



This is where the true transformation and growth begin

— Toward the practice of management centered on business structure reconstruction and human capital



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Review of the 14th Medium-Term Management Plan (MP-14)

For the fiscal year ending March 2025, the Mandom Group has completed the first year of the 14th Medium-Term Management Plan (MP-14) (⇒P.40). As we look back on this past year, I would first like to express my heartfelt gratitude to our customers, shareholders/investors, and all stakeholders who supported us and understood our decision to temporarily crouch down in order to achieve strong profit growth from the fiscal year ending March 2026 onward. In particular, I would like to once again express my deep appreciation to all employees who ran through this year of transformation together with me.

The fiscal year ending March 2025 was an important year, marking the culmination of the previous medium-term plan (MP-13) and the first step of MP-14. I have a strong belief that, for Mandom to evolve into a new era,

bold transformation is essential without being bound by past practices. Since my appointment in 2021, I have advocated the message of “Change, or Die” and started new challenges together with employees. Having taken over the baton from the previous president, who steered management for 25 years, I have engaged in thorough dialogue with each department to instill a culture of “moving forward without fear of change.”

What was especially impressive was that, in the dialogue sessions held at locations nationwide, many employees expressed their desire to “take on more challenges” and “test their own abilities.” In response to these voices, in the first year of MP-14, I personally declared “structural reforms for improved profitability” as a pillar and have been working to build a system that encourages proactive

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initiatives by employees (⇒P.38).

Consolidated net sales for the fiscal year ending March 2025 were 76.1 billion yen, slightly short of the target of 77.0 billion yen. On the other hand, consolidated operating profit exceeded the target, reaching 1.02 billion yen (consolidated operating profit margin: 1.3%) against the target of 780 million yen.

However, in addition to external headwinds such as fluctuations in the global economy, soaring raw material prices, and disruptions in logistics networks, our Indonesia business faced major challenges, including returns far exceeding expectations at the beginning of the fiscal year. Indonesia consists of more than 17,000 islands, and we have established a distribution network that reaches every corner of the country. This distribution network is an asset we are proud of, but inventory stagnated due to retail restrictions during the COVID-19 pandemic, resulting in an unusual situation where we had to accept large-scale returns due to expiration of quality assurance periods. Ideally, this year would have been one to build momentum

for strong profit improvement from the fiscal year ending March 2026 onward, but the struggles in Indonesia offset the gains in profits in Japan (⇒P.8).

In Japan, structural reform initiatives proved effective, and profit improvement progressed at a faster pace than expected. Specifically, measures such as reviewing procurement sources for raw materials and appropriate pricing have advanced the creation of a system to secure profits even with limited resources. Through these initiatives, I feel that each employee has heightened their awareness to “think and act independently,” promoting learning and growth for the organization as a whole (⇒P.38).

The first year of MP-14 was not merely the start of a business plan, but also a turning point that renewed our corporate DNA. With the goal of achieving an ROIC of 8% or higher in the final year of MP-14, we will strive to maximize corporate value while balancing investment and return. This marks the true beginning of Mandom’s transformation and leap forward.



Deepening Domestic Business and Brand Strategy

In the domestic market, we recognize the challenge that we have not produced results that could be called “big hit products” in recent years. On the other hand, there are still many untapped areas in the Men’s Cosmetics market, and we believe there is room to fully leverage our brand assets and R&D capabilities.

For example, skincare habits that have become widespread mainly among younger generations are steadily penetrating into middle-aged and older demographics as well. Additionally, new needs and wants such as men’s makeup are beginning to emerge, and going forward, approaches and proposal capabilities tailored to each age group will become increasingly important. Furthermore, we see great potential in fields such as scalp care and aging care.

Our main brands, GATSBY and LÚCIDO, are already supported by a wide range of age groups from teens to those in their 40s. With products like the organic cosmetics “aono” (⇒P.51) and “ZFACE (Face,” which targets mainly those aged 55 and over, we need to further appeal to older generations going forward. We are required to broaden our target segments and reconstruct our product lineup and promotion strategies in response to changes in the market’s volume zone.

Additionally, as a new pillar of growth for our domestic business, we are working on the full-scale development of D2C e-commerce channels. We are reviewing our distribution strategy, which has so far focused on physical

stores, and are strengthening customer touchpoints and deepening product experiences by utilizing digital technology. In the e-commerce field, we are taking on unprecedented challenges in terms of price range and categories, aiming to acquire new customer segments and diversify our business structure.

Joint research courses with Graduate School of Osaka University and endowed courses at Kitasato University School of Pharmacy are positioned as basic research and development of human assets for the future. In the fiscal year ending March 2025, we launched products born from advanced sweat gland research. We will commercialize research results in our overwhelming unique strengths of “Hair/Scalp,” “Skin,” and “body odor/antiperspirant.” (⇒P.49)

Of course, taking on these new fields involves risks, but at the same time, they are valuable opportunities to enhance our company’s growth potential. While using our existing strengths in categories such as styling agents, facial cleansers, and deodorants as a foundation, we will develop a brand strategy based on “selection and focus,” while also considering collaborations with external partners.

Although the domestic market is said to be mature, new values, needs, and wants are constantly emerging. Without being bound by the past, we will look to the future and continue to move forward without fear of change, working toward the regrowth of our domestic business.

Toward the Regrowth of Overseas Business

Indonesia is the most important base in the Mandom Group’s overseas strategy. In the fiscal year ending March 2025, we faced temporary challenges such as handling returns of products past their quality assurance period due to stagnant distribution inventory, but by thoroughly addressing these issues, we were able to find a path to resolution. I myself visited the site and, through repeated dialogue with management and employees, have felt a definite sense of progress and signs of change.

In particular, in our efforts to improve profitability, we have established a system in which local human assets take the lead, with local employees leading each subcommittee.

This is not merely a cost-cutting or efficiency measure, but also a major step toward “localization of management” to achieve decentralized decision-making and increased speed. The fact that local employees are beginning to think, make decisions, and act on their own is becoming a solid foundation for sustainable growth going forward. In addition, the distribution network that Mandom has built up over many years in Indonesia is a unique strength that competitors do not possess, and locally oriented marketing that leverages this distribution network will be key going forward. Along with the launch of new products from our core brands, GATSBY and Pixy, we have also

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resumed advertising and promotional activities that had been put on hold since the COVID-19 pandemic. For the fiscal year ending March 2026, we are aiming for sales growth of over 20% year-on-year, and the entire local team is working together to achieve this goal (⇒P.36). Efforts to drive growth are also accelerating in markets outside Indonesia. The three areas previously grouped as “Overseas and Others”—Northeast Asia, Southeast Asia, and India—have been reorganized as “NSI” and positioned as a single independent business entity. In the NSI region, not only is the population continuing to grow, but the needs and wants of consumers are also diversifying and becoming more sophisticated. Until now, we have distributed products developed in Japan and Indonesia, but going forward, it will be essential to have the ability to plan and develop products and services that

match the needs and wants of each area from a local perspective.

For this reason, the local heads of NSI are required not only to have a keen market insight, but also the decision-making ability and leadership to execute product development and brand strategies. We will optimally allocate Mandom’s globally deployed management resources according to the potential of each region, and advance the sophistication of group management through overall optimization.

Our overseas business is the driving force for Mandom’s growth toward the next 100 years. With the recovery in Indonesia and the expansion of NSI as two wheels of progress, we aim to become a company that continues to evolve strongly and flexibly in the ever-changing global market.

Management in Harmony with Sustainability

Under the corporate slogan “BE ANYTHING, BE EVERYTHING.”, the Mandom Group places reducing environmental impact and respecting human rights at the core of its business activities. We are not merely a cosmetics manufacturer, but as an entity that enhances the QoL (Quality of Life) of consumers, we continue to take on the challenge of balancing social responsibility and sustainability (⇒P.24).

For the fiscal year ending March 2025, we implemented a wide range of concrete environmental initiatives, such as reducing the amount of aluminum used in spray cans, curbing product returns from retailers, and reducing waste from promotional materials. These activities may seem modest, but they are raising environmental awareness throughout the company and leading to a shift in mindset among each and every employee (⇒P.61).

In logistics, from the perspective of “White Logistics,” we are promoting efficient pallet design and improved loading rates, achieving both a reduction in the number of trucks and a decrease in CO₂ emissions. We believe that these initiatives are not just about cost reduction, but are an important step from the perspective of balancing environmental conservation and economic rationality. In terms of human rights, we conduct sustainability surveys for all suppliers in our globally expanding procurement network, confirming the elimination of child labor and forced labor, and the establishment of

fair working environments. (⇒P.62) Within the company as well, we are thoroughly committed to creating an environment free from discrimination based on nationality or gender, so that diverse personnel can work with peace of mind.

We do not see sustainability as a “duty to be fulfilled,” but rather as an essential attitude of a company that stands alongside consumers. Because sustainability lies on the continuum of our corporate philosophy of “Dedication to Service (Oyakudachi) for consumers,” which we have consistently upheld since our founding, we are able to pursue sustainable value creation steadily and without strain.

Going forward, in addition to developing environmentally-friendly materials and packaging, we will pursue both comfort and sustainability in product use. For example, it is precisely in everyday products such as antiperspirants and deodorants that innovation is needed to achieve both comfort and reduced environmental impact. Through such products that are close to daily life, we will contribute to solving social issues in a way unique to Mandom.

Efforts toward sustainability do not yield results overnight; that is precisely why it is important to approach them with sincerity, care, and continuity. We pledge to continue being a sincere presence for Seikatsusha (Consumers), society, and the planet.



Determination for the growth of human assets and toward our 100th anniversary

In December 2027, Mandom will mark a major milestone—its 100th anniversary since founding. I believe that positioning this memorable year not as a mere reflection on the past, but as a “beginning for the future,” and ensuring steady progress of the ongoing MP-14, is my greatest responsibility and mission (⇒P.28). Throughout these 100 years of history, Mandom has experienced numerous challenges and changes. Product development tailored to the needs and wants of the times, business strategies adapted to changes in the market environment, and expansion both domestically and internationally. The accumulation of efforts and wisdom of many predecessors has built the Mandom we know today. We will firmly inherit that spirit and pride, and accelerate transformation toward “maximizing corporate value” with an eye on the next 100 years.

What is especially important is our “human assets.” Over the past year, I have witnessed many employees proactively embracing change, thinking for themselves, taking action, and contributing to the organization. I am convinced that such attitudes among employees are the driving force supporting our company’s growth and greatly expanding our future possibilities.

However, I do not believe this is sufficient. Given the speed and complexity of future changes, mechanisms that encourage voluntary learning and cross-boundary career development will become more important than ever. In MP-14, we place the development of human assets at the core of our strategy and aim to foster a corporate

culture where people “learn and grow on their own.” We, as management, will also provide opportunities and environments for challenge so that each employee can recognize the “Fun” axis of enjoying things casually as a shared value of the Mandom Group, and continue to take on challenges and grow. I believe that these thoughts and attitudes of employees will surely be reflected in our products and conveyed to our customers.

It has been 18 years since I joined Mandom, but I have never felt such a strong sense of transformation as I have this year. Seeing employees tackle issues with determination and deliver results gives me great confidence and hope for the future. My role now is to ensure that this change does not end as a temporary phenomenon, but is elevated into a driving force that will open up the next 100 years.

With MP-14, we will bring the first century of the Mandom Group to a close. And looking ahead to the start of our second century, we will walk alongside Seikatsusha (Consumers) and society, and pioneer new paths of value creation as a company that stays close to the hearts of Seikatsusha (Consumers).

We sincerely ask for your continued support and understanding in the future.

Ken Nishimura

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