

Business Strategy and R&D Briefing

Lion Corporation
December 16, 2025

Positioning 2nd STAGE Towards 2030

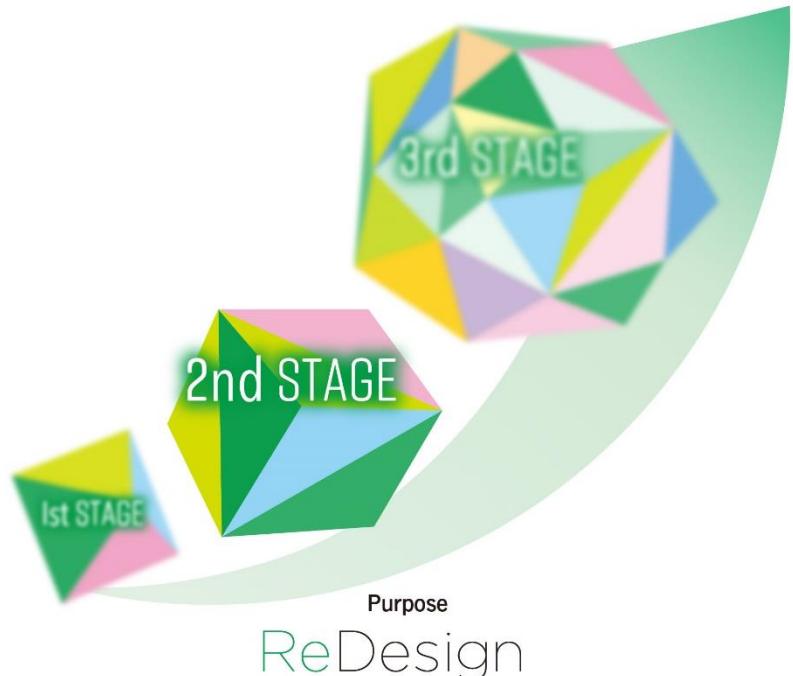
Work to strengthen profitability and transition to management that further emphasizes the efficiency of invested capital

Towards Realizing Vision2030

Generate social and economic value by supporting the creation of habits, particularly in Asia (Enhance corporate value)

Management vision

Becoming an advanced daily healthcare company



Make a difference in everyday lives by redesigning habits

3rd STAGE (2028-2030)

Accelerating growth in Asia by promoting the spread of positive habits

2nd STAGE (2025-2027)

Strengthen profitability

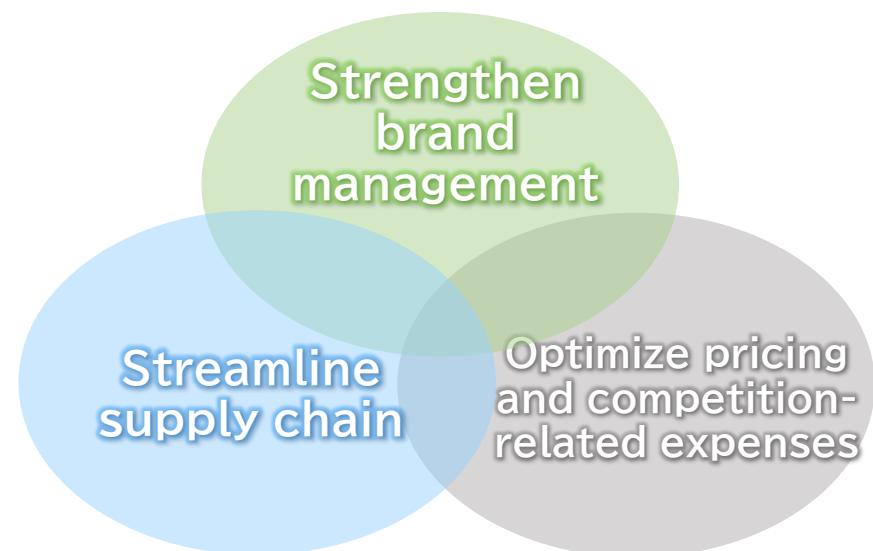
1st STAGE (2022-2024)

Get on a growth track and create the foundations for future growth

Positioning of Domestic (Japan) and Overseas Businesses in the 2nd STAGE

Domestic

Pursuing profitable growth by promoting profit structure reforms



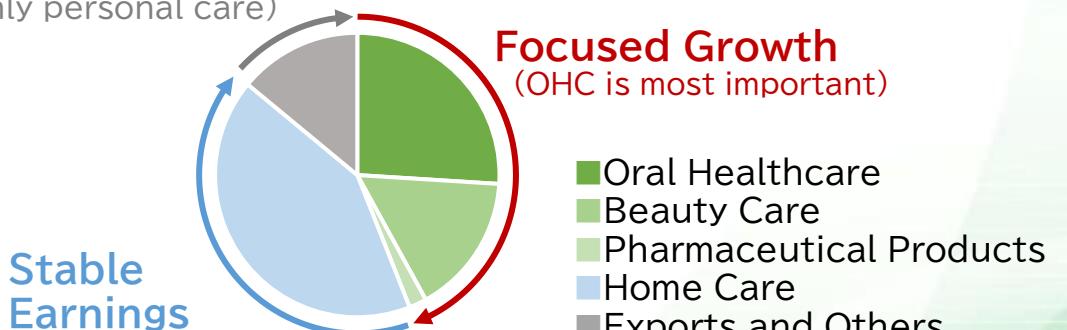
Consumer Products EBITDA Margin: **Approx. +3~5 pt**

(From 2024 to 2027)

Overseas

Pursuing profitable growth by expanding the personal care business

New Country Expansion
(mainly personal care)



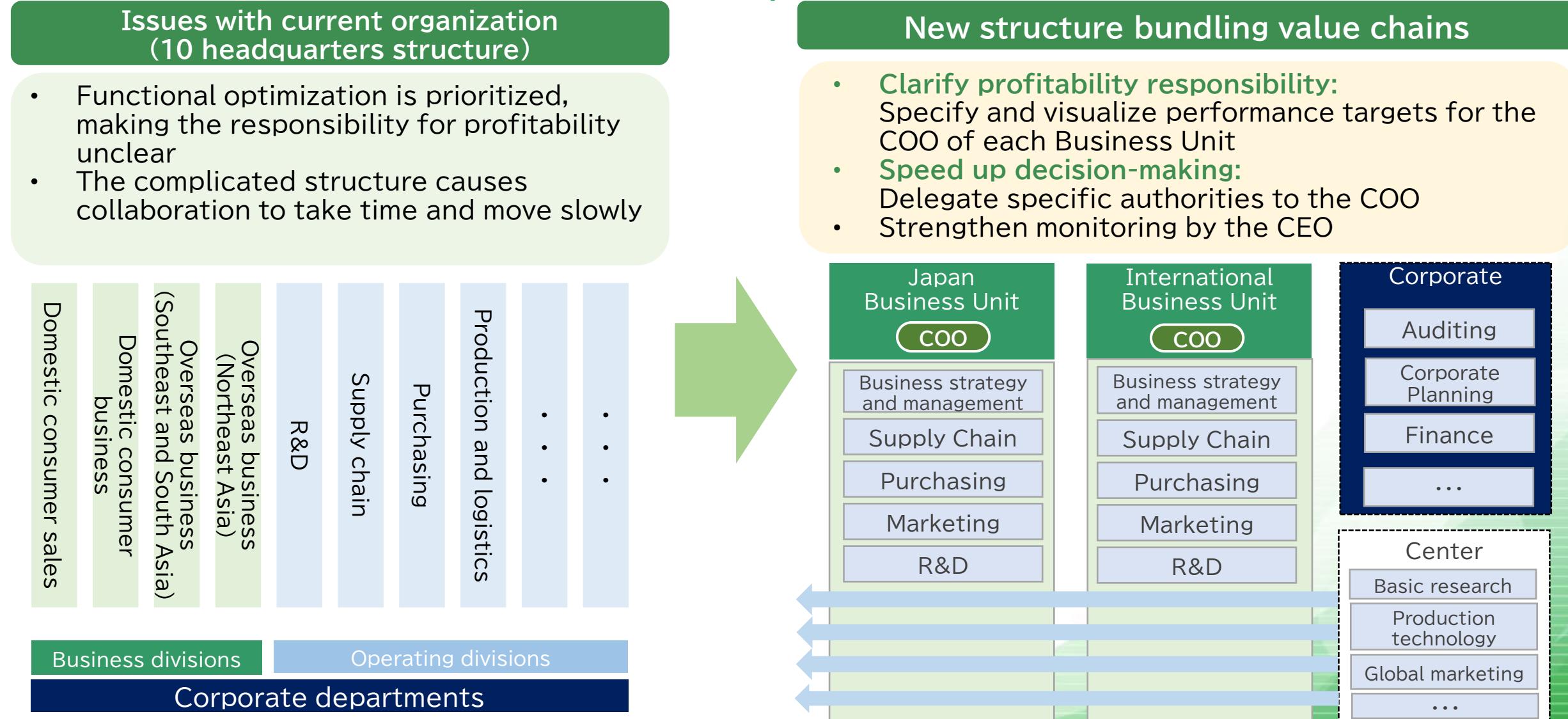
Stable Earnings

Overseas business sales CAGR: **Approx. 10%**
Overseas business EBITDA margin: **Approx. +2 pt**
(From 2024 to 2027)

Total of domestic and overseas: **OHC CAGR of over +8%**

Transforming the Organization and Management Structure to Achieve the Medium- to Long-Term Vision

Enhancing ability to execute strategies by evolving into a company that stays ahead of competition



- Strategic Direction for the Consumer Products Business
- Oral Healthcare Strategy:
Creating Value through the Creation of Healthy Habits
- Home Care Strategy:
Creating Value through the Creation of Water Conservation Habits
- R&D Strategies for Achieving Growth

■ Strategic Direction for the Consumer Products Business

■ Oral Healthcare Strategy:
Creating Value through the Creation of Healthy Habits

■ Home Care Strategy:
Creating Value through the Creation of Water Conservation Habits

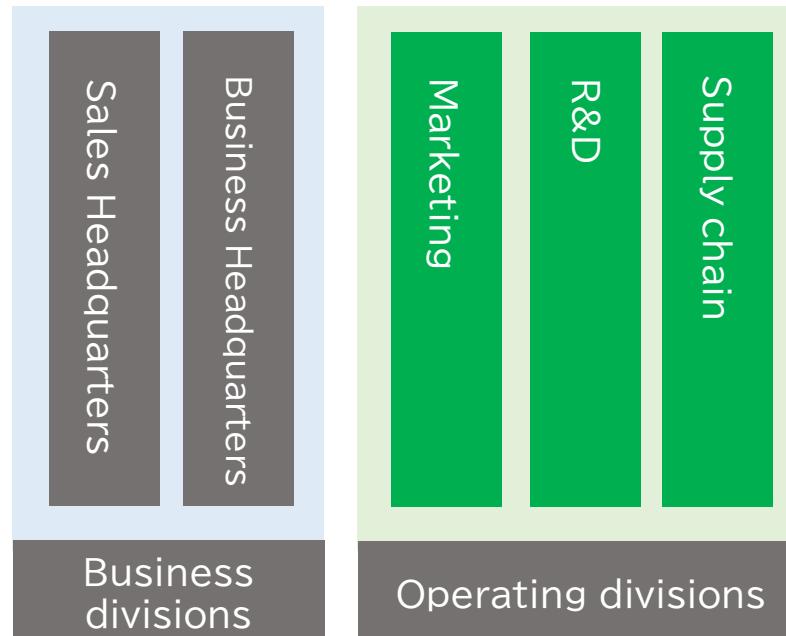
■ R&D Strategies for Achieving Growth

Strengthening the Domestic (Japan) Business Structure

In 2026, Speed will be the keyword in the reform of our organizational structure aimed at reforming our management process.

Organizational structure through 2025

Departments divided by function



New structure from 2026 onward

Maximize development and implementation speed by consolidating planning, development, and production under a single business division



Consumer Products Business Role and Vision

■ Role

Pioneering the creation of better habits to drive economic and social value creation across the entire Company
= The source of innovation



➤ Contributions to the creation of healthy habits

- Oral healthcare habits: 500 million people
- Cleanliness and hygiene habits: 500 million people

➤ Environmental initiatives

- Reduction in life cycle water usage
- Reduction in petrochemical-derived plastic usage

■ Vision

2nd STAGE Important Themes

Promoting Profit Structure Reform

Strengthen brand management

Streamline supply chain

Optimize pricing and competition-related expenses

Consumer Products EBITDA Margin

Approx. +3~5pt
(From 2024 to 2027)

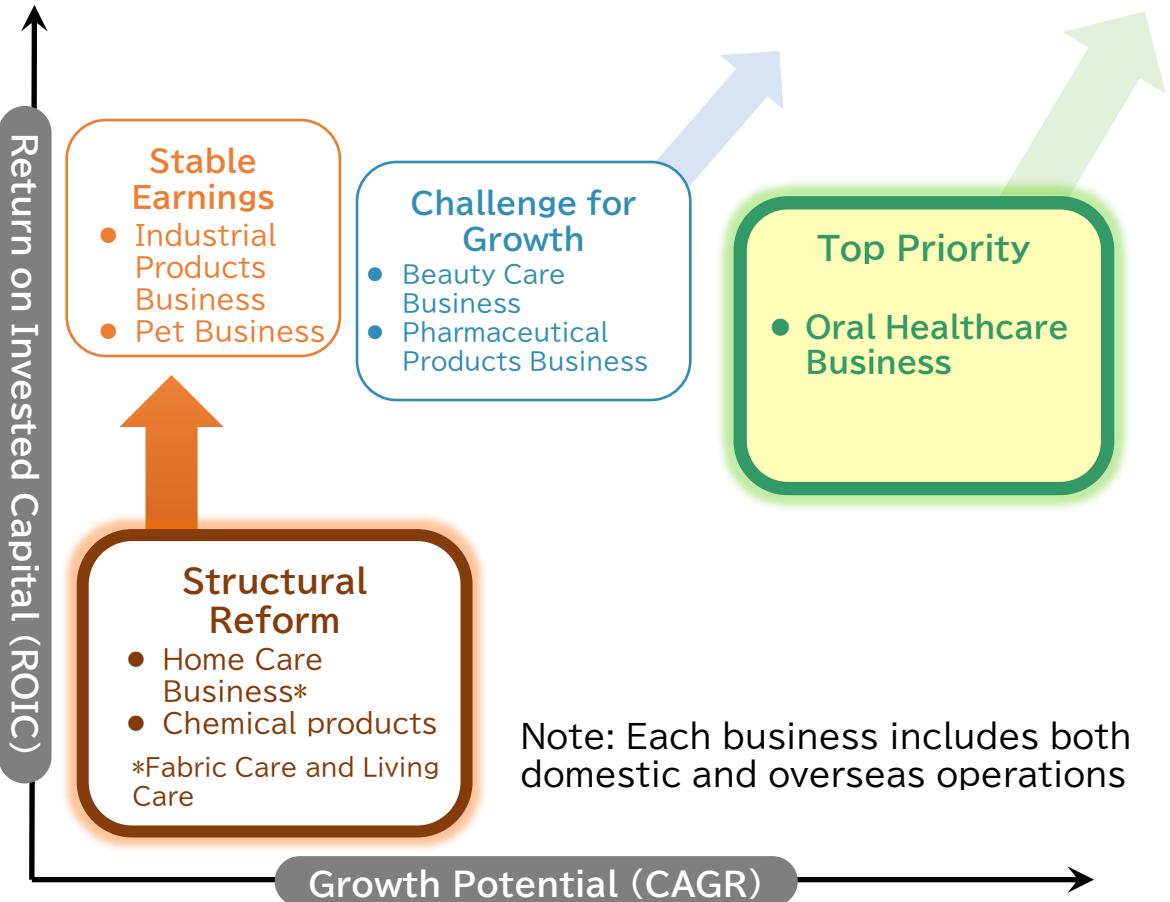
Innovation

High Value-Added Strategy

Achieving Profitable Growth

Advancing tailored strategies to realize a high-profit business portfolio

Visions of Main Businesses (1st STAGE → 2nd STAGE)



Oral Healthcare Business

Vision

- Driving the Group's expansion in terms of both growth potential and ROIC
- Group oral healthcare sales growth: CAGR Approx. 8% (From 2024 to 2027)

Leveraging position as No. 1 in market share to drive further value-added initiatives

Domestic (Japan) Initiatives

Home Care Business

Vision

- Rising raw material prices and competitive environments have eroded profitability
- Transition businesses toward stable earnings through **profit structure reforms**

Domestic (Japan) Initiatives

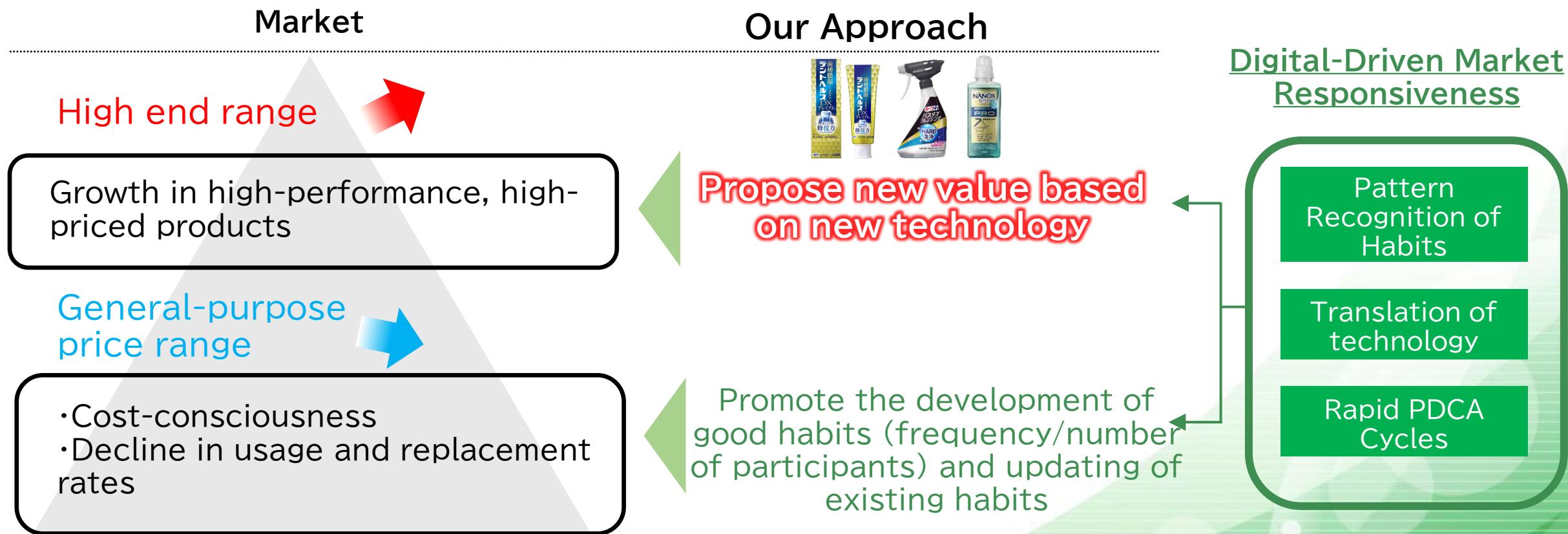
Developing and cultivating products with unique value in order to build a revenue base that does not rely on mass production.

Addressing Market Fluctuations (Market Polarization)

Securing a share of the steadily growing high-end market requires new technologies (functions) and a clear concept.

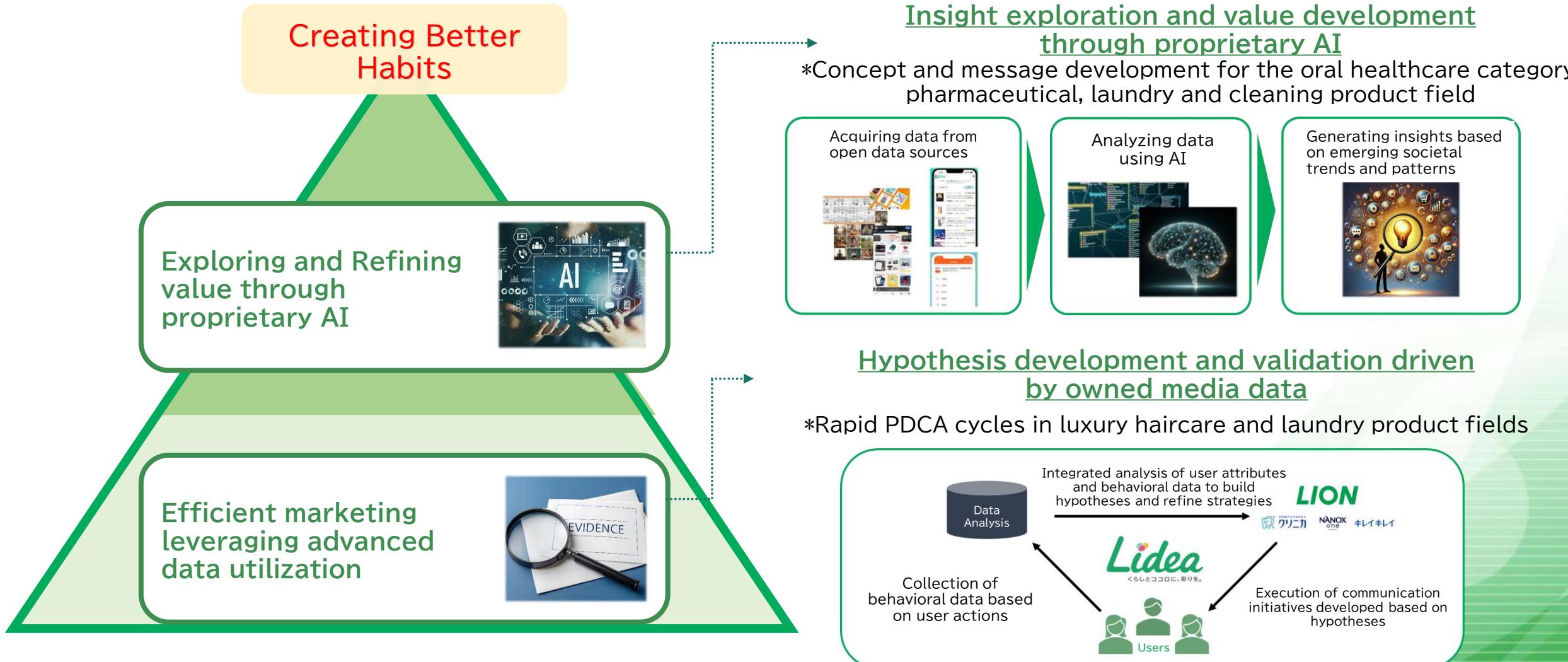
By leveraging digital capabilities, we will strengthen and accelerate our market responsiveness.

Domestic Market: Selective Spending Gains Momentum



Digital-Driven Market Response Approach

Accelerating the shift towards high value-added products through the exploration, refinement and rapid PDCA of new values



■ Strategic Direction for the Consumer Products Business

■ **Oral Healthcare Strategy:** Creating Value through the Creation of Healthy Habits

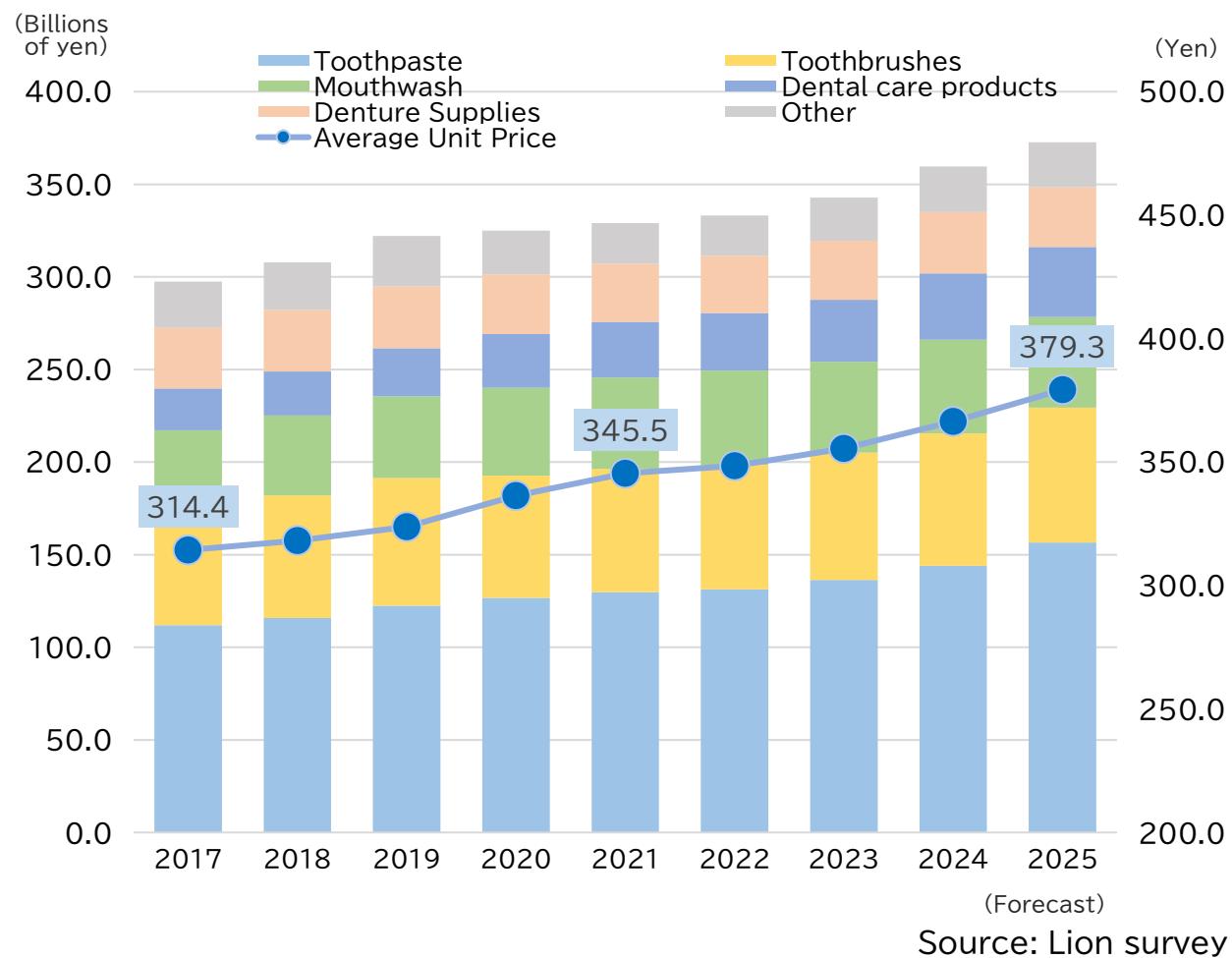
■ **Home Care Strategy:** Creating Value through the Creation of Water Conservation Habits

■ **R&D Strategies for Achieving Growth**

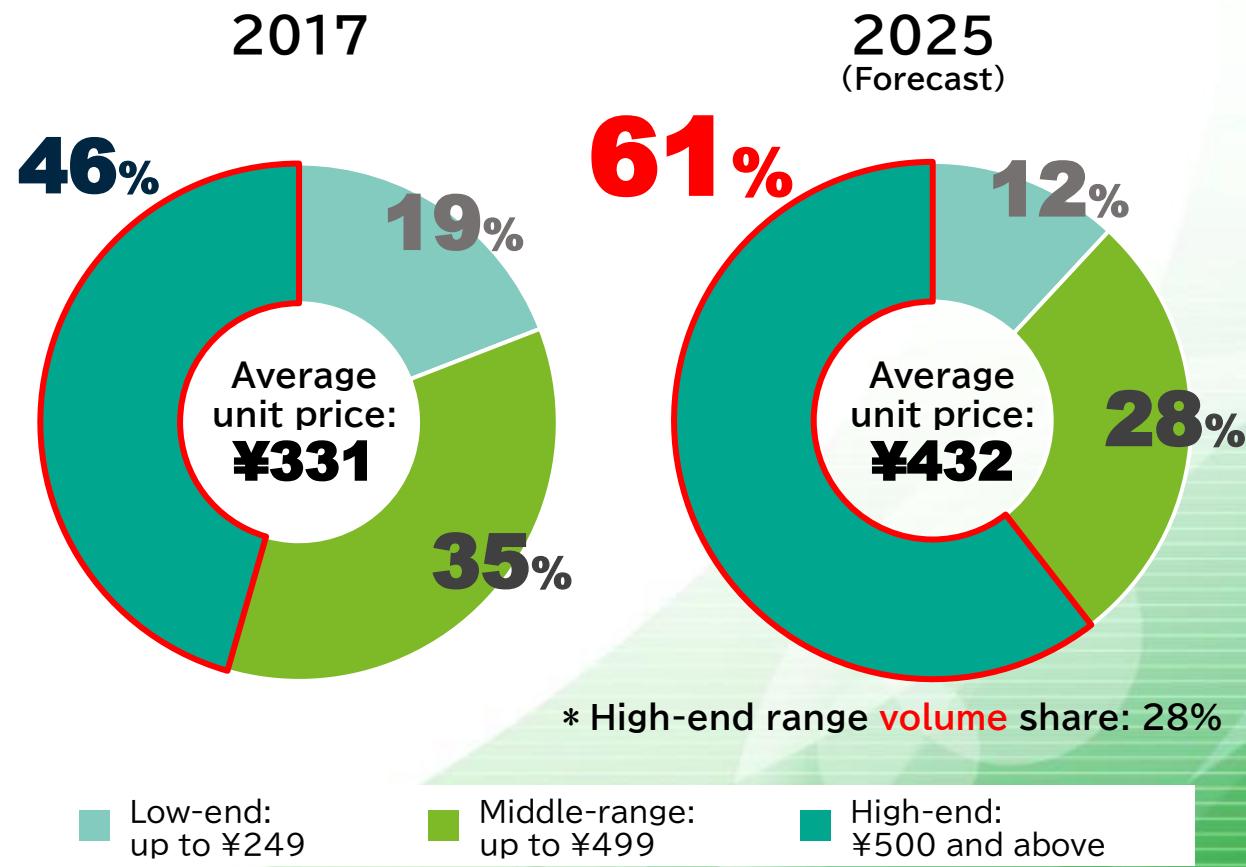
Overview of the Domestic Oral Healthcare (Self-Care) Market

Expansion trend driven by increased per capita care spending, including the shift toward high-value products and higher usage rates of floss

◆ Oral Care Market Trends and Forecast



◆ Toothpaste Cost Breakdown by Price Range and Average Unit Price



Strengths of the Oral Healthcare Business

Leveraging decades of strengths as the No.1 market share manufacturer to contribute to the expansion and refinement of everyday habits

Contribution to Market Expansion in Self-Care Products

Growth in Japan over the last 10 years
(2014→2024)

Market total **LION**
+¥82.7 billion +38.3 billion
+30% **+65%**

Added value

Toothpaste unit price
LION +52%
Market +30%

Increase in number of people adopting better habits

Dental floss regular usage rate
13%→30%

Professional care

Dental checkups
Twice or more per year
25%→38%

Consumer research capability

Brand power as the No. 1 manufacturer

Source: Lion survey

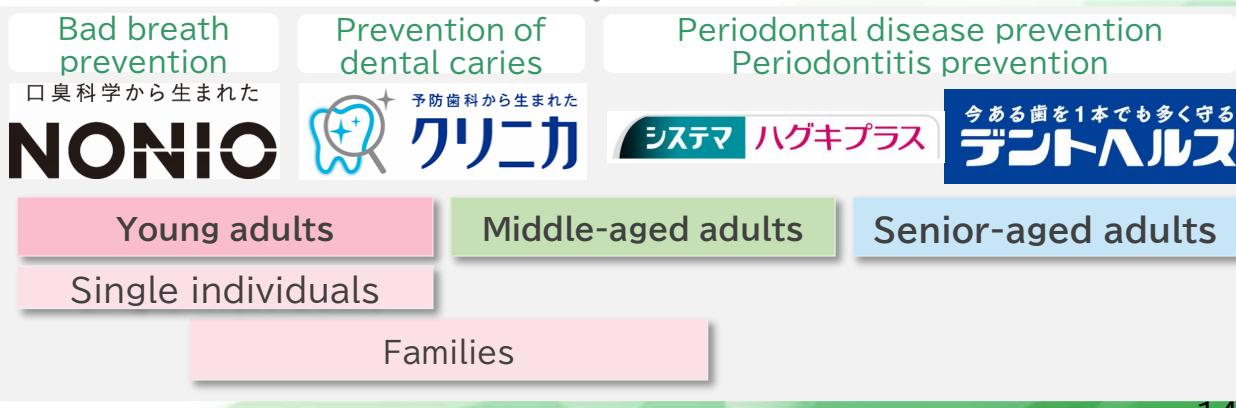
Brand Formation Tailored to Life Stages

Implementing continuous and diverse approaches while taking into account differences in symptom awareness and values across generations

◆ Oral health concerns by age group survey

	10-19	20-29	30-39	40-49	50-59	60-69
No. 1	Bad breath	Bad breath	Caries	Periodontal Disease	Periodontal Disease	Periodontal Disease
No. 2	Caries	Tooth whiteness	Bad breath	Caries	Gum condition	Gum condition
No. 3	Tooth whiteness	Caries	Tooth whiteness	Bad breath	Caries	Periodontitis

Source: Lion survey



Actions to Promote Oral Healthcare Habits

Positioning brands according to various life stages, each offering new value and habit-inspiring proposals to further drive market growth

Main Actions



High value-added proposals in the fields of periodontitis and other periodontal disease

Preventive dentistry proposals that foster good habit adoption

Interest-generating proposals to increase oral care engagement

- Advancing the shift towards high-value-added toothpaste

- Continuing value-added proposals for toothpaste
- Introducing new technology for toothbrushes

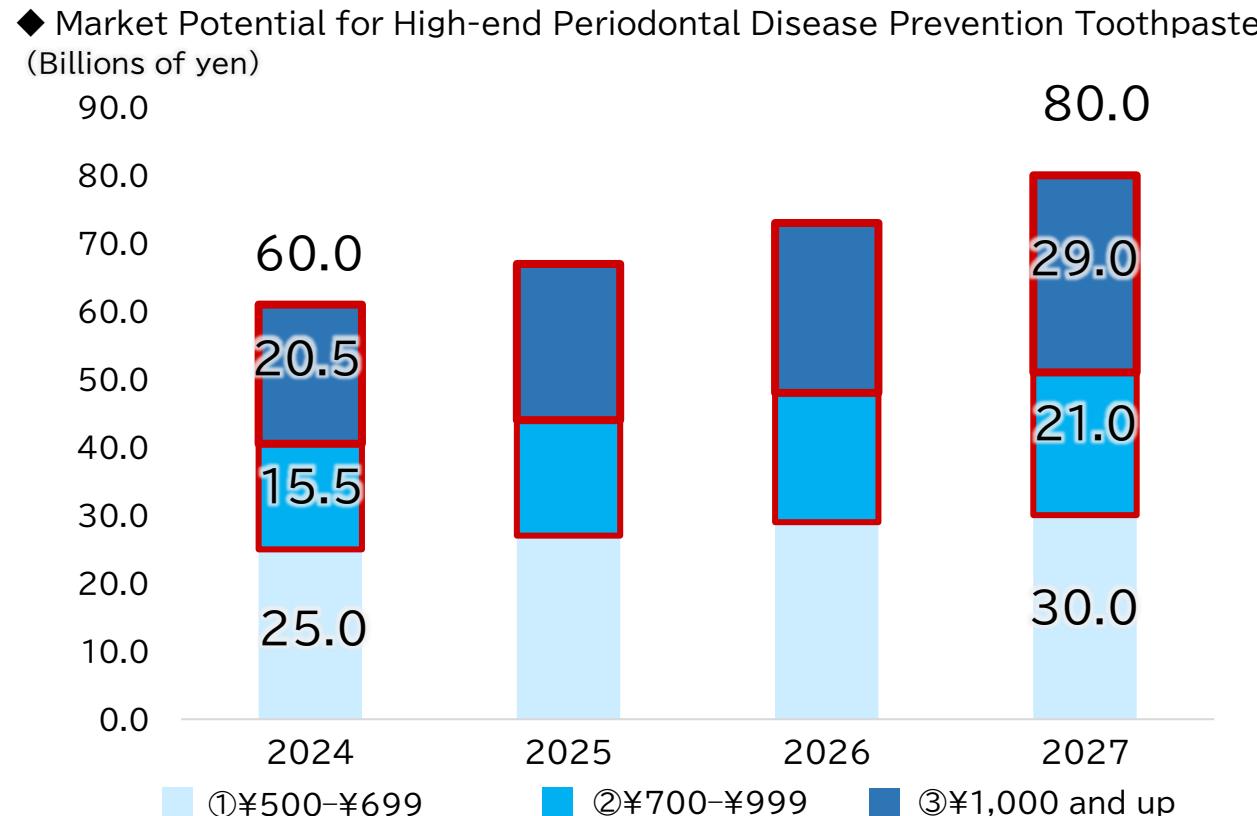
- Introducing new technology for toothbrushes
- Strategies to increase regularity and frequency of flossing

- Proposing value-added toothpaste solutions
- Pursuing good habit expansion centered on bad breath prevention

Actions to Expand the Periodontal Disease Care Market

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Promote and strengthen the SYSTEMA Dent Health proposal to achieve market expansion as the leader for value-added products in the periodontitis and other periodontal disease care category



Addressing rising interest among consumers about preventive care, we aim to further shift toward high-value-added products.

Source: Lion estimates

デントヘルス

◆Rise in self-awareness of periodontal disease due to increased interest in self-management of health conditions
*Target demographic: 27% (5.6 million people)

Launched September 2025
「Dent Health Medicated Toothpaste DX Premium」



システム ハグキプラス

◆Top-ranked brand for gum health
Proactively addressing gum deterioration with proactive care

New Action Planned for Spring 2026

New Technology for Market Expansion: Development Plan for Microbiome Control Technology

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Vision

Strive to establish a new oral healthcare habit of understanding and self-regulating one's oral microbiome, aiming for positive effects on overall health.

◆ Developed technology to selectively suppress periodontal disease bacteria (bad bacteria)

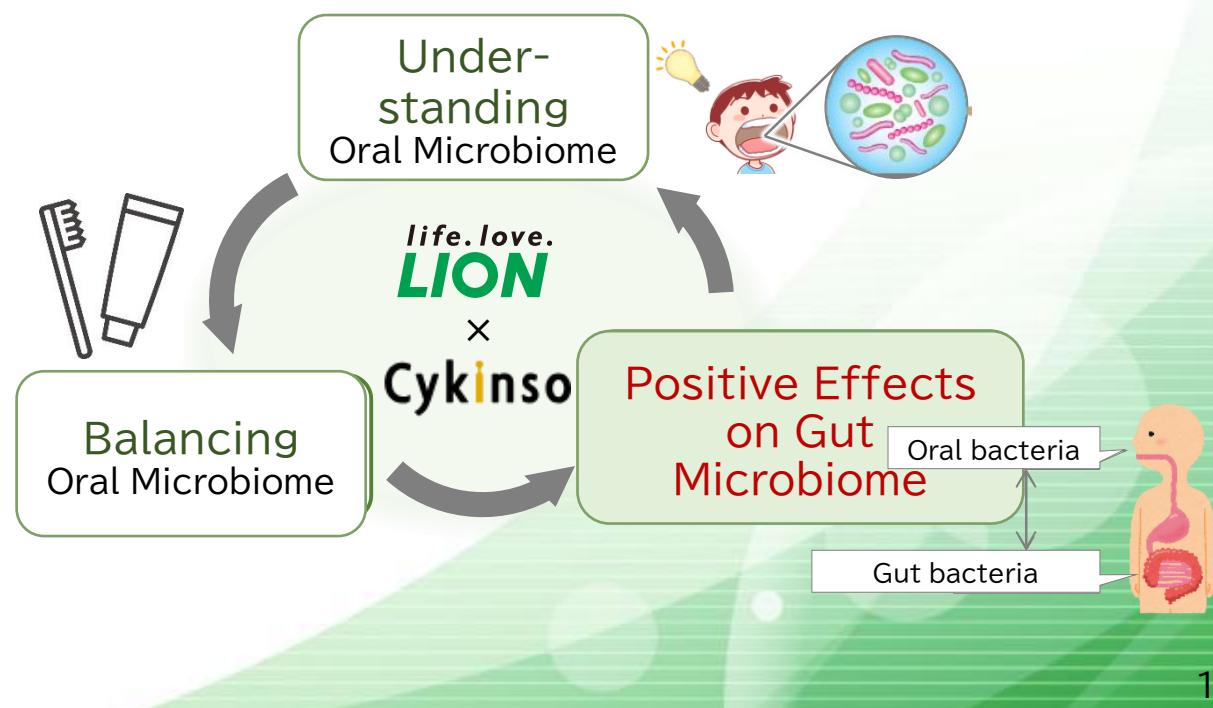
Introduced toothpastes featuring microbiome control through **dental clinics**

Q4 2025



Spring 2026
Additional actions planned for dental distribution channels

◆ **Partnering with Cykinso Inc., possessing data and insights on oral and gut microbiomes.**
Making oral hygiene the gateway to overall health.



Vision for Oral Healthcare

Integrate products and services with expanded scope of value and target markets to develop a profitable, unique business in Asia that supports people's eating, talking and laughing



Eating

Talking

Laughing

1. Expand scope of provided value

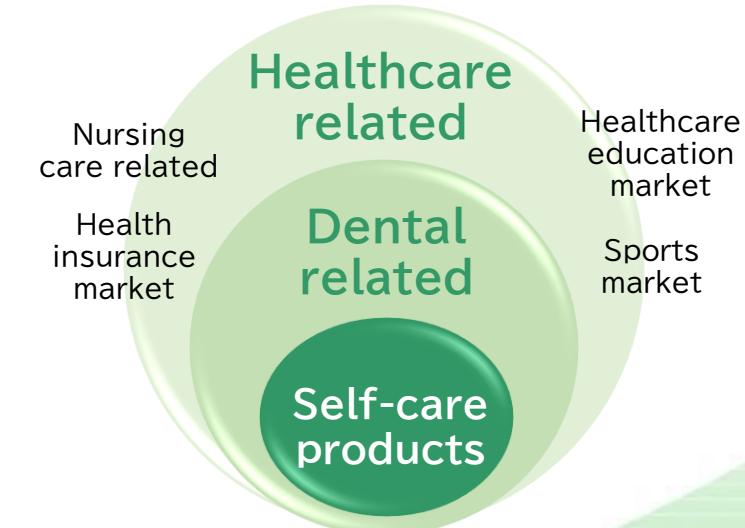
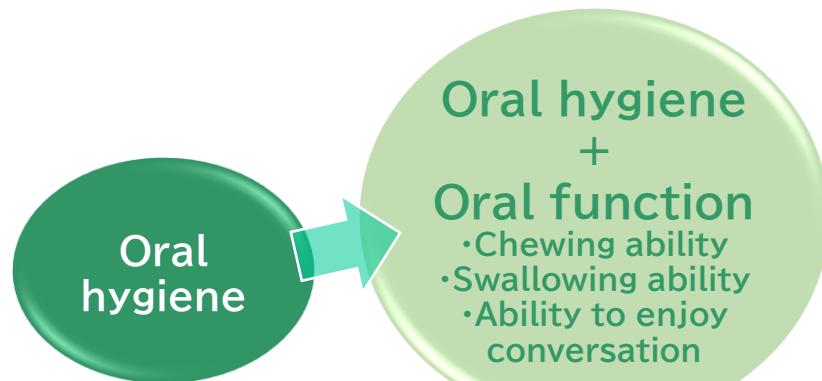
Oral healthcare that connects to full-body health

2. Expand target markets

Towards new business models as a leader in the market

3. Permeate more areas

Leverage the strengths we have accumulated to grow the business



From oral care to oral healthcare



Build on the strong partnership with dentists to further expand the oral healthcare market by enhancing self-care and professional care habits.

Partnerships with Dentists

- Recommendation of our products and services
- Combination of professional care and self-care
- Integration of medical care and prevention

➡ Pursuit of social and economic value

New Domain (ProCare Services)

Combining services and channels (dental practitioner collaboration) to form new habits

Product exposure and brand recognition facilitated through dentists

Patient referrals from established areas

Established Areas (Self-Care/Products)

Accelerate habit formation through service touchpoints



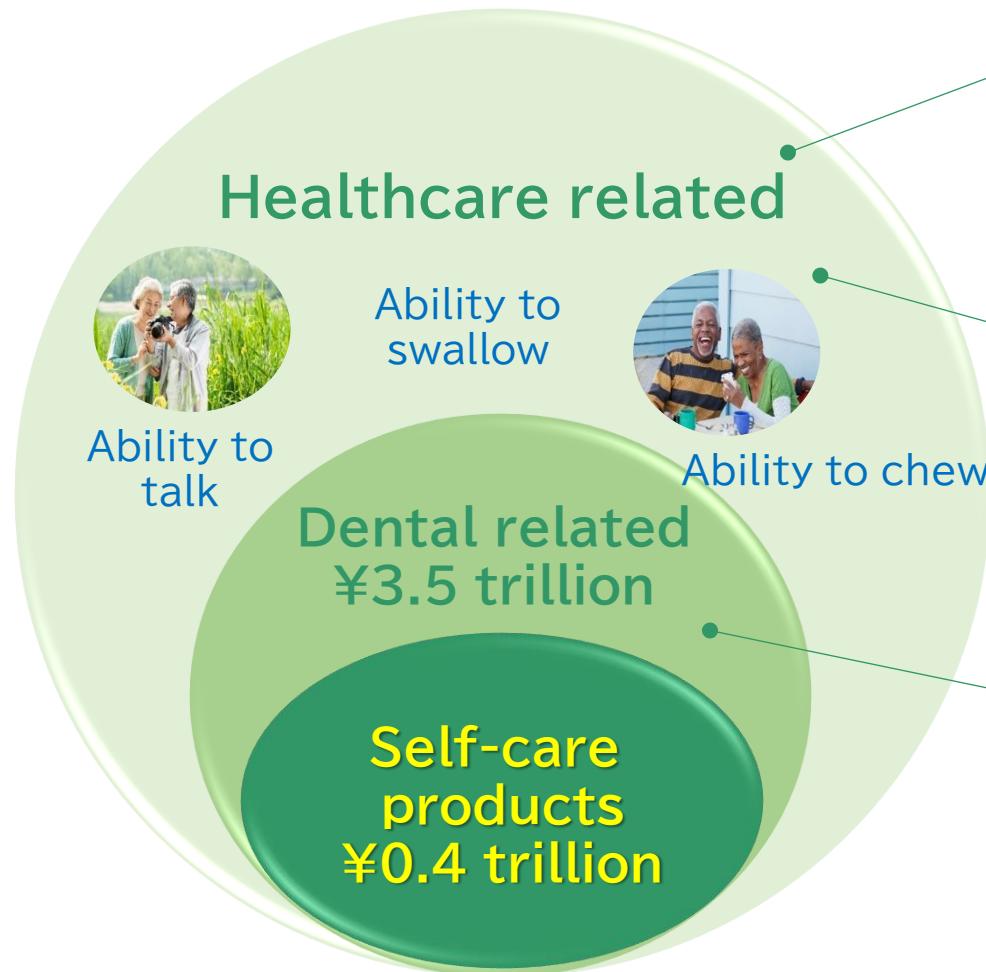
Oral Healthcare Market Expansion



Steady Progress in Business Expansion Initiatives

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Gradually expanding business areas to further promote oral healthcare habits.
As consumer interest in care increases, the self-care product market is expected to expand.



Health and productivity management related



Launched in 2022
Well-being support service for corporations

Healthcare education



Launched in April 2023
Oral healthcare program tailored to different developmental stages of children

Dentistry



Launched in April 2025
Patient education support services for dental clinics

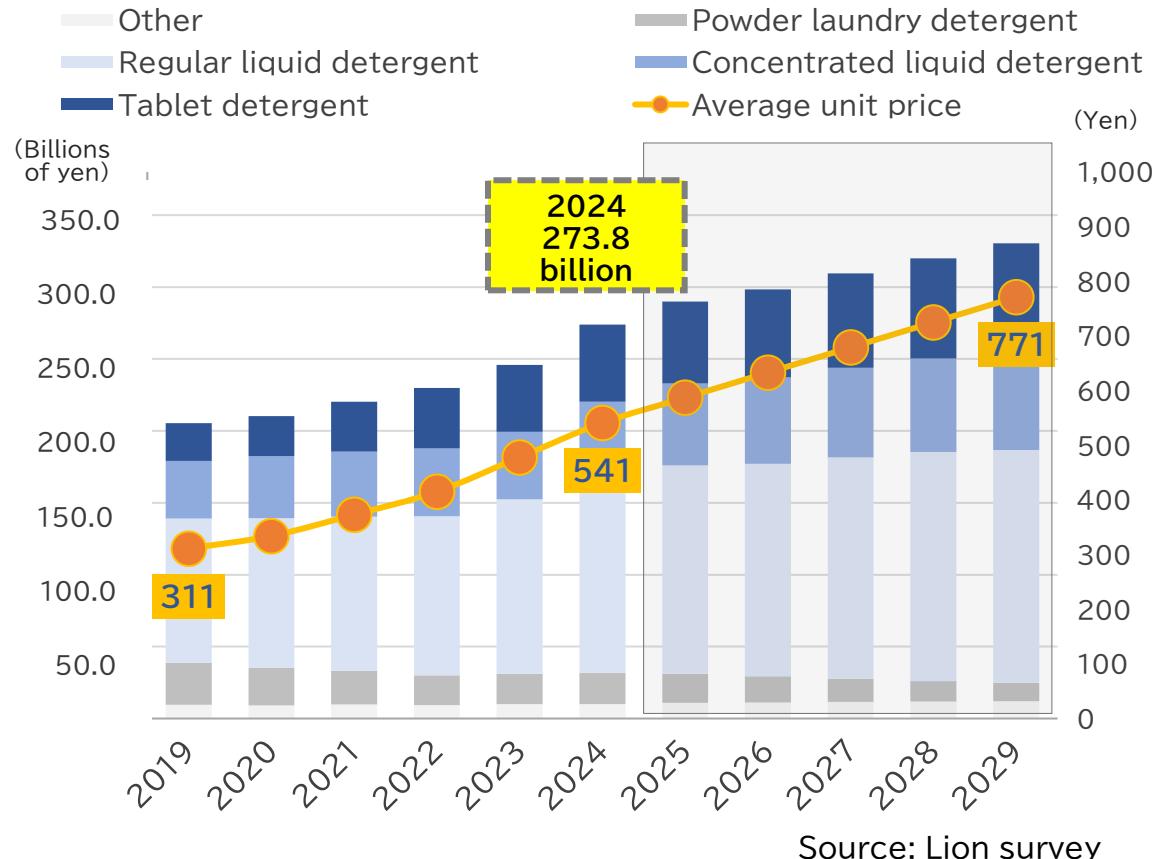
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Market Trends in Laundry

Market expansion trends seen for both laundry detergent and fabric softener
Market driven by the rising share of high-priced value-added products

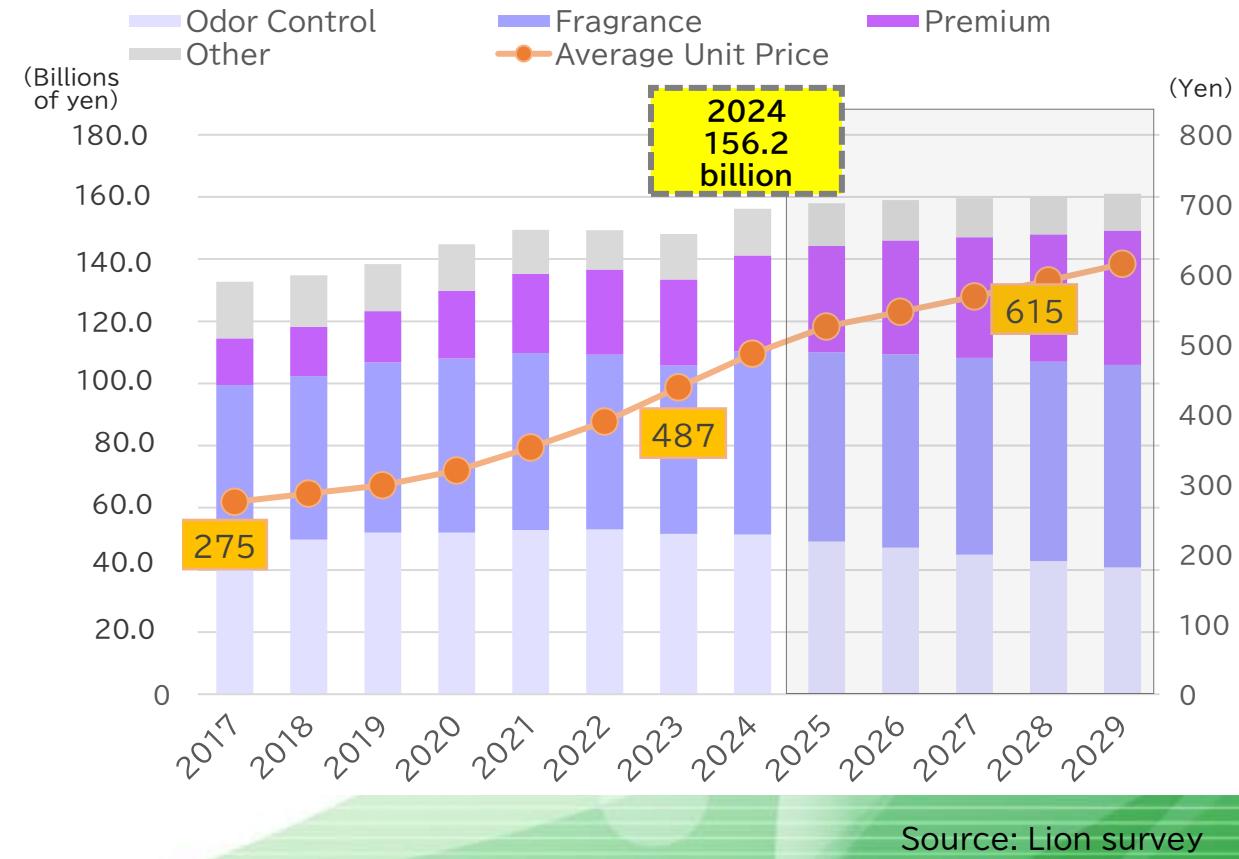
◆ Market Trends and Forecast for Laundry Detergent

Both high-capacity products and high-priced formulations (liquid concentrates, tablets) are experiencing significant growth.



◆ Market Trends and Forecast for Fabric Softener

High-capacity and high-priced product segments (premium types) show significant growth.

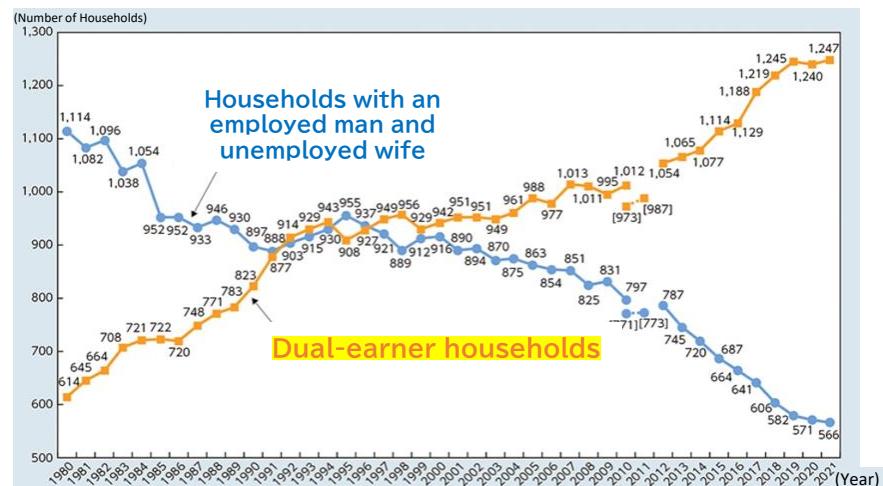


Changes in the Home Care Market

In recent years, the rise in dual-income households has brought significant changes to the home care market environment, including growing demand for quick laundry solutions.

Changes in Family Structure

- Increase in dual-income households
- Changes in family size

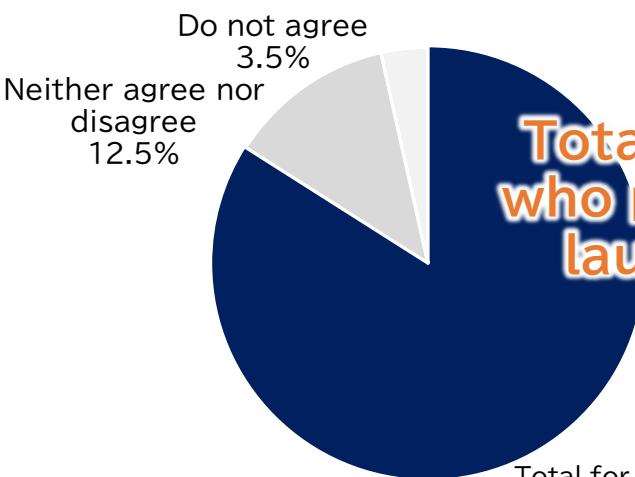


Census of Japan, Labour Force Survey, 2020,
Statistics Bureau, Ministry of Internal Affairs and
Communications

Hardware Changes

Changes in Awareness and Behavior

- Changes in time-saving awareness and time spent on household chores
- Changes in shopping frequency
- Behavioral changes due to extreme heat



Total for "Strongly agree," "Somewhat agree," and "Slightly agree"
Laundry Habits Survey (Working women in their 20s to 60s, n=1220)

Source: 2023 Lion survey

- Widespread adoption of automatic washing machines
- Widespread adoption of dishwashers (including automatic models)
- Evolution of living environments and household equipment

Proactively identify emerging shifts in consumer awareness and behavior to accelerate the development of highly profitable products with unique value.

Factors to consider

Top-priority Sustainability Material Issues

Issue in the home care field

Customer needs that reflect market changes

Promoting environmental initiatives for a sustainable planet:
Reduce water usage throughout the life cycle

Improve profitability by securing a **unique position**

The rise of a **time-saving** mindset



84%

Our unique water-saving product development and habit proposals

Targeted social value

Reduce water usage by 30% throughout the life cycle

Targeted economic value

Build a stable revenue base by increasing the proportion of products with unique value



Actions Promoting a Shift to Unique Added Value (Creation of Water Conservation Habits)

Utilize AI technology to accelerate new habit proposals that are clearly distinct from price competitiveness

		Major Actions
	A habit of doing laundry with fewer rinse cycles	<ul style="list-style-type: none">◆ Accelerate instillment of laundry habits with fewer rinse cycles<ul style="list-style-type: none">Propose clothes detergents that require fewer rinse cyclesPropose new habits for cleaning washing machine tubs
		<ul style="list-style-type: none">◆ Accelerate instillment of laundry habits with fewer rinse cycles<ul style="list-style-type: none">Develop fabric softeners that require fewer rinse cycles
	Cleaning and preparedness habits connected to reduced water usage	<ul style="list-style-type: none">◆ Increase the number of people who clean without scrubbing and use fumigation-type fungicide<ul style="list-style-type: none">New proposals aimed at user expansion
	Saving water by expanding use of dishwashers	<ul style="list-style-type: none">◆ Accelerate new proposals that lead to expanded dishwasher use<ul style="list-style-type: none">Offer new proposals that solve dissatisfaction with dishwasher use times

Actions Promoting a Shift to Unique Added Value (Creation of Water Conservation Habits)

Since its founding, Lion has adhered to a development philosophy that values the conservation of water resources and the continual refinement of technology.
We have established technology for zero-rinse laundry.



Execute rapid PDCA cycles and expand sales channels upon increasing success rate

Entrance

Products that address consumer needs and concerns

Saves time

Saves effort

Prevents mold

Marketing action

Strengthen initiatives with distributors to instill habits

- Based on data analysis, gain understanding of how to appeal to customers and how to select and develop sales points

Result

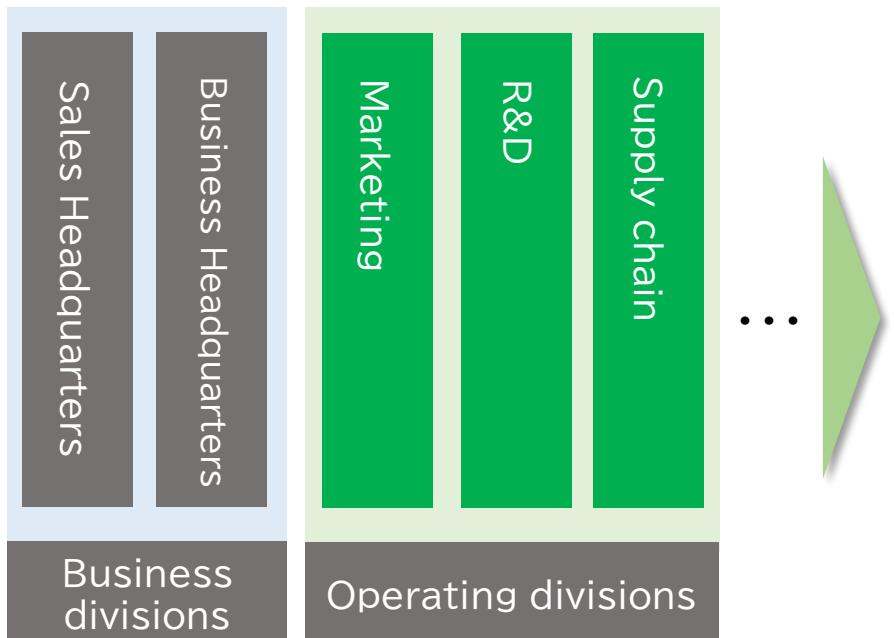
Establish water conservation habits

Lastly: Aiming to Accelerate the Speed of Growth

Aim to accelerate new habit creation and thereby secure both economic and social value while enhancing sustainable corporate value

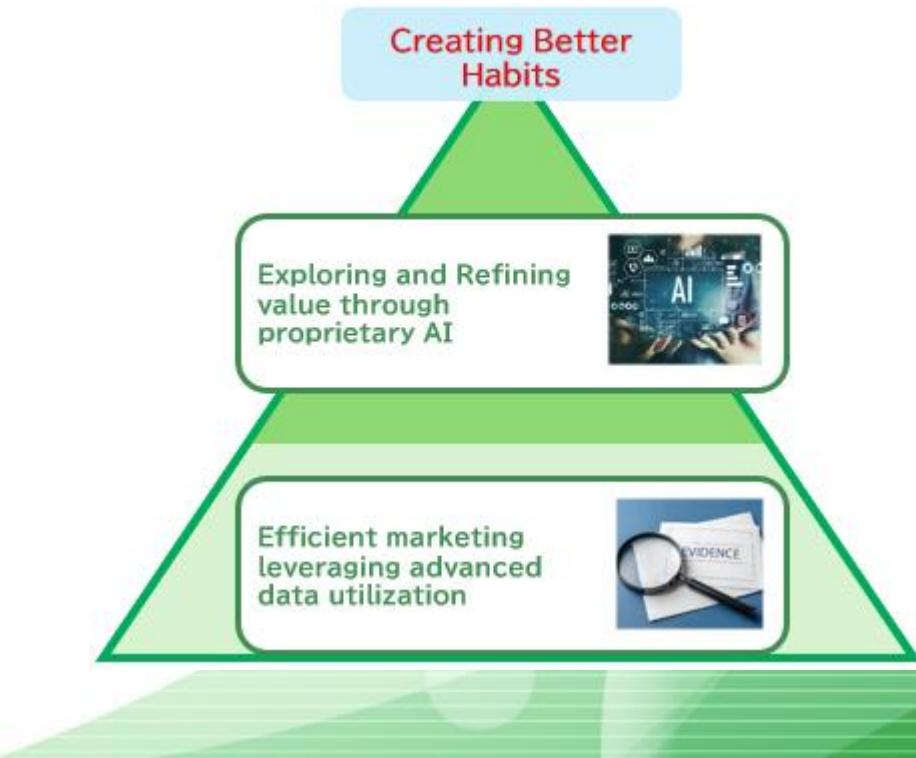
Domestic business unit structure

Combined planning, research, and production into the same business division, maximizing the speed of development and implementation.



Accelerate the use of digital technology

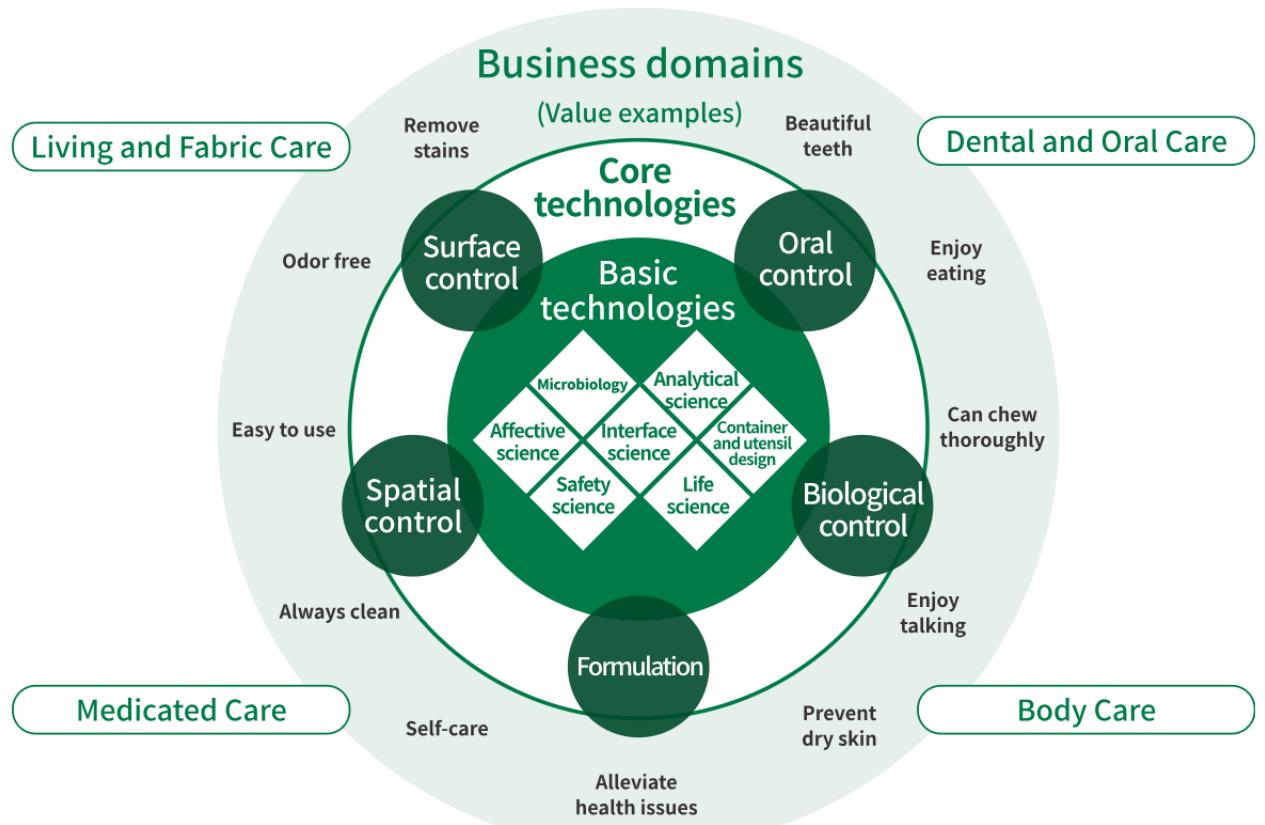
Accelerating the use of digital technology with the new organization, Marketing Design Center



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Lion's Core Technology Map

Establish a sustainable competitive advantage in seven basic technological fields that underpin each business and five core technologies that create new value by developing applications for those basic technologies.



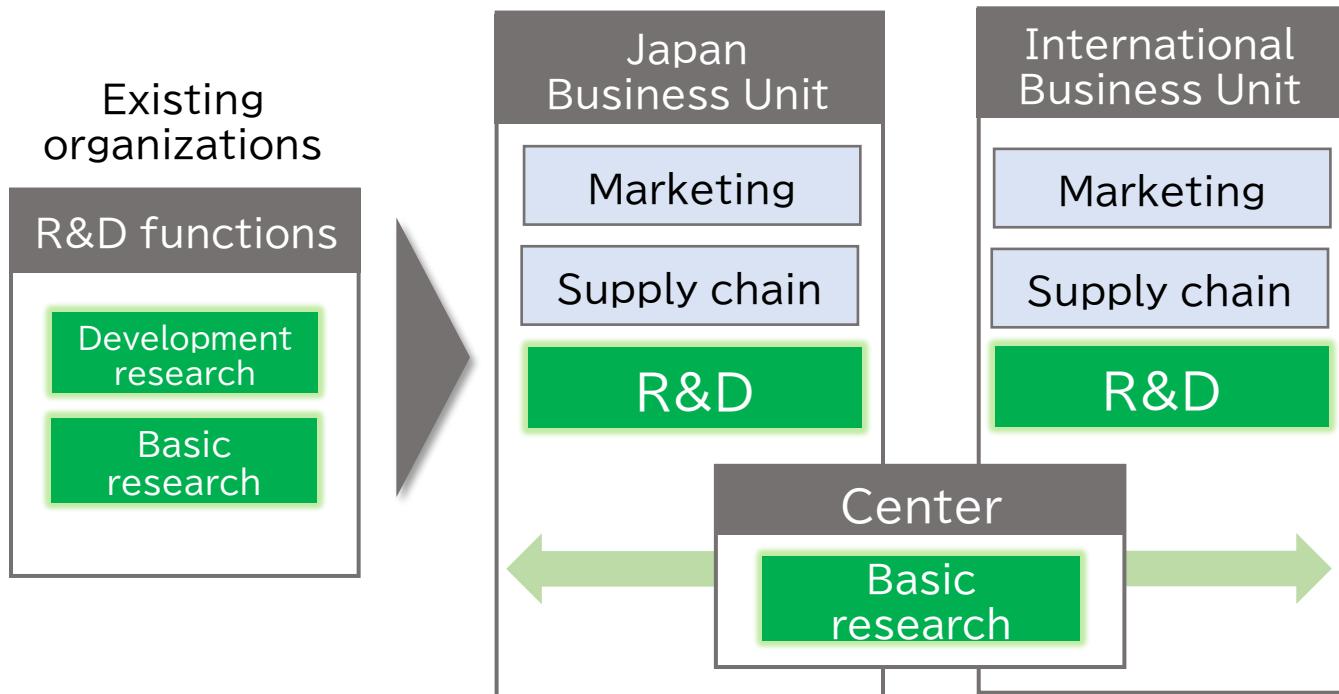
Core technology categories	Oral control	These technologies can be used to control the conditions of the oral structures of humans (and other species) as well as oral-function related microorganisms. They also include oral care technologies involving tools like brushes.
	Surface control	These technologies are used to control buildups of grime, odor-causing substances and microorganisms on surfaces by addressing the adsorption and desorption of such items from surfaces. They are applicable to hard surfaces, such as those found in shower rooms and toilets, as well as soft surfaces like fabrics, skin, and hair.
Biological control		These technologies are used to control pain as well as the conditions and functions of biological cells and tissues, such as eyes, skin, and hair. (Technologies that affect oral tissues are included in oral control.)
Spatial control		These technologies for the spatial dispersion of agents ensure odor control and the distribution of fragrance.
Formulation		These technologies control the properties of foam, liquid and powder as they affect the quality and function of individual products—including unique features that determine usability and stability—based on which formulations are created.

Strengthening R&D structure

Maximize innovation generation capability and the speed of product development by clarifying roles

Management process transformation

- **Basic research:** The Center drafts and promotes an overall strategy for research technology development. The center also develops basic technologies for the medium to long term and provides them to business units.
- **Development research:** Undertaken in coordination with business development to speed up product development.



Strengthening the Group's R&D structure

- **Basic research:** Led by research bases in Japan and Shanghai
- **Development research:** Led by development bases in each country
Promoting development that addresses consumer needs

Lion Group's R&D Sites



Worsening periodontal disease significantly impacts overall health

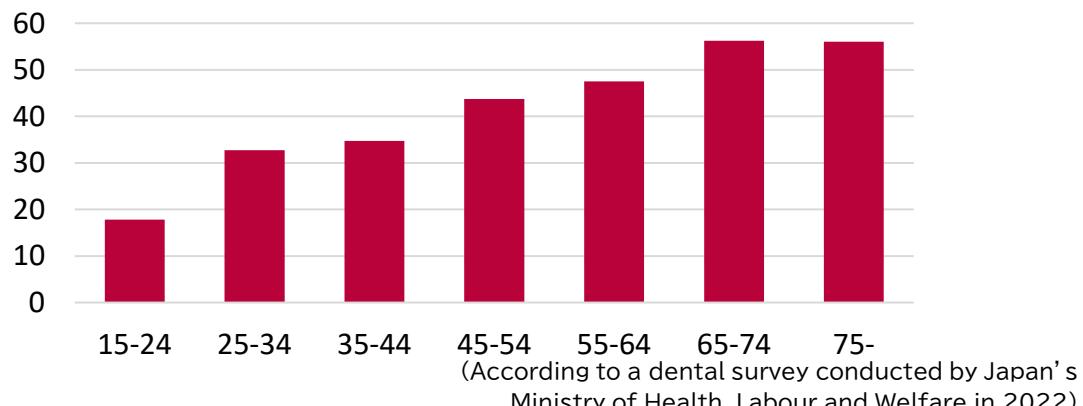
◆What is periodontal disease?*

*General name for gingivitis and periodontitis

This is a disease in which **bacteria build up** in the pockets between the teeth and gums, causing inflammation of the gums.

Persistent or worsening inflammation can cause the bone supporting the teeth (alveolar bone) to break down, leading to loss of teeth.

Rate of people with periodontal disease (%)

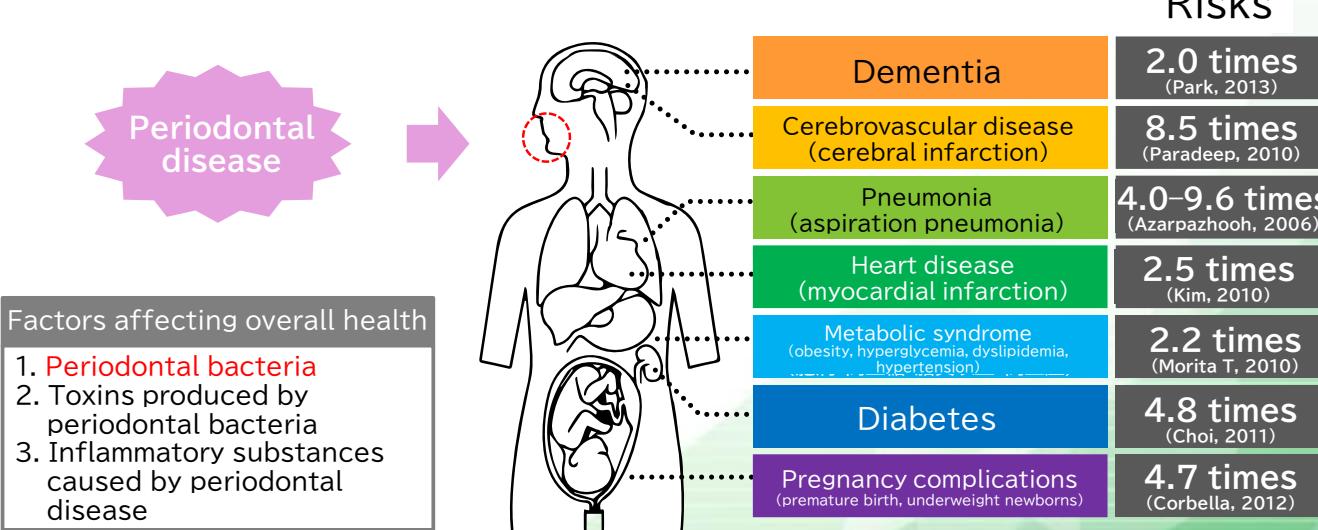


Around half of people in their 40s
have periodontal disease.

◆Effects on overall health

Periodontal bacteria, toxins, and inflammatory substances affect overall health.

It has been pointed out that they **increase the risk of various illnesses, such as diabetes, heart disease, and dementia.**



(Excerpted and adapted from "Gum Disease and Overall Health" by the Lion Foundation for Dental Health)

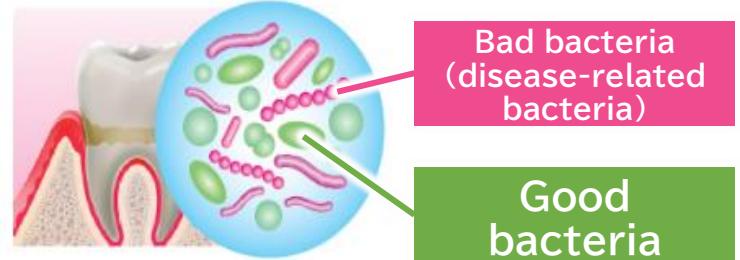
Periodontal Disease Elimination Technology: Bacterial Control Technology

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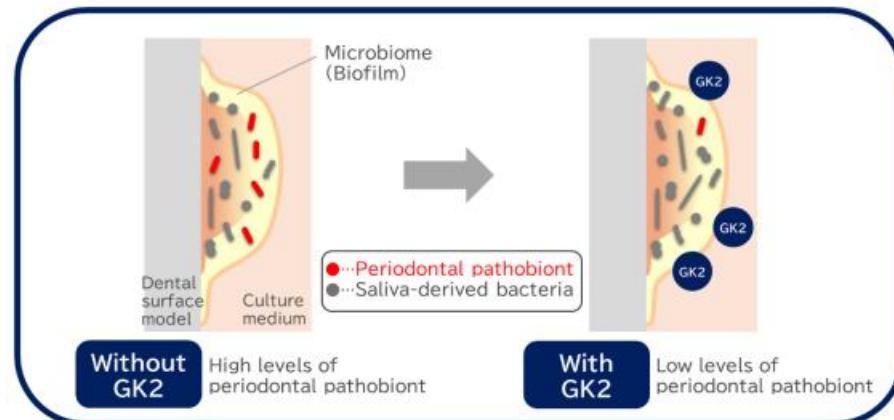
A new approach to periodontal disease prevention thanks to new insights

Inside the mouth, there are **bad bacteria that cause disease** as well as **good bacteria that help maintain the health of the oral cavity** by suppressing the activity of bad bacteria.

→ **Maintaining or increasing good bacteria while suppressing bad bacteria** is effective care for oral problems, such as periodontal disease and cavities.



- Developing technology that **selectively controls** periodontal disease-causing bacteria (bad bacteria)
- Developing **bacteria control technology** that not only suppresses bad bacteria but also **boosts** good bacteria



Periodontal disease-causing bacteria reduced by the GK2* method

*GK2: Dipotassium glycyrrhizate



Launched sales of toothpaste through dental clinics featuring the new technology (Nov. 2025)

Promoting the development of products and services from a diverse range of touch points and approaches to the oral healthcare value provision field (oral hygiene and functions)

Touchpoints / Approaches

Age bracket

Newborns-seniors

Care tools

Medicine, tools, devices

Care behavior

Shifting from “tooth brushing” to “mouth brushing”

Product categories

Miscellaneous-Pharmaceuticals

Channels

Self-care, Pro care

Value provision field

Realizing healthy eating, talking, and laughing for the people of Asia

Oral Hygiene care

Maintaining and expanding life-long healthy oral environments



Oral Function Care

Healthy development of dentition in early childhood
Maintaining and enhancing mastication function in old age



Proposing solutions aligned with consumers' unique characteristics and existing habits

II

Maximizing provided value

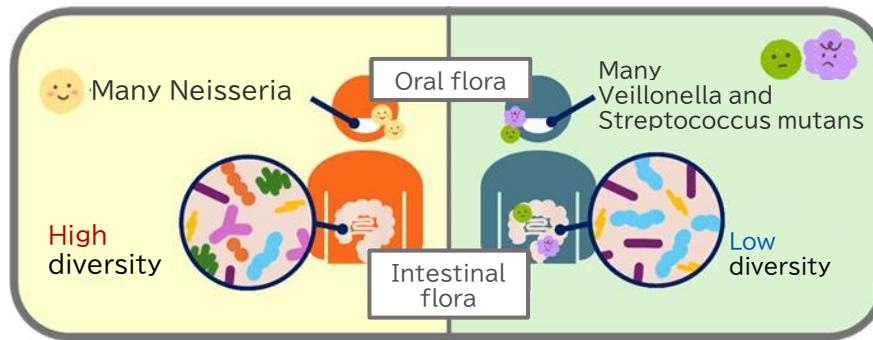
Growth driver: Product and Service Development Capability (Oral Hygiene Care)

Gained new insights that suggest a relationship between oral and intestinal environments through research aimed at promoting health focused on the oral cavity

Important new insights gained through joint research

When there are a lot of bad bacteria inside the mouth, those bacteria can also be found inside the intestines.

→Good oral environments lead to stable intestinal environments



Quoted from a Lion press release (Nov. 18, 2025)
For details of the technology, please refer to this press release.

Promoting health by creating flora care habits that not only temporarily remove bad bacteria but also maintain a balance of all bacteria inside the mouth

Partnership with Cykinso Inc. (business concept)

Partnered with Cykinso, producing data and insights regarding oral and intestinal bacteria
→Aim to create new businesses that offer optimal healthcare depending on the state of each individual's oral bacteria



Growth Driver: Product and Service Development Capability (Oral Function Care)

For the mouth to perform its role over a person's lifetime, it is important to **promote appropriate oral function development in early childhood** and to **limit the decline of oral function in old age**.

Problems in Early Childhood

Due to late/incomplete development of oral functions:

Open mouth posture



Crooked teeth



Aversion to hard foods
Poor articulation
Chewing on one side, etc.

In severe cases, appearance may also be affected, such as the chin not developing properly.

Problems in Old Age

Due to reduced oral function:

Inability to contain food in mouth



Dry mouth and coughing



Choking



As a result, contact with people is reduced, leading to social isolation.



Oral function is...

a general term referring to the mouth's ability to perform the essential tasks of eating, talking, and laughing

(chewing, swallowing, closing lips, moving the tongue appropriately, producing sufficient saliva, etc.)

Old age: Developing a technique to measure oral function by analyzing the pronunciation of “pa ta ka”

Current “pa ta ka” pronunciation

A method of determining oral function by assessing the subjects' repeated enunciation of the syllables “pa,” “ta,” and “ka” several times over a five second span

This study revealed a trend among elderly people in particular from “pa pa pa” to “fa fa fa.”



Under the current method, oral function is considered OK even if enunciation has shifted to “fa.”

Patent application submitted



Developed an app for determining number and **quality** of pa ta ka enunciation (audio analysis technology)

- The app is as efficient as current screening methods for determining the number
- The quality determination shows significant correlation with multiple oral function screening indicators

Our in-house technology reveals that all elderly people experience some deterioration in oral function, and it is known that forming good oral function care habits can help extend healthy life expectancy.

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