

2026 Overseas Business Strategy Presentation
Q&A (Summary)

Q: What unique strengths has Lion brought to the execution of its strategy in Asia that differentiate it from its competitors?

A: Lion's strategy is focused on glocalization, allowing for the precise capturing of local needs through a broad range of value propositions. Thanks to local management personnel who handle the planning and execution of marketing strategies, one of the Lion Group's unique skills is its ability to fine-tune its understanding of local cultures and values in the various countries and areas in which it operates. Furthermore, when it comes to brand and product localization, Lion leads in terms of range, with coverage that captures local consumers' diverse needs with distinctive proposals.

Q: With regard to China, what is the reason for the extreme fluctuation in results between quarters?

A: In the first quarter, profit in China decreased as a result of efforts to optimize distribution inventories. We are working on an initiative to make inventory levels in every country visible in real time. As the number of countries and areas in which we operate expands, we expect the volatility for the Overseas Business as a whole to diminish and that performance will become more stable.

Q: How will you structure your production system in order to both accelerate the introduction of high value-added products localized through the glocalization strategy and simultaneously achieve profitable growth?

A: We are working with our overseas production sites to reorganize their functions based on their capabilities and optimize the Group's production system, utilizing outsourcing as needed. We have also accelerated decision-making with the transition to a business unit structure that integrates R&D and production technology under the same umbrella.

Q: There was mention of plans to take on the challenge of value propositions in Oral Healthcare based on emotional and beauty related appeal—what kind of development is under consideration?

A: We are working to expand Oral Healthcare by incorporating beauty and whitening functions in these proposals. While we do have some internal know-how, such as with the *inquto* oral facial device launched last September in Japan, we aim to expand this business domain on a larger scale, including through M&A.

Q: Which countries are Lion's operations driving 2nd STAGE growth and growth towards 2030?

A: We initially expected to see operations in China drive quantitative growth, but in response to changes in the external environment, we have adapted our strategy to prioritize profitability. In the future, we anticipate that operations in Thailand, with its large market size and high potential for distribution expansion, and Malaysia, where we are shifting towards high value-added products, to drive growth. With our adapted strategy, we expect to see growth to recover in China, where we are also pursuing a shift towards high value-added products while securing profitability.

Q: Will the 2nd STAGE KPIs change to reflect the change in strategy from quantitative growth to improved profitability?

A: Overall, the KPIs for the Overseas Business will remain unchanged, but we have revised the breakdowns, such as the target growth rate per country, to reflect changes in the external environment and impacts of the situation in the Middle East.

Disclaimer

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