

Analyst Q&A (Summary)
First Quarter Ended March 31, 2026

Consumer Products

Q: Consumer Products saw higher sales but lower profit. Was this outcome in line with your expectations?

A: Overall, results were generally in line with expectations. In addition to actively investing in advertising mainly for Oral Healthcare brands according to our plans, which drove sales growth, the rebound from last year's suspension for advertising in certain media caused for an increase in competition-related expenses, and thus were the main factors behind the decline in profit. From the second quarter onward, we are planning for new product launches and plan to turn back to a growth trend for both sales and profit.

Q: What are the factors driving growth in Oral Healthcare sales? Was there a last-minute surge in demand?

A: Not only did mainstay brands do well, sales were boosted significantly by contributions from the new high-end toothpaste launched in the second half of last year as well as the continued strong performance of products sold through dental clinics. We do not believe there was any particular surge in demand. We will continue to work towards sustained strong growth with the launch of high value-added products and other efforts.

Q: How did categories other than oral healthcare perform?

A: In Beauty Care and Living Care, sales were lower in the first quarter due to reduced promotional activities ahead of new product launches in April, but we expect to see a recovery from the second quarter onward. In Fabric Care, overall sales increased thanks to the strong performance of laundry detergents.

Overseas Business

Q: What are the reasons behind the relatively sluggish performances in Thailand and China?

A: Thailand has been affected by a continuous decline in exports to Cambodia and other countries as a result of geopolitical issues, as well as sluggish local consumption. Despite this, sales of Lion's Oral Healthcare products have remained steady, and we will focus on this category as we work to increase the proportion of Personal Care sales and aim for greater profitability. In China, sales were down in the first quarter as we worked with our intermediate distributors to optimize inventory levels, but we expect a return to sales growth from the second quarter and beyond.

Q: To what extent are the increased sales and profit due to the consolidation of the new companies in Vietnam and Australia?

A: While favorable exchange rates also had an effect, we have already been seeing higher sales and profit in existing markets, demonstrating a steady shift towards profitable growth. The addition of these two highly profitable companies helped raise our overall margins.

Impacts of the Situation in the Middle East

Q: What impact will rising raw material prices and procurement risks due to the situation in the Middle East have on financial results?

A: We are considering multiple possible scenarios in our analysis and calculation. If crude oil prices stay around \$100 per barrel, we expect to see a negative impact of a further ¥3–¥4 billion, in addition to the direct impact of higher raw material costs assumed at the beginning of the fiscal year (¥1 billion decrease in profit). However, we believe that by implementing measures currently under consideration, such as price optimization, cost control, and improving product mix through a shift to more high value-added products, we can absorb these negative impacts and still achieve our initial earnings forecast.

Q: What impacts are anticipated for 2027 and beyond?

A: Assuming that the situation will not be resolved in the span of this fiscal year, we are examining both short- and medium- to long-term measures with an eye to achieving the targets of our medium-term management plan.

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