

Strengths and initiatives to help

“Expanding Dedication to Service to a diversity of consumers”

The second aspect of “Dedication to Service (Oyakudachi)” is “breadth” in terms of how many consumers can be satisfied. As a means of dedicating ourselves to serving as many consumers as possible, we will pursue both “depth” in the form of brand, communication and categories and “breadth” of distribution and area as we aim to become a global company capable of continuing to create strong ties.

At Mandom, we will create new, unique value while keeping an eye on foreseen changes in our market environment and establish systems through which we can continue to provide that value to consumers through products, communication, and distribution as we aim to “use our ‘Only One’ strengths 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.

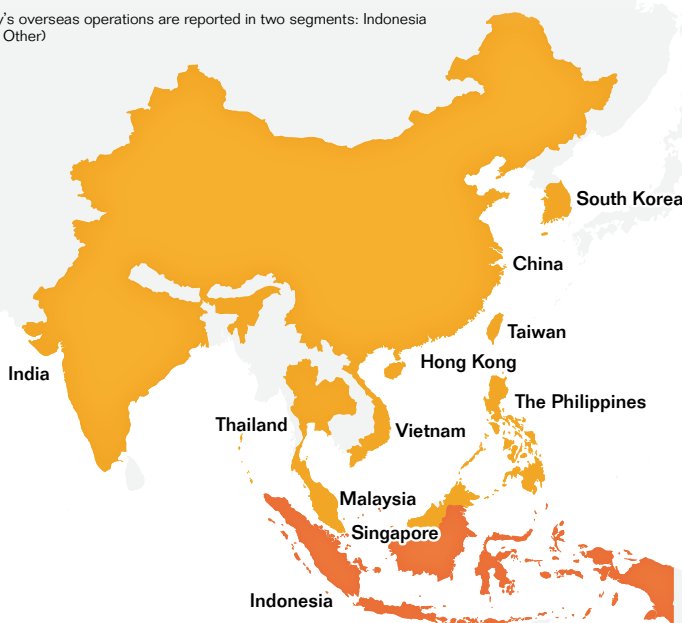
Since our founding, there has been a spirit of spreading high-quality and best-value products at Mandom. In our overseas operations, we target the general public in each area. We are engaged in product development with a thorough emphasis on Consumer-led Lifestyle Value Creation for the consumers in 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.

Hair/Scalp

As a sector, hair/scalp is considerably affected by the external environment surrounding consumers, such as climate and trends, as well as by consumers’ own internal changes such as growing in age.

In order to continue to address the ever-changing, ever-evolving new wants and concerns of consumers, Mandom conducts research and development from the perspective of consumers to develop bold and revolutionary products.

Research Example

Realized perm-like hair arrangements by fastening fine crystal “spikes” atop hair

Our “GATSBY Meta Rubber Series” that we launched in February 2023 is a new form of styling product for young men who pursue efficiency and cost performance at an affordable price point. This series strikes a balance between setting power and ease of use. Of particular note is “GATSBY bubble / perm-style creator,” a revolutionary product utilizing foam that can be spread into hair with ease to arrange even straight hair into perm-like style without actually getting a perm.

After the foam agent is evenly applied to and spread into the hair, it dries to

form crystals called “spikes” that attach themselves to the hair as a whole.

This gives hair adhesion and manifests a function through which hair strongly pulls at each other. This makes it possible to bundle hair in the three-dimensional curls that define perm hairstyles.

Some people are averse to perm treatments due to factors such as damage to the hair and scalp, the risk of a perm that does not come out right, and cost.

We at Mandom believe that the technology in this product makes it possible to casually enjoy a perm-like hairstyle, thereby offering new value to consumers.

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 a clean and comfortable life. 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 Best-Value 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. Starting in February 2019, we carried out the construction of a new production building to meet the expected supply capacity, including domestic and overseas exports, by the time we reach VISION2027, 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, which has improved efficiency. We made the building's design 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.

The new production building has been in operation since November 2021.

*1 CASBEE (Comprehensive Assessment System for Built Environment Efficiency): Methodology of evaluating and rating the environmental performance of buildings

Our Indonesian factory, which serves as a global production center, has 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 also taking efforts to construct a system to substitute, provide complementary production, and conduct shipping in cases when natural disasters or accidents occur at factories.

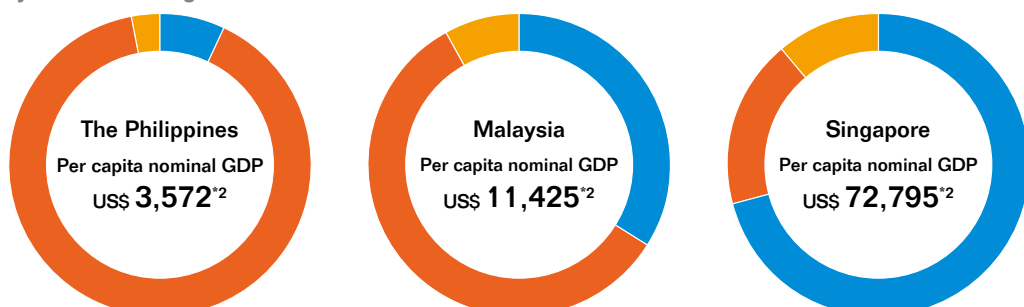
Product supply system which fits various GDP levels and local requirements

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 2021 values from the JETRO website

▶ Three manufacturing bases which support the Group



Fukusaki Factory (Japan)
Production volume: 144 million units



Factory 1 (Indonesia)
Production volume: 409 million units



Zhongshan Factory (China)
Production volume: 14 million units
Note: Production volume based on FY2022 performance