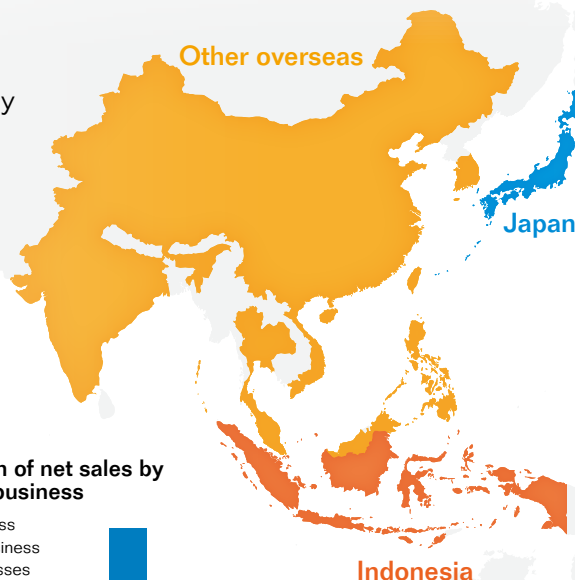
<b>1993</b> Hong Kong	<b>1997</b> Malaysia	<b>2008</b> China	<b>2015</b> Vietnam
<b>1996</b> China	<b>1999</b> South Korea	<b>2012</b> India	→ P.27



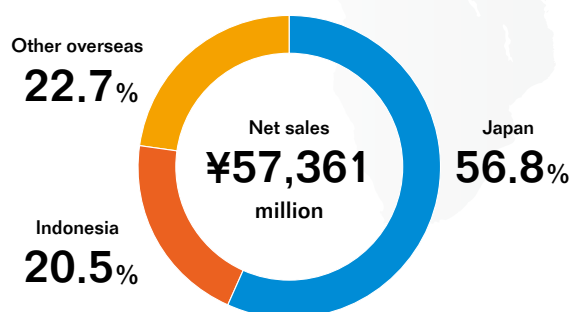
# Mandom Group Business Areas

The Mandom Group is developing its global operations, particularly in Asia. The Group segments its operations into three regions: Japan, Indonesia and Other overseas.

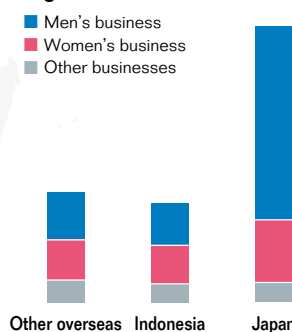
We create and invigorate markets by responding meticulously to conditions in each area and to such characteristics as consumer preferences, lifestyles and purchasing power.



## ► Composition of consolidated net sales by region



## ► Composition of net sales by region and business



## ► Composition of consolidated operating profit by region

(Not presented due to operating loss)

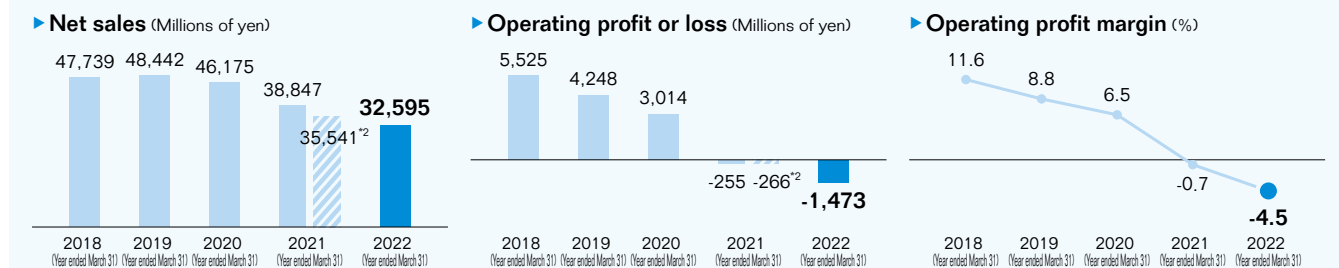
Note: All figures are for the fiscal year ended March 31, 2022

## ► Japan

Our core sales region, constituting approximately 60% of the Mandom Group's net sales

Net sales, year on year **-8.3%<sup>\*1</sup>**

Average growth rate, past five years **—**



### <Men's business>

Our mainstay brand "Gatsby" saw a decrease in sales due to the impact of the decrease in opportunities to go out due to the spread of COVID-19, and sluggish sales for body cleansing wipes, deodorant sprays, etc., which are summer season products, due to many unseasonably rainy and cool days in the first half of August, the period of peak demand.

Facial and body cleansing wipes were renewed in February 2021 through strengthening basic functions and using plastic-free nonwoven fabric. Although these are high value-added men's cosmetic products, offering new value for environmentally conscious Generation Z, sales dropped sharply due to the previously mentioned unseasonable weather and intensified market competition. On the other hand, styling product sales finished higher compared to the fiscal year ended March 31, 2021, when the impact of COVID-19 was most severe.

### <Women's business>

Sales of the cleansing and facial wash brand "Bifesta" also declined steeply in the fiscal year ended March 31, 2021 due to being significantly affected by the decrease in opportunities for going out. While we redefined the value of the brand and completely renewed it in February 2021 in an effort to acquire new customers, sales declined for the fiscal year ended March 31, 2022 due to the impact of significant changes in trends in cleansing products in Japan.

"Lúcido-L," the hair beauty cosmetic brand of non-bath hair treatments containing argan oil, continued to grow.



"Gatsby Facial wipes and Body wipes" featuring plastic-free, nonwoven fabric



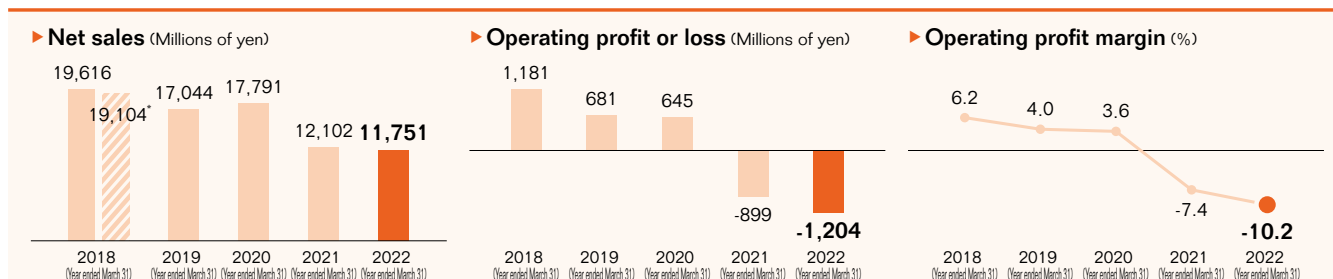
"Lúcido-L #EX Hair Oil Series"

## Indonesia

The largest overseas business area and growth leader for the Mandom Group

Net sales, year on year **-2.9%**

Average growth rate,  
past five years **—**



\* Calculated using the same criteria as the fiscal year ended March 31, 2019

### <Men's business>

For our mainstay brand "Gatsby," the impact from COVID-19 peaked in the fiscal year ended March 31, 2021, and the brand ultimately grew in the fiscal year ended March 31, 2022. Although face and body care sales continued to fall below the previous year's level, the market for styling products has been growing year-on-year since November. In the area of styling products, we launched "spray pomade" in September, and are actively working to introduce it to the market.



"Gatsby Styling Pomade Series"

### <Women's business>

Our makeup brand "Pixy" continued to see a significant decline in sales during the fiscal year ended March 31, 2022, due to the COVID-19 pandemic and reduced opportunities for going out. From the fourth quarter (October-December), we launched four new base makeup products (November) and two new decorative products (December), aiming to recover sales for the current fiscal year. Our fragrance brand "Pucelle" has continued to perform well despite the COVID-19 pandemic, with nearly double-digit growth. We aim to further increase our market competitiveness by launching new products in December.



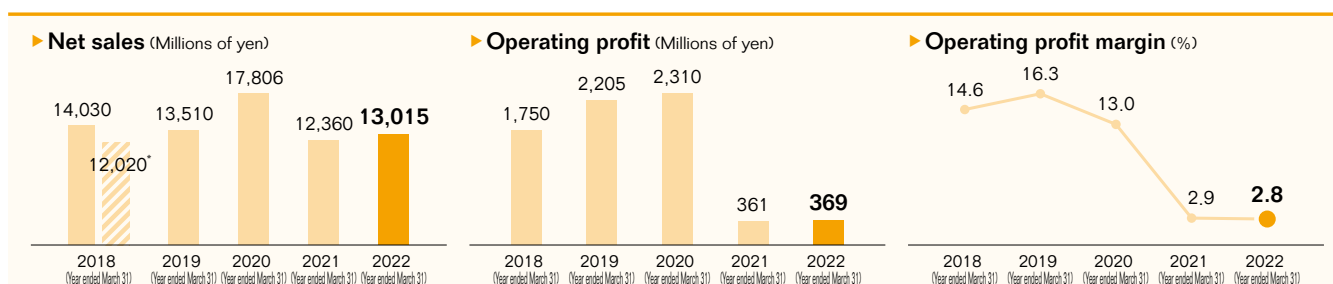
"Pixy Lip Duo Series"

## Other overseas

This area possesses a large potential for future growth and is expected to become the engine of growth in the future

Net sales, year on year **5.3%**

Average growth rate,  
past five years **2.0%**



\* Calculated using the same criteria as the fiscal year ended March 31, 2019

### <China>

While performance continued its strong recovery from the COVID-19 pandemic during the first half of the fiscal year ended March 31, 2022, the speed of growth slowed slightly on entering the second half. In the wake of the pandemic, consumer shopping style has shifted greatly toward e-commerce. As a reaction to this, brick and mortar performance has declined significantly. This has created headwinds for the Company, as a large portion of our sales does not yet take place via e-commerce channels. In China, e-commerce sales channels have become even more segmented, with social media platforms recently gaining popularity with consumers. In response to this, we have opened an official Mandom shop on an e-commerce site, which also serves as a social media platform for posting short videos, and started online sales to consumers.



Official shop on an e-commerce site with social media features in China

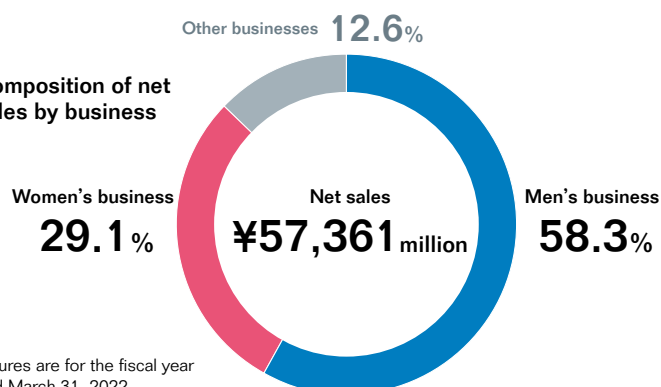
### <Malaysia>

In the third quarter (July-September), results declined significantly on the resurgence of COVID-19 in Thailand and Malaysia. However, as in Indonesia, the situation improved in the fourth quarter (October-December), with a strong recovery from November in particular. In the fourth quarter alone, both Malaysian group companies MMSB (Mandom (Malaysia) Sdn. Bhd.) and ACGI experienced high growth of over 30%, and the trend is expected to continue.

# Brands of the Mandom Group

The Mandom Group concentrates its operations in two cosmetics businesses—men’s business and women’s business—through which it responds carefully with a wide range of brands to meet consumer demands.

## ► Composition of net sales by business

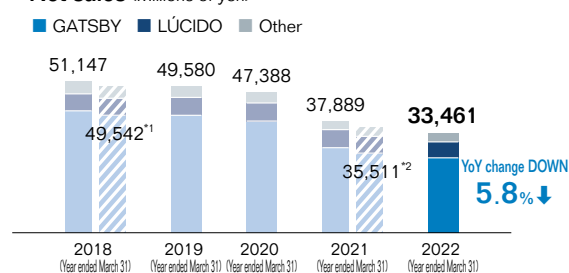


## ► Men's business

Business offering a range of products including men’s everyday grooming products as well as general fashion items, such as hair styling, face care, and body care products

**Target categories:** Hair styling/hair coloring/scalp care/  
face care/body care

## ► Net sales (Millions of yen)



\*1 Calculated using the same criteria as the fiscal year ended March 31, 2019  
\*2 Calculated using the same criteria as the fiscal year ended March 31, 2022

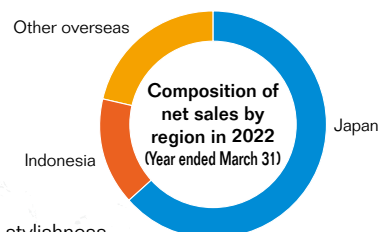
Note: Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

From the fiscal year ended March 31, 2022, some items that had been treated as expenses have been deducted from net sales of the Japan segment in order to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. and other accounting standards.

## GATSBY



Japan Overseas

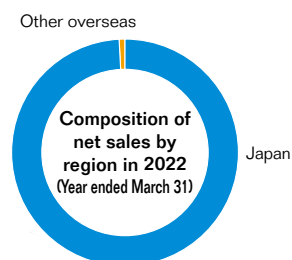


This is a men’s cosmetics brand that always offers stylishness for the times. Rolling out horizontally across Asia as a core brand of the Mandom Group.

## LÚCIDO



Japan Overseas



A “smart aging cosmetic brand” for the fashion and grooming of middle-aged men 40 and up.



► **Overseas Development Regions** (as of May 31, 2022)

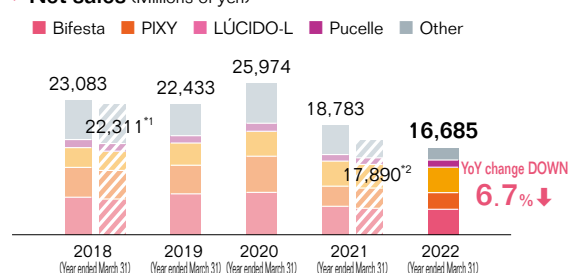
Men's business	Japan	Indonesia	Singapore	Taiwan	Hong Kong	South Korea	Malaysia	Philippines	Thailand	Vietnam	China	India
GATSBY	●	●	●	●	●	●	●	●	●	●	●	●
LÚCIDO	●		●	●	●				●			
Women's business												
Bifesta	●	●	●	●	●	●	●	●	●	●	●	
PIXY		●		●			●	●				
LÚCIDO-L	●	●	●	●	●	●	●	●	●	●	●	
Pucelle		●	●	●			●	●		●		

► **Women's business**

Business offering a range of products spanning everyday women's grooming and fashion items, including hair styling products, body care products, and products to bring a splash of color to the beauty lives of women, such as make-up and skin care items

**Target categories: Make-up/skin care/hair styling/  
hair coloring/hair treatment/body care**

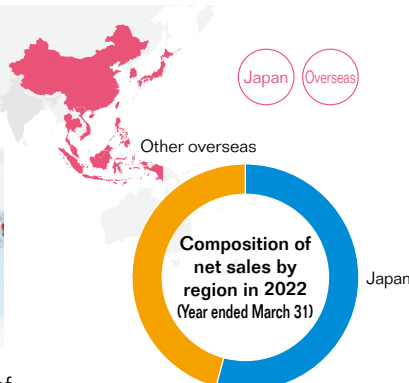
► **Net sales** (Millions of yen)



\*1 Calculated using the same criteria as the fiscal year ended March 31, 2019  
\*2 Calculated using the same criteria as the fiscal year ended March 31, 2022

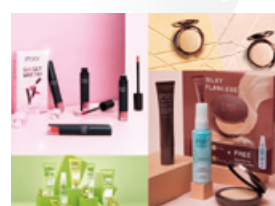
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**Bifesta**



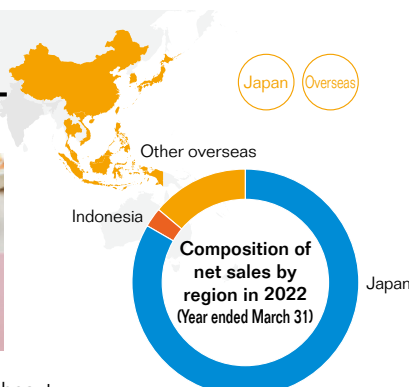
As a brand with the concept of "Beautiful Skin Comes True," it has fans in Japan and various other Asian countries.

**PIXY**



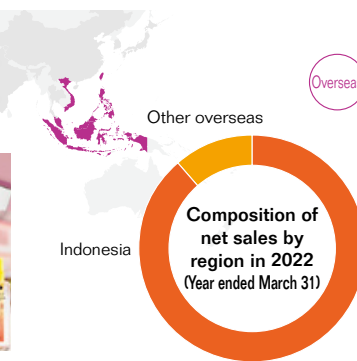
A brand that utilizes the beauty, technology, and fashion sense of Japan to pull out the diverse beauty of Asian women. Rolling out in Indonesia and certain other countries.

**LÚCIDO-L**



We continually offer new hair beauty cosmetics of reliable quality, rolling them out across Japan and other Asian countries.

**PUCELLE**



A brand of fragrances and body care products for young women who seek a cosmopolitan, cool beauty style. Centered on fragrances, rolling out in Indonesia and certain other countries.

## Top Message



### Look back at my first year as President

I don't often use the word "busy" to describe my daily life, but it really felt like this year went by in a flash. The fiscal year ended March 31, 2022 was my first year as President. However, as the impact of the COVID-19 pandemic continued to be felt, my activities were limited to within Japan. I spent my time focusing on various issues inside the company rather than looking at external factors. This is my 15th year in Mandom, but there were still many employees I did not know in person, so I took this time to engage in dialogues with them. In the past year, I had approximately 40 sessions and spoke with a total of 247 people, primarily officers. My main objectives

were to spread an understanding of our medium- to long-term strategic direction and share an awareness of issues they felt in worksites. However, in an environment with constraints on communication, I also felt that this was a very meaningful opportunity to deepen our mutual understanding of personalities between myself and the employees. On the other hand, I felt a sense of apprehension toward the fact that many employees were concerned about taking on new challenges as the existing business model had been successful over a long period of the last 30 to 40 years.

We faced very disappointing results this year as we booked the first operating loss since the second business crisis in the 1980s. However, under limited distribution that differed from the past, we launched products with a slightly different approach from past products, such as the

**We will evolve Dedication to  
Service (Oyakudachi) in the realm of Health,  
Cleanliness, Beauty and Fun\* to realize  
the wellness of consumers across the globe.**



**Mandom Corporation  
President Executive Officer & Director  
Ken Nishimura**

\* Mandom's business domains.  
Embodying Mandom's unique style by entwining elements of "fun" with health, cleanliness, and beauty.

men's cosmetic product "gatsby THE DESIGNER" and the women's cosmetics product "CYQ." I feel that this year made it easier to take on these sort of new challenges. These did not significantly contribute to overall sales or profits yet, but this year allowed us to plant various seeds for the medium- to long-term. It was a year that made me feel that companies truly are just people as it is people who run organizations and business models.



## **Management balance from the short-term to medium- to long-term perspective**

As we consider how to restore our results, I believe that new challenges, including these planted seeds, will be

important for the medium- to long-term. However, in the short-term, in the existing business model that comprises the majority of our sales, it is true that we must connect with consumers in the mass distribution retail businesses for them to purchase our products, primarily brands such as Gatsby, Bifesta, and Lúcido. I feel the practical issue is that we must prioritize and restore sales, profits, and the channel that can be considered the framework for the current business. I think it is extremely important to strike a balance between effectively shifting the business model and improving results. In particular, I've been having more discussions with investors on how to restore the current business. Right before the COVID-19 pandemic, we increased depreciation by making a large investment to reinforce the Fukusaki Factory. As such, we have recorded an operating loss on the statement of income.



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However, looking at our cash flow statement, we have maintained free cash flow. We have enough capabilities to make investments and forecast an increase in dividends for this fiscal year. However, we plan to do this with our free cash flow rather than procuring capital externally. I believe we have sufficient ability to earn cash.

As a company, I feel we must commit to recording an operating profit. On the other hand, rather than stubbornly and somewhat forcibly increasing operating profits for the short-term, I believe that making investments for future growth while maintaining a minimum of profitability and managing the company from a perspective of maximizing company value for the medium- to long-term are necessary to make all stakeholders, including shareholders and employees, the most happy.

Global affairs have become uncertain since February of this year, causing costs of raw materials and transportation costs to rise significantly. Naturally, our company also began to be influenced. Comparing consumer prices in the Euro zone, the US, and Japan with the index chart of raw material prices, Europe and the US saw prices clearly linked and rising while only Japan's consumer prices were even. Here I felt the difference between Japanese companies and companies in Europe and the US. However, our basic stance as a company in responding to inflated costs is to propose added value through new value creation rather than simply raise prices to meet the cost level.

Materiality in our company is largely comprised of two major themes. First, **“Issues to be addressed to realize a sustainable society and company.”** This refers to social issues such as fair trade in raw material procurement and environmental issues such as climate change and plastics in the ocean. These are issues for Mandom to coexist within society. However, these issues have become more complex in recent years due to these global uncertainties I referred to earlier, causing trouble for stable procurement. We are conducting various initiatives because we must properly address these important issues. However, in

order to continue sustainable growth, we must also take a thorough look into new value. Therefore, we have identified important issues related with value creation in our other materiality, **“Future challenges to be addressed by taking advantage of our strength and creating values.”** In the age of VUCA<sup>\*1</sup> when the outlook is unclear and complicated, we believe that the following three materiality will connect to value creation in order to continue providing Dedication to Service in society: “Creating an easy-to-start grooming culture,” “Expanding Dedication to Service to a diversity of consumers,” and “Realizing mutual growth of employees and the company.”

\*1 VUCA is an acronym which stands for volatility, uncertainty, complexity and ambiguity.



## Mandom's Only One Marketing

Mandom has generated various value until now through Only One Marketing. When asked what Mandom's Only One Marketing is, I answer that it means focusing on “Consumer-led Lifestyle Value Creation.” Mandom's products and services have connections with the daily lives of consumers. We identify their wants from their everyday dissatisfactions and hopes, and provide products and services backed by proprietary, effective technology to satisfy our consumers. However, the world now is full of products and there are fewer dissatisfactions in everyday life. As lifestyles and values become more diverse, it is more difficult to identify wants of consumers. Under these circumstances, we must be sensitive to not overlook the smallest changes among consumers and remain aware that consumer wants are also mental instead of physical. As I spoke about in last year's message, there is a growing need to strengthen and exercise the two abilities of creativity and imagination<sup>2</sup>. When discussing Mandom's Only One Marketing, the four words “Health,” “Cleanliness,” “Beauty,” and “Fun” are

very important. “Health,” “Cleanliness,” and “Beauty” are words often spoken by companies closely associated with the beauty industry. However, “Fun” is a concept unique to Mandom. This speaks not only about fun itself, but also the idea of enjoying using or spending time with a product. This idea of “Fun” can be seen in the concepts, packaging, and advertising slogans for the products and services provided by our company. I believe this desire to provide more fun and better products to consumers is passed down in Mandom’s Only One Marketing.

For example, the facial cleansing brand Bifesta was born from the real issue of consumers wanting to go to bed immediately after coming home tired and not going through the time-consuming effort of removing makeup in the bathroom. This cleansing product allows them to remove the makeup without water by just swabbing with cotton, so they can then fall asleep as is. In cosmetics, there is a functional approach and an approach that solves dissatisfactions that consumers have. Bifesta is a good example of the second approach. We try to empathize with how our customers may feel on ordinary days, and I think it is good to provide cosmetics that allow them to take it easy for the day on those days they want to let go a little. I think it is good for there to be diversity in the pursuit of beauty. This is a human approach that is very fitting for Mandom.

The recently released makeup product CYQ was developed by employees from Indonesia, Hong Kong, China, and Japan, primarily generation Z employees in their 20s. Generation Z uses social media to communicate a lot. Nowadays, there are apps that make it look like they’re wearing natural makeup, helping them express their best selves. These people want to recreate or come closer to their best digital selves in their real lives. As such, “cosmetic surgery-grade makeup” has become popular on sites like YouTube. At least in Asia, this has become a common topic that crosses borders. Therefore, we are proposing a new genre called “parts design cosmetics” that lies between traditional cosmetics and

cosmetic surgery to allow any consumer to do this with a single cosmetic product.

\*2 Imagination and creativity: Imagination is the ability to accurately envision the smiles and happiness of consumers, as well as their dissatisfactions, to uncover issues. Creativity is the ability to combine or pick up resources to deliver happiness to consumers and solve their dissatisfactions.



## Aiming to be a singular cosmetics company

As we showed in our long-term vision “VISION2027,” we desire to become “a cosmetics company possessing unique strengths in specialized areas (not an ‘all-rounder’).” We would like to operate with agility while proactively making new proposals. In the recent cosmetics market, startups with the desire to attempt interesting initiatives despite a small scale have been entering from niche fields. I believe that it may be possible to do something similar in our women’s cosmetics. At first, there might be few purchasing opportunities for consumers to buy just because it is a Mandom product. However, I think another way to reach consumers is for them to discover an interesting product and see only after their purchase that they bought a Mandom product without realizing it.

I would like to continue to utilize our strengths in men’s cosmetics. Since its launch, Gatsby has been loved by young consumers for 44 years. Along with Lúcido, a product for men from their 40s to middle age, they have become our flagship brands. Looking at the future men’s cosmetics market, I thought we should expand the range of our target and increase our product categories, primarily among young people. We can expect the number of used items and consumer spending per person to increase, so I would like to continue strengthening this area. From a product portfolio perspective, we must adopt approaches toward our target that match our investments in technology and production facilities for the skin care and makeup markets, which have grown in recent years,

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along with our past strengths of hair styling and deodorant products.

On the other hand, our sales of women's cosmetics are small in scale, but the market is massive. The categories our company currently operates in are limited and we are naturally strengthening that area as there is much potential for expansion. For the recent well-being market, we aim to provide services that are not limited to cosmetics to reflect Dedication to Service that means creating comfortable societies and ensuring the physical and mental health of people. For example, it is possible to expand our business by providing these services using apps. In those cases, we will do so by utilizing open innovation and executing collaborations with external companies.

In the hair styling field, I am confident that we are among the top companies in the world with strong knowledge. Apart from that, we also possess strength in technology capable of effectively generating a cooling sensation by controlling the sensors in cells that exist in the skin called TRP channels. Last year, JAXA adopted our "Space Shower Paper" that astronauts can use to keep their bodies clean while staying at the space station. This technology that cleans the body and gives a sense of cool refreshment while using almost no alcohol at all can easily be adopted by people sensitive to alcohol and expanded to regions that cannot use alcohol. Since 2015, we have conducted research about sweat glands with an endowed chair at the Graduate School and School of Pharmaceutical Sciences at Osaka University. In 2021, we established a research program in Kitasato University's School of Pharmacy and proceeded with skin research that will lead to the products of the future. I think that investments in technology will be one source of future competitiveness so that we can achieve co-creation while utilizing facilities and skilled external researchers, and boosting proprietary technology through open innovation in fundamental research in various fields, including academia.



## Thoughts on human resources as a "human-oriented" company

It may be our corporate culture, but I feel we have many employees who like people and connections with people. I think our company cannot become strong and improve if our employees don't come together to be intellectually charged. I have been stating in various places and at various opportunities that our employees are the greatest strength of our company. We always make sure to have employees of the highest quality and we cannot save any expense in investing in people.

The one quality I want to see in our employees the most is a spirit to take on challenges. I want employees to continue to have the will to improve and never give up becoming their better selves. Due to the COVID-19 pandemic, our results have continued to be sluggish. Reflecting back, I think our mistake was not constantly considering what we could do to improve and take our company to a higher level even when things were going well. In that sense, our ideal employees are those with a positive outlook who actively and constantly look forward. In addition, we want human resources with a specialty or area of excellence that can fortify any weak spots in our company.

As technology and various things are evolving in this era, the skills demanded of employees are growing more diverse and advanced. We will need more DX specialists and ESG specialists in the future. As each employee spreads their antennae to all directions and strengthens their specialty or area of expertise, we must form a group of these types of people who possess "career autonomy." As both employees and the company become aware of what employees want to do and what skills are needed moving forward, we will provide opportunities to learn such skills. Therefore, we are preparing to innovate our HR structure for this. We want all employees to be aware of the know-how and skills that are demanded for each



role. If an employee wants to do a certain job in a certain department, they will know what skills they lack. We intend to create this sort of atmosphere by changing the HR structure.



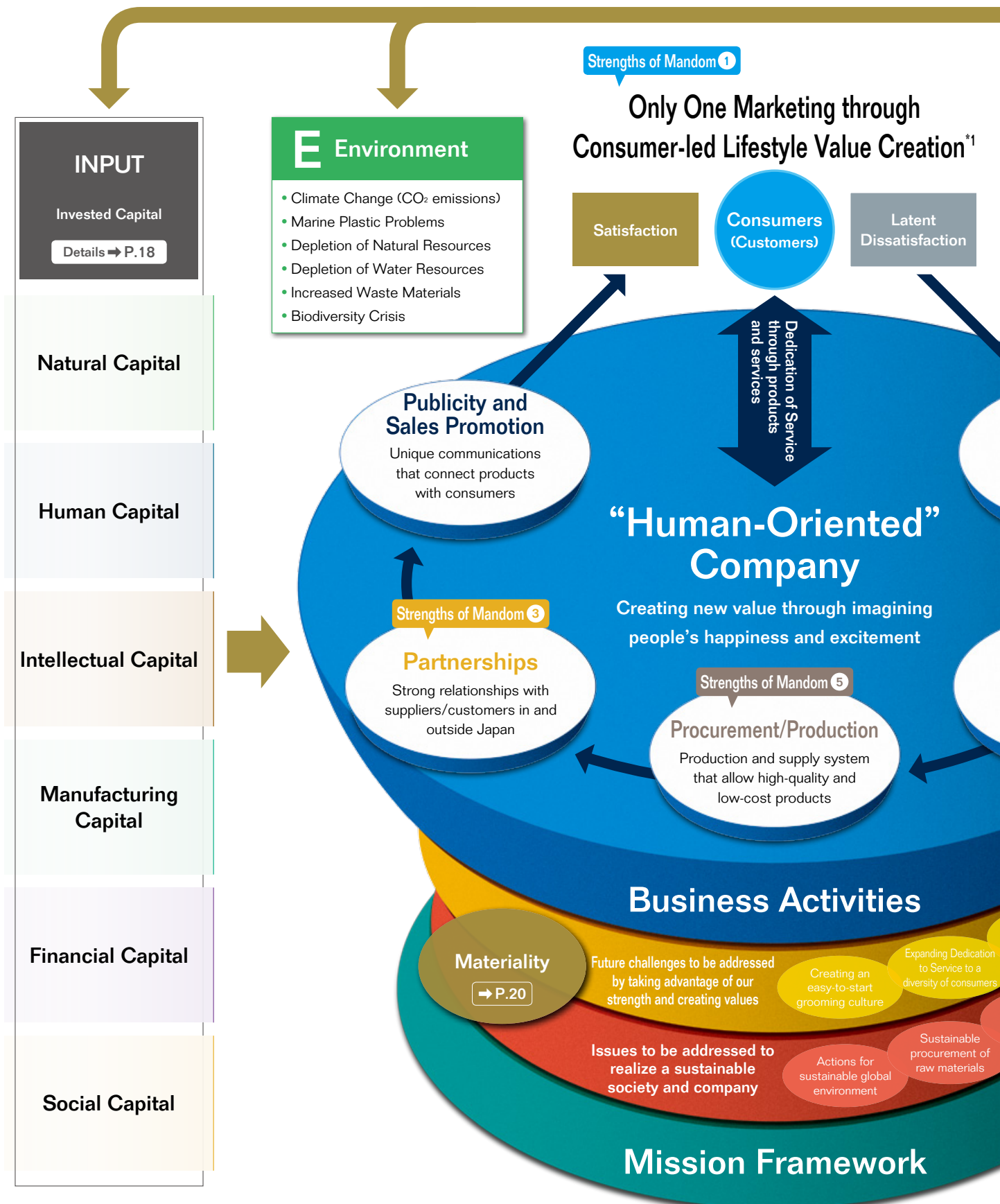
## Conclusion

I believe that many of our stakeholders have faced difficult living circumstances and painful experiences due to the COVID-19 pandemic. We truly appreciate your support for Mandom products and the business as a whole. As I enter my second year as President, we face a turbulent era and many internal issues. I believe that the years to come will be very challenging but extremely satisfying to

take on. While results have become sluggish for the moment, we aim for a mindset to proactively take on new challenges in the company. Many of our ambitious employees are working hard. From the medium- to long-term perspective, I am confident that our company will once again return to a path toward solid growth and be a company that provides Dedication to Service to society and all our consumers. I promise that we will do just that. I hope that Mandom will be able to enrich the world through new value creation and expansion of our services in the cosmetics and beauty industries while also fulfilling our medium- to long-term corporate vision of addressing ESG issues, including the global environment. I thank you for your continued support.



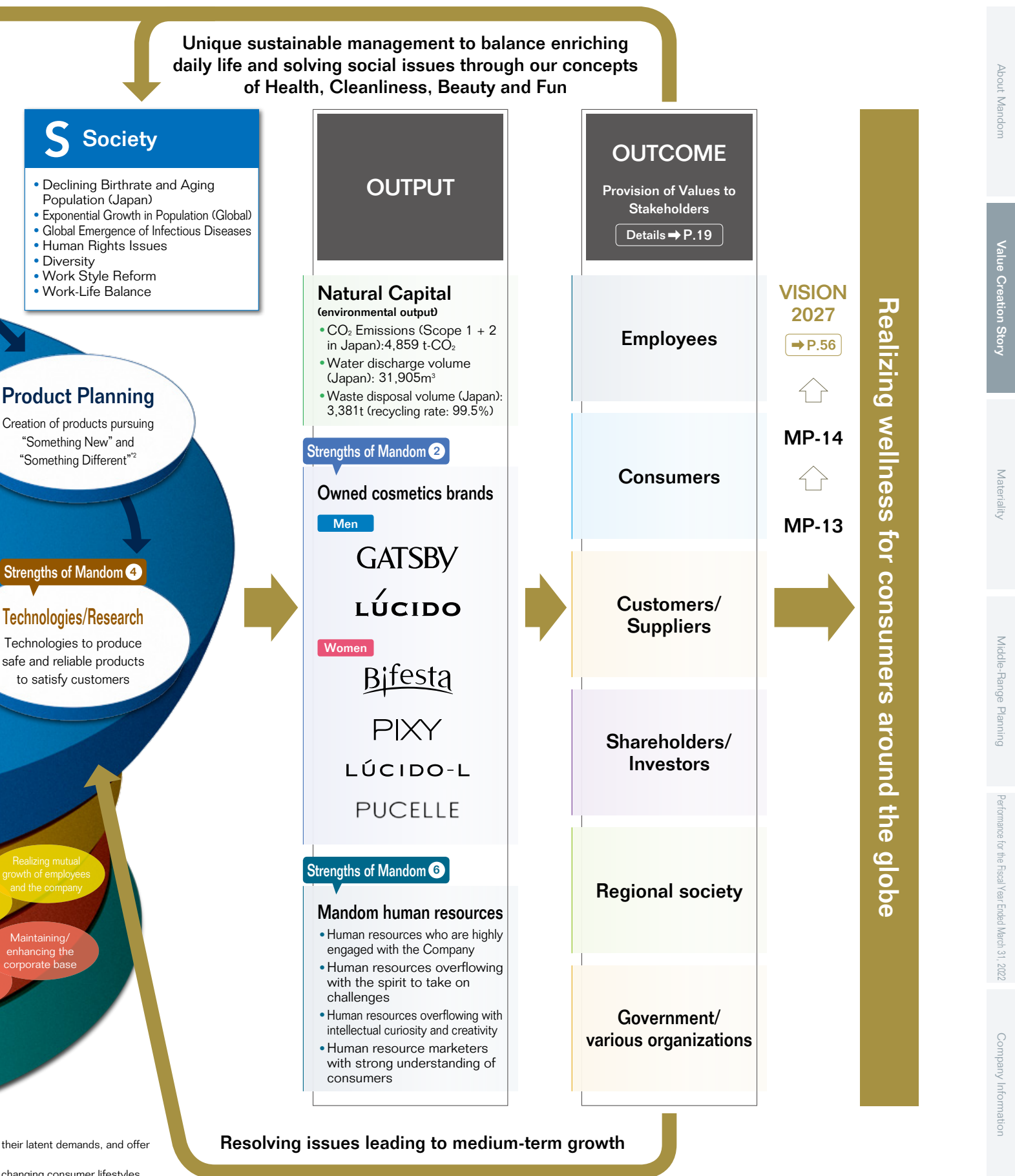
# Mandom Group's Human-Oriented Value Creation



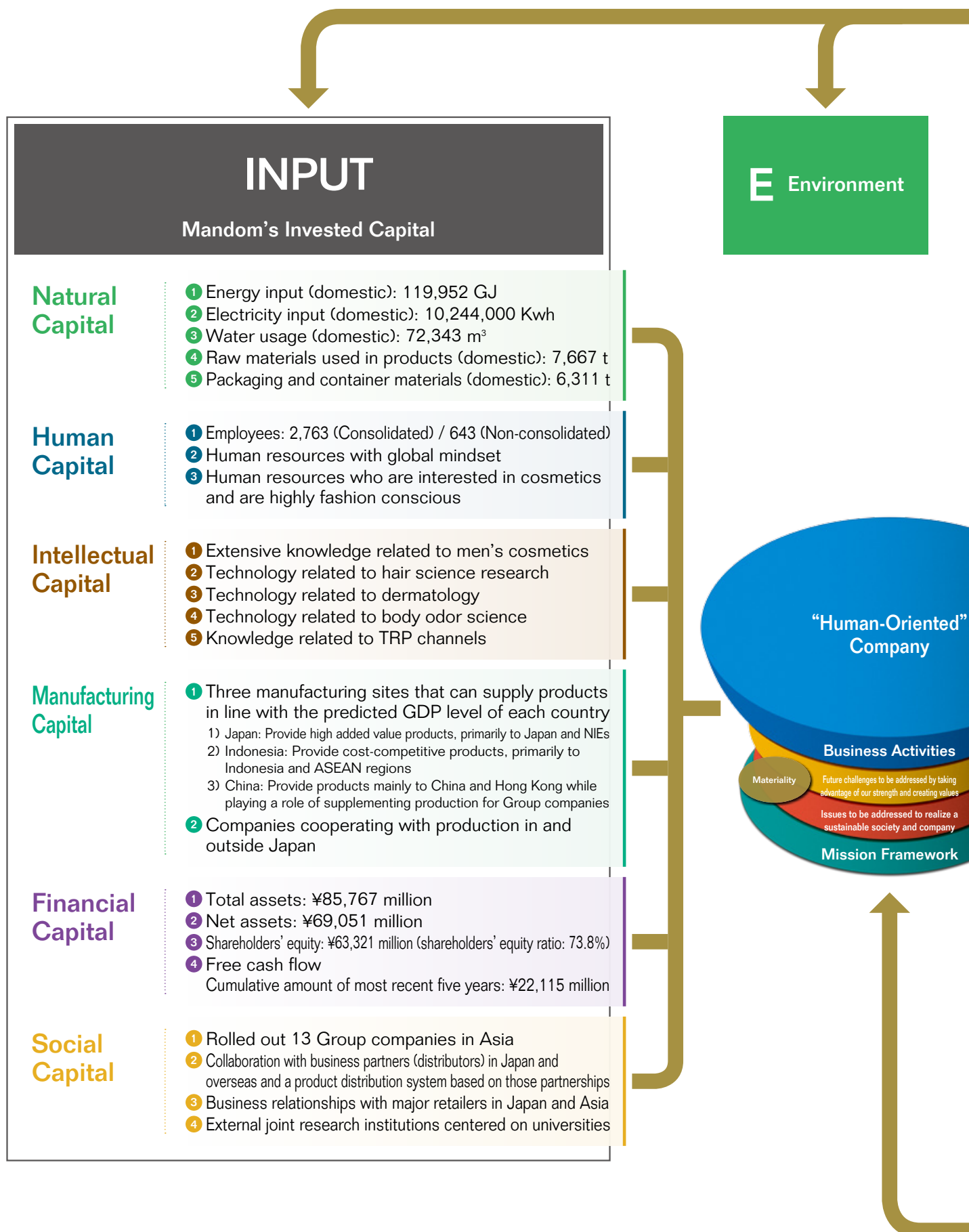
<sup>\*1</sup> The action principle of regarding consumers as the starting and ending points in the course of all corporate business activities to capture them wonder, inspiration, and satisfaction

<sup>\*2</sup> A way of thinking to pursue the uniqueness by constantly asking ourselves, “What’s new?” and “What has changed?” with a close eye on

# Model

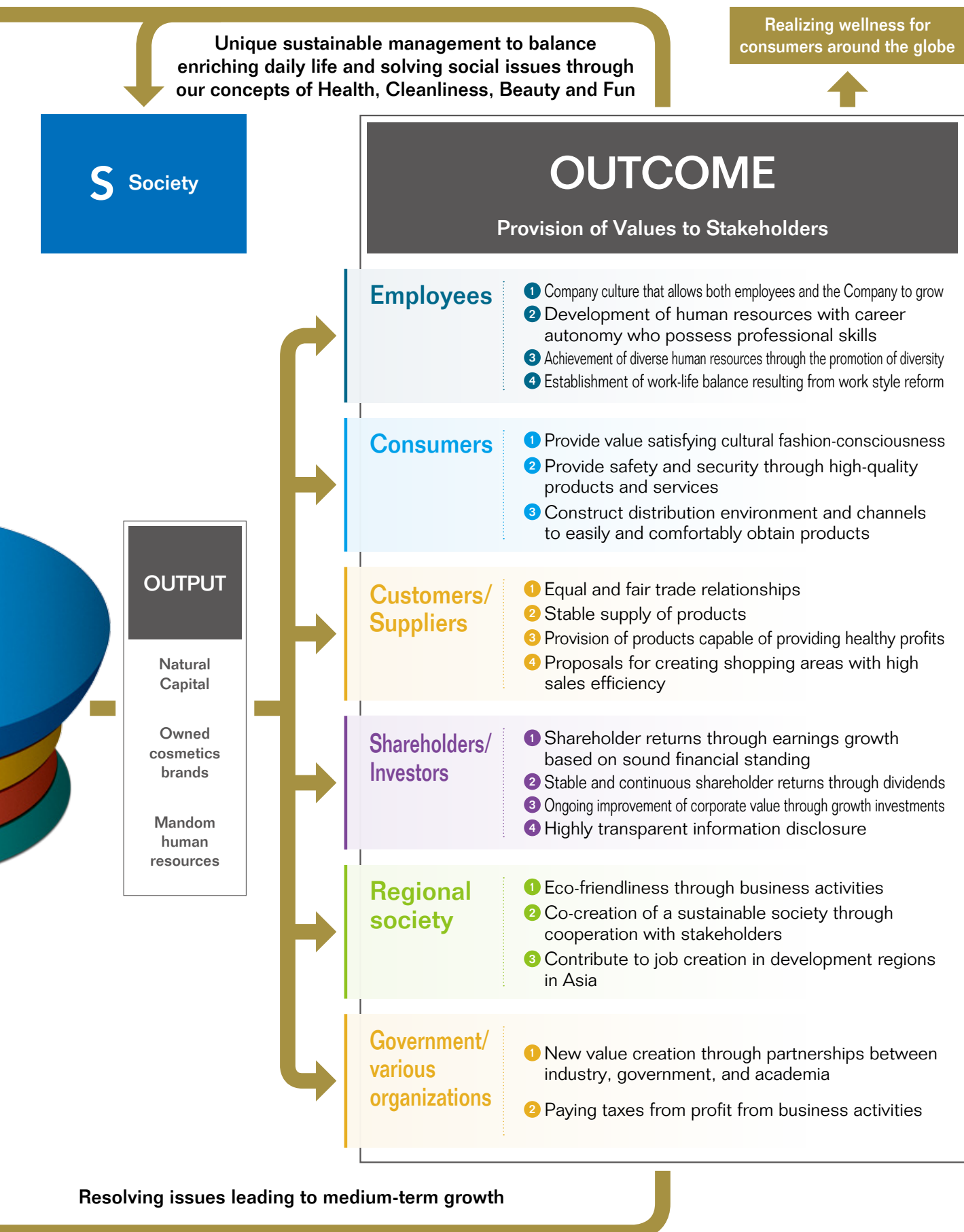


# Invested Capital and Value Provided by Value





# Creation Model



# Materiality and Sustainability Strategy of the

## The Concept of Sustainability in Mandom Group

Mandom Group's business activities are premised on the basis of sound and sustainable "environment (E)" and "society (S)." However, we are confronted with various issues that have begun surfacing, such as climate change, declining biodiversity, marine plastic pollution, and human rights issues in supply chains, which should be addressed appropriately by maintaining solid "governance (G)" that supports the company. Mandom upholds "social responsibility & sustainability" as its philosophy, which itself is equivalent to sustainability of Mandom Group. To solve social and environmental issues, we will adhere to sustainable management (ESG management + SDGs management), working out sustainability policies and identifying material issues (materiality) in sustainability

to provide further Dedication to Service (Oyakudachi) to consumers and create new corporate values through business operation.

### Social Responsibility & Sustainability

Our social responsibility extends beyond coexistence with society. We pay serious attention to the views and ideas of people from all walks of life and initiate dialogues with them in recognition of and respect for the diversified values and lifestyles of all members of society.

We aim to create a better, more sustainable society by addressing social issues from a global perspective and by working out solutions with our stakeholders through our core businesses.

## Sustainability Policies

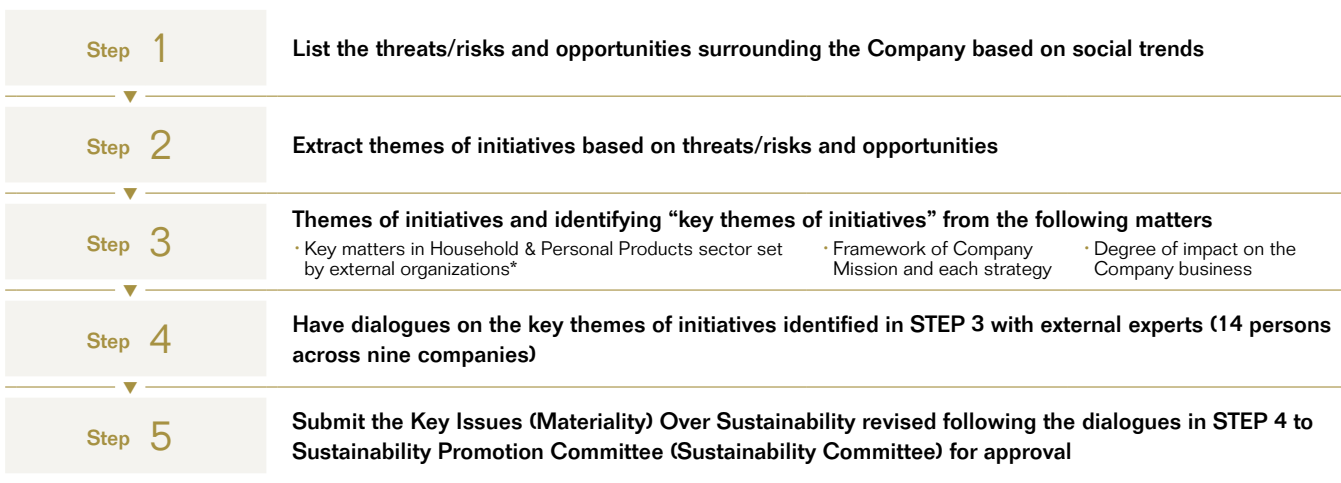
We will promote unique sustainable management that ensures both enrichment on an everyday basis and solution of social issues through our concepts of Health, Cleanliness, Beauty and Fun.

## Material Issues (Materiality) in Sustainability

Materiality	Commitment	Related SDGs
<b>Future challenges to be addressed by taking advantage of our strength and creating values</b>		
<b>Creating an easy-to-start grooming culture</b> ⇒ P.22	Based on our original concept of "Health, Cleanliness, Beauty and Fun" that is, the basic parts of "Health, Cleanliness and Beauty" combined with "Fun," we will make consumers have fun and feel satisfied with everyday life through products and services that only Mandom can provide.	   
<b>Expanding Dedication to Service to a diversity of consumers</b> ⇒ P.27	We will respond appropriately to changing senses of values and consumption behavior of consumers and maintain an environment in which consumers can look and choose the products and services to provide Dedication to Service (Oyakudachi) to a billion people around the world.	 
<b>Realizing mutual growth of employees and the company</b> ⇒ P.30	We will promote work-style reform to improve "productivity per unit," "growth of individuals and job satisfaction" and "creativity" so that all employees as "human assets" may support the company and society.	  
<b>Issues to be addressed to realize a sustainable society and company</b>		
<b>Actions for sustainable global environment</b> ⇒ P.35	Switching over to a recycling-based society in our view, we will take measures to reduce our environmental burden at all stages of the life cycle of products, including less dependence on plastics. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.	   
<b>Sustainable procurement of raw materials</b> ⇒ P.39	We will procure palm oil, paper, etc. ethically. Our action ranges from protection of forests and biodiversity to execution of corporate social responsibility by sustaining natural and labor environments and respecting human rights throughout all supply chains.	  
<b>Maintaining/enhancing the corporate base</b> ⇒ P.42	Our everlasting mission is expanding and strengthening our Dedication to Service, which is feasible on the assumption that we are a going concern. Besides ensuring safety and security, we will strengthen the business systems based on our philosophy.	    

# Mandom Group

## Process of Identifying Key Issues (Materiality) Over Sustainability



\* External organizations: FTSE, MSCI, SASB

## Sustainability Promotion System

We have established a Sustainability Committee, headed by the President Executive Officer with the aim of strengthening the sustainability promotion system. While developing our approach for promoting the sustainability of the Mandom

Group and holding discussions with relevant departments at committee meetings and other meetings, we are strengthening our efforts to contribute to the sustainable development of society.



CSR Information  
► Mandom Group CSR > Mandom Group Sustainability Promotion System

## Framework for a Global Society and Sustainability of the Mandom Group

In the Mandom Group, one of the themes of our declared initiatives from FY2015 was similarly to strengthen our CSR promotion system. In April 2015, we set up the CSR Promotion Division, a corporate department dedicated to this task. In April 2020, some functions of the CSR Promotion Division were incorporated into the corporate planning function in order to respond to the increasing demands for companies in such areas, including eco-friendliness, social contribution, and governance functions, and the ESG Promotion Division was newly established to handle the internal promotion of ESG

and strengthen our communication of ESG outside the Group. In September 2015, we signed the UN Global Compact to express our support for its ten principles in four areas of activity, with the aim of allowing all Mandom Group employees to share in the values of global society as a step toward sustainable development, and to create new opportunities to strengthen relations with a diverse and wide range of stakeholders.



# Materiality:

## Strengths and initiatives to help

# “Creating an easy-to-start grooming culture”

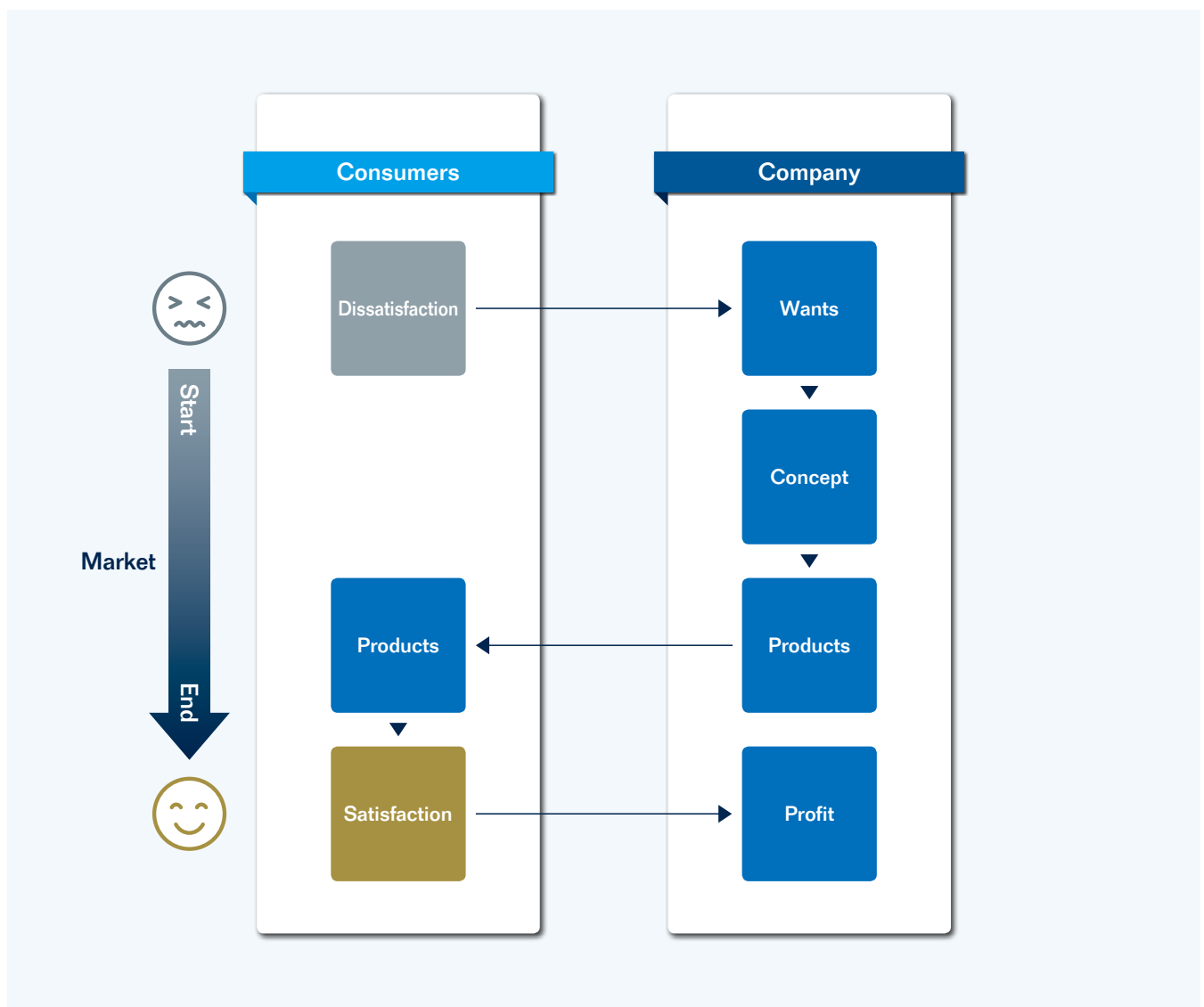
We at Mandom aim to be a company that is dedicated to service by proposing concepts born from the lives of our customers as genuine value through our humanistic approach.

Dedication to Service has two aspects: “depth” in terms of how much satisfaction can be provided to a single consumer, and “breadth” in terms of how many consumers can be satisfied. In the age of VUCA, where the future is uncertain and complex, and consumers’ needs and wants are becoming more and more diverse, proposing unique and one-of-a-kind products and services that meet their needs and wants will expand the “depth” of our Dedication to Service and lead to the realization of wellness\* for as many consumers as possible and to Mandom’s sustainable growth.

Mandom has always been and will continue to be committed to our original concept of “Health, Cleanliness, Beauty and Fun” that is, the basic parts of “Health, Cleanliness and Beauty” combined with “Fun,” and we will make consumers have fun and feel satisfied with everyday life through products and services that only Mandom can provide.

\* Wellness: Refers to the process of bridging the gap that exists between the current state and a state of well-being, which is being not only physically healthy but also mentally and socially sound and healthy

## Marketing That Originates from Consumer-led Lifestyle Value Creation





## Strengths of Mandom ①

# Only One Marketing

## Dedication to Service (Oyakudachi) products that align with changes in lifestyles

The Mandom Group pursues a unique marketing model in which we constantly interact with and give care to consumers. This is in order to meet their latent needs and wants and guide their discoveries and feelings under a marketing philosophy of “Only One Marketing through Consumer-led Lifestyle Value Creation.”

For example, in 1989, when it was considered a given that cosmetics had fragrances, Mandom launched the fragrance-free brand Lúcido in response to the wants of consumers who said they could not use fragrant cosmetics because of their professions, or that the fragrance of cosmetics bothered them because they were particular about the fragrance they wore.

In 1996, “Gatsby Facial Cleansing Wipes” were launched to meet the want for a way to wash and refresh one’s face while on the go.

This product introduced the grooming habit of cleansing one’s face with wipes, which had not existed until then.

This was followed by the release of body cleansing wipes that easily wipe away perspiration and provides a refreshing sensation as a body care product for the hot and humid Japanese summer.

In addition to proposing a new grooming habit, we expanded the sheet care category in the men’s cosmetics market.

In 2001, in response to the rapidly growing trend among men to have lighter hair colors, we launched the Gatsby hair color series for men with dark hair, which made it easier for men to color their hair and has led to the spread of hair coloring as a fashionable daily activity for young men.

In this manner, we have created several new markets for men’s cosmetics.

This is true not only for men’s cosmetics, but also for women’s cosmetics.

Against the backdrop of an increase in the number of busy women with the progress of women in society, such as working women, working mothers, and solo-parenting mothers, we proposed a water cleansing product that can perform cleansing, washing, and toning in a single wipe-off, regardless of location, to meet the wants of women who are tired and want to go to bed immediately and who do not have time for cleansing. This product is now widely distributed not only in Japan but also in other Asian countries.

Under the philosophy of “Consumer-led Lifestyle Value Creation,” we have always been close to consumers, proposing new cosmetic actions and creating new markets in order to respond to the changing wants of consumers over time.

In this way, we offer value propositions that encourage consumers to freely realize their own individuality, free from stereotypes and current norms.



Lúcido, a fragrance-free brand (launched in 1989)



Gatsby Facial Cleansing Wipes (launched in 1996)



Gatsby Hair Color Series (launched in 2001)



Bifesta water cleansing (launched in 2011)

Only One Marketing Topics

## <Feature> The Challenge of Only One Marketing in the Age of Social Media



### “gatsby THE DESIGNER,” “CYQ”

The use of social media, which has become widespread with the popularization of smartphones, has brought about major changes in the information gathering and transmission patterns of consumers, and consumer trends are now becoming borderless, spreading and diversifying at an unprecedented speed.

In addition, the spread of COVID-19 has brought about major changes in consumers’ values and lifestyles.

It is important to catch up with these changes in a timely manner and to propose new value that is in line with these changes.

Against this backdrop, in the fiscal year ended March 31, 2022, we implemented the “gatsby THE DESIGNER” and “CYQ” marketing initiatives, which are unlike anything we’ve implemented in the past.

### “gatsby THE DESIGNER,” a new cosmetics line that encourages free fashion beyond stereotypes

A cosmetics line that proposes a free design of the image of what one wants to be, which is diversifying as the definition of cool among young men and the range of self-expression expands, was launched from the Gatsby cosmetics brand for young men in October 2021 as “gatsby THE DESIGNER,” targeting a highly sensitive demographic that actively collects information on fashion and beauty and tries out these trends.



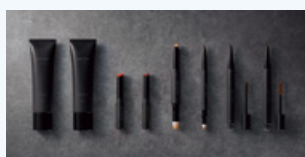
Based on a deep understanding of both physical and mental characteristics, such as skin physiology and psychological characteristics of makeup behavior, we propose a total solution for men in a wide range of categories, including makeup, skin care, and hair styling, utilizing our long-standing knowledge and technology in men’s cosmetics and jointly developed with popular stylists.

For today’s young people, social media is the central contact point for all information, and it is through social media that trends are born and spread.

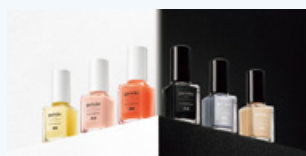
The influence of social media is also great, and we have worked with popular stylists who have a representative world view of what today’s young men want to be, paying close attention to the details of each item from this world view.

By supporting the wants of consumers who actively express their individuality freely, and encouraging new fashionable behavior by proposing new value and items, we will work together with our target consumers to create new cosmetic actions and trends that transcend the boundaries of stereotypes. In terms of sales channels, we have begun sales at retailers, which have high contact with target consumers, and through our own e-commerce site to efficiently attract purchases based on information from social media. We will analyze the process from consumer behavior through to purchase in order to connect this to further expansion in the future.

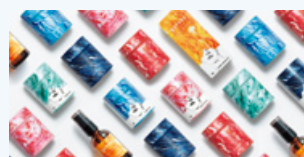
## Category development



Makeup



Nails



Styling



Hair coloring



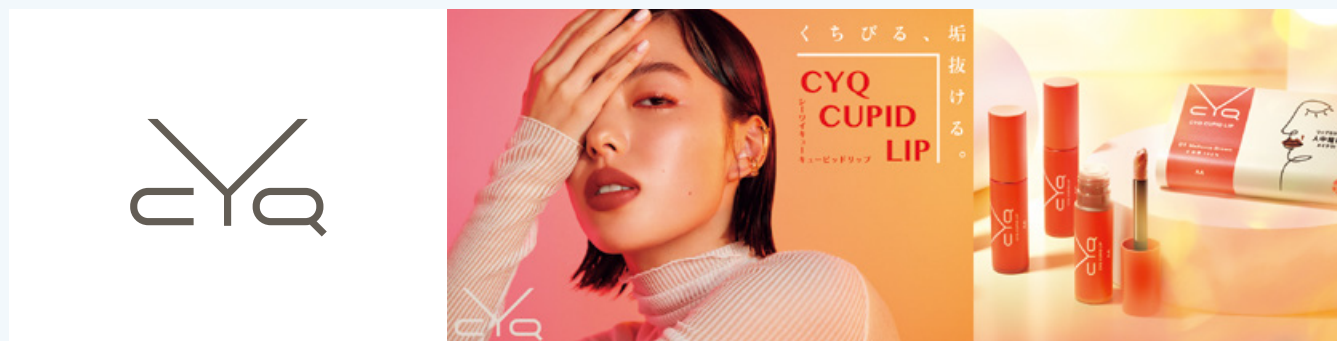
Skin care

## CYQ parts design cosmetics embodying the wants of generation Z

In the field of women's cosmetics, Mandom has also undertaken new initiatives that leverage the Group's strength as a company with operations in a wide area of Asia.

For young women who are digital natives and social natives, known as generation Z, it has become common practice to edit images when uploading their own images on social media. They have concerns about the gap between their image-edited ideal selves and their real selves, and they want to realize their image-edited ideal selves in the real world as well.

The same is true for young women across borders in Asia. As a company that has marketing functions in a wide area of Asia, we took advantage of this strength and formed a project team with mainly members of various nationalities from generation Z across divisions in order to respond to the wants of generation Z. The result was CYQ parts design cosmetics.



In the project, we communicated closely through means including online during the COVID-19 pandemic and had repeated discussions and deliberations, and we developed products with a sense of urgency to propose products without any time lag in response to trends. The first product to emerge from the project was a liquid lipstick that can be easily applied to make the face look smaller by shortening the philtrum under the nose.

As the term "cosmetic surgery-grade makeup" suggests, video content showing how to transform oneself into a different person using techniques that do not seem like makeup has become popular not only in Japan but also in other Asian countries on YouTube and Instagram.

There is a demand for makeup methods and cosmetics that can easily and effortlessly achieve the ideal image-edited self in real life. This is why we have developed a brand that lies between traditional cosmetics and cosmetic surgery, focusing on parts of the body that have not often been proposed before, and on changing the impression of the appearance easily and effectively.

Starting with "CYQ Cupid Lip" which was released in May 2022, we plan to expand the development of CYQ parts design cosmetics that propose new value to meet the wants of generation Z in the future, starting with the second and third products.

Materiality: “Creating an easy-to-start grooming culture”

## Strengths of Mandom 2

# Men's Cosmetics

## Achievements and knowledge in the men's cosmetics field

### Overwhelming presence in men's cosmetics since Tancho and MANDOM

At Mandom's founding, we were known for Kintsuru Perfume. Mandom did not start out specializing in men's cosmetics. After launching hit products such as Tancho Tique and the MANDOM series, we began to establish a strong presence in men's cosmetics. PIXY, a series of cosmetics centered around makeup, has been rolled out in Indonesia since 1987. Mandom also globally launched the Bifesta cleansing and face wash brand in Japan and other Asian countries in 2010 onwards. Both of these series have been performing well, experiencing expanding sales. However, even now the core brand of Mandom remains the men's Gatsby brand. In order to satisfy the high expectations of male consumers, primarily in the long-selling Gatsby series and Lúcido cosmetic brand for middle-aged men, Mandom has invested people, resources, and money to continue tracking changes in men's tastes and values. We possess the advantage of having continuously conducted proprietary research on men's hair and skin.

### Gatsby, our men's grooming brand enjoying tremendous popularity in Asia

Born in 1978, for over 40 years Gatsby has continuously delivered an enjoyable grooming experience to young men in their teens and 20s in various Asian countries. We offer a wide range of products in a variety of categories for all grooming situations, from personal grooming to fashion, including hair styling, hair coloring, skin care, shaving, body care, and fragrances.

Gatsby is currently available in all of the 12 areas where Mandom does business, including Japan.

Although Gatsby's brand philosophy is globally unified, different products are sold in Japan and other countries.

Needs or wants and the standard of living of local consumers differ between Japan and overseas countries; therefore, the content and selling price of the products are designed differently for each country.

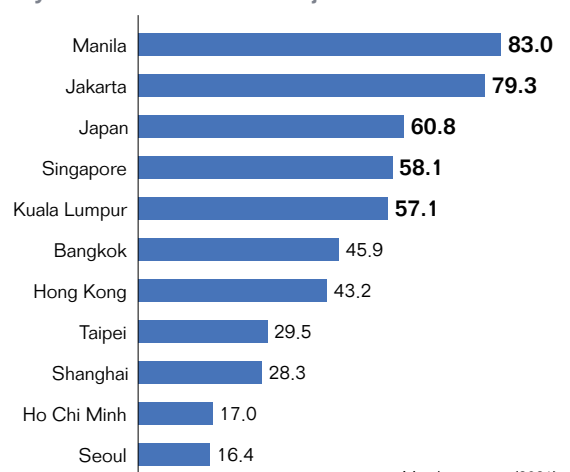
Gatsby products made at factories in Japan are mainly sold in countries with high GDP per capita, such as Japan and NIEs, the Gatsby products made in Indonesian factories are mainly sold in ASEAN countries where income levels are lower. In China, Gatsby products made at our Chinese factories are sold.

As a result of focusing on the young male in our business expansion in Asia, not just with products but also with communication and in-store points of contact, the name recognition of the Gatsby brand is high in many countries, and it has penetrated to the point of establishing a number one position in the hair styling market. With the spread of social media, we will continue to offer products and value that can help men realize their ideal selves, in line with their ever-increasing awareness of fashion.



Gatsby offers a wide range of categories both in Japan and overseas

### Gatsby brand awareness in major Asian cities (%)



Mandom survey (2021)



# Materiality:

## Strengths and initiatives to help

### “Expanding Dedication to Service to a diversity of consumers”

We at Mandom aim to be a company that proposes unique and one-of-a-kind products and services not only in Japan and Asia, but also globally. Dedication to Service has two aspects: “depth” in terms of how much satisfaction can be provided to a single consumer, and “breadth” in terms of how many consumers can be satisfied. We believe that approaching consumers through distribution and communication suited to the times will expand the “breadth” of our Dedication to Service and realize the well-being of more consumers, which will lead to Mandom’s sustainable growth.

We will respond appropriately to changing senses of values and consumption behavior of consumers and maintain an environment in which consumers can look and choose the products and services to provide Dedication to Service (Oyakudachi) to a billion people around the world.

#### Strengths of Mandom ③

## Overseas Expansion Focused on the Rapidly Growing Asia

The Mandom Group views overseas countries as markets rather than production bases. We have been engaged in overseas business with the policy to demonstrate Dedication to Service (Oyakudachi) to local consumers through our products. Our overseas expansion began with the commencement of operations at Tancho Corporation, our technical tie-up in the Philippines, in 1958.

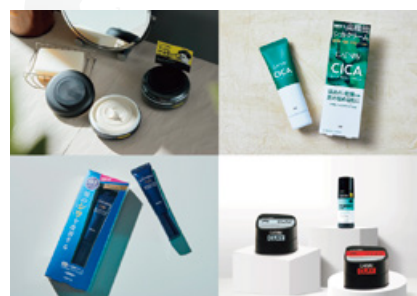
Later, in 1969, we established a subsidiary in Indonesia via a joint venture. Since then, we have continued to expand our area of operations, and today, we have 13 business companies in 11 areas in Asia. Furthermore, we export our products from Indonesia to more than 90 countries, including in the Middle East and Africa, via Dubai (UAE), which is a global trade hub.

Since our founding, there has been a spirit of spreading Value for Money at Mandom. In our overseas operations, we target the general public in each area. We are engaged in product development with a thorough emphasis on Consumer-led Lifestyle Value Creation for the consumers in each area, not getting caught up in what products are popular in Japan. If there is a need or want among consumers, we will boldly take up the challenge to roll out products in various categories, regardless of whether we have experience with such categories in Japan, such as with the Pixy makeup brand in Indonesia.

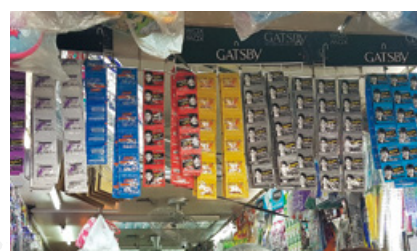
Moreover, lifestyle types, income levels, and preferences about fragrances vary depending on the area. As of now, we have placed development hubs in Indonesia, China, and South Korea in order to offer products that match the preferences and buying power of consumers and have built a distribution network that makes it easy for general public consumers to acquire our goods. Through these and other efforts, we provide reasonably priced products and services that allow people to enjoy personal styling.

#### Overseas Business Areas

(The Company’s overseas operations are reported in two segments: Indonesia and Overseas Other)



Men’s cosmetics in Japan and overseas



Traditional trade store (The Philippines)

## Strengths of Mandom 4

# “Unique Research” and “Reliable Technology” to Respond to Consumer Wants

## Conducting unique research to respond to diversifying consumer wants

Mandom Group conducts research and development focused on the three areas of “hair/scalp,” “skin,” and “deodorant/antiperspirant,” an area which has gained significant interest in recent times.

Hair/scalp, skin, and deodorant/antiperspirant vary by individual depending on their race, gender, age, lifestyle, climate, and culture. Just as each person’s situation varies, so do their demands as consumers.

In order to respond to as many customer wants as possible, Mandom is proceeding with research and development in a wide range of areas including the human body structure, function, and mechanisms in order to discover ingredients and apply them to products that respond to these wants.

Recently, with input from JAXA (Japan Aerospace Exploration Agency), Mandom developed its “Gatsby Space Shower Paper,” which incorporates Mandom’s proprietary technology in an alcohol-free body paper suitable for astronauts’ living environment in space. The product has been chosen for use on the International Space Station.

### Research Example

#### Our own technology delivers a pleasantly refreshing feeling while being alcohol-free

Gatsby Space Shower Paper can be found aboard the International Space Station (ISS). It’s our solution to one of the problems astronauts experience living in space, namely that you “can’t take a shower to clean up and refresh yourself” due to limited water supplies. Astronauts living in the zero-gravity environment of space do two hours of physical training daily to help prevent the weakening of muscles. Just wiping the sweat off afterwards doesn’t provide the refreshing feeling of taking a shower. Further, the use of “volatile water-soluble components” like ethanol is strictly regulated on the ISS. As these may adversely affect the performance of space life support systems, while ethanol is commonly

used in regular body paper, we had to undertake the difficult process of formulating an ethanol-free product that still delivered a cool and refreshing feel.

Applying the Kai-tech technology resulting from Transient Receptor Potential (TRP) channel\* research that Mandom has been conducting since 2005, we achieved an ethanol-free product that’s comfortable to use. The technology not only solves problems of life in space, but also those of life here on land. We believe it will create new demand and a new market as it can be used in environments where alcohol is restricted and by people who don’t want to put alcohol on their skin.

\* Activated by temperature or chemical stimuli, special cell sensors that detect sensation different from five senses. It is one of “the receptors for temperature and touch,” and the research won the 2021 Nobel Prize in Physiology or Medicine.

## Skin

Mandom has continuously conducted surveys and research related to the condition of skin in both men and women and has shown that there are unique conditions for the skin of each gender. In particular, we have carried out fully designed surveys and research on men before anyone else in the cosmetics industry. We discovered that men’s skin has attributes different from that of women’s. In recent years, we have conducted research and development which consider how skin condition makes the “impression of appearance.” We have also made new discoveries about women through research focusing on the relationship between the menstrual cycle and skin condition.

### Research Example

#### Concealer is proven to instantly change the impression of the skin of middle-aged men by reducing the appearance of blotches, redness, and dry skin

In a joint study with Assistant Professor Koyo Nakamura and Professor Katsumi Watanabe of the School of Science and Engineering, Waseda University, it was found that the makeup effect of concealers tended to reduce the “noticeability of blemishes,” “noticeability of scars,” and “redness of skin,” as well as the “apparent age.” It was also found to have a stronger effect of reducing the appearance of blotches close rather than far away, meaningfully improve one’s impression of leadership, and make one appear younger when the face was slightly tilted to the side rather than facing straight forward.

## Deodorant/Antiperspirant

Body odor influences one’s impression and plays an important role in achieving smooth communication. Understanding body odor and taking appropriate care is directly linked to improving quality of life and realizing wellness. Mandom is engaged in research and development to propose products best suited to various body odors, such as with the discovery of new body odors like the “middle-aged body odor” which had not been identified before and the development of technology to limit the function of substances which are the source of body odor, including sweat.

### Research Example

#### 3D structure of sweat gland published in “Gray’s Anatomy,” the common anatomy textbook used worldwide

The (Mandom) Joint Research Program in the Laboratory of Advanced Cosmetic Science at the Graduate School of Pharmaceutical Sciences at Osaka University produced a new visualization of the detailed structure of human sweat glands and the blood vessel structure that is the source of sweat production. This image was published in the “Skin” part of Chapter 1 of “Gray’s Anatomy.” Based on this knowledge, if ideas that solve sweat gland disorders are born and our understanding of the basic mechanisms of sweat gland contraction and maintenance of homeostasis are deepened, this will not only help in development of the next generation of antiperspirants, but also contribute to medical developments through the elucidation and treatment of medical conditions related to sweat, such as heat stroke and hyperhidrosis.

## Strengths of Mandom 5

# Production and Supply System Which Seeks the Spread of High-Quality and Low-Cost Products

## Product supply system comprised of three manufacturing bases with different missions

Mandom Group reinforces the concept of products through Consumer-led Lifestyle Value Creation in each Asian country we operate. Mandom has three manufacturing bases in Japan, Indonesia, and China in order to provide high-quality, reasonably priced products and services which fit the changing income levels, wants, and tastes and lifestyle of consumers in various countries.

Fukusaki Factory in Japan takes the lead of the Group as an innovation center with technological and production functions. It is the supply base to provide high quality “Made in Japan” women’s cosmetics, including Bifesta, to Asian countries.

In September 2021, we completed construction of a new production building to meet the expected supply capacity, including domestic and overseas exports, by the time we reach VISION 2027, the 100th anniversary of the Company’s founding.

Previously, there were some inefficiencies due to the transfer of items among five buildings between delivery of raw materials and shipping of finished goods. With the new production facility, each building is connected by a walkway that enables employees and raw materials to pass indoors throughout, thereby improving efficiency.

In addition, the building’s design is environmentally friendly, aiming to obtain an A rating under the CASBEE<sup>1</sup> evaluation standard. We are also implementing IoT, AI, and robotization, to help improve accuracy, product quality and efficiency while saving labor.

<sup>\*1</sup> Methodology of evaluating and rating the environmental performance of buildings

Our Indonesian factory serves as a global production center. It has a container molding facility and a production structure that allows it to manufacture high-quality, cost-competitive products. The factory primarily supplies ASEAN countries, but its global reach extends to many markets. Our factory in China primarily supplies products to the country’s domestic market and provides additional production for the Group.

We are taking efforts to construct a system to substitute, provide complementary production, and conduct shipping in cases when natural disasters or accidents occur at factories.

## ► Three manufacturing bases which support the Group



**Fukusaki Factory (Japan)**

Production volume: 126 million units



**Factory 1 (Indonesia)**

Production volume: 324 million units



**Zhongshan Factory (China)**

Production volume: 14 million units

Note: Production volume based on FY2021 performance

## Product supply system which fits various GDP levels and local requirements

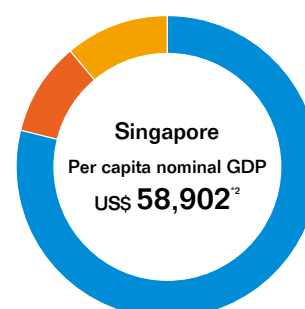
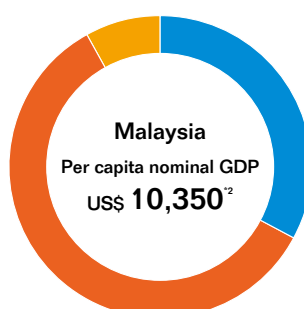
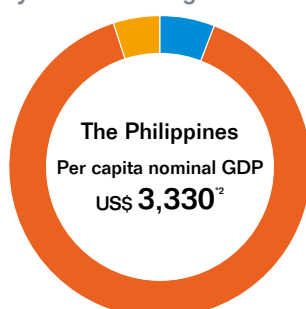
Group companies in each country sell products with their own unique product mix; importing products from Japan, Indonesia, and some from China, tailored to the GDP levels of the countries, consumers’ income levels, and lifestyles.

In each country, products produced in Japan are in a higher price zone, while products produced in Indonesia are in a more reasonable price zone and products produced in China are between those two zones. This makes it possible to arrange the best product mix for each country.

## Comparison of net sales by manufacturing center

■ Made in Japan  
■ Made in Indonesia  
■ Made in China

Note: Composition excluding products from other companies



<sup>\*2</sup> 2020 values from the JETRO website

# Materiality:

## Strengths and initiatives to help

### “Realizing mutual growth of employees and the company”

Companies should be able to accommodate diverse work styles, promote the career development of individual employees, and support the upgrading and shifting of skills, while providing diverse forms of employment and opportunities. At the same time, employees should be continually learning once they have entered the workforce, acquiring new skill sets that suit the times, and grow while leading the way in value creation through education, training, and working day-to-day.

Given this social environment, at Mandom employees must take responsibility as Human Assets to provide support for the Company and society. The Company, in turn, shall seek to develop their capabilities as Human Assets and provide this diverse talent pool with opportunities for motivation and active engagement. Employee well-being relies on working for a company that they can feel good about and where they can grow, and talented workers are important for the sustainable growth of the company.

In today's era of rapidly changing values, both employee growth and company transformation are necessary.

At Mandom, we will promote work-style reform to improve “productivity per unit,” “growth of individuals and job satisfaction” and “creativity” so that all employees as “human assets” may support the company and society.

#### Strengths of Mandom 6

## Highly-Engaged Employees

### Efforts to share and instill the philosophy

FY2017 marked the start of our 12th Middle-Range Planning (MP-12), which was positioned as a period to develop the infrastructure for realizing “VISION2027,” looking toward the 100th anniversary of the establishment of the Company. Within this, our priority was the instilling and putting into practice of the corporate philosophy. In order to promote the understanding of the corporate philosophy across all employees of Group Companies, the text for training has been translated into eight languages: Mandarin Chinese, Cantonese, Korean, Vietnamese, Indonesian, and Thai, in addition to Japanese and English versions.

We educated all employees on this philosophy in three steps. First, we held assorted discussions through officers' gatherings. Next, each department head was named an “evangelist,” and the program was conducted by the directors to the department heads. Finally, the “evangelists” conducted the program in the form of workshops for the staff of their own departments.

The project was conducted over a short period of six months, targeting 1,009 employees in Japan and overseas (at the time of implementation).

### FY2021 survey results and Group response

Since 2018, we have been conducting annual employee surveys and providing feedback results to follow up on the degree of awareness among employees.

Key points for 2021 are as follows.

Note: From FY2021, we have outsourced to a different company for our employee survey.

Of the 91 questions in total, 83 are comparable over time, and employee engagement results compared to the previous year are provided.

#### Items that showed improvement compared to FY2020

##### ① Sustainable engagement

Sample question Working for the Company inspires me to do my best

##### ② Cooperation/communication

Sample question The Company encourages the sharing of information and ideas between departments

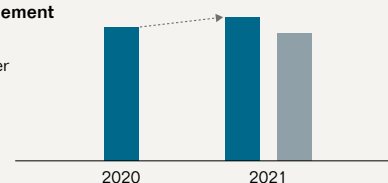
Looking at the results, employee engagement scores fell in FY2020. The quality and frequency of communication from the Management Team declined along with the onset of poor business performance and rapid change to a system of remote work due to the COVID-19 pandemic. In addition, there was a strong sense that the management team did not communicate properly with employees to help dispel their concerns, leading to a feeling of crisis. In response, Supervisory Executive Officers soon began sending video messages to employees once a month to share what was currently being worked on in their respective areas of the Company.

Engagement has shown a clear comeback in FY2021. Items regarding “a positive view of the company's future” and a “high willingness to contribute” also showed improved results. We are pleased that the distribution of video messages and the President's dialogue sessions described later have had a positive effect. During the long COVID-19 pandemic, scores for the items “information sharing between departments”

and “inter-departmental collaboration” showed significant improvement, though they usually tend to score lower. The shared groupware introduced in the 12th Middle-Range Planning (MP-12) and work style reforms that utilize it likely helped contribute to an environment where information sharing and communication can be done through online meetings while working from home or when face-to-face meetings are not possible, as well as the way work is conducted with the platform's file sharing system.

#### ▶ Employee engagement

■ Mandom  
■ Global consumer goods firms





### Items that did not show improvement compared to FY2020

- ① Talent management
- ② Business promotion

**Sample question** I have time for work-related training

**Sample question** There are no major obstacles in the way of carrying out my responsibilities

Items that did not show improvement from FY2021 included “not having time for training,” “obstacles to carrying out responsibilities,” and “satisfaction with benefit programs,” revealing dissatisfaction among employees. This may well be due to the growing interest of employees in their career autonomy accompanying the change in working methods due to COVID-19, changing perceptions of the challenges they face, and

increased awareness of the importance of benefits. We are currently preparing to transition to the reform of our human resources system\* with the foundations of “human resources development for career autonomy” and “job-based perspectives,” with the aim of full-scale implementation from FY2023.  
\* MHRX: See p. 33

### Items where we scored lower than other companies

- ① Leadership
- ② Business promotion

**Sample question** The management team responds well to change

**Sample question** In our company, decision-making occurs at the right level of management

Both “Leadership” and “Business promotion” were items with scores showing much room for improvement, with the Company trailing global consumer goods firms and other high-performing companies. In the drastically changing business environment brought about by the COVID-19 pandemic, employees need reassurance through frequent communication and transparency of Company and management team decision-making, strategies, and responses to change. It is also essential for employees

to understand the direction the Company plans to move in, as well as expectations towards their role, so they can regain pride and confidence that they can grow and contribute. Mandom has decided that officers will continue to release video messages monthly in FY2022. By continuing these efforts and sharing what our officers are thinking and their stance on various issues, we believe we can reassure our employees and alleviate the problems related to these items.

## Dialogue sessions between the President and employees

President Nishimura began dialogue sessions with employees in July 2021 when he took office with the objective of direct communication that leads to mutual understanding and instillation of policies. While the COVID-19 situation overseas necessitated that these sessions be held remotely, in Japan they were all conducted face to face.

### [Nishimura's comments]

In FY2021, a total of 247 people engaged in these group dialogues, including Mandom's managers and group leaders (assistant managers), representatives of Group companies in Japan and overseas, local overseas executives, and employees with overseas placements. These highly meaningful opportunities not only helped provide a more thorough understanding of the direction of medium to long-term strategies, which was a primary purpose, but also let people share their own awareness of issues and deepen mutual understanding.

During these dialogues, I noticed that participants were keenly aware of the issues, and I felt extremely encouraged by their genuine desire to break with the status quo and do something for the benefit of the Company. There are two points in particular that I felt during our conversations. The first is that the Company has a lot of “unspoken rules.” I was concerned that sometimes we are careful about things that there aren't even rules about, and this causes all kinds of waste, like

when we make internal documents. I felt like we need to abandon doing things just based on precedent or habit, and start seriously thinking about everything from scratch, from a perspective of overall optimization.

The second point regards communication issues that have become apparent. A downside of working remotely is that there is a considerable risk of loss of motivation and anxiety because of the difficulty of noticing subtle changes in subordinates and colleagues. I also felt like some things take a long time to resolve, when if you spoke face to face you would understand the situation right away, and this causes stress to build up little by little. Later on, I urged our managers to focus on creating an environment where employees can be happy doing their work.



As with the officer video messages mentioned above, the Company sees dialogue sessions as a meaningful opportunity to share with employees and help them understand how top management views the Company's current situation and its direction. Mandom plans to continue these dialogues in FY2022 and thereafter for approximately 500 employees over two years, targeting roughly 250 employees for FY2022, consisting of employees with ages ranging from the teens to the 30s and those who will be new managers from this fiscal year, and about 250 senior employees in their 40s and 50s for FY2023.

## Initiatives developing and educating human resources

Please visit our website for information on standard training, employee education, and career support.



CSR Information

► Mandom Group's CSR KohDoh Practices > Labor Practices > Human Resources Development

## Highly-Engaged Employees —Topics—

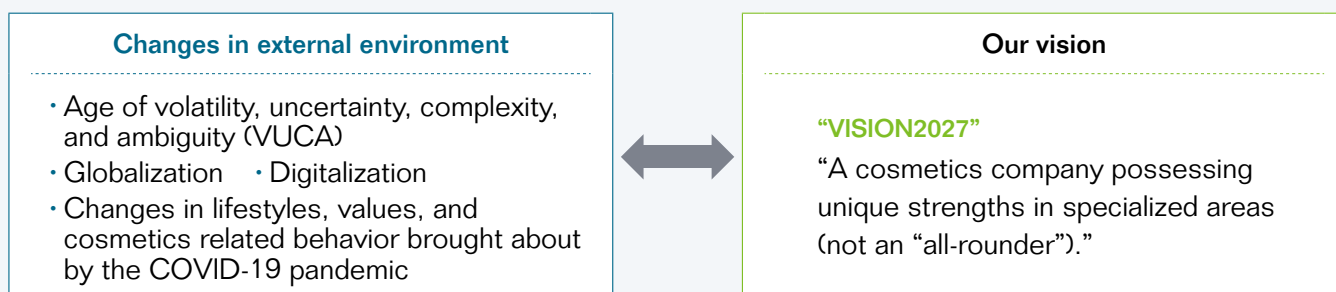
# <Feature> Human Capital Initiatives

Embarking on HR system reform to provide Dedication to Service (Oyakudachi) for consumers in response to a changing society

## Mandom's human resources philosophy



## Background



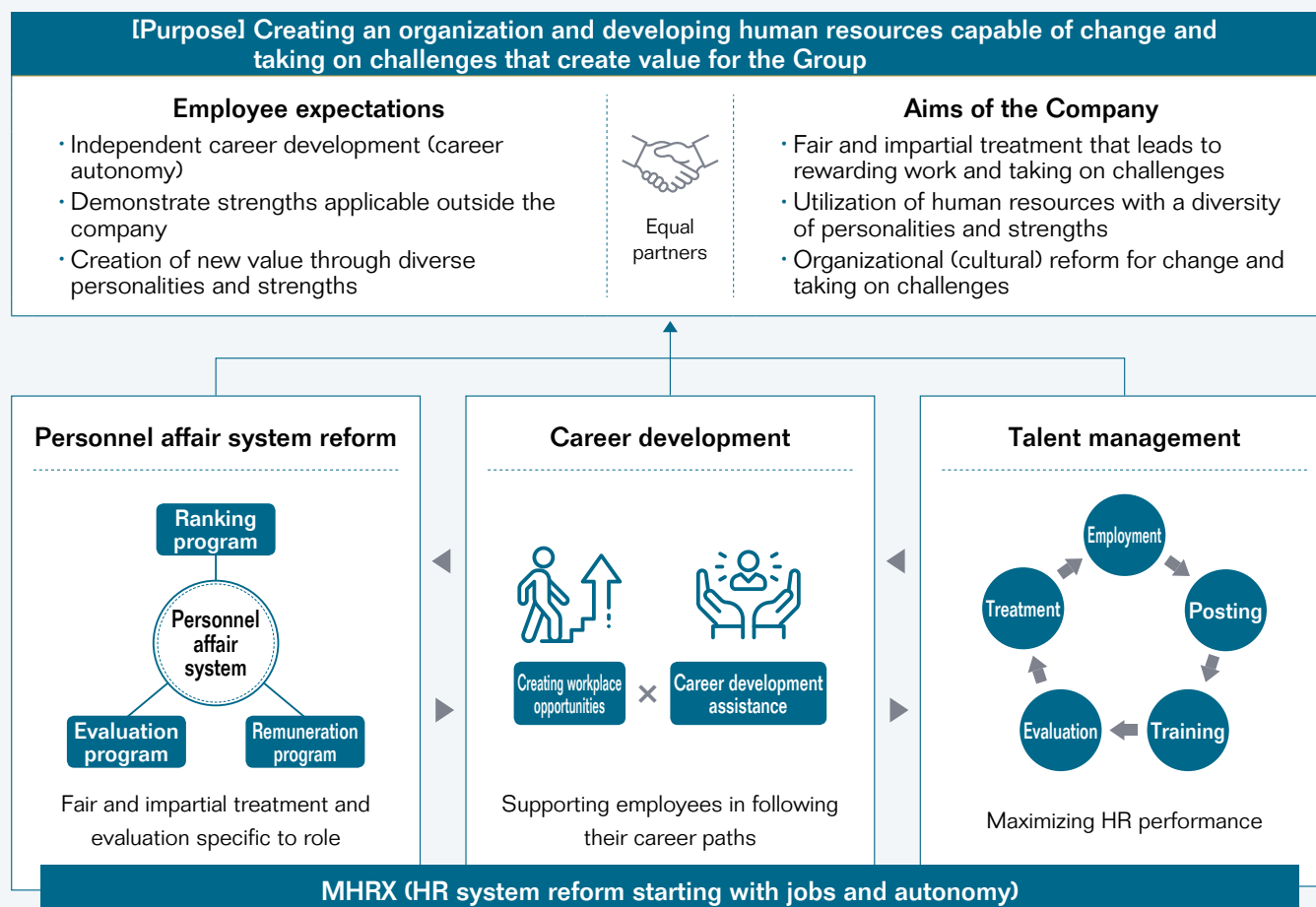
For the 100th anniversary of our founding, we have announced our **"VISION2027,"** which says we are a cosmetics company possessing unique strengths in specialized areas (not an all-rounder).

The external environment the Company operates in is said to be in an age of volatility, uncertainty, complexity, and ambiguity (VUCA), undergoing rapid change along with globalization and digitalization, with the future being uncertain and difficult to predict.

We realized that it was necessary to reform not only our human resources system but also its structure in order to properly adapt to such drastic changes and continue to provide Dedication to Service (Oyakudachi) for consumers as set forth in the Vision.

## Overview of the reform of our human resources system (MHRX)

### MHRX: The big picture



We have launched an initiative to reform our human resources system (MHRX), starting with jobs and autonomy. MHRX stands for “Mandom Human Resource Transformation.”

Based on the Group’s human resources philosophy of “Happy individuals make a happy company” that aims for growth of employees together with growth of the Company, our purpose is to create an organization and develop human resources capable of change and taking on challenges that create value for the Group.

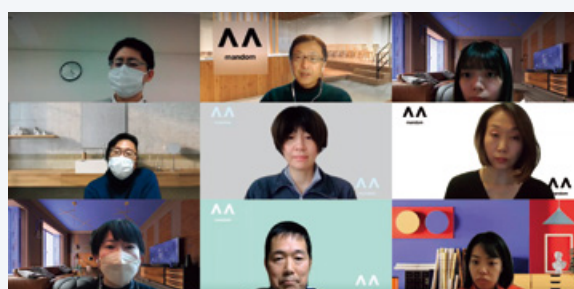
It is a system based on “human resources development for career autonomy” and “job-based perspectives,” and consists of three initiatives: (1) personnel affair system reform, (2) career development, and (3) talent management.

We aim to assemble a diverse group of talent with unique strengths, who take the initiative regarding their career development.

### Toward a new personnel affair system

Our first briefing was held regarding the transition to the new personnel affair system, and we held about 80 small-scale dialogue sessions of between 5 and 10 people as follow-ups between February and March 2022 to further employee understanding.

The second briefing is held in June, and we continue to carefully prepare for the smooth introduction of the program.



A small-scale dialogue session

## Materiality: Realizing mutual growth of employees and the company

### Health management

Health management is an important issue for the Company because we understand that healthy employees enhance its value. In FY2020, we formulated a “Basic Health Policy.” We also conduct health management initiatives so that our human resources, the company’s foundation, can work with peace of mind; this means they and their families do not have to worry as much about health concerns. In addition, we are investing in health through health-related goals of “reduction of absenteeism,” “improvement of presenteeism,” and “better work engagement.” As indicators to measure these goals, we will set and manage changes in employee awareness and behavior, as well as their participation rates and level of satisfaction with our measures.



CSR Information

► Decent Work and Work-Life Balance

#### Selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)

In recognition of our health-related efforts, we have been selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category), a certification jointly implemented by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

This program recognizes corporations that practice particularly outstanding health management with initiatives that address local health issues and that are in line with the health promotion efforts of Nippon Kenko Kaigi.



### Ensuring diversity

We are trying to build an organizational system that embodies diversity and inclusion in order to retain human resources with diverse attributes and value systems, and enable them to reach their full potential.

We announced the five Mandom Principles in May 2017, which are a code of conduct that is followed by all Mandom personnel at all times. These principles include “Active Employee Engagement” and “Human Assets” that help guide our thoughts and actions every day.

#### Promoting women’s participation

In April 2016, a Japanese law took effect, which obliges large companies and local and central governments to set numerical targets for hiring and promoting women. Mandom understands that promotion of women is an important theme that draws expectations and demands from a broad range of players in the society. Accordingly, this theme has been reflected in “Achieving employee satisfaction (ES) and diversity.” In line with the objectives and purposes of the law, Mandom will develop and execute a phased action plan to help realize a society where women are promoted and encouraged to exercise their individuality and unleash their full potential. We will also disclose our actions and keep the information up to date through the official website of Ministry of Health, Labour and Welfare below.



External Site

Ministry of Health, Labour and Welfare Official Website

► Mandom page for general employer action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace (Japanese only)

#### Promoting hiring of people with disabilities

We aim to build an organization that encourages diversity and inclusion. As part of this, we are creating workplace environments that allow us to hire more people with disabilities and facilitate their participation. At our head office we have set up an accessible restroom on the ground floor, provided handicapped parking spaces, and made the office hallways wide enough for wheelchairs and other mobility equipment, among our many efforts to ensure a “barrier-free” workplace. At the Fukusaki Factory in 2014 we renovated the production building, and set up accessible and multi-purpose restrooms, along with an accessible entrance and other measures. In December 2018, our domestic subsidiary Mandom Will Corp. (referred to below as “Mandom Will”) acquired certification as a Special Subsidiary, as set forth in the Act on Employment Promotion etc. of Persons with Disabilities. At Mandom Will, we have put in place an environment and programs tailored to suit diversity, so that people with disabilities and those returning to employment can work with high motivation over the long term without undue stress. Steps taken in this area include allocating work to match diverse capabilities and characteristics, and enabling the taking of annual paid holidays in hourly units to deal with issues such as going to the hospital. We are also working to develop human resources capable of self-growth through work.



CSR Information

► Mandom Key Data on Personnel and Labor

#### Recognized as a “Three-Star Certified Company” (highest rank) in the “Osaka City Leading Company in Women’s Participation” ranking

In recognition of our efforts related to the advancement of women, we have been recognized as a “Three-Star Certified Company” in the “Osaka City Leading Company in Women’s Participation” ranking. This Osaka City program certifies companies that actively promote the “creation of organizations supporting the advancement of motivated

women,” “support for work-life balance,” and “household participation of men” in accordance with set standards, with a goal of providing social recognition and widely publicizing the efforts of selected companies.





Recently, the severity of environmental problems such as climate change and plastic marine pollution have been increasing year by year, and the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) released in 2021 states that “It is unequivocal that human influence has warmed the atmosphere, ocean, and land.” The report concluded that human activities are also responsible for the increase in extreme events such as heat waves and heavy rainfall that have been occurring frequently in recent years.

We recognize that the growing awareness of our stakeholders, including consumers and investors, toward the global environment will have an impact on the continuity of the Company’s business activities in the future, and we believe that promoting global environmental initiatives as a company will enhance our corporate value. We have been engaged in activities to reduce our environmental impact to date, and we will further strengthen our efforts to reduce our environmental impact throughout the product life cycle, including less dependence on plastics, with the aim of transitioning to a recycling-oriented society. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.

### The Mandom Group’s Environmental Policies

The Mandom Group, based on its corporate philosophy, recognizes that environmental issues are a common issue for all humankind, and strives to understand the environmental impact of the entire value chain through its business activities. We will strive to realize a sustainable society by creating value through our core business, while cooperating with society to fulfil its wishes.

#### 1. Initiatives for Climate Change

We will promote initiatives to reduce greenhouse gas emissions in the value chain with the aim of transitioning to a carbon-free society.

#### 2. Initiatives for biodiversity

We seek to accurately understand the effects on biodiversity in our value chain and promote initiatives to avoid and reduce that impact.

#### 3. Initiatives for resource recycling

We will promote initiatives to conserve resources and recycle products to realize a circular economy throughout the product life cycle.

#### 4. Initiatives for eco-friendliness in products and services

We place eco-friendliness as one of our product values and promote efforts to create value that empathizes with society in accordance with the Mandom Group Eco-Friendliness Product Standards.

#### 5. Compliance with laws and social norms

We will comply with environmental laws and regulations, and strive to actively respond to social norms and wishes, in line with a philosophy of Social Responsibility & Sustainability.

#### 6. Promotion of environmental communication

We will share this policy to the public and actively promote the disclosure of environmental information as we strive to promote communication with stakeholders.

#### 7. Efforts as individuals

Each Mandom member will work to protect the environment by taking actions such as conserving resources, reducing waste and using recycled products, not just as an organized part of corporate activities but also as an integrated part of daily life as one individual consumer.

(Note) In addition to the above, the Fukusaki Factory has separately established the “Fukusaki Factory Environmental Policy.”  
([https://www.mandom.co.jp/en/company/philosophy\\_sf.html#policy](https://www.mandom.co.jp/en/company/philosophy_sf.html#policy))

We place eco-friendliness as one of our product values and promote efforts to create value that empathizes with society in accordance with the Mandom Group Eco-Friendliness Product Standards. As part of our effort, we have adopted our own eco-friendly product standards alongside medium-to long-term targets. We are committed to making eco-friendly products in aid of achieving sustainability across society.

These standards will be updated on an ongoing basis, with reference to the latest information on technology and developments in Japan and overseas while taking into account views, expectations and wishes of all our diverse stakeholders.

### Eco-Friendliness of Products

Life cycle stage	Environmental issues	Environmental-friendliness standards
Procurement of raw materials	Biodiversity conservation and forest conservation	Product that uses recycled paper with 80%+ content of waste paper pulp as material for its outer and inner box package inserts and other paper-based items
		Product that uses FSC® certified paper as material for its outer and inner boxes, package inserts, and other paper-based items
		Product that uses raw and other materials that have satisfied other international environmental certification systems or criteria
Product use	Climate change Carbon neutrality/ CO <sub>2</sub> emissions reduction	Product that uses 25%+ plant-derived biomass content for its container and packaging materials
		Product that uses 10%+ biomass content for its laminate packaging
		Product that uses 25%+ recycled materials for its container and packaging materials
Disposal	Water use reduction	Product that uses 50%+ recycled materials for its laminate packaging
		Product that uses 20%+ less in power for dryer and gas for hot water supply when product is used, compared against benchmark
		Product that uses 20%+ less water when product is used, compared against benchmark
Other	Waste reduction	Product that eliminates use of main container and packaging materials or reduces weight or dimension to achieve 10%+ less use of such packaging, compared against benchmark
		Product that eliminates use of individually packaged units or reduces weight by 10%+ of such packaging, compared against benchmark
		Refill product that reduces container weight by 50%+, compared to standard container weight
Other	Plastic waste reduction	Product that has switched from petroleum-based plastic to alternative materials (e.g. paper, glass)
		Product that uses mono materials that make separation for disposal easier

(Notes) 1. Product that satisfies one or more of the criteria above shall be considered an eco-friendly product.

2. The benchmark will be a product manufactured in 2016 when Mandom revised the Environmental Policy.

(FSC® N003667)

## Materiality: “Actions for sustainable global environment”

### Initiatives to Reduce Plastic Waste

In recent years, there have been growing concerns over the environmental impact that plastics have when they are released into the ocean.

In light of this situation, we, the Mandom Group, have positioned efforts to reduce plastics as a top priority in our product environmental friendliness agenda, and we will strive to develop products that are friendly to both consumers and the environment. We are also committed to further strengthening our efforts through the 4Rs (reduce (reduce use and emissions), reuse, recycle, and renewable (replace with renewable materials)) of plastic products to help solve the marine plastic problem.

<b>Reduce</b> Reduction of usage and emissions	Promote initiatives to reduce the amount of plastics used and the amount of plastics discarded by reducing the thickness and weight of containers and packaging as well as sales promotion materials, and by adopting materials other than plastics.
<b>Reuse</b> Promotion of reuse	Promote the development of refillable and replaceable products with the aim of reducing waste of single-use containers by enabling repeated use of main containers.
<b>Recycle</b> Promotion of recycling	Promote the development of products that are easy to sort during disposal as well as containers made of mono material for easy reuse or recycle and recycled materials.
<b>Renewable</b> Promotion of switching to renewable materials	Promote the switching to sustainable materials such as plant-based materials (biomass plastics, etc.) to reduce the use of petroleum-based materials.

### Examples of Initiatives in FY2021

In FY2021, we implemented the following initiatives, as concrete examples.

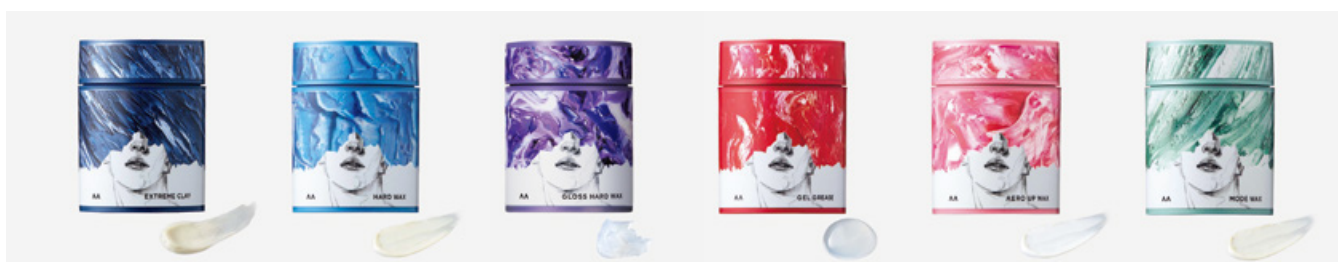
#### Example of “Reduce”

We removed the individual packaging of “Happy Deo Face Sheet” and “Gatsby Facial Cleansing Wipes/Body Cleansing Wipes” sold exclusively through e-commerce.



#### Example of “Renewable”

Biomass plastic was used for the container of “gatsby THE DESIGNER Wax/Gel Grease.”



## Promoting Measures toward a Carbon-Free Society

### Initiatives related to Climate Change (disclosure based on TCFD<sup>\*1</sup> recommendations)

It is recognized that carbon dioxide emissions have increased significantly since the Industrial Revolution, especially since the 20th century when the population grew significantly. As this increase in carbon dioxide emissions has been blamed for having a significant impact on climate change such as global warming, we recognize that the implementation of concrete measures to address climate change is an urgent issue that the world must join forces to address in order to realize a sustainable society.

Against the backdrop of the current climate change-related needs of society, Mandom upholds “social responsibility & sustainability” as its philosophy, which itself is equivalent to sustainability of the Mandom Group. To solve social and environmental issues, we will adhere to sustainable management (ESG management + SDGs management), working out sustainability policies and identifying material issues (materiality) in sustainability to provide further Dedication to Service (Oyakudachi) to consumers and create new corporate values through business operation.

The slogan “BE ANYTHING, BE EVERYTHING.” is also our ESG slogan.

As a “human-oriented” company, this slogan is relevant to all employees, and in a society where social issues are becoming increasingly diverse and complex, such as environmental issues, globalization, diversity, and identity, and it is difficult to resolve the issues faced by consumers, it represents Mandom’s desire to be dedicated to service and help realize a sustainable and

affluent society where people can enjoy expressing their true self, live a healthy and positive life, and continue challenging themselves to express their true self, instead of giving up or sacrificing one for the other, a so-called trade-off relationship. In particular, in response to climate change, we expressed our support for the TCFD in June 2022, as a good corporate citizen who lives socially with the dynamism of the times, and in order to be more effective in evolving our Dedication to Service and creating corporate value through our core business. At the same time, we also joined the TCFD Consortium<sup>\*2</sup>, which was established for the purpose of discussing effective corporate disclosure and appropriate initiatives regarding TCFD. Going forward, we will use the TCFD proposal framework to further strengthen our governance on climate change, analyze the risks and opportunities arising from climate change, and disclose information on the financial impact of climate change.



**CSR Information**  
 ▶ Mandom Group’s CSR KohDoh Practices > Environment > Preventing Global Warming

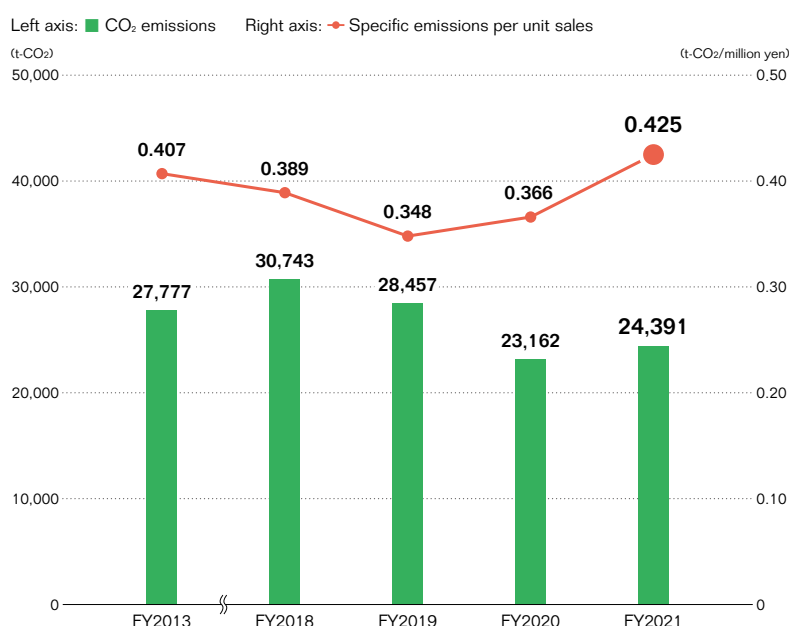
**External Site**  
 ▶ \*1 TCFD: Task force on Climate-related Financial Disclosures  
 ▶ \*2 TCFD Consortium

### Formulation of Long-Term Targets

1. Aiming to achieve zero CO<sub>2</sub> emissions Group-wide in 2050
2. Aiming to reduce CO<sub>2</sub> emissions in Scope 1 + 2 in Japan and Overseas by 46% or more compared to FY2013 by FY2030

In FY2021, CO<sub>2</sub> emissions from Scope 1 + 2 in Japan and Overseas totaled 24,391 tons, a 12.2% reduction compared to FY2013. This is an increase of 5.3% YoY. This was due to an increase in fuel consumption and electricity consumption resulting from an increase in production volume in FY2021 in reaction to a significant drop in production volume in FY2020 due to ramifications of COVID-19.

#### Trends in CO<sub>2</sub> Emissions (Scope 1 + 2 in Japan and Overseas)



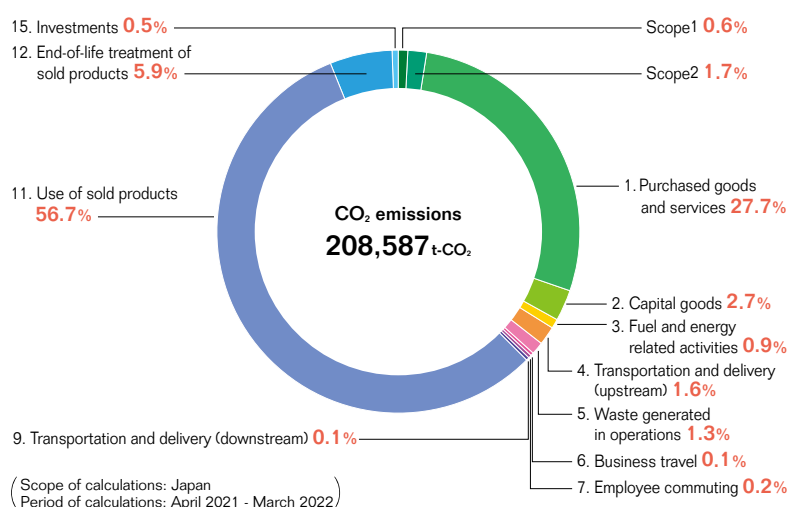
## Materiality: “Actions for sustainable global environment”

### Calculating Greenhouse Gas Emissions for the Entire Value Chain (Scope 3)

Since FY2018, Mandom has been calculating the greenhouse gas emissions produced throughout the entire value chain from the procurement of materials to the manufacture, sales, use, and disposing of products based on the Scope 3 Standard established by the GHG Protocol.

Our calculations show that more than 90% of greenhouse gas emissions fall under Scope 3 and we were able to see that emissions were particularly large in Category 1 (Purchased goods and services) and Category 11 (Use of sold products).

In addition to improving the accuracy of future calculations, we will strive to reduce our environmental impact throughout the value chain, such as by developing environmentally friendly products that can help reduce emissions in the categories detailed above.



#### CSR Information

- Overview of Domestic Environmental Load of the Mandom Group
- Historical Environmental Data
- Environmental Data by Production Site

### Promoting a Recycling-Oriented Society

Since October 2003 at the Fukusaki Factory we have been maintaining a 99% or higher rate of resource recovery from industrial waste to qualify as “zero waste emissions.” In FY2021, this was achieved at all Mandom business sites in Japan.

To encourage waste reduction and recycling at our head office building, we conduct environmental awareness seminars relating to such topics as environmental problems, and explain rules for proper waste classification and disposal to new employees and individuals who have transferred to the head office building. Waste emissions including general wastes were 3,381 tons in FY2021, a year-on-year increase of 14.3%. We take this result seriously and will continue to promote the formation of a recycling-oriented society. In addition, in order to deepen our knowledge of the transition to a recycling-oriented society and to strengthen our efforts for a sustainable global environment, we participated in the MEGURU BOX Project, a demonstration experiment to collect used plastic, which was implemented from July 2021 by the Kyushu Circular Economy Partnership (secretariat companies: AMITA HOLDINGS CO., LTD. and NEC Solutions Innovator, Ltd.) to optimize resource recycling in the Kyushu region and create business contributing to a sustainable society. The “MEGURU BOX Project” is the first of its kind in Japan, to work with more than ten companies, including daily necessities manufacturers and Kitakyushu City, to create a system for resource recycling.



MEGURU BOX

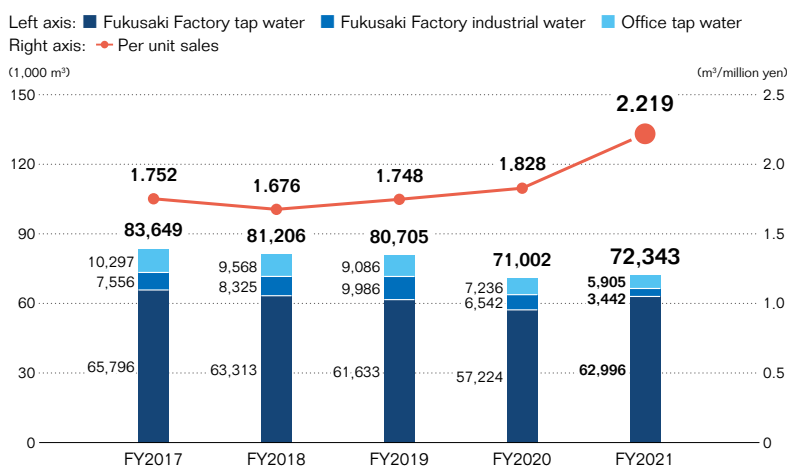
### Efficient Water Use

At the Fukusaki Factory, we are regularly calling upon each department to save water, and reviewing methods of cleaning production equipment, piping, and other facilities.

Also, at the head office building we use water-saving equipment that controls water flow and low-flush toilets to reduce water use.

In FY2020, water resource usage decreased due to a decrease in production volume, affected by COVID-19, but with a recovery in production volume, water resource usage in FY2021 was 72,343 m<sup>3</sup>, a year-on-year increase of 1.9%.

#### Water Input





At the Mandom Group, we will follow the Guiding Principles on Business and Human Rights and identify the negative impact on human rights relating to the business conducted by the Company and will engage in action that prevents or reduces such negative impact. If due diligence action on human rights uncovers any occurrence or furtherance of negative impact on human rights, we will strive to take appropriate and effective remedial action.

If our products or services are directly linked to a negative impact on human rights due to our trading partnerships, we recognize the possible need to take corrective action.

Recently, companies have been internationally required to engage in fair and free competition as well as proper trade and responsible procurement.

To achieve this, the Mandom Group will procure palm oil, paper, etc. ethically. Our action ranges from protection of forests and biodiversity to execution of corporate social responsibility by sustaining natural and labor environments and respecting human rights throughout all supply chains.

## Human Rights

The Mandom Group recognizes that our business activities must only exist on the basis of our respect for human rights. We have adopted and will implement the following Human Rights Policy so that we can promote action in respect of the

human rights of all Mandom employees and their families, trading partners and all others involved in the supply chain as well as production operations upstream, consumers and all other stakeholders relating to the Mandom Group.

### Mandom Group’s Human Rights Policy

#### 1. Basic Stance on Human Rights

We support and respect international norms relating to human rights including the International Bill of Human Rights stipulated by the United Nations on the basic human rights of all people, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights. As a signatory to the United Nations Global Compact, the Company supports the ten basic principles of the Compact. The Mandom Group will comply with the laws of the nations and regions where we conduct our business activities. If laws or rules in the nations or regions conflict with the international principles on human rights, we will comply with the local laws while pursuing methods of respecting the internationally accepted basic human rights principles.

#### 2. Respect of Stakeholder Human Rights and Promotion of Diversity

We respect all the diverse values, individualities and privacy of stakeholders relating to our corporate activities as we promote diversity. We will not discriminate under any circumstance against any person on reasons of race, nationality, ethnicity, sex, age, origin, religion, education, physical characteristics, disability, health condition, sexual orientation, or gender identity. We strive to create a workplace environment where employees can work safely with reassurance, energy and in full mental and physical health, where there is mutual trust and where common sense prevails. We will eliminate any discrimination, violence or harassment in the workplace.

#### 3. Due Diligence in the Supply Chain

We will follow the Guiding Principles on Business and Human Rights and identify the negative impact on human rights relating to the business conducted by the Mandom Group and will engage in action that prevents or reduces such negative impact. If due diligence action on human rights uncovers any occurrence or furtherance of negative impact on human rights, we will strive to take appropriate and effective remedial action. If our products or services are directly linked to a negative impact on human rights due to our trading partnerships, we recognize the possible need to take corrective action.

#### 4. Dialogue and Discussion with Stakeholders

In our activities relating to negative impact on business and human rights, we will engage experts from outside the Company and we will provide opportunities and engage in dialog and discussion with relevant stakeholders, with respect and sincerity.

#### 5. Reporting System

Any employee recognizing the possibility of violation of laws and rules that apply in the countries and regions of our operation or the infringement of human rights rules and other in-house regulations can use the internal reporting system to report such violations. We also have set up a reporting contact where external stakeholders can report any violation of our Human Rights Policy or any risk of violation.

#### 6. Education and Training

We will deliver continuous education to employees so that correct knowledge about respect for human rights can be fully diffused and understood throughout the Mandom Group.

#### 7. Information Disclosure

We will disclose the progress and results of our human rights actions on the Company website and through other means.

## Building and Implementing a CSR Procurement System

### Building and Implementing a CSR Procurement System

We have selected “building and implementing a CSR procurement system” and are engaged in drafting supplier CSR guidelines and gaining the cooperation of trading partners to achieve this goal.

As times change in an age of rapid globalization, social and environmental issues are becoming more varied and complex. We currently give consideration and take action based on our Procurement Guidelines, but we need to strengthen their implementation, which includes making ongoing improvements and revisions to prevent new social and environmental issues

from arising and thereby avoiding such risks. Another reason for better implementation is to be able to continue responding to expectations and demands from a broad range of stakeholders. We strive to achieve fairness and transparency in all transactions and will try to gain the cooperation of our trading partners as we practice due diligence with respect to specific topics in core areas such as human rights, labor practices and the environment, alongside taking other measures to build a sustainable and CSR procurement system.

### Purchasing Policy

We at the Mandom Group have adopted the following Purchasing Policy and will implement it in order to pursue fair and transparent business practices to the fullest extent.

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. We strive to achieve fairness, honesty and transparency in all transactions based on the principles of mutual equality, respect for independence, and free competition, regardless of nationality, business record or size of business. In choosing our trading partners, we will take overall consideration including their effort input into sustainable technology development capacity and environmental protection, respect for human rights and management attitudes towards sustainability and social responsibility while balancing our judgements on our assessment of the quality, technology, price, delivery and stability of supply that they can assure.</p> | <p>3. We will contribute to the sustainable development of the society that surrounds us and the global world. Through collaboration with our trading partners, we will reduce environmental impact in all our activities involving design, production and distribution of our products and services.</p> |
| <p>2. Our shared goals are OYAKUDACHI and safety and reassurance to consumers. To this end, we will work with our trading partners by engaging in mutual learning and development as well as close communication so that we can build a business partnership of harmony and mutual prosperity.</p>                                                                                                                                                                                                                                                                                                                                                                               | <p>4. In undertaking our international business operations, we will act as a local company to enhance OYAKUDACHI to our local stakeholders. We will promote local production and local purchasing.</p>                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>5. We will fully understand and comply with Japanese and foreign laws and rules in order to engage in honest and fair purchasing activities.</p>                                                                                                                                                       |

### About the Mandom Group Supplier CSR Guidelines (Version 2)

In order to address sustainable procurement, we issued the Mandom Group Supplier CSR Guidelines (Version 2) in November 2017, asking suppliers for their understanding of these guidelines. Going forward, we will secure the understanding and cooperation of our trading partners—through steps such as requesting that these guidelines be shared with secondary, tertiary, and overseas trading partners—and we will continue discussions, working step-by-step to make our supply chain more transparent.

We also conduct monitoring using the “CSR Procurement Self-Assessment Tool Set” recommended by the Global Compact Network Japan.

- Number of companies monitored in FY2021: 110



CSR Information

► Mandom Group's CSR KohDoh Practices > Fair Operating Practices > Mandom Group Supplier CSR Guidelines (Version 2)

## Protecting Biodiversity

### Setting of Targets

1. Procure 100% of palm-derived materials accepted by the Fukusaki Plant as certified oil (including book-and-claim method) by 2026
2. To switch completely to the use of FSC®-certified paper for paper containers and packaging by 2027

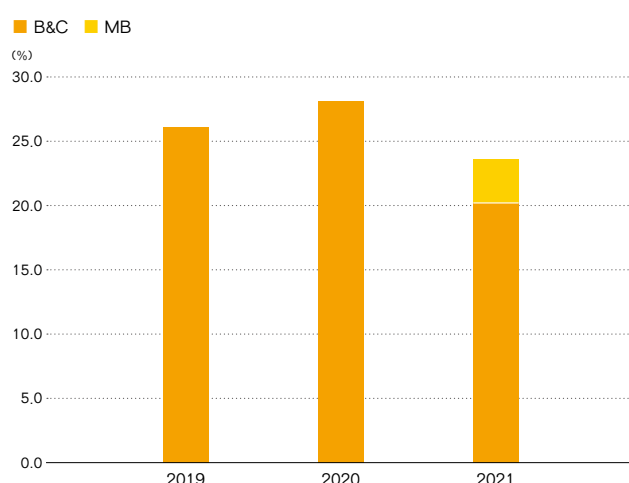
These efforts will not only protect both the environment and biodiversity; they will help to actively build and strengthen cooperative relationships with related counterparties and experts, NGOs and NPOs, and people in various communities. At the same time, the efforts will lead to our building and implementing a CSR procurement system that also considers human rights and labor issues.

### Procurement of Sustainable Palm Oil

In March 2018, Mandom joined the Roundtable on Sustainable Palm Oil (RSPO) in order to procure sustainable palm oil that takes into consideration the social issues and environmental impact of the raw material production area, and in March 2021 acquired RSPO supply chain certification at its Fukusaki Factory, the only production base in Japan, and began procuring mass balance (MB) certified oil in May 2021.

In FY2021, we have completed the purchase of certification under the RSPO supply chain certification model “book-and-claim method” for the entire volume of raw materials derived from palm oil, which is the most commonly used raw material at our Fukusaki Factory.

Ratio of Certified Raw Materials to Palm-Derived Raw Materials



### Procurement of Sustainable Paper Container and Packaging Materials

As part of our effort to procure sustainable paper container and packaging materials, we are conducting phased switching to FSC®-certified cardboard at the Fukusaki Factory, starting from new deliveries in February 2018, with a focus on cardboard used to transport products manufactured by Mandom.

(Switchover rate as of April 2022: 78.8%)

In addition, for paper materials used in our products, we are striving to expand the use of environmentally friendly products by using FSC®-certified paper, used paper, and recycled paper in accordance with “Eco-Friendliness of Products” on page 35. (FSC® N003667)

As the corporate philosophy of the Mandom Group, we consider that “Social Responsibility & Sustainability” is the sustainability of the Mandom Group. With that in mind, we treat sustainable management aimed at resolving social and environmental issues (ESG management + SDG management) as a fundamental concept.

We will continue to develop as a company that is recognized by all stakeholders for its existence value, with the dynamism to survive in any era, and we will further strengthen our corporate foundation based on our management philosophy with advancing our Dedication to Service deeply and widely as the going concern.

In addition, in order to provide cosmetics that consumers can use safely and with peace of mind, we are working to ensure conformity with Mandom safety standards (safe quality) and to achieve conformity with consumer satisfaction (reliable quality).

## Providing High Quality and Peace of Mind

### Quality Management System

Regarding quality assurance for cosmetics and quasi-drugs, Mandom works to assure fully satisfactory quality as demanded by consumers from purchase to end of use. We take measures to improve the quality of our products and services at every stage—planning, design and development, production and shipping. To ensure the reliability of these activities, in January 1998 Mandom established the Quality Philosophy and Fundamental Quality Policy, and built a quality assurance system that became ISO 9001-certified in December 1998. Since that time, as the quality philosophy and practices were deemed to have taken root company-wide, we voluntarily surrendered ISO 9001 certification in December 2013. We have since pursued continuous improvement of quality through the Mandom quality management system.

### Quality Assurance Activities and Reconfiguring Our Quality Assurance System

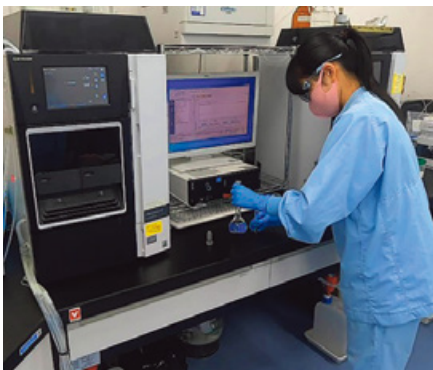
In accordance with Japan’s Pharmaceutical Affairs Law, we comply with the ISO 22716 international standard that pertains to good quality practices (GQP), good vigilance practices (GVP), and good manufacturing practices (GMP) for cosmetics.

Please refer to the following pages for details of the Mandom Group’s quality assurance activities aimed at achieving “true customer satisfaction” and the system for utilizing customer feedback in its operations.



CSR Information

► Consumer Issues > Promotion of Quality Assurance System



Analysis of active ingredients in quasi-drugs



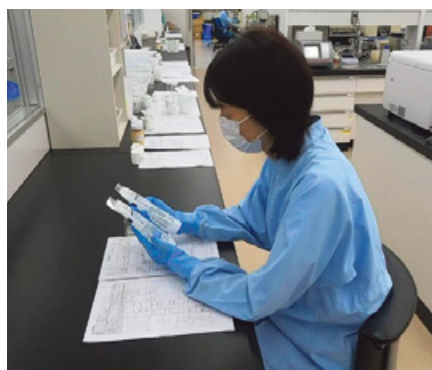
Confirmation of process operations



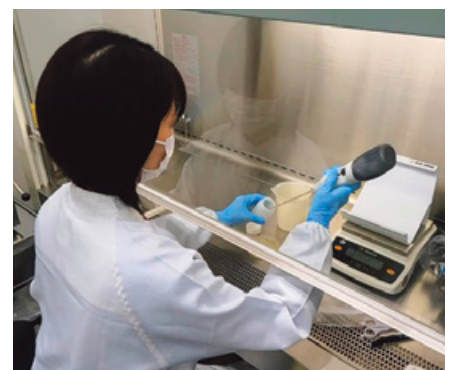
Confirmation of process operations



Visual inspection of products



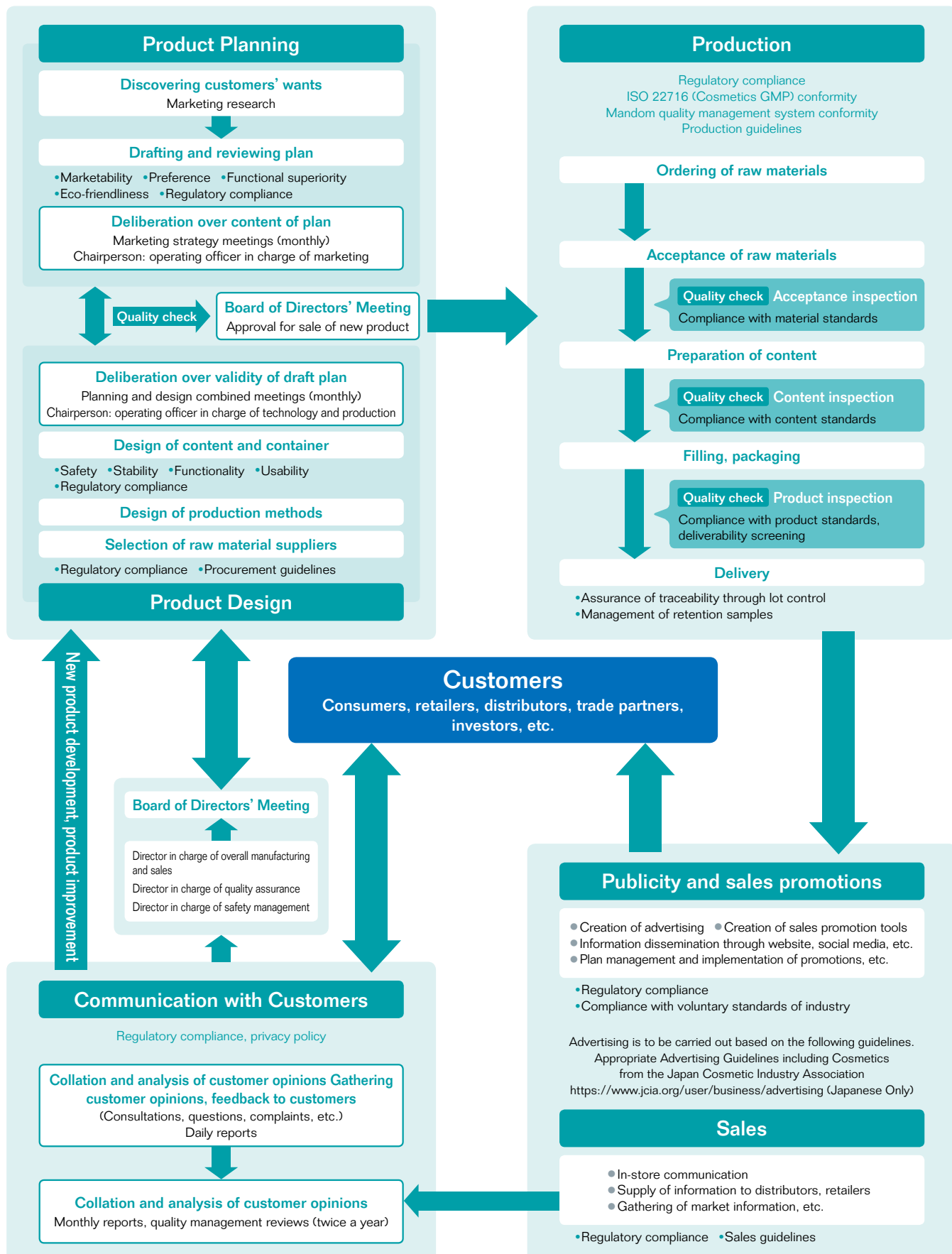
Product sampling inspection



Microbiological inspection



## Mandom Quality Assurance Activities and Implementation of Customer Feedback

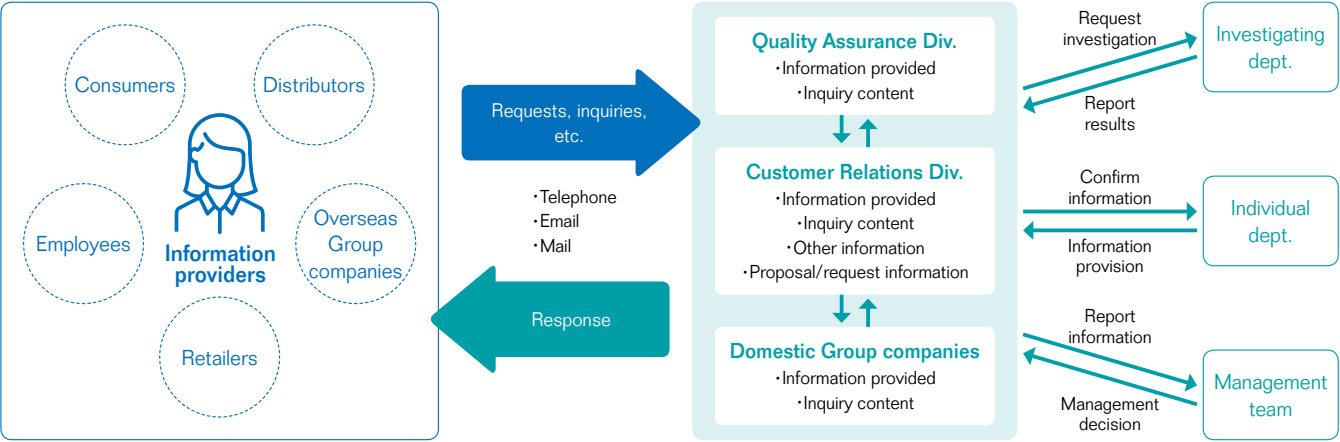
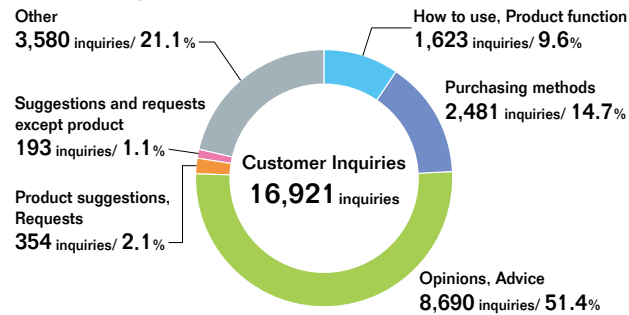


Materiality: “Maintaining/enhancing the corporate base”

Customer Inquiry System

We set up a Customer Relations Division in 1994 as a general contact point for communicating with customers, including their suggestions, requests and other feedback. After reviewing the feedback received, we add information to the Frequently Asked Questions (FAQ) & Inquiries section of our website as part of our efforts to ensure the supply of information. Furthermore, feedback is compiled in a database, and through mutually attended internal meetings, is passed along to top management and relevant departments to be integrated into future product development and improvement.

Customer Inquiries in FY2021



Top Page  
Customer Support

Examples of Utilizing Customer Feedback

At Mandom, we share feedback from customers with top management and relevant departments, and work to achieve true customer satisfaction.

Initiatives in FY2021

Regarding the “Lúcido-L Oil Treatment Series,” a customer commented, “It is difficult to see the remaining amount.” In response to this, we have improved the label by widening the gap to make it easier to see the remaining amount.

Before improvement

# Corporate Governance

## Corporate Governance Policy

The Mandom Group's mission is co-existence, mutual growth and mutual creation with global society. Consequently, to realize our core philosophy, we are dedicated to generating stable profits by pursuing efficiency, while ensuring soundness and transparency.

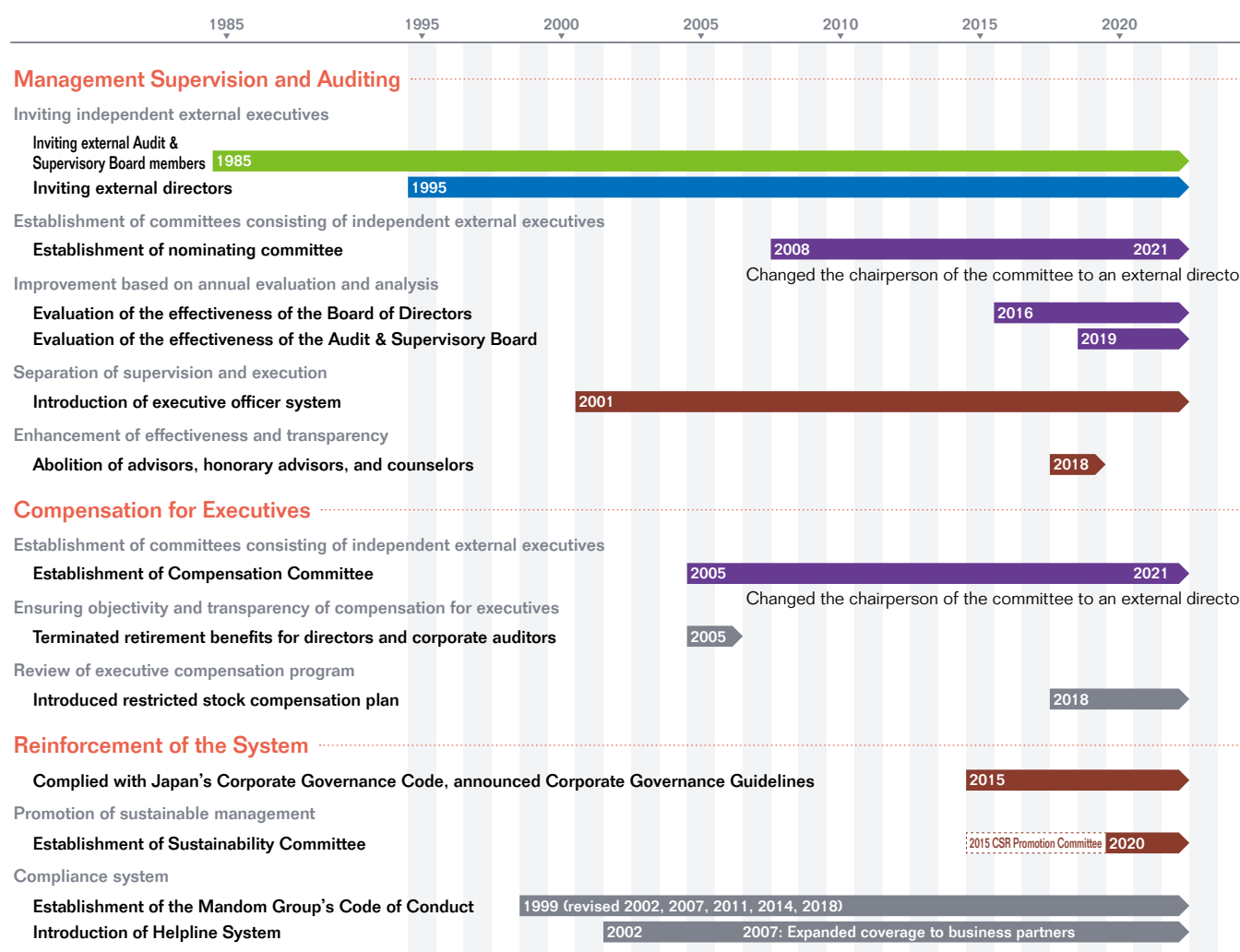
As a result, we look to achieve sustainable, steady growth together with consumers, society and other stakeholders.

## Corporate Governance System

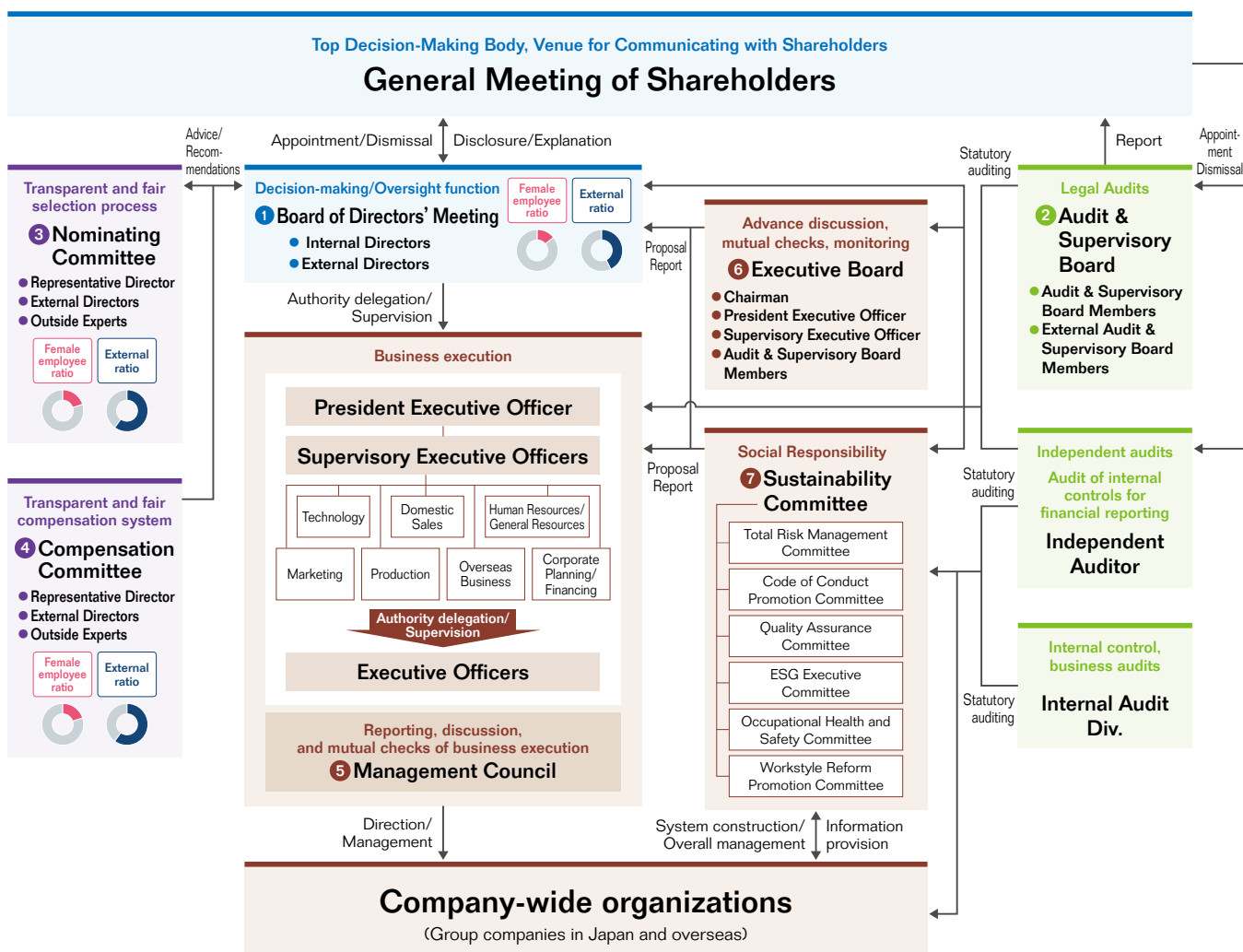
The activities of the Group are overseen by the Audit & Supervisory Board. With legal oversight from its members as the basis for corporate governance, we invite multiple external directors to sit on our board, to reinforce our monitoring and advisory functions.

By clarifying responsibilities and delegating authority under a system of supervisory and executional officers in charge of specific operations, we have created a system for the proactive and expeditious execution of operations.

## Efforts to Strengthen Corporate Governance



## Corporate Governance System (as of June 24, 2022)



### 1 Board of Directors' Meeting

The Board of Directors is comprised of directors and makes decisions regarding important business execution matters based on a corporate philosophy and corporate planning in addition to supervising the execution of business by directors and executive officers. Representative Director and Chairman serves as Chair.

### 2 Audit & Supervisory Board

The Audit & Supervisory Board is comprised of Audit & Supervisory Board members, who attend important meetings, such as Board of Directors and Management Council meetings. Audit & Supervisory Board members also exchange information with the Accounting Audit and Internal Audit Division and audit the business execution of directors, etc. through hearing of each division and affiliated company. An Audit & Supervisory Board member serves as Chair.

### 3 Nominating Committee

The Nominating Committee is comprised of the Representative Director and external directors. It is established as an advisory body to the Board of Directors in order to ensure fairness and transparency of the process when determining candidates for directors and Audit & Supervisory Board members. This committee advises the Board of Directors on proposals regarding candidates for director, Audit & Supervisory Board member and supervisory executive officer. An external director serves as Chair.

### 4 Compensation Committee

The Compensation Committee is comprised of the Representative Director and external directors. It is established as an advisory body to the Board of Directors in order to ensure transparency and fairness of the process when determining directors' compensations. This committee advises the Board of Directors on policies regarding compensation for directors and supervisory executive officers. An external director serves as Chair.

### 5 Management Council

The Management Council is comprised of officers of executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the applicable fiscal year. The Mandom Group promptly responds to changing business environments by delegating business execution to the Management Council. The President Executive Officer & Director serves as Chair.

### 6 Executive Board

The Executive Board is comprised of officers of supervisory executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the medium- to long-term. The Executive Board also deliberates on efforts to realize VISION2027 as developed by the Company. The President Executive Officer & Director serves as Chair.

### 7 Sustainability Committee

The Sustainability Committee is comprised primarily of directors, Audit & Supervisory Board members, and supervisory executive officers. While developing our approach for promoting the sustainability of the Mandom Group and holding discussions with relevant departments at committee meetings and other meetings, this committee is strengthening our efforts to contribute to the sustainable development of society. The President Executive Officer & Director serves as Chair.

(Note) Major meetings and committees from FY2020 have been held online in order to maintain social distance during the COVID-19 pandemic.



## Skill Matrix of Directors and Audit & Supervisory Board Members

Mandom acknowledges the importance of a composition of personnel with various business experiences and of diversity when it comes to the composition of the Board of Directors and the Audit & Supervisory Board.

From the standpoint of promoting women's contribution, Reiko Nakayama was appointed as an external director in June 2019. At our listed subsidiary in Indonesia, which is our biggest subsidiary in the overseas business, there are four Japanese directors and five directors who are overseas nationals (including two female directors) of the total nine directors. In addition, five overseas nationals (one of whom is an equity-method affiliate) have already served as representative directors of overseas subsidiaries.

Mandom aims to become a global company, and while we currently do not have any foreign national directors or Audit & Supervisory Board members, we acknowledge this as an important issue in order to promote diversity management. Going forward, our policy is to proactively promote foreign national and female employees to executive and managerial positions to provide opportunities for them to leverage their talents.

By appointing external directors and external Audit & Supervisory Board members who have no special interest relationships with the Company and are highly independent of the Company, the Company aims to reinforce its corporate governance and augment the Group's overall management quality. The Company has formulated the Standards for the Independence of Independent Outside Executives shown below. The external directors and external Audit & Supervisory Board members of the Company satisfy these standards and the Tokyo Stock Exchange's independence criteria. The Company has notified the Tokyo Stock Exchange that all of these executives are independent executives.



Standards for the Independence of Independent Outside Executives  
[https://www.mandom.co.jp/company/src/g\\_guideline\\_ex2.pdf](https://www.mandom.co.jp/company/src/g_guideline_ex2.pdf)  
(Japanese Only)



Explanation of individual reasons for the selection of the principle members of the management and the nomination of candidates for directors and Audit & Supervisory Board members  
[https://www.mandom.co.jp/company/src/g\\_guideline\\_ex1.pdf](https://www.mandom.co.jp/company/src/g_guideline_ex1.pdf)  
(Japanese Only)

**Skill Matrix** (as of June 24, 2022)

Name	Field of experience*									
	Corporate planning	Global business	Marketing	Sales	Technology/ Production	Finance/ Accounting	Human Resources/ General Resources	Legal affairs and risk management	ESG	DX and IT
<b>[Directors]</b>										
Motonobu Nishimura	●			●		●				
Ken Nishimura	●	●	●	●						
Yasuaki Kameda	●		●	●		●	●	●	●	●
Shinichiro Koshiba		●	●	●						
Independent External	Reiko Nakayama	●		●		●	●			
	Shigeki Suzuki	●	●		●				●	
	Hitoshi Tani	●		●	●	●				●
<b>[Audit &amp; Supervisory Board Members]</b>										
Independent External	Takehiko Ikehata	●		●						
	Takeshi Hibi		●		●					
	Masahiro Nishio					CPA				
	Mikiharu Mori							Attorney		

\* Areas of practical or supervising experience.

"Global business" means that the person was seconded by Mandom Corporation to its subsidiaries or affiliated companies where he/she held a management position. For independent external officers, this refers to experience in other companies.

## Message from External Director Hitoshi Tanii

**Q1. You have been an external director for two years. What changes have you seen in Mandom since your first appointment and what challenges do you see for the future?**

It has already been two years since I assumed the position. Amidst the COVID-19 pandemic that has been continuing since I took office, the directors and executive officers are working as one to consider how we can be dedicated to service in this era. The COVID-19 pandemic has not only had an economic impact on our company, but it has also caused us to rethink how we should be. What I mean by this is that there is an argument that our recent disappointing performance is not due to the COVID-19 pandemic, but rather to our inability to provide value to our customers in an intrinsic way. I think there is very sound argument here, and I think it is characteristic of Mandom. The loyalty of our employees to Mandom has not changed, and expectations toward the new president remain high. I believe that the combination of the chairman, who has long-term experience, and the president, who has new ideas and energy, is very well-balanced and has a promising future. The president has willingly engaged in discussions with employees on the front lines.

On the other hand, however, there are some real challenges. We have not produced any new products that will support the Company's future in recent years. When hit products are not produced for a long period of time, people become impatient and companies then tend to launch new products just for the sake of doing so in rapid succession, based on shallow discussions and deliberations. From my personal point of view, I think it is necessary to reorganize the brand structure rather than just aiming for a hit with a single product.

In particular, the Gatsby brand has a broad product lineup and a wide range of customer ages. This is actually preventing the brand from gaining strong support from the consumer segment, which is the core of the brand's target. Reinforcing the brand is an essential requirement as a source of long-term competitiveness in the future. I hope that Mandom's strong marketing capabilities will be demonstrated without holding back.

**Q2. You assumed the chairmanship of the Nominating Committee and the Compensation Committee last fiscal year (ended March 31, 2022). Please tell us about the status of each committee and any issues that you think need to be addressed.**

From last fiscal year (ended March 31, 2022), the chairmanship of the Nominating Committee and the Compensation Committee was transferred to an external director. I think this is a wonderful thing from the standpoint of transparency and soundness of management. Each member of the committees has been active in speaking



out. We have a very open and flat corporate culture that allows us to speak frankly about what is good for the Company, and I believe that this corporate culture is working positively in these committees as well.

In terms of the issues discussed by the committees, I think that in the future it will be necessary to link the compensation of directors and managing executive officers to business performance in a more balanced manner than has been the case to date.

We are also discussing diversity in the composition of the Board of Directors, with a focus on external directors. Currently, our external directors have a well-balanced composition of people with diverse backgrounds, including experience in large company management, experience related to technology and production, women, stock market perspectives, and experience in startup management, and I also believe that knowledge of overseas markets will be required in the future.

**Q3. The Company's financial results have been challenging, with two consecutive fiscal years posting a loss. What are your aspirations for future growth?**

The president has set a goal for the current fiscal year (ending March 31, 2023) of achieving a return to profitability in terms of profit at each level, and the entire company is united in striving to achieve this goal. As an external director, I would like to contribute to the achievement of this goal by engaging in sound discussions with the directors and executive officers. The Company has the DNA of having overcome several business crises on our own. Although we are currently in a difficult situation, with two consecutive fiscal years of losses, I am confident that the Company will demonstrate its DNA without holding back and start on the path of renewed growth.

## Evaluation of the Effectiveness of the Board of Directors

Since 2016, the Company has conducted an annual survey on the effectiveness of the Board of Directors targeting those participating in the Board of Directors (excluding the chairman). Based on the results of the survey, we believe that the effectiveness of our Board of Directors has been ensured if the quantitative evaluation shows that the Board of Directors has been appropriately implemented. In addition, items that were pointed out or suggested in the qualitative evaluation and items

that need to be strengthened in future corporate governance are identified as issues and items for improvement.

The following is a summary of our evaluation and analysis of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2022 (105th fiscal year) based on the Corporate Governance Code (hereinafter the "CG Code") [Supplementary Principle 4-11 3] in our Corporate Governance Guidelines (hereinafter the "CG Guidelines").

### Evaluation and Analysis Procedures and Quantitative Results

- 1 A questionnaire was distributed to participants in the Board of Directors to determine whether the Company's Board of Directors is effectively fulfilling its role in accordance with the policies and other requirements of Section 4 (Responsibilities of the Board) of the CG Code as stated in the CG Guidelines, and responses were obtained from all eligible participants.
- 2 Based on these responses, the President Executive Officer & Director interviewed each internal director to confirm their content.
- 3 The responses to the above questionnaire and the results of the interviews were provided to the participants of the Nominating Committee, and after ensuring a period and opportunity for consideration by the participants,

the Nominating Committee made a report to the Board of Directors after careful deliberation.

- 4 Upon receiving the Nominating Committee's report, the Board of Directors confirmed the results of its own evaluation and analysis of the effectiveness of the Board of Directors based on an understanding and respect for the content of the report, and the results were as follows: 66.1% for the highest evaluation (appropriate), 30.3% for the next highest evaluation (appropriate with some issues), and 1.7% for the lowest evaluation (not appropriate with many issues).

### Items for Which Effectiveness Has Been Ensured

- 1 Based on the Mandom Mission Framework, the Board of Directors has developed, revised as needed, and disclosed the Corporate Governance Policy and CG Guidelines through constructive discussions in prior deliberations at the Executive Board and Management Council meetings.
- 2 The Board of Directors is appropriately managing conflicts of interest between the management and related parties and the Company based on "Principle 1-7. Transactions with Related Parties" in the CG Guidelines.
- 3 The Board of Directors formulated and disclosed appropriate Standards for the Independence of Independent Outside Executives. In addition to complying with these standards, the Board of Directors also invited persons capable of monitoring from an objective perspective of a shareholder who possess a wealth of business experience and an understanding and knowledge of management.
- 4 The Board of Directors appropriately established and disclosed the "Philosophy of Balance, Diversity, and Scope of the Board of Directors"

and the "Policies and Procedures Related to Appointment of Directors" after receiving advice from independent external directors and Audit & Supervisory Board members (hereinafter "independent outsiders") and conducting constructive discussions, and has maintained the structure of the Board of Directors in accordance with these policies.

- 5 The Board of Directors will properly organize the Nominating Committee, establish appropriate operating procedures, respect the reports of the Nominating Committee, and make appropriate decisions regarding personnel matters (appointment, reappointment, and dismissal) of principal members of the managerial team (directors and supervisory executive officers).
- 6 The independent outsiders shall regularly (once a year) hold a meeting for exchange of opinions, which consists solely of independent outsiders, and communicate among independent outsiders as appropriate, to exchange information and share recognition, based on an objective standpoint.

### Issues and improvement items

- 1 Through preliminary deliberations at the Management Council led by executive officers and at executive board meetings led by supervisory executive officers, sufficient discussions are being held to share issues and achieve the management plan. By improving the accuracy of analysis of issues causing differences between plans and actual results and progress management of countermeasures, it will be possible to accurately reflect the results of analysis in the strategies and plans for the next year by utilizing the business management method based on a business and function matrix structure, so further improvement of management efficiency can be realized.
- 2 Because the Company operates in a climate that respects free and vigorous discussion, opinions were exchanged in a proactive and frank manner, and challenging proposals involving risk-taking were made by the managerial

team. Going forward, while ensuring profitability and financial defense, the managerial team, directors, and Audit & Supervisory Board members should reaffirm and raise awareness of the importance of reforming the business foundation and taking on the challenge of creating new value for the future, so that aggressive governance can be realized and more advanced and challenging decisions can be made in an agile manner.

- 3 Regarding the monitoring function of independent external directors, information gathering support was provided through exchanges of opinions with each department, but further enhancement of support functions would enable external directors to actively and proactively gather information and have more active and meaningful discussions even during the COVID-19 pandemic.

### Examples of Specific Comments Provided in the Questionnaire by Board of Directors Participants

I think the Board of Directors should consider a composition of members that will allow active discussions from a wide range of viewpoints, such as inviting people who approach management from the perspective of academia and other fields, as well as diversity in nationality, gender, and age, as a matter of course.

With regard to the three-pronged audit by Audit & Supervisory Board members, independent auditors, and the Internal Audit Division, the effectiveness of the audit has been enhanced by the active participation of the Internal Audit Division in the meetings between Audit & Supervisory Board members and independent auditors.

The Audit & Supervisory Board and independent external directors have held several meetings to exchange opinions, and since candid exchanges of opinions between external directors and external Audit & Supervisory Board members have taken place during these meetings, we believe that the requirements of the CG Code are being met.

## Materiality: “Maintaining/enhancing the corporate base”

### Method of Determining Compensation Amounts for Company Executives

In addition to ensuring soundness and transparency, the Company’s compensation for directors is aimed at the appropriate pursuit of efficiency, leading to the achievement of management plans and the enhancement of corporate value. To this end, the Company sets an amount of fixed compensation to ensure steady devotion to their duties. In addition, a certain amount of performance-linked variable compensation is provided to serve as an incentive to a higher level of motivation. The Company’s policy is to strike a balance between these two. The Company sets fixed compensation amounts at appropriate levels by referring to third-party data. These amounts differ according to executive rank and Group management responsibilities.

Variable compensation is linked to single-year and medium- to long-term performance at an appropriate ratio. Annual payment amounts are set to reflect performance with reference to the Company’s performance in the preceding fiscal year and achievement of planned targets, and to the business plan for the current fiscal year (amounts paid to individual internal directors are based on evaluation of their individual performance). Restricted Stock compensation (in principle, the amount will correspond to compensation for performance of duties in the first year covered by Middle-Range Planning) is linked to medium- to long-term performance. Restricted Stock compensation aims to further promote shared value with

shareholders and provide an incentive to strive to continually increase the Company’s corporate value.

Compensation for external directors is composed solely of fixed compensation.

Compensation for Audit & Supervisory Board members is set at an appropriate level that reflects their important role and responsibility for conducting rigorous legal audits that form the basis of compliance management for the Group and improve corporate value. As the role and responsibility of Audit & Supervisory Board members is to conduct rigorous legal audits unrelated to the Company’s operating performance, their compensation is composed only of the fixed compensation portion, which is not affected by operating performance. The amount of compensation for directors is determined by a resolution of the Board of Directors within the limit of compensation approved at the General Meeting of Shareholders based on the deliberation and report of the Compensation Committee, which is chaired by an independent external director and of which more than half of the members are from outside the Company (external directors and external experts).

The Compensation Committee also deliberates and makes recommendations on policies related to determining director compensation. Based on these results, the Board of Directors resolves compensation amounts.

#### Appropriate Balance of Fixed and Performance-Linked Compensation (at time of standard evaluation)

Percentage of compensation	Fixed compensation (monetary) Approximately 59%		Short-term performance-linked compensation (monetary) Approximately 32%	Medium- to long-term performance-linked compensation (shares) Approximately 9%
Payment method	Set compensation level based on responsibility  Paid as monthly fixed compensation	Performance evaluation based on achievement of single-year targets  Paid as bonus after evaluating target achievement	Performance evaluation based on achievement of Middle-Range Planning targets  Paid Company shares within three fiscal years corresponding to Middle-Range Planning	
Performance evaluation period	—	One year	Three years (FY2021 - 2023)	
Evaluation indicator	—	<b>Company performance</b> <ul style="list-style-type: none"> <li>• Achievement rate for consolidated net sales forecast in pertinent fiscal year</li> <li>• Achievement rate for consolidated operating profit margin forecast in pertinent fiscal year</li> <li>• Rate of dividend growth</li> </ul> <b>Individual performance</b> <ul style="list-style-type: none"> <li>• Evaluation of contributions (Representative Director only evaluated based on Company performance)</li> </ul>	<b>Company performance</b> <ul style="list-style-type: none"> <li>• Middle-Range Planning Achievement rate for consolidated net sales in final year</li> <li>• Middle-Range Planning Achievement rate for consolidated operating profit margin in final year</li> <li>• ROIC</li> </ul>	
Range of fluctuation of evaluation	—	50% above or below standard	33% above or below standard	
Eligible persons	Directors Audit & Supervisory Board members Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers Executive Officers	

## Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members for FY2021

Category	Total amount of compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)			Eligible number of executives
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (external directors)	273 (24)	208 (24)	37 (—)	27 (—)	8 (3)
Audit & Supervisory Board Members (external Audit & Supervisory Board Members)	51 (15)	51 (15)	— (—)	— (—)	6 (3)
Total (external executives)	324 (39)	259 (39)	37 (—)	27 (—)	14 (6)

- (Notes) 1. The above table includes one director and two Audit & Supervisory Board members (including one external Audit & Supervisory Board member) who retired at the conclusion of the 104th Ordinary General Meeting of Shareholders held on June 24, 2021.
2. The amount of monetary compensation for directors was resolved at the 89th Ordinary General Meeting of Shareholders held on June 23, 2006 to be no more than 450 million yen per year. As of the close of said General Meeting of Shareholders, the number of directors was eight (including one external director). Separately from the above compensation framework, a resolution was passed at the 101st Ordinary General Meeting of Shareholders held on June 22, 2018 that the annual amount of compensation under the Restricted Stock compensation plan shall not exceed 150 million yen and the maximum number of shares shall not exceed 39,000 shares per year (external directors are not eligible for the grant). This compensation amount is, in principle, based on the assumption that an amount equivalent to the compensation for the execution of duties over the period covered by the Middle-Range Planning will be paid in a lump sum in the first year of the period covered by the Middle-Range Planning. The number of directors (excluding external directors) as of the close of said General Meeting of Shareholders was five.
3. The amount of monetary compensation for Audit & Supervisory Board members was resolved at the 88th Ordinary General Meeting of Shareholders held on June 24, 2005 to be no more than 70 million yen per year. As of the close of said General Meeting of Shareholders, the number of Audit & Supervisory Board members was four (including two external Audit & Supervisory Board members).

## Policy Related to Stockholdings

The Group maintains a basic policy of strategically holding shares of listed companies that it determines will contribute to the sustainable improvement of corporate value in the Group from a medium- to long-term perspective due to the synergies emerging from strengthening relationships through stockholding. Each year, the Board of Directors verifies whether the profit and risks that correspond to holding each individual company stock are aligned with capital costs and maintains a policy to comprehensively judge the logic of holdings. The Board of Directors will consider reducing holdings if it determines that a stockholding is not logical. Even if stockholding is logical, the Board of Directors will consider selling as needed after considering a myriad of factors, including free cash flows, investment plans, etc. We set our plan for the amount recorded on the balance sheet for policy

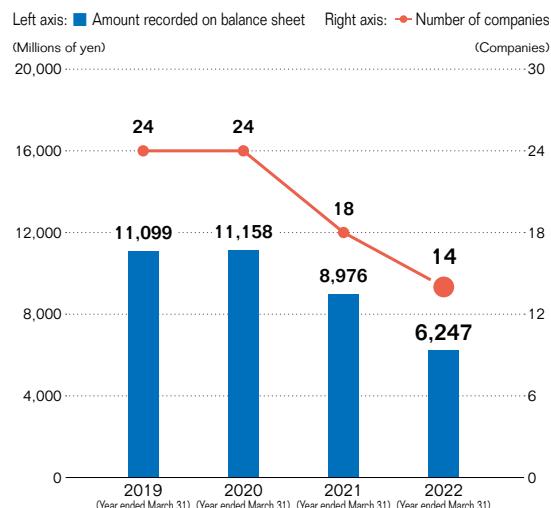
stockholdings at less than 10% of net assets at the end of March 2022, and achieved the result of 9.1%. The Company's policy is to reduce by at least 30% by the end of March 2024 compared to the end of March 2021.

Stockholding of shares is a matter for approval by the Board of Directors. The Group publishes the purpose for holding major stockholdings in the securities report. The Group judges exercising voting rights for stockholdings based on whether a decision will contribute to the improvement of shareholder value for the Group and the alignment with the purpose of this investment. The Group strives for constructive dialogue with the company from the position of a shareholder and maintains a policy to appropriately and strictly exercise voting rights to improve mutual healthy corporate value and synergies.

### Number of Companies with Stock Held and Amount on Balance Sheet

Category		2019 (Year ended March 31)	2020 (Year ended March 31)	2021 (Year ended March 31)	2022 (Year ended March 31)
Number of companies	Listed	24	24	18	14
	Not listed	6	7	6	6
	Total	30	31	24	20
Amount recorded on balance sheet (million yen)	Listed	11,099	11,158	8,976	6,247
	Not listed	3	26	24	24
	Total	11,102	11,184	9,000	6,271

### Trend of listed shares





# Introduction of Officers (As of June 24, 2022)



**Representative Director and Chairman**

**Motonobu Nishimura**

(Born on January 9, 1951)

1977 April Joined the Company  
 1983 April General Manager, the East Japan Sales Division  
 1984 June Director (current position)  
 1987 June Managing Director  
 1990 June Representative Director (current position); Senior Vice President  
 1995 June President Director  
 2000 May Audit & Supervisory Board Member, PT. Mandom Indonesia Tbk  
 2004 June President Executive Officer  
 2008 April In charge of the Internal Control Promotion Division (now the Internal Audit Division) (until June 2015)  
 2019 April In charge of the Internal Audit Division  
 2021 April Chairman (current position)

**Number and rate of attendance at the Board of Directors meetings**

2022 (Year ended March 31): 13/13 (100%)

Chairperson of Board of Directors



**President Executive Officer & Director**

**Ken Nishimura**

(Born on May 12, 1982)

**In charge of the Internal Audit Division**

2008 April Joined the Company  
 2011 January Assistant Manager, Mandom Corporation (Singapore) Pte. Ltd.  
 2013 April Human Resources Division  
 2015 July The Human Resources Division stationed at Europe IESE Business School (Spain)  
 2017 May Graduated from IESE Business School (MBA)  
 2017 July Executive Officer; General Manager, the Corporate Strategy Division  
 2018 April Managing Executive Officer; In charge of the Marketing Units  
 2019 June Director (current position)  
 2021 April Representative Director (current position) President Executive Officer (current position)  
 2021 May Audit & Supervisory Board Member, PT. Mandom Indonesia Tbk (current position)  
 2022 April In charge of the Internal Audit Division (current position)

**Number and rate of attendance at the Board of Directors meetings**

2022 (Year ended March 31): 13/13 (100%)

Chairperson of Management Council and Executive Board  
 Chairperson of Sustainability Committee



**Senior Vice President Executive Officer & Director**

**Yasuaki Kameda**

(Born on November 1, 1961)

**Supervising of Japan Business Management, in charge of the Corporate Planning & Financial Units and the Human Resources & General Resources Units, the Investor Relations Division, and the Secretarial Office**

1984 April Joined the Company  
 2008 April General Manager, the Product Development Department Section 1 (now the Brand Marketing Division 1)  
 2009 April Executive Officer  
 2012 April In charge of the Chain Store Sales Division 1, the Chain Store Sales Division 2 and the Distribution Channel Development Division; General Manager, the Chain Store Sales Division 2  
 2014 April In charge of the Corporate Planning Division (now the Corporate Administration Division) and the Corporate Communications & Investor Relations Division (now the Investor Relations Division); General Manager, the Corporate Planning Division  
 2015 April Managing Executive Officer; In charge of the Corporate Planning Units  
 2017 April In charge of the Corporate Planning & Financial Units and the Human Resources & the General Resources Units (current position)  
 2017 June Director (current position)  
 2018 April Senior Managing Executive Officer  
 2021 April Senior Vice President Executive Officer (current position); Supervising of Japan Business Management (current position)

**Number and rate of attendance at the Board of Directors meetings**

2022 (Year ended March 31): 13/13 (100%)



**Senior Managing Executive Officer & Director**

**Shinichiro Koshiba**

(Born on December 24, 1963)

**Supervising of International Business Management, in charge of the International Business Operation Units, the International Business Division 2, the International Business Division 3**

1987 April Joined the Company  
 1993 July Senior Managing Director, Sunwa Marketing Co., Ltd.  
 1997 May General Manager, Zhongshan City Rida Fine Chemical Co., Ltd. (now, Zhongshan City Rida Cosmetics Co., Ltd.)  
 2002 April General Manager, the Sales Planning Division  
 2008 June Executive Officer  
 2013 April Managing Executive Officer; In charge of the Marketing Units  
 2016 June Director (current position)  
 2018 April Senior Managing Executive Officer (current position); In charge of the International Business Operation Units (current position); Audit & Supervisory Board Member, Chairman, PT Mandom Indonesia Tbk (current position)  
 2021 April Supervising of International Business Management (current position)

**Number and rate of attendance at the Board of Directors meetings**

2022 (Year ended March 31): 13/13 (100%)

## Executive Officers

**Managing Executive Officer Koichi Watanabe**  
 Supervising Production Units  
 In charge of the Purchasing Division and the Production Strategy Division

**Managing Executive Officer Masahiro Ueda**  
 PT MANDOM INDONESIA Tbk  
 Representative Director and President Executive Officer

**Managing Executive Officer Fumihiro Okada**  
 Supervising Technology Units  
 In charge of Skin Science Development Institute, Regulatory Strategy & Affairs Division, Technology Strategy Division, Quality Assurance Division, and Customer Support Division

**Managing Executive Officer Kenji Uchiyama**  
 Supervising Domestic Sales  
 In charge of the Sales Strategy Division, Sales Management Division, the Chain Store Sales Division 1, the Chain Store Sales Division 2, and the Chain Store Sales Division 3

**Managing Executive Officer Yasumasa Yoshida**  
 Supervising the Marketing Units  
 In charge of the Development Management & OEM Planning Division, the International Marketing Division, the Marketing Strategy Division, and the Public Relations Division



External Director

**Reiko Nakayama**

(Born on April 2, 1959)

1983 April Joined Japan Associated Finance Co., Ltd. (now JAFECO Co., Ltd.)  
1997 January Joined Marusan Securities Co., Ltd.  
2000 March General Manager, Investment Information Department, Marusan Securities Co., Ltd.  
2004 October General Manager, Underwriting Department, Marusan Securities Co., Ltd.  
2008 October Director, LivTech, Inc.  
2009 February Director, Head of Administrative H.Q. Division, LivTech, Inc.  
2015 March External Director, LUCKLAND CO., LTD.  
2016 March External Director (Audit and Supervisory Committee Member), LUCKLAND CO., LTD. (current position)  
2017 March Standing Audit & Supervisory Board Member (Outside), UcarPAC Co. LTD. (current position)  
2018 June External Director, YUSHIN PRECISION EQUIPMENT CO., LTD. (current position)  
2019 June External Director of the Company (current position)

Number and rate of attendance at the Board of Directors meetings

2022 (Year ended March 31):  
13/13 (100%)



External Director

**Shigeki Suzuki**

(Born on January 2, 1953)

1975 April Joined Toyota Motor Co., Ltd.  
1999 January Project General Manager, Material Engineering Division No. 2 (High Polymer Materials), Toyota Motor Corporation  
2001 January Project General Manager, Material Engineering Division No. 3 (Advanced Materials Technology Research), Toyota Motor Corporation  
2003 January Project General Manager, Material Engineering Division No. 1 (Metal/Inorganic Materials), Toyota Motor Corporation  
2007 June Managing Officer, (Material Technology Field, Intellectual Property Division Environmental Affairs Div. and Future Project Div.), Toyota Motor Corporation  
2013 April Advisor, Primearth EV Energy Co., Ltd.  
2013 June Representative Director and Vice President, Primearth EV Energy Co., Ltd.  
2014 June Representative Director and President, Primearth EV Energy Co., Ltd.  
2020 June External Director of the Company (current position)

Number and rate of attendance at the Board of Directors meetings

2022 (Year ended March 31):  
13/13 (100%)



External Director

**Hitoshi Tanii**

(Born on June 2, 1972)

1996 April Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
1997 September Established Digital Network Service Limited Partnership Company Representative Partner  
2000 January Established Infocast, Inc. Representative Director  
2000 September Established Index Digital Co., Ltd. Representative Director and President  
2005 June Established Synergy Marketing, Inc. Representative Director  
2016 September External Director, Market Enterprise Co., Ltd. (current position)  
2017 February Representative Director, Pay-forward Inc. (current position)  
2017 March External Director, adish Co., Ltd.  
2019 January External Director, Space Engine Co., Ltd. (current position)  
2019 July Chairperson of the Board, Synergy Marketing, Inc. (current position)  
2019 August External Director, any Carry Co., Ltd. (current position)  
2019 December External Director, ONDECK Co., Ltd. (current position)  
2020 January Established Happy PR Co., Ltd. Representative Director (current position)  
2020 June External Director of the Company (current position)

Number and rate of attendance at the Board of Directors meetings

2022 (Year ended March 31):  
13/13 (100%)

Chairperson of Nominating Committee

Chairperson of Compensation Committee



Audit & Supervisory Board Member  
**Takehiko Ikehata**

Number and rate of attendance at the Board of Directors meetings  
2022 (Year ended March 31): 13/13 (100%)

Number and rate of attendance at the Audit & Supervisory Board meetings  
2022 (Year ended March 31): 15/15 (100%)

Chairperson of Audit & Supervisory Board



Audit & Supervisory Board Member  
**Takeshi Hibi**

Number and rate of attendance at the Board of Directors meetings  
2022 (Year ended March 31): 13/13 (100%)

Number and rate of attendance at the Audit & Supervisory Board meetings  
2022 (Year ended March 31): 10/10 (100%)



External Audit & Supervisory Board Member  
**Masahiro Nishio**

Number and rate of attendance at the Board of Directors meetings  
2022 (Year ended March 31): 12/13 (92%)

Number and rate of attendance at the Audit & Supervisory Board meetings  
2022 (Year ended March 31): 15/15 (100%)



External Audit & Supervisory Board Member  
**Mikiharu Mori**

Number and rate of attendance at the Board of Directors meetings  
2022 (Year ended March 31): 10/10 (100%)

Number and rate of attendance at the Audit & Supervisory Board meetings  
2022 (Year ended March 31): 9/10 (90%)

Executive Officer **Masanori Sawada** In charge of the IT Innovation Promotion Division and the Finance Division; General Manager, the Finance Division

Executive Officer **Tsunehisu Hirota** In charge of the Fukusaki Factory and the Production Engineering Division; General Manager, the Fukusaki Factory

Executive Officer **Tetsuaki Matsuda** In charge of the Corporate Strategy Division, the Corporate Administration Division and the ESG Promotion Division; General Manager, the Corporate Strategy Division

Executive Officer **Tetsuya Takahashi** In charge of the Human Resources Division, the General Administration Division and the Legal Affairs Office; General Manager, the Human Resources Division

Executive Officer **Hidehori Yamada** In charge of the International Business Strategy Division, the International Business Division 1; General Manager, the International Business Strategy Division

Executive Officer **Mitsushi Hiratani** In charge of the East Japan Sales Division, the West Japan Sales Division and the Distribution Channel Development Division; General Manager, the East Japan Sales Division

Executive Officer **Gosuke Omori** In charge of the Brand Marketing Division 1, the Brand Marketing Division 2, the EC Marketing Division, and the Sales Marketing Division; General Manager, the Brand Marketing Division 1 and EC Marketing Division

Executive Officer **Teiji Izawa** In charge of Technical Development Institute, Product Evaluation Institute and Fundamental Research Institute; General Manager, Technical Development Institute

# Compliance

Rather than relying on external standards and adopting passive compliance stance that centers on just adhering to regulations required by laws, the Mandom Group sets voluntary standards that exceed legal requirements, taking an independent and proactive stance for the purpose of “usefulness to consumers,” toward protecting consumer safety and benefits.

The Mandom Group has established the “**Mandom Group Code of Conduct**” as a compliance program that officers and employees should always keep in mind in order to realize the corporate philosophy (five times since 1999). In order to ensure thorough compliance with the Code of Conduct, the Company has established the Code of Conduct Promotion Committee, which focuses on awareness-raising and education on compliance for all departments.

In addition, in December 2002, we introduced (expanded the target up to business partners in 2007) a helpline system, which is an internal reporting system for compliance violations, aimed at early detection, early correction, and prevention of risks related to compliance violations. With this system, legitimate information providers are completely protected, and retaliatory acts against information providers are absolutely prohibited.



► Mandom Group’s Code of Conduct

## Excerpt from the Mandom Group Code of Conduct (FY2018 revised version)

### Mandom Group Compliance

As a member of society, we fully understand domestic and international laws, customs, and all other social norms and their respective mentality, comply with them with a spirit of legal compliance, and always act ethically with a high degree of social decency.

The compliance of the Mandom Group is based on “usefulness” (founding spirit) and “honesty toward society” (corporate philosophy).

In other words, rather than relying on external standards and adopting passive compliance stance that centers on just adhering to regulations required by laws, the Mandom Group sets voluntary standards that exceed legal requirements, taking an independent and proactive stance for the purpose of “usefulness to consumers,” toward protecting consumer safety and benefits.

In addition, for the sake of honesty towards society, we will strictly adhere to compliance management and never use fraudulent methods as a means of achieving results.

Therefore, at the Mandom Group,

#### (1) End does not justify the means.

We do not accept the idea that any means can be adopted to achieve business results.

#### (2) Morals are superior to results. (Results are inferior to morals)

No matter how good the Company’s business performance is, the Company does not recognize results obtained through immoral (unlawful) means.

## Helpline System

In December 2002, we introduced the “Helpline System,” which is an internal reporting system for compliance violations, aimed at early detection, correction, and prevention of recurrence of risks related to compliance violation. This is a system for accepting reports and consultations when one sees an act that violates various laws and the code of conduct in the workplace, or when there is a risk of violation thereof. The Code of Conduct Promotion Committee, including external parties (attorneys), serves as a reception desk and the operation of the whistle-blowing system ensures that whistle-blowers are not treated unfavorably by the Company. Since September 2007 we have been expanding the scope of the Helpline

System to include all domestic business partners of the Mandom Group.

Our wish is that suppliers who have become aware of a violation of compliance by a Group company, its officers or employees in Japan, or an act that may cause a compliance violation, contact the helpline reception desk in accordance with the following guidelines. Upon receipt of the report, led by the Code of Conduct Promotion Committee, the Company will promptly investigate the facts and causes to correct, stop and prevent recurrence thereof and work to resolve them.



Group Company Information

► Corporate Governance > Helpline System

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1. Business partners that are subject to the helpline system are suppliers, customers, and other business partners of the domestic Group companies, including the Company.
2. In order to conduct a fair investigation, we ask that you report your information under your real name, rather than anonymously.
3. The facts and the details (including personal information such as the name of the person reporting) are held only by the Company's investigating body (Code of Conduct Promotion Committee) and will not be used for any purpose other than investigation and response based on the report.
4. The Group will not cause any disadvantage to the person reporting, and will not make any request to the business partner to which the person reporting belongs to that would cause him or her a disadvantage due to the fact that the report was made. However, this does not apply to fraudulent reporting that goes against the intent of the Helpline System (avoiding or minimizing the risk of non-compliance) such as slander or defamation.
5. You can make reports by phone, e-mail, or postal letter. Please refer to the report reference form attached at the end of the document, and make the report following with the form as much as possible. Upon receipt of the report, the helpline will contact the person who made the report for confirmation. Therefore, please be sure to clearly indicate the contact information and contact method.

Special reception desk for business partners

5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan

Mandom Corporation

Helpline Desk, Code of Conduct Promotion Committee

• Special telephone: +81-6-6767-5170

• Special e-mail address: mandom-helpline@mandom.com



# Middle-Range Planning

## 13th Middle-Range Planning “MP-13” and positioning of “VISION2027”

VISION2027	
Our Vision 2027	<p>“A cosmetics company possessing unique strengths in specialized areas (not an “all-rounder”).”</p> <ol style="list-style-type: none"> <li>1 Authentic proposals</li> <li>2 Global &amp; ‘Only One’</li> <li>3 Exciting &amp; Excellent</li> </ol>
VISION Slogan	Use our ‘Only One’ strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world.
VISION Policy	<ol style="list-style-type: none"> <li>1 Leverage Asia’s economic growth to evolve into a truly global company</li> <li>2 Display greater Dedication to Service (Oyakudachi) in the men’s business segment and invest aggressively to expand our women’s segment.</li> <li>3 Provide authentic products and services to develop a MANDOM WORLD inspired by the concept of stock-oriented management (the idea of strengthening or “stocking up” various assets including ties with our stakeholders by providing authentic and valuable products and services).</li> </ol>
Image	<p>Breakthrough inspired by future-orientation</p> <ul style="list-style-type: none"> <li>Business Domain</li> <li>Growth Strategy</li> <li>Profit Structure</li> <li>Human Asset Development</li> </ul>

## Background of MP-13 Formulation (External Environment, Internal Issues)

### External environment

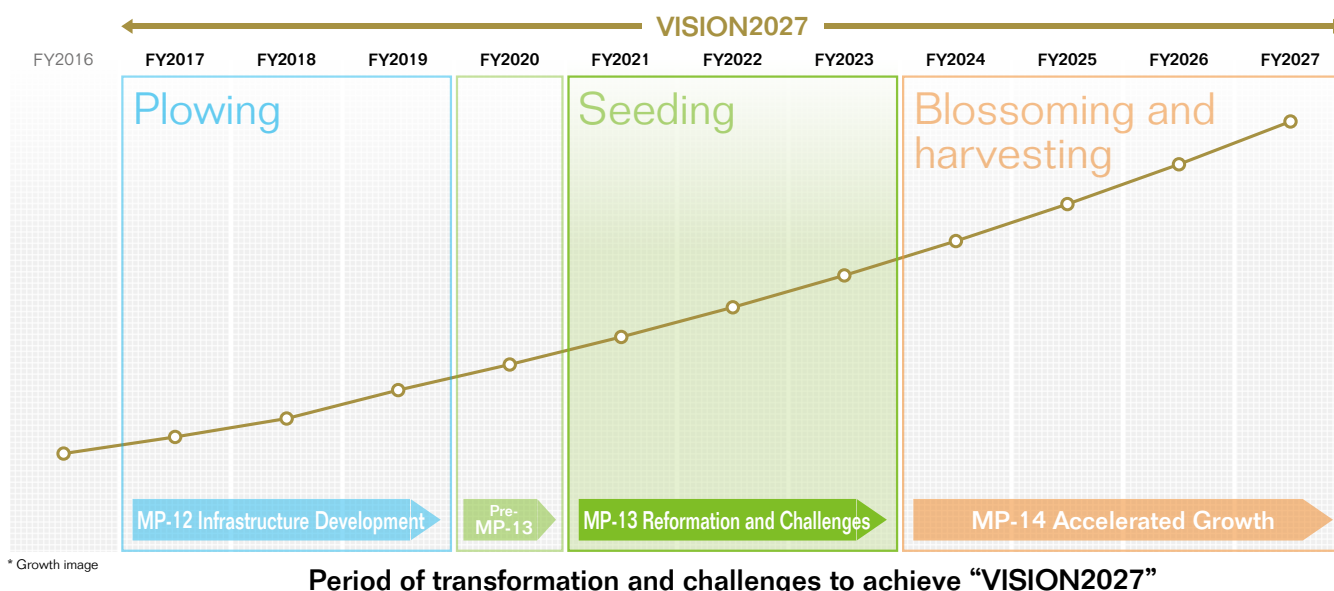
- **Threats/risks**
  - Lengthening of ramifications of COVID-19
  - Climate change/abnormal weather
  - 2050 Carbon Neutrality Declaration
  - Changes in consumer lifestyles
  - Diversification of consumer values
  - Sudden changes in business environment due to exponential technological developments
  - Declining birthrate and aging society (Japan)
- **Opportunities**
  - Emergence of new wants in transition to the new normal
  - Rise in environmental consideration and awareness, primarily among young people
  - Expansion of ethical consumption
  - Growing expectations for wellness
  - Market expansion resulting from greater hygiene awareness
  - Elimination of information time lag due to globalization
  - Expansion of EC market
  - Expansion of GDP in Asia

### Issue awareness

- **Products**
  - Sluggish growth of Gatsby brand
  - Growth potential of women’s cosmetics
  - Product portfolio
    - Greater emphasis on items used for outings, which are impacted by COVID-19
  - Shift in men’s cosmetic portfolio
  - Acquire innovators for men’s cosmetics
- **Region**
  - Shift in shopping opportunities to EC
  - Intensified competition in the men’s cosmetics market
  - Increase in new participants entering cosmetics market (Japan)
  - Shrinking hair styling market (Japan)
  - Disappearance of inbound demand (Japan)
  - Declining earnings ratio in Indonesia
- **Internal structure**
  - Declining earning capabilities (profit margin)
  - Distribution partners’ roles and terms and conditions of transactions
  - Low composition of EC sales in sales mix
  - Breaking away from self-sufficiency
  - Breaking away from successful past experiences
  - Initiatives for sustainability

Identifying Materiality ➔ P.20





#### Response

- Restrengthen Gatsby brand (Japan/overseas)
- Propose new line from Gatsby (Japan)
- Continue to strengthen Bifesta brand (Japan/overseas)
- Enter hygiene market with sale of MA-T Pure (Japan/overseas)
- Expand to roll out our makeup brands such as Pixy and SILKYGIRL into new countries (overseas)

- Strengthen EC channel (Japan/overseas)
- Strengthen digital marketing (Japan/overseas)
- Strengthen men's face care and body care categories (Japan/overseas)
- Strengthen local development for Gatsby (overseas)
- Initiatives to improve profitability in Indonesia

- Newly include ROIC as a profitability target
- Sustainability strategy placed at the core of management structure
- Strengthen EC channel
- Strengthen open innovation initiatives with external partners
- New Dedication to Service (Oyakudachi) in realm of Health, Cleanliness, Beauty and Fun
- Generate resources to create new value through utilization of DX
- Propose products with an ethical perspective to attract customers

#### (Basic Management Policies)

**1. Evolve and take on challenges in category strategy for the new normal; cross-company marketing transformation to improve brand value**

**2. Speedy completion of business recovery in Indonesia and reform business model of overseas operations**

**3. Shift to become a company that creates new value through digitalization and open innovation**

**4. Increase corporate value focused on sustainable management and evolve Dedication to Service (Oyakudachi)**

## Look Back at Previous Middle-Range Planning

	MP-10 4/2011-3/2014	MP-11 4/2014-3/2017	MP-12 4/2017-3/2020																																																																		
Positioning	<p>“Only One” Company in Asia with Global Management Expertise</p> <p>Focus on Dedication to Service (Oyakudachi) in Asia to accelerate growth in Group businesses</p>	<p>Middle-Range Planning to Accelerate Growth and Cultivate New Business in Asia</p> <p>Aim to establish competitive advantages by strengthening business expansion in major markets and increase sales volume by cultivating new markets and business fields</p>	<p>Corporate Infrastructure Development for Realizing “VISION2027”</p> <p>First of three phases to achieve “VISION2027”</p> <p>Aim to become a truly global company through proactive investments to strengthen marketing and internal controls</p>																																																																		
Key Points	<p>Shifted to Planning from backcast perspective. Envisioned the ideal form and shape Mandom should take from a long-term perspective and developed a plan which aimed higher, not simply continuing the path of the past.</p>	<p>We will further promote the shift to Asia for the Group’s management in order to increase our competitiveness in the Asian market, which has high growth expectations.</p>	<p>Announced our corporate philosophy of a new “MISSION” focusing on the concept of “Human-Orientation,” and “VISION2027,” the company figure that Mandom will become in 2027 when it marks the 100th anniversary of the founding of the Company.</p>																																																																		
Summary	<ul style="list-style-type: none"><li>• <b>Stable growth in men’s grooming business, the Company’s core business</b> Aim for stable growth as a core business; maintain and expand the market share in categories of the men’s grooming segment.</li><li>• <b>Bolster the development of women’s cosmetics business</b> Aim to strengthen and cultivate the rollout of products centered on skincare products, with the product lineups catered for the markets in each country where the operation of business is in place.</li><li>• <b>Continue strengthening overseas business operations with Asia as growth engine</b> Establish Indonesia and China as strategic markets and aim for proactive business expansion to establish the greater Asian market presence and improve the growth of the Group. In addition, construct distribution network and expand businesses in Indian and Indochinese markets, which has a future growth prospect.</li></ul>	<ul style="list-style-type: none"><li>• <b>Achieve sustainable growth in men’s grooming business</b> Aim for sustainable growth as a core business; maintain and expand the market share in categories of the men’s cosmetics segment</li><li>• <b>Speed up the development of women’s cosmetics business</b> Aim to speed up development in Asia with a product lineup customized to each country by focusing on the skincare and base makeup categories.</li><li>• <b>Continue strengthening overseas business operations as growth engine</b> Aim to expand the scale of operation by strengthening initiatives for Indonesian market as the major market and construct the foundation for developing markets, such as building a distribution network in China and Indochina.</li></ul>	<ul style="list-style-type: none"><li>• <b>Promotion of category strategies and thorough enhancement of brand value</b> ① Develop a category of becoming a robust pillar ② Increase brand value</li><li>• <b>Improvement of growth in overseas business with a focus on Indonesia</b> ① Indonesia: Provide greater Dedication to Service (Oyakudachi) for middle-income class ② Asian countries other than Indonesia: Promote marketing measures unique to each country by understanding consumers’ wants and achieve higher profitability</li><li>• <b>Building a group operation system and improving productivity per unit</b> ① Increases in the decision-making accuracy and speed by building the group’s personnel affair system, accounting system, and information system, and building a structure to increase productivity per unit ② Build a structure that allows the prompt formulation and implementation of strategy at operating companies</li></ul>																																																																		
Numerical Targets	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥66,000 million or more</td><td>¥68,200 million</td></tr><tr><td>Men’s Grooming Business Average Annual Growth Rate</td><td>3.2% or more</td><td>5.4%</td></tr><tr><td>“Gatsby” Brand Average Annual Growth Rate</td><td>3.6% or more</td><td>5.9%</td></tr><tr><td>Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12</td><td>19.3% or more</td><td>11.8%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>9.4% or more</td><td>11.3%</td></tr><tr><td>Consolidated Operating Profit Margin Note: Operating profit amount in MP-11</td><td>10% or more</td><td>10.0%</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>40.0%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥66,000 million or more	¥68,200 million	Men’s Grooming Business Average Annual Growth Rate	3.2% or more	5.4%	“Gatsby” Brand Average Annual Growth Rate	3.6% or more	5.9%	Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12	19.3% or more	11.8%	Consolidated Overseas Net Sales Average Annual Growth Rate	9.4% or more	11.3%	Consolidated Operating Profit Margin Note: Operating profit amount in MP-11	10% or more	10.0%	Consolidated Payout Ratio	40% or higher	40.0%	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥83,000 million</td><td>¥77,300 million</td></tr><tr><td>Men’s Grooming Business Average Annual Growth Rate</td><td>5.2% or more</td><td>2.6%</td></tr><tr><td>Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12</td><td>15.0% or more</td><td>15.9%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>11.4% or more</td><td>4.8%</td></tr><tr><td>Consolidated Operating Profit Margin Note: Operating profit amount in MP-11</td><td>¥8,600 million</td><td>¥7,600 million</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>40.3%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥83,000 million	¥77,300 million	Men’s Grooming Business Average Annual Growth Rate	5.2% or more	2.6%	Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12	15.0% or more	15.9%	Consolidated Overseas Net Sales Average Annual Growth Rate	11.4% or more	4.8%	Consolidated Operating Profit Margin Note: Operating profit amount in MP-11	¥8,600 million	¥7,600 million	Consolidated Payout Ratio	40% or higher	40.3%	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥90,000 million</td><td>¥81,700 million</td></tr><tr><td>Men’s Grooming Business Average Annual Growth Rate</td><td>3.0% or more</td><td>-0.6%</td></tr><tr><td>Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12</td><td>10.0% or more</td><td>11.1%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>10.0% or more</td><td>6.8%</td></tr><tr><td>Consolidated Operating Profit Margin Note: Operating profit amount in MP-11</td><td>10% or more</td><td>7.1%</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>63.5%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥90,000 million	¥81,700 million	Men’s Grooming Business Average Annual Growth Rate	3.0% or more	-0.6%	Women’s Cosmetics Business Average Annual Growth Rate Note: Women’s business in MP-12	10.0% or more	11.1%	Consolidated Overseas Net Sales Average Annual Growth Rate	10.0% or more	6.8%	Consolidated Operating Profit Margin Note: Operating profit amount in MP-11	10% or more	7.1%	Consolidated Payout Ratio	40% or higher	63.5%
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Results and Issues	<ul style="list-style-type: none"><li>• The men’s grooming business exceeded target growth rates mainly for “Gatsby” and achieved targets for consolidated net sales.</li><li>• The women’s cosmetics business had sluggish growth in Japan and did not reach targets.</li><li>• The overseas business performed well, and the annual growth rate was over 10%, exceeding the target.</li><li>• The consolidated operating profit margin was 10%, reaching the target.</li></ul>	<ul style="list-style-type: none"><li>• Although the women’s cosmetics business reached the target growth rate due to growth of “Bifesta,” consolidated net sales did not reach the target due to sluggish growth in the men’s grooming business.</li><li>• The overseas business did not reach targets due to the impact of the factory accident in Indonesia.</li><li>• Consolidated operating profit did not reach the target primarily due to net sales being below the planned level.</li></ul>	<ul style="list-style-type: none"><li>• We were able to execute just about all of the infrastructure development initiatives we should have executed.</li><li>• Net sales in men’s grooming business decreased due to the impact of reduced sales of summer seasonal goods due to poor weather in Japan in the fiscal year ended March 31, 2020.</li><li>• Women’s cosmetics business continued to reach the target growth rate due to strong performance of “Bifesta” and “Pixy.”</li><li>• In addition to net sales being below the planned level, the injection of expenses associated with infrastructure development also contributed to the target consolidated operating profit margin not being reached.</li></ul>																																																																		
Foreign Exchange Impact Rupiah/JPY (period average)	<p><b>MP-10 Set Rate ¥0.0093</b></p> <p>2011: 0.0091 2012: 0.0086 2013: 0.0093</p>	<p><b>MP-11 Set Rate ¥0.0085</b></p> <p>2014: 0.0089 2015: 0.0091 2016: 0.0083</p>	<p><b>MP-12 Set Rate ¥0.0083</b></p> <p>2017: 0.0084 2018: 0.0078 2019: 0.0077</p>																																																																		
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## Outline of “MP-13 (April 2021 through March 2024)”

**MP-13** 4/2021-3/2024

### Theme

## Transformation and Challenges to Realize “VISION2027”

### Basic management policy

### 1. Evolve and take on challenges in category strategy for the new normal; cross-company marketing transformation to improve brand value

- ① Quickly construct cross-company structure that leads to accelerating growth in overseas and women's categories
- ② Improve value of global brand (Gatsby/Bifesta) across Asia
- ③ Improve quality and expand regions where Dedication to Service (Oyakudachi) is offered in the COVID-19 and the post-pandemic world

### 2. Speedy completion of Indonesia business recovery and reform business model of overseas business

- ① Quickly build structure to solve the issues in Indonesian business
- ② Accelerate growth by strengthening alliances between overseas countries and marketing areas; improve management efficiency

### 3. Shift to a company that creates new value through digitalization and open innovation

- ① Achieve success in DX (digital transformation) resulting in the realization of wellness
- ② Create and expand new beauty and grooming culture that includes external knowledge

### 4. Increase corporate value focused on sustainable management and evolve Dedication to Service (Oyakudachi)

- ① Promote business expansion that contributes to solving social issues (ESG/SDGs)
- ② Advance capabilities to create unique values and improve corporate branding

### (Basic Management Targets)

Growth Potential	Consolidated Net Sales	¥81.5 billion	CAGR by business	Men's business	6% or higher
	CAGR	10.7%		Women's business	16% or higher
				Overseas Business	17% or higher
Profitability	Consolidated Operating Profit Margin	8.0% or higher			
	Consolidated ROIC	7.0% or higher	(ROIC = NOPLAT <sup>*1</sup> + gain/loss from equity-method investments/invested capital <sup>*2</sup> )		
	<sup>*1</sup> (Operating profit + interest income + dividend income) × (1 - effective tax rate)				
	<sup>*2</sup> Borrowings + corporate bonds + lease liability + net assets [uses the average values of beginning and ending balances of the fiscal year]				
Address Social Issues	Promote eco-friendly products				
	Japan: 60% of domestic products are eco-friendly (in line with voluntary standards)				
	Indonesia: Reduce volume of plastic containers/packaging by 10% (compared to FY2016)				
	Reduce volume of plastic waste by 10% (compared to FY2016)				

# Look Back on the Fiscal Year Ended March 31, 2022

## Looking back on the fiscal year ended March 31, 2022

The fiscal year ended March 31, 2022 was the first year of the 13th Middle-Range Planning (hereinafter “MP-13”). MP-13 was positioned as a period of transformation and challenges to achieve “VISION2027” for the 100th anniversary of the founding of the Company. During this period, the Company established four basic management policies and began efforts for this transformation and these challenges. The number of cases of COVID-19 continues to rise and fall repeatedly in Japan and overseas. However, the Company began new marketing efforts different from mass marketing in Japan as we took on challenges for new changes as a company.

Results continued to be greatly affected by the COVID-19 pandemic in Japan and overseas. In particular, mainstay hair styling products and cleansing products were impacted by fewer opportunities to go out amidst restrictions placed on going outside. Also, summer products saw much lower sales due to unseasonable weather during the peak demand season. As a result, net sales fell 9.4% (down 4.4% if applying the new standards for revenue recognition that were adopted this year to the previous fiscal year) to 57,361 million yen. Operating profit and other items booked losses for the fiscal year.

### 1

## Evolve and take on challenges in category strategy for the new normal; cross-company marketing transformation to improve brand value

### Specific initiatives and results

#### 1 Initiative for new marketing: Launch of “gatsby THE DESIGNER”

The Company took on the challenge of an approach to consumers that varies from mass distribution. We aim to capture male users who proactively try products and gather information related to cosmetics, an issue for the existing Gatsby Series. In October 2021, we launched a fresh and adaptable men’s cosmetic series that allows users to express themselves as they want through a lineup of skin care, makeup, and hair styling products. [Details → P.24](#)

#### 2 Shift product portfolio in Japan market

Through the COVID-19 pandemic, consumer lifestyles have changed, resulting in lower sales for hair styling and makeup products, areas of strength for the Company. Meanwhile, sales for skin care, body care, and hair care products have been solid.

We have begun to strengthen categories that can be expected to grow even in a world with COVID-19. For example, in the case of men’s cosmetics, we are proposing products that focus on the face and body categories for new spring and summer products released in February 2022.

### 2

## Speedy completion of Indonesia business recovery and reform business model of overseas business

### Specific initiatives and results

#### Strengthen e-commerce channels overseas

Sales in the “Other overseas” segment in each country has risen steadily. Before the previous fiscal year, we completed establishing official brand e-commerce shops in each country, allowing us to develop and execute brand communication as we wish. The net sales growth rate of e-commerce channels in “Other overseas” exceeded 50%. With the sales mix having surpassed 10%, the EC channel is growing into the second largest channel in scope, next only to drug stores.

The basic management policies of MP-13 and major initiatives based on these are as follows.

For the fiscal year ending March 31, 2023, the Company has planned a second round of initiatives for new marketing efforts and has developed several new initiatives, such as sales of “CYQ,” the makeup brand that allows generation Z youth in Asia to be who they want to be. The Company will execute on the MP-13 themes of “transformation and challenges” to break out of our past business model, respond to changes in the lifestyles of our customers, and achieve proactive change.



Senior Vice President Executive Officer & Director  
Yasuaki Kameda

### 3

## Shift to a company that creates new value through digitalization and open innovation

### Specific initiatives and results

#### 1 Promotion of digital transformation

In addition to realizing our vision in “VISION2027,” we feel that we need to increase productivity per unit beyond the current levels. In the three years that include the “Pre-MP-13” fiscal year ended March 31, 2021, the Company will generate management resources by promoting digital transformation as we aim to secure and establish a new competitive advantage by investing those management resources into new value creation. In the previous fiscal year, the company primarily engaged in three initiatives: (1) Sharing between departments and improving operations and efficiency of each department through digital tools, (2) Selection of next-generation digital leaders and beginning of training, and (3) Digital training for all employees aimed at fostering a corporate culture. [Details → P.62](#)

#### 2 Initiatives to reduce cost

The Company made efforts to reduce fixed costs and save labor through the utilization of manufacturing robots and digital equipment in order to mitigate the effects of increased depreciation costs from large-scale investments in the Fukusaki Factory and increases in fixed expenses from lower manufacturing volume due to lower sales. In addition, as raw material expenses and transportation expenses have become inflated recently, the Company established the “Cost Down Project” in April to proceed with cost reduction activities quickly and deeper through a system that integrates production, technology development, and marketing as we strive for further cost reduction.



## Initiatives to strengthen the management foundation

### Specific initiatives and results

### Preparing to transition to the HR system reform “MHRX” to provide Dedication to Service (Oyakudachi) for consumers in response to a changing society

The Company decided to transition to the HR system “MHRX” that originated from Mandom-style jobs and autonomy in order to continue to provide Dedication to Service for consumers stated in our vision through new value propositions and respond accurately to drastic changes in society. The Company is now proceeding carefully, beginning with internal briefings and small group discussions, in order to begin the full transition from FY 2023. [Details → P.32](#)



Middle-Range Planning Topics

# 〈Feature〉 Promotion of Digital Transformation

<p><b>MP-13</b> basic management policy</p>	<p><b>3. Shift to become a company that creates new value through digitalization and open innovation</b></p> <p><b>① Achieve success in DX (digital transformation) resulting in the realization of wellness</b></p>
<p><b>DX objectives</b></p>	<p><b>Transition to a company that produces new value through digital transformation</b></p> <p>Dramatically expand both the quality and quantity of Dedication to Service by simultaneously proceeding with initiatives for new businesses and improving efficiency of existing businesses through a digital foundation</p>

## Image of cross-company DX promotion

The Company established the DX Promotion Committee in May 2021 to focus on these efforts.

The Company plans two steps related to DX promotion.

In Step 1, the Company will proceed with operation and efficiency improvements by promoting digital transformation of the Company by this fiscal year (ending March 31, 2023) to generate management resources, such as time and people, etc.

At the same time, we will begin Step 2, propose themes and businesses to generate new value, and invest management resources generated in Step 1 into actual creation activities.

**Step 1 “Generate management resources to take on challenges to generate new value”**

**Step 2 “Invest generated management resources and take on challenges for new value creation”**



## Details of major initiatives in the fiscal year ended March 31, 2022

### Activities related to **Step 1**

## “Generate management resources to take on challenges to generate new value”

### 1. “OSHIGOTO DIGITALIZE”

Mandom promoted “OSHIGOTO DIGITALIZE” (“Work Digitalization”) as part of initiatives specifically for digital transformation to generate management resources. Young employees took a central role as thought leaders for operations improvement. They shared information on initiatives, primarily at monthly working groups, for the horizontal deployment of initiatives across other departments while also aiming to improve operations and efficiency in their own departments.



### 2. Promotion of utilization of RPA (Robotic Process Automation)

The Company automated regular operations and proactively promoted activities of the RPA Promotion Team in order to generate management resources by improving efficiency of daily routine work and reducing time spent.

Also, this team received an internal award for greatly contributing to operations in FY2021.



RPA Promotion Team awarded for contributions to operations

### 3. Promotion of cross-company BPR (Business Process Re-engineering)

The objective of BPR is to (1) “Reduce total labor hours across the company” and (2) “Generate time for initiatives for new value creation.”

In FY2022, the Company established BPR as the production indicator required of all domestic departments under department business plans as an initiative to improve productivity per unit across the company.

### Activities related to **Step 2**

## “Invest generated management resources and take on challenges for new value creation”

### 1. Begin selection and training of next-generation digital leaders

In order to train human resources who develop knowledge as digital human resources and are capable of taking the lead in new value creation utilizing digital technology, we selected multiple human resources from each domain in Japan with the aptitude to lead the next generation. We have already begun workshops, etc., and training for the selected members. First, we have them acquire digital technology in each domain and field the business skills contributing to transformation.



Next-generation digital leader training

### 2. Digital education for all employees that fosters company culture

The Company implemented e-learning for approximately 750 full-time and temporary employees both in and outside of Japan to deepen understanding of the background and objective of DX promotion as well as an overview of digital technology. The Company plans to continue its training to improve digital literacy in the current fiscal year (ending March 31, 2023). Following the digital leaders, the Company plans to select and train leader candidates and increase the number of employees capable of co-creation with digital human resources in and outside the Company.

# Financial Strategy

## 1

## Financial strategy

Upon starting the 13th Middle-Range Planning (hereinafter “MP-13”), the Company developed the “Financial Strategy to Contribute to Sustainable Company Value Improvement” in April 2021 and communicated this strategy within the company.

**In principle**, the Company makes efforts to improve company value through the following financial strategy **from a perspective of free cash flow (FCF)**.

### ① Setting ROIC targets

In recent years, “a decline in earning power” has been raised as the Group’s issue, which some investors are concerned about.

In MP-13, in addition to traditional net sales and profit targets, the Company newly adopted ROIC from a perspective of capital efficiency and will shift to management that focuses on “earning power.”

MP-13 targets consolidated ROIC of 7.0% or higher for FY 2023 (final fiscal year of MP-13).

This level would surpass capital costs and make it possible to grow company value.

In the final fiscal year of MP-13, we aim to recover to FY2019 levels, before the COVID-19 pandemic.

### ② Improve asset efficiency rate through balance sheet (BS) management

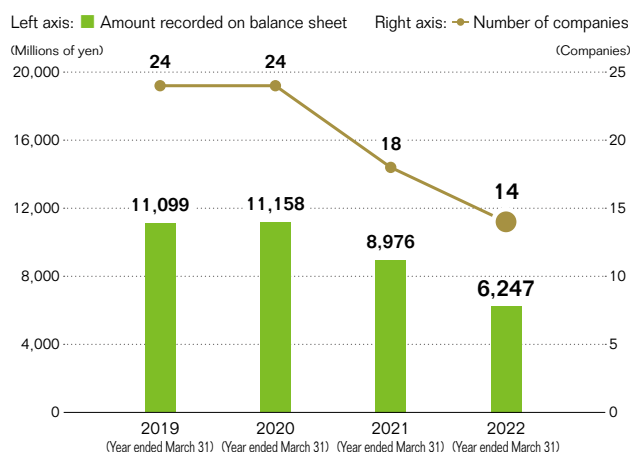
The Company will conduct the following measures as part of the financial strategies to achieve the ROIC targets and evolve into management, taking into account the balance sheet (BS) and cash flow (CF).

#### (1) Reduction of cross-shareholding

The policy states that cross-shareholding shall be less than 10% of net assets at the end of each fiscal year on the balance sheet. As of March 31, 2024 (end of the final fiscal year of MP-13), the Company policy is to reduce cross-shareholdings by at least 30% compared to March 31, 2021.

As of March 31, 2022, cross-shareholdings was 9.1% of net assets at the end of the fiscal year on the balance sheet, a 30.3% reduction compared to March 31, 2021.

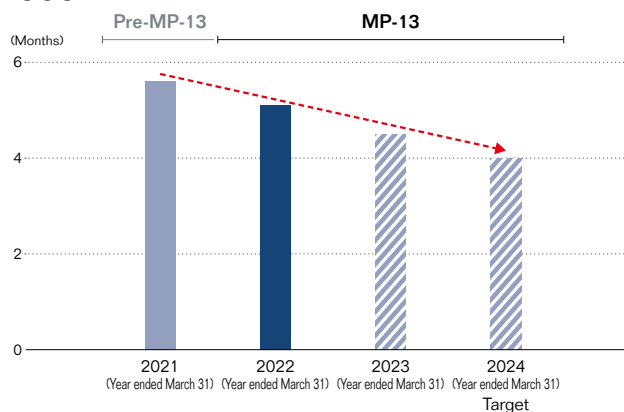
#### Trends in Cross-shareholdings (listed companies)



#### (2) Improvement of cash conversion cycle (CCC)

The Company is reviewing to improve the receivables turnover cycle, inventory assets turnover cycle, and debt repayments cycle in order to cut down the cycle from 5.6 months on a balance base on March 31, 2021 to 4.0 months or less on a balance base on March 31, 2024 (end of the final fiscal year of MP-13).

The cycle was 5.1 months based on balances as of March 31, 2022, due to the improved debt repayments cycle.



### (3) Group cash management

The Company regularly checks the cash flows of each Group company, pools excess cash in the Company, the headquarters of the Group, and utilizes it in high-profitability investments as the Group. In the fiscal year ended March 31, 2022, the Company pooled 1.2 billion yen in capital.

### (4) Financing for strategic investment

With cooperation from our partner banks, the Company has secured a line of credit of 20 billion yen. In the fiscal year ended March 31, 2022, FCF was higher than the previous fiscal year and there was no outstanding balance as of March 31.

The Company will utilize this financing for strategic investments with due consideration to FCF and the profit and loss statement (P/L).

Furthermore, the Company aims to share its earnings results and direction, including Middle-Range Planning, with our partner banks as appropriate in constructing a strong relationship.

## 3 Improve shareholder returns

The Company strives to increase FCF through BS management, boost ROIC, and improve shareholder returns.

### (1) Dividend policy

The Company maintains a basic capital policy of the stable and continuous returning of profits to shareholders through dividends. We had eight consecutive years of dividend increases until the fiscal year ended March 31, 2020 before the onset of the COVID-19 pandemic. We restarted dividend increases from the fiscal year ended March 31, 2022 and aim to continue increases after taking a comprehensive consideration of FCF, investment plans, and liquidity.

The Company targets a consolidated payout ratio of 40% or more.

### (2) Acquisition of treasury shares

The Company will deliberate the acquisition of treasury shares after the comprehensive consideration of economic status, company assets, FCF status, and stock price trends, and other factors.

## 2 Strengthening governance in accounting

In executing this financial strategy, the Company must also strengthen the financial governance that underpins the execution.

The Company is undertaking the following initiatives in order to strengthen the financial governance.

### 1 Introduction of the Company-wide ERP system (SAP)

In addition to improving the accuracy and speed of decision-making, Mandom is proceeding with the implementation of SAP for the Group companies aimed at ensuring the accuracy of information and acceleration of consolidating earnings. We aim to build a structure in which 80% of Group net sales are covered by companies that have implemented SAP. As of March 31, 2022, such companies comprised 77% of Group sales.

We are also proceeding with visualization of management information at each overseas Group company.

### 2 Standardization of accounting policies globally

The Company aims to speed up management decisions and strengthen Group management operations by changing and aligning various systems, operation rules, and processes in the Group to standardize accounting policies on a global base globally.

### 3 Minimize tax risks globally

The Company is making efforts to minimize tax risks in the overall Group while fulfilling our social responsibilities through appropriate tax payment in all countries where the Group is operating business.

# Analyses of Management and Finances

## Analysis of Operating Results

During the fiscal year under review, Japan's economy saw a slowdown of corporate activity and consumer spending due to renewed declarations of a state of emergency and quasi-emergency measures associated with the renewed spread of COVID-19. The economies throughout Asia, our main sphere of overseas business, generally appear to have cleared the worst period of COVID-19 despite repeated restrictions on movement caused by the spread of the impact of COVID-19. Although there were signs of economic recovery in Japan and overseas due to progress with vaccinations, there is growing uncertainty due to the rapid spread of new variants and the impact of Russia's invasion of Ukraine.

Under such economic conditions, the Group has commenced the 13th Middle-Range Planning (MP-13) positioned as a period for "Reformation and Challenges" for realizing VISION 2027.

In the fiscal year under review, net sales totaled ¥57,361 million (down 9.4% year on year), operating loss totaled ¥2,308 million (operating loss of ¥793 million in the previous fiscal year), ordinary loss totaled ¥1,856 million (ordinary loss of ¥273 million in the previous fiscal year), and loss attributable to owners of parent totaled ¥621 million (profit attributable to owners of parent of ¥860 million in the previous fiscal year).

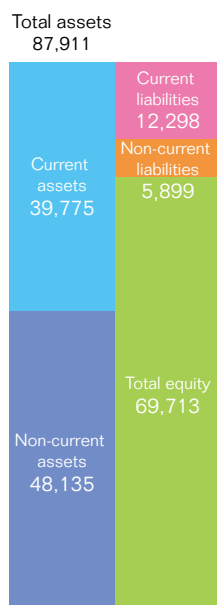
	2021 (Year ended March 31) (Millions of yen)	2022 (Year ended March 31) (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	63,310	57,361	(5,948)	-9.4
Cost of sales	33,882	33,964	81	+0.2
Selling, general and administrative expenses	30,221	25,706	(4,514)	-14.9
Operating loss	(793)	(2,308)	(1,515)	—
Non-operating profit (expenses)	520	452	(67)	-13.1
Ordinary loss	(273)	(1,856)	(1,583)	—
Extraordinary profit (losses)	1,494	1,094	(400)	-26.8
Profit (loss) before income taxes	1,221	(762)	(1,983)	—
Income taxes	496	72	(424)	-85.4
Loss attributable to non-controlling interests	(136)	(212)	(76)	—
Profit (loss) attributable to owners of parent	860	(621)	(1,482)	—

## Analysis of Financial Position and Cash Flows

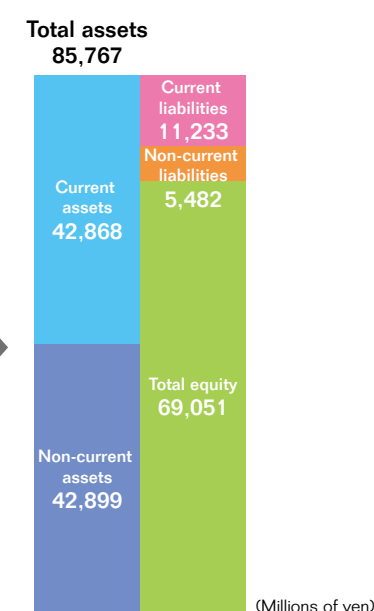
### 1. Assets, Liabilities and Total Equity

Current assets were ¥42,868 million as of March 31, 2022 (compared to ¥39,775 million from a year earlier). This was mainly due to an increase of ¥3,874 million in cash and deposits. Non-current assets were ¥42,899 million as of March 31, 2022 (compared to ¥48,135 million from a year earlier). This was mainly due to a decrease of ¥3,035 million in investments and other assets due to the sale of investment securities, and a decrease of ¥1,727 million in property, plant and equipment due to depreciation. Current liabilities were ¥11,233 million as of March 31, 2022 (compared to ¥12,298 million from a year earlier). This was mainly due to a decrease of ¥3,467 million in short-term borrowings. Non-current liabilities were ¥5,482 million as of March 31, 2022 (compared to ¥5,899 million from a year earlier). This was mainly due to a decrease of ¥535 million in deferred tax liabilities. Total net assets were ¥69,051 million as of March 31, 2022, down ¥662 million from ¥69,713 million a year earlier. This was mainly due to the valuation difference on available-for-sale securities decreasing by ¥1,477 million due to the sale of investment securities and retained earnings decreasing by ¥2,149 million due to the posting of loss attributable to owners of parent and payment of dividends, despite foreign currency translation adjustment increasing by ¥2,377 million. As a result, shareholders' equity ratio was 73.8% as of March 31, 2022 (compared to 73.1% from a year earlier).

#### 2021 (Year ended March 31)



#### 2022 (Year ended March 31)



(Millions of yen)



## 2. Status of Cash Flows

Cash and cash equivalents as of March 31, 2022, came to ¥16,015 million, up ¥2,974 million from the end of the previous fiscal year.

Factors influencing cash flows during the term are as follows.

### ▶ Cash Flows from Operating Activities

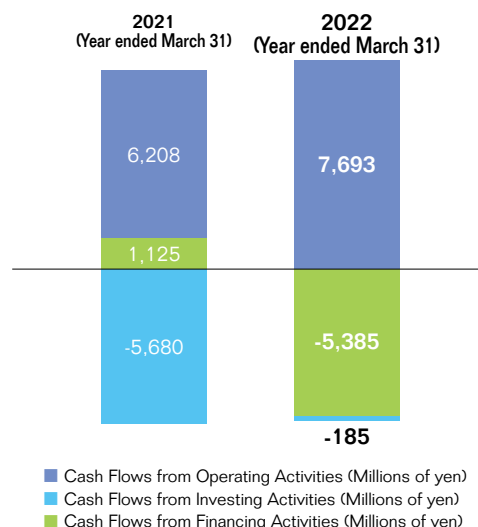
Net cash provided by operating activities was ¥7,693 million (compared to ¥6,208 million provided from a year earlier). This was mainly due to increases caused by increases of ¥5,337 million in depreciation and ¥1,743 million in trade payables, and a decrease of ¥964 million in inventories.

### ▶ Cash Flows from Investing Activities

Net cash used in investing activities was ¥185 million (compared to ¥5,680 million used from a year earlier). This was mainly due to increase in proceeds from sale and redemption of investment securities of ¥2,462 million and decreases resulting from purchase of property, plant and equipment of ¥1,741 million and a net increase in time deposits of ¥586 million.

### ▶ Cash Flows from Financing Activities

Net cash used in financing activities was ¥5,385 million (compared to ¥1,125 million provided from a year earlier). This was mainly due to decreases resulting from short-term borrowings decreasing by ¥3,476 million and dividends paid of ¥1,525 million.



## Capital Policy

The Group has two main funding requirements: operation funding requirements and capital investment funding.

The main requirements for operation funding are the supply of raw materials for manufacturing the Group's products, as well as operating expenses such as manufacturing expenses, and selling, general and administrative expenses. For capital investment funding, the main requirements are the purchase of non-current assets such as buildings and machinery associated with the acquisition of production facilities.

### 1. Financial policy

The Group's financial policy is to maintain a solid balance sheet and appropriate liquid assets for its business activities, and capital is used primarily to fund operations and for capital investments, and prioritizes the use of internal reserves in principle, with any shortfalls covered by loans from financial institutions. If a domestic subsidiary lacks necessary funds, the shortfall is covered by a loan from the parent company, while demand for short-term funds from overseas subsidiaries is met by local-currency-based short-term loans taken out by the Group's main

representative office in the region. The Group regards any additional funds in hand as cash reserves for business investment, and places the utmost priority on ensuring their liquidity and security. In this uncertain situation caused by the spread of COVID-19 and other factors, we have set commitment lines with financial institutions, and built a system that can constantly secure funds of over three months' worth of monthly sales in order to prepare for unforeseen funding.

### 2. Facilities

#### 1) Overview of capital investments

The Group maintains a basic policy of making capital investments in facilities to manufacture products that sustain a competitive advantage. Total capital investments were ¥1,970 million as of March 31, 2022, down ¥6,009 million (75.3%) from a year earlier.

A breakdown by segment is as follows.

Segment name	FY2021 (Millions of yen)	YoY change (%)
Japan	1,331	-82.1
Indonesia	466	82.6
Other overseas	171	-38.2
<b>Total</b>	<b>1,970</b>	<b>-75.3</b>

#### 2) New important facilities

The Group determines its plans for capital investments while comprehensively taking into consideration investment efficiency and other factors. In principle, each consolidated company separately determines its capital investment plan. However, the Group makes adjustments mainly to the reporting companies when determining the plan.

As of March 31, 2022, there were no plans for new important facilities excluding the new establishment for routine renewal of facilities.

### 3. Dividend policy

As for shareholder returns, the Company has a basic capital policy of implementing stable and continuous returns through dividends (numerical target: consolidated payout ratio of 40% or more excluding special elements), and determines dividends based on the policy of aiming for continuous increases in dividends with comprehensive consideration for factors such as free cash flow, investment plans and securing liquidity. Furthermore, we keep the improvement of capital efficiency in mind. As such, in addition to enhancing shareholder returns and proactive business investments, we will also consider the purchase of treasury shares depending on a number of factors, including economic conditions, company assets, free cash flow and

stock price trends.

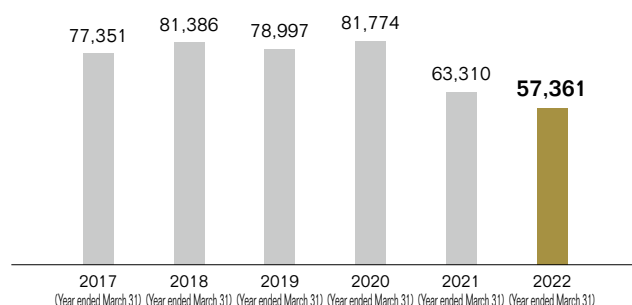
With regard to dividends for the fiscal year under review, although the profit attributable to owners of parent was a loss of ¥621 million, the Company paid a dividend of ¥36 per share as a result of consideration according to the aforementioned policy.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
October 29, 2021 Resolution of the Board of Directors	809	18.00
June 24, 2022 Ordinary General Meeting of Shareholders	809	18.00

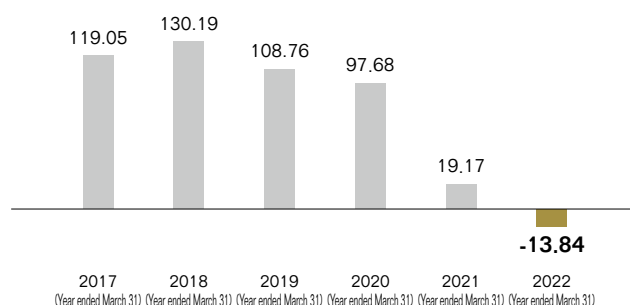
# Financial and Non-financial Highlights

## Financial Highlights

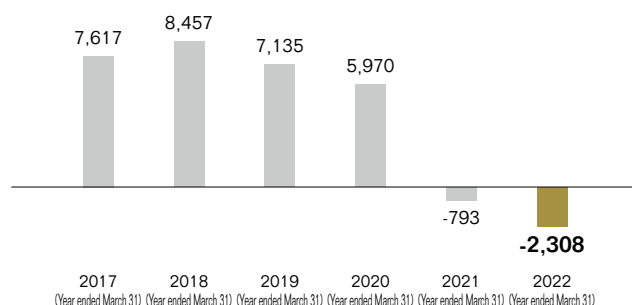
### ► Consolidated net sales<sup>\*1 \*2</sup> (Millions of yen)



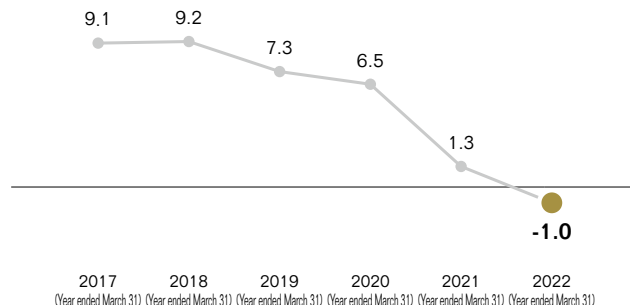
### ► Earnings per share [EPS]<sup>\*3</sup> (Yen)



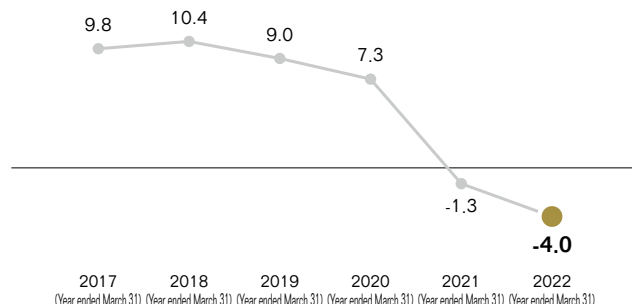
### ► Consolidated operating profit (Millions of yen)



### ► Return on equity [ROE] (%)



### ► Operating profit margin (%)

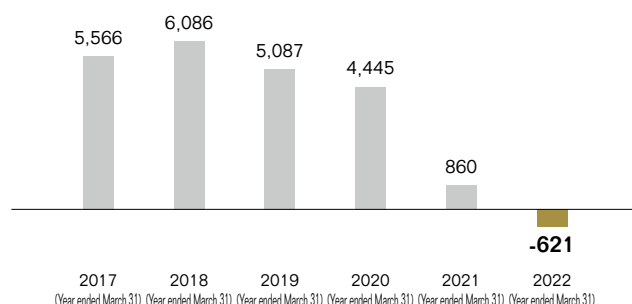


### ► Return on invested capital [ROIC] (%)

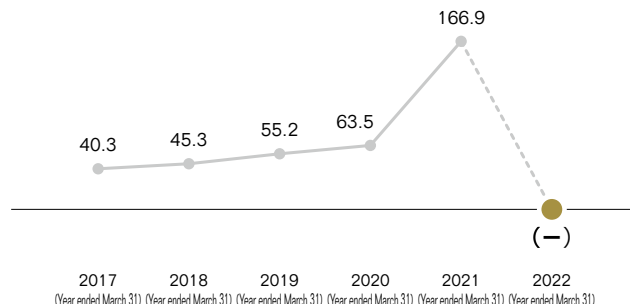
[Adopted as an earnings indicator from the fiscal year ended March 31, 2022]



### ► Profit attributable to owners of parent (Millions of yen)



### ► Payout ratio (%)



\*1 Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

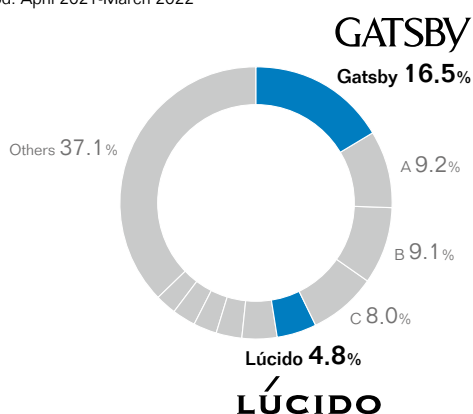
\*2 From the fiscal year ended March 31, 2022, some items that had been treated as expenses have been deducted from net sales of the Japan segment in order to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc.

\*3 We executed a 2-for-1 stock split of common stock on October 1, 2017. EPS above is all figures taking into consideration the impact of stock split.

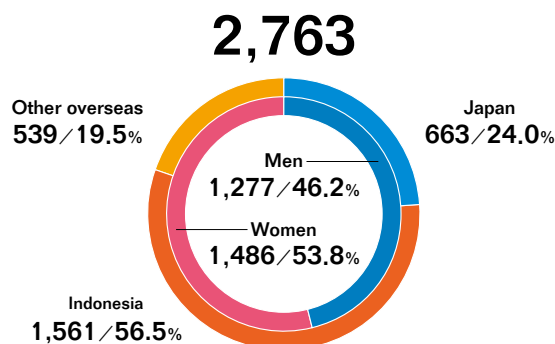
## Non-financial Highlights

### ► Domestic brand share of men's cosmetic product market

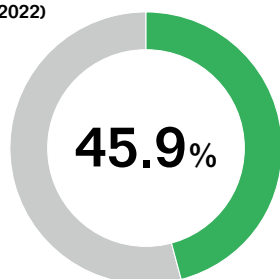
Market data by Mandom calculations (monetary value)  
Period: April 2021-March 2022



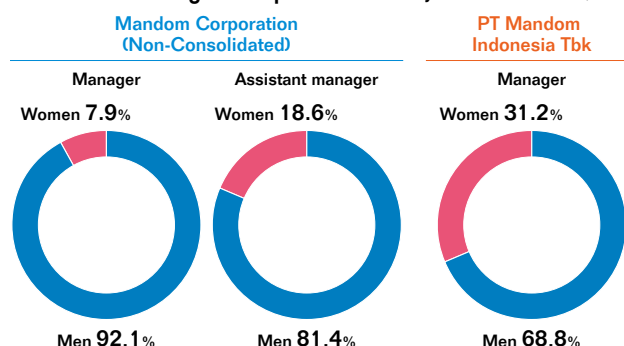
### ► Number of employees in consolidated companies (fiscal year ended March 31, 2022)



### ► Initiatives for eco-friendliness in products sold in Japan (Percentage of products that clear our standards<sup>\*4</sup>) (as of March 31, 2022)

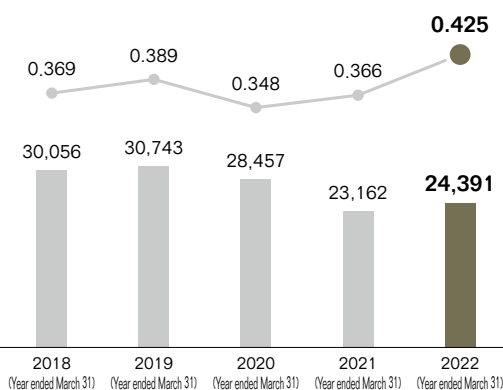


### ► Percentage of males and females in management<sup>\*6</sup> or assistant management positions (fiscal year ended March 31, 2022)



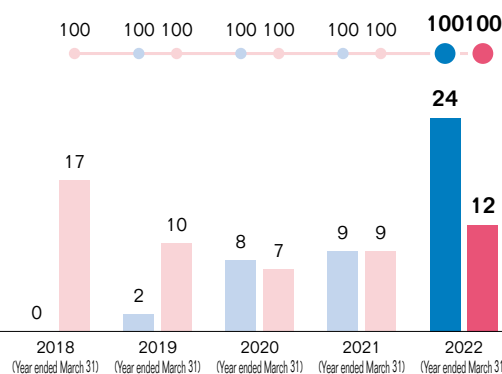
### ► CO<sub>2</sub> emissions (Scope1+2 in Japan and overseas)<sup>\*5</sup>

■ CO<sub>2</sub> emissions (t-CO<sub>2</sub>)  
● Per unit of net sales (t-CO<sub>2</sub>/millions of yen)



### ► Number of employees who have taken childcare leave and return rate<sup>\*7,8</sup>

Number of employees who have taken childcare leave ■ Men ■ Women  
Return rate (%) ● Men ● Women



<sup>\*4</sup> Our standards: eco-friendly product standards  
(<https://www.mandom.co.jp/en/csr/environment.html>)

<sup>\*5</sup> The method used to calculate the data for all fiscal years was revised.

<sup>\*6</sup> Officers (directors and Audit & Supervisory Board members) are not included in manager positions.

<sup>\*7</sup> Return rate: number of employees who have returned after childcare leave ÷ the number of employees planning to return from childcare leave × 100

<sup>\*8</sup> Performance of Mandom Corporation (Non-consolidated)

# 11-Year Consolidated Financial and Non-financial

	2012 March 2012	2013 March 2013	2014 March 2014	2015 March 2015
<b>Operating Results</b> (Millions of yen)				
Net sales	59,801	60,427	68,215	70,925
Overseas ratio (%)	34.9	36.8	40.0	41.3
Operating profit or operating loss	6,050	5,947	6,853	6,996
Overseas ratio (%)	37.1	34.1	34.6	35.9
Ordinary profit or ordinary loss	6,308	6,241	7,330	7,595
Profit attributable to owners of parent or loss attributable to owners of parent	3,299	3,607	4,091	4,425
Capital investment	2,157	1,467	7,632	3,443
Depreciation and amortization	2,242	2,165	2,143	2,599
Research and development expenses	1,921	1,792	1,960	1,731
<b>Financial Position</b> (Millions of yen)				
Total assets	55,600	60,163	67,858	75,980
Liabilities	8,517	9,126	12,679	15,000
Total equity	47,082	51,037	55,179	60,980
<b>Cash Flows</b> (Millions of yen)				
Cash flows from operating activities	3,692	7,605	7,303	5,488
Cash flows from investing activities	(2,694)	(5,387)	(5,596)	(5,141)
Free cash flows	998	2,218	1,706	346
Cash flows from financing activities	(1,668)	(1,646)	(1,833)	(341)
<b>Per Share Data</b> (Yen)				
Book value per share (BPS)	930.50	1,005.54	1,091.54	1,197.11
Earnings (loss) per share (EPS)	70.56	77.15	87.51	94.64
Cash dividends per share	30.00	31.00	35.00	38.00
<b>Financial Index</b> (%)				
Operating profit margin	10.1	9.8	10.0	9.9
Shareholders' equity ratio	78.3	78.2	75.2	73.7
Return on equity (ROE)	7.7	8.0	8.3	8.3
Return on assets (ROA)	11.6	10.8	11.5	10.6
Payout ratio	42.5	40.2	40.0	40.2
<b>Non-financial Data</b>				
Number of Employees By region	2,256	2,221	2,316	2,400
Japan	590	565	566	557
Indonesia	1,236	1,222	1,353	1,421
Other overseas	430	434	397	422
Domestic brand share of men's cosmetic product market* (%)	Due to a change in the calculation method in April 2021, data that can be calculated from the 101st fiscal year (ended March 31, 2018) onward.			
Domestic brand share of men's cosmetic product market* (ranking)				

Notes: 1. We executed a 2-for-1 stock split of common stock on October 1, 2017. EPS and Cash dividends per share above are all figures taking into consideration the impact of stock split.  
2. Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries.  
3. The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the first fiscal year ended March 31, 2019.  
4. From the fiscal year ended March 31, 2022, some items that had been treated as expenses have been deducted from net sales of the Japan segment in order to apply the same treatment as overseas subsidiaries.  
\* Market data by Mandom calculations (monetary value) Period: April-March of each year

# Highlights

2016 March 2016	2017 March 2017	2018 March 2018	2019 March 2019	2020 March 2020	2021 March 2021	2022 March 2022
75,078	77,351	81,386	78,997	81,774	63,310	<b>57,361</b>
41.3	40.6	41.3	38.7	43.5	38.6	<b>43.2</b>
6,594	7,617	8,457	7,135	5,970	(793)	<b>(2,308)</b>
28.7	33.3	34.7	40.5	49.5	—	<b>—</b>
7,415	8,183	9,264	8,161	6,706	(273)	<b>(1,856)</b>
6,383	5,566	6,086	5,087	4,445	860	<b>(621)</b>
3,725	3,309	2,855	3,559	9,193	7,980	<b>1,970</b>
2,919	3,165	3,315	3,583	4,369	4,818	<b>5,337</b>
1,558	1,717	1,813	1,826	1,855	1,480	<b>1,399</b>
79,821	83,835	93,195	93,402	91,660	87,911	<b>85,767</b>
13,965	14,245	17,445	17,592	18,208	18,198	<b>16,716</b>
65,856	69,590	75,749	75,810	73,452	69,713	<b>69,051</b>
7,232	9,045	10,246	6,587	6,937	6,208	<b>7,693</b>
(2,383)	(5,920)	(6,776)	6,921	(9,836)	(5,680)	<b>(185)</b>
4,849	3,124	3,469	13,509	(2,899)	528	<b>7,508</b>
(3,534)	(2,215)	(2,669)	(4,020)	(8,307)	1,125	<b>(5,385)</b>
1,277.01	1,352.88	1,484.67	1,496.20	1,495.40	1,431.42	<b>1,407.65</b>
136.52	119.05	130.19	108.76	97.68	19.17	<b>(13.84)</b>
40.00	48.00	59.00	60.00	62.00	32.00	<b>36.00</b>
8.8	9.8	10.4	9.0	7.3	(1.3)	<b>(4.0)</b>
74.8	75.4	74.5	74.9	73.2	73.1	<b>73.8</b>
11.0	9.1	9.2	7.3	6.5	1.3	<b>(1.0)</b>
9.5	10.0	10.5	8.8	7.2	(0.3)	<b>(2.1)</b>
29.3	40.3	45.3	55.2	63.5	166.9	<b>—</b>
2,663	2,662	2,694	2,914	2,954	2,914	<b>2,763</b>
562	581	595	605	629	667	<b>663</b>
1,689	1,670	1,671	1,693	1,701	1,652	<b>1,561</b>
412	411	428	616	624	595	<b>539</b>
under the same conditions will be available		27.9	27.6	26.8	24.5	<b>22.8</b>
		No. 1	No. 1	No. 1	No. 1	<b>No. 2</b>

split.  
included in financial statements conforming to IFRS.  
quarter of the fiscal year ended March 31, 2019.  
Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

About Mandom

Value Creation Story

Materiality

Middle-Range Planning

Performance for the Fiscal Year Ended March 31, 2022

Company Information



# Consolidated Financial Statements

## Consolidated Balance Sheet

(Millions of yen)

Item	2021	2022	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	16,143	20,018	3,874
Notes and accounts receivable - trade	9,081	9,227	145
Merchandise and finished goods	8,931	8,511	-420
Work in process	352	456	104
Raw materials and supplies	3,047	3,152	105
Other	2,230	1,524	-705
Allowance for doubtful accounts	(11)	(22)	-11
<b>Total current assets</b>	<b>39,775</b>	<b>42,868</b>	<b>3,092</b>
<b>Non-current assets</b>			
<b>Property, plant, and equipment</b>			
Buildings and structures	30,519	32,012	1,493
Accumulated depreciation	(14,477)	(15,588)	-1,111
Buildings and structures, net	16,041	16,423	382
Machinery, equipment, and vehicles	26,294	26,987	693
Accumulated depreciation	(17,046)	(19,392)	-2,346
Machinery, equipment, and vehicles, net	9,248	7,595	-1,652
Tools, furniture, and fixtures	7,397	7,784	387
Accumulated depreciation	(6,414)	(7,003)	-588
Tools, furniture, and fixtures, net	983	781	-201
Land	1,143	1,213	69
Leased assets	4	4	0
Accumulated depreciation	(0)	(1)	-0
Leased assets, net	3	2	-0
Right of use assets	682	874	192
Accumulated depreciation	(312)	(538)	-226
Right of use assets, net	369	335	-34
Construction in progress	598	308	-289
<b>Total property, plant, and equipment</b>	<b>28,387</b>	<b>26,660</b>	<b>-1,727</b>
<b>Intangible assets</b>			
Goodwill	2,835	2,821	-13
Trademark right	866	861	-4
Customer relation assets	1,352	1,346	-6
Software	2,132	1,825	-306
Other	530	388	-142
<b>Total intangible assets</b>	<b>7,716</b>	<b>7,243</b>	<b>-473</b>
<b>Investments and other assets</b>			
Investment securities	10,735	7,405	-3,329
Retirement benefit asset	252	309	56
Deferred tax assets	462	627	165
Other	589	663	74
Allowance for doubtful accounts	(8)	(10)	-2
<b>Total investments and other assets</b>	<b>12,031</b>	<b>8,995</b>	<b>-3,035</b>
<b>Total non-current assets</b>	<b>48,135</b>	<b>42,899</b>	<b>-5,236</b>
<b>Total assets</b>	<b>87,911</b>	<b>85,767</b>	<b>-2,143</b>

(Millions of yen)			
Item	2021	2022	Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	1,374	3,188	1,814
Short-term borrowings	3,694	226	-3,467
Accounts payable - other	3,608	4,111	502
Income taxes payable	290	151	-138
Provision for bonuses	841	654	-186
Provision for Directors' compensations based on profit	54	37	-16
Provision for sales returns	481	—	-481
Other	1,954	2,863	909
<b>Total current liabilities</b>	<b>12,298</b>	<b>11,233</b>	<b>-1,064</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	2,157	1,621	-535
Retirement benefit liability	2,456	2,580	123
Other	1,285	1,280	-4
<b>Total non-current liabilities</b>	<b>5,899</b>	<b>5,482</b>	<b>-416</b>
<b>Total liabilities</b>	<b>18,198</b>	<b>16,716</b>	<b>-1,481</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Share capital	11,394	11,394	0
Capital surplus	11,013	11,058	44
Retained earnings	50,662	48,513	-2,149
Treasury shares	(6,826)	(6,589)	236
<b>Total shareholders' equity</b>	<b>66,245</b>	<b>64,376</b>	<b>-1,868</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	4,825	3,348	-1,477
Foreign currency translation adjustment	(6,933)	(4,555)	2,377
Remeasurements of defined benefit plans	85	152	67
<b>Total accumulated other comprehensive income</b>	<b>(2,023)</b>	<b>(1,055)</b>	<b>968</b>
<b>Non-controlling interests</b>	<b>5,491</b>	<b>5,729</b>	<b>238</b>
<b>Total net assets</b>	<b>69,713</b>	<b>69,051</b>	<b>-662</b>
<b>Total liabilities and net assets</b>	<b>87,911</b>	<b>85,767</b>	<b>-2,143</b>

## Consolidated Financial Statements

### Consolidated Statement of Income

(Millions of yen)

Item	2021	2022	Change
<b>Net sales</b>	<b>63,310</b>	<b>57,361</b>	<b>-5,948</b>
<b>Cost of sales</b>	<b>33,882</b>	<b>33,964</b>	<b>81</b>
<b>Gross profit</b>	<b>29,427</b>	<b>23,397</b>	<b>-6,030</b>
<b>Selling, general and administrative expenses</b>			
Promotion expenses	4,836	2,021	-2,815
Sales incentive	1,366	—	-1,366
Advertising expenses	3,416	3,204	-211
Transportation and storage costs	3,060	2,997	-62
Remuneration, salaries and allowances	7,473	7,450	-22
Provision for bonuses	648	524	-141
Retirement benefit expenses	391	296	-95
Depreciation	1,409	1,429	19
Amortization of goodwill	216	226	9
Research and development expenses	1,480	1,399	-80
Other	5,922	6,156	252
<b>Total selling, general and administrative expenses</b>	<b>30,221</b>	<b>25,706</b>	<b>-4,514</b>
<b>Operating loss</b>	<b>(793)</b>	<b>(2,308)</b>	<b>-1,515</b>
<b>Non-operating income</b>			
Interest income	199	193	-5
Dividend income	131	108	-22
Share of profit of entities accounted for using equity method	95	162	67
Other	212	157	-55
<b>Total non-operating income</b>	<b>638</b>	<b>622</b>	<b>-16</b>
<b>Non-operating expenses</b>			
Interest expenses	23	22	-1
Commitment fees	15	12	-2
Sales discounts	11	—	-11
Compensation expenses	34	103	68
Foreign exchange losses	13	2	-10
Other	20	29	9
<b>Total non-operating expenses</b>	<b>118</b>	<b>170</b>	<b>51</b>
<b>Ordinary loss</b>	<b>(273)</b>	<b>(1,856)</b>	<b>-1,583</b>
<b>Extraordinary income</b>			
Gain on sale of non-current assets	1	3	1
Gain on sale of investment securities	1,791	1,162	-629
<b>Total extraordinary income</b>	<b>1,793</b>	<b>1,165</b>	<b>-628</b>
<b>Extraordinary losses</b>			
Loss on sale of non-current assets	4	2	-1
Loss on retirement of non-current assets	291	68	-223
Impairment losses	2	—	-2
Loss on sale of investment securities	1	—	-1
Other	—	0	0
<b>Total extraordinary losses</b>	<b>299</b>	<b>71</b>	<b>-227</b>
<b>Profit (loss) before income taxes</b>	<b>1,221</b>	<b>(762)</b>	<b>-1,983</b>
<b>Income taxes - current</b>	<b>777</b>	<b>132</b>	<b>-645</b>
<b>Income taxes - deferred</b>	<b>(280)</b>	<b>(59)</b>	<b>220</b>
<b>Total income taxes</b>	<b>496</b>	<b>72</b>	<b>-424</b>
<b>Profit (loss)</b>	<b>724</b>	<b>(834)</b>	<b>-1,558</b>
<b>Loss attributable to non-controlling interests</b>	<b>(136)</b>	<b>(212)</b>	<b>-76</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>860</b>	<b>(621)</b>	<b>-1,482</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

Item	2021	2022	Change
<b>Profit (loss)</b>	<b>724</b>	<b>(834)</b>	<b>-1,558</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(553)	(1,476)	-922
Foreign currency translation adjustment	(1,796)	2,884	4,681
Remeasurements of defined benefit plans, net of tax	277	138	-139
Share of other comprehensive income of entities accounted for using equity method	(44)	108	153
<b>Total other comprehensive income</b>	<b>(2,117)</b>	<b>1,654</b>	<b>3,772</b>
<b>Comprehensive income</b>	<b>(1,393)</b>	<b>820</b>	<b>2,214</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(785)	346	1,131
Comprehensive income attributable to non-controlling interests	(608)	474	1,082

## Consolidated Statement of Changes in Equity

(Millions of yen)

For the Fiscal Year Ended March 31, 2021											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>11,394</b>	<b>11,013</b>	<b>51,911</b>	<b>(6,826)</b>	<b>67,494</b>	<b>5,379</b>	<b>(5,542)</b>	<b>(213)</b>	<b>(377)</b>	<b>6,335</b>	<b>73,452</b>
<b>Changes during period</b>											
Dividends of surplus			(2,109)		(2,109)						(2,109)
Profit attributable to owners of parent			860		860						860
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(0)		0	0						0
Net changes in items other than shareholders' equity						(553)	(1,391)	299	(1,645)	(843)	(2,489)
<b>Total changes during period</b>	<b>—</b>	<b>(0)</b>	<b>(1,249)</b>	<b>(0)</b>	<b>(1,249)</b>	<b>(553)</b>	<b>(1,391)</b>	<b>299</b>	<b>(1,645)</b>	<b>(843)</b>	<b>(3,739)</b>
<b>Balance at end of period</b>	<b>11,394</b>	<b>11,013</b>	<b>50,662</b>	<b>(6,826)</b>	<b>66,245</b>	<b>4,825</b>	<b>(6,933)</b>	<b>85</b>	<b>(2,023)</b>	<b>5,491</b>	<b>69,713</b>

(Millions of yen)

For the Fiscal Year Ended March 31, 2022											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>11,394</b>	<b>11,013</b>	<b>50,662</b>	<b>(6,826)</b>	<b>66,245</b>	<b>4,825</b>	<b>(6,933)</b>	<b>85</b>	<b>(2,023)</b>	<b>5,491</b>	<b>69,713</b>
<b>Changes during period</b>											
Dividends of surplus			(1,527)		(1,527)						(1,527)
Loss attributable to owners of parent			(621)		(621)						(621)
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(9)		236	227						227
Change in ownership interest of parent due to transactions with non-controlling interests		53			53						53
Net changes in items other than shareholders' equity						(1,477)	2,377	67	968	238	1,206
<b>Total changes during period</b>	<b>—</b>	<b>44</b>	<b>(2,149)</b>	<b>236</b>	<b>(1,868)</b>	<b>(1,477)</b>	<b>2,377</b>	<b>67</b>	<b>968</b>	<b>238</b>	<b>(662)</b>
<b>Balance at end of period</b>	<b>11,394</b>	<b>11,058</b>	<b>48,513</b>	<b>(6,589)</b>	<b>64,376</b>	<b>3,348</b>	<b>(4,555)</b>	<b>152</b>	<b>(1,055)</b>	<b>5,729</b>	<b>69,051</b>



## Consolidated Statement of Cash Flows

(Millions of yen)

Item	2021	2022	Change
<b>Cash flows from operating activities</b>			
Profit (loss) before income taxes	1,221	(762)	-1,983
Depreciation	4,818	5,337	518
Amortization of goodwill	216	226	9
Impairment losses	2	—	-2
Increase (decrease) in allowance for doubtful accounts	(4)	12	17
Increase (decrease) in provision for sales returns	303	(481)	-784
Increase (decrease) in provision for bonuses	(45)	(190)	-145
Increase (decrease) in retirement benefit liability	212	(3)	-215
Interest and dividend income	(330)	(302)	28
Foreign exchange losses (gains)	(174)	(105)	68
Share of loss (profit) of entities accounted for using equity method	(95)	(162)	-67
Loss on retirement of property, plant, and equipment	291	68	-223
Loss (gain) on sale of investment securities	(1,790)	(1,162)	628
Loss (gain) on sale of non-current assets	2	(1)	-3
Decrease (increase) in trade receivables	2,494	319	-2,174
Decrease (increase) in inventories	2,364	964	-1,399
Increase (decrease) in trade payables	(1,045)	1,743	2,789
Increase (decrease) in accounts payable - other	(1,128)	(251)	876
Other, net	(458)	2,557	3,016
Subtotal	6,853	7,807	953
Interest and dividends received	459	482	22
Interest paid	(23)	(22)	1
Income taxes paid	(1,080)	(573)	507
<b>Net cash provided by (used in) operating activities</b>	<b>6,208</b>	<b>7,693</b>	<b>1,485</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits	(3,346)	(3,264)	82
Proceeds from withdrawal of time deposits	4,259	2,678	-1,581
Purchase of property, plant, and equipment	(8,219)	(1,741)	6,477
Purchase of intangible assets	(660)	(350)	309
Purchase of investment securities	(8)	(8)	-0
Proceeds from sale and redemption of investment securities	2,344	2,462	117
Other, net	(49)	39	88
<b>Net cash provided by (used in) investing activities</b>	<b>(5,680)</b>	<b>(185)</b>	<b>5,495</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	3,650	(3,476)	-7,127
Repayments of lease obligations	(178)	(200)	-21
Dividends paid	(2,109)	(1,525)	583
Dividends paid to non-controlling interests	(235)	(3)	232
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(178)	-178
Other, net	(0)	(0)	-0
<b>Net cash provided by (used in) financing activities</b>	<b>1,125</b>	<b>(5,385)</b>	<b>-6,511</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(270)</b>	<b>851</b>	<b>1,121</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,383</b>	<b>2,974</b>	<b>1,591</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,657</b>	<b>13,040</b>	<b>1,383</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,040</b>	<b>16,015</b>	<b>2,974</b>

About Mandom

Value Creation Story

Materiality

Middle-Range Planning

Performance for the Fiscal Year Ended March 31, 2022

Company Information

# Mandom Group Detailed History

► Overall Management  
► Research, Product Development, and Marketing

## 1927 - 1969

- 1927.12 ► Established Kintsuru Perfume Corporation
- 1932.11 ► Shinpachiro Nishimura appointed president of Kintsuru Perfume Corporation
- 1933. 4 ► Launched Tancho Tique, a hit product which laid the foundation for future success
- 1958. 4 ► Formed a technical tie-up with a local company in Manila, the Philippines, and began operations; this marked the first step in overseas expansion
- 1959. 4 ► Company name changed to Tancho Corporation
- 1961. 5 ► Hikoji Nishimura appointed president of Tancho Corporation
- 1966.11 ► Chairman Shinpachiro Nishimura passed away on November 3
- 1969.11 ► Started a joint venture P.T. Tancho Indonesia in Jakarta, Indonesia (now consolidated subsidiary PT Mandom Indonesia Tbk)

## 1970 -

- 1970. 6 ► Received a commendation from the Minister of International Trade and Industry (now Minister of Economy, Trade and Industry) for its economic contributions as an export company (also received this commendation again in 1971 and 1972)
- 7 ► Launched the Mandom Series of men's cosmetics  
Held a product rollout, launching 10 products in 9 categories  
Became the first company in Japan to feature a Hollywood star (Charles Bronson) as a character
- 1971. 4 ► Company name changed to Mandom Corporation
- 1972.10 ► Established Japan Doctor Renaud Cosmetics Company (now consolidated subsidiary Piacelabo Corporation)
- 1976. 3 ► Construction of Fukusaki Factory completed; commenced operations
- 1978. 5 ► Switched from distributors to direct sales
- 7 ► Launched the new Gatsby and Spalding product lines, the first time in Japan's cosmetics industry that two major lines were introduced simultaneously

## 1980 -

- 1980. 4 ► Switched from direct sales to distributors
- 8 ► Mr. Ikuo Nishimura appointed president
- 1982. 4 ► Commenced Mandom Corporation's 1st 5-year Middle-Range Planning (MP Project)
- 9 ► Commenced sale of Pagliacci lineup through beauty salons throughout Japan
- 10 ► Launched Pixy women's cosmetics in Indonesia
- 1983. 4 ► Introduced new CI system Changed company logo
- 1984. 4 ► Adopted information card system
- 7 ► Launched Pucelle My Lip, the Company's first product geared to the women's cosmetics market
- 1985. 2 ► Entered the women's cosmetics market via door-to-door sales
- 3 ► Commenced the first over-the-counter sales of Gatsby hair foam for men
- 1986. 1 ► Established External Corporate Auditors
- 9 ► Completed construction of a factory specializing in aerosol products at the Fukusaki Factory
- 1987. 4 ► Commenced 2nd 3-year Middle-Range Planning
- 11 ► Launched women's cosmetic item Pixy Moisture Lipstick in Indonesia
- 1988. 2 ► Started a joint venture in Singapore (now consolidated subsidiary Mandom Corporation (Singapore) Pte. Ltd.)

- 1988.11 ► Mandom Corporation shares traded on the over-the-counter market
- Issued 500,000 shares, increasing capital through public offering
- 1989. 3 ► Received ECO Mark certification for foam products from the Japan Environment Association for the first time in the industry
- 9 ► Launched Lúcido, a lineup of fragrance-free men's cosmetics products, unprecedented in the industry
- Japan Doctor Renaud Cosmetics Company was changed to Piacelabo Corporation
- 12 ► Started a joint venture in Taiwan (now consolidated subsidiary Mandom Taiwan Corporation)

## 1990 -

- 1990. 4 ► Commenced 3rd 3-year Middle-Range Planning
- Started a joint venture in Thailand (now consolidated subsidiary Mandom Corporation (Thailand) Ltd.)
- 7 ► Prices revised due to abolishment of sales subsidies
- 1991. 4 ► Completed construction of Mandom Tokyo Building
- 1992. 2 ► Started a joint venture in the Philippines (now consolidated subsidiary Mandom Philippines Corporation)
- 1993. 2 ► Construction completed on the first stage of new Head Office building; commenced operations in the new building
- 4 ► Commenced 4th 3-year Middle-Range Planning
- 7 ► Started a joint venture in Hong Kong (now an equity method affiliate Sunwa Marketing Co., Ltd.)
- 9 ► Launched Lúcido-L, a lineup of fragrance-free products for women
- P.T. Tancho Indonesia Tbk listed on the Jakarta Stock Exchange (currently the Indonesia Stock Exchange)
- 1994. 6 ► New Head Office building completed upon finishing second phase construction
- 1995. 6 ► Mr. Motonobu Nishimura appointed president of Mandom Corporation
- Established External Director
- 1996. 4 ► Commenced 5th 3-year Middle-Range Planning
- Launched "Mandom World," the Group's website on the Internet
- 12 ► Started a joint venture in China (now consolidated subsidiary Zhongshan City Rida Cosmetics Co., Ltd.)
- 1997. 1 ► Started a joint venture in Malaysia (now consolidated subsidiary Mandom (Malaysia) Sdn. Bhd.)
- 4 ► Established Konan Service Corporation (now mbs Corporation)
- 1998. 8 ► Repurchased 1.7 million shares of Mandom common stock on the open market
- 1999. 1 ► Launched System E/O, a line of skin treatment for women with sensitive skin through mail-order sales
- 3 ► Achieved ¥10 billion sales of Gatsby products, a first in the Japanese cosmetics industry for men's products
- 4 ► Commenced 6th 3-year Middle-Range Planning
- 8 ► Started a joint venture in South Korea (now consolidated subsidiary Mandom Korea Corporation)

## 2000 -

- 2000. 5 ► Mr. Ikuo Nishimura, Director and Senior Advisor of Mandom Corporation, passed away on May 23
- 8 ► Mandom Corporation's share trading unit lowered from 1,000 shares to 100 shares
- 11 ► Fukusaki Factory and Logistics Center certified to ISO14001, the international standard for environmental management systems
- 2001. 3 ► Commenced operations at PT Mandom Indonesia Tbk's Cibitung Factory
- Launched Gatsby Hair Color series, developing a market for men's hair color products



2001. 6 ▶ Adopted Executive Officer system  
8 ▶ Repurchased 2.33 million shares of Mandom common stock on the open market
2002. 1 ▶ Listed on the Second Section of the Tokyo Stock Exchange  
3 ▶ Completed construction of the Mandom Group's Tokyo Nihonbashi Building  
▶ Gatsby Hair Color commercial voted best overall in a survey carried out by CM Databank in the Tokyo metropolitan area  
4 ▶ Commenced 7th 3-year Middle-Range Planning  
5 ▶ Started marketing Gatsby and Lúcido-L simultaneously in Asia
2003. 1 ▶ Honorary Advisor Hikoji Nishimura passed away on January 25  
3 ▶ Designated for listing on the First Section of the Tokyo Stock Exchange  
▶ Issued 1.65 million shares, increasing capital through public offering  
10 ▶ Achieved "zero emission" status at the Fukusaki Factory  
▶ PT Mandom Indonesia Tbk won the Economic Value Added (EVA) Award in Indonesia (also received awards in 2004, 2005, and 2006)
2004. 2 ▶ Recalled Gatsby Ex Hi-Bleach, a Mandom product, due to a burn injury accident (the first product recall in the Company's history)  
3 ▶ Acquired Occupational Health and Safety Management System (OHSAS 18001) certification at the Fukusaki Factory, Logistics Center, and Production Engineering Division  
10 ▶ Outsourced third-party logistics (3PL) operations to Nippon Express Co., Ltd.
2005. 4 ▶ Commenced 8th 3-year Middle-Range Planning  
6 ▶ Terminated retirement benefits for directors and corporate auditors  
11 ▶ Developed a preservative-free product incorporating "alkanediol"  
▶ Launched Perfect Assist 24, Mandom's first proprietary cosmetic product for women
2006. 8 ▶ Launched Gatsby Moving Rubber and featured Takuya Kimura as the new model for Gatsby  
▶ Acquired 330,000 shares of treasury stock  
11 ▶ R&D building completed on Mandom headquarters site
2007. 1 ▶ Revised work rules in response to the introduction of the citizen judge system scheduled to start from 2009  
2 ▶ Received a 12th (FY2006) Best Disclosure Award from the Tokyo Stock Exchange  
12 ▶ PT Mandom Indonesia Tbk achieved annual sales of 1 trillion rupiah
2008. 4 ▶ Commenced 9th 3-year Middle-Range Planning  
5 ▶ Established Mandom China Corporation (consolidated subsidiary) in China
2009. 3 ▶ Reorganized sales offices in the Tokyo metropolitan area (sold the Mandom Tokyo Building, Mandom Group Tokyo Nihonbashi Building, and the Mandom Nihonbashi Bakurocho Building)  
4 ▶ Executed absorption mergers of BeauCos Corporation and mbs Corporation  
7 ▶ Acquired 88,800 shares of treasury stock

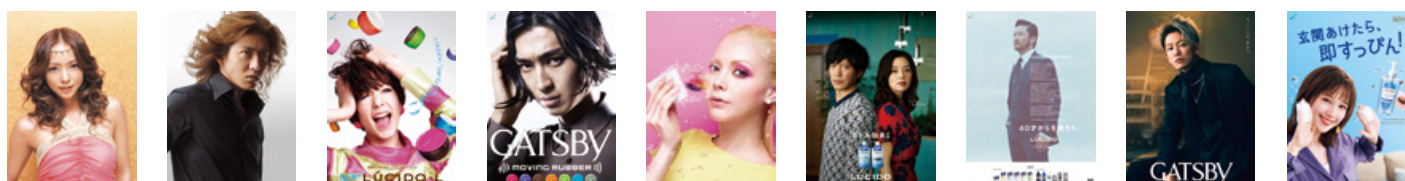
## 2010 -

2011. 2 ▶ Commenced full-scale renewal of Lúcido as an aging care brand  
4 ▶ Commenced 10th 3-year Middle-Range Planning  
8 ▶ Launched the Gatsby global website and Facebook page on the Internet  
▶ Launched Bifesta, a cosmetics brand for women
2012. 3 ▶ Established Mandom Corporation (India) Pvt. Ltd. (consolidated subsidiary) in India

2013. 8 ▶ Released Gatsby brand Hair Jam as a new styling offering following on the heels of wax
2014. 2 ▶ Launched the Lúcido Deodorant series aimed at combating body odors that develop during middle age  
3 ▶ Extended Fukusaki Factory's production building  
4 ▶ Commenced 11th 3-year Middle-Range Planning
2015. 1 ▶ Established Mandom Vietnam Co., Ltd. (consolidated subsidiary) in Vietnam  
6 ▶ Relocated head office and factory of PT Mandom Indonesia Tbk from Jakarta to Bekasi  
7 ▶ Established the Laboratory of Advanced Cosmetic Science at Osaka University  
▶ Fire accident at a PT Mandom Indonesia Tbk plant, resulting in loss of life
2016. 10 ▶ At the Laboratory of Advanced Cosmetic Science, discovered human sweat gland stem cells and succeeded in regenerating a sweat gland-like structure in vitro
2017. 4 ▶ Revised the Mission, and formulated VISION2027 which outlines where the Company aspires to be in 2027, the 100th anniversary  
▶ Commenced 12th Middle-Range Planning  
▶ Introduced a work-from-home system as one part of its workstyle reform initiative  
10 ▶ Executed stock split (split each common stock into two)
2018. 5 ▶ Concentrated Group's marketing functions to the Tokyo office located in Aoyama  
6 ▶ Introduced restricted stock compensation plan  
▶ Eliminated roles of senior advisor, honorary advisor, and advisor to further increase effectiveness and transparency  
8 ▶ Established Mandom Will corp., (non-consolidated subsidiary) to expand utilization and hiring of diverse human resources
2019. 1 ▶ Acquired all shares of ACG International Sdn. Bhd. (making it a subsidiary), which is primarily engaged in young women's makeup brand operations in Malaysia  
5 ▶ Opened flagship store on Tmall Global, borderless e-commerce website  
7 ▶ Launched online shop "HIBInoBI"  
11 ▶ Acquired 1,903,500 shares of treasury stock

## 2020 -

2020. 9 ▶ Launched revolutionary disinfectant brand "MA-T Pure" and realized full-scale introduction into disinfectant market
2021. 4 ▶ Mr. Ken Nishimura appointed as President Executive Officer & Director  
Mr. Motonobu Nishimura appointed as Representative Director & Chairman  
▶ Commenced 13th Middle-Range Planning  
▶ Established "Skin Science Joint Research Program" at Kitasato University, School of Pharmacy  
9 ▶ Renewed VI (visual identity) and introduced corporate slogan of "BE ANYTHING, BE EVERYTHING."  
▶ Completed a new factory building at Fukusaki Factory  
11 ▶ Implemented recall of five products containing lysozyme hydrochloride due to health damage including anaphylactic symptoms



# Mandom Group Companies (As of March 31, 2022)

## Japan

Company Name	Location	Main Businesses	Main Products	Establishment	Accounting Method on Consolidated Financial Statements	Voting Rights
Mandom Corporation	Japan	Manufactures and sells products for mass distribution via distributors, primarily to drug stores and convenience stores	Cosmetics and skin care products	1927	—	—
Piacelabo Corporation	Japan	Provides professional-use products and technologies to hair salons via distributors	Cosmetics for hair salons	1972	Consolidated	100.0%
mbs Corporation	Japan	Insurance agency services, travel services, general services and quality control of domestic Group company products	—	1997	Non-consolidated	100.0%
Mandom Will corp.	Japan	Contractor to Mandom Group	—	2018	Non-consolidated	90.0%

## Overseas

Company Name	Location	Main Businesses	Main Products	Establishment	Accounting Method on Consolidated Financial Statements	Voting Rights
PT Mandom Indonesia Tbk	Indonesia	Manufacture and sale of cosmetics and other products	Cosmetics, makeup and skin care products	1969	Consolidated	64.7%
Mandom Corporation (Singapore) Pte. Ltd.	Singapore	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1988	Consolidated	100.0%
Mandom Taiwan Corporation	Taiwan	Sale of cosmetics and other products	Cosmetics and skin care products	1989	Consolidated	100.0%
Sunwa Marketing Co., Ltd.	China (Hong Kong)	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1993	Equity-method affiliate	44.0%
Mandom Korea Corporation	South Korea	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1999	Consolidated	100.0%
Mandom (Malaysia) Sdn. Bhd.	Malaysia	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1997	Consolidated	99.5%
Mandom Philippines Corporation	Philippines	Sale of cosmetics and other products	Cosmetics and skin care products	1992	Consolidated	100.0%
Mandom Corporation (Thailand) Ltd.	Thailand	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1990	Consolidated	100.0%
Mandom Vietnam Co., Ltd.	Vietnam	Sale of cosmetics and other products	Cosmetics and skin care products	2015	Consolidated	100.0%
Mandom China Corporation	China (Shanghai)	Sale of cosmetics and other products	Cosmetics and skin care products	2008	Consolidated	100.0%
Zhongshan City Rida Cosmetics Co., Ltd.	China (Zhongshan)	Manufacture and sale of cosmetics and other products	Cosmetics and skin care products	1996	Consolidated	66.7%
Mandom Corporation (India) Pvt. Ltd.	India	Sale of cosmetics and other products	Cosmetics and skin care products	2012	Consolidated	100.0%
ACG International Sdn. Bhd.	Malaysia	Others	—	2009	Consolidated	100.0%

Notes: 1. Mandom Corporation (India) Pvt. Ltd. is not currently operating its businesses.  
2. Purchase of ACG International Sdn. Bhd. shares (making it a subsidiary) was completed in 2019.  
3. ACG International Sdn. Bhd. is a holdings company for two companies selling cosmetics and other products.  
4. PT Alliance Cosmetics, which was the Indonesian subsidiary of ACG International Sdn. Bhd., became a subsidiary of PT Mandom Indonesia Tbk from June 2022.  
5. Voting Rights percentages are rounded down to one decimal place.

# Company Outline / Stock and Shareholder Information (As of March 31, 2022)

## Company Profile

Company Name:	Mandom Corporation	Businesses:	Manufacture and sale of cosmetics and perfumes, manufacture and sales of quasi-drugs
Head Office:	5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan	Fiscal Year-End:	March 31
Established:	December 23, 1927	General Meeting of Shareholders:	Ordinary general meeting of shareholders every June
Share Capital:	11,394 million yen	Independent Auditor:	Deloitte Touche Tohmatsu LLC
Number of Employees:	2,763 (Consolidated) / 643 (Non-consolidated)		

## Stock and Shareholder Information

Number of Shares Authorized for Issue: 81,969,700

Shares of Common Stock Issued and Outstanding: 48,269,212

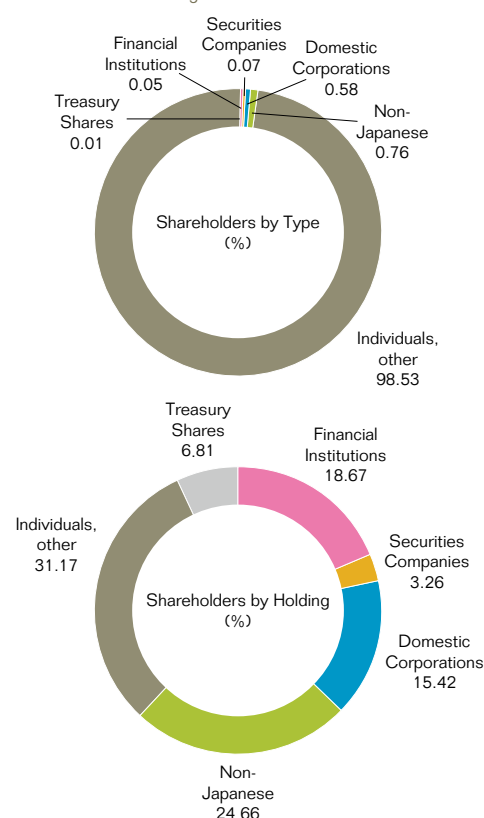
Number of Shareholders: 44,495

Stock Listing: First Section, Tokyo Stock Exchange

Securities Code: 4917

Transfer Agent: The Mitsui Sumitomo Trust and Banking Co., Ltd.

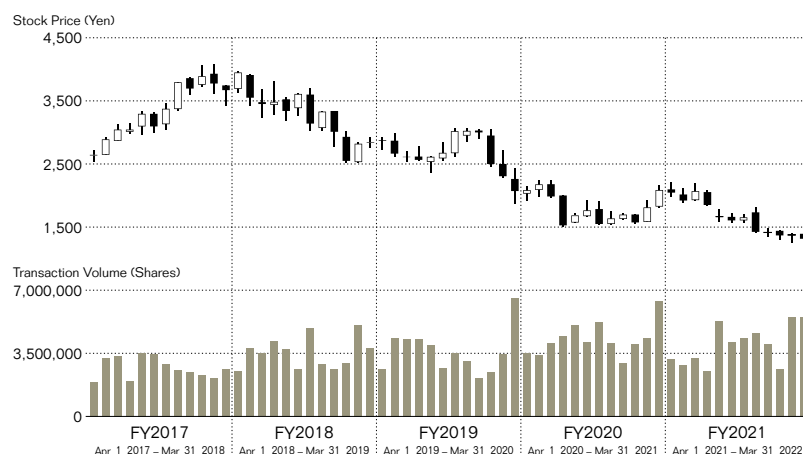
Common Stock Holdings



Major shareholders	Shareholder name or title	No. of shares owned (Thousands)	Ratio of share ownership (%)
	The Master Trust Bank of Japan, Ltd. (trust account)	6,518	14.49
	Nishimura International Scholarship Foundation	3,600	8.00
	SSBTC CLIENT OMNIBUS ACCOUNT	1,831	4.07
	Custody Bank of Japan, Ltd. (trust account)	1,594	3.54
	Mandom Employee Shareholding Association	1,443	3.21
	Motonobu Nishimura	1,430	3.18
	THE BANK OF NEW YORK 134105	1,419	3.16
	NORTHERN TRUST CO. (AVFC) RE TOWERS WATSON COMMON CONTRACTUAL FUND (TTF)	1,272	2.83
	MN Holdings Co., Ltd.	570	1.27
	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/JANUS HENDERSON HORIZON FUND	537	1.20

Notes: 1. Figures less than 1,000 shares have been rounded down.  
2. Ratios of share ownership are rounded to one decimal place.  
3. We hold 3,285,292 shares of treasury stock which are not listed above.  
4. Ratios of share ownership are calculated excluding treasury shares.

### Stock Price and Transaction Volume



Note: We executed a 2-for-1 stock split of common stock on October 1, 2017. The figures in the above graph are all figures taking into consideration the impact of stock split.

### Introduction to Our IR(-related) Site

The Company is working to use its website for IR activities, in the aim of providing information fairly and in a timely manner to shareholders and investors.

IR Information ▶  
<https://www.mandom.co.jp/en/ir/>

CSR Information ▶  
<https://www.mandom.co.jp/en/csr/>

### IR Information



### CSR Information





