



## **Lion Corporation**

Financial Results for the First Half of 2025

August 7, 2025

## Event Summary

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[Company Name]	Lion Corporation	
[Company ID]	4912-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results for the First Half of 2025	
[Fiscal Period]	FY2025 Q2	
[Date]	August 7, 2025	
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[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	7	
	Masayuki Takemori	Representative Director, President and Executive Officer, Chief Executive Officer
	Kengo Fukuda	Representative Director, Vice President and Executive Officer
	Hitoshi Suzuki	Representative Director, Vice President and Executive Officer
	Takayuki Kawanishi	Director, Executive Officer
	Akihiko Takeo	Executive Officer, Responsible for Finance Department, General Affairs Department, General Manager of Finance Department
	Masahide Arai	Executive Officer, Responsible for Corporate Planning Department, Management Support Department, General Manager of Corporate Planning Department, General Manager – Group Strategic Collaboration of Northeast

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## Presentation

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**Tanimoto:** Thank you very much for taking time out of your busy schedule today to attend Lion Corporation's financial results briefing for Q2 of FY2025. To begin, I would like to introduce our attendees.

This is Masayuki Takemori, Representative Director, President and Executive Officer, Chief Executive Officer. This is Kengo Fukuda, Representative Director, Vice President and Executive Officer. This is Hitoshi Suzuki, Representative Director, Vice President and Executive Officer. This is Director, Executive Officer, Takayuki Kawanishi. This is Akihiko Takeo, Executive Officer, Responsible for Finance Department, General Affairs Department, General Manager of Finance Department. This is Masahide Arai, Executive Officer and General Manager of Corporate Planning Department.

The session will be facilitated by Tanimoto of the IR/SR Office, Corporate Planning Department. Mr. Takemori will now provide an explanation based on the financial results for Q2 of the fiscal year ending December 31, 2025, and then we will move on to the Q&A session. The entire meeting is scheduled to last one hour.

Let me begin with an explanation. President Takemori, please.

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- Consolidated Financial Results for the First Half of 2025
- Fiscal 2025 Financial Forecast
- Key Measures for the Second Half of Fiscal 2025
- Progress of 2nd STAGE Growth Strategies

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**Takemori:** I am Takemori, the president. Thank you for your time today. Today, I would like to talk about this content here. The way you see our company, we are subordinating growth and controlling costs in order to generate profit, and we are wondering if you would like to confirm whether we can really achieve sustainable and profitable growth. I would like to speak to you today with this in mind. Thank you.

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**Y-o-Y profit growth and profitability improved, with profit substantially exceeding the forecast**

❑ **Net sales (up Y-o-Y)**

Overseas (primarily Thailand and Malaysia) saw increased sales, and Consumer Products also saw an increase in sales (excluding the impact of brand transfers), resulting in higher consolidated sales

❑ **Core operating income (up Y-o-Y)**

Increased significantly due to the launch of high value-added products and continuing profitability enhancement measures such as strategic investment in competition-related expenses\*

\* Total sales commissions, promotion expenses and advertising expenses

❑ **Profit for the period attributable to owners of the parent (down Y-o-Y)**

Profits decreased due to a rebound on the brand transfer gain in FY2024 and foreign exchange losses

❑ **EBITDA margin (up Y-o-Y)**

Up 1.3 points due to improved core operating income ratio

**The full-year forecast remains unchanged from initial plans,  
with Y-o-Y higher sales and profit**

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First, here are the consolidated results for H1 of the current fiscal year.

In summary, the Company achieved a YoY increase in revenues and improved profitability. In particular, with regard to profits, the profit structure is steadily improving as a result of progress in structural reform measures. This was significantly higher than announced at the beginning of the year. I would like to inform you that this is not the result of mere cost reduction, but the result of policy-oriented and strategic investment of competitive costs by firmly promoting value-added and high-value-added products.

And, as indicated in the bottom line, the annual forecast remains unchanged from that announced at the beginning of the year. We believe that we will be able to achieve both sales and profits by steadily implementing the priority measures for H2 of the fiscal year, which I will discuss in detail in the next section.

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## Consolidated Financial Results for the First Half of 2025



**Profitability was strengthened and core operating income increased significantly Y-o-Y, achieving the announced target**

(Billions of yen)	Jan.-Jun. 2025	Jan.-Jun. 2024	Y-o-Y change		Deviation From forecast, %
			Amount	%	
Net sales	199.4	198.6	0.8	0.4 0.3** 1.1**5	(0.5) (0.3)
Core operating income*1 % of net sales	12.6 6.3	9.5 4.8	3.0	32.3	2.1 20.4
Operating profit % of net sales	13.3 6.7	13.3* 6.7	0.0	0.2	2.3 21.6
Profit for the period attributable to owners of the parent	9.6	9.9	(0.3)	(3.2)	1.6 20.1
EPS (Yen)	34.75	35.76	(1.01)	(2.8)	5.87 20.3
EBITDA*2	21.4	18.6	2.7	14.6	—
EBITDA margin (%)**3	10.7	9.4	—	1.3PP	—

Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.  
2. EBITDA: An indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization.  
3. EBITDA margin: The ratio of EBITDA to consolidated net sales.  
4. Y-o-Y change at constant currency excluding exchange rate fluctuations.  
5. Y-o-Y change excluding exchange rate fluctuations and the impact of business transfers.

\* Gains on brand transfer are included in operating profit for FY2024

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First, let me talk about key financial indicators.

Net sales were JPY199.4 billion, up 0.4%, or JPY820 million, from the same period last year. 0.3% in real terms excluding exchange rate fluctuations. As you are aware, excluding the impact of the transfer of some brands of pharmaceuticals implemented last year, sales increased by 1.1%.

Next is core operating income. JPY12.6 billion. The profit margin has been strengthened, with a significant increase of JPY3.08 billion over the same period of the previous year.

Profit for the period attributable to owners of the parent decreased by JPY320 million due in part to the absence of a gain on the transfer of a brand last year, but we consider this to be a one-time event.

EBITDA was JPY21.4 billion, an increase of JPY2.7 billion from the same period last year. EBITDA margin, one of the most important indicators of our earning power and profitable growth, increased by 1.3 percentage points to 10.7%.

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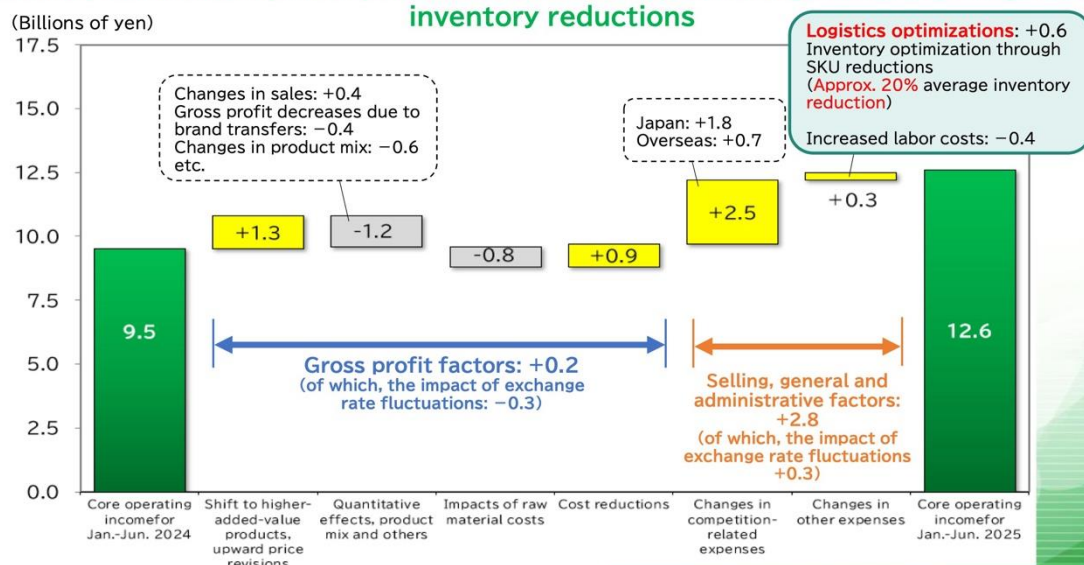
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## Year-on-Year Changes in Core Operating Income

**Firm progress in profit structure reform, including a shift towards high added-value products, continued upward price revisions and improved logistics efficiency through inventory reductions**



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I will continue by discussing the factors behind the increase or decrease in core operating income. Blue arrow shows a gross profit factor, left side. The orange arrow SG&A factor, right. I will talk about this separately.

First, on the left side, total profit increased by JPY200 million. From left to right, we have continued to add value since last year and optimize pricing. This is a positive JPY1.3 billion. The volume effect, composition change, etc. on the right side of the screen took an additional JPY400 million in sales increase/decrease. On the other hand, the impact of brand transfers, composition changes, and other factors contributed to a net decrease of JPY1.2 billion. The impact of raw material prices was a negative JPY0.8 billion but was absorbed by cost reductions and other factors by a positive JPY0.9 billion. Conveniently, the total gross profit factor was plus JPY200 million.

Next, on the right side, is the SG&A factor. SG&A expenses increased by JPY2.8 billion for convenience. Again, I would like to reiterate now that this is not a simple cost saving. Competition costs, domestic and international, policy and strategic, effective and efficient were defined and operationalized. As a result, this was a factor in the JPY2.5 billion increase in income. Sales promotion expenses were invested while avoiding excessive competition. Advertising and promotion, we are shifting from traditional mass media to digital. In addition, the Company has reduced logistics costs by approximately JPY600 million by starting with SKU reductions and proceeding with inventory reductions. We see this as one sign that profit structure reforms are becoming evident.

Adding these together, on a consolidated basis, we were able to land on a significant increase of about JPY3 billion, from JPY9.5 billion last year on the leftmost side to JPY12.6 billion this year on the right.

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## Year-on-Year Changes in Core Operating Income

**Over April-June, gross profit margin improved, strengthening earning power; strategically allocated competition-related expenses enhanced profit structure for sustainable growth**

(Billions of yen) + indicates gain - indicates loss	Jan.-Mar. 2025 (A)	Apr.-Jun. 2025 (B)	Change* (B) - (A)	Comments
Shift towards high-value-added products and upward price revisions	+0.6	<b>+0.7</b>	+0.1	<b>Gross profit margin: Improved +1.5 points</b> (from January-March to April-June)
Reduction effects, product mix, etc.	(1.1)	<b>(0.1)</b>	+1.0	
Impact of raw material prices	(0.4)	<b>(0.4)</b>	±0.0	<ul style="list-style-type: none"> <li>High-profit categories grew thanks to launch of new high added-value products and capture of inbound demand in the pharmaceutical product category</li> <li>Upward price revisions are steadily progressing (Acceleration from the second half onward)</li> </ul>
Cost reductions	+0.7	<b>+0.2</b>	(0.5)	
<b>Total gross profit factors</b>	<b>(0.2)</b>	<b>+0.4</b>	<b>+0.6</b>	
Changes in competition-related expenses	+2.0	<b>+0.5</b>	(1.5)	<ul style="list-style-type: none"> <li>Strategically allocated competition-related expenses in April-June to focus businesses, including oral healthcare</li> <li>Profit structure reforms led to improved logistics efficiency</li> </ul>
Changes in other expenses	(0.5)	<b>+0.8</b>	+1.3	
<b>Total selling, general and administrative factors</b>	<b>+1.5</b>	<b>+1.3</b>	<b>(0.2)</b>	
<b>Total core operating income</b>	<b>+1.3</b>	<b>+1.7</b>	<b>+0.4</b>	

\* Indicates January-March Y-o-Y change subtracted from April-June Y-o-Y change

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Regarding the factors behind the increase or decrease in profits in H1 that I just mentioned, I would like to add a few words about the changes in Q1 from January to March and Q2 from April to June.

This page is a key slide pointing to the status of H1. The most important thing I want to tell you is that from January to March and from April to June, our earning power is steadily increasing as time elapses.

In particular, I would like to mention the blue gross margin factor. Although income decreased by JPY200 million from January to March, it turned to an increase of JPY400 million from April to June. The amount of the improvement will be JPY600 million. This was due to the launch of new high value-added products and their cultivation, as well as growth in highly profitable areas, which allowed us to raise gross profit margins. We are also making steady progress toward our annual target of JPY3.5 billion from the effects of higher value-added and price increases. In H1 of this fiscal year, we were aiming for JPY1 billion, but we were able to reach JPY1.3 billion as a start.

Next is the selling, general and administrative expenses factor in orange. Although competition costs were also a factor in the JPY0.5 billion increase from April to June, the contribution to profit decreased by JPY1.5 billion as a result of willful investment in oral health care and other focused businesses. This means that competition costs were augmented from April to June. Rather than seeking immediate profits, the Company is also making strong strategic investments for sustainable growth. We hope you understand this.

Overall, the changes in H1 of the fiscal year indicate that the Company's basic strength to earn profits is now firmly in place.

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## Results by Business Segment



### Consumer Products saw significantly higher profit due to profit structure reforms

(Billions of yen)	Net sales*					Core operating income			
	Jan.-Jun. 2025	Jan.-Jun. 2024	Y-o-Y change		Deviation From plan %	Jan.-Jun. 2025, % of net sales	Jan.-Jun. 2024, % of net sales	Y-o-Y change	
			Amount	%				Amount	%
Consumer Products	121.7	122.2	(0.5)	(0.4)	—	9.1	5.9		
	105.0	106.0	(0.9)	(0.9)	0.0	7.5	4.9	3.1	52.4
Industrial Products	28.6	26.4	2.2	8.4	—	1.4	1.4		
	19.1	18.5	0.6	3.5	3.7	5.1	5.6	(0.0)	(2.2)
Overseas	84.2	84.6	(0.3)	(0.4)	—	3.1	2.9		
	74.6	73.3	1.2	1.7	(1.8)	3.8	3.5	0.2	6.9
Other	5.2	7.7	(2.5)	(32.4)	—	(0.0)	0.2		
	0.5	0.7	(0.1)	(17.4)	16.5	(0.6)	3.8	(0.3)	—
Adjustment	(40.4)	(42.4)	2.0	—	—	(1.1)	(1.2)	0.0	—
Consolidated Total	199.4	198.6	0.8	0.4	(0.3)	12.6	9.5	3.0	32.3
						6.3	4.8		

\* Upper lines: net sales; lower lines: sales to external customers

Note: Previously, transactions related to overseas support functions were attributed to the Consumer Products business segment, but in light of the growing importance of the Overseas business segment, accounting for these items has been transferred to the Overseas business segment starting from the first half of the fiscal year under review. Segment information for the first half of the previous consolidated fiscal year has also been reclassified to reflect this change.

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As a result, here are the segment results for Q2.

Sales in the consumer goods segment declined slightly by minus 0.4%, but again, excluding the transfer of brands, sales were actually up 0.8%, progressing as expected. In the midst of this, core operating income increased significantly by JPY3.14 billion, or more than 52%, due in part to the effects of profit structure reforms.

Overseas. External sales increased over the previous year, core operating income increased by JPY200 million, and the rate also increased.

As for industrial supplies, although the growth of rubber additives and other products secured revenue growth, profits declined due to a change in the mix. However, margins themselves improved compared to the January to March, Q1.

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**Overall sales up Y-o-Y excluding the effects of brand transfers in 2024**  
**The Top Priority oral healthcare business saw continued growth surpassing that of 2024**

(Billions of yen)	Net sales			
	Jan.-Jun. 2025	Jan.-Jun. 2024	Y-o-Y change	
			Amount	%
Oral Healthcare	36.8	35.9	0.9	2.7
Beauty Care	12.1	11.8	0.2	2.5
Fabric Care	26.6	27.6	(1.0)	(3.7)
Living Care	10.2	10.1	0.0	0.8
Pharmaceutical	10.9	12.0	(1.1)	(9.5) 3.2*
Other	24.9	24.6	0.2	1.2
Total	121.7	122.2	(0.5)	(0.4) 0.8*

\* Actual rate of change excludes the impact of business and brand transfers

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Here are sales by sector for consumer goods for general use.

I have spoken earlier, but I dare to speak again. Overall sales decreased by 0.4% YoY, but as noted in the lower right-hand corner, excluding the impact of brand transfers, sales increased by 0.8% in real terms.

Oral health care, which is positioned as the most important in the 2nd STAGE, is up 2.7%. We are making good progress in the categories in which we need to grow, such as high value-added and high-priced toothpaste, CLINICA PRO, and products for the dental clinics. We intend to take product actions in H2 of this year, and for the next year, 2027 and the year after, that take advantage of our unique technology.

On the other hand, sales of fabrics and living room products declined or grew only modestly. However, efforts are underway to improve profitability. Core operating income margins and EBITDA margins are improving. I mentioned earlier that the general consumer goods business reported a significant increase in income at the JPY3.1 billion level, but in fact, the largest contribution came from the fabric care sector. We have said that we will reform the profit structure of this home care business during the 2nd STAGE. I would like to say that we are not going in the wrong direction and that we are making good progress.

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## Overview of Consumer Products

Category	Y-o-Y change(%)		Comments
	Jan.-Mar.	Apr.-Jun.	
Oral Healthcare	+5.7	+0.3	<ul style="list-style-type: none"> <li>Sales of new <i>CLINICA PRO</i> toothpaste products and products for dental clinics increased</li> <li>Growth rate was impacted in April-June due to a temporary demand falloff following last year's <i>OCH-TUNE</i> line launch surge</li> </ul>
Beauty Care	(3.3)	+7.2	<ul style="list-style-type: none"> <li>Sales of high added-value <i>KireiKirei Medicated Hand Conditioning Soap</i> products nearly doubled*, driving growth</li> <li>* Compared to January-June 2024</li> <li>In April-June, sales of new <i>MEGAMIS</i> hair care brand, released on a limited distribution basis, contributed</li> </ul>
Fabric Care	(5.9)	(1.7)	<ul style="list-style-type: none"> <li>Sales of <i>SOFLAN Premium Deodorizer</i> fabric softeners and powder laundry detergent struggled due to revised shipping costs</li> <li><i>NANOX one</i> highly concentrated liquid laundry detergent performed favorably, improving category-wide sales</li> <li>Profitability improved substantially due to the optimization of competition-related expenses</li> </ul>
Living Care	+2.1	(0.3)	<ul style="list-style-type: none"> <li>New <i>LOOK Plus Whole Toilet Antibacterial &amp; Deodorizing Fogger</i> exceeded sales value targets due to a successful simultaneous purchase promotion with <i>LOOK Plus Bath Antimold Fogger</i></li> <li>In April-June, sales declined following the renewal surge market retreat of <i>Magica</i> dishwashing detergents</li> </ul>
Pharmaceutical	(6.2)*	+11.8*	<p>Excluding the impacts of brand transfers, sales increased due in part to strong sales from inbound tourism in April-June</p> <p>* Real change excluding the impacts of brand transfers</p>

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This is a qualitative summary of what I just said about the situation by sector. I will not go into details, but I will just make a few points.

You may notice the top row, oral health care, growth slowing from January to March to April to June. However, CLINICA PRO toothpaste, high value-added products, are growing.

Beauty, high value-added KireiKirei medicated hand conditioning soap grew significantly. This is a nearly two-fold increase.

Fabric care is still negative, but the negative range is shrinking. Although we struggled with fabric softener, NANOX one liquid detergent performed well. Most importantly, profitability has improved significantly through the efficient use of competitive expenses, including sales-enhancing promotion costs.

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## Overseas Business Results by Region



**Southeast and South Asia saw increased sales and profits, while sales in Northeast Asia fell Y-o-Y for South Korea; overall overseas sales decreased but profits increased**

(Billions of yen)	Net sales					Core operating income			
	Jan.-Jun. 2025	Jan.-Jun. 2024	Y-o-Y change			Jan.-Jun. 2025, % of net sales	Jan.-Jun. 2024, % of net sales	Y-o-Y change	
			Amount	%	Real rate (%) <sup>*1</sup>			Amount	% <sup>*2</sup>
Southeast and South Asia	51.5	48.9	2.6	5.4	1.4	2.7 5.3	2.1 4.5	0.5	26.1 +0.8PP
Northeast Asia	32.6	35.6	(2.9)	(8.4)	(3.5)	0.4 1.3	0.7 2.2	(0.3)	(46.3) (0.9PP)
Total	84.2	84.6	(0.3)	(0.4)	(0.6)	3.1 3.8	2.9 3.5	0.2	6.9 +0.3PP

Notes 1. Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations

2. Figures on the lower line represent change in core operating income ratio

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Then overseas. Southeast and South Asia. Both Thailand and Malaysia posted increases in both sales and income.

Sales increased 5.4% YoY, and 1.4% in real terms excluding the effect of exchange rates. Core operating income increased significantly by approximately JPY560 million, or 26.1%. Profitable growth continues in Southeast and South Asia.

Northeast Asia, on the other hand, is struggling a bit. South Korea was well below the previous year's level. Overall, sales decreased by 8.4%. Even in real terms, excluding the effect of exchange rates, sales declined by 3.5%, and core operating income also decreased.

When all overseas sales are combined, net sales were minus 0.6% in real terms, but external sales grew by 1.5%. Core operating income increased by an additional JPY200 million, or 6.9%. We see the Company as being able to achieve both profitable growths.

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## Overseas Business: Status of business in Key Countries



(Billions of yen)	External net sales* <sup>1</sup>				Comments	Personal care field* <sup>4</sup> ratio to consolidated sales (%)
	Jan.-Jun. 2025	Change (amount)	Change (%)	Real rate* <sup>2</sup> (%)		
Thailand	31.8	2.2	7.5	2.9	<ul style="list-style-type: none"> <li>➢ Body washes and liquid laundry detergent drove sales</li> <li>➢ Toothbrush sales up Y-o-Y thanks to strengthened in-store promotions</li> </ul>	33.3
Malaysia	11.3	0.7	6.8	2.2	<ul style="list-style-type: none"> <li>➢ Toothpastes and liquid laundry detergents are trending favorably</li> </ul>	25.2
China* <sup>3</sup>	13.2	(0.0)	(0.0)	4.4	<ul style="list-style-type: none"> <li>➢ High added-value products saw significantly higher sales</li> <li>➢ Strategically maintained prices for some brands, improving profitability despite lower sales volumes</li> </ul>	87.9
South Korea	8.6	(1.3)	(13.2)	(5.2)	<ul style="list-style-type: none"> <li>➢ Reduced exports due to impacts of the macro environment</li> <li>➢ Both hand soaps, which saw upward price revisions, and capsule detergents saw increased sales</li> </ul>	33.6

Notes 1. External sales: Total sales, excluding internal sales within and among segments

2. Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations

3. Qingdao Lion

4. Personal care net sales: Total net sales from the oral care, beauty care and pharmaceutical product fields (calculated based on Lion shipment amounts; year-on-year change rate excludes the effects of exchange rate fluctuations)

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Here is the situation in the four major countries.

In Thailand, body soaps, and liquid detergents are performing well. And revenue increase.

In Malaysia, toothpaste, and liquid detergents continue to grow as the market continues to grow.

China is experiencing a significant increase in sales of high value-added products, even in a variety of challenging economic environments. Specifically, we strategically maintained prices on our mainstay toothpaste, in H1. Thus, volume growth slowed, especially in the general price range, White & White, while the two higher-priced brands, Clinica and Systema, grew significantly faster than in the same period last year, specifically by double digits. I will talk about this later, but the results are right on target.

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## 2025 Consolidated Financial Forecast



**No change from announcement at the beginning of the year**

(Billions of yen)	2025	2024	Y-o-Y change	
			Amount	%
Net sales	420.0	412.9	7.0	1.7
Core operating income* <sup>1</sup> % of net sales	30.0 7.1	26.3 6.4	3.6	13.9
Operating profit % of net sales	35.0 8.3	28.3 6.9	6.6	23.3
Profit for the period attributable to owners of the parent	25.0	21.1	3.8	17.9
EPS (Yen)	90.24	76.51	13.73	17.9
EBITDA* <sup>2</sup>	49.0	45.1	3.8	8.5
EBITDA margin (%)* <sup>3</sup>	11.7	10.9	—	0.8PP
ROIC (%)* <sup>4</sup>	6.1	5.8	—	0.3PP
ROE (%)	8.3	7.4	—	0.9PP

Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.  
2. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization.  
3. EBITDA margin: The ratio of EBITDA to consolidated net sales.  
4. ROIC is an indicator calculated from net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period, and measures the efficiency and profitability of the invested equity.

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Next is the consolidated earnings forecast for the current fiscal year. Consolidated forecasts have not been changed since the beginning of the year as I mentioned earlier. As we reported, we made Merap Lion of Vietnam a wholly owned subsidiary. The impact of this change on our business performance was factored into our forecast at the beginning of the year.

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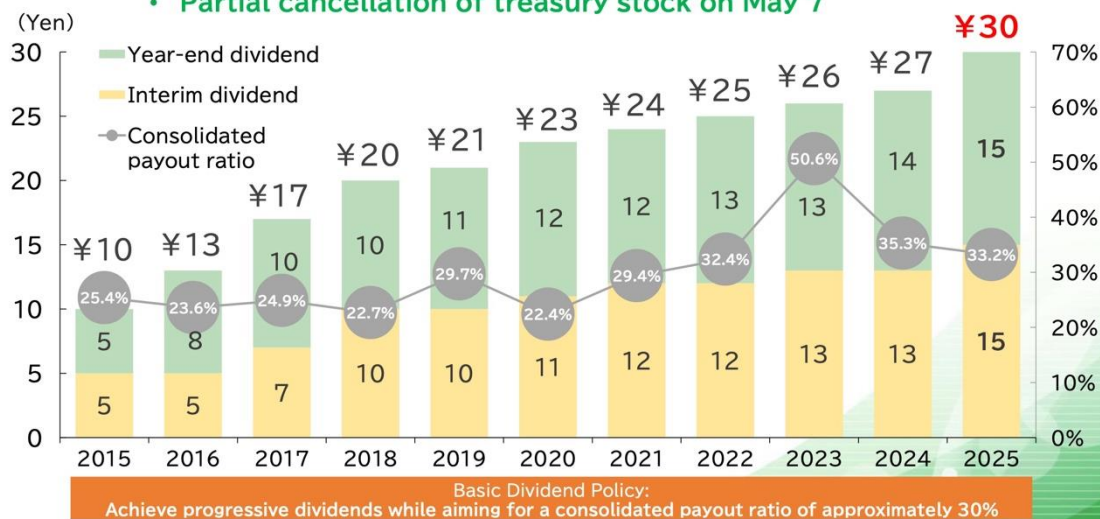
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## Shareholder Returns

No change from announcement at the beginning of the year

- Expect annual dividend to increase ¥3 to ¥30 per share (10th consecutive year of dividend increases)
- Partial cancellation of treasury stock on May 7



Shareholder returns. There is no change from the announcement made at the beginning of the year as stated.

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## Revisions to Forecast of Change Factors Affecting Full Year Core Operating Income in 2025



**Actively invest in competition-related (advertising) expenses to categories and brands that will be the focus in the 2nd half, aiming for sustainable, profitable growth**

(Billions of yen) + indicates gain - indicates loss	2nd half			Full year	
	Initial forecast	Revision	Change	Initial forecast	Revision
Shift towards high-value-added products and upward price revisions	+2.5	<b>+2.2</b>	(0.3)	+3.5	+3.5
Reduction effects, product mix, etc.	+1.7	<b>+1.8</b>	+0.1	+2.2	+0.6
Impact of raw material prices	(1.5)	<b>(1.0)</b>	+0.5	(2.5)	(1.8)
Cost reductions	+1.0	<b>+0.7</b>	(0.3)	+2.0	+1.6
<b>Total gross profit factors</b>	<b>+3.7</b>	<b>+3.7</b>	<b>±0.0</b>	<b>+5.2</b>	<b>+3.9</b>
Changes in competition-related expenses	(1.0)	<b>(2.1)</b>	(1.1)	(1.5)	+0.4
Changes in other expenses	±0.0	<b>(0.9)</b>	(0.9)	±0.0	(0.6)
<b>Total selling, general and administrative factors</b>	<b>(1.0)</b>	<b>(3.0)</b>	<b>(2.0)</b>	<b>(1.5)</b>	<b>(0.2)</b>
<b>Total core operating income</b>	<b>+2.7</b>	<b>+0.7</b>	<b>(2.0)</b>	<b>+3.7</b>	<b>+3.7</b>

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This is a reassessment of H2 of the fiscal year with respect to factors that may cause an increase or decrease in core operating income for the full year, based on the results of H1. While the impact of raw materials will be less negative in H2 after the revision compared to the assumption at the beginning of the year, this is due to aggressive investment in competition expenses for growth, etc., which will increase SG&A expenses by JPY2 billion from the assumption at the beginning of the year.

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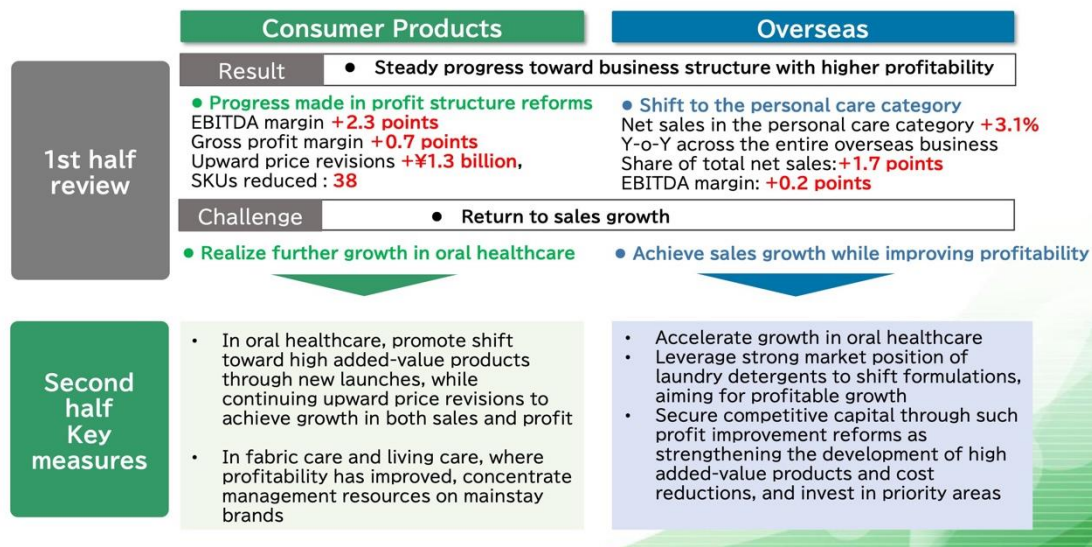
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**In the first half of 2025, Consumer Products drove significant profit improvement**  
**In the second half, we aim to return to sales growth, especially overseas**



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Now, after a brief review of H1, I will proceed to talk about the priority measures for H2 to see if these figures are really going to be achieved and if there is a probability of success.

Looking back on H1 of the fiscal year, we were able to steadily build a profitable structure as a result. In Japan, the profit remodeling reform made progress. Overseas, the personal care field, including oral health care, was able to expand. On the other hand, the challenge is still to further return to top-line growth.

In H2, without loosening the reins of structural reform, we will take product actions in priority areas and brands and strategically tilt marketing resources. This will allow us to return to a top-line growth trajectory.

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**Aim to drive market growth by strengthening high-end products and implementing price measures to encourage demand**

1st half review

- Result: **Strong sales of SYSTEMA Haguki (the Gums) Plus** (124% Y-o-Y), etc., resulting in a rate of growth in midrange toothpaste sales in excess of market growth
- Challenge: Strengthen high-end lineup in the expanding toothpaste market; stimulate toothbrush demand amid declining purchases due to growing consumer lifestyle maintenance concerns

2nd half initiatives

**(1) Launch and develop high value-added products**

- Launch new high-end products (approx. ¥2,000 price point) in the toothpaste market that leverage gum repair and total care features  
*Dent Health Medicated Toothpaste DX Premium* (launch planned for September)
- **Strengthen gum disease product market**, which accounts for about 70% of the ever-growing high-end range



**(2) Strengthen communication to promote increased purchases and frequency**

- Implement promotions at retail stores to encourage toothbrush replacement
- Strengthen appeal of toothbrushes with thin heads through advertising and promotions
- Continue to develop growing dental care products (108% Y-o-Y)



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Now, how would we do it? I will talk about it.

Domestic oral health care sector. The growing high-priced segment of the toothpaste market has been a challenge over the years. In response, we will launch a new product in the highest price range under the Dent Health brand in September of this year and will work to cultivate this new product. We will firmly demonstrate our strength in the periodontal category, which accounts for approximately 70% of the high-priced market.

As a further step, we will use a new technology that we have been working on for several years. We will launch a new product that utilizes microbiome control first to dentists in H2 of this fiscal year. Microbiome control, control of the microbiome in the mouth. An analogy is the concept of intestinal flora. Control and increase good bacteria in the intestines. The idea is to make suggestions for things that can be done in the mouth that are similar to this. We are currently studying the development of introducing this technology in high-priced oral health care products and commercial routes that we are considering in the coming year and beyond. We hope that this will allow us to continue to grow in 2026 and 2027.

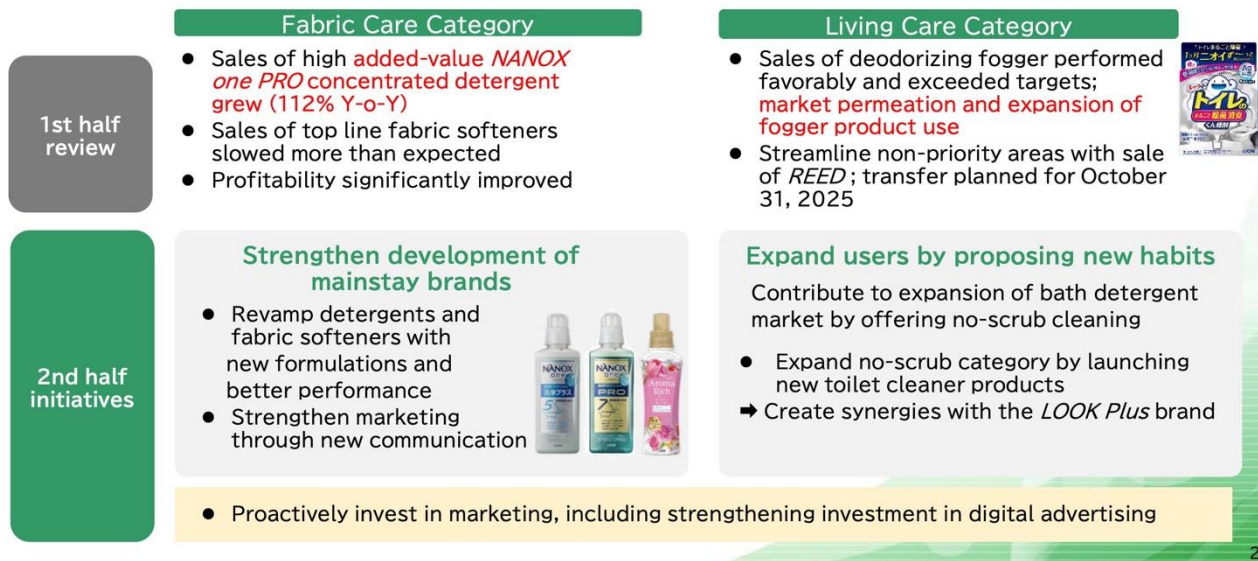
For toothbrush, the urgent issue is to respond to the decrease in purchase volume. We will implement a consumer campaign to encourage regular replacement. We will be investing additional competition costs in H2, as I mentioned earlier.

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### Optimize non-priority brands and items and invest management resources into Top Priority brands



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Fabric care and living care.

In fabrics, fabric softeners struggled. On the other hand, as I mentioned earlier, NANOX one liquid concentrated detergent is growing. In H2 of this fiscal year, we will first nurture the high value-added NANOX one item I just mentioned. And for fabric softener that has struggled, Aroma Rich, will be renewed.

For living care. Sales of whole toilet antibacterial and deodorizing fogger, a new custom, have been strong since H1. In H2 of the fiscal year, we will concentrate management resources on priority brands and launch new products in Look Plus that extend the domain of non-scrubbing and washing. In any case, we will steadily nurture new highly profitable products and make steady progress.

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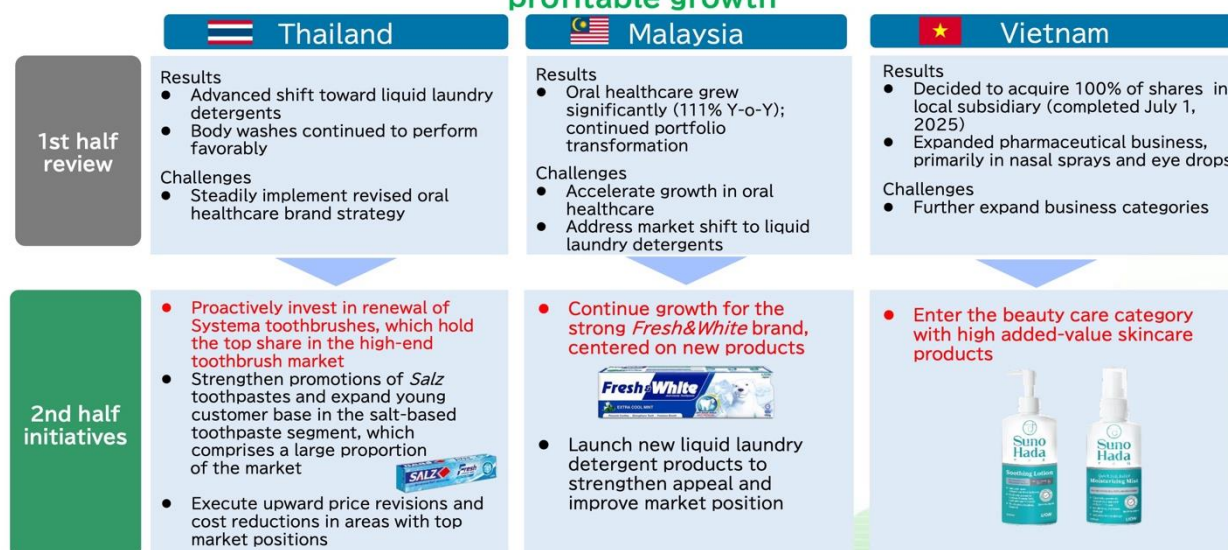
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Further expand personal care category and achieve profitable growth



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Then, overseas. In Southeast and South Asia, we will strengthen oral health care products and marketing actions in H2 while securing profitability in our mainstay laundry detergent.

In Thailand, we will invest heavily in the Systema and SALZ brands. We will work to nurture Fresh&White, a local brand that is performing well in Malaysia. Vietnam, we will enter the beauty care field with the introduction of new skin care products.

**Respond swiftly to changing market conditions**  
**Expand investments to grow key businesses and brands**

	 China	 South Korea
<b>1st half review</b>	<p><b>Results</b></p> <ul style="list-style-type: none"> <li>● Saw firm growth of high added-value products</li> <li>Increased profit thanks to cost reductions</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>● Strategically maintain prices of midrange products despite sluggish growth</li> </ul>	<p><b>Results</b></p> <ul style="list-style-type: none"> <li>● Strong performance of hand soaps (106% Y-o-Y) which had price revisions and capsule detergents (111% Y-o-Y) which saw market growth</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>● Export business to nearby countries are stagnant due to such market conditions as tariff increases</li> </ul>
<b>2nd half initiatives</b>	<ul style="list-style-type: none"> <li>● Accelerate development of high added-value brands (<i>CLINICA</i>, <i>SYSTEMA</i>, <i>DENT.</i>, etc.)</li> <li>● Expand distribution with a focus on key management chains</li> </ul>	<ul style="list-style-type: none"> <li>● Actively increase usage frequency of hand soaps, of which Lion holds the #1 share, to expand sales</li> <li>● Consider extending sales channels for exports to another country</li> </ul> 
	<ul style="list-style-type: none"> <li>● Strengthen implementation of profit structure reforms (cost reductions, cost-efficient promotions, and price optimization)</li> </ul>	

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Northeast Asia. We have been able to stretch where we need to stretch, but we have had issues with growth of the top line as a whole. In China, we will accelerate the development of growing high value-added brands and expand the distribution of offline channels, so-called real channels, and key management chains.

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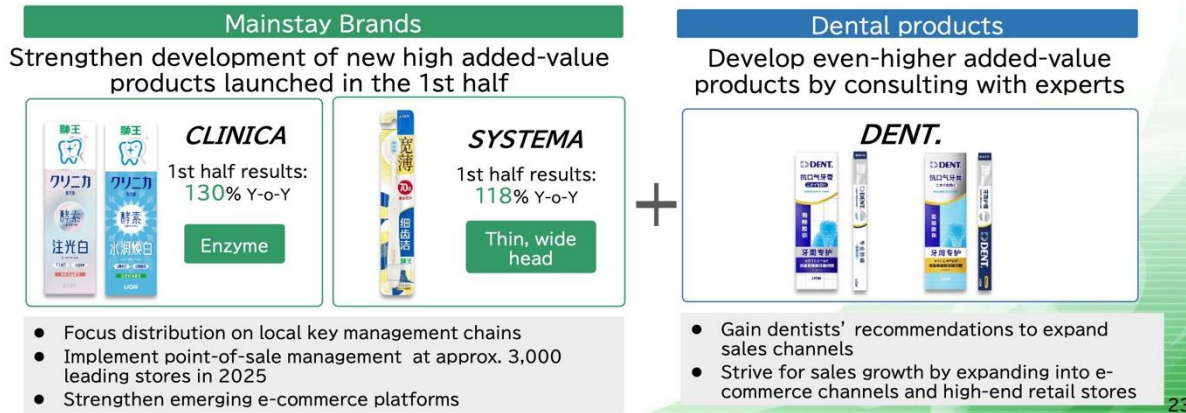
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## Overseas Business (2) Northeast Asia: China



### Accelerate growth of mainstay brands by developing new high added-value products and strengthening point-of-sale management

- Market polarization continues amidst sluggish economy
- Focus management resources on developing high added-value products and dental products in mainstay brands
- Avoid excessive price competition for midrange products, maintaining brand value while securing profit



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I think one of your biggest concerns is this growth in China.

With the overall economy stagnant, the market is polarizing, even in our segment. We will concentrate our resources on the higher-priced segment, targeting high-income consumers with strong spending power. In the general price range, priority is given to maintaining brand value and securing profits. The high value-added brands, Clinica and Systema, are growing much faster than the previous year, as I mentioned earlier. These will be extended to offline distribution. We will promote profitable growth.

In addition, we will further expand our new DENT. brand for the dentist route, introduced in Q2, to e-commerce and hypermarkets. While strengthening relationships with dentists, the Company will also expand its offline channel to distribute more packages.

A few words about expanding offline channel distribution. We were able to distribute to a scale of 900 stores in four months by H1, a channel that understands our pricing policy. We were able to build up from 0 to 900 stores in four months. By the end of this fiscal year, we aim to reach 3,000 stores. This realization will lay the groundwork for a slant on the higher-priced brands, Clinica, Systema, and DENT. And we believe that we will be able to recover sales in China significantly.

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**Integrate products and services with expanded scope of value  
and target markets to develop a profitable, unique business in Asia that  
contributes to people's eating, talking and laughing**



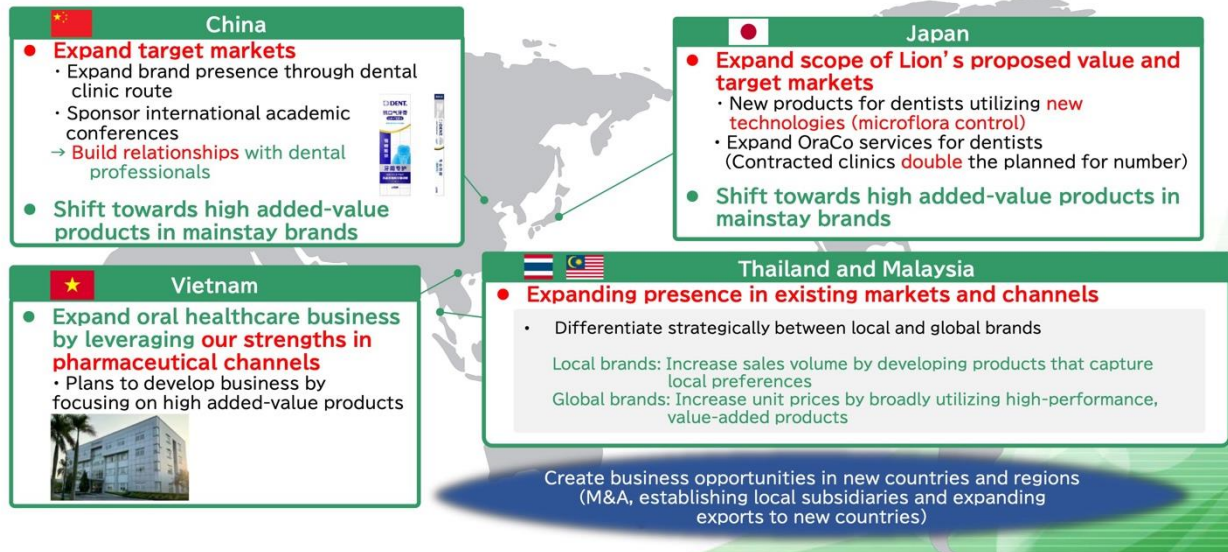
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Finally, I would like to talk briefly on the progress of the 2nd STAGE growth strategy. This is an image for accelerating growth in oral health care, which we have already shown you. We are starting our efforts to penetrate and spread the scope of our value offering, our target market, and our expansion area.



## 2nd STAGE Growth Strategies

Achieve business growth focused in Asia by expanding oral healthcare,  
a Top Priority business



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It has only been six months since the 2nd STAGE started, but specific initiatives in line with the strategy have begun in each country and area, as shown on this page. Although it may take some more time for the flowers to bloom, the entire group will continue to focus on strengthening and accelerating reinvestment for growth in oral health care, which is a priority theme.

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## No change from announcement at the beginning of the year

(Billions of yen)	2025	2024	Y-o-Y change	
			Amount	%
Net sales	420.0	412.9	7.0	1.7
Core operating income* <sup>1</sup> % of net sales	30.0 7.1	26.3 6.4	3.6	13.9
Operating profit % of net sales	35.0 8.3	28.3 6.9	6.6	23.3
Profit for the period attributable to owners of the parent	25.0	21.1	3.8	17.9
EPS (Yen)	90.24	76.51	13.73	17.9
EBITDA* <sup>2</sup>	49.0	45.1	3.8	8.5
EBITDA margin (%)* <sup>3</sup>	11.7	10.9	—	0.8PP
ROIC (%)* <sup>4</sup>	6.1	5.8	—	0.3PP
ROE (%)	8.3	7.4	—	0.9PP

Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.  
2. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization.  
3. EBITDA margin: The ratio of EBITDA to consolidated net sales.  
4. ROIC is an indicator calculated from net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period, and measures the efficiency and profitability of the invested equity.

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Once again, I would like to confirm our performance targets for the current fiscal year. We will proceed without any change from the announcement made at the beginning of the year.

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## Fiscal 2025 Risks and Key Measures to Achieve Targets

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**LION**

**Respond promptly to changes in the business environment and minimize risks**

Anticipated Risks	<ul style="list-style-type: none"> <li>◆ Growing uncertainty due to U.S. tariffs and geopolitical risks</li> <li>◆ Continued increasing economic slowdown in China</li> <li>◆ Soaring raw material costs</li> </ul>
Key Measures	<p><b>Implement measures focused on adapting to environmental changes</b></p> <p>◇ <b>Strengthen portfolio management</b></p> <p><u>Business-based</u></p> <ul style="list-style-type: none"> <li>・Strengthen oral healthcare category both in Japan and overseas (Increase ratio of personal care category overseas)</li> </ul> <p><u>Region-based</u></p> <ul style="list-style-type: none"> <li>・Focus on developing high added-value products in China, which continues to grow</li> <li>・Diversify country-based risks (strengthen operations in Vietnam, consider entry into new areas)</li> </ul> <p>◇ <b>Continue measures to strengthen profitability</b></p> <ul style="list-style-type: none"> <li>・Upward price revisions, cost reductions, and productivity improvements</li> </ul>

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This slide summarizes the risks to achieving full-year results for FY2025. There is concern about the continued economic stagnation in China, and I would like to talk a little about the impact of this on the consolidated performance of our Lion Group.

As of this past February, we were projecting 10% top-line growth for our China operations. In contrast, in H1 of the fiscal year, the real rate of return was less than 5%. This is not so much about the economy as it is about some deliberate policy controls, including the development of channels that we discussed earlier. However, if the 5% level of this H1 condition continues in H2, this downside risk, however, is at a level of less than about 1% of total consolidated sales. Therefore, we believe that the Group as a whole is fully capable of absorbing and responding to the impact of possible business risks in China. Of course, we will manage to ensure that this does not become a reality, but even if it does, the impact on consolidated performance should be considered negligible.

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**Achieving Full-Year Performance Goals**

- In the 1st half, strengthened our financial base and established **foundation for profitable growth**
- However, we recognize the issue of being unable to achieve sales growth that surpasses market expectations
- In the 2nd half, we will build on this foundation and increase investments in high added-value fields, further **strengthening the Company**

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This is the last page. As president, I will once again summarize H1.

Steady progress was made in structural reforms. The foundations for profitable growth were put in place in H1. This is how we evaluate them.

Two specifics. In the area of consumer products for general use, we have made a commitment to raise the EBITDA margin, a key indicator, by 3% to 5% in 2027. The effect of the price increase, which is the driver of the increase, has already been realized, with a JPY1.3 billion increase compared to the JPY1 billion target for H1, a JPY0.6 billion improvement due to supply chain efficiency, and a 0.7 percentage point improvement in gross profit. However, this effect is only partially expressed. The effects of the program will be fully realized in 2026 and 2027. This is the first.

Then this is the second. As for overseas, profitable growth is steadily advancing. However, we are still in the middle of the road. In H1 of this fiscal year, we have prioritized the preparation for the expansion of oral health care in existing countries and the growth of Vietnam, which has been consolidated. We hope to realize the benefits of this project in H2 and into 2026.

On the other hand, in H1, we have yet to win out in areas and areas that should grow. I recognize that this is something that needs to be reflected on. In H2 of the fiscal year, we will further strengthen our investment in cultivating high-value-added fields in order to transform a company with basic strength into a muscular company. We will then achieve profitable growth with a top line. We will continue to focus on growth measures in the coming year and beyond, particularly in oral health care, and aim to achieve the 2nd STAGE management indicators.

That concludes my remarks. Thank you for your attention.

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