November 7, 2025
Lion Corporation

Analyst Q&A (Summary)
Nine Months Ended September 30, 2025

Q: How do results compare with plans for core operating income?

A: Core operating income through the third (July–September) quarter has been in line with plans. At the same time, despite overseas sales growth falling short of expectations, performance in terms of income has generally improved thanks in part to the renewal of strategies in response to changing conditions. Due to progress made on structural reforms and the effect of new products among domestic consumer goods, we continue to improve our margins.

Q: Newly introduced products succeeded in establishing a firm foothold in the market, but did they contribute substantially to sales in the third quarter? Should performance expectations for the fourth quarter and beyond remain high?

A: Because the introductions of a number of major new products occurred during the second half of September, the effects of initial shipments were reflected in third-quarter sales figures. In particular, in oral healthcare we introduced a toothpaste that is a completely new product rather than an improvement to an existing one, a factor that led initial shipments of the product to contribute substantially more than usual. Its retail performance since these shipments has also been firm, and we expect it will drive sales growth in the fourth quarter and beyond. We are conducting regular developmental investments in new products, including in categories other than oral healthcare, and believe it is important to continue to promote inventory turnover.

Q: How has the shift toward high-value-added products and price-raising initiatives progressed in this period? Also, how do you plan to respond to forecasts anticipating higher raw material and other costs in the next period?

A: Since April, we have been raising prices for midrange toothpastes. They have not yet reached the targets we set, but measures for price increases and revisions in categories other than oral healthcare have been proceeding steadily and we believe we will achieve our targets for the fiscal year. With regard to raw material prices, inflation is forecast to continue, and we plan to offset its impact through cost-cutting measures and price revisions. In addition, our basic plan is to enhance profitability by continuing to shift to high-end products.

Q: What is your outlook for the overseas business and what are the issues it faces in the current period?

A: Major developed countries have seen economic and consumption-based slumps, and we recognize that the ongoing impact of geopolitical issues will make it increasingly difficult to maintain our previous expectations for growth. As such, we will not pursue short-term, top-line growth that will damage profitability, but rather tune our strategies toward the realization of steady growth while raising profit margins. On the other hand, we are constantly considering additional measures for top line recovery. Vietnam-based Merap Lion, which we acquired 100% ownership of, boasts a highly profitable business structure, and we will introduce new categories of products to realize further growth in line with profitability.

Q: What is the goal of the organizational reforms to be undertaken in the next fiscal year?

A: We will undertake reforms to management processes with an eye to enhancing the effectiveness of measures and improving the speed of executive functions. In order to do so, we will change the existing horizontal system of business divisions and functional headquarters into one in which all functional divisions related to a business are arranged in a vertical hierarchy under the top management of said business division. By doing so, we will be able to realize a complete value chain of individual domestic and overseas businesses. Also, we will simplify reporting lines and review decision-making authority to enhance overall speed. In these ways, we will realize reforms aimed at becoming a company that stays ahead of the competition, which has been our goal since the appointment of President Takemori.