

# 14th Middle-Range Planning (MP-14)

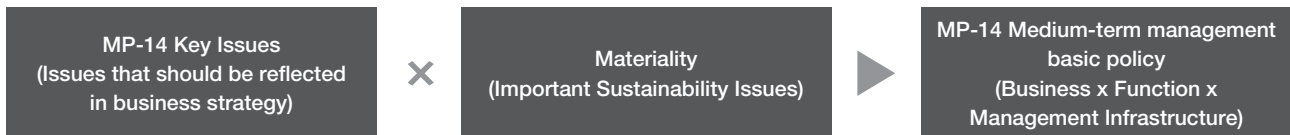
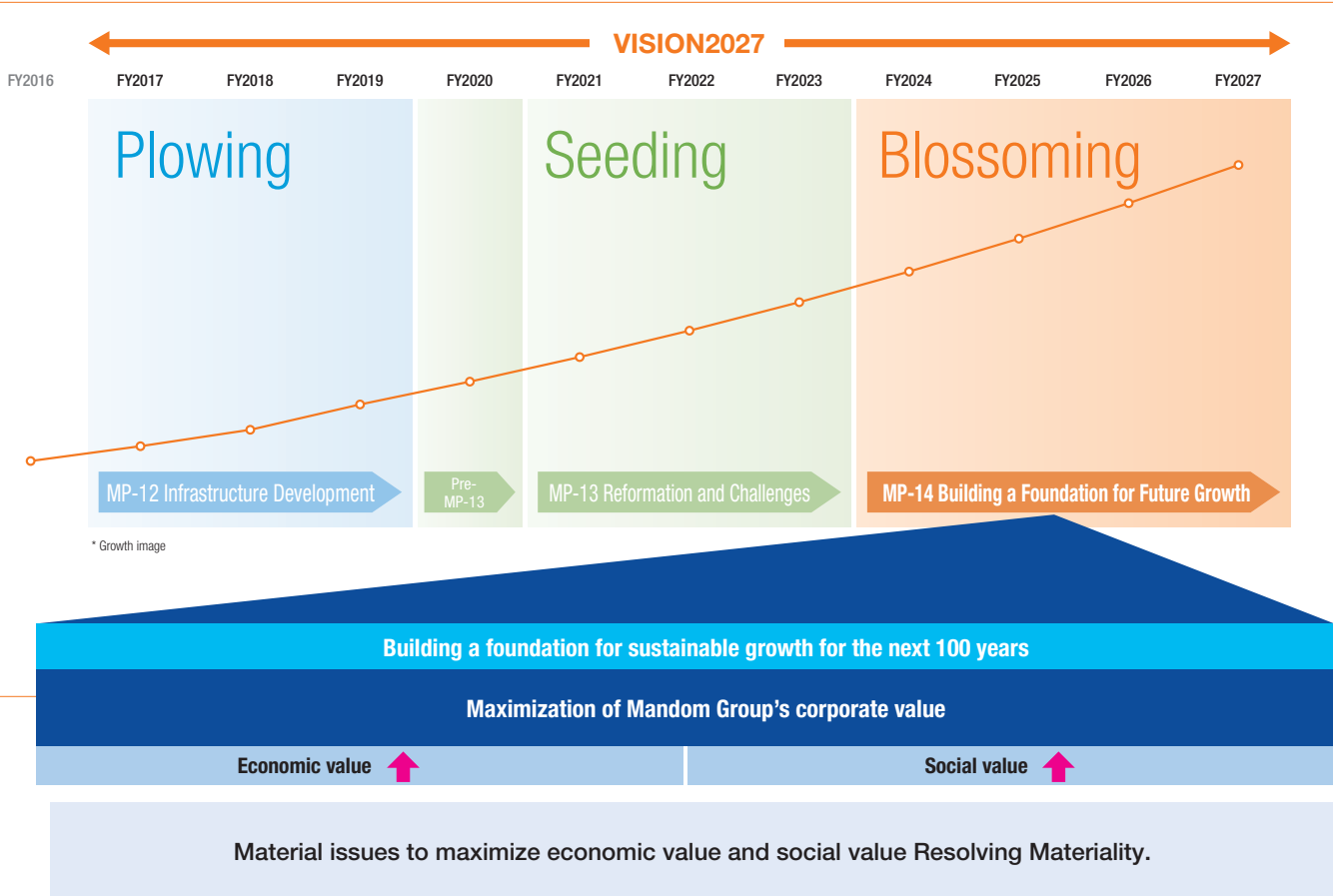
## 14th Middle-Range Planning “MP-14” and “VISION2027” Positioning

### VISION2027

<p style="color: orange; font-weight: bold; margin: 0;">Our Vision 2027</p>	<p><b>“A cosmetics company possessing unique strengths in specialized areas (not an “all-rounder”).”</b></p> <ul style="list-style-type: none"> <li>① “Authentic proposals”</li> <li>② “Global &amp; Only One”</li> <li>③ “Exciting &amp; Excellent”</li> </ul>
<p style="color: orange; font-weight: bold; margin: 0;">VISION Slogan</p>	<p><b>Use our ‘Only One’ strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world.</b></p>
<p style="color: orange; font-weight: bold; margin: 0;">VISION Policy</p>	<ul style="list-style-type: none"> <li>① Leverage Asia’s economic growth to evolve into a truly global company</li> <li>② Display greater Dedication to Service (Oyakudachi) in the men’s business and invest aggressively to expand our women’s business.</li> <li>③ Provide authentic products and services to develop a MANDOM WORLD inspired by the concept of stock-oriented management.</li> </ul>
<p style="color: orange; font-weight: bold; margin: 0;">Image</p>	<p style="text-align: center; font-weight: bold; margin: 0;">Breakthrough inspired by future-orientation</p>

## Background of MP-14 Formulation (External Environment, Internal Company Issues)

External environment	Internal Company Issues
<div style="background-color: #eee; padding: 5px; margin-bottom: 10px;"><b>Global</b></div> <ul style="list-style-type: none"> <li>Lifestyle changes due to the impact of COVID-19</li> <li>Impact of Russia’s invasion of Ukraine</li> <li>Rising raw materials and energy prices</li> <li>Division and isolation of countries</li> <li>Climate change/abnormal weather</li> <li>Advances in IT technology such as AI</li> <li>Growing inequality</li> <li>Consideration of human rights</li> <li>Pursuit of diversity and inclusion</li> <li>Increase of middle-income class worldwide</li> <li>Demands for eco-friendliness</li> <li>Sudden shift to mobile payment society</li> <li>Expansion of EC channels</li> </ul> <div style="background-color: #eee; padding: 5px; margin-bottom: 10px;"><b>Japan</b></div> <ul style="list-style-type: none"> <li>Declining birthrate and aging society</li> <li>Era of labor shortages</li> <li>Sluggish presence of Japanese companies on the world stage</li> </ul>	<div style="background-color: #eee; padding: 5px; margin-bottom: 10px;"><b>Global</b></div> <ul style="list-style-type: none"> <li>Sluggish growth of GATSBY and other existing brands</li> <li>Gap between market growth and product portfolio</li> <li>Sales foundation unattained in the skin care category</li> <li>Low composition of EC channels sales mix</li> <li>Declining earning capabilities (profit margin)</li> <li>Increasing cost of sales ratio</li> <li>Insufficient utilization of IT, DX</li> <li>Human resources not being harnessed in full</li> </ul> <div style="background-color: #eee; padding: 5px; margin-bottom: 10px;"><b>Japan</b></div> <ul style="list-style-type: none"> <li>Lack of sufficient backing by generation Z</li> <li>Lack of digital marketing competitiveness</li> <li>Business structure with difficulty to boost profits</li> <li>Increased competition with emerging companies</li> </ul> <div style="background-color: #eee; padding: 5px; margin-bottom: 10px;"><b>Indonesia</b></div> <ul style="list-style-type: none"> <li>Cost of sales ratio plateaued at abnormal level</li> <li>Lack of investment into marketing for consumers</li> <li>Increased competition with local companies</li> </ul>



# 14th Middle-Range Planning (MP-14)

Toward Sustainable Growth for the Next 100 Years

## MP-14 Positioning **Period of Building a Foundation for Future Growth**

### Basic Management Policies

The Group has formulated the MP-14 Middle-Range Planning Basic Management Policy based on the three axes of “Business,” “Function” and “Management Base (Group Management).”

		Relevant Materiality See page 25
<b>Basic Management Policy 1</b>		
Business	<b>Implement structural reforms according to the growth stage of each business</b>	
	<ul style="list-style-type: none"> <li><span style="color: #0056b3;">■</span> Challenge to improve profitability and acquire new growth engines in our Japan and Indonesia businesses ..... <b>1</b></li> <li><span style="color: #0056b3;">■</span> Achieve quantitative growth centered on the ASEAN area in international businesses ..... <b>1</b></li> <li><span style="color: #0056b3;">■</span> Expand and deepen customer touchpoints by establishing an EC system within the Group ..... <b>1</b></li> <li><span style="color: #0056b3;">■</span> Promote business activities that take into consideration responses to social and environmental issues ..... <b>3, 4, 5</b></li> </ul>	
<b>Basic Management Policy 2</b>		
Function	<b>Conduct Dedication to Service (Oyakudachi) through value co-creation based on Consumer-led Lifestyle Value Creation</b>	
	<ul style="list-style-type: none"> <li><span style="color: #0056b3;">■</span> Create and expand markets by providing products and services that resonate with consumers ..... <b>1</b></li> <li><span style="color: #0056b3;">■</span> Search for new businesses that will lead to the realization of well-being for consumers ..... <b>1</b></li> <li><span style="color: #0056b3;">■</span> Build a system for using customer data to create new value through digital transformation (DX) ..... <b>1, 2, 6</b></li> </ul>	
<b>Basic Management Policy 3</b>		
Management Infrastructure	<b>Continuously strengthen management infrastructure to implement group management</b>	
	<ul style="list-style-type: none"> <li><span style="color: #0056b3;">■</span> Improve organizational capabilities by maximizing human capital ..... <b>1, 3</b></li> <li><span style="color: #0056b3;">■</span> Maximize management efficiency and further strengthen governance by improving the group management structure ..... <b>6</b></li> <li><span style="color: #0056b3;">■</span> Implement corporate branding aimed at establishing a global corporate brand image ..... <b>2</b></li> </ul>	



## Outline of “MP-14 (April 2024 through March 2028)”

### Basic Management Objectives

Growth Potential	Consolidated Net Sales	<b>¥100 billion</b>	CAGR by business	Japan	6% or higher
	CAGR	<b>8.1% or higher</b>		Indonesia	7% or higher
Profitability	Consolidated Operating Margin	<b>9.0% or higher</b>	ROIC = (NOPLAT <sup>1</sup> + gain/loss from equity-method investments)/invested capital <sup>2</sup>		
	Consolidated ROIC	<b>8.0% or higher</b>	*1 (Operating income + interest income + dividend income) × (1 - effective tax rate) *2 Borrowings + corporate bonds + lease liability + net assets [uses the average values of beginning and ending balances of the fiscal year]		
Payout ratio		<b>40% or higher</b>			

### Management Promotion System

MP-14 sets out the roles that require expertise as key people for promoting group management, and will introduce the CxO system for clarifying the person responsible for each business function—this will help accelerate coordination between each function and business than in the past.

#### Global Headquarters



See P.36 for details

# 14th Middle-Range Planning (MP-14)

## 14th Middle-Range Planning (MP-14) Each Business, Function and CxO

The 14th Middle-Range Planning (MP-14) sets out to achieve “VISION2027,” our vision for the 100th anniversary of Mandom and is positioned as a “Period of Building a Foundation for Future” for subsequent sustainable growth. It places an even greater emphasis on promoting group management than before with the aim of increasing corporate value by expanding both economic value and social value

We will maintain the matrix system comprising three businesses and six functions as with MP-13, while also introducing a CxO system to accelerate coordination between each business and function, which will build up our foundation as a group of people, regardless of nationality or gender, capable of cooperating and enhancing co-creation to increase corporate value as a single group known as Mandom.





## 14th Middle-Range Planning (MP-14) Group Initiatives

The promotion of group management will begin in earnest from MP-14. Rather than taking the approach of single businesses and single functions, group initiatives will be addressed with coordination throughout the entire group.

MP-14 group initiatives are the top-priority challenges of MP-14 that were formulated in accordance with the Basic Management Policies and Basic Management Objectives.

### Basic Management Policies

		Related Businesses			Related Functions			Related Management Infrastructure		
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<b>Policy 1. Implement structural reforms according to the growth stage of each business</b>										
Challenge to improve profitability and acquire new growth engines in our Japan and Indonesia businesses	Reduce cost of sales ratio of Japan Business	○			○	○	○	○		○
	Reduce cost ratio of Indonesia Business		○		○	○	○	○		○
	Take on challenge of expanding share for women's skin care		○		○	○	○	○		
Achieve quantitative growth centered on the ASEAN area in International businesses	Expand scope of Oyakudachi (Dedication to Service) with value proposition of individual Overseas Business and entering new categories (increase sales per store)		○	○	○	○	○	○		
	Increase consumer touchpoints by leveraging product and brand strengths Increase consumer touchpoints by leveraging product and brand strengths (increase number of stores available with products)		○	○	○			○		
Expand and deepen customer touchpoints by establishing an EC system within the Group	Establish communication model for increasing each country's customer experience value and conversion to fans	○	○	○	○			○		
Promote business activities that take into consideration responses to social and environmental issues	Consideration of new useful products that take sustainability into account	○	○	○	○	○	○	○		○
<b>Policy 2. Conduct Dedication to Service (Oyakudachi) through value co-creation based on "Consumer-led Lifestyle Value Creation"</b>										
Create and expand markets by providing products and services that resonate with consumers	Value proposition for products and services by creating new technologies capturing consumer wants, and enhancing and utilizing owned technologies	○			○	○		○		
	Aggressively propose and cultivate new men's brands with high expertise specializing in category x cluster	○	○	○	○	○	○	○		
	Expand the scope of women's business by proposing total beauty	○	○	○	○	○	○	○		
Search for new businesses that will lead to the realization of well-being for consumers		○	○	○	○	○		○		○
Build a system for using customer data to create new value through digital transformation (DX)	Increase sophistication of existing businesses and develop new businesses by capturing and leveraging customer data with the aim of increasing LTV	○			○			○		○
<b>Policy 3. Continuously strengthen management infrastructure to implement group management</b>										
Improve organizational capabilities by maximizing human capital	Develop group personnel system foundation by establishing group personnel headquarter function	○	○	○				○	○	
Maximize management efficiency and further strengthen governance by improving the group management structure	Establish and strengthen coordination of group management structure centered on CxO	○	○	○	○	○	○	○	○	○
	Promote initiatives for standardizing group accounting foundation	○	○	○				○		○
	Reduce international tax risks	○	○	○				○		○
Implement corporate branding aimed at establishing a global corporate brand image	Implement group branding activities by providing value from the "MANDOM" brand	○	○	○	○			○	○	