

Financial Results for the First Quarter Ended March 31, 2021

**Lion Corporation
May 10, 2021**

Y-o-Y decreases in 1Q sales and profit

○ Net sales were mostly level Y-o-Y

- In the Consumer Products Business, sales of hand soaps and other products decreased due to recoil from the previous year
- Sales in the Overseas Business increased as sales remained strong in China, while sales in the Industrial Products Business increased due to market recovery

○ Core operating income decreased Y-o-Y

- Gross profit decreased Y-o-Y due in part to changes in the sales mix

○ Operating profit decreased Y-o-Y

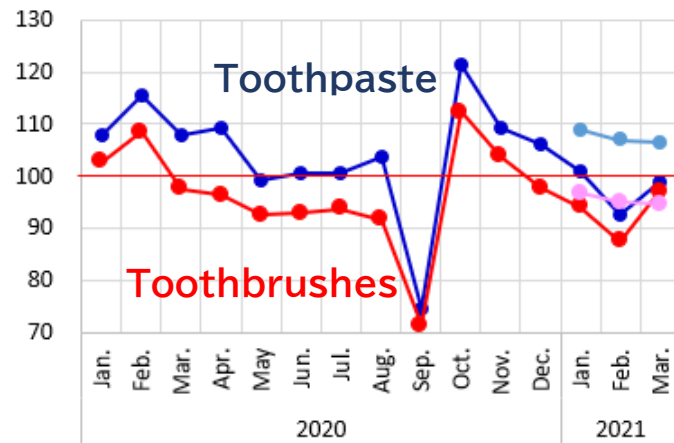
- Decreased in part due to recoil from a gain on transfer of non-current assets (land Lion's head office occupies) recorded in 2020

Market Trends—Major Product Categories in Japan

Y-o-Y comparison of consumer products markets in Japan by in-store sales value (%)

Source: INTAGE Inc. SRI+ survey

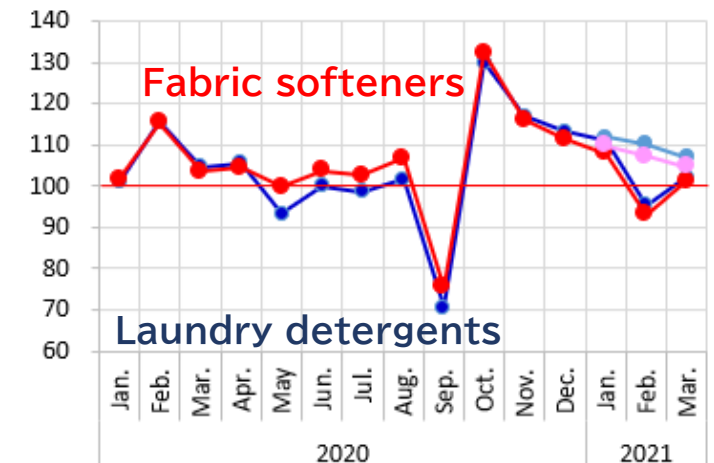
■ Oral Care



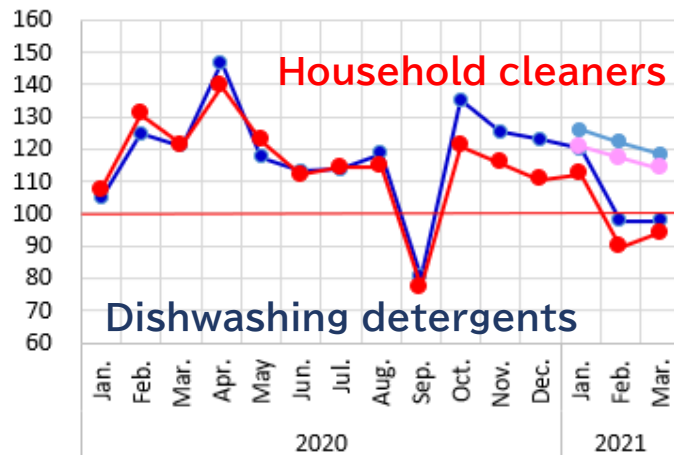
■ Beauty Care



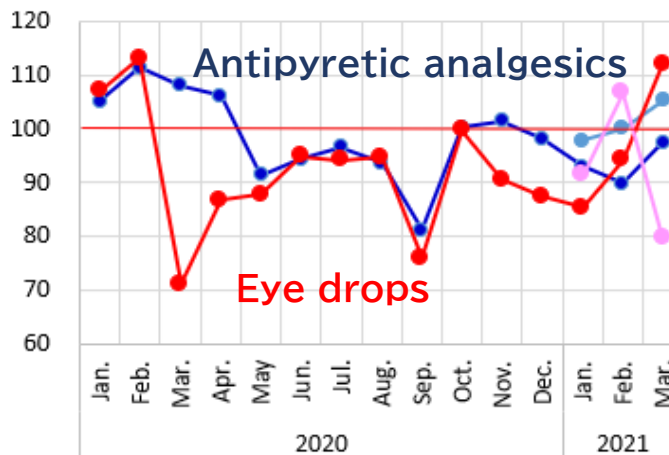
■ Fabric Care



■ Living Care



■ Pharmaceutical



From January to March, many markets saw Y-o-Y declines attributable to significant recoil from demand growth in the previous year due to COVID-19.

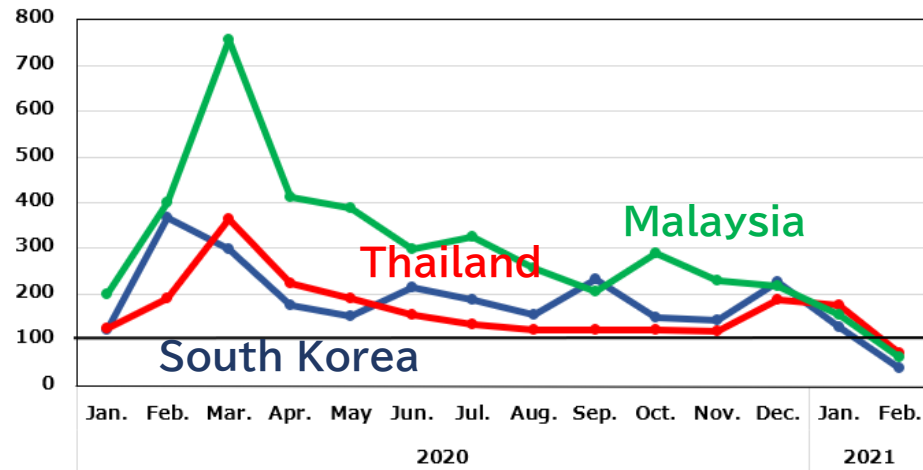
*For reference, Y-o-Y comparison with 2019 is shown in dotted lines for January to March

Market Trends—Major Product Categories Overseas

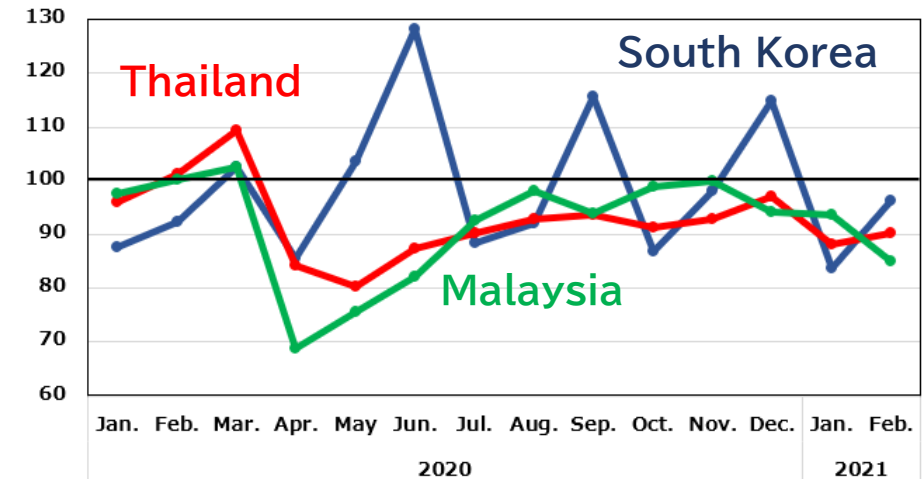
Y-o-Y comparison of overseas markets (%) (Jan. 2020–Feb. 2021)

Source: Nielsen

■ Hand Soaps



■ Laundry Detergents



*Data for Malaysia is for the entire soap market, including hand soaps

Sales value by country and category compared with 2020 (Jan.–Feb. 2021)

	Thailand	Malaysia	South Korea
Hand soaps	107%	91%	57%
Laundry detergents	89%	90%	90%

Sales value by country and category compared with 2019 (Jan.–Feb. 2021)

	Thailand	Malaysia	South Korea
Hand soaps	170%	275%	147%
Laundry detergents	88%	89%	81%

Market Trends

Period: Jan.-Mar. 2021; Source: INTAGE Inc. SRI+

Aggregate of 38 Home Products Markets	Sales value fell 8% year on year, reflecting a decrease in the sales volume of such products as hand soaps and household cleaners due to recoil from the previous year
Oral Care	<ul style="list-style-type: none"> ✓ Toothpaste unit prices sales increased, reflecting increased hygiene awareness, but sales volume decreased (sales value down 3% Y-o-Y) ✓ Toothbrush unit prices rose, but sales volumes fell, reflecting thriftier consumer mindsets (sales value down 7% Y-o-Y)
Beauty Care	<ul style="list-style-type: none"> ✓ The hand soap market shrank significantly due to recoil from expansion in 2020 (sales value down 36% Y-o-Y)
Fabric Care	<ul style="list-style-type: none"> ✓ Laundry detergents and fabric softeners saw lower sales volumes but significantly higher unit prices due to a shift to larger size products (laundry detergent sales value up 2% Y-o-Y; fabric softener sales value up 0% Y-o-Y)
Living Care	<ul style="list-style-type: none"> ✓ Dishwashing detergent sales volumes were level year on year, but unit prices rose due to a shift to larger size products (sales value up 4% Y-o-Y) ✓ Household cleaner sales volumes fell due to recoil from the previous year (total sales value of home cleaners, bath detergents and bathroom detergents down 2% Y-o-Y)
Aggregate of Key Overseas Markets	Hand soap demand continue to grow in Thailand, but laundry detergent markets shrank across the board
Hand soaps	<ul style="list-style-type: none"> ✓ In South Korea, sales value was down 43% year on year ✓ In Thailand, sales value was up 7% year on year ✓ In Malaysia, sales value was down 9% year on year
Laundry detergents	<ul style="list-style-type: none"> ✓ Sales value was down 10% year on year in South Korea, reflecting a new wave of COVID-19 and sluggish consumption ✓ Sales volume was down 11% year on year in Thailand, as consumption remained sluggish ✓ Sales value was down 10% year on year in Malaysia, despite recovery in late 2020

Period: Jan.-Feb. 2021; Source: Nielsen

Consolidated Financial Results

Net sales were flat year on year, while core operating income decreased due to changes in the sales mix

(Billions of yen)	Jan.–Mar. 2021	Jan.–Mar. 2020	Y-o-Y change	
			Amount	%
Net sales	82.4	82.5	(0.0)	(0.1) (0.9*)
Core operating income* ¹ % of net sales	8.0 (9.8)	9.0 (11.0)	(1.0)	(11.0)
Operating profit % of net sales	8.2 (10.0)	18.7 (22.7)	(10.4)	(55.8)
Profit for the period attributable to owners of parent	5.9	13.5	(7.6)	(56.1)
EPS (Yen)	20.49	46.64	(26.15)	(56.1)
EBITDA* ²	11.1	11.8	(0.6)	(5.5)
EBITDA margin (%)* ³	13.6	14.3	—	(0.7)PP

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.

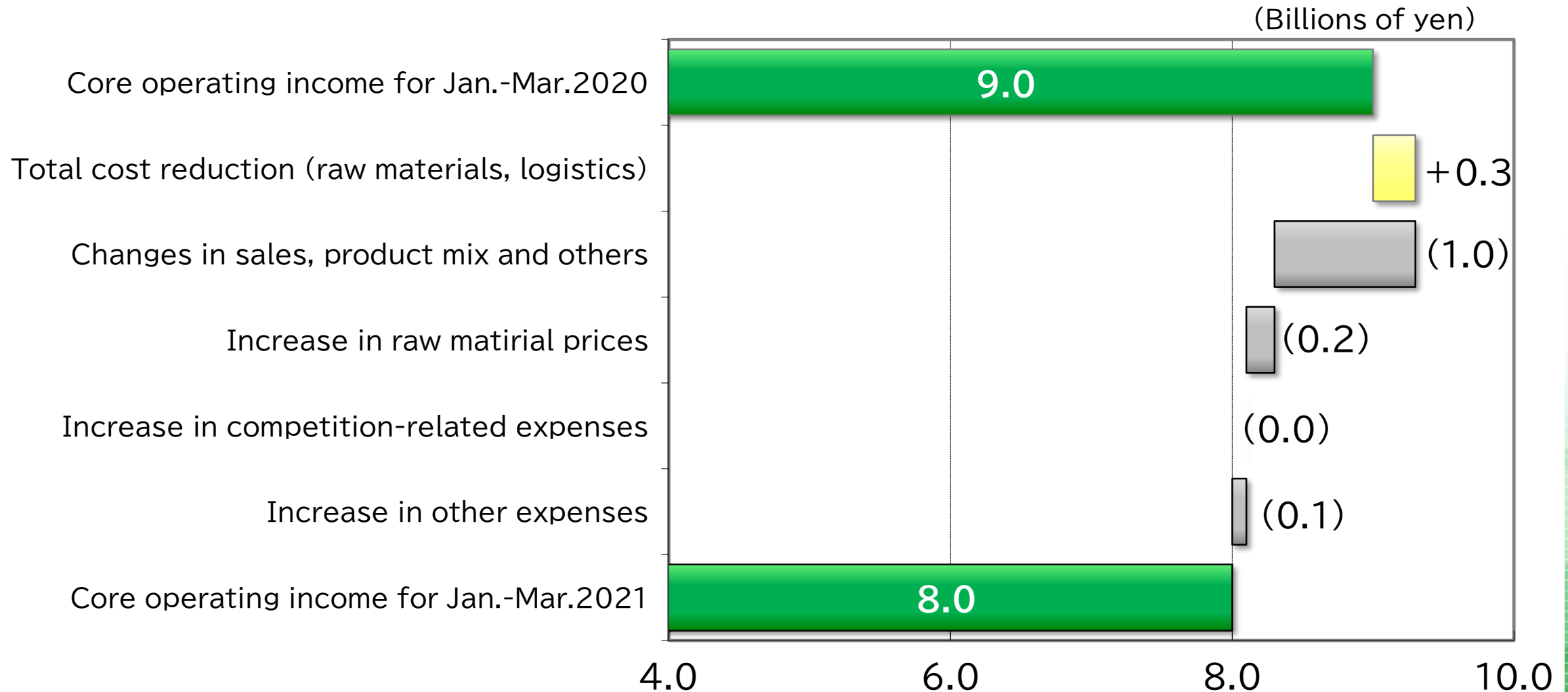
2. EBITDA: An indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization.

3. EBITDA margin: The ratio of EBITDA to consolidated net sales.

* Y-o-Y change at constant currency excluding exchange rate fluctuations.

Year-on-Year Changes in Core Operating Income

Changes in the sales mix led to lower gross profit and, in turn, lower core operating income



Results by Business Segment

Sales and profit in the Consumer Products Business fell due to recoil from hand soap sales in the previous year

(Billions of yen)	Net sales				Segment profit (Core operating income)		
	Jan.–Mar. 2021	Jan.–Mar. 2020	Y-o-Y change		Jan.–Mar. 2021, %	Y-o-Y change	
			Amount	%		Amount	%
Consumer Products	55.0	55.8	(0.8)	(1.5)	56.2 10.2%	(1.6)	(22.2)
	50.3	52.2	(1.8)	(3.6)			
Industrial Products	14.2	13.5	0.6	4.9	9.4 6.6%	0.2	42.7
	8.2	7.6	0.5	7.7			
Overseas	25.8	24.7	1.1	4.7	16.9 6.6%	0.1	8.1
	23.3	22.1	1.2	5.5			
Other	7.6	5.9	1.7	29.8	4.3 5.6%	0.0	2.5
	0.4	0.5	(0.0)	(13.3)			
Adjustment	(20.3)	(17.5)	(2.8)	—	(6.0%)	0.1	—
	0.0	(0.0)	0.0	—			
Consolidated Total	82.4	82.5	(0.0)	(0.1)	80.9 9.8%	(1.0)	(11.0)

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

Consumer Products Business Net Sales by Product Category *life.love.* **LION**

Beauty care product sales fell significantly due to recoil from the previous year

(Billions of yen)	Net sales			
	Jan.–Mar. 2021	Jan.–Mar. 2020	Y-o-Y change	
			Amount	%
Oral Care	15.2	14.9	0.3	2.3
Beauty Care	5.2	7.7	(2.4)	(32.0)
Fabric Care	13.7	13.5	0.2	1.5
Living Care	5.5	5.1	0.3	7.1
Pharmaceutical	5.1	5.4	(0.3)	(6.3)
Other	10.1	9.1	1.0	11.5
Total	55.0	55.8	(0.8)	(1.5)

Overseas Business Net Sales by Region

Sales in Southeast Asia increased despite sluggish consumption, driven by Malaysia;
sales in Northeast Asia increased, driven by China

(Billions of yen)	Net sales			
	Jan.–Mar. 2021	Jan.–Mar. 2020	Y-o-Y change	
			Amount	%
Southeast Asia	16.7	16.5	0.2	1.6
Northeast Asia	9.1	8.2	0.8	10.8
Total	25.8	24.7	1.1	4.7

*Y-o-Y change at constant currency excluding exchange rate fluctuations:
 Southeast Asia: -0.2% (Thailand: -2.5%, Malaysia: +5.6%);
 Northeast Asia: +5.8% (China: +35.5%, South Korea: -10.4%);
 Total: +1.8%

2021 Consolidated Financial Forecast

(Billions of yen)	2021	2020	Y-o-Y change	
			Amount	%
Net sales	365.0	355.3	9.6	2.7
Core operating income* ¹ % of net sales	30.0 8.2	35.9 10.1	(5.9)	(16.5)
Operating profit % of net sales	30.0 8.2	44.0 12.4	(14.0)	(31.9)
Profit for the period attributable to owners of parent	21.0	29.8	(8.8)	(29.7)
EPS (Yen)	72.24	102.75	(30.51)	(29.7)
ROE (%)	8.8	13.6		(4.8)PP
ROIC (%)	8.5	10.7		(2.2)PP
EBITDA* ²	43.5	47.6	(4.1)	(8.7)
EBITDA margin (%)* ³	11.9	13.4		(1.5)PP

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.

Reference Materials

Consolidated Statement of Income

(Billions of yen)	Jan.-Mar. 2021	Jan.-Mar. 2020	Y-o-Y change	
			Amount	%
Net sales	82.4	82.5	(0.0)	(0.1)
Cost of sales	41.1	40.6	0.5	1.4
Gross profit	41.2	41.9	(0.6)	(1.6)
Selling, general and administrative expenses	33.1	32.8	0.3	1.0
Core operating income	8.0	9.0	(1.0)	(11.0)
Other income	0.3	11.1	(10.7)	(96.7)
Other expenses	0.1	1.4	(1.3)	(88.3)
Operating profit	8.2	18.7	(10.4)	(55.8)
Finance income	0.1	0.0	0.0	43.9
Finance costs	0.0	0.0	0.0	6.7
Share of profit of investments accounted for using the equity method	0.4	0.2	0.1	64.3
Profit before tax	8.8	19.0	(10.2)	(53.6)
Income taxes	2.4	5.0	(2.6)	(51.9)
Profit for the period	6.4	14.0	(7.6)	(54.2)
Profit for the period attributable to non-controlling interests	0.4	0.4	(0.0)	(0.1)
Profit for the period attributable to owners of the parent	5.9	13.5	(7.6)	(56.1)

Selling, General and Administrative Expenses

(Billions of yen)		Jan.–Mar. 2021		Jan.–Mar. 2020		Y-o-Y change	
		Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses		33.1	40.2	32.8	39.8	0.3	1.0
	Sales commissions	2.1	2.6	2.3	2.8	(0.1)	(7.4)
	Promotional expenses	5.9	7.2	5.9	7.2	0.0	1.1
	Advertising expenses	5.2	6.4	5.1	6.3	0.1	2.5
	Transportation and warehousing expenses	4.6	5.6	4.4	5.4	0.1	3.6
	R&D expenses	2.4	3.0	2.4	3.0	0.0	1.0
	Other expenses	12.6	15.4	12.5	15.2	0.1	0.8

Consolidated Statement of Financial Position

(Billions of yen)		March 31, 2021	December 31, 2020	Change
Current assets		214.7	245.4	(30.6)
	Cash and cash equivalents	87.8	121.5	(33.6)
	Trade and other receivables	55.9	62.4	(6.4)
	Inventories	52.4	45.1	7.2
Non-current assets		188.4	190.0	(1.6)
	Property, plant and equipment	117.4	118.3	(0.9)
	Intangible assets	19.5	18.9	0.6
	Right-of-use assets	5.1	4.8	0.2
	Other financial assets	24.7	24.8	(0.1)
Total assets		403.1	435.5	(32.3)

Consolidated Statement of Financial Position

(Billions of yen)		March 31, 2021	December 31, 2020	Change
Current liabilities		129.2	166.6	(37.3)
	Trade and other payables	115.9	141.2	(25.2)
	Lease liabilities	1.3	1.3	0.0
	Other current liabilities	6.0	8.7	(2.6)
Non-current liabilities		22.7	24.0	(1.2)
	Retirement benefit liabilities	11.3	13.0	(1.6)
	Lease liabilities	5.0	4.6	0.3
Equity		251.1	244.8	6.3
	Share capital	34.4	34.4	-
	Capital surplus	35.0	34.9	0.0
	Treasury stock	(4.7)	(4.7)	0.0
	Other components of equity	11.5	10.0	1.4
	Retained earnings	160.9	156.9	3.9
Total liabilities and equity		403.1	435.5	(32.3)

2021 Consolidated Financial Forecast

(Billions of yen)	2021	2020	Y-o-Y change		Jan.– Jun. 2021	Jan.– Jun. 2020	Y-o-Y change	
			Amount	%			Amount	%
Net sales	365.0	355.3	9.6	2.7	173.0	169.1	3.8	2.3
Core operating income % of net sales	30.0 8.2	35.9 10.1	(5.9)	(16.5)	11.5 6.6	16.3 9.7	(4.8)	(29.8)
Operating profit % of net sales	30.0 8.2	44.0 12.4	(14.0)	(31.9)	11.5 6.6	25.9 15.4	(14.4)	(55.7)
Profit for the period attributable to owners of parent % of net sales	21.0 5.8	29.8 8.4	(8.8)	(29.7)	8.0 4.6	18.6 11.0	(10.6)	(57.0)
EPS (Yen)	72.24	102.75	(30.51)	(29.7)	27.52	64.06	(36.54)	(57.0)

2021 Sales to External Customers Forecast

(Billions of yen)	2021	2020	Y-o-Y change		Jan.– Jun. 2021	Jan.– Jun. 2020	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	235.0	229.7	5.2	2.3	110.0	108.1	1.8	1.7
Industrial Products	32.0	31.5	0.4	1.4	16.0	15.1	0.8	5.3
Overseas	95.0	91.2	3.7	4.2	46.0	44.3	1.6	3.8
Others	3.0	2.8	0.1	6.0	1.0	1.4	(0.4)	(31.5)
Consolidated Total	365.0	355.3	9.6	2.7	173.0	169.1	3.8	2.3

1) Market Environment for Household Products (38 markets, SRI/SRI+)

Overall market trend for the 38 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020	Jan.–Mar. 2021
Sales value	104	99	102	102	112	92
Unit sales	102	98	100	100	105	88
Average unit price	102	102	102	102	106	105

Source: INTAGE Inc. SRI Survey (data for 2016 are for 38 markets; data for 2017 are for 37; data for 2018–2020 are for 38)
SRI+ Survey data (data for 2021 are for 38 markets)

2) Market Environment for Household Products (14 markets, SCI**)

Overall market trend for the 14 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020	Jan.–Mar. 2021
Sales value	105	103	102	105	108	104
Unit sales	101	101	100	102	101	96
Average unit price	104	102	103	104	106	109

Source: INTAGE Inc. SCI survey (data for 2016–2019 are for 15 markets; data for 2020 onward are for 14)

* The SRI survey uses point-of-sales data from around 3,000 stores nationwide for its estimates.

** The SCI survey monitors around 50,000 shoppers nationwide for its sales data.

3) Market Environment for OTC Drug Market (7 markets, SDI/SRI+)

Overall market trends in the seven drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020年	Jan.–Mar. 2021
Sales value	104	103	102	100	93	98
Unit sales	102	101	101	99	89	95
Average unit price	101	102	101	101	105	103

Source: INTAGE Inc. SDI Survey (2016–2018, 8 markets; 2019–2020, 7 markets); SDI+ Survey (2021, 7 markets)

* Panel data changed from January 2019. Data for 2016 onward has been updated accordingly.

4) Market Environment for OTC Drug Market (2 markets, SCI)

Overall market trends in the two drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020	Jan.–Mar. 2021
Sales value	104	103	104	104	102	106
Unit sales	102	100	102	102	99	104
Average unit price	102	103	102	102	103	102

Source: INTAGE Inc. SCI survey

Raw material prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2021 forecasts	USD 56.0/BBL	JPY 35,000/KL	RM 3,800/ton

Exchange Rates

	USD	THB
2021 forecasts	JPY 104.0	JPY 3.40

◇Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2020 actual	USD 42.4/BBL	JPY 33,091/KL	RM 2,810/ton

	USD	THB
2020 actual	JPY 106.4	JPY 3.40

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