

# Materiality:

Strengths and initiatives to help

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

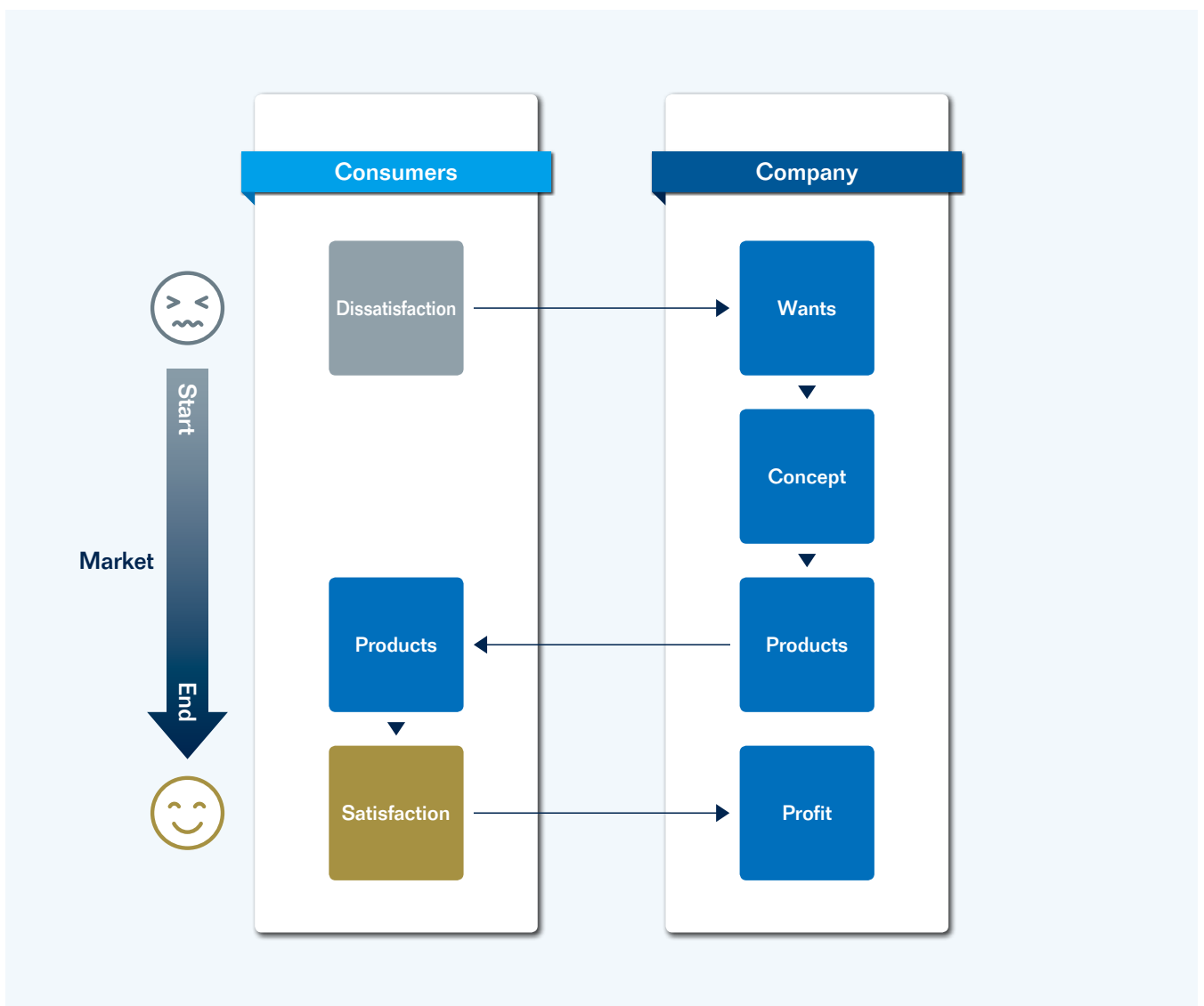
We at Mandom aim to be a company that is dedicated to service by proposing concepts born from the lives of our customers as genuine value through our humanistic approach.

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



Styling



Nails



Skin care

Responding to all men's beauty needs in a wide range of categories



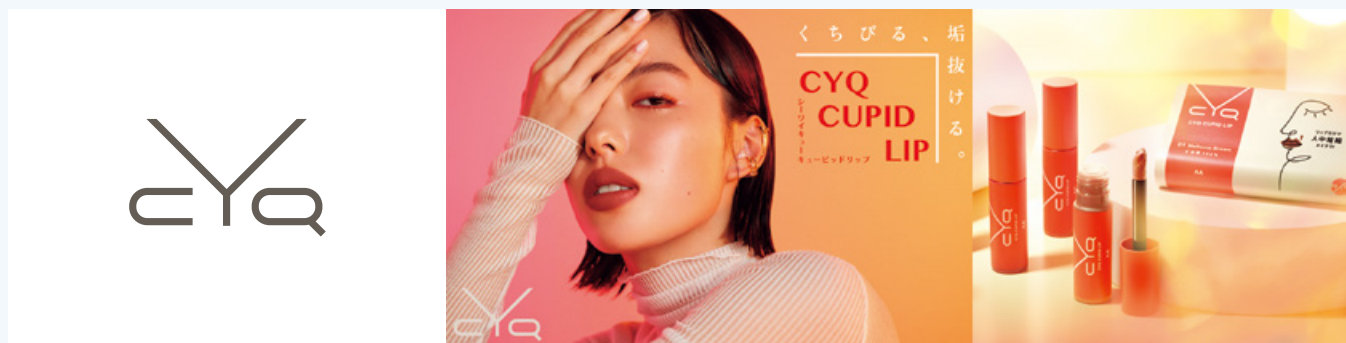
Hair coloring

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.

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## 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.

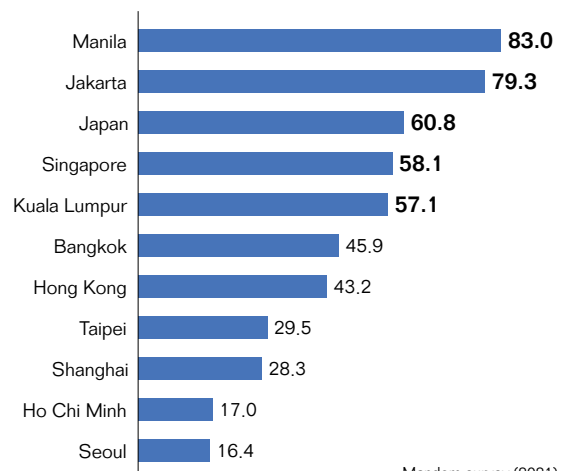
Gatsby products made at factories in Japan are mainly sold in countries with high GDP per capita, such as Japan and NIEs, the Gatsby products made in Indonesian factories are mainly sold in ASEAN countries where income levels are lower. In China, Gatsby products made at our Chinese factories are sold.

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)