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Mandom Corporation
Board of Directors
Special Committee

Letter of Inquiry Regarding the MBO

We are Hibiki Path Advisors ("Hibiki" or "we"), a Singapore-based institutional investor holding shares of your company on behalf of client accounts. On September 10 2025, your company announced the management buyout ("MBO"). Upon reviewing the disclosure materials regarding the decision-making process leading up to this announcement, we have identified several questions and therefore have decided to submit this letter of inquiry. Please note that this letter will be published on Hibiki's website and through other channels. Further, from the perspective of fair disclosure, we respectfully request that your responses be provided not through private communication, but in the form of public disclosure materials.

Firstly, we would like to express our sincere respect and admiration for the firm resolve and bold decision of Mr. Motonobu Nishimura and Mr. Ken Nishimura of the founding family to pursue privatization with a strong commitment toward the company's renewed growth. We also wish to acknowledge the considerable efforts of your Board of Directors, Special Committee, and management team over the approximately six months since receiving the initial indication of interest from the founding family and CVC Capital Partners (together with its subsidiaries, "CVC") in February 2025, up to the time of the official announcement. As a shareholder, we would like to extend our appreciation for these efforts.

We became a shareholder of your company in July 2024, and starting with the submission of our "Proposal to Enhance Mandom Corporate Value" dated March 31 2025, have engaged in ongoing dialogue to support enhancement of corporate value. Our motivation has been driven solely by our strong admiration for your corporate culture and brand, as well as our firm conviction in your true business potential. We would also like to take this opportunity to express our gratitude for the sincere and constructive manner in which you have engaged with us in dialogue, without showing adverse reaction to our various approaches.

In particular, just prior to the announcement of the MBO, upon the disclosure of the Q1 FY3/26 result in IR meetings, we were encouraged to see evidence of recovery after the challenges faced in the post-COVID environment. As noted in part in our "8/Aug/2025 – Mandom Corporation Earnings Release Commentary" we observed, among other points: <u>(i) that even after accounting for approximately JPY 900 mn in structural reform costs and others, performance showed YoY improvement (even with the bulk of domestic restructuring costs—originally expected to be incurred later in the year—front-loaded into Q1); and (ii) that the Indonesian business—even assuming the around JPY 1.0 bn in structural reform costs in the current term—was expected to deliver an annual profit improvement of JPY 1.8 bn compared with the prior year</u>.

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Based on these disclosures, we renewed our expectations that under the strong leadership of President Nishimura, the benefits of the structural reforms were steadily materializing. As investors who have supported your company through this restructuring phase, we were pleased with the strengthening of the business fundamentals and we were now more convinced that double digit ROE target can really be implemented. Additionally, we took your public declaration of a JPY 3,000[1] share price target for FY3/28 as a strong sign of confidence.

At the same time, we have candidly communicated to many of our investee companies, and stated in our earlier proposal to you, that the pursuit of truly long-term growth strategy may conflict with maintaining a public listing status due to the short-term nature of the market. To fully complete the current restructuring and lay the foundation for sustainable future growth, the founding family—Mr. Motonobu Nishimura and Mr. Ken Nishimura—is pursuing a bold “offensive privatization” in close collaboration with CVC and with unwavering resolve. We believe that their stance embodies a clear and compelling sense of purpose. Indeed, this kind of management capability that enables bold risk-taking decision-making is precisely what is essential for the revitalization of Japanese companies and industries in an era defined by an accelerating population decline and a rapidly changing global environment.

As stated above, we have no objection to the overall rationale, background, or objectives of this MBO. However, as a shareholder, while we recognize and appreciate the tireless negotiation efforts of the Special Committee to maximize shareholder value, with the price being raised seven times from the initially proposed price of JPY 1,600 to reach JPY 1,960, it is regretful that in our view, the proposed tender offer price under this MBO still does not adequately reflect the intrinsic corporate value of your company. In your FY 3/25 investor presentation materials, your company disclosed a target share price of JPY 3,000 for FY 3/28. Yet, less than six months later, with this MBO announcement, the substantial gap between that target and the announced tender offer price has not been adequately explained. Based on this initial concern, having carefully reviewed the public announcement of your Board’s support for the offer, the recommendation to tender, and the Special Committee’s report, we have organized our inquiries for your consideration.

We sincerely hope that, in the interest of ensuring fairness to all shareholders—particularly given the nature of MBO transactions and the importance of appropriate safeguards—we will receive a candid and fully transparent response.

15 September 2025

Hibiki Path Advisors Pte. Ltd.

HIBIKI PATH ADVISORS PTE LTD

[1] FY25 Business Results Briefing (Year ending 3/2025) （p.18）

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Letter of Inquiry

1. Process for Determining the Tender Offer Price

We respectfully request a detailed explanation of the circumstances by which the tender offer price was ultimately set at JPY 1,960, despite the price of JPY 2,100 was counter-proposed by the Special Committee (Special Committee Report, p.10~11), in the context of debate within the Board of Directors as well as within the Special Committee meetings. According to the report, the Special Committee countered the acquirer's 7th proposal of JPY 1,950 on September 5 with a proposal of JPY 2,100. However, the very next day, the acquirer submitted its 8th proposal at JPY 1,960, representing only a JPY 10 increase over the previous offer, and this price was approved. The report states: *"the Company and the Special Committee decided to accept the Eighth Proposed Price given that, as stated in e. below, the Eighth Proposed Price had already reached a level that could be considered fair and it was expected that there would be little room for a further increase even if further negotiations were continued."* (Special Committee Report, p.30). That said, we find the logical basis unclear as to how the Special Committee could determine that JPY 1,960 was reasonable, given that this was substantially below its own counterproposal of JPY 2,100 just one day earlier. Also, the level of JPY 1,960 falls below the bottom 20% threshold of the equity value range of JPY 1,778 to JPY 2,902 derived under the DCF method in the Special Committee's own fairness opinion. We therefore request an explanation of the discussions within the Special Committee that led to its approval of JPY 1,960. We also ask whether, at the September 10 Board meeting where this matter was resolved, the directors who participated in the vote sufficiently questioned and deliberated on the Committee's decision-making process and rationale at this final stage.

2. Assumptions of Free Cash Flow (FCF) Used in Determining the Tender Offer Price

On page 38 of the Special Committee Report, it is stated that both Plutus Consulting ("Plutus"), advisor to the Special Committee, and Daiwa Securities ("Daiwa"), advisor to the Management Team, employed the same business plan as the basis for their DCF analyses, and that *"the content of the Business Plan is reasonable in light of its conditions precedent, preparation process, and the current status of the Company."* However, the assumptions of the FCF level actually being applied, which is the core of the DCF methodology, shows a significant discrepancy between the two analyses: <u>Daiwa's FCF estimates for FY3/26 to FY3/28 in total are JPY 7.8 bn lower than Plutus's, with the variance in the first year of FY3/26 (a nine-month period) alone amounting to JPY 6.0 bn</u>. Such differences appear to have materially impacted the lower bound of the valuation range of JPY 1,649 to JPY 2,454 calculated under the DCF method on the Management Team side, and therefore likely had a critical influence on the final tender offer price as well as the Board's resolution to support the MBO. We therefore inquire how these substantial differences in FCF assumptions were reconciled and justified within the Special Committee, and, during the subsequent Board deliberations leading to its resolution of support, whether the magnitude and sources of these discrepancies in underlying

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assumptions were questioned. If such concerns were raised, we further request that you disclose to shareholders the explanations provided by the advisors and the Board secretariat in response.

3. Exclusion of Comparable Multiple Valuation Method

In the valuation of the Company's shares for this transaction, the market price analysis method and the DCF method were employed. In practice, however, it is common to see comparable multiple valuation method used concurrently, depending on the nature of the case. In the cosmetics and toiletries industry in which your company operates, there are numerous listed peers in Japan, and due to the industry's characteristics, the EBITDA is relatively stable compared to other industries, and is thus regarded as a highly reliable indicator. We therefore ask whether the decision not to employ the comparable multiple valuation method was deliberated within the Special Committee and the Board of Directors. If so, we would also like to inquire how the reasoning behind the final decision not to adopt this methodology was considered.

*For your reference, based on our analysis of competitors in the cosmetics sector, the average FY3/26 EV/EBITDA multiple is approximately 8.1x (see Figure 1). The average FY3/27 EBITDA forecast for Mandom, according to both advisors (Daiwa and Plutus), is JPY 11.5 bn. Applying this multiple to EBITDA to derive the enterprise value, and after adjusting for net debt and dividing by the number of shares, the implied per-share value is approximately JPY 2,620 (Hibiki estimate). Moreover, since this level is derived from a market-based multiple approach, we believe that, in the context of an MBO, where the inclusion of a control premium is typically justified, an even higher price should be reasonable.

Figure 1：Comparison with Peers

Ticker	Name	Market Capitalization （m USD）	EV （m USD）	P/B ratio	EV / EBITDA （FY26）
4917	MANDOM	598	427	1.3x	5.5x
4911	SHISEIDO	6,396	8,129	1.5x	9.1x
4922	KOSE	2,283	1,734	1.3x	7.7x
4927	POLA ORBIS	1,961	1,625	1.8x	9.4x
4928	NOEVIR	1,069	969	3.2x	11.2x
4919	MILBON	552	474	1.7x	7.2x
4933	I-NE	181	177	1.5x	4.2x
			Average	1.8x	8.1x
			Median	1.6x	8.4x

Note: Mandom's market capitalization is calculated based on the tender offer price of JPY 1,960. The share prices of the other companies are based on closing prices as of September 12 2025. Net debt is calculated as total short- and long-term interest-bearing debt (including lease liabilities) minus cash and equivalents. Mandom's EBITDA forecast is

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based on the average of the two FAs' estimates. For Mandom, "FY26" refers to FY3/27 (the fiscal year immediately following the current period). Comparable peers are treated on the same basis, i.e., the next fiscal year following the current period (FY9/26 for Noevir and FY12/26 for other December year-end peers). USD 1 = JPY 148

（Source： Bloomberg）

4. Reflection of Post-Acquisition Synergies and the Benefits of Privatization in the Tender Offer Price

Through privatization, it is expected that CVC will implement a broad range of value creation initiatives, thereby creating upside potential for the Company's corporate value. Specifically, as described in "Notice regarding Expression of Opinion in favor of Planned Implementation of MBO and Recommendation to Tender Shares" p. 18-21: (i) CVC's network and expertise in M&A, business alliances, and post-merger integration (PMI); (ii) CVC's strong network and extensive experience in the Southeast Asian market, particularly Indonesia (with multiple local offices and professional networks); (iii) deep industry knowledge derived from CVC's extensive investment track record in Asia's consumer sector; and (iv) tangible synergies on both revenue and cost fronts through collaboration with CVC's existing portfolio companies in areas such as sales channels and marketing initiatives. In addition to these various synergies, we also expect the realization of initiatives we ourselves have previously proposed, including a fundamental strengthening of the balance sheet (addressing excess cash and cross-shareholdings). Against this backdrop, it seems that the tender offer price of JPY 1,960 approved by the Board was calculated based on a business plan that excludes consideration of such synergies. The Ministry of Economy, Trade and Industry's "Fair M&A Guidelines" explicitly state: *"with respect to value that cannot be realized without executing the transaction, although general shareholders will be squeezed out by the transaction, it is fair that general shareholders should also enjoy an appropriate portion of such value".* However, according to your disclosure materials ("Notice regarding Expression of Opinion in favor of Planned Implementation of MBO and Recommendation to Tender Shares" p. 23, 25, etc.), the valuation was based on the following rationale: *"It should be noted that the synergy effects expected to be realized through the execution of the Transactions are not factored into the financial projections because it is difficult to specifically estimate at present what impact they may have on the Target Company's revenues."* At first glance, this appears to diverge from the principles outlined in the Guidelines. We therefore respectfully request that you explain, to the extent possible, the deliberations within the Special Committee and the Board of Directors that led to the conclusion that it was reasonable to entirely exclude consideration of synergies and structural reform benefits achievable through privatization.

End

The accuracy of the data and information collected in the preparation of this document is taken with great care, but the accuracy is not guaranteed. In addition, this document does not solicit applications for or recommend the sale of certain securities, or provide advice on investment, legal, tax, accounting, etc. In respect of information that has been prepared by Hibiki Path Advisors (and not otherwise attributed to any other party) and which appear in the English language version of this letter, in the event of any inconsistency between the English language version and the Japanese language version of this letter, the meaning of the Japanese language version shall prevail unless otherwise expressly indicated engagement amongst all shareholders.