



## **Lion Corporation**

Financial Results for the First Quarter of Fiscal 2026

May 12, 2026

## Event Summary

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<b>[Company Name]</b>	Lion Corporation	
<b>[Company ID]</b>	4912-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Financial Results for the First Quarter of Fiscal 2026	
<b>[Fiscal Period]</b>	FY2026 Q1	
<b>[Date]</b>	May 12, 2026	
<b>[Number of Pages]</b>	19	
<b>[Time]</b>	17:00 – 18:04 (Total: 64 minutes, Presentation: 24 minutes, Q&A: 40 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	2	
	Kengo Fukuda	Representative Director, Vice President and Executive Officer
	Keita Tanimoto	Manager of IR and SR Office, Corporate Planning Department

## Presentation

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**Tanimoto:** We will now begin the Lion Corporation Q1 FY2026 financial results briefing. Thank you so much for your participation today. Kengo Fukuda, Representative Director, Vice President and Executive Officer, is in attendance today. Mr. Tanimoto of the IR and SR Office will be facilitating the meeting. Mr. Fukuda will now explain the details of the financial results for Q1 of the fiscal year ending December 31, 2026, and then we will move on to the Q&A session. The end time is scheduled for 6:00 PM.

Before we begin the briefing, I would like to say a few words to all of you. This presentation may contain forward-looking statements based on current expectations, all of which are subject to risks and uncertainties. We would like to ask for your understanding in advance that 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, in principle, 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 Q1 financial results.

## Today's Highlights

### Results Summary for the First Quarter Ended March 31, 2026

\* Figures in parentheses indicate Y-o-Y change

**Net sales**  
¥99.20 billion  
(+5.3%)

**Core operating  
income**  
¥6.01 billion  
(+13.8%)

**EBITDA margin**  
11.1%  
(+0.8 points)

- Sales and profit continued to increase, 2nd STAGE strategies steadily advanced and overall progress stayed in line with plans
- Shift to high value-added products in both domestic and overseas Oral Healthcare and the consolidation of 2 highly profitable overseas companies contributed to improved margins

### Key Message

- Accelerating the shift to a highly profitable business portfolio and the strengthening of mobility through management processes transformation
- While the impact of the situation in the Middle East remains uncertain, the impact of currently anticipated risks is being minimized through the reviewing of plans and implementing of additional measures across the group, thereby **ensuring the achievement of performance targets for the year**
- No changes to the earnings forecast or shareholder returns announced at the start of the year (plan to **increase the 2026 annual dividend by ¥4 to ¥34, for a 37.6% dividend payout ratio**)

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**Fukuda:** Thank you for your support. Once again, I am Fukuda of Lion. Thank you very much for attending our session today despite your very tight schedule.

The first part is a broad summary of what I would like to share with you today. There are two major factors. The first is that Q1 sales and profits continued to increase and are in-line with our annual plan. We have been able to achieve both high growth and high value-added in Oral Healthcare, our top priority, and have also improved margins by incorporating two companies in Vietnam and Australia into our portfolio.

Second is our policy for Q2. As you are aware, the business environment has changed significantly since our assumptions at the beginning of the year due to the situation in the Middle East. On the other hand, our original policy for this year of shifting to a highly profitable business portfolio and strengthening mobility through management process reforms is precisely to build a business foundation that is resilient to such changes in the business environment. We are currently considering and implementing additional measures to safeguard profits considering the current risks in the Middle East. Although the final scale of the impact is still uncertain, we aim to absorb the risks currently anticipated and achieve the full-year performance targets announced at the beginning of the year.

Therefore, there are no changes to the earnings and dividend forecasts. Q1 is going well, and then we are trying to cancel out the effects of the situation in the Middle East and achieve our original goal. These are the two key messages.

- Financial Results for the First Quarter of Fiscal 2026
- Fiscal 2026 Key Measures
- Fiscal 2026 Financial Forecast



We will now move on to the contents. There are three points.

## Financial Results for the First Quarter of Fiscal 2026



Continued momentum of sales and profit growth as well as improved profitability

(Billions of yen)	Jan.-Mar. 2026	Jan.-Mar. 2025	Y-o-Y change	
			Amount	%
Net sales	99.2	94.2	4.9	5.3 1.7* <sup>4</sup> 2.6* <sup>5</sup>
Core operating income* <sup>1</sup> % of net sales	6.0 6.1	5.2 5.6	0.7	13.8
Operating profit % of net sales	6.2 6.3	5.6 6.0	0.6	11.6
Profit for the period attributable to owners of the parent	4.2	4.0	0.1	4.5
EPS (Yen)	15.21	14.57	0.64	4.4
EBITDA* <sup>2</sup>	11.0	9.6	1.3	13.5
EBITDA margin (%)* <sup>3</sup>	11.1	10.3	—	0.8PP

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

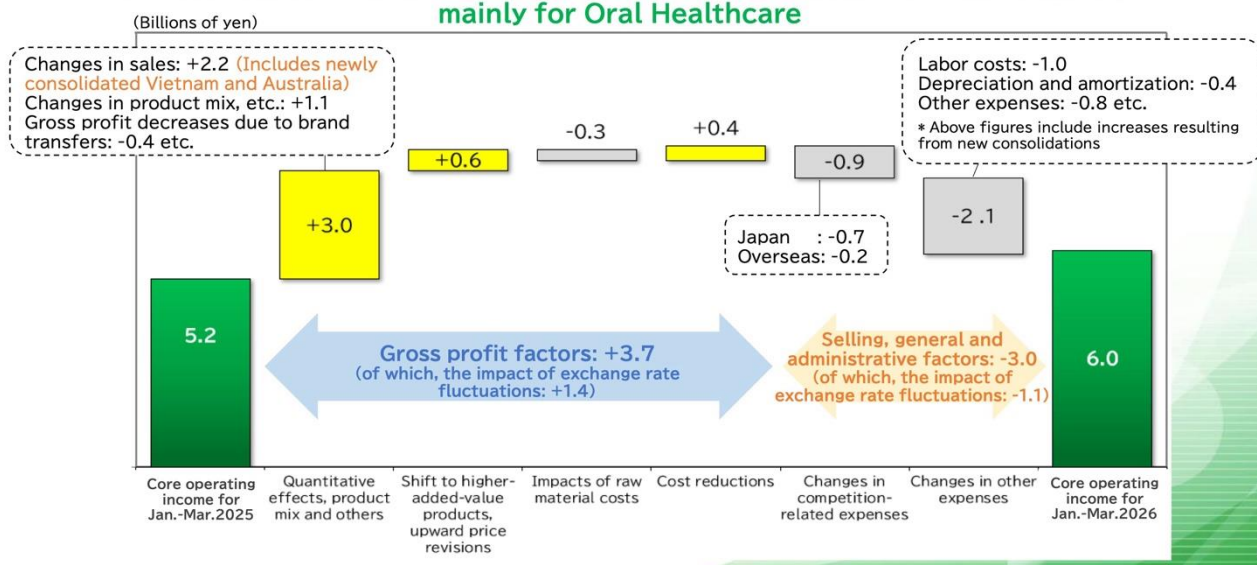
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We will start with the Q1 results. Consolidated net sales for Q1 were JPY99.2 billion, an increase of 5.3%. Excluding the effect of exchange rate fluctuations, sales would have increased 1.7% in real terms.

Core operating income was JPY6 billion, an increase of JPY0.7 billion versus the previous year, a positive 13.8% rate, and an EBITDA margin of 11.1%, an increase of plus 0.8 percentage points. Since the start of the 2nd STAGE of the medium-term management plan last year, we have been able to continue the trend of increased sales and profits and improved profit margins, and we believe that our progress has been in line with our initial plan.

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

**Business portfolio transformation on track, contributing to higher gross profit  
In competition-related expenses, actively increasing advertising in Japan,  
mainly for Oral Healthcare**



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Next, I will explain the breakdown of the JPY700 million increase in core operating income over the previous year. The left-hand side shows factors affecting gross profit, whilst the right-hand side shows factors affecting selling, general and administrative expenses. The gross profit factors contributed to a total of JPY3.7 billion, whilst the increase in SG&A expenses reduced profits by JPY3 billion, resulting in a net increase of JPY0.7 billion. However, within the gross profit factors, the JPY3 billion increase in revenue, on the far left, and the JPY2.1 billion increase in other expenses, on the far right of the SG&A factors, were significantly higher than in a typical quarter. This is due to the addition of the two newly consolidated companies, as well as the costs related to the acquisition of PNB in Australia, which are included in other expenses.

As regards the impact of raw material prices, the current situation has not yet affected this quarter, and the increase in costs is limited to JPY300 million.

As for competition expenses, we have increased expenses by JPY0.9 billion, mostly in Oral Healthcare in Japan, where we have turned to increase development expenses.

## Results by Business Segment

**Consumer Products saw higher sales but lower profit due to increased competition-related expenses but generally in line with expectations, Overseas margins improve with the contribution of the two newly consolidated companies**

(Billions of yen)	Net sales*				Core operating income			
	Jan.-Mar. 2026	Jan.-Mar. 2025	Y-o-Y change		Jan.-Mar. 2026, % of net sales	Jan.-Mar. 2025, % of net sales	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	57.3	55.3	1.9	3.6	4.0	4.4	(0.3)	(8.1)
	48.1	47.1	1.0	2.3	7.1	8.0	(0.3)	(0.9PP)
Industrial Products	13.2	14.1	(0.9)	(6.5)	0.6	0.6	(0.0)	(0.2)
	8.8	9.0	(0.2)	(2.4)	4.9	4.6	(0.0)	+0.3PP
Overseas	46.9	42.4	4.5	10.7	2.8	1.8	1.0	60.7
	41.9	37.7	4.1	11.1	6.2	4.2	1.0	+2.0PP
Other	1.3	2.7	(1.3)	(49.8)	(0.0)	(0.0)	(0.0)	—
	0.2	0.3	(0.0)	(22.6)	(3.3)	(0.9)	(0.0)	—
Adjustment	(19.7)	(20.5)	0.7	—	(1.5)	(1.5)	0.0	—
Consolidated Total	99.2	94.2	4.9	5.3	6.0	5.2	0.7	13.8
					6.1	5.6		+0.5PP

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

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Next, I will explain the financial results by business segment.

As for the Consumer Products Business, sales increased by 3.6%, while profits decreased by JPY350 million. As I mentioned earlier, this is in line with our internal plan, as we have increased advertising expenses to strengthen the development of priority fields, and also as a reaction to our decision to not place commercials on some TV stations in Q1 of last year.

The Overseas Business saw increased sales and profits. The profit margin also improved by 2 percentage points, due in part to the consolidation effect of operations in Vietnam and Australia.

In the industrial supplies segment, which is in the middle, sales decreased due to the inclusion of business supplies and business-use leads in this segment as part of the impact of the transfer of the REED brand last year, but profits remained mostly unchanged.

## Consumer Products Business Net Sales by Product Category



**Strong growth in Oral Healthcare contributed to a real sales increase of +5.1%, Recovery expected for declining segments following product actions implemented in April**

(Billions of yen)	Net sales*1				Comments
	Jan.-Mar. 2026	Jan.-Mar. 2025	Y-o-Y change		
			Amount	%	
Oral Healthcare	18.2	16.6	1.6	9.8	<ul style="list-style-type: none"> <li>Sales of toothpaste and toothbrushes in mainstay <i>CLINICA</i> and <i>SYSTEMA</i> brands grew, high-end <i>Dent Health</i> toothpaste released last year also contributed</li> <li>Sales of products sold through dental clinics continued to be strong (130% Y-o-Y)</li> </ul>
Beauty Care	5.5	5.7	(0.1)	(3.1)	<ul style="list-style-type: none"> <li>Sales of hand soap were steady</li> <li>Sales of body soap declined due to reduced promotions ahead of April relaunches</li> </ul>
Fabric Care	13.6	13.4	0.2	1.9	<ul style="list-style-type: none"> <li>Sales of laundry detergent were firm, overall sales increased</li> </ul>
Living Care	4.3	5.4	(1.0)	(19.8) (6.2)*2	<ul style="list-style-type: none"> <li>Sales of new high value-added bath detergent launched last year were firm</li> <li>Sales of <i>Magica</i> dishwashing detergents declined due to reduced promotions ahead of April relaunches</li> <li>Transferred <i>REED</i> brand of food preparation products in October 2025</li> </ul>
Pharmaceutical	4.9	4.7	0.2	4.9	<ul style="list-style-type: none"> <li>Sales of <i>PAIR</i> acne products, popular with inbound tourists, increased significantly (150% Y-o-Y)</li> </ul>
Other	10.5	9.3	1.1	11.9	
Total	57.3	55.3	1.9	3.6 5.1*2	

Notes 1. Previously, transactions related to gifts and novelty products as well as some internal Group transactions were attributed to the Consumer Products business segment in the "Other" category, but to reflect organizational changes, accounting for these items has been transferred by category to the Oral Healthcare, Beauty Care, Fabric Care, Living Care, and Pharmaceutical categories starting from the beginning of fiscal 2026.  
Segment information for the first quarter of the previous consolidated fiscal year has been reclassified to reflect this change.  
2. Actual rate of change excludes the impact of brand transfers

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Next, I will explain sales by category for the Consumer Products Business.

In Oral Healthcare, in addition to the solid performance of mainstay brands of both toothpaste and toothbrushes, the high-priced *Dent Health* products launched last fall also contributed to growth, as well as product sold through dental clinics, which continues to do well. This allowed us to significantly increase revenues by 9.8%.

Fabric care also posted a 1.9% increase in sales due to strong sales of laundry detergent, while pharmaceuticals sales rose 4.9% due to strong sales of acne medication.

On the other hand, sales of Beauty Care and Living Care as a result of curtailment of sales promotion in Q1 due to product relaunches scheduled in Q2, and in living care, sales were also affected by the transfer of the *REED* brand last year.

## Overseas Business Results by Region

In addition to the impact of new acquisitions, improved profitability in Malaysia contributed to an overall improvement in margins

(Billions of yen)	Net sales					Core operating income			
	Jan.-Mar. 2026	Jan.-Mar. 2025	Y-o-Y change			Jan.-Mar. 2026, % of net sales	Jan.-Mar. 2025, % of net sales	Y-o-Y change	
			Amount	%	Real rate (%) <sup>*1</sup>			Amount	% <sup>*2</sup>
Southeast and South Asia /Oceania <sup>*3</sup>	31.1	26.1	4.9	18.8	7.9	2.3 7.6	1.4 5.7	0.8	58.6 +1.9PP
Northeast Asia	15.8	16.2	(0.4)	(2.5)	(7.4)	0.5 3.3	0.3 1.9	0.2	71.1 +1.4PP
Total	46.9	42.4	4.5	10.7	2.0	2.8 6.2	1.8 4.2	1.0	60.7 +2.0PP

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

3. Due to the addition of Australia in January of this year, the former designation of "Southeast and South Asia" has been changed to "Southeast and South Asia/Oceania".

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Next is Overseas Business results.

For Southeast and South Asia/Oceania, on a like-for-like basis, both sales and profit have increased. The addition of Vietnam and Australia also contributed to an 18.8% increase in overall sales and a 58.6% increase in operating income, for a substantial increase in both sales and income.

On the other hand, in Northeast Asia, centering on China, sales declined due to changes in sales strategy in China and adjustments in distribution inventories, but we were able to secure an increase in profit.

## Overseas Business: Status of business in Key Countries



(Billions of yen)	External net sales* <sup>1</sup>				Comments	Personal Care field* <sup>4</sup> Ratio to consolidated sales (%)
	Jan.-Mar. 2026	Y-o-Y change				
		Amount	%	Real rate (%) <sup>2</sup>		
Thailand	16.3	0.6	3.9	(5.9)	<ul style="list-style-type: none"> <li>Exports to Cambodia and other countries declined due to geopolitical issues and have yet to recover; local consumption in Thailand remained sluggish</li> <li>Oral Healthcare, in the process of strengthening, remains steady</li> </ul>	33.4
Malaysia	7.1	1.0	16.3	0.5	<ul style="list-style-type: none"> <li>Although demand declined temporarily due to market recoil as the effect of the previous year's governmental stimulus measures subsided, personal care saw increased sales (109% Y-o-Y) due to proactive in-store promotions and improved profitability</li> </ul>	27.5
China* <sup>3</sup>	5.4	(1.2)	(19.3)	(26.0)	<ul style="list-style-type: none"> <li>Sales decreased due to continued price revisions of <i>White&amp;White</i> and the optimization of offline distribution inventories (inventory optimization completed in the first quarter)</li> </ul>	84.3
South Korea	4.4	0.1	3.4	0.4	<ul style="list-style-type: none"> <li>Sales increased with launch of Japanese products in oral healthcare and the expansion of sales of <i>Kyusoku Jikan</i></li> <li>Export business on a recovery trend due to factors such as the expansion of product range</li> </ul>	33.7

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 field net sales: Total net sales from the Oral Care, Beauty Care and Pharmaceutical fields

(calculated based on Lion shipment amounts; year-on-year change rate excludes the effects of exchange rate fluctuations)

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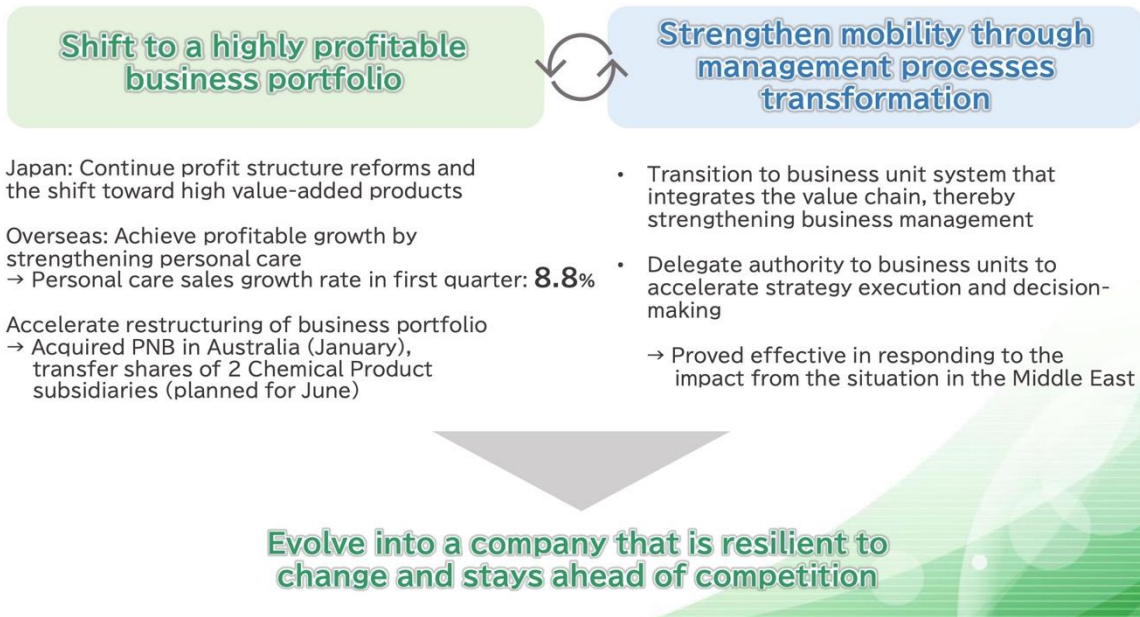
I will further break this down into the four key countries.

First, while sales in Thailand increased due to the impact of foreign exchange rates, sales continued to decline on a local currency basis. Exports to Cambodia have not recovered, and domestic consumption is stagnant, but we are beginning to see results from our efforts to strengthen Oral Healthcare in each category.

For Malaysia, significant improvement in profitability was achieved through price optimization of laundry detergents, and furthermore, sales and profits have continued to increase due to strengthened investment in developing the Personal Care field, especially Oral Healthcare.

As I explained earlier, in China, sales declined significantly in Q1 as we continue to improve the sales method of *White&White*, and as I mentioned at the time of the earnings announcement in February, we are working to optimize distribution inventory. However, this reduction of distribution inventory was almost completed in Q1, so we are tuning up our strategy in China, and I will discuss this a little later.

As for Korea, we were able to turn to a sales growth trend.



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I would now like to discuss the progress made in Q1 and our policy for Q2 and beyond regarding our priority measures for this fiscal year. I would also like to address the response to Middle East risks.

First, I would like to confirm the key themes for this year and the progress of these themes. On the left side, regarding the shift to a highly profitable business portfolio, we have been able to continue to grow and add value, particularly in Oral Healthcare, both domestically and internationally. In addition, from last year to this year, we have been promoting the reorganization of our business portfolio in the Challenge for Growth Business and Structural Reform Business. We are currently preparing for the PMI of PNB Australia and the scheduled closing of the transfer of the Chemical Products Business in June.

The right side, strengthening mobility through management processes transformation, focuses on increasing mobility in business operations, and has been implemented since January of this year with significant structural changes and delegation of authority. As we will explain later, we believe that this change is already showing its strength in dealing with the situation in the Middle East at cost.

Sustain high growth through multifaceted expansion of high value-added products

First quarter Oral Healthcare sales growth rate **9.8%**

Advancing initiatives to further expand the high-end periodontal disease\*1 care market

Continuous product actions that leverage strengths of mainstay brands

2nd half 2025

**Launched new highest-ever priced product**  
*Dent Health Medicated Toothpaste DX Premium*



- Total care toothpaste that protects against periodontitis
- Overall brand sales **130% Y-o-Y\*2**

1st half 2026 (April)

**Relaunch of high-end line of mainstay brand SYSTEMA**  
*SYSTEMA Haguki (the Gums) Plus Premium Toothpaste*



- New active ingredient that helps prevent periodontal disease by suppressing glycation added
- **Strong initial shipments,** strengthening brand-wide promotions and advertising to facilitate trade-up within the high-end lineup

Accumulating insights on new technologies  
(Products sold through dental clinics)

**Toothpaste with new periodontal disease prevention technology**  
*SYSTEMA SP-T Gel*  
(Launched Nov. 2025)



- Equipped with oral microbiome control technology
- Sales **150% Y-o-Y\*3** following relaunch

→develop products with this technology for general retail

\*1 General term for inflamed gums and periodontitis  
\*2 Total for Oct. 2025-Mar. 2026  
\*3 Total for Nov. 2025-Mar. 2026

I will break down this slide in detail. In terms of our portfolio, we are focusing on Oral Healthcare in Japan, and from last year to this year, we have continued to strengthen the periodontal disease care field, which has a high composition of high-end products. Following last year's *Dent Health*, this year we are trying to improve the overall value-added composition by strengthening *SYSTEMA Haguki Plus*, which falls in the volume zone within the high-end range.

In addition, as you can see here, we have also been working on the development of products sold through dental clinics, launching high value-added products last year, and as you can see, we have already started to see positive results.

Pursue profitable growth in existing countries and launch high value-added business in Vietnam, consolidated last year

China

- Advance strategy to shift toward high value-added products  
→ Conduct large-scale cross-brand campaign in conjunction with the release of new high value-added products (April)

- Spread awareness of LION (“獅王”) brand image of “creating better oral care habits.”
- Maximize exposure on major e-commerce platforms and at physical stores in coordination with live commerce  
→ attract new customer base and improve investment efficiency of the brand



- Profitability-focused selective channel strategy  
→ Prioritize the strengthening of emerging e-commerce platforms to ensure profitability (said platforms 194% Y-o-Y for Jan.-Mar.)  
Continue strengthening distribution to key offline management chains

Thailand

- Accelerate growth through enhanced brand value and expanded distribution  
→ Launch new products based on updated brand strategy to expand userbase

Rebranding of local brand SALZ

- Gain new users through improvements aimed towards younger demographic
- Expand distribution to new areas



Vietnam

- Launch of Oral Healthcare business  
→ Scheduled for May:  
Leverage strengths of doctor-recommended model to promote preventive dentistry



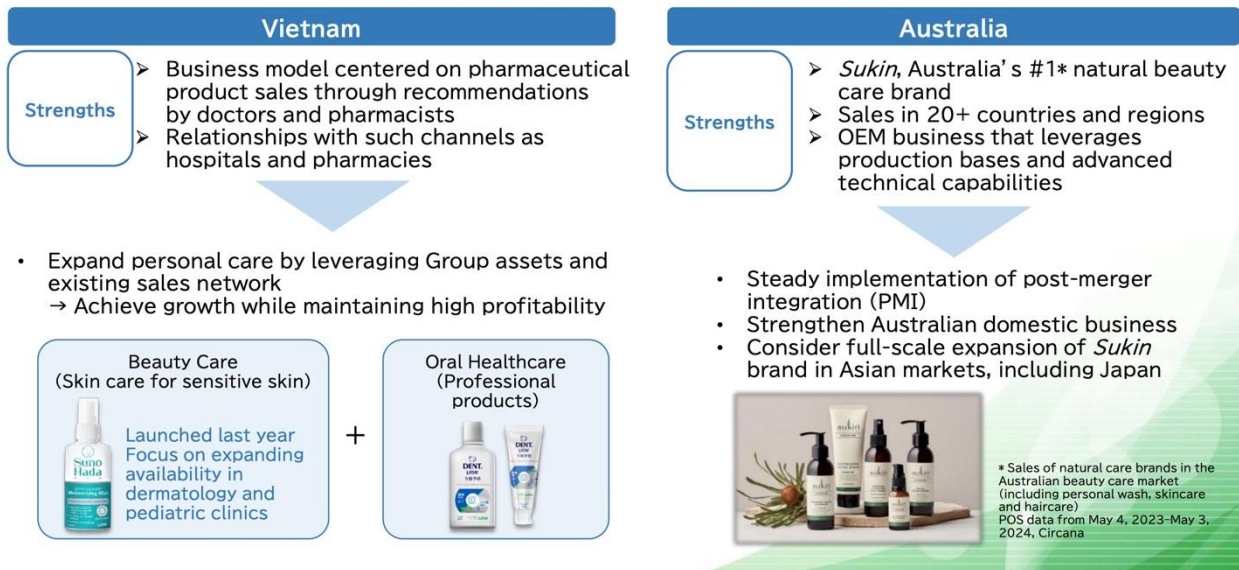
For Oral Healthcare Overseas, although sales in China declined for Q1, we will rebuild from this decline and return to a profitable growth trajectory. In April, we are promoting a cross-brand campaign to coincide with the launch of new products such as the mid- to high-priced brand *CLINICA*, and we are working to improve the efficiency of our promotional activities.

We are also reviewing our channel mix. Rather than expanding offline unnecessarily, we will concentrate on distribution through priority chains, while for online, we will once again strive to strengthen emerging platforms and other areas. Although sales decreased in Q1, it has already started to increase in April.

In Thailand, we are updating the brand, target, and channel promotion elements, and have been taking concrete product actions for Q2 and beyond. The *SALZ* brand, which is a local brand, is currently undergoing review and renewal.

In Vietnam, we will launch a high value-added brand called *Dent* in May. This is not a mass channel, but a business model in which products are sold through clinics, pharmacies, etc., with recommendations from specialists.

Pursue further growth through effects of synergy added to the stable growth of existing highly profitable businesses



Next, I would like to talk about Beauty Care and Pharmaceuticals, which are positioned as Challenge for Growth Businesses in our portfolio and are targeted for growth overseas.

As for Vietnam, as I mentioned earlier in oral healthcare, we are also working in skin care for sensitive skin. We would like to expand the product fields of this business model, which was originally developed by Merap Lion in Vietnam as a specialist recommendation model, through synergies with our company. We would like to steadily develop the business while ensuring profitability, rather than aiming for a large mass volume in the short term.

In Australia, where the 100-day plan has just been completed since the end of January, we are evaluating that the PMI is progressing well. Going forward, we will shift our focus to strengthening our business and creating synergies.

In the domestic business in Australia, we will review the promotion of our mainstay Sukin business, and since we are also engaged in some OEM business, we will consider ways to improve the efficiency of this production capacity. In addition, as for synergies, since PNB was originally aiming to expand its business in Asian countries, we are considering how to back it up as the Lion Group. Of course, we would like to accelerate our consideration of introducing the system to Japan.

**Realize shift toward high value-added products and upward price revisions through product action**

**Expand high value-added product line**



*hadakara*  
Beauty  
Premium  
Moist Body  
Care Soap  
(April)

**Pricing structure revision along with product relaunch**



*SOFLAN*  
Premium  
Deodorizing  
Fabric  
Softener  
(March)



*CHARMY*  
Magica and  
Crysta  
dishwashing  
detergents  
(April)

**Shift toward high value-added by proposing new habits that promote the mindful use of water**



*NANOX one*  
Antibacterial  
x Quick Wash  
(March)




*NANOX*  
Washing Tub  
Antimold Ball  
(April)

- *Antimold Ball* performing beyond expectations
- Further strengthen energy saving and cost saving appeal of *Antibacterial x Quick Wash*

Collaborate with distributors in agile marketing to promote new habits


**Enhancement of supply chain management**

Shift to **proactive supply chain management** that anticipates and responds immediately to fluctuations in supply and demand



Realize consistent proactive management through the utilization of digital technology

- Utilize highly accurate demand forecasting models
- Respond flexibly and swiftly to environmental changes

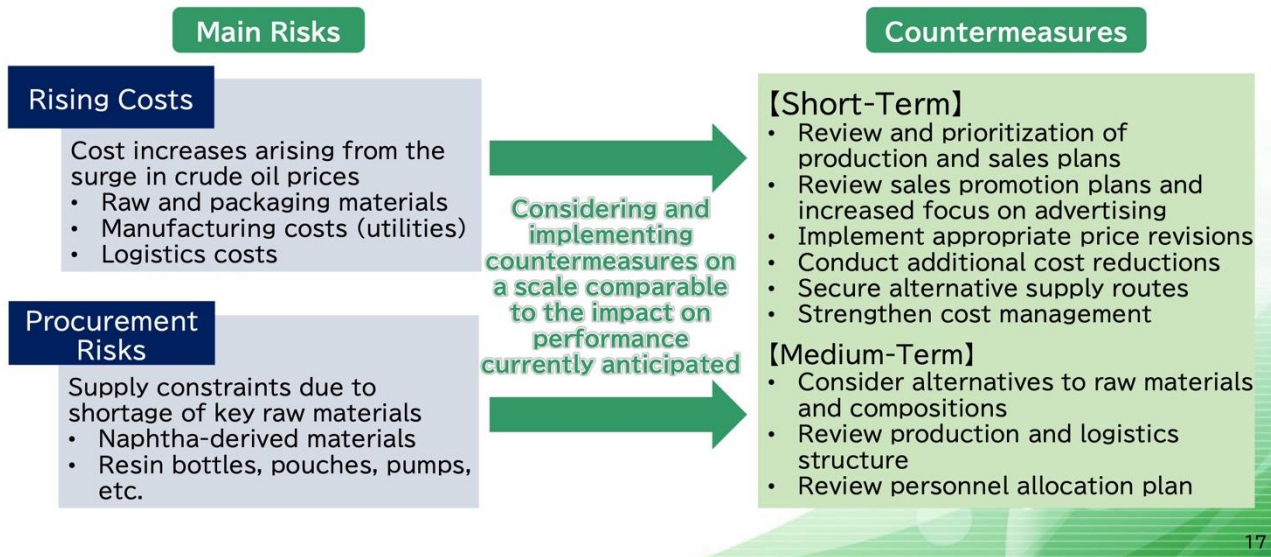


- **Realize stable product supply**
- **Improve profitability**
- **Strengthen cash flow**

Next, I would like to talk about the improvement of the profit structure of the domestic business, with a focus on Home Care, which we have designated as a Structural Reform Business in our portfolio.

This year, we will continue to add value to products, reduce SKUs, and improve the efficiency of sales promotion expenses. Particularly in the home-use market, we believe it is important to increase the composition of products with clear differentiation, such as our unique water-saving technology. In supply chain management, we will also promote initiative-taking supply chain management by temporarily reflecting demand forecast models that utilize AI and other technologies prior to actual supply and demand adjustments, production planning, and formulation.

Although the ultimate extent of impact is unclear, the Company aims to offset performance risks through additional measures



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Nevertheless, we recognize the need for further acceleration, thoroughness, and additional measures to address the current situation, which includes cost increases due to Middle East risks and product supply issues.

As for the impact of the situation in the Middle East, we have already begun to see some effects from Q2 in terms of increases in raw materials and freight costs. It is difficult to say how long the final impact will last, but our current assumption is that the crude oil price, which was USD70 per barrel at the beginning of the year, will remain high at around USD100 per barrel, and that the impact of cost increases on our raw materials will not end during the year. We have been considering implementing company-wide countermeasures based on the regular assumption that the high price of crude oil will not end before the end of the year.

Reviewing sales plans, shifting the mix to items with less impact, or consolidating or replacing items that may cause supply constraints with other sales, and reviewing the timing of product launches, promotions, etc. In conjunction with these efforts, the marketing plan is also being reviewed, and the entire company is promoting a multifaceted approach that includes changes in sales promotion plans, changes in conditions to raise retail prices, more efficient advertising costs, and additional cost-cutting measures and expense reductions.

In order to cope with further worsening of the impact, we will prepare for additional price pass-on and further structural reforms in case the impact is prolonged.

As I mentioned at the outset, under the new organization established in January, the business units have been taking the lead in considering, deciding, and executing countermeasures, and we have been able to flexibly and autonomously implement measures more in-depth than before, such as examining and securing raw material routes, reviewing flexible production plans, and thoroughly implementing cost management. We will strive to minimize the impact while further enhancing our ability to respond to change and the speed of implementation of measures.

## 2026 Consolidated Financial Forecast



**Aim to achieve initial targets by implementing additional measures in response to changing circumstances**

(Billions of yen)	2026	2025	Y-o-Y change	
			Amount	%
Net sales	430.0	422.0	7.9	1.9
Core operating income* <sup>1</sup> % of net sales	35.0 8.1	30.7 7.3	4.2	13.8
Operating profit % of net sales	40.0 9.3	36.3 8.6	3.6	10.0
Profit for the period attributable to owners of the parent	25.0	27.5	(2.5)	(9.4)
EPS (Yen)	90.38	99.74	(9.36)	(9.4)
EBITDA* <sup>2</sup>	55.0	49.3	5.6	11.5
EBITDA margin (%)* <sup>3</sup>	12.8	11.7	—	1.1PP
ROIC (%)* <sup>4</sup>	7.0	6.7	—	0.3PP
ROE (%)	7.7	9.0	—	(1.3PP)

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

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Considering the above, we have not changed our consolidated financial forecast for the full year from the beginning of the year. We intend to achieve the performance targets set at the beginning of the year by flexibly countering the changes in the environment, including the Middle East risk.

The assumptions for foreign exchange rates, raw material prices, and profit increase/decrease have already changed significantly from the assumptions made at the beginning of the year, but as the future environment is also extremely fluid, I would like to ask for your understanding in this matter.

## 2nd STAGE: Shareholder Return Measures

No change from the announcement made at the beginning of the year  
Annual dividend increase of ¥4 to ¥34 per share expected

Shareholder Return Measures During 2nd STAGE (2026-2027)	
Dividends	Strive to <b>increase dividends every fiscal year based on the progressive dividend policy</b> (12 consecutive fiscal years since 2016)
Acquisition of treasury stock	<b>Flexible acquisition and disposal of treasury stock</b>



Shareholder returns remain unchanged from those announced at the beginning of the year. Based on the policy of progressive dividends, we expect to increase the dividend by JPY4 from last year to JPY34, for a dividend payout ratio of 37.6%.

I would like to conclude my explanation by saying that I am aware of the current positioning of this year, and I am not sure if we will be able to achieve our initial performance targets in this very uncertain environment in the second year since we started the second stage of the medium-term management plan last year, we recognize that it is very important for us to gain the trust of everyone in the capital market.

Whilst there is some uncertainty regarding the future direction of the current cost environment and other factors, and the situation is by no means cause for optimism. However, we were able to achieve good results in Q1, and we are getting a good response to our management reforms, so we will be more flexible and agile in our responses to achieve our goals. That is all from me. Thank you very much.

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