



Lion Corporation

Financial Results for the First Half of Fiscal 2026

August 7, 2026

Event Summary

[Company Name]	Lion Corporation	
[Company ID]	4912-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results for the First Half of Fiscal 2026	
[Fiscal Period]	FY2026 Q2	
[Date]	August 7, 2026	
[Number of Pages]	30	
[Time]	17:00 – 18:12 (Total: 72 minutes, Presentation: 27 minutes, Q&A: 45 minutes)	
[Venue]	Webcast	
[Number of Speakers]	5	
	Masayuki Takemori	Representative Director, President and Executive Officer, Chief Executive Officer
	Kengo Fukuda	Representative Director, Vice President and Executive Officer
	Hitoshi Suzuki	Representative Director, Vice President and Executive Officer
	Akihiko Takeo	Executive Officer Responsible for Finance Department, Corporate Support Department
	Masahide Arai	General Manager of Finance Department Executive Officer Responsible for Corporate Planning Department, Public Relations Department, General Manager of Corporate Planning Department, General Manager - Group Strategic Collaboration of International Business Unit

Presentation

Moderator: Thank you for participating in the quarterly financial results briefing session for Q2 of the fiscal year ending December 2026 of Lion Corporation. To begin, I would like to introduce today's attendees. First, Masayuki Takemori, President.

Takemori: Thank you.

Moderator: Also in attendance are Kengo Fukuda, Vice President; Hitoshi Suzuki, Vice President; Akihiko Takeo, General Manager of Finance Department; and Masahide Arai, General Manager of Corporate Planning Department.

We will now proceed with Mr. Takemori's presentation based on the financial results briefing materials for the first half ended June 30, 2026, followed by a question-and-answer session. The session is expected to last approximately one hour. We will now move on to the contents. President Takemori, please begin.

Takemori: Hello everyone. I am Takemori, the President. Thank you very much for taking the time to attend our briefing today despite your busy schedules. First, I would like to offer my deepest condolences to those who lost their lives in the 2026 Kumamoto Earthquake that occurred recently, and I extend my heartfelt sympathies to all those affected by the disaster. We at the Lion Group have already begun providing relief supplies and other assistance to residents in the disaster-affected areas. We pray for a swift recovery and reconstruction.

Financial Results for the First Half Ended June 30, 2026

**Lion Corporation
August 7, 2026**

Now, let us move on to the contents.

During Q2, despite increasing uncertainty in the business environment due to the situation in the Middle East, both sales and profits exceeded the figures announced at the beginning of the year. Today, in addition to discussing that background, I would like to talk about how we plan to achieve growth in H2 of the fiscal year and beyond.

Today's Highlights



Results Summary for the First Half Ended June 30, 2026

* Figures in parentheses indicate Y-o-Y change

Net sales
¥216.83 billion
(+ 8.7%)

Core operating income
¥15.33 billion
(+21.3%)

EBITDA margin
11.8%
(+1.1 points)

- **Achieved first-half targets**, 2nd STAGE strategies steadily advanced and sales and profit increased
- Sales: In Japan, Oral Healthcare drove strong performance; Overseas, the consolidation of highly profitable companies in Vietnam (Merap Lion) and Australia (PNB) boosted growth as did recovery of sales momentum in key countries
- Core operating income: Increased due to higher gross profit attributable to sales growth and rigorous profit-focused management overseas

Key Message

- In response to the rise in raw material costs driven by the situation in the Middle East—the effects of which are expected to become more pronounced in the 2nd half—we are striving to minimize impacts through such structural reforms as price revisions and cost reductions and thereby **achieve annual performance targets**
- Focus on returning the Overseas Business to a growth path by continuing to expand Personal Care sales in key countries and focusing on Oral Healthcare

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First, here are today's highlights.

We achieved our targets for H1 of the fiscal year and have confirmed steady progress toward the goal of strengthening our earnings power, as outlined in our 2nd STAGE plan. In Japan, our Oral Healthcare business—our top priority—is driving top-line growth, while investments in developing high value-added products and strengthening our brands are also yielding positive results in terms of profitability. Overseas, in addition to the new consolidated results from two companies—Merap Lion in Vietnam and PNB in Australia, both of which operate highly profitable businesses—the key point here is that major economies are showing signs of recovery.

Core operating income rose by more than 20% compared with the same period last year. We view this as clear evidence that our efforts to reform our business portfolio, increase value-added activities, and implement profitability-focused management overseas are steadily yielding results.

As you are aware, since H2 of the fiscal year, various cost increases stemming from the situation in the Middle East have become even more pronounced than in H1. In response to these changes in the business environment, we will implement a combination of various measures to offset their impact and aim to achieve our full-year performance targets set at the beginning of the year.

- Consolidated Financial Results for the First Half of 2026
- Fiscal 2026 Financial Forecast
- Key Measures for the Second Half of Fiscal 2026
- Progress of 2nd STAGE Growth Strategies

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Today, I would like to talk about these four points.

- Consolidated Financial Results for the First Half of 2026
- Fiscal 2026 Financial Forecast
- Key Measures for the Second Half of Fiscal 2026
- Progress of 2nd STAGE Growth Strategies

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First, here are the consolidated financial results.

Consolidated Financial Results for the First Half of 2026



Sales and profit increased with both exceeding forecasts and
EBITDA margin rising 1.1 points

(Billions of yen)	Jan.-Jun. 2026	Jan.-Jun. 2025	Y-o-Y change		Deviation from Forecast %
			Amount	%	
Net sales	216.8	199.4	17.3	8.7 Excluding exchange rate fluctuations: 4.5 Excluding exchange rate fluctuations and impact of business transfers: 5.5	6.8 3.3
Core operating income* ¹ % of net sales	15.3 7.1	12.6 6.3	2.6	21.3	1.3 9.5
Operating profit % of net sales	20.7 9.5	13.3 6.7	7.3	54.7	1.7 9.0
Profit for the interim period attributable to owners of the parent	10.8	9.6	1.2	12.9	0.8 8.4
EPS (Yen)	39.20	34.75	4.45	12.8	3.05 8.4
EBITDA* ²	25.4	21.4	4.0	19.0	—
EBITDA margin (%)* ³	11.8	10.7	—	1.1PP	—

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 (excluding that of right-of-use assets).
3. EBITDA margin: The ratio of EBITDA to consolidated net sales.

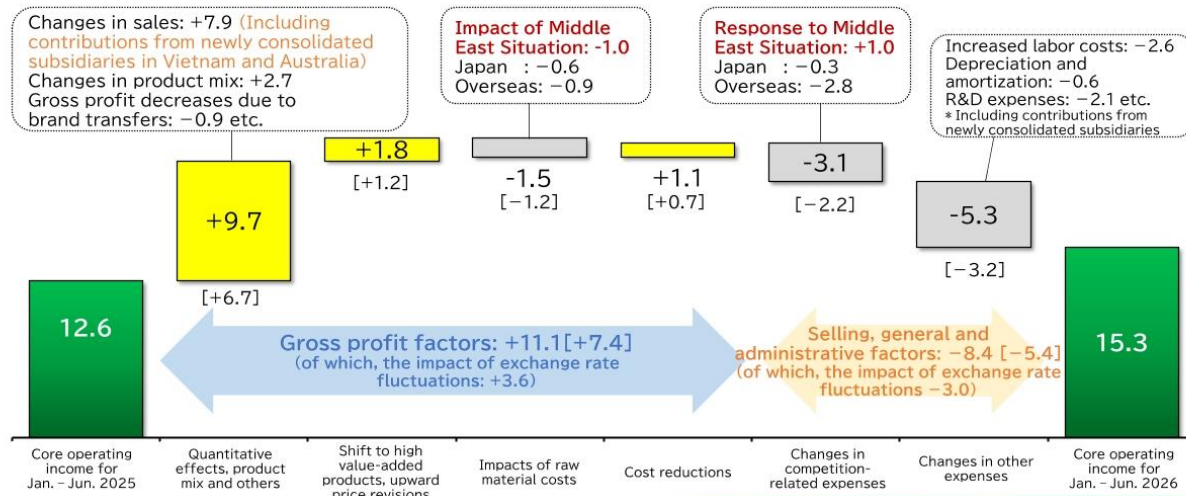
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Net sales increased by 8.7% YoY, and core operating income rose by 21.3%. In addition, our EBITDA margin—one of our key KPIs—stood at 11.8%, an increase of 1.1 percentage points from the same period last year, indicating a steady improvement in profitability.

Year-on-Year Changes in Core Operating Income

Business portfolio transformation on track
Sales growth, driven mainly by strategic competitive spending in overseas markets, contributed to an increase in gross profit

Unit: Billions of yen (Figures in brackets indicate change for Apr.–Jun.)



Next, I will now explain the breakdown of the factors contributing to the JPY2.7 billion YoY increase in core operating income.

There are two main points I would like to convey on this slide. Firstly, overall, the source of profit growth is gross profit driven by progress in high value-added products. Next, the change in amount for April–June is shown in parentheses below each item. The second point is that growth in gross profit accelerated during April–June, indicating improvement in momentum. On the other hand, although soaring raw material costs—driven by the situation in the Middle East—resulted in a negative impact of JPY1 billion in H1, this was offset. Regarding competitive expenses, we are continuing to invest in areas where growth is needed, focusing primarily on domestic Oral Healthcare and the Overseas business. Furthermore, given that we are achieving solid gross profit margins, we believe we are making steady progress toward becoming a highly profitable company.

Please note that the “changes in sales” figure on the far left (JPY9.7 billion) and the “changes in other expenses” figure on the far right (JPY5.3 billion) are significantly higher than in previous years; these figures include profit and loss items resulting from the consolidation of new subsidiaries.

Results by Business Segment for the First Half of 2026



Both Consumer Products and Overseas Business saw higher sales and profit
Overseas margins improved 1.4 points with the contribution of the newly consolidated companies in Vietnam and Australia

(Billions of yen)	Net sales*					Core operating income			
	Jan.-Jun. 2026	Jan.-Jun. 2025	Y-o-Y change		Deviation from plan %	Jan.-Jun. 2026, % of net sales	Jan.-Jun. 2025, % of net sales	Y-o-Y change	
			Amount	%				Amount	%
Consumer Products	123.6	121.7	1.9	1.6	—	9.7	9.1	0.6	7.1
	106.7	105.0	1.6	1.6	0.7	7.9	7.5		+0.4PP
Industrial Products	27.5	28.6	(1.1)	(3.9)	—	1.4	1.4	(0.0)	(0.2)
	19.1	19.1	(0.0)	(0.3)	6.3	5.3	5.1		+0.2PP
Overseas	100.8	84.2	16.6	19.7	—	5.2	3.1	2.0	66.1
	90.4	74.6	15.7	21.2	5.8	5.2	3.8		+1.4PP
Other	3.8	5.2	(1.4)	(27.2)	—	(0.0)	(0.0)	(0.0)	—
	0.5	0.5	(0.0)	(10.5)	4.2	(2.0)	(0.6)		
Adjustment	(39.0)	(40.4)	1.3	—	—	(1.1)	(1.1)	(0.0)	—
	—	—	—	—	—				
Consolidated Total	216.8	199.4	17.3	8.7	3.3	15.3	12.6	2.6	21.3
						7.1	6.3		+0.8PP

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

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Here are results by business segment.

Both Consumer Products and Overseas have seen increases in sales and profit. Please look inside the red box. In the Consumer Products segment, sales increased by 1.6% due to a focus on the development of high value-added products, and the profit margin improved by 0.4 percentage points, partly due to measures to reform the earnings structure.

Next, for Overseas, in addition to the effects of new consolidations, both sales and profits have shown significant growth due to recovery in existing markets and the promotion of profitability-oriented management.

Consumer Products Business Net Sales by Product Category



Increased sales in Personal Care, mainly in Oral Healthcare, drove overall growth

(Billions of yen)¥	Net sales*1				Comments
	Jan.-Jun. 2026	Jan.-Jun. 2025	Y-o-Y change		
			Amount	%	
Oral Healthcare	40.5	36.9	3.5	9.6	- Sales of mainstay toothpaste and toothbrush brands <i>CLINICA</i> and <i>SYSTEMA</i> grew - Apr. relaunch of high-end line of <i>SYSTEMA</i> toothpastes generated substantial growth thanks in part to proactive marketing
Beauty Care	13.1	13.0	0.0	0.2	- Sales of hand soaps were steady - Since Apr. relaunch, sales of body soap have exceeded expectations, driven largely by new high value-added <i>hadakara Beauty Premium</i> line (Apr.-Jun.: 123% Y-o-Y)
Fabric Care	28.2	28.9	(0.6)	(2.2)	- Sales of laundry detergents were steady - Amidst an increasingly competitive environment, sales of fabric softeners fell Y-o-Y
Living Care	10.0	12.0	(2.0)	(17.0) (4.2)*2	- Sales of dishwashing detergents were firm after relaunch (Apr.-Jun.: 111% Y-o-Y), however, unable to fully offset the impact of reduced promotion in Q1, sales decreased - Transferred <i>REED</i> brand food preparation products in Oct. 2025
Pharmaceutical	11.3	10.9	0.4	4.0	Sales of <i>PAIR</i> acne products, popular with inbound tourists, continued to perform favorably thanks to increased demand in Japan (1.2x Y-o-Y)
Other	20.3	19.7	0.5	2.9	
Total	123.6	121.7	1.9	1.6 2.9*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 half 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 is a breakdown of the Consumer Products business.

In the Oral Healthcare category, in addition to growth in our mainstay toothpaste and toothbrush brands, the high-end toothpaste line from the *Systema* brand—which was relaunched in April—performed well. As a result, we have been able to maintain a high growth rate of 9.6%.

In the Beauty Care category, the body wash line, which struggled in H1—is now seeing the benefits of a product lineup renewal focused on high value-added items.

In the Home Care category, although top-line sales is down from the previous year, we are focusing on profitability and working to enhance brand value. For products such as fabric softeners, which have been affected by intensifying competition, we plan to act on these products in H2 of the fiscal year; I will discuss the details shortly.

As you can see, while the situation varies by category, overall—excluding the impact of brand transfers and the transfer of the *Reed* brand—we have achieved solid growth of 2.9%.

Overseas Business Results by Region

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In addition to the impact of newly consolidated subsidiaries, Malaysia drove performance in both sales and profit in Southeast and South Asia/Oceania
Sales and profit also increased in Northeast Asia due to recovery in China and strong performance in South Korea

(Billions of yen)	Net sales					Core operating income			
	Jan.-Jun. 2026	Jan.-Jun. 2025	Y-o-Y change			Jan.-Jun. 2026, % of net sales	Jan.-Jun. 2025, % of net sales	Y-o-Y change	
			Amount	%	Real rate (%) ^{*1}			Amount	% ^{*2}
Southeast and South Asia/Oceania ^{*3}	64.8	51.5	13.3	25.9	13.4	4.0 6.2	2.7 5.3	1.2	46.0 +0.9PP
Northeast Asia	35.9	32.6	3.2	10.1	2.1	1.2 3.5	0.4 1.3	0.8	196.8 +2.2PP
Total	100.8	84.2	16.6	19.7	9.0	5.2 5.2	3.1 3.8	2.0	66.1 +1.4PP

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 2026, the former classification of "Southeast and South Asia" has been changed to "Southeast and South Asia/Oceania."

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Next is the Overseas business. In Southeast and South Asia/Oceania, it is not only the effect of new consolidations but also, as I have been mentioning, the robust performance in Malaysia that is driving both sales and profits.

In Northeast Asia, China has recovered. In addition to China's recovery, South Korea's robust performance has also led to an increase in both sales and profit on a real rate basis.

Overseas Business: Status of Business in Key Countries



(Billions of yen)	External net sales*1				Comments	(Reference) Personal care field*4 ratio to sales (%)
	Jan.-Jun. 2026	Y-o-Y change				
		Change	Change (%)	Real rate*2 (%)		
Thailand	34.2	2.3	7.3	(3.4)	Change in Real Rate: Jan.-Mar. -5.9% ➡ Apr.-Jun. -1.1% • Amid geopolitical factors leading to lower exports and sluggish local consumption in Thailand, Personal Care for Apr-Jun was +5.2% Y-o-Y (of which Oral Healthcare, targeted for further strengthening, grew 10.2%)	35.2
Malaysia	14.6	3.3	29.7	10.4	Change in Real Rate: Jan.-Mar. 0.5% ➡ Apr.-Jun. 22.2% • In Personal Care, body soaps grew primarily due to proactive in-store promotions • In laundry detergents, where Lion holds the #1 share, new liquid detergent products performed favorably	24.5
China*3	14.2	0.9	7.2	(5.6)	Change in Real Rate: Jan.-Mar. -26.0% ➡ Apr.-Jun. 14.3% • Offline inventory optimization completed in Q1 • Large-scale promotion in Q2 was successful and enabled a return to both sales and profit growth	85.8
South Korea	9.2	0.6	7.1	4.2	Change in Real Rate: Jan.-Mar. 0.4% ➡ Apr.-Jun. 8.1% • High-profit businesses grew, including sales of a newly launched capsule detergent and the import and sale of <i>Kyusoku Jikan</i> cooling gel sheets for feet • Due to the situation in the Middle East, upward price revisions for a wide range of products were implemented	32.3

Notes 1. External sales: Total sales, excluding internal sales within and among segments

2. Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations

3. Qingdao Lion

4. Personal care net sales: Total net sales from Oral Healthcare, Beauty Care and Pharmaceutical product categories (calculated based on Lion shipment amounts)

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Here is an overview of the situation in the four key countries in the Overseas business.

Sales momentum is improving in every country. Please look at the real rate trends for January through March and April through June, which are listed in the comment sections for each country.

Although Thailand continues to face severe structural challenges, such as a decline in exports and sluggish domestic consumption, the country is moving forward with strengthening its Oral Healthcare initiatives as part of efforts to restructure its business operations. These efforts are paying off, and the decline in sales nationwide has narrowed significantly from April to June.

In Malaysia, in addition to strong top-line performance, profitability has significantly improved thanks to pricing initiatives for laundry detergents.

I announced to all of you during Q1 that we would be optimizing our distribution inventory. That has been completed. In China, where the project has been completed, revenue has begun to rise since April, showing a double-digit improvement and recovery trend—from a 26% decline in January–March to a 14% increase in April–June.

In South Korea as well, sales have increased, driven primarily by high-margin businesses.

- Consolidated Financial Results for the First Half of 2026
- **Fiscal 2026 Financial Forecast**
- Key Measures for the Second Half of Fiscal 2026
- Progress of 2nd STAGE Growth Strategies

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Next, I would like to explain our full-year consolidated earnings forecast.

2026 Consolidated Financial Forecast



Aim to counter the impact of the situation in the Middle East and achieve our initial targets

(Billions of yen)	2026	2025	Y-o-Y change	
			Amount	%
Net sales	430.0	422.0	7.9	1.9
Core operating income* ¹ % 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* ²	55.0	49.3	5.6	11.5
EBITDA margin (%)* ³	12.8	11.7	—	1.1PP
ROIC (%)* ⁴	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 capital.

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Let me start by getting straight to the point. We will not revise the earnings forecast we announced at the beginning of the year. We will continue moving forward as we are.

In H2 of the fiscal year, we anticipate a business environment that will be even more challenging than in H1 due to the situation in the Middle East. However, based on the steady progress made in H1, as I just mentioned, and the effectiveness of our key initiatives, I, as President, believe it is entirely possible for us to overcome these challenges. At the same time, we will continue to make steady progress towards the goal of strengthening our earnings power, as set out in our 2nd STAGE strategy.

This earnings forecast is not simply a holdover. This demonstrates our determination to achieve our original goals while considering changes in the external environment. Furthermore, as president, I understand that it is not just a matter of willpower, but that the physical stamina required for this has also been sufficiently developed.

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 increase dividends every fiscal year based on the progressive dividend policy (12 consecutive fiscal years since 2016)
Acquisition of treasury stock	Flexible acquisition and cancellation of treasury stock



Regarding shareholder returns, we will continue to aim for a 12th consecutive year of dividend increases.

Revisions to Forecast of Change Factors Affecting Full Year Core Operating Income in 2026



In light of the situation in the Middle East, change factors were reviewed based on the impact of rising raw material prices, countermeasures in response, and foreign exchange fluctuations

(Billions of yen) + indicates gain - indicates loss	Full year		
	Initial forecast	Revised forecast	Difference
Quantitative effects, product mix and others	+5.5	+9.5	+4.0
Shift to high value-added products, upward price revisions	+3.0	+6.0	+3.0
Impacts of raw material costs	(1.0)	(7.0)	(6.0) 1st half (1.0) 2nd half (5.0)
Cost reductions	+2.3	+2.8	+0.5
Total gross profit factors	+9.8	+11.3	+1.5
Changes in competition-related expenses	(3.0)	(2.5)	+0.5
Changes in other expenses	(2.5)	(4.5)	(2.0)
Total selling, general and administrative factors	(5.5)	(7.0)	(1.5)
Total core operating income	+4.2	+4.2	±0.0

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This is one of the key slides regarding our response to the situation in the Middle East.

We reviewed the factors affecting core operating income, including the impact of raw material price increases—which are expected to intensify in the future—and our countermeasures to address them. In the table, the breakdown of the revised forecast is compared to the initial forecast for the year as shown on the left, along with the difference. The total amount remains unchanged.

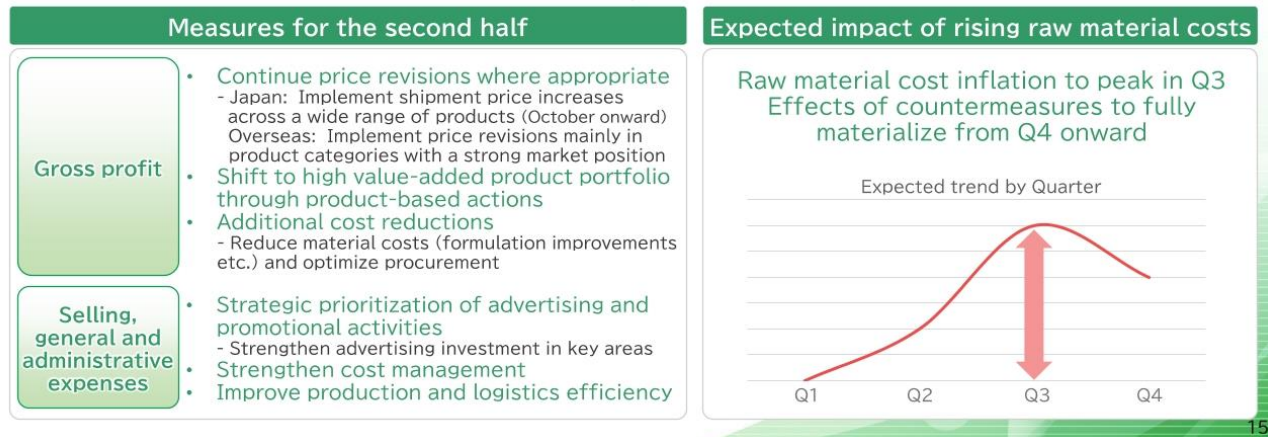
The most notable change relates to raw material prices. The negative impact has widened by JPY6 billion, from the JPY1 billion initially anticipated at the beginning of the year to JPY7 billion. Of that amount, JPY1 billion has already been recognized in H1, and the remaining negative JPY5 billion is expected to be recognized in H2. In response, we aim to offset this by increasing gross profit through additional price increases and cost reductions, while also improving the efficiency of selling, general, and administrative expenses, including competition-related costs. Please note that the change includes the impact of exchange rate fluctuations. What I just mentioned is no easy task, but I believe that it is precisely because of the results of the revenue structure reforms we have been implementing that our company has been able to transform itself into an organization capable of responding flexibly and proactively to external conditions.

Impact of the Middle East Situation and Response in the Second Half

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Promote initiatives not only as short-term measures but utilize them in strengthening the earnings structure to deliver benefits into the next fiscal year and beyond

Impact of higher raw material costs (2nd half)
Approx. -¥5.0 billion



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Next, I would like to discuss in a bit more detail the countermeasures we plan to take regarding the situation in the Middle East starting in H2.

As I mentioned earlier, we expect the impact of raw material prices in H2 of the fiscal year to be approximately JPY5 billion. Considering factors such as procurement delays, we anticipate that the impact on our financial results will be greatest in Q3, as shown in the graph on the right. In response, we will address this issue from both the gross profit and SG&A expense perspectives.

First, regarding gross profit, we will simultaneously implement multiple measures, including appropriate revision of pricing domestically and internationally, developing high value-added products, and improving our product mix. In Japan, we plan to adjust prices for a wide range of products starting with shipments in October and beyond; overseas, we are also gradually passing on price revisions, focusing on categories where we hold a strong market position. In addition, through further cost reductions, we aim to offset approximately 80% of this JPY5 billion impact through gross profit. Of course, we will proceed cautiously while considering market conditions and the competitive landscape, but we believe that achieving a fair price commensurate with our brand value will help strengthen our earnings foundation not only this year, but also next year and beyond.

We will address the remainder by streamlining our selling, general, and administrative expenses. We will proceed with a focused allocation of resources and strengthen cost management, such as by shifting sales promotion initiatives and advertising investments to sectors and brands that offer higher margins.

As president, I would like to emphasize a fundamental principle here: it is understood that sustainable growth cannot be achieved through cost reduction alone. We will continue to make investments that will lead to future profits, while at the same time thoroughly pursuing efficiency. While maintaining that balance, we will work to offset the impact of the situation in the Middle East.

- Consolidated Financial Results for the First Half of 2026
- Fiscal 2026 Financial Forecast
- **Key Measures for the Second Half of Fiscal 2026**
- Progress of 2nd STAGE Growth Strategies

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Moving forward, I will discuss several key measures based on the policies we outlined at the beginning of the year.

Key Themes and Progress for 2026



Key Themes	- Transform into highly profitable business portfolio - Enhance organizational agility through management process transformation
Results for the 1st half	- Continued the shift toward high value-added products primarily in the domestic Oral Healthcare market Group total Oral Healthcare sales growth rate: +10.5%* - Overseas, amid a challenging business environment, sales momentum improved from a focused allocation of resources to priority areas Personal Care field ratio to sales : +3.8 points* - Acquired Merap Lion (Jul. 2025) and PNB (Jan. 2026) which contributed to improved margins in the Overseas Business Gross profit margin: +1.7 points*, core operating income ratio: +1.3 points* (combined acquisition effects) - Advanced business portfolio restructuring and completed transfer of shares of two subsidiaries in the Chemical Products business (June 30, 2026)
Issues for the 2nd half	Strengthen key initiatives while flexibly responding to impacts of the Middle East situation Japan: Continue shift toward high value-added through product actions aligned with the business portfolio strategy Overseas: Achieve growth focused on Oral Healthcare in existing markets

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First, I will review the results for the first half.

We are making steady progress in our transition to a high-profit business portfolio. Oral Healthcare, our Top Priority business, has achieved growth of over 10% groupwide. Overseas, there is a growing shift toward the personal care field. In addition, the consolidation of our businesses in Vietnam and Australia has contributed significantly to improvements in gross profit margin and core operating income margin.

We believe these results reflect the increased speed of decision-making and execution achieved through management process reforms, such as the transition to a business unit system that integrates the value chain and the delegation of authority. Building on this momentum, we intend to move forward with our plans in H2.

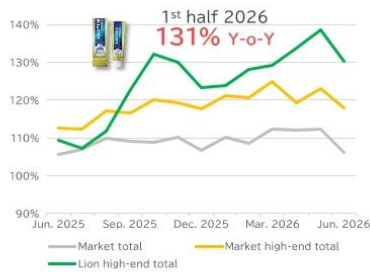
2026
Key MeasuresShift toward high value-added by strengthening the
high-end periodontal disease care market

Results for the 1st half

Above-market growth for high-end toothpaste

Sales growth rate

Jan.-Mar. +9.8% → Apr.-Jun. +9.5%

High-end toothpaste (over 1,000 JPY incl tax)
sales value Y-o-Y (%)Contribution of
high value-
added products

Apr.-Jun. SYSTEMA
Haguki (the Gums) Plus
Premium Toothpaste
Y-o-Y:
Approx. 140%
Price:
Approx. +10%

Source: Lion survey

Initiatives for the 2nd half

Continue product strategy for ¥1,000+ products
to grow sales and profit

- Significantly improve the *Dent Health* brand (scheduled for Oct.)
Expand lineup to meet consumer needs and further brand reach
→ Establish its position as the top periodontal disease* prevention brand

*A general term for inflamed gums and periodontitis

Approx. ¥1,500 price point

Enhance added value to increase
unit price by approx. 10%Approx. ¥2,000
price pointHighest-priced
item in the series

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I would like to go into a little more detail about the status of each business. First, the Oral Healthcare business in Japan.

Our biggest achievement in H1 was achieving growth that outpaced the market in the high-end range of toothpaste—products priced above JPY1,000—which continues to grow.

Please look at the graph on the left. The yellow line represents the entire high-end price range of JPY1,000 or more. While this segment itself continues to grow at a high rate, the green line represents our high-end price range. This figure surpassed that level, showing significant growth of 131% YoY in H1. Systema's high-end product line, which was launched in April, has also performed well, with sales for April–June reaching 1.4 times the previous year's level.

In H2 of the fiscal year, as shown on the right, we will significantly improve the regular line of the *Dent Health* brand, which has a unit price of around JPY1,500. In addition, we will continue to develop our highest-priced product line, which was launched in H2 of last year. Preventing periodontal disease is, of course, a category that is expected to continue growing in the future. As the market leader, we will expand our brand's reach while intensifying various initiatives, and drive growth in the high-end price range. Through this, we aim to further expand the Group's sales and profits.

Amid continued market growth and premiumization across Asia,
aim to achieve above-market growth

	China 	Thailand 	Malaysia 
Market Environment	- Advancing consumption polarization - High-end toothpastes growing mainly offline - Emerging EC platforms with continuous high levels of growth	- Market for toothpaste growing steadily despite weak consumer spending domestically - Continuous growth in high value-added products	- Unit price rising even in general-purpose price range - High value-added products driving market growth
Business Issues	- Increase composition of high value-added products - Expand brand awareness to strengthen touchpoints with consumers	- Expansion of the customer base through a brand image revamp - Expand distribution tailored to target segments - Enhance added value through highly differentiated new products	- Raise brand position by expanding user base - Improve unit price of mainstay products in the general-purpose price range by enhancing added value
Key Measures	- Launching products in the highest price segment - Focusing promotional efforts on high value-added brands - Strengthening strategies for priority channels	- New product actions based on new brand strategy - Expanding distribution to undistributed areas	- Strengthening in-store promotional campaigns across all of Malaysia - Continuing initiatives to drive penetration of value-added products of <i>Fresh&White</i>

Source: Lion survey

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In the category of Oral Healthcare overseas, it is understood that rather than relying on a one-size-fits-all approach, strategies and tactics are being implemented in accordance with the specific characteristics of each country and region.

In China (on the left), we are launching products in the high-end price range, where the market is expanding, and strengthening our presence in key channels that continue to grow.

In Thailand (in the middle), the toothpaste market continues to grow steadily despite weak overall domestic consumption. We are expanding our user base through a brand image refresh and, after re-evaluating the target audience for each brand, are working to expand delivery to areas where we currently do not offer service.

In Malaysia (on the right), unit prices—including those in the general purpose price range—continue to rise in the market. Against this backdrop, we enhanced the value of our mainstay brands.

Across Asia as a whole, the oral healthcare market is growing, and unit prices continue to rise. We will continue to strengthen our efforts to achieve growth that outpaces the market average.

2026
Key MeasuresAccelerate development of high value-added products and
channel strategies focused on profitability

✓ Results for the 1st half

Synergy of new product launches and cross-brand promotions led to sales recovery and profit increase

Sales growth rate
Jan.-Mar. -32%* → Apr.-Jun. +15%
* Optimized distribution inventories in the first quarter



- Improved gross profit margin, increased brand awareness with new customer base
- Distribution to key offline retailers progressed steadily in line with targets, achieving higher growth rates



🎯 Initiatives for the 2nd half

Maintain momentum of sales growth and profit increase by continuously developing new high value-added products

- Develop high value-added products: Continue communication strategies successful in the first half to further grow Lion's presence in the middle range to high-end markets
- Strengthen channel strategies: Enhance brand awareness through collaboration with strong emerging e-commerce platforms (150% Y-o-Y in the first half), and improve distribution to offline retail outlets with good growth potential and high profitability



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From here, I will provide some additional information about China and Thailand.

First is China. In Q1, sales declined due to the optimization of distribution inventory; however, in Q2, the launch of new products in the highest price range across our mainstay brands, combined with cross-brand marketing initiatives, led to a 15% increase in sales from April to June—marking a return to double-digit growth—and we were also able to improve profitability. In H2 of the fiscal year, we will leverage this momentum to enhance the presence of high value-added products. We will also strive to further build on this momentum by strengthening our initiatives with emerging e-commerce platforms, which performed well in H1—and by approximately doubling shipments to key managed retailers compared to the end of the previous fiscal year. Although the challenging macroeconomic environment persists, we will continue to work toward enhancing our brand value over the medium-to long-term and take steps to sustain profitable growth.

2026
Key Measures

Update brand strategy and expand distribution

✓ Results for the 1st half

Steadily advanced brand strategy update

Sales growth rate

Jan.-Mar. +4% → Apr.-Jun. **+10%**

- Rebranded local toothpaste brand **SALZ**, → Revamp of packaging and brand communication



- Expanded distribution of **SYSTEMA** toothpaste, with a focus on rural areas where distribution had been an issue → Apr.-Jun. 140% Y-o-Y



🎯 Initiatives for the 2nd half

Focus on ongoing product initiatives tailored to target consumers and expand distribution

- Strengthen branding:
Attract younger customer base to **SALZ** salt-based toothpaste line by strengthening marketing of the entry-level Pink Salt toothpaste, Plans in place for new product initiatives for **SYSTEMA** toothpastes which have been steady
- Expand distribution:
Retail orders increased by **approx. 30%*** since strengthening distribution to traditional trade in the second half of 2025
→ Strengthen sales activities for further expansion



Deepen collaboration with joint venture partners and implement the above measures

* Averages for May-Sep. 2025 and Oct. 2025-May 2026

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Next, Thailand. There are structural challenges in the macroeconomic environment. However, the effects of the initiatives we have been implementing since last year—such as the rebranding of **SALZ** and the expansion of **Systema**'s distribution—are beginning to show in our sales figures. The sales growth rate increased from 4% in January–March to 10% in April–June. As shown in the graph at the bottom left, **Systema**'s sales are also rising month by month. As is the case in China, building on our achievements in H1, we will continue to make further progress in H2 on the key challenges of increasing brand awareness among younger consumers and expanding distribution.

Build on stable growth in existing high-profit businesses by
leveraging synergies to pursue further growth

 Vietnam

Key
Measures

Drive stable growth in Pharmaceuticals,
and expand the personal care field by
leveraging group assets and sales
networks

- ✓ Sensitive skincare brand *SunoHada* introduced last year performing above expectations
- ✓ Secure endorsements through professional events (academic conferences, etc.)
- ✓ Apply the knowledge gained for the launch of the Oral Healthcare business this year



 Australia

Key
Measures

Solidify the foundation of business in
Australia, and explore full-scale
expansion of the *Sukin* brand into Asia

- ✓ The Sukin business has remained steady, including exports, with the OEM business also growing, resulting in sales significantly exceeding the previous year

Establishment of Sukin Japan

- Begin the full-scale launch of *Sukin* in Japan
- Aim to increase agility and expand while maintaining high brand value and profitability through the launch of the new subsidiary
- In the medium- to long-term develop new businesses in Beauty Care and acquire expertise in importation



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Next is the Challenge for Growth business. This is the Beauty Care and Pharmaceuticals business.

In Vietnam and Australia, initiatives aimed at realizing post-merger synergy are taking shape. In Vietnam, in addition to achieving steady growth in our Pharmaceutical business, we are expanding our Personal Care business by leveraging the Group's sales network and various capabilities.

The *Sukin* business in Australia is progressing smoothly. Going forward, we will focus on expanding our operations in Asia, including Japan. The establishment of Sukin Japan, which we announced the other day, marks the first step in that direction. We will leverage our strong brand value and strive to further develop it while ensuring solid profitability.

2026
Key MeasuresLaunch distinctive high value-added products
and improve business efficiency

✓ Results for the 1st half

Steady execution of product initiatives in line
with the Business Portfolio Strategy

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

- Antimold Ball performing beyond expectations (**approx. 3x** of plan)
- Further strengthen energy- and cost-saving appeal of Antibacterial x Quick Wash



Pricing structure revision
along with product relaunch

🎯 Initiatives for the 2nd half

Improve product mix with product actions
and ensure profitability even as costs rise

SOFLAN Aroma Rich moA
(launch planned for Oct.)



CHARMY Crysta
Pre-Wash Foam Spray
(launch planned for Sep.)

Fabric Softeners:

Capture premium price range

- ✓ Full-scale entry into the high-growth premium price* segment
*market value share approx. 23% (share up by **more than 7PP** over the past five years; CAGR **approx. 10%**)
- ✓ Differentiation through the premium scent appeal of natural aromas, with a strong focus on ingredients and production methods
- ✓ Positioned in the highest price tier, improving product mix

Dishwasher Detergent:

Drive market creation through the
proposal of new habits

- ✓ With rising popularity of dishwashers, the **dishwasher detergent market has continued to grow steadily**
- ✓ **Create a plus-one demand** with the proposal of a new habit streamlining the pre-wash process
- ✓ Pricing to reflect unique value proposition

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Next is the Home Care business.

In Japan, we are steadily implementing product initiatives in line with our business portfolio strategy. We are working to develop high value-added products. As customer needs become increasingly diverse, rather than competing on price or capital strength in the mass market, we continue to take product initiatives that create distinctive, unique value by utilizing test marketing to create new needs, meet those needs, and propose new habits.

As shown on the left, sales of the Washing Tub Antimold Ball —which we launched as part of a test marketing campaign in H1—have reached approximately three times our original forecast. In H2 of the fiscal year, we will continue to strengthen our lineup of fabric softeners and dishwashing detergents that offer unique value. By continuing these efforts, we will improve our profitability even amid rising raw material costs.

- Consolidated Financial Results for the First Half of 2026
- Fiscal 2026 Financial Forecast
- Key Measures for the Second Half of Fiscal 2026
- Progress of 2nd STAGE Growth Strategies

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Finally, I'd like to discuss the progress of the 2nd STAGE.

Medium- to long-term Outlook

Create value by focusing on healthcare needs mainly in Oral Healthcare

Theme of 2nd STAGE

Strengthen Profitability

Enhancing profitability and capital efficiency to establish a highly profitable business foundation and achieve sustainable growth

Transformation of Business Portfolio Management

1

Accelerate growth in Oral Healthcare

- Japan: Shift toward high value-added products progressing
- Southeast Asia: Strengthening business framework with joint venture partners
- △ China: Responding to changes in the market

- ✓ Focusing on high value-added inside and outside of Japan
- ✓ Identifying subcategories where it is possible to leverage strengths by country and area and refine strategies accordingly
- ✓ Refining business to create a virtuous cycle between strong self-care products and services

2

Strengthen Overseas growth initiatives

- Significant sales growth in Personal Care
- Secured new business opportunities and efforts to generate synergies are progressing
- △ Facing impacts from external environmental factors, key countries turning to shift focus toward profitability

- ✓ Entering the phase of capturing results of medium- to long-term priority brand development and channel strategies in Thailand and China
- ✓ Optimizing regional portfolios based on progress
- ✓ Strengthening exports to countries not yet entered
- Newly established a dedicated department to efficiently expand into new countries

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In the medium- to long-term, we aim to continuously create value based on healthcare needs, with Oral Healthcare at the core of our business. As I mentioned earlier, to achieve this, we have once again made strengthening our profitability a clear priority in 2nd STAGE. What we prioritize here is shifting our focus from pursuing only short-term results to growth that is accompanied by profitability and capital efficiency. Even in the face of various environmental changes—such as those we are currently experiencing—we are pressing ahead with the transformation of our corporate structure to one capable of generating profits, and I am beginning to see tangible results from the transformation of our business portfolio.

First, on the left, is accelerating growth in Oral Healthcare. In Japan, the Company is experiencing robust growth accompanied by profitability. In Thailand and Malaysia, we are restructuring our business foundations in markets with significant growth potential by reevaluating the allocation of management resources, and, as I mentioned earlier, this is yielding results. Meanwhile, in China, due to changes in the external environment, there has been a deviation from the initial plan. I view this not as a temporary problem, but as a phase in which we have entered a stage of reallocating management resources to areas where we can succeed.

Now and in the future, we will identify the subcategories—such as periodontal disease and cosmetic dentistry—where we can leverage our strengths in each country and region, and further refine our strategies and tactics. At the same time, by creating a virtuous cycle of self-care products and services, we will expand our revenue streams beyond simply selling products.

Next, on the right, we have growth in overseas markets. We are also pursuing initiatives aimed at creating synergies overseas. In major countries, partly due to geopolitical factors, we are facing some challenges with top-line performance compared to the initial projections; however, as I mentioned earlier, we are currently gaining momentum toward recovery. Furthermore, I am truly delighted to see, firsthand, that we can implement swift and flexible management that prioritizes profitability. Going forward, we will continue to proactively pursue a shift toward growth that prioritizes profitability and the optimization of our regional portfolio.

In addition, we have established a new department this year to explore new export destinations. By pursuing new market development in countries where we have not yet established a presence, we will expand our future growth options while accelerating our overseas growth initiatives.

Toward Achieving Full-Year Performance Goals

- Growth in high-profit businesses, led by Oral Healthcare, contributed to improved profitability in the first half
- In the second half, aim to achieve initial targets while flexibly responding to the situation in the Middle East and accelerate transformational and structural reforms Group-wide
- Moving toward the last year of 2nd STAGE, further accelerate measures to strengthen profitability through the refinement of business portfolio strategy

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Here is a summary of today's session.

In H1 of the fiscal year, growth in high-margin businesses—primarily in Oral Healthcare—served as the driving force, and this period saw steady progress in transforming our earnings structure. Sales growth momentum has recovered, particularly in overseas markets. On the other hand, we anticipate that conditions will remain uncertain in H2, particularly given the situation in the Middle East. However, we do not view this situation as one in which we should adopt a defensive stance. Rather, we view this as an opportunity to accelerate efforts to enhance value-added services, improve the profitability of our Overseas business, and foster new growth of businesses, thereby building a profitability base that is not dependent on external conditions.

As a unified group, we will further intensify our structural reforms and strive to achieve the goals set out in the plan announced at the beginning of the year. At the same time, as we approach the final year of “2nd STAGE,” we will continue to refine various aspects of our operations and move forward.

We will continue to meet your expectations by consistently achieving profitable growth. We would be grateful for your continued understanding. That is all from me. Thank you very much.

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