

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.

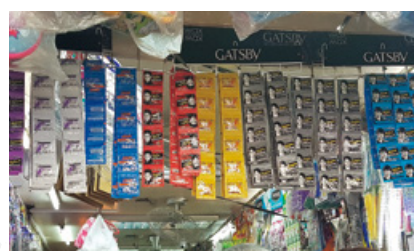
Moreover, lifestyle types, income levels, and preferences about fragrances vary depending on the area. As of now, we have placed development hubs in Indonesia, China, and South Korea in order to offer products that match the preferences and buying power of consumers and have built a distribution network 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.



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.

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.



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.



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 CASBEE¹ evaluation standard. We are also implementing IoT, AI, and robotization, to help improve accuracy, product quality and efficiency while saving labor.

^{*1} 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

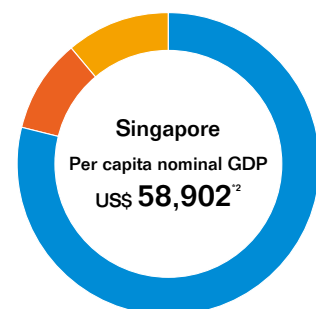
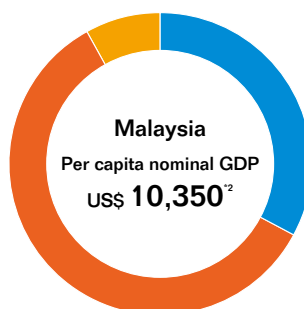
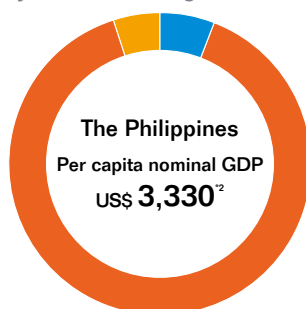
Product supply system which fits various GDP levels and local requirements

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



^{*2} 2020 values from the JETRO website