August 7, 2026
Lion Corporation

Analyst Q&A (Summary)
First Half Ended June 30, 2026

Impact of the Situation in the Middle East and Countermeasures

Q: What impact will rising raw material prices and procurement risks have on financial results and what countermeasures are in place?
A: Along with our original forecast at the beginning of the fiscal year of a ¥1 billion decrease in profit, we expect to see further negative impact amounting to ¥6 billion (¥1 billion in the first half and ¥5 billion in the second half) due to the situation in the Middle East. To offset these impacts and achieve initial performance targets, we are focusing on improving gross profit through such measures as planned upward price revisions in October for some products in Japan, a shift toward high value-added products in Japan and overseas, the implementation of additional cost reduction measures, and the optimization of competition-related expenses, particularly in the overseas Home Care business.

Q: Will price revisions be sufficient to secure higher profit in line with plans?
A: We must ensure that increased shipping prices are reflected in retail prices, so we are preparing to implement these price revisions in line with those being made in distribution channels. Although we anticipate a slight impact on sales volume from price revisions, we believe that we will achieve the profit increase as projected.

Consumer Products

Q: In Japan, sales for Oral Healthcare in the first half were strong, but is this expected to continue in the second half?
A: Overall performance was favorable in the first half, with high value-added toothpastes and toothbrushes driving growth in addition to double-digit growth in products sold through dental clinics. For the second half, although we expect to see a weakening impact on sales of the new high-end products launched last year and a slightly lower sales volume due to upward price revisions, we still aim to achieve growth outpacing the market average on a retail basis by continuously developing and strengthening Lion’s high value-added products.

Overseas Business

Q: How much have the newly consolidated subsidiaries in Vietnam and Australia contributed to profits?
A: Looking at the ¥9.7 billion increase in gross profit, approximately half of that is attributable to the new subsidiaries simply due to the rise in sales volume and changes in product composition. That said, there were one-time expenses related to the Australian subsidiary's acquisition, so its contribution to core operating income for fiscal 2026 will be limited.

Performance for Fiscal 2027

Q: What impact will raw material prices have on performance for fiscal 2027?
A: If the current trend of raw material price rises continues, we expect that the impact anticipated for the second half of fiscal 2026 will extend into the first half of fiscal 2027. We plan to offset the effect by ensuring that upward price revisions continue to contribute in the first half of fiscal 2027. In addition, we are aiming to achieve the target of ¥40 billion in core operating income in the final year of the medium-term management plan by improving the mix of high value-added products with a focus on Oral Healthcare and advancing profitable growth in key countries overseas.