



Summary of Consolidated Financial Statements for the Year Ended December 31, 2025 [IFRS]

February 12, 2026

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

URL: <https://www.lion.co.jp/en/>

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Annual meeting of shareholders: March 27, 2026

Start date of payment of dividend: March 5, 2026

Scheduled date of filing of financial report: March 26, 2026

Supplementary materials prepared for financial results: Yes

Earning announcement for financial results: Yes (for institutional investors, analysts, etc.)

Figures in this and subsequent tables are truncated at the nearest million.

1. Consolidated Results for the Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(1) Consolidated Results (cumulative)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2025	422,092	2.2	36,368	28.1	39,433	22.3
Year ended December 31, 2024	412,943	2.5	28,387	38.4	32,249	44.1

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2025	31,049	29.0	27,587	30.1	42,079	18.0
Year ended December 31, 2024	24,072	44.3	21,197	44.9	35,651	34.2

Note: Core operating income for the year ended December 31, 2025 was ¥30,760 million (up 16.8% year on year).

Core operating income for the year ended December 31, 2024 was ¥26,332 million (up 30.8% year on year).

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.

	Basic earnings per share	Diluted earnings per share	Ratio of equity attributable to owners of the parent to profit for the period	Ratio of profit before tax to total assets	Ratio of operating profit to net sales
Year ended December 31, 2025	Yen 99.74	Yen 99.64	% 9.0	% 7.7	% 8.6
Year ended December 31, 2024	76.51	76.41	7.4	6.6	6.9

Note: Share of profit (loss) of investments accounted for using the equity method:

December 31, 2025: ¥2,882 million

December 31, 2024: ¥2,921 million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
December 31, 2025	Millions of yen 528,596	Millions of yen 348,419	Millions of yen 322,726	% 61.1	Yen 1,166.54
December 31, 2024	497,167	315,694	293,717	59.1	1,062.70

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended December 31, 2025	Millions of yen 40,648	Millions of yen (43,460)	Millions of yen (12,406)	Millions of yen 88,092
Year ended December 31, 2024	43,660	(7,659)	(21,205)	102,240

2. Dividends

	Cash dividends per share					Total dividend paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-End	Total			
Fiscal 2024	Yen —	Yen 13.00	Yen —	Yen 14.00	Yen 27.00	Millions of yen 7,478	% 35.3	% 2.6
Fiscal 2025	—	15.00	—	15.00	30.00	8,319	30.1	2.7
Fiscal 2026 (forecast)	—	17.00	—	17.00	34.00		37.6	

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026
(January 1, 2026 – December 31, 2026)**

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
First half 2026	Millions of yen 210,000	% 5.3	Millions of yen 19,000	% 42.0	Millions of yen 10,000	% 4.1	Yen 36.15
Fiscal 2026	430,000	1.9	40,000	10.0	25,000	(9.4)	90.38

Note: Core operating income forecast: First half 2026: ¥14,000 million
Fiscal 2026: ¥35,000 million

Notes

(1) Significant Change in Scope of Consolidation during Period: Yes

Newly included: 3 companies (Company name)
Merap Lion Holding Limited Liability Company
Merap Group Corporation
Phanam Pharmaceutical Corporation

Excluded: - company (Company name)

(2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:

- a. Changes in accounting standards required under IFRS: No
- b. Other changes: No
- c. Changes in accounting estimates: No

(3) Number of outstanding shares (common stock)

a. Number of outstanding shares on balance sheet dates (including treasury stocks):

As of December 31, 2025: 279,782,746 shares
As of December 31, 2024: 284,432,746 shares

b. Number of treasury stocks on balance sheet date:

As of December 31, 2025: 3,130,893 shares
As of December 31, 2024: 8,045,423 shares

c. Average number of shares outstanding over period

Fiscal year ended December 31, 2025: 276,595,116 shares
Fiscal year ended December 31, 2024: 277,054,093 shares

Reference: Summary Non-Consolidated Results (JGAAP basis)

1. Non-Consolidated Results for the Year Ended December 31, 2025

(January 1, 2025 – December 31, 2025)

(1) Non-Consolidated Results

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Ordinary income		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2025	225,480	0.5	11,754	20.1	21,780	16.6	18,680	40.9
Fiscal 2024	224,430	(2.8)	9,789	331.8	18,675	131.1	13,260	76.1

	Basic earnings per share	Diluted earnings per share
	Yen 67.53	Yen 67.47
Fiscal 2025	47.86	47.79
Fiscal 2024		

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
December 31, 2025	Millions of yen 325,040	Millions of yen 214,377	% 66.0	Yen 774.89
December 31, 2024	319,894	202,716	63.4	733.26

Reference: Shareholders' equity: December 31, 2025: ¥214,374 million
December 31, 2024: ¥202,666 million

* This report is not subject to review by a certified public accountant or external auditor.

* Appropriate use of results forecasts; other special items

The forecasts and projected operating results contained in this report are based on information available at the time of preparation and thus involve inherent risks and uncertainties, including those related to economic conditions, the competitive environment and exchange rate fluctuations. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors. For information on forecasts of operating results, see I. Consolidated Performance and Financial Status on pages 2–11.

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I. Consolidated Performance and Financial Status

1. Consolidated Performance

(1) Performance Overview of the Consolidated Fiscal Year under Review

(January 1, 2025 – December 31, 2025)

During the fiscal year under review, the outlook for the global economy remained uncertain due to geopolitical issues and the impact of heightened tariffs in the United States. Despite continued inflation in Japan, personal consumption shifted to a recovery trend, and the economy saw gradual recovery.

Overseas, in Thailand—one of Lion's major markets—the market remained weak in general but showed signs of recovery in the second half of the year while China saw a deceleration trend due to stagnation in real estate and declining prices.

Against this backdrop, the Lion Group launched its new three-year medium-term management plan, Vision2030 2nd STAGE in 2025. Reflecting the plan's theme of strengthening profitability, Lion is advancing measures in line with three basic policies: strengthening business portfolio management, strengthening the management base and generating dynamism.

In Japan, we are striving to shift toward high added-value products in our businesses as well as implementing reforms to our profit structure, including the transfer of the *REED* food preparation product brand to another company.

The Company is continuing to pursue the top-priority material issue of expanding its oral healthcare business overseas, primarily in key countries in which we operate. With the goal of securing sustainable growth, the Company acquired all shares of an equity-method affiliate in Vietnam, turning it into a wholly owned subsidiary, and has completed construction of a new factory in Bangladesh in preparation for a full-scale business launch.

Reflecting these efforts, consolidated results for fiscal 2025 are as follows. Net sales amounted to ¥422,092 million, a year-on-year increase of 2.2% (or a 1.4% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥30,760 million, up 16.8% compared with the previous fiscal year, and operating profit to ¥36,368 million, up 28.1% year on year. Profit for the period attributable to owners of the parent totaled ¥27,587 million, up 30.1% compared with the previous fiscal year.

Consolidated Results

	Fiscal 2025	Ratio to net sales	Fiscal 2024	Ratio to net sales	Change	(Millions of yen) Change (%)
Net sales	422,092		412,943		9,148	2.2%
Core operating income	30,760	7.3%	26,332	6.4%	4,427	16.8%
Operating profit	36,368	8.6%	28,387	6.9%	7,980	28.1%
Profit for the period attributable to owners of the parent	27,587	6.5%	21,197	5.1%	6,389	30.1%

Notes: 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.

Results by Business Segment

(Millions of yen)

	Net sales				Core operating income			
	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change (%)	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change (%)
Consumer Products	258,874	254,832	4,042	1.6%	21,634	17,842	3,792	21.3%
Industrial Products	58,316	55,172	3,143	5.7%	2,898	2,807	90	3.2%
Overseas	177,999	171,859	6,139	3.6%	8,180	6,518	1,662	25.5%
Other	9,939	16,795	(6,855)	(40.8%)	(178)	284	(462)	—
Subtotal	505,130	498,660	6,470	1.3%	32,534	27,451	5,082	18.5%
Adjustment	(83,038)	(85,716)	2,678	—	(1,774)	(1,119)	(655)	—
Total	422,092	412,943	9,148	2.2%	30,760	26,332	4,427	16.8%

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 beginning of fiscal 2025.

Segment information for the previous consolidated fiscal year has been reclassified to reflect this change.

Results by business segment are as follows.

Consumer Products Business

The Consumer Products Business segment comprises the Oral Healthcare Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales increased 1.6% compared with the same period in the previous fiscal year. Core operating income increased 21.3% as a result of profit structure reforms.

(Millions of yen)

	Year ended December 31, 2025	Ratio to net sales	Year ended December 31, 2024	Ratio to net sales	Change	Change (%)
Net sales	258,874		254,832		4,042	1.6%
Core operating income	21,634	8.4%	17,842	7.0%	3,792	21.3%

Note: Net sales include internal sales within and among segments, which amounted to ¥35,131 million in fiscal 2025 and ¥32,095 million in fiscal 2024.

Net Sales by Product Category

(Millions of yen)

	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change (%)
Oral Healthcare Products	80,223	76,598	3,625	4.7%
Beauty Care Products	25,125	24,554	570	2.3%
Fabric Care Products	56,086	57,109	(1,022)	(1.8%)
Living Care Products	20,984	21,449	(464)	(2.2%)
Pharmaceutical Products	24,150	25,132	(981)	(3.9%)
Other Products	52,304	49,988	2,315	4.6%

Oral Healthcare Products

This product segment consists of toothpastes, toothbrushes and other dental care products.

In toothpastes, sales of the high added-value *SYSTEMA Haguki (the Gums) Plus Toothpaste* and *CLINICA PRO Toothpaste* were strong. In addition, Lion launched a new high-end product, *Dent Health Medicated Toothpaste DX Premium*, which prevents periodontitis and enhances gum recovery*, to favorable customer reviews. Reflecting the development of this and other high added-value products, overall sales also increased year on year.

In toothbrushes, sales of *NONIO* and *SYSTEMA* toothbrushes were up year on year but down for *OCH-TUNE* toothbrushes, and overall sales decreased slightly year on year.

In dental care products, both *CLINICA ADVANTAGE Dental Floss Y-Type* and *NONIO Tongue Cleaner* performed favorably, and overall sales were up significantly year on year.

In addition to the above, sales of products sold through dental clinics rose, resulting in overall sales of Oral Healthcare Products increasing 4.7% year on year.

* The medicated ingredient Vitamin E invigorates gum cells and repairs tissue.

Beauty Care Products

This product segment consists of hand soaps, body soaps and other related products.

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* were steady, and sales of *KireiKirei Medicated Hand Conditioning Soap* were up significantly year on year, leading to an overall increase in sales year on year.

In body soaps, sales of *hadakara Foaming Body Soap* were steady, but sales of the liquid version were lower year on year, and overall sales declined year on year.

In addition, Lion launched a new hair care brand, *MEGAMIS*, which proposes the new habit of using hair serum before conditioner, and sales have begun at a number of retail outlets and on e-commerce sites. This brand has received favorable customer reviews.

Overall sales of Beauty Care Products increased 2.3% year on year.

Fabric Care Products

This product segment consists of fabric softeners, laundry detergents and other related products.

In fabric softeners, sales of *SOFLAN Premium Deodorizer* were down year on year, and overall sales decreased year on year.

In laundry detergents, we launched an improved version of *NANOX one* in September with new enzymes for stronger cleaning and deodorizing power, and overall sales increased year on year.

Overall sales of Fabric Care Products decreased 1.8% year on year.

Living Care Products

This product segment consists of household cleaners, dishwashing detergents and other related products.

In household cleaners, Lion launched the new *LOOK Plus Whole Toilet Antibacterial & Deodorizing Fogger*, which offers a new way of cleaning, to favorable customer reviews. In addition, sales of *LOOK Plus Bath Cleansing* were steady, and overall sales increased year on year.

In dishwashing detergents, sales of *CHARMY Magica* were down year on year, and overall sales also decreased year on year.

In fiscal 2025, in line with revisions to its business portfolio, Lion completed the transfer of the *REED* brand of food preparation products to another company.

Overall sales of Living Care Products decreased 2.2% year on year.

Pharmaceutical Products

This product segment consists of antipyretic analgesics, eye drops, acne medicines and other related products.

In antipyretic analgesics, sales of *BUFFERIN PREMIUM DX* were firm, but sales of *BUFFERIN A* were down year on year, and overall sales decreased year on year.

In eye drops, sales of *Smile 40 Premium THE ONE* decreased year on year due to some recoil after its launch last year, and overall sales decreased year on year.

Sales of *Kyusoku Jikan Ashi-Sukkiri Sheet* cooling gel sheets for feet and *PAIR ACNE Cream W* acne medicine performed favorably, leading to substantially increased overall sales year on year.

In addition to the above, overall sales of Pharmaceutical Products decreased 3.9% year on year due in part to the impact of transferring some brands to other companies in the previous fiscal year.

Other Products

This product segment consists of pet supplies, gifts and novelty products, and other related products.

In pet supplies, sales of oral care products such as *PETKISS* and sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm year on year, and overall sales increased year on year.

Overall sales of Other Products increased 4.6% year on year.

Industrial Products Business

The Industrial Products Business segment includes the Mobility, Electronics, Life-Chemical and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tire rubber, electro-conductive carbon for secondary batteries, surfactants derived from oils and fats, and detergents for institutional and professional kitchen use, respectively. Segment net sales increased 5.7% year on year. Core operating income increased 3.2%.

	Year ended December 31, 2025	Ratio to net sales	Year ended December 31, 2024	Ratio to net sales	Change	Change (%)
Net sales	58,316		55,172		3,143	5.7%
Core operating income	2,898	5.0%	2,807	5.1%	90	3.2%

Note: Net sales include internal sales within and among segments, which amounted to ¥19,008 million in fiscal 2025 and ¥17,011 million in fiscal 2024.

In the Mobility field, Lion launched a new anti-sticking agent for tire rubber and sales were up year on year, but electro-conductive carbon for use in automobile body paint were down year on year, and overall sales decreased year on year.

In the Electronics field, sales of electroconductive resins for containers used in the transport of semiconductors were up significantly year on year, and overall sales increased year on year.

In the Life-Chemical field, sales of such nitrogen compounds as surfactants increased year on year, and overall sales also increased year on year.

In the Detergents for Institutional Use Products field, sales of laundry detergents increased substantially year on year, sales of hand soaps were firm, and overall sales also increased year on year.

Overseas Business

The Overseas Business segment comprises business operations located in Southeast and South Asia, including Thailand and Malaysia, as well as Northeast Asia, including China and South Korea. Overall net sales increased 3.6% year on year (or an increase of 1.5% at constant currency excluding exchange rate fluctuations). Core operating income increased 25.5% year on year.

	Year ended December 31, 2025	Ratio to net sales	Year ended December 31, 2024	Ratio to net sales	Change	Change (%)
Net sales	177,999		171,859		6,139	3.6%
Core operating income	8,180	4.6%	6,518	3.8%	1,662	25.5%

Note: Net sales include internal sales within and among segments, which amounted to ¥19,873 million in fiscal 2025 and ¥21,114 million in fiscal 2024.

Net Sales by Region

		(Millions of yen)			
		Year ended December 31, 2025	Year ended December 31, 2024	Change	Change (%)
Southeast and South Asia	Net sales	110,242	101,896	8,345	8.2%
	Core operating income	7,109	4,996	2,113	42.3%
Northeast Asia	Net sales	67,757	69,963	(2,205)	(3.2%)
	Core operating income	1,071	1,522	(451)	(29.6%)

In Southeast and South Asia, net sales were up 8.2% year on year (or up 3.2% at constant currency excluding exchange rate fluctuations), and core operating income was up 42.3% year on year.

In Northeast Asia, net sales were down 3.2% year on year (or down 1.0% at constant currency excluding exchange rate fluctuations), and core operating income was down 29.6%.

Net Sales by Key Country

		(Millions of yen)			
		Year ended December 31, 2025	Year ended December 31, 2024	Change	Change (%)
Thailand		67,349	65,594	1,754	2.7%
Malaysia		27,197	24,166	3,030	12.5%
China		30,386	30,193	192	0.6%
South Korea		20,255	22,982	(2,726)	(11.9%)

Thailand

Despite lower exports of laundry detergents to Cambodia as a result of geopolitical issues, overall sales increased year on year, partly due to the effects of exchange rate fluctuations.

In body soaps, sales of *Shokubutsu Monogatari* body washes were strong as a result of proactive in-store promotions, and overall sales were up year on year.

Overall sales in Thailand were up 2.7% year on year (or down 2.7% at constant currency excluding exchange rate fluctuations).

Malaysia

In laundry detergents, *TOP* liquid laundry detergent saw strong sales, and overall sales were up year on year.

In toothpastes, sales of *Fresh & White*, a product the Company is focusing on developing, grew significantly year on year, and overall sales increased year on year.

Overall sales in Malaysia were up 12.5% year on year (or up 6.9% at constant currency excluding exchange rate fluctuations).

China

In toothpastes, sales of *CLINICA*, which was launched in the previous fiscal year under local production, were strong, but due to the diversion of spending on sales promotion spending toward maintaining the profitability of the mainstay *White&White* brand, overall sales were down year on year,.

In toothbrushes, sales of *SYSTEMA* increased significantly, and overall sales were up year on year.

Overall sales in China were up 0.6% year on year (or up 1.8% at constant currency excluding exchange rate fluctuations).

South Korea

In laundry detergents, sales of mainstay brand *BEAT* capsule detergents were up significantly year on year, but sales of powder detergents were down year on year, and overall sales decreased year on year.

In hand soaps, *Ai! Kekute* performed favorably, and overall sales increased year on year.

Overall sales in South Korea decreased 11.9% year on year (or down 7.1% at constant currency excluding exchange rate fluctuations), due to a significant decrease in Group sales, including lowered exports of powder laundry detergent to Japan.

Other (Construction Contracting Business, etc.)

In other businesses, overall sales decreased by 40.8% year on year due to the completion of large-scale construction work (an internal Group project) in the construction contracting business that led to this business recording a loss of ¥178 million.

(Millions of yen)						
	Year ended December 31, 2025	Ratio to net sales	Year ended December 31, 2024	Ratio to net sales	Change	Change (%)
Net sales	9,939		16,795		(6,855)	(40.8%)
Core operating income	(178)	(1.8%)	284	1.7%	(462)	—

Note: Net sales includes internal sales within and among segments, which amounted to ¥9,024 million in fiscal 2025 and ¥15,496 million in fiscal 2024.

(2) Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026

(Millions of yen)				
	Fiscal 2026 forecast	Fiscal 2025	Change	Change (%)
Net sales	430,000	422,092	7,907	1.9 %
Core operating income	35,000	30,760	4,239	13.8 %
Operating profit	40,000	36,368	3,631	10.0 %
Profit attributable to owners of the parent	25,000	27,587	(2,587)	(9.4 %)
Basic earnings per share (yen)	90.38	99.74	(9.36)	(9.4 %)

In terms of the Group's business environment, performance in domestic and overseas consumer products is expected to remain uncertain due to concerns about such risks as rising raw material prices, a worsening consumer environment due to sudden changes in economic conditions and fluctuating exchange rates.

Amid these circumstances, the Lion Group will strive to enhance corporate value by swiftly implementing measures for profit structure reform while remaining flexible within the market environment, in line with Vision2030 2nd STAGE which began in fiscal 2025.

In the Consumer Products Business segment, the Lion Group will work to develop new high added-value products in its mainstay brands, focusing primarily on the oral healthcare category, while working on sharpening its business portfolio to maximize profitability. To this end, we will also accelerate our pursuit of strategic investment targeting competition-related expenses and the further streamlining of the supply chain.

In the Industrial Products Business segment, the Lion Group will work to secure steady profits for detergents for institutional use. In February 2026, in response to changes in the market environment, Lion resolved to transfer two consolidated subsidiaries* in the chemical products business to another company.

With regard to the Overseas Business segment, in key countries in which we operate, the Lion Group will continue to develop its business in the personal care field with a focus on oral healthcare. In addition, we are focusing on measures to expand business through acquisition. For example, we acquired companies that were newly established as the wholly owned subsidiaries Merap Lion in Vietnam and Lion Kallol in Bangladesh, where Lion has built a new factory. Similarly, in January 2026 we added another subsidiary in Australia through the acquisition of shares and intend to pursue this local company's current business while nurturing synergies with the Group.

As a result of the above, consolidated results forecasts for fiscal 2026 are as follows: net sales of ¥430,000 million (up 1.9% year on year), core operating income of ¥35,000 million (up 13.8% year on year), operating profit of ¥40,000 million (up 10.0% year on year) and profit for the period attributable to owners of the parent of ¥25,000 million (down 9.4% year on year).

* Lion Specialty Chemicals Co., Ltd. and its subsidiary, PT. IPPOSHA INDONESIA

Lion utilized the following foreign exchange rates in the calculation of the aforementioned forecasts.

¥155 = US\$1.00

¥4.7 = 1.00 baht

2. Financial Status

(1) Status of Consolidated Assets, Liabilities and Equity

	2025	2024	Change
Total assets (millions of yen)	528,596	497,167	31,428
Total equity (millions of yen)	348,419	315,694	32,724
Ratio of equity attributable to owners of the parent to total assets ¹ (%)	61.1	59.1	2.0
Equity attributable to owners of the parent per share ² (yen)	1,166.54	1,062.70	103.84

Notes: 1. Ratio of equity attributable to owners of the parent to total assets = (Total equity – Non-controlling interests) / Total assets

2. Non-controlling interests are excluded from the calculation of equity attributable to owners of the parent per share.

Total assets rose ¥31,428 million compared with the previous consolidated fiscal year-end to ¥528,596 million. This was primarily attributable to an increase in goodwill and intangible assets, among other factors. Total equity increased ¥32,724 million to ¥348,419 million. The ratio of equity attributable to owners of the parent to total assets stood at 61.1%.

(2) Cash Flows

Consolidated Cash Flows

(Millions of yen)

	2025	2024	Change
Cash flows from operating activities	40,648	43,660	(3,011)
Cash flows from investing activities	(43,460)	(7,659)	(35,801)
Cash flows from financing activities	(12,406)	(21,205)	8,798
Effect of exchange rate change on cash and cash equivalents	1,070	1,918	(848)
Net increase (decrease) in cash and cash equivalents	(14,148)	16,714	(30,862)
Cash and cash equivalents at end of period	88,092	102,240	(14,148)

Net cash provided by operating activities totaled ¥40,648 million, due mainly to profit before tax.

Net cash used in investing activities decreased by ¥43,460 million, due in part to the purchase of property, plant and equipment and purchases of shares of subsidiaries resulting in change in scope of consolidation.

Net cash used in financing activities decreased by ¥12,406 million. Major components of this outflow included the payment of dividends.

As a result of the above, cash and cash equivalents as of December 31, 2025 decreased ¥14,148 million compared with December 31, 2024, to ¥88,092 million.

(3) Forecast of Fiscal 2026 Consolidated Cash Flows

In cash flows from operating activities, Lion projects profit before tax of approximately ¥42,000 million. Depreciation and amortization is estimated to total about ¥23,000 million. On the other hand, the Group anticipates an outflow of about ¥9,000 million due in part to tax payments.

In cash flows from investment activities, Lion expects a decrease a net outflows amounting to approximately ¥30,000 due to a decline in capital expenditures as well as retreat in funds used for the acquisition and sale of shares in affiliated companies and income compared with fiscal 2025.

Cash flows from financing activities are expected to yield an outflow of about ¥13,000 million mainly due to cash dividends paid. Lion is also considering the flexible acquisition of treasury stock depending on the state of cash on hand.

Based on these projections, Lion estimates that cash and cash equivalents at the end of fiscal 2026 will be up approximately ¥13,000 million year on year.

(4) Cash Flow Indicators

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Ratio of equity attributable to owners of the parent to total assets (%)	58.8	56.3	57.6	59.1	61.1
Ratio of equity attributable to owners of the parent to total assets on a market value basis (%)	104.4	91.7	76.5	98.0	86.3
Debt redemption (years)	0.6	0.8	1.1	0.7	0.8
Interest coverage ratio	564.8	1,021.4	1,622.7	993.6	1,092.3

Notes:

1. Ratio of equity attributable to owners of the parent to total assets = Equity attributable to owners of the parent / Total assets
2. Ratio of equity attributable to owners of the parent to total assets on a market value basis = Market value of shares / Total assets
3. Debt redemption (years): Interest-bearing liabilities / Cash flows from operating activities
4. Interest coverage ratio: Cash flows from operating activities / Interest payments
5. All the above indicators are calculated based on consolidated financial data.
6. Market value of shares is calculated as the closing stock price as of the end of the term multiplied by the number of outstanding stocks as of the end of the term (after the deduction of treasury stocks).
7. Cash flows from operating activities are those stated in the Consolidated Statement of Cash Flows.
8. "Interest-bearing liabilities" means all those liabilities that bear interest among the liabilities in the Consolidated Statement of Financial Position. Figures in the Consolidated Statement of Cash Flows are used for the amount of interest paid.

3. Basic Policy on the Distribution of Earnings and Cash Dividends

Lion considers returning profits to shareholders on an ongoing and stable basis by increasing its consolidated earnings capacity to be one of its most important management issues. Our basic policy is to achieve progressive dividends* and realize increased dividends through improved profit. In addition, Lion will flexibly acquire treasury stock based on comprehensive consideration of the required investment in research and development, production facilities, procurement of external resources and capital efficiency improvements to secure medium- to long-term growth.

Taking into consideration the Company's cash dividend payment record, as well as its dividend payout ratio target, Lion's Board of Directors resolved to pay an interim dividend of ¥15 per share (payment date: September 2, 2025) and a year-end dividend of ¥15 per share (payment date: March 5, 2026) for fiscal 2025.

With regard to dividends for fiscal 2026, in accordance with its basic policy on the distribution of earnings and cash dividends, Lion plans to pay an interim dividend of ¥17 per share and a year-end dividend of ¥17 per share, for a total annual dividend of ¥34 per share.

* Progressive dividends: As a rule, the Company will not decrease dividends but instead maintain or increase them.

II. Corporate Group

The Lion Group consists of Lion Corporation, 25 consolidated subsidiaries and three equity-method affiliates. The Group's principal businesses are the Consumer Products Business, Industrial Products Business and Overseas Business. Other business activities involve various operations and other services, like construction related to the above businesses.

The relationship between Group business activities and business segments is shown below, which is based on the categorization used for business segments.

Business segment	Main activities		Main companies
Consumer Products Business	Manufacture and sale of domestic commodities and OTC drugs in Japan	Domestic affiliates	Lion Corporation Lion Chemical Co., Ltd. Lion Pet Co., Ltd. Lion Dental Products Co., Ltd.
Industrial Products Business	Manufacture and sale of chemical raw materials, industrial products and other items in Japan and overseas	Domestic affiliates	Lion Corporation Lion Chemical Co., Ltd. Lion Specialty Chemicals Co., Ltd. Lion Hygiene Co., Ltd.
Overseas Business	Manufacture and sale of commodities and chemical raw materials overseas	Overseas affiliates	Lion Daily Necessities Chemicals (Qingdao) Co., Ltd. Lion Home Products (Taiwan) Co., Ltd. Lion Corporation (Korea) Merap Lion Holding Limited Liability Company Merap Group Corporation Phanam Pharmaceutical Corporation Lion Corporation (Singapore) Pte Ltd Lion Innovation Center (Shanghai) Co., Ltd. Lion Corporation (Hong Kong) Ltd. Lion Advertising Ltd. Yihai Kerry Lion (Shanghai) Clean Technology Co., Ltd. Lion Kallol Limited Lion Corporation (Thailand) Ltd. Health Care Service Co., Ltd. Eastern Silicate Co., Ltd. Southern Lion Sdn. Bhd. PT. Ipposha Indonesia PT. Lion Wings
Other	Design, construction and maintenance of facilities; real estate management; human resource services, etc.	Domestic affiliates	Lion Expert Business Co., Ltd. Lion Engineering Co., Ltd. Kyuzitsuhack Co., Ltd. PLANET, INC.

Lion disposed of all shares of Japan Retail Innovation Co., Ltd. in December 2025 and, accordingly, the company has been excluded from the scope of equity method accounting.

III. Management Policies

1. Basic Management Policies

The Lion Group has maintained a commitment to "Fulfilling a Spirit of Love" since its founding. With this motto and its purpose, "Make a difference in everyday lives by redesigning habits," as the foundation of Group management, the Lion Group provides customers with superior products and services that are useful in realizing health, comfort and cleanliness in daily living. The Group sees contributing to the realization of a sustainable society through such efforts as its mission.

The Lion Group continually takes steps to further improve its corporate value. To this end, the Group strives to provide products and services that place the utmost priority on customer satisfaction based on an accurate understanding of the changes taking place in people's values and the social role companies are required to play. At the same time, Lion promotes environmental preservation activities and enhances its corporate governance systems in order to remain a highly trustworthy company that meets the expectations of stakeholders, including shareholders, customers, business partners, local communities, society at large and employees.

2. Long-Term Management Strategies

The Lion Group has designated "Becoming an advanced daily healthcare company" as its management vision for 2030.

To achieve this vision, the Lion Group is reinforcing purpose-driven management and aims to contribute to the realization of a sustainable society and achieve business growth. To this end, Lion has formulated the Vision2030 long-term strategic framework with the aim to create both social and economic value through the creation of healthy habits with a focus on people across Asia.

Indicator Targets for 2030

Creation of social value

Contribute to improving the quality of life for every consumer

- Oral healthcare habits: 500 million people
- Cleaning and hygiene habits: 500 million people

Contribute to a decarbonized and resource-circulating society

- Reduction in water usage throughout product life cycles: reduce by 30%
- Petroleum-derived plastics usage rate: 70% or less

Creation of economic value

Sustainably improve profitability

- EBITDA margin^{*1}: 16% or higher
- ROIC^{*2}: 10–12%

Continued overseas growth

Share of overseas net sales to total: 50%

*1 EBITDA margin is as compared to consolidated net sales. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding depreciation and amortization of right-of-use assets).

*2 Calculated as net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period.

3. Management Issues

With a core theme of strengthening profitability, in 2025 the Lion Group launched Vision2030 2nd STAGE, its latest three-year medium-term management plan. Based on the plan's progress and challenges, we have embarked on a course of swiftly implementing strategic measures that adapt to the market environment while pursuing economic and social value synergies.

1. Progress in Key Strategies

(1) Strengthen Business Portfolio Management

Of the two businesses slated for structural reform, the home care business saw substantial improvement in profitability as a result of a review of the production system and the streamlining of competition-related expenses. In chemical products, we examined changes in the market environment and decided to transfer the shares of two consolidated subsidiaries* in February 2026.

As a result of these efforts, we have been able to deliver results in businesses slated for structural reforms. Going forward, we will further advance our growth strategy through strong investment in the oral healthcare business, which is our Top Priority business, as well as in the Beauty Care and Pharmaceutical businesses, which are in the Challenge for Growth category, and aim to generate new opportunities and overseas growth.

In line with this policy, Lion acquired a 100% interest in PNB Consolidated Pty Ltd in Australia, which operates a business centered on *Sukin* brand beauty care products made using naturally derived ingredients.

* Lion Specialty Chemicals Co., Ltd. and its subsidiary, PT. IPPOSHA INDONESIA

(2) Strengthen Management Base

As part of our efforts to reform the profit structure of the Consumer Products Business, we advanced the digital transformation of business processes within its supply chain management, resulting in reduced rates of out-of-stock products, better inventory levels, and lowered logistics costs.

In terms of corporate governance measures, we increased management transparency and enhanced the sophistication of our systems, including appointing an external director as Chairman of the Board, and connected director compensation to both financial and non-financial indicators in line with the current medium-term management plan.

(3) Generate Dynamism

With an eye to enhancing executive capabilities and accelerating management decision-making, the Company has decided to establish a management structure based on business units (both domestic and overseas) focused on the value chain and to undertake management process changes, including the delegation of authority. Lion began preparations to make this transition in January 2026.

Under this new system, we will accelerate and enhance the flexibility of decision-making by delegating authority appropriately within the organizational structure for strategic execution, thereby ensuring that we grow into a company that stays ahead of the competition and generates profitable growth.

2. Review

Lion's business performance exceeded the targets set at the beginning of fiscal 2025 thanks to the implementation of strategic measures based on these key strategies as well as initiatives to improve profitability, and the Company has taken a significant first step towards its established goal of strengthening profitability.

We will continue to focus on this goal, and we are cognizant that our top priority is to capture more business opportunities and ensure highly efficient operations by allocating cash obtained from structural reforms and reorganizing the business portfolio to growth investments.

Through the robust implementation of these strategies, the Lion Group is striving to create social value through its business.

IV. Basic Approach Regarding the Selection of Accounting Standards

The Lion Group voluntarily adopted International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2018 in order to improve the international comparability of Lion Group financial statements and reinforce Group business management.

V. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

	(Millions of yen)	
	December 31, 2024	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	102,240	88,092
Trade and other receivables	76,197	80,876
Inventories	53,252	54,133
Other financial assets	16,891	25,322
Other current assets	2,843	5,539
Total current assets	<hr/> 251,424	<hr/> 253,964
Non-current assets		
Property, plant and equipment	128,143	125,239
Goodwill	327	19,580
Intangible assets	21,078	31,509
Right-of-use assets	30,667	28,839
Investments accounted for using the equity method	20,767	13,966
Deferred tax assets	4,638	4,568
Retirement benefit assets	12,311	21,008
Other financial assets	27,000	29,153
Other non-current assets	807	766
Total non-current assets	<hr/> 245,742	<hr/> 274,632
Total assets	<hr/> 497,167	<hr/> 528,596

(Millions of yen)

	December 31, 2024	December 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	117,129	114,139
Income tax payables	10,391	6,583
Provisions	3,054	2,724
Lease liabilities	2,099	2,061
Other financial liabilities	1,302	1,317
Other current liabilities	8,400	9,369
Total current liabilities	142,378	136,196
Non-current liabilities		
Deferred tax liabilities	3,339	6,618
Retirement benefit liabilities	1,733	4,755
Provisions	2,171	2,224
Lease liabilities	27,637	26,189
Other financial liabilities	2,384	2,354
Other non-current liabilities	1,827	1,838
Total non-current liabilities	39,094	43,980
Total liabilities	181,473	180,176
Equity		
Share capital	34,433	34,433
Capital surplus	31,327	31,419
Treasury stock	(8,730)	(3,304)
Other components of equity	23,749	27,987
Retained earnings	212,938	232,190
Equity attributable to owners of the parent	293,717	322,726
Non-controlling interests	21,976	25,692
Total equity	315,694	348,419
Total liabilities and equity	497,167	528,596

(2) Consolidated Statement of Income and Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Net sales	412,943	422,092
Cost of sales	(224,159)	(228,170)
Gross profit	188,783	193,921
Selling, general and administrative expenses	(162,450)	(163,161)
Other income	10,056	7,106
Other expenses	(8,001)	(1,497)
Operating profit	28,387	36,368
Finance income	1,748	1,416
Finance costs	(807)	(1,234)
Share of profit of investments accounted for using the equity method	2,921	2,882
Profit before tax	32,249	39,433
Income taxes	(8,177)	(8,383)
Profit for the period	24,072	31,049
Profit for the period attributable to:		
Owners of the parent	21,197	27,587
Non-controlling interests	2,875	3,461
Profit for the period	24,072	31,049
Earnings per share		
Basic (Yen)	76.51	99.74
Diluted (Yen)	76.41	99.64

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Profit for the period	24,072	31,049
Other comprehensive income		
Items that will not be reclassified as profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	1,078	829
Remeasurements of defined benefit plans	3,309	4,561
Share of other comprehensive income (loss) of investments accounted for using the equity method	(33)	23
Total items that will not be reclassified as profit or loss	4,354	5,415
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	23	(1)
Exchange differences on translation of foreign operations	7,201	5,616
Total items that may be subsequently reclassified as profit or loss	7,224	5,614
Total other comprehensive income, net of tax	11,579	11,030
Comprehensive profit for the period	35,651	42,079
Comprehensive income for the period attributable to:		
Owners of the parent	30,467	36,831
Non-controlling interests	5,183	5,247
Comprehensive profit for the period	35,651	42,079

(3) Consolidated Statement of Changes in Equity

Fiscal 2024 (January 1 to December 31, 2024)

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2024	34,433	31,118	(7,868)	50	10,227	—
Changes during the period						
Comprehensive income						
Profit for the period					1,084	3,275
Other comprehensive income						
Total comprehensive income for the period	—	—	—	—	1,084	3,275
Transactions with owners						
Dividends						
Acquisition of treasury stock				(10,002)		
Disposal of treasury stock				17		
Cancellation of treasury stock				9,122		
Share-based payments			208			
Changes in ownership interests in controlled subsidiary						
Transfer from other components of equity to retained earnings					(623)	(3,275)
Total transactions with owners	—	208	(862)	—	(623)	(3,275)
Balance at December 31, 2024	34,433	31,327	(8,730)	50	10,687	—

	Equity attributable to owners of the parent				Non-controlling interests	Total equity		
	Other components of equity			Total				
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Retained earnings					
Balance at January 1, 2024	(21)	8,122	18,377	204,255	280,316	17,817 298,134		
Changes during the period								
Comprehensive income								
Profit for the period			—	21,197	21,197	2,875 24,072		
Other comprehensive income	23	4,887	9,270		9,270	2,308 11,579		
Total comprehensive income for the period	23	4,887	9,270	21,197	30,467	5,183 35,651		
Transactions with owners								
Dividends			—	(7,291)	(7,291)	(1,493) (8,784)		
Acquisition of treasury stock			—		(10,002)		(10,002)	
Disposal of treasury stock			—		17		17	
Cancellation of treasury stock			—	(9,122)	—		—	
Share-based payments			—		208		208	
Changes in ownership interests in controlled subsidiary			—		—	468	468	
Transfer from other components of equity to retained earnings			(3,898)	3,898	—		—	
Total transactions with owners	—	—	(3,898)	(12,514)	(17,067)	(1,024) (18,091)		
Balance at December 31, 2024	1	13,009	23,749	212,938	293,717	21,976 315,694		

Fiscal 2025 (January 1 to December 31, 2025)

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2025	34,433	31,327	(8,730)	50	10,687	—
Changes during the period						
Comprehensive income						
Profit for the period					756	4,561
Other comprehensive income						
Total comprehensive income for the period	—	—	—	—	756	4,561
Transactions with owners						
Dividends						
Acquisition of treasury stock				(2)		
Disposal of treasury stock			(39)	194		
Cancellation of treasury stock			(5,234)	5,234		
Transfer from retained earnings to capital surplus			5,274			
Share-based payments			92			
Changes in ownership interests in controlled subsidiary						
Transfer from other components of equity to retained earnings					(396)	(4,561)
Total transactions with owners	—	92	5,426	(47)	(396)	(4,561)
Balance at December 31, 2025	34,433	31,419	(3,304)	2	11,047	—

	Equity attributable to owners of the parent				Retained earnings	Total	Non-controlling interests	Total equity				
	Other components of equity			Total								
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations										
Balance at January 1, 2025	1	13,009	23,749	212,938	293,717	21,976	315,694					
Changes during the period												
Comprehensive income												
Profit for the period			—	27,587	27,587	3,461	31,049					
Other comprehensive income	(1)	3,927	9,244		9,244	1,785	11,030					
Total comprehensive income for the period	(1)	3,927	9,244	27,587	36,831	5,247	42,079					
Transactions with owners												
Dividends			—	(8,019)	(8,019)	(1,626)	(9,645)					
Acquisition of treasury stock			—		(2)		(2)					
Disposal of treasury stock			(47)		106		106					
Cancellation of treasury stock			—		—		—					
Transfer from retained earnings to capital surplus			—	(5,274)	—		—					
Share-based payments			—		92		92					
Changes in ownership interests in controlled subsidiary			—		—	95	95					
Transfer from other components of equity to retained earnings			(4,958)	4,958	—		—					
Total transactions with owners	—	—	(5,006)	(8,335)	(7,823)	(1,531)	(9,354)					
Balance at December 31, 2025	—	16,937	27,987	232,190	322,726	25,692	348,419					

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash flows from operating activities		
Profit before tax	32,249	39,433
Depreciation and amortization	21,162	21,125
Impairment loss	6,678	448
Interest and dividend income	(1,366)	(1,349)
Interest expenses	762	771
Share of loss (profit) of investments accounted for using the equity method	(2,921)	(2,882)
Loss (gain) on disposal of non-current assets	(4,187)	316
Gains on transfer of businesses	(3,425)	(271)
Gain (loss) on step acquisitions	—	(4,476)
Decrease (increase) in trade and other receivables	1,910	(1,700)
Decrease (increase) in inventories	4,135	917
Increase (decrease) in trade and other payables	(9,327)	2,264
Increase in net defined benefit liability	493	1,120
Other	17	(1,561)
Subtotal	46,182	54,156
Interest and dividends received	2,552	2,467
Interest paid	(43)	(37)
Income taxes paid	(5,031)	(15,937)
Cash flows from operating activities	43,660	40,648
Cash flows from investing activities		
Net decrease (increase) in time deposits	(3,177)	(6,330)
Purchase of property, plant and equipment	(18,062)	(18,073)
Proceeds from sales of property, plant and equipment	11,344	36
Purchase of intangible assets	(938)	(1,254)
Purchase of other financial assets	(975)	(1,409)
Proceeds from sales of other financial assets	1,075	843
Expenditures for purchase of stocks of affiliated companies	(102)	(102)
Proceeds from sales of stocks of affiliated companies	—	483
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(17,905)
Net increase (decrease) in short-term loans payable	3,663	453
Other	(485)	(200)
Cash flows from investing activities	(7,659)	(43,460)
Cash flows from financing activities		
Repayment of long-term borrowings	(149)	—
Cash dividends paid	(7,289)	(8,016)
Cash dividends paid to non-controlling interests	(1,493)	(1,626)
Repayment of lease liabilities	(2,719)	(2,856)
Purchase of treasury stock	(10,002)	(2)
Proceeds from non-controlling shareholders	468	95
Other	(19)	1
Cash flows from financing activities	(21,205)	(12,406)
Effect of exchange rate changes on cash and cash equivalents	1,918	1,070
Increase (decrease) in cash and cash equivalents	16,714	(14,148)
Cash and cash equivalents at beginning of period	85,526	102,240
Cash and cash equivalents at end of period	102,240	88,092

(5) Notes to Consolidated Financial Statements

Notes Relating to the Assumption of a Going Concern

Not applicable.

Segment Information

(1) Overview of Reportable Segments

The Group's reportable segments are component units of the Company for which separate financial information is available and that are subject to regular review by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating business performance.

The Group's business divisions are organized by product category; each business division formulates a comprehensive strategy and carries out business activities for the products it handles. Affiliated companies in Japan undertake business activities pertinent to the characteristics of their respective products and services.

Affiliated companies located overseas are independent management units that conduct business activities pertinent to the characteristics of the regions in which they operate.

Accordingly, the Group comprises three reportable segments divided by product and service type and by region, which are, in turn, based on business divisions and companies; namely, the reportable segments are Consumer Products Business, Industrial Products Business and Overseas Business.

The Group's reportable segments are as follows.

A. Consumer Products Business

The Consumer Products Business engages in the manufacture and sale of commodities and over-the-counter drugs, primarily in Japan.

Main products: Toothpastes, toothbrushes, hand soaps, antipyretic analgesics, eye drops, laundry detergents, dishwashing detergents, fabric softeners, household cleaners, bleaches and pet supplies

B. Industrial Products Business

The Industrial Products Business engages primarily in the manufacture and sale of chemical raw materials, industrial products and other items in Japan and overseas.

Main products: Activators, electro-conductive carbon and detergents for institutional use

C. Overseas Business

The Overseas Business engages mainly in the manufacture and sale of commodities by affiliated overseas businesses.

Other Business segment comprises business activities not included in the above business segments. Lion subsidiaries located in Japan primarily undertake operations related to Group businesses.

Main products and services: Construction contracting, real estate management and temporary staffing

Intersegment transaction and transfer prices are, in principle, determined based on negotiations reflecting market prices, total supplier costs and the Company's asking prices.

(2) Net Sales and Performance of Reportable Segments

Fiscal 2024 (January 1 to December 31, 2024)

	Reportable Segment			Other	Total	Adjustment ²	(Millions of yen) Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	222,737	38,161	150,745	1,298	412,943	—	412,943
(2) Intersegment ¹	32,095	17,011	21,114	15,496	85,716	(85,716)	—
Total	254,832	55,172	171,859	16,795	498,660	(85,716)	412,943
Core operating income	17,842	2,807	6,518	284	27,451	(1,119)	26,332
Other income							10,056
Other expenses							(8,001)
Operating profit							28,387
Finance income							1,748
Finance costs							(807)
Share of profit of investments accounted for using the equity method							2,921
Profit before tax							32,249
Other monetary items							
Depreciation and amortization	12,516	1,225	4,107	95	17,945	3,216	21,162

Notes: 1. Includes intra-segment transactions within the reportable segments.

2. (1) A negative ¥1,119 million adjustment of core operating income mainly comprising intersegment eliminations and corporate expenses not allocated to any reportable segment.

(2) Depreciation and amortization adjustments include depreciation and amortization associated with corporate assets and intersegment eliminations.

3. Core operating income is reconciled with gross profit as follows.

(Millions of yen)	
Gross profit	188,783
<u>Selling, general and administrative expenses</u>	<u>(162,450)</u>
Core operating income	26,332

Core operating income is calculated as gross profit less selling, general and administrative expenses, and is the basis on which the Board of Directors evaluates the performance of each segment.

Fiscal 2025 (January 1 to December 31, 2025)

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	223,743	39,307	158,125	915	422,092	—	422,092
(2) Intersegment ¹	35,131	19,008	19,873	9,024	83,038	(83,038)	—
Total	258,874	58,316	177,999	9,939	505,130	(83,038)	422,092
Core operating income	21,634	2,898	8,180	(178)	32,534	(1,774)	30,760
Other income							7,106
Other expenses							(1,497)
Operating profit							36,368
Finance income							1,416
Finance costs							(1,234)
Share of profit of investments accounted for using the equity method							2,882
Profit before tax							39,433
Other monetary items							
Depreciation and amortization	13,639	1,288	4,104	32	19,065	2,060	21,125

Notes: 1. Includes intra-segment transactions within the reportable segments.

2. (1) A negative ¥1,774 million adjustment of core operating income mainly comprising intersegment eliminations and corporate expenses not allocated to any reportable segment.

(2) Depreciation and amortization adjustments include depreciation and amortization associated with corporate assets and intersegment eliminations.

3. Core operating income is reconciled with gross profit as follows.

(Millions of yen)	
Gross profit	193,921
<u>Selling, general and administrative expenses</u>	<u>(163,161)</u>
Core operating income	30,760

Core operating income is calculated as gross profit less selling, general and administrative expenses, and is the basis on which the Board of Directors evaluates the performance of each segment.

(3) Changes in Reportable Segments

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 beginning of fiscal 2025. In addition, the Company has reclassified royalty income from overseas Group companies and revised the method of measuring core operating income and other income in the reported segments. Segment information for the previous consolidated fiscal year has also been reclassified to reflect this change.

(4) Information by Product and Service Category

Fiscal 2024 (January 1 to December 31, 2024)

(Millions of yen)

	Healthcare	Household	Chemicals	Other	Total
Sales to external customers	208,037	176,790	26,439	1,676	412,943

Fiscal 2025 (January 1 to December 31, 2025)

(Millions of yen)

	Healthcare	Household	Chemicals	Other	Total
Sales to external customers	215,221	175,228	27,240	4,402	422,092

(5) Information by Region

A. Net sales

Fiscal 2024 (January 1 to December 31, 2024)

(Millions of yen)

Japan	Asia		Other	Total
		Thailand		
259,001	151,755	60,639	2,186	412,943

Note: Sales are classified by country/region based on customer location.

Fiscal 2025 (January 1 to December 31, 2025)

(Millions of yen)

Japan	Asia		Other	Total
		Thailand		
260,851	159,480	62,972	1,759	422,092

Note: Sales are classified by country/region based on customer location.

B. Non-current assets

Fiscal 2024 (December 31, 2024)

(Millions of yen)

Japan	Asia		Total
		Thailand	
149,628	31,396	14,934	181,025

Note: Non-current assets are classified by country/region based on asset location and do not include investments accounted for using the equity method, deferred tax assets, retirement benefit assets or other financial assets.

Fiscal 2025 (December 31, 2025)

(Millions of yen)

Japan	Asia		Total
		Thailand	
159,666	46,267	14,901	205,934

Note: Non-current assets are classified by country/region based on asset location and do not include investments accounted for using the equity method, deferred tax assets, retirement benefit assets or other financial assets.

(6) Major Customers

Fiscal 2024 (January 1 to December 31, 2024)

(Millions of yen)

Customer	Net sales	Related segments
PALTAC CORPORATION	92,356	Consumer Products, Industrial Products
Saha Pathanapibul Public Company Limited	45,483	Overseas

Fiscal 2025 (January 1 to December 31, 2025)

(Millions of yen)

Customer	Net sales	Related segments
PALTAC CORPORATION	97,604	Consumer Products, Industrial Products
Saha Pathanapibul Public Company Limited	48,767	Overseas

Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The major components of deferred tax assets and liabilities at each fiscal year-end are as follows.

	(Millions of yen)	
	December 31, 2024	December 31, 2025
Deferred tax assets		
Provisions, other current liabilities, etc.	5,361	5,742
Retirement benefit assets and liabilities	3,104	478
Valuation difference upon contribution of securities to retirement benefit trust	—	1,464
Excess depreciation	763	869
Accrued enterprise and office taxes	579	321
Appraisal value of inventories	379	340
Unrealized profit on inventories and non-current assets	1,232	1,138
Other	3,572	3,635
Total	14,993	13,990
Deferred tax liabilities		
Special depreciation of non-current assets	(358)	(340)
Valuation difference upon contribution of securities to retirement benefit trust	(1,351)	—
Temporary differences due to distribution of retained earnings at overseas affiliates	(4,459)	(5,169)
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(4,569)	(5,020)
Right of trademark	(2,007)	(2,007)
Valuation difference upon acquisition	—	(2,644)
Other	(948)	(857)
Total	(13,694)	(16,040)

The major changes to deferred tax assets and liabilities during each fiscal year are as follows.

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Net deferred tax assets and (liabilities)		
Balance at beginning of the year	(1,490)	1,298
Deferred income taxes	4,408	1,888
Deferred taxes related to other comprehensive income items		
Net gain (loss) on revaluation of financial assets measured at fair value	(615)	(544)
Net gain (loss) on derivatives designated as cash flow hedges	(10)	0
Remeasurements of defined benefit plans	(1,492)	(2,032)
Other	498	(2,660)
Balance at end of the year	1,298	(2,049)

(2) Unrecognized deferred tax assets

Deductible temporary differences for which deferred tax assets are not recognized are as follows.

(Millions of yen)

	December 31, 2024	December 31, 2025
Deductible temporary differences	8,372	8,540

There are no net loss carryforwards or tax credit carryforwards for which deferred tax assets are not recognized.

(3) Unrecognized deferred tax liabilities

There were no significant taxable temporary differences related to the investments of subsidiaries not recognized as deferred tax liabilities at December 31, 2024 or December 31, 2025.

(4) Income taxes

Income taxes recognized through profit or loss are as follows.

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Current income taxes	12,585	10,271
Deferred income taxes		
Origination and reversal of temporary differences	(4,336)	(2,030)
Adjustments and reversals of deferred tax assets	(71)	142
Total	8,177	8,383

(5) Reconciliation of the statutory tax rate and effective tax rate

The main factors responsible for the difference between the statutory tax rate and the effective income tax rate are as follows.

	Year ended December 31, 2024	Year ended December 31, 2025
Statutory tax rate	30.6%	30.6%
Entertainment expenses and other non-deductible items	0.3%	0.2%
Dividend income and other items not recognizable as income for tax purposes	(0.1%)	(0.7%)
Unrecognized deferred tax assets	(0.8%)	(0.0%)
Differences in tax rates applicable to foreign subsidiaries	(3.5%)	(3.1%)
Research and development expenses and other special deductions	(1.4%)	(2.8%)
Foreign tax credits	(0.0%)	(0.0%)
Other	0.3%	(2.9%)
Effective tax rate	25.4%	21.3%

Note: The Company is subject to taxes mainly comprising income taxes, residence taxes and enterprise taxes. Calculated based on these taxes, the statutory tax rate for the fiscal years ended December 31, 2024 and December 31, 2025 was 30.6%. However, overseas subsidiaries are subject to the income and other taxes of their respective locations.

(6) Revision to Deferred Tax Assets and Deferred Tax Liabilities Resulting from Amended Statutory Tax Rate

The National Diet of Japan passed the Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025 pursuant to which a new Defense Special Corporate Tax for each fiscal year will go into effect starting on or after April 1, 2026. In accordance with this change, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in the fiscal year starting on January 1, 2027 and beyond have been calculated with the new statutory tax rate and changed from 30.6% to 31.5%. This tax rate change is expected to have only a minor impact on the consolidated results of the Lion Group.

Post-Retirement Benefits

The Company and certain consolidated subsidiaries maintain funded and unfunded defined benefit and defined contribution retirement plans to pay employee post-retirement benefits.

The main retirement benefit plan in which the Company participates is the LION PENSION FUND. Furthermore, the Company and 9 other companies maintain lump-sum retirement benefit payment plans. Furthermore, the Company has established a retirement benefit trust.

(1) Defined benefit plans

The amounts related to defined contribution pension plans presented in the Consolidated Statement of Financial Position are as follows.

	(Millions of yen)	
	December 31, 2024	December 31, 2025
Present value of defined benefit obligation	48,416	42,976
Fair value of plan assets	(58,994)	(59,229)
Total	(10,578)	(16,253)
Retirement benefit liabilities	1,733	4,755
Retirement benefit assets	(12,311)	(21,008)
Net liabilities presented in the Consolidated Statement of Financial Position	(10,578)	(16,253)

A. Changes in the present value of retirement benefit obligation

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Balance of retirement benefit obligation at beginning of year	53,151	48,416
Current service costs	1,934	1,754
Interest expenses	532	648
Remeasurements		
Experience adjustments	249	293
Actuarial differences arising from changes in demographic assumptions	—	287
Actuarial differences arising from changes in financial assumptions	(1,677)	(3,232)
Retirement benefit payments	(5,998)	(5,304)
Other	224	113
Balance of retirement benefit obligation at end of year	48,416	42,976

The weighted average duration of the defined benefit obligation was 9.8 years at December 31 2024 and 9.4 years at December 31, 2025.

B. Changes in the fair value of plan assets

(Millions of yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Balance of plan assets at beginning of year	59,446	58,994
Interest revenue on plan assets	632	852
Remeasurements		
Return on plan assets (excluding interest revenue)	3,365	3,942
Employer contributions	255	281
Retirement benefit payments	(4,669)	(4,866)
Other	(35)	25
Balance of plan assets at end of year	58,994	59,229

The Group's planned contribution to defined benefit plans in the consolidated fiscal year ended December 31, 2026 was ¥281 million.

C. Plan asset management policy

The pension assets held by the LION PENSION FUND account for approximately 50% of the Group's plan assets. Management of the LION PENSION FUND's pension assets is aimed at securing the necessary total returns over the long term to ensure the payment of the defined benefit obligation going forward. Specifically, the Group manages such assets by considering factors that include the expected rates of return, risk and combinations of investment assets to determine an investment asset mix that will be optimal into the future and then maintaining this mix. Every year, the asset mix is evaluated, and, if the conditions upon which it was formulated have changed, it is revised as needed. At present, in light of the fund's highly mature financial status with retirement benefit payments greatly exceeding revenues from premiums, the fund is managed in a relatively low-risk manner with an asset mix focused primarily on bonds.

The retirement benefit trusts set up for the defined benefit corporate pension plans operated by the LION PENSION FUND at the Company and the lump-sum retirement benefit payment plans maintained by the Company account for approximately 50% of plan assets. The Company's strategically held shares account for the majority of the assets in these retirement benefit trusts. The investment profitability of each such stockholding is recognized as cost of capital and other items, and the Company's Board of Directors examines the economic rationality of each such stockholding on an annual basis.

D. Components of plan assets

The components of plan assets are as follows.

(Millions of yen)

	December 31, 2024		December 31, 2025	
	Assets with quoted prices in active markets	Assets without quoted prices in active markets	Assets with quoted prices in active markets	Assets without quoted prices in active markets
Bonds	—	20,071	424	12,965
Stocks	21,100	—	14,727	—
Other	11,323	6,499	19,880	11,232
Total	32,424	26,570	35,031	24,198

E. Actuarial assumptions

The main actuarial assumptions used at the period-end are as follows.

	December 31, 2024	December 31, 2025
Discount rate	1.4%	2.3%

F. Sensitivity analysis of actuarial assumptions

The changes to the period-end defined benefit obligation if the discount rate were to change as shown below are as follows. This analysis assumes that other relevant variables are fixed.

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Discount rate (up 0.5 percentage points)	(1,933)	(1,588)
Discount rate (down 0.5 percentage points)	2,116	1,731

(2) Defined contribution plans

The amounts recognized as expenses related to defined contribution plans are as follows.

	(Millions of yen)	
	Year ended December 31, 2024	Year ended December 31, 2025
Expenses related to defined contribution plans	3,047	3,196

Earnings per Share

(1) Basic earnings per share

	Year ended December 31, 2024	Year ended December 31, 2025
Profit for the period attributable to owners of the parent (millions of yen)	21,197	27,587
Average common shares during the period (thousands of shares)	277,054	276,595
Basic earnings per share (yen)	76.51	99.74

(2) Diluted earnings per share

	Year ended December 31, 2024	Year ended December 31, 2025
Profit for the period attributable to owners of the parent (millions of yen)	21,197	27,587
Adjustments to profit for the period (millions of yen)	—	—
Profit for the period used to calculate diluted earnings per share (millions of yen)	21,197	27,587
Average common shares during the period (thousands of shares)	277,054	276,595
Stock options (thousands of shares)	80	23
Executive compensation BIP trust (thousands of shares)	295	247
Diluted average common shares during the period (thousands of shares)	277,429	276,865
Diluted earnings per share (yen)	76.41	99.64

Significant Subsequent Events

Acquisition of Shares (100% Acquisition)

Lion Corporation has acquired all shares of PNB Consolidated Pty Ltd (hereinafter “PNB”), a company engaged in the manufacture and sale of beauty care products in the Commonwealth of Australia (hereinafter “Australia”), making PNB a wholly owned subsidiary of Lion Corporation as of January 20, 2026.

(1) Reasons for the Share Acquisition

The Lion Group is working to enhance its business portfolio in order to strengthen profitability, the core theme of its medium-term management plan, Vision2030 2nd STAGE, launched in 2025. To implement strategic initiatives that align with each business in the Group and achieve sustainable growth in our Challenge for Growth Beauty Care Business, we have been exploring opportunities primarily overseas, where we expect to create new business possibilities and drive future growth. At the same time, we are working to accelerate growth in the Top Priority Oral Healthcare Business.

With a business centered on the *Sukin* natural beauty care brand, PNB boasts high profitability and is active beyond Australia, having expanded operations to more than 20 countries and regions, including in Asia, Europe and North America.

Sukin has established a distinctive brand built on the use of naturally derived ingredients and has earned strong brand recognition and trust among Australian consumers. Centered on its core skincare offerings, the brand provides a broad range of beauty care products—including hair care and body care—that support consumers' everyday lives.

Sukin is expected to continue growing in the Australian market. In addition, by positioning *Sukin* as one of the core brands within Lion's Beauty Care Business and rolling it out in earnest across Asian markets where the Lion Group already operates, we believe that we can generate new business opportunities and further expand the overseas business. The Lion Group has already established a solid presence in beauty care markets such as body care and hand soap, particularly in Southeast Asia, and we will leverage the knowledge and expertise gained through these existing businesses to support the growth of *Sukin*.

Going forward, by combining PNB's business platform with the Lion Group's operational know-how in Asia, we aim to generate synergies and contribute to creating better habits for consumers across Asia and Australia.

(2) Overview of PNB

(1)	Name	PNB Consolidated Pty Ltd
(2)	Location	Clayton, Victoria, Australia
(3)	Representative	John Humble
(4)	Business	Manufacture and sale of hair care, skin care products, etc.
(5)	Capital	AU\$10.907 million (approx. ¥1.1 billion)
(6)	Date of establishment	April 9, 2019
(7)	Operating results from most recent fiscal year	
	Fiscal year end	June 30, 2025
	Net sales	AU\$79.747 million (approx. ¥8.4 billion)

(3) Shares Acquired and Shareholdings before and after Acquisition

(1)	Shares held by Lion before acquisition	0 shares (0% of voting rights)
(2)	Shares acquired	33,680,380 shares (100.0% of voting rights)
(3)	Shares held by Lion after acquisition	33,680,380 shares (100.0% of voting rights)

(4) Schedule

(1)	Conclusion of the acquisition agreement	December 25, 2025
(2)	Delivery of shares	January 20, 2026

(5) Acquisition Price and Breakdown of the Acquired Company

		(Thousands of Australian dollars)
		Amount
Cash and cash equivalents		133,636
Contingent consideration*		15,000
	Total	148,636

* An additional contingent consideration of a maximum of AU\$15,000,000 may be paid upon achievement of performance targets.

At the time of this disclosure, detailed information regarding the accounting treatment for this acquisition has not been disclosed because the initial accounting treatment has not been completed.