



FAQ about “Notice regarding Expression of Opinion in favor of Planned Implementation of MBO and Recommendation to Tender Shares”

As described in the "Notice regarding Expression of Opinion in favor of Planned Implementation of MBO and Recommendation to Tender Shares" (hereinafter referred to as the "this Press Release" released by Mandom Corporation (the “Company”) on September 10, 2025, at its board of directors held on the same day, with regards to the tender offer for the shares of common stock of the Company (the “Company Shares”) by Kalon Holdings, Co., Ltd. (the “Tender Offeror”) to be carried out as part of a management buyout (MBO), the Company has resolved to express an opinion in favor of the Tender Offer and also to recommend its shareholders to tender their Company Shares in the Tender Offer if it is commenced, as its opinion as of the same day.

As announced in this Press Release, we have taken sufficient measures to ensure fairness and, from the perspective of the interests of the Company’s general shareholders, based on the report of the Special Committee that g the terms and conditions of the Transactions to take the Company Shares private (the “Transactions”)are fair to the Company’s general shareholders, we conclude that the Tender Offer provides a reasonable opportunity for the Company’s general shareholders to sell their shares. On the other hand, some investors have raised related questions, so we have prepared these FAQs to ensure that the Company’s general shareholders correctly understand the fairness of the Transactions including the Tender Offer Price, the appropriateness of the process and so on.

Please refer to this Press Release for the meanings of terms defined in this Press Release, which are used in this FAQ.

【Q1】 Please explain how the Company finally accepted the Eighth Proposal setting the Tender Offer Price at 1,960 yen.

【A1】 As described in this Press Release, since the Company and the Special Committee have received the proposal on July 31, 2025 setting the Tender Offer Price at 1,600 yen per share, until September 5 of the same year, the Company requested the Tender Offeror and Mr. Motonobu Nishimura and Mr. Ken Nishimura (“Tender Offerors”) to raise the Tender Offer Price a total of seven times, and on the 6th of the same month, received the Tender Offer Price of 1,960 yen per share (the “Eighth Proposed Price”).

In particular, while taking into consideration that on September 5, 2025, the Company received a written proposal from the Tender Offerors for a Tender Offer Price of 1,950 yen (the “Seventh Proposed Price”), stating that it represented as the best and final offer, in order to make every effort to negotiate for the maximum possible price, the Company and the Special Committee requested that the Seventh Proposed Price be increased. At that time, at the Special Committee, taking into consideration that the explanation about the premium levels in past MBO transactions by the Special Committee’s financial advisor and the situations of the valuation of the Company Shares by the Special Committee’s financial advisor and the Company’s financial advisor, the Special Committee confirmed that the price to be almost at a reasonable level based on the premium levels in past MBO transactions and the Company’s intrinsic value, which was determined by considering its share value and profitability.

A written proposal for a Tender Offer Price of 1,960 yen (the Eighth Proposed Price) from the Tender Offerors has undergone such a process, and the Special Committee has determined that the Eighth Proposed Price has already reached a level where it can be judged to be a fair price for the reasons stated in the Report dated September 9, 2025, attached to this Press Release.

In addition, in proposing the Eighth Proposed Price, the Company received a response from the Tender Offerors to the effect that, while the Seventh Proposed Price was the best price that the Tender Offeror could offer at the time and any further price increase would lead to a difficult investment decision for the Tender Offeror, the Tender Offeror had decided, after serious internal deliberation, to agree to the Company’s request to raise the Tender Offer Price again in order to maximize the interests of the Company’s general shareholders. Moreover, we were also informed that the announcement and implementation of the Transaction is subject to the Company’s resolution to both of the approval of the Tender Offer by the board of directors and recommendation for

shareholders to tender the Company's shares, and that if discussions with the Company are not completed within the currently anticipated time frame, they may have no choice but to discontinue the consideration of the Transaction. The Special Committee, taking into consideration all of the circumstances including these situations, concluded that it was expected that there would be little room for a further increase even if further negotiations were continued.

Based on the above, the Company and the Special Committee have reached a response to the Tender Offerors to the effect of accepting the Eighth Proposed Price, and at the board of directors held on September 10, 2025, also carefully discussed and reviewed such background and made a decision on the Transaction.

【Q2】 Please state why the projected free cash flows (“FCF”) in the financial projections used by Plutus Consulting, the third-party appraiser to the Special Committee, differ from those used by Daiwa Securities, the appraiser for Mandom, in their DCF valuations, despite both basing their calculations on the same business plan.

【A2】 Based on the explanations from Plutus Consulting and Daiwa Securities, the primary reasons are as follows.

Plutus Consulting calculated the corporate value and share value of Mandom discounting to the present value at a given discount rate for the FCF that Mandom group is expected to generate during and after the second quarter of the fiscal year ending March 2026. On the other hand, because the business environment differs in each region, Daiwa Securities divided Mandom Group’s businesses into the following four segments in order to appropriately reflect the features of each region in the calculation: the Japanese business; the Indonesian business; the Malaysian business; and other businesses. Based on these segments, the corporate value and share value of Mandom was calculated by discounting to the present value at a given discount rate for the FCF of each business that Mandom is expected to generate with respect to the relevant business during and after the second quarter of the fiscal year ending March 2026.

In making these calculations, Plutus Consulting set the working capital turnover periods for the entire Mandom Group during the term of the business plan on the assumption that, in principle, the turnover period would continue at approximately the same level as the Mandom Group’s actual historical period. By contrast, Daiwa Securities set the working capital turnover periods during the term of this business plan for each business on the assumption that, in principle, each business’s turnover period would continue at approximately the same level as its respective historical period. In Daiwa

Securities' calculation, the Indonesian business's revenues are expected to grow substantially in the fiscal year ending March 2026 compared with other periods, and it therefore assumes a large increase in working capital items such as accounts receivable and inventories with the revenue growth. As a result, the calculation shows a large decrease in FCF in the initial fiscal year (the nine-month period ending March 2026).

We understand that the above differences, together with differences in other valuation approach and their assumptions, have given rise to the FCF variances described above. These differences in valuation approach and related matters were also appropriately reviewed by the Special Committee, and the contents of each share valuation report based on those reviews were explained to Mandom's board of directors.

【Q3】 Please state the reason why both Plutus Consulting, the third-party appraiser to the Special Committee, and Daiwa Securities, the third-party appraiser to the Mandom, did not adopt the comparable company analysis for their share value calculations.

【A3】 Based on the explanations from Plutus Consulting and Daiwa Securities, the primary reasons are as follows.

Although Plutus Consulting considered whether to adopt the comparable company analysis, concluded not to apply it. The comparable company analysis is premised on the idea that companies with similar growth profiles will have broadly similar multiples and therefore values can be estimated by mapping the target company's performance to the multiples of comparable firms. In this case, however, the growth profiles in Mandom's business plan differ substantially from those of potential comparable companies, meaning Mandom's performance would not reasonably correspond to the comparable companies' multiples. Therefore, Plutus Consulting decided not to adopt the comparable company analysis for this matter.

Daiwa Securities also considered whether to adopt the comparable company method. Although they selected listed companies whose revenues are mainly derived from Asia as comparable companies for Mandom Group, they decided not to adopt the comparable company method because the multiples of the selected comparable companies exhibited wide dispersion and, for that reason among others, they concluded that valuing Mandom Group by applying those multiples would not be appropriate.

【Q4】 Please state the reason why Mandom considers it reasonable that the valuation of Mandom share was conducted with the financial projection in which the synergy effects expected to be realized through the execution of the Transactions are not factored

into.

【A4】 The Guidelines on Fair M&A Practices (the “Fair M&A Guidelines”) prepared by the Ministry of Economy, Trade and Industry state that, in theory, the value realized in an M&A can be divided into two types: (a) value that can be achieved even without carrying out the M&A, and (b) value that cannot be achieved unless the M&A is carried out. The Fair M&A Guidelines further state that, with respect to the value in category (b) that cannot be realized absent the M&A, although general shareholders may be squeezed out by the transaction, it is considered fair that general shareholders also receive an appropriate portion of that value.

However, the Fair M&A Guidelines note that, while it is possible to conceptually distinguish the types of value realized in an M&A as described above, in actual cases it is difficult to objectively and precisely separate and quantify the values in (a) and (b), and to determine the extent to which the market price prior to the M&A announcement reflects the value in (a). Fair M&A Guidelines also observe that, regarding the value in (b), there is a certain range as to the portion general shareholders should receive, and it is therefore difficult to establish a single, objective standard for that allocation. For these reasons, the Fair M&A Guidelines conclude that it is not appropriate to set any single, objective standard for the transaction terms such as the acquisition consideration itself, and instead indicate that a fair M&A should ensure through fair procedures that general shareholders receive the legitimate benefits to which they are entitled.

In this matter, as described in Mandom’s Press release dated September 25, 2025, Mandom has implemented various measures to ensure the fairness of the procedures, and, in accordance with the Fair M&A Guidelines, believes that conducting the M&A through fair procedures will secure the legitimate benefits to which general shareholders are entitled.

Specifically, the highly independent special committee, after obtaining important information, earnestly examined whether to implement the Transactions and the appropriateness of the terms and conditions of the Transactions, as well as conducted earnest negotiations with the Tender Offerors, with the aim of conducting the M&A transaction on the terms and conditions as favorable as possible to the Company’s general shareholders while contribute to the corporate value of the Company, so reasonable efforts have been made, and we have ensured a situation that can be regarded, in substance, as equivalent to a transaction between mutually independent parties. We consider the Company's actions in this matter to be fully appropriate and in line with the Guidelines for Fair M&A Guidelines.

The synergies expected to be realized from the implementation of the Transaction are not reflected in the financial forecast based on this business plan because it is difficult to estimate the specific impact on earnings at this time. This is due to the fact that it is difficult to objectively and rigorously distinguish and calculate the values of (a) and (b) above, as described above, and we think that this is a common practice in taking company shares private transactions similar to this Transaction and that no particular problem exists.

Disclaimer:

This press release is a translation of the original Japanese version for reference purposes only. In the event of any discrepancy between the Japanese and English versions, the Japanese version shall prevail.