



Lion Corporation

Financial Results Briefing for the Q3 of Fiscal 2025

November 7, 2025

Event Summary

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[Participants]		
[Number of Speakers]	2	
	Kengo Fukuda	Representative Director, Vice President and Executive Officer
	Keita Tanimoto	Manager of IR and SR Office, Corporate Planning Department

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Presentation

Tanimoto: It is now time to commence the quarterly financial results briefing session for Q3 of the fiscal year ending December 2025 of Lion Corporation.

Thank you all very much for taking time out of your busy schedules to join us today. Kengo Fukuda, Representative Director, Vice President and Executive Officer, is attending the meeting today. Keita Tanimoto, Manager of IR and SR Office, Corporate Planning Department, will be the facilitator.

Mr. Fukuda will now explain the details of the financial results for Q3 of the fiscal year ending December 31, 2025, and then we will move on to the Q&A session. The entire meeting will last approximately one hour.

Before we begin the briefing, we would like to remind everyone. In the following discussion, we may make forward-looking statements based on our current expectations, all of which are subject to risks and uncertainties. Actual results may differ from the forecast.

The audio of today's briefing, including questions, will be posted on the Company's website. Please note that the name of the company, your name, and the voice of your question will be uploaded as is.

Mr. Fukuda will now explain the details of the financial results of Q3.

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- Consolidated Financial Results for the First Nine Months of 2025
- Progress in Key Measures for the Second Half of Fiscal 2025
- Fiscal 2025 Financial Forecast
- Vision2030 2nd STAGE Growth Strategies

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Fukuda: Hello again, my name is Fukuda. Thank you very much for taking time out of your busy schedule to join us today. We would also like to thank you again for your continued support.

Here are the four items on today's agenda.

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Sales and profit
grew Y-o-Y, steadily
progressed towards
achieving full-year
targets

Key Point

- Profitability continued to improve steadily
- Japan: Growth momentum improved through focused development
- Overseas: Shifted strategy to align with environmental changes
- Preparing for reforms for FY2026 and beyond also progressed

Consolidated Performance

❑ Net sales (up Y-o-Y)	In Consumer Products, oral healthcare drove sales and profit grew
❑ Core operating income (up Y-o-Y)	Profit increased significantly thanks to high value-added products, streamlined competition-related expenses and contributions from new products
❑ Profit for the period attributable to owners of the parent (up Y-o-Y)	Profit increased significantly by approx. 1.6 times year on year due to a step acquisitions gain from the acquisition of a Vietnamese subsidiary

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I will explain our consolidated financial results for Q3.

As for Q3, following the interim period, sales and profits increased in the July-September period, and the results for the first nine months of the fiscal year under review are also on track to achieve the annual target.

In particular, as indicated in the upper part of the slide, the main issue in the first year of the medium-term management plan, improvement of profitability in Japan, continues to be on track. In addition, with new product launched for July through September, we believe the momentum for top-line growth is accelerating.

Overseas, we are tuning our strategy and shifting to a policy of profitable growth amid the increasingly severe business environment in major countries. I would also like to conclude today by mentioning a few initiatives from a medium- to long-term perspective.

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Consolidated Financial Results



**Net sales and profits increased Y-o-Y,
and the core operating income margin improved by 1.1 points**

(Billions of yen)	Jan.-Sep. 2025	Jan.-Sep. 2024	Y-o-Y change	
			Amount	%
Net sales	304.9	301.1	3.7	1.3 0.8*4 1.3*5
Core operating income*1 % of net sales	22.3 7.3	18.6 6.2	3.6	19.9
Operating profit % of net sales	27.8 9.1	17.1 5.7	10.7	62.7
Profit for the period attributable to owners of the parent	20.8	12.6	8.1	64.3
EPS (Yen)	75.25	45.67	29.58	64.8
EBITDA*2	35.5	32.5	3.0	9.5
EBITDA margin (%)*3	11.7	10.8	—	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 is 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.

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Now, let's look at the consolidated results.

Sales for Q3 were JPY304.9 billion, up 1.3% from the same period last year. Since sales increased 0.4% YoY in H1, the sales growth rate improved to 2.9% in the July-September period. Core operating income profit was JPY22.3 billion, an increase of approximately JPY3.7 billion from the same period last year.

Operating income increased significantly, partly due to the recognition of a gain on step acquisitions associated with the acquisition of a wholly owned subsidiary in Vietnam. Net income for the quarter will also increase by 64.3%.

EBITDA was JPY35.5 billion, an increase of JPY3 billion from the same period last year, and the ratio to sales rose 0.9 percentage points to 11.7%.

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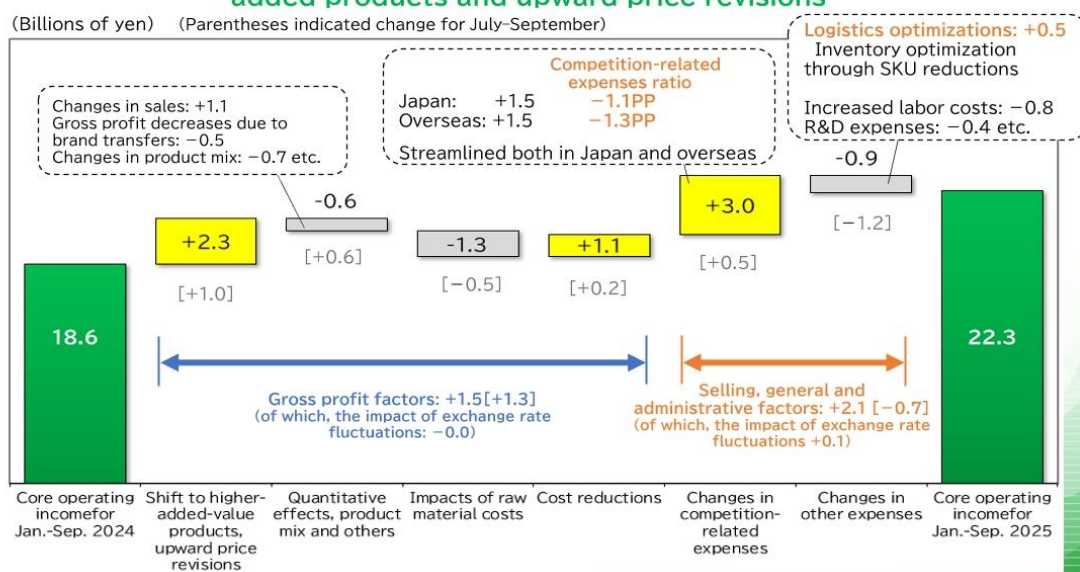
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Year-on-Year Changes in Core Operating Income

Gross profit improved thanks to firm progress in the shift to high value-added products and upward price revisions



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Next, here are the factors that contributed to the increase or decrease in core operating income profit from the previous year.

In the graph, the blue arrows indicate the factor of increase/decrease in gross profit, which is JPY1.5 billion. The orange arrow shows the factors for the increase or decrease in SG&A expenses, which amounted to JPY2.1 billion. The figures in parentheses are the increase or decrease between July and September.

First, regarding the gross profit factor, the gross profit increase due to value-adding and price increases was JPY2.3 billion, and we believe that cost reductions in response to raw material inflation, price shifting, and a shift to higher-priced products contributed to the improvement in profit margin.

As you can see, the decrease in competition expenses was the major factor in the increase in SG&A expenses. As we explained in Q1 and Q2, this is not a mere straightforward expense cut to generate profit. We are reviewing our costs, which have been rather inflated to secure sales volume, to improve efficiency.

In the July-September period, we have increased advertising for Q2 in Japan, and curbed sales promotion expenses that do not lead to sales in some overseas markets, resulting in a JPY500 million decrease in expenses for the July-September period.

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Results by Business Segment

In Consumer Products, profit increased substantially due to growth in high value-added products and progress in structure reform

(Billions of yen)	Net sales*				Core operating income			
	Jan.-Sep. 2025	Jan.-Sep. 2024	Y-o-Y change		Jan.-Sep. 2025, % of net sales	Jan.-Sep. 2024, % of net sales	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	186.0	183.1	2.8	1.6	15.8	11.9	3.8	32.2
	160.2	159.8	0.3	0.2	8.5	6.5	3.8	32.2
Industrial Products	43.4	40.2	3.1	7.8	2.2	2.2	0.0	2.8
	29.0	27.8	1.1	4.1	5.3	5.5	0.0	2.8
Overseas	129.8	128.9	0.8	0.7	5.5	4.8	0.7	15.9
	114.9	112.4	2.4	2.2	4.3	3.7	0.7	15.9
Other	7.7	12.4	(4.7)	(37.8)	(0.1)	0.4	(0.5)	–
	0.7	0.9	(0.2)	(22.8)	(1.5)	3.3	(0.5)	–
Adjustment	(62.0)	(63.6)	1.5	–	(1.3)	(0.8)	(0.4)	–
	–	–	–	–	–	–	–	–
Consolidated Total	304.9	301.1	3.7	1.3	22.3 7.3	18.6 6.2	3.6	19.9

* 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 quarter of the fiscal year under review. Segment information for the previous consolidated fiscal year has also been reclassified to reflect this change.

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I would like to explain our business performance by segment.

The Consumer Products Business for General Use reported a significant 32% increase in profit, thanks to an increase in sales, an increase in the composition of new high-value-added products, and the effects of profit structure reform measures.

I will explain the situation by sector later on the next slide.

In the industrial products business, sales and profits were up until Q2 but have turned around to an increase in sales and profits on the back of a recovery in the chemical field. Although the current growth rate overseas is slowing down, the addition of a subsidiary in Vietnam in July has enabled the company to continue to increase total sales and profits.

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Oral Healthcare, a Top Priority business, grew according to plan
Fabric Care sales declined, but profit improved significantly

(Billions of yen)	Net sales			
	Jan.-Sep. 2025	Jan.-Sep. 2024	Y-o-Y change	
			Amount	%
Oral Healthcare	56.8	54.3	2.4	4.6
Beauty Care	18.3	18.0	0.2	1.5
Fabric Care	40.1	41.0	(0.9)	(2.2)
Living Care	15.1	15.0	0.0	0.7
Pharmaceutical	17.1	18.5	(1.4)	(7.9) 0.2*
Other	38.3	35.9	2.4	6.7
Total	186.0	183.1	2.8	1.6 2.4*

* Actual rate of change excludes the impact of brand transfers

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Next is the domestic situation.

This is sales in the domestic sector. First, for oral health care at the top, we have launched new high-value-added products in Q3, which have contributed to this. Then the dental clinic route continued to do well, with a 4.6% increase in revenue.

In the fabric care business, sales were down in H1, but in September we renewed our laundry detergent line, which contributed to an increase in sales during the period from July to September.

As a result, excluding the impact of last year's brand transfer, total growth was 2.4% in real terms, as shown here in green.

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Overview of Consumer Products

Category	Net sales Y-o-Y change (%)		Comments
	Jan.-Jun.	Jul.-Sep.	
Oral Healthcare	+2.7	+8.2	- High value-added products in mainstay brands performed favorably, and new product <i>Dent Health Medicated Toothpaste DX Premium</i> contributed to sales - Sales of products sold through dental clinics also continued to increase (1.2x year on year in July-September)
Beauty Care	+2.5	(0.3)	- In hand soaps, <i>KireiKirei Medicated Hand Conditioning Soap</i> continued to perform strongly (1.9x year on year in July-September) - Hygiene-related products, antiperspirants and deodorants were down year on year
Fabric Care	(3.7)	+0.7	Reflecting improved marketing, <i>NANOX one</i> highly concentrated liquid laundry detergent, laundry detergents grew substantially (1.2x year on year in July-September) Overall sales in the category are on a recovery trend
Living Care	+0.8	+0.4	New high value-added products in bath detergents and toilet cleaners contributed to sales
Pharmaceutical	+3.2*	(4.9)	- Due to revisions in generic product prices, antipyretic sales volume decreased - Products for inbound tourists continued to perform favorably

* Real change excluding the impacts of brand transfers

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Here, to explain in a little more detail, is a separate list of YoY changes for January-June and July-September.

Oral health care, which launched a new product in September, grew 8.2% during the July-September period, with shipments at the time of the new launch contributing to this growth, but the composition of over-the-counter sales is also expected to shift to higher price ranges in the future.

In addition, fabric care, which had been experiencing a decline in sales in H1 of the fiscal year, has turned to an increase in sales during the July-September period as a result of efforts to improve profit margins by controlling price competition and correcting prices.

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Overseas Business Results by Region



In Southeast and South Asia, although geopolitical issues dampened sales in Thailand, sales and profit grew thanks to strong performance in Malaysia
Northeast Asia saw lower sales and profit in key countries like China and South Korea

(Billions of yen)	Net sales					Core operating income			
	Jan.-Sep. 2025	Jan.-Sep. 2024	Y-o-Y change			Jan.-Sep. 2025, % of net sales	Jan.-Sep. 2024, % of net sales	Y-o-Y change	
			Amount	%	Real rate (%)*1			Amount	%*2
Southeast and South Asia	80.5	75.7	4.7	6.2	2.0	4.8 6.0	3.5 4.7	1.2	34.9 +1.3PP
Northeast Asia	49.3	53.1	(3.8)	(7.2)	(3.9)	0.7 1.5	1.2 2.3	(0.4)	(39.6) (0.8PP)
Total	129.8	128.9	0.8	0.7	(0.4)	5.5 4.3	4.8 3.7	0.7	15.9 +0.6PP

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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I will continue with an explanation of our overseas business performance by region.

In Southeast and South Asia, Thailand struggled from July to September due to the deteriorating political situation with neighboring countries, but Malaysia remained strong, and the consolidation of highly profitable Vietnam also contributed to the YoY increase in sales and profit, and the profit margin rose 1.3 percentage points.

Meanwhile, in Northeast Asia, both sales and profits declined in both mainstay China and South Korea, and a shift in strategy is underway. This will be explained later.

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Overseas Business: Status of business in Key Countries



(Billions of yen)	External net sales* ¹				Comments	Personal care field* ⁴ ratio to consolidated sales (%)
	Jan.-Sep. 2025	Change (amount)	Change (%)	Real rate* ² (%)		
Thailand	46.7	1.8	4.1	(0.8)	➢ Geopolitical issues impacted exports and local business ➢ Sales in the beauty care category stayed firm while growing in the personal care category (104.8% year on year)	34.3
Malaysia	19.4	1.7	10.1	5.6	➢ Proactive sales promotion measures and government measures to stimulate demand have resulted in firm sales growth in each category	22.5
China* ³	19.4	(0.6)	(3.5)	(0.7)	➢ Strategically maintained prices for some brands, improving profitability despite lower sales volumes amid a challenging market environment ➢ Sales of high value-added products increased significantly	87.1
South Korea	13.3	(1.5)	(10.7)	(4.5)	➢ Exports declined due to economic stagnation in surrounding countries ➢ Hand soap sales saw firm growth after upward price revisions	34.8

Notes 1. External net 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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I have already explained the situation in the four major countries, so I will skip this part.

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Consumer Products: Progress of Profit Structure Reforms



**Key portfolio reform initiatives are progressing firmly,
with core operating income ratio up 2 points year on year**

Key Initiatives and 2025 KPIs	Progress
Shift to high value-added products and upward price revisions 2025 target: ¥3.5 billion	¥2.3 billion (January–September 2025 results)
Reducing SKUs 2025 target: Reduce 50–60 SKUs	Reduced 65 SKUs (Estimated total for 2025)
Clarify separation of business fields Strengthen priority areas and streamline non-priority areas	Decided to transfer a food preparation product brand (Completed on October 31, 2025)
Streamline competition-related expenses (2027 target: Lower ratio of net sales to competition-related expenses by 2 points*)	vs. 2023: (1.9 points) vs. January–September 2024: (1.1 points) ➔ Distinguish between categories while aiming to improve overall efficiency

* Compared to 2023

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I will then explain the status of current initiatives and measures.

First, I would like to discuss the reform of the domestic profit structure.

We have been saying that structural reforms are progressing well, and the progress of KPIs is shown here. JPY2.3 billion in value-added improvement due to price revisions and shift in sales mix. SKUs are also almost on track to achieve their annual target level of efficiency.

As for competition expenses, we have already reached a level close to the mid-term target compared to 2023, partly due to the optimization of sales promotion expenses, which had been somewhat inflated for a long time in response to price competition.

However, we intend to continue to improve these efficiencies and create a cycle in which we actively invest in the development of necessary brands and value-added areas.

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Consumer Products: New Products in Japan

life.love.
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New product launches were firm, and active investment in advertising was made to prepare for FY2026 and beyond

Statues of New Products in the 3rd Quarter



Firm launch drove growth in the high-end market

- ✓ Initial shipments exceeded plans by **1.5 times**
- ✓ *Dent Health* brand sales in July–September **190%** year on year
- Expanded distribution and proactive advertising to strengthen growth



Significant year-on-year profit growth thanks to revamped products

- ✓ *NANOX one* sales in July–September **123%** year on year
- Streamlined advertising investment (doubled digital advertising) with a focus on high value-added products



Full-scale contributions expected from the 4th quarter and beyond

- ✓ *LOOK Plus* sales in July–September **113%** year on year
- Aiming for synergy with launch of promotion of no scrubbing

*Shipped at the end of September

New Products in the 4th Quarter

Aroma Rich New and revamped launches

- ✓ Hire new talent and update communications
- ✓ Increase advertising investment by **1.6 times** for October–December year on year

New toothpaste products for dental clinics utilizing new technologies (microflora control)

- ✓ Incorporate new technologies to prevent gum disease*
- ✓ Aim for further growth with strong products sold through dental clinics

* General term for inflamed gums and periodontitis

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I am pleased to report that we are generally off to a good start in the situation with the first of its priority investment products, the situation with new products after Q3.

In the Oral Health Care segment, we launched a new product with the highest price range among our toothpastes, with initial shipments 1.5 times higher than planned. We believe that the storefront has started to show a good start, as we can confirm the uptake of inbound demand (demand from overseas visitors to Japan), etc.

In Q4, as you can see in the lower right-hand corner of this screen, we will introduce toothpaste equipped with our microbiome control technology to the dental clinic route to further accelerate growth in the field as a whole.

In the fabric care field, sales of NANOX one, which underwent renewal from July to September, increased significantly. We have heard that in-store turnover is also favorable, and we have received reports that some chains are getting POS that exceed those of their competitors.

In Q4, we have already launched a renewed Aroma Rich fabric softener in October, and we have also renewed our communication by appointing a new celebrity for the commercials and are promoting advertising investment that is significantly higher than the previous year.

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SCRIPTS
Asia's Meetings, Globally

Thailand

Despite impacts of geopolitical issues, the personal care category continued to grow

Status of Initiatives

- Prioritize growth of oral healthcare
Strengthened **SALZ** and **SYSTEMA** sales promotions
→ July–September: **104%** year on year



Response to Environmental Changes

- Exports and some local businesses declined (especially powder detergents)
→ Focus sales promotion efforts on local growth categories
Strengthened sales promotion efforts for liquid laundry detergents, a growing category
Revamped **SYSTEMA** toothbrushes



Future Initiatives

- Restructure brand strategy in oral healthcare and expand distribution through collaboration with joint venture partners
- Implement further profitability improvements in beauty care, including upward effective price revisions for body washes

Malaysia

Favorable performance continued in oral healthcare
Improvements aimed at achieving an optimal portfolio are progressing

Status of Initiatives

- Local oral healthcare brand **Fresh&White** is making firm progress
→ Brand sales **108%** year on year
The personal care category sales **106%** year on year
- Liquid laundry detergents, which were challenging, were revamped and appeal improved
→ Liquid laundry detergent sales **115%** year on year



Future Initiatives

- Further expand the personal care category
Increase unit prices and expand distribution with launch of new **Fresh&White** products
- Expand lineup of liquid laundry detergents by launching new products



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Next, I would like to explain the situation in major overseas countries and the tuning of our strategy.

The first is Southeast Asia, first on the right, Malaysia. The growth of local brands in oral health care and the liquid detergent segment, which has been an issue for a long time, are continuing to do well, with sales growth in the liquid segment.

On the other hand, this is Thailand on the left. Although our mainstay laundry detergent business has been temporarily damaged due to the deteriorating situation in neighboring countries, the personal care business, including body soap and oral health care, has remained strong. Therefore, we are evaluating strategies for oral health care, an area of particular focus. I will explain it on the next slide.

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Fundamentally review strategies for oral healthcare in Thailand

Understanding Challenges

Previously, resources were concentrated on laundry detergents and other products with strong market positions
➔ Insufficient brand-specific strategies and distribution capabilities for oral healthcare products

Reevaluating Brand and Redefining Strategies

Understand issues currently facing mainstay brands, revise directions, and differentiate from competitors

- ✓ Revise brand purposes, targets, and value proposals, and develop and execute medium- to long-term strategies



- Promote excellent quality and functionality of Lion's products made in Japan
- Build a brand image focused on preventive dentistry
→ Completely redesign packaging to enhance in-store visual and functional appeal



- Popular in the salt-based toothpaste market segment and well received locally
- Key challenges include increasing attractiveness of salt-based toothpastes among younger customers and shifting towards high value-added products
→ Enter the expanding whitening segment and launch new, high value-added products exclusively for corporations

Strengthen systems to realize strategy

Further strengthen collaboration with joint venture partners with strong distribution and delivery networks

- ✓ Increase dedicated sales staff for oral healthcare
 - Direct deliveries through joint venture partners **approx. doubled**
- ✓ Increase distribution to traditional trade and convenience stores, which have high sales potential
 - Actively utilize wholesale distribution
 - Resolve distribution challenges in convenience stores; aim for **100% distribution** of mainstay SKUs (currently approx. 60-70%)

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In Thailand, resources have tended to be concentrated too much on laundry detergents, which have a strong market position, but in response to the recent situation, we have begun to strengthen our oral health care business.

We are reevaluating our brands and redesigning and promoting sales strategies for each brand according to its role and target, as well as segregation of distribution areas, business categories, prices, etc. We will share strategies and goals with our joint venture partner distributors, and develop detailed marketing activities, for example, to promote the traditional trade in rural areas, and to increase the distribution rate of this brand to urban convenience stores.

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 China	 South Korea
High value-added brands continued to grow despite ongoing economic stagnation Market environment - Economic stagnation and price polarization continued Initiative Status - Accelerate development of high value-added brands → Continued growth driven by new products in the <i>CLINICA</i> and <i>SYSTEMA</i> brands <i>DENT.</i>, aimed at dental clinics, 299% year on year - Expand distribution with a focus on key management chains → Expect to see the number of key management retail outlets to expand to 2,100 stores by the end of FY2025 Future Initiatives - Accelerate development of high value-added brands through new product launches and expanded distribution - Strengthen offline point-of-sale management and strengthen e-commerce platforms Short-Term Initiatives: - Grow sales of high value-added brands through key channels	Export business was sluggish but showed signs of recovery, and personal care category saw growth Market Environment - Economic stagnation due to political instability, rising raw material prices Status of Initiatives - Proactively expand hand soap sales → Maintained top market share even after upward price revisions, 107% year on year - Proportion of personal care sales also increased - Capsule detergent has maintained market presence despite streamlining promotional expenses Future Initiatives - Resume proactive investment in capsule detergent marketing - Export business is showing signs of recovery with efforts to enhance recovery such as expanding the range of products Short-Term Initiatives: - Profit-focused management, including price increases and streamlining promotional expenses

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Next is the situation in Northeast Asia.

On the right, South Korea. Although affected by the decline in exports to neighboring countries, there are signs of a recovery in recent months. In South Korea, hand soaps and capsule detergents are performing well, and we will strive to develop capsule detergents and other products in addition to recovering our export business.

This is China on the left. As the economy stagnates, prices are polarizing and down-trading is progressing, and prices of our mainstay mid-priced White & White products have fallen sharply, leading us to shift our strategy to cultivate brands in the higher price range area.

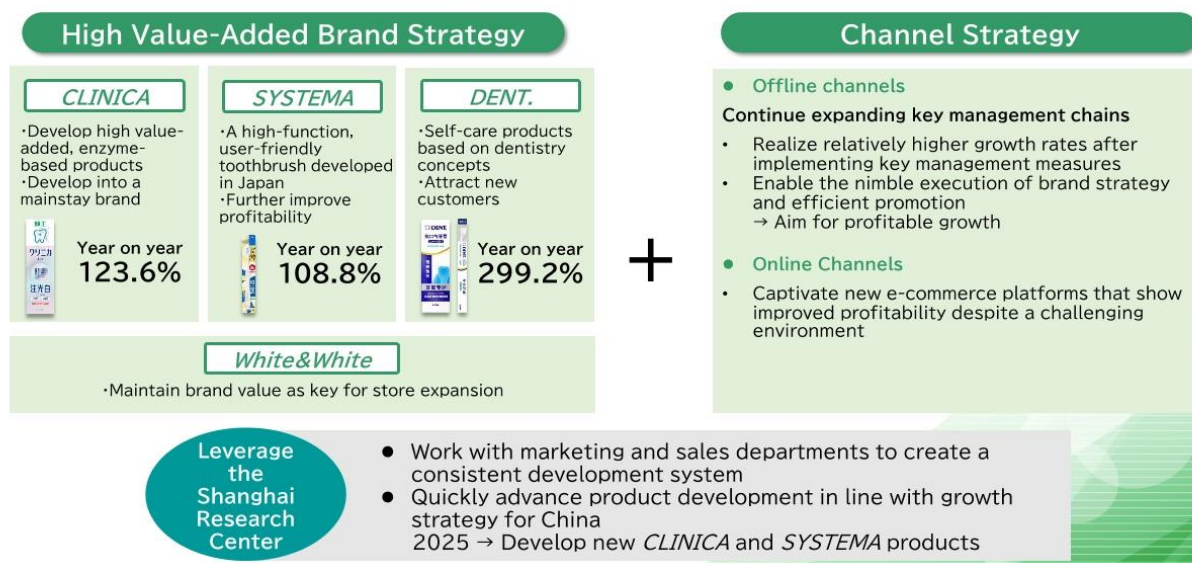
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Overseas Business: Key Measures for China

Utilize local research centers to swiftly develop products with distinctive advantages
Aim for profitable growth via a selective channel strategy



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As for White & White, there is a balance with facility operation, and our policy is to maintain this balance while ensuring operations without pursuing excessive sales.

At the same time, we are building on this White & White handling to cultivate higher-priced brands such as Clinica, Systema, and DENT.

This year, we are developing and launching new products by utilizing our research institute in Shanghai, and we are intensively managing the distribution of these high-priced brands to nurture them.

We have been focusing on double-digit growth in our China business, but we have decided that it is not advisable to pursue volume any further, and we are now steering the business toward renewed growth while raising margins.

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2025 Consolidated Financial Forecast



**No change from announcement at the beginning of the year
Despite difficult business environments overseas, aim to realize announced targets
through the agile implementation of measures**

(Billions of yen)	2025	2024	Y-o-Y change	
			Amount	%
Net sales	420.0	412.9	7.0	1.7
Core operating income* ¹ % 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* ²	49.0	45.1	3.8	8.5
EBITDA margin (%)* ³	11.7	10.9	—	0.8PP
ROIC (%)* ⁴	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 is 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, I would like to discuss this year's full-year forecast.

The annual consolidated earnings forecast remains unchanged from the beginning of the year. Although the overseas business environment remains challenging, we will continue to flexibly invest expenses in growth in Q4 to cover our overall expenses and achieve our annual announcement.

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Steadily implementing measures set out for FY2025 while making preparations for the next fiscal year and beyond

2nd STAGE
Themes

Strengthen profitability

Key initiatives for FY2026 and beyond based on progress in FY2025

Profit structure reform in Consumer Products

- We are now fully reaping the benefits of structural reform measures, including a number currently being implemented

Accelerate overseas growth initiatives

- Launched full-scale operations in new countries during 1st STAGE (Vietnam, Bangladesh)

Improve the management base

- Decided to reform management processes to improve job execution and speed in 2026

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Finally, I would like to share with you my perception of the current situation from a medium- to long-term perspective and then discuss the progress we have made in planting the seeds for growth in the next fiscal year and beyond.

There are three major issues to be addressed in the current medium-term management plan, namely, "strengthening profitability".

First, in this first year, we have focused on reforming the profit structure of our domestic general consumer goods business. We believe that we have achieved some success in this area, and we will accelerate this process from next year onward.

On the other hand, from the viewpoint of restoring growth potential, we also began investing in focused growth in Japan in H2 of this fiscal year. On the other hand, we believe that the macro environment overseas has changed since the start of the medium-term management plan.

As for tuning our strategy for existing countries, as I explained earlier, we believe it is important to ensure growth in the new countries of Vietnam and Bangladesh, where we entered in the first stage, for the next year.

In terms of management base reforms, we have been working to strengthen governance this year, and from next year onward, we intend to make major changes to our internal management processes and systems to accelerate the promotion of our strategies. I would like to explain about these reforms, especially in the areas of overseas operations and management base reforms.

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Strengthen growth in new countries and regions

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Following up on growth investments made under 1st STAGE, implement measures for medium- to long-term expansion in new countries

Vietnam » Employing a highly profitable business model for the sale of personal care products and leveraging Group synergies Status of Vietnam Business • Focused on pharmaceutical products such as eye drops and nasal sprays; • Doctors and pharmacists make recommendations and products are then sold at hospitals and pharmacies ↓ 2025: Introduced beauty care products (SunoHada skincare brand for sensitive skin) 2026: Plan to introduce oral healthcare products (DENT, high value-added brand) • Marketing using the doctor-recommended model via strong channels like pharmacies ➔ Aim for growth while maintaining high profit margins	Bangladesh » Expand business backed by the new factory and develop key brands • Expand sales of products manufactured at the new factory Internally produce dishwashing detergents and toothbrushes (previously outsourced) to realize medium- to long-term cost benefits • Prioritize the development of the KODOMO brand Strengthen the development of baby care products with strong market potential and already-good recognition • Strengthen sales structure Assign dedicated sales staff in 2025 and increase staff in 2026
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I will explain specific future initiatives in Vietnam and Bangladesh overseas.

For Vietnam, it is a company with a profitable business model based on expert recommendations, with a focus on pharmaceuticals. Now that it has become a wholly owned subsidiary, we intend to expand our business by adding our personal care field to this model.

Specifically, the company has already introduced a skincare brand this year, which intends to be nurtured. Next year, we are planning to enter the market for high-performance oral health care.

We would like to apply the customer relationship management we have developed for dental clinics in Japan to Vietnam and China and expand our business while maintaining high profitability.

We believe that Vietnam has the potential to become a model case for the pharmaceutical business throughout Asia in the future, as well as a base for supplying products. We intend to expand our business model, which is one of our strengths.

Bangladesh on the other hand. After investing in the company, we have started small-scale production of kitchen detergent and toothbrushes on an outsourced basis, and this year the factory under construction will be completed. We would like to take this opportunity to expand and improve our sales structure and channels and move into full-scale business expansion next year.

In addition, Bangladesh has a young population, and we are planning to develop the KODOMO brand, which has been deployed mainly in Southeast Asia, for the baby care market, which has growth potential.

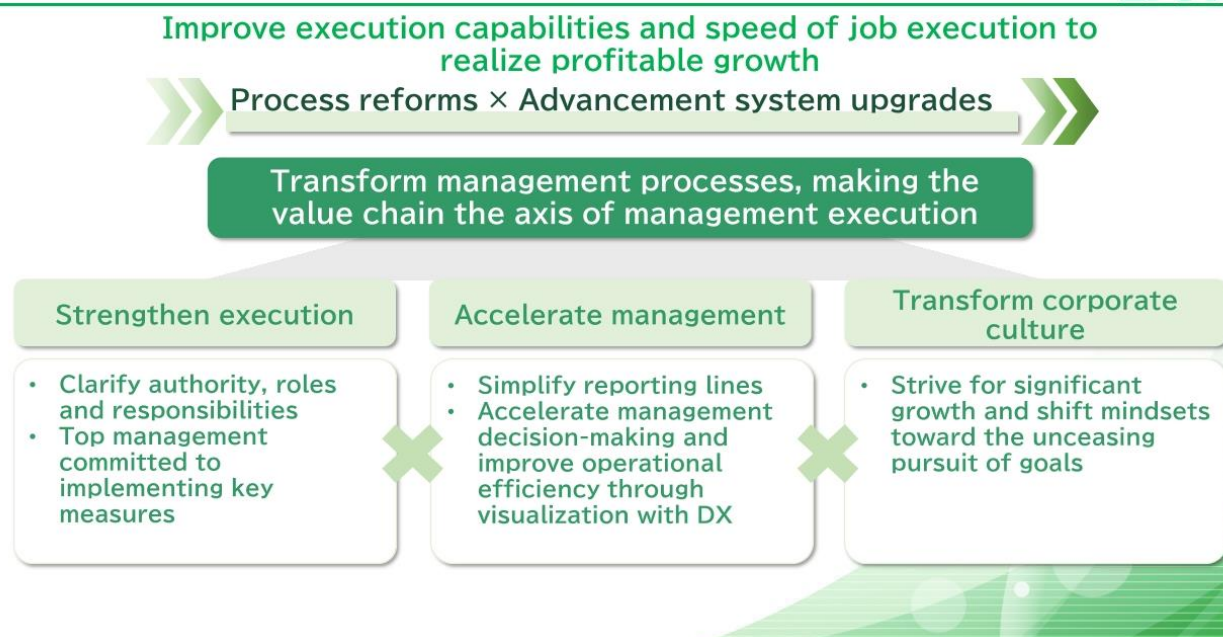
In addition to these two countries, we are also in the process of studying the incorporation of new resources and the reorganization of our portfolio, and we believe that next year will be the climax of our mid-term business plan in terms of growth.

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In order to speed up the implementation of this growth strategy, we plan to make major changes to our internal management process and structure starting next year.

Until now, we have had a parallel organization of functional divisions, in which organizations by function worked together to promote the overall business, but it took time to respond to issues and changes in circumstances, and responsibilities and authority tended to be unclear.

In order to speed up our business and strengthen our ability to execute, we would like to switch from an organizational structure based on horizontal functional headquarters to a vertical structure based on a value chain starting next year. And we want to boldly transfer authority to the top management of the business.

We would like to speed up the process by simplifying the reporting line and utilizing DX to increase our commitment to our goals.

We plan to announce the specific details of the reorganization at the end of this month. In addition to achieving the current annual performance goals, we will plant seeds and make preparations for the second half of the mid-term business plan, and we will bring the results of these efforts to fruition in the next fiscal year and beyond.

That is all for my explanation. Thank you very much.

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