

Financial Results for the First Half of 2022

Lion Corporation
August 8, 2022

- Consolidated Financial Results for the First Half of 2022
- Fiscal 2022 Financial Forecast
- Progress toward Vision2030 1st STAGE

■ Consolidated Financial Results for the First Half of 2022

■ Fiscal 2022 Financial Forecast

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**Sales and profit met forecasts;
except for core operating income, sales and profit increased year on year**

Net sales (up Y-o-Y)

- In the Consumer Products Business, sales of hand soaps, toothpastes, toothbrushes and antipyretic analgesics increased
- Sales in the Overseas Business increased, reflecting strong sales in Malaysia in Southeast Asia and South Korea in Northeast Asia
- Sales in the Industrial Products Business increased, driven by demand growth in the chemicals field

Core operating income (down Y-o-Y)

- Decreased despite efforts to offset increases in raw material prices and depreciation and amortization through such measures as total cost reductions and sales price increases (but higher than planned)

Operating profit and profit for the period attributable to owners of the parent (up Y-o-Y)

- Increased due partly to gain on transfer of land held by a consolidated subsidiary recorded in January 2022

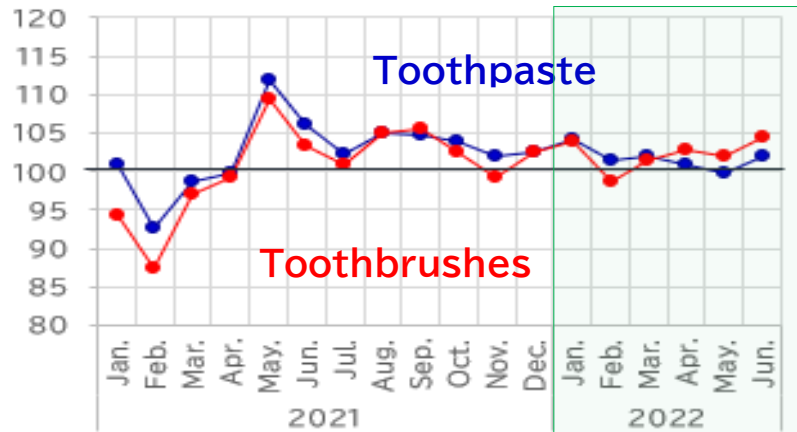
Market Trends—Major Product Categories in Japan

From January to June, markets were steady overall, as the absence of increased demand related to COVID-19 was the same as the previous year

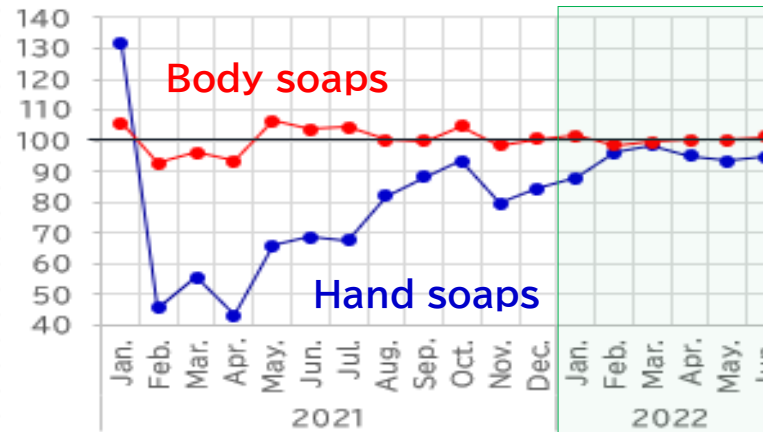
Y-o-Y comparison of consumer products markets in Japan by in-store sales value (%)

Source: INTAGE Inc. SRI+

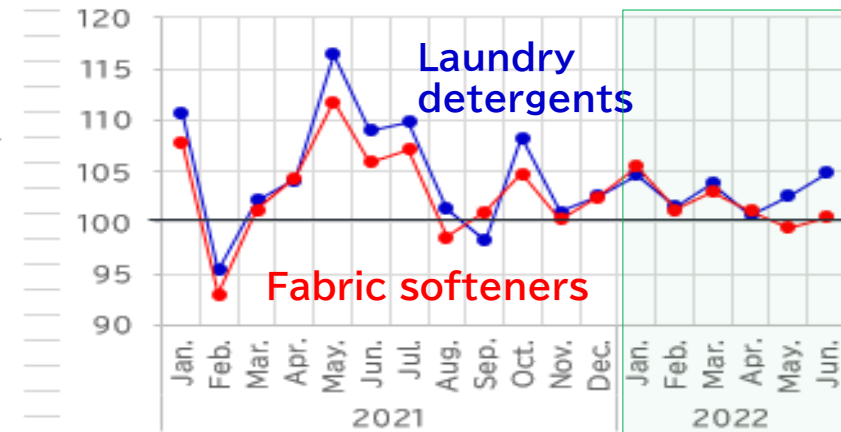
Oral Care



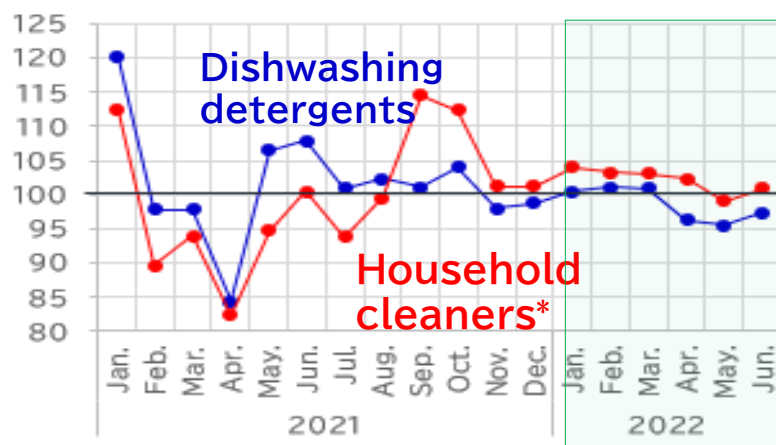
Beauty Care



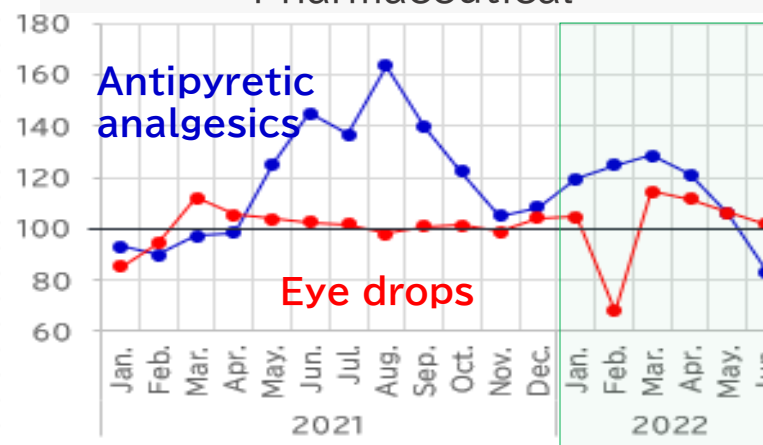
Fabric Care



Living Care



Pharmaceutical



Comparison of key categories in the first half of 2022 (%)

Category	Vs. '21	Vs. '20	Vs. '19
Toothpaste	102	103	110
Toothbrushes	102	100	99
Hand soaps	94	57	132
Laundry detergents	103	109	113
Fabric softeners	102	106	111
Dishwashing detergents	98	100	121
Household cleaners	102	97	118
Antipyretic analgesics	112	120	123

* "Household cleaners" above is the sum of home cleaners, bath detergents and bathroom detergents.

Market Trends—Major Product Categories Overseas

Toothbrushes and Laundry detergents have seen recovery, and hand soaps were steady

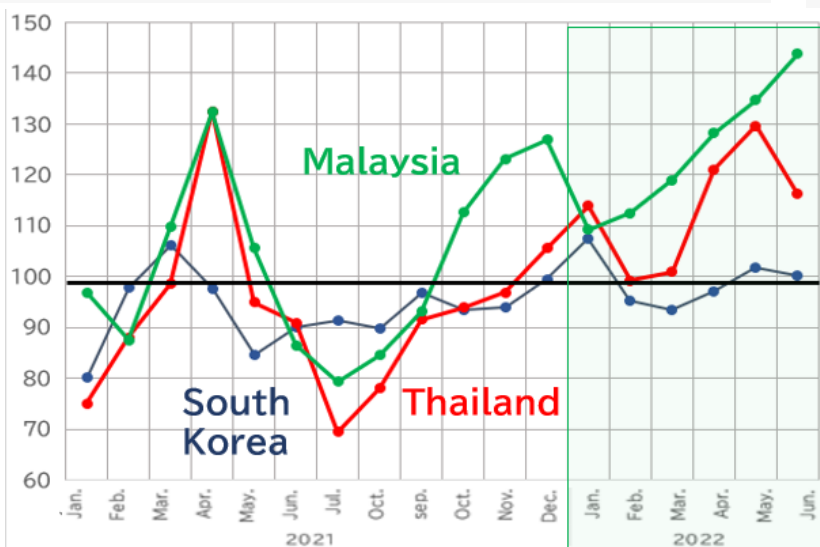
Sales value by country and category compared with previous years(%) (Jan.–June. 2022)

Source: Nielsen

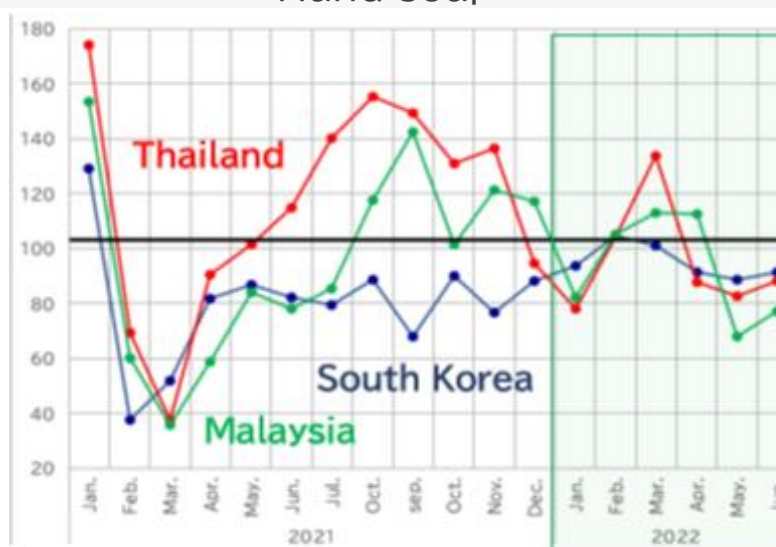
	Thailand			Malaysia			South Korea		
Category	Vs. '21	Vs. '20	Vs. '19	Vs. '21	Vs. '20	Vs. '19	Vs. '21	Vs. '20	Vs. '19
Toothbrushes	113	107	91	124	126	116	99	92	88
Hand soap	93	79	162	91	60	247	96	63	141
Laundry detergent	97	90	84	110	109	96	99	90	90

Y-o-Y comparison of overseas markets (%)

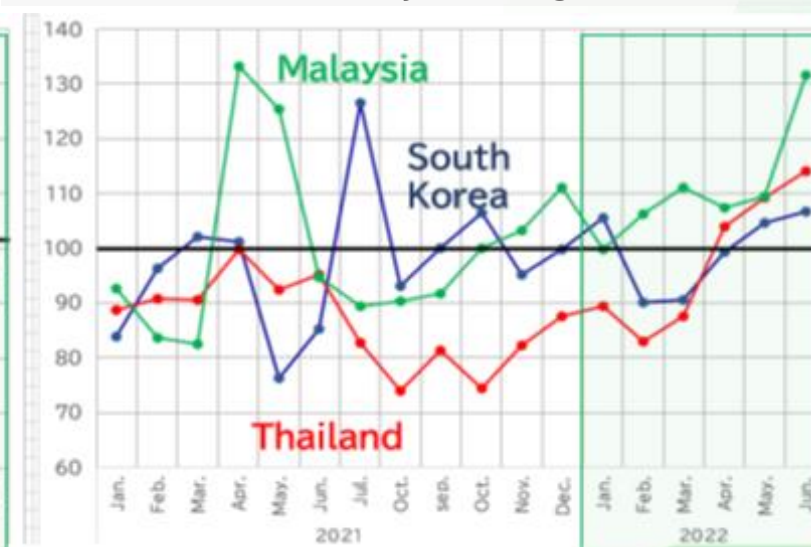
Toothbrushes



Hand soap



Laundry detergent



Note: Figures for Malaysia represent the entire soap market, including the hand soap market.

Consolidated Financial Results

Net sales increased Y-o-Y, but core operating income decreased due to rising raw material prices and depreciation and amortization

(Billions of yen)	Jan.–Jun. 2022	Jan.–Jun. 2021	Y-o-Y change		Deviation from forecast %
			Amount	%	
Net sales	185.1	173.2	11.9	6.9 4.6*	6.1 3.5
Core operating income* ¹ % of net sales	9.0 4.9	14.0 8.1	(4.9)	(35.2)	1.4 19.7
Operating profit % of net sales	14.2 7.7	14.1 8.2	0.0	0.6	1.9 16.0
Profit for the period attributable to owners of the parent	11.0	10.8	0.2	2.2	2.0 22.8
EPS (Yen)	38.75	37.20	1.55	4.2	7.79 25.2
EBITDA* ²	16.8	20.3	(3.4)	(17.1)	-
EBITDA margin (%)* ³	9.1	11.7	-	(2.6P)	-

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.

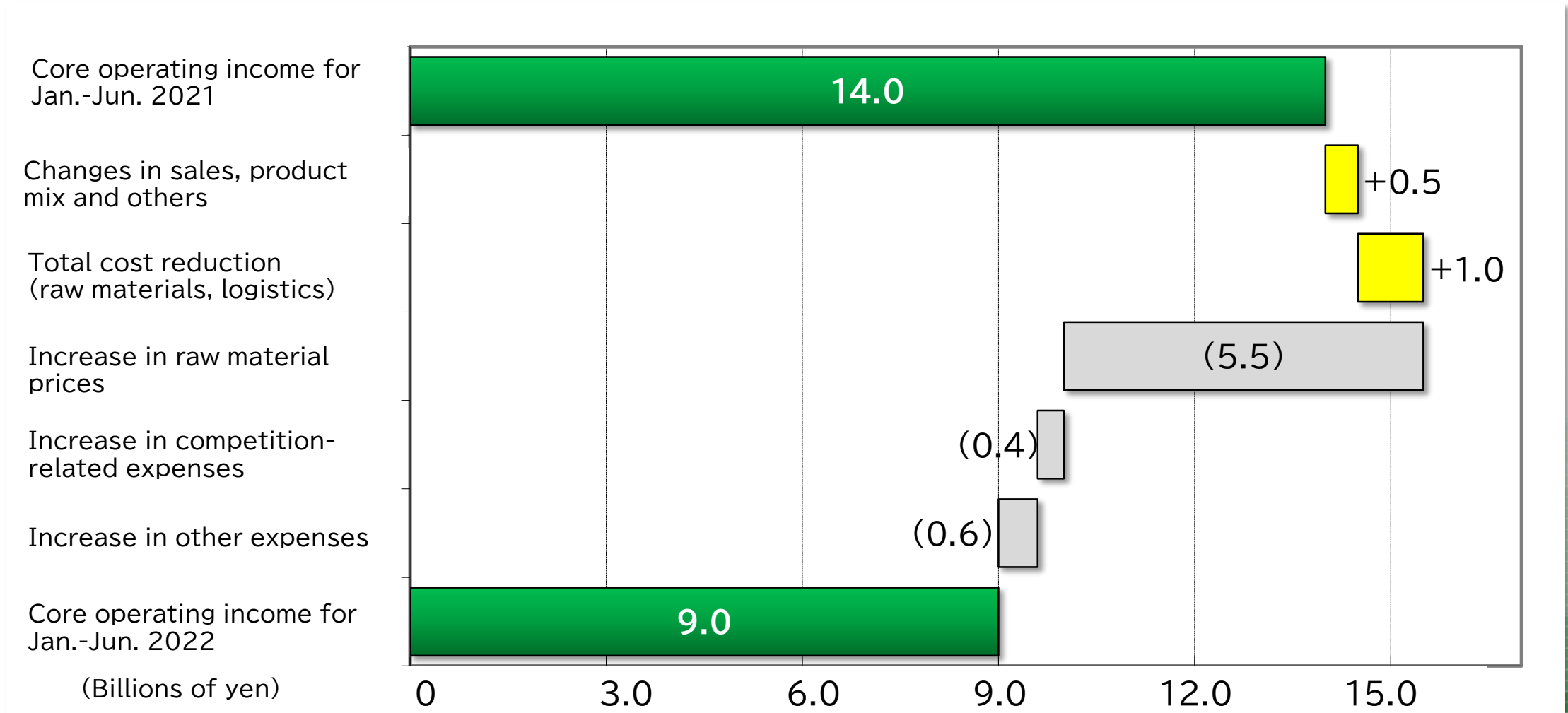
2. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets as of 2022).

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

Despite total cost reductions, increases in raw material prices and depreciation and amortization led to an overall decrease



Working to offset and absorb the impact of raw material price increases

First half
results

Increase in raw material prices

-¥0.5 billion

Lion's response and its effects

Raise sales prices,
control promotional expenses by
revising special sale prices and
frequency

+¥1.9 billion

Additional cost
reductions, cost
streamlining

+¥1.4 billion

Segment
composition
changes, etc.

-¥1.3 billion

Deviation from initial forecast

+¥1.5 billion

Results by Business Segment

Despite increased sales in all segments but Other,
higher raw material prices led to decreased profit

(Billions of yen)	Net sales				Segment profit (Core operating income)			
	Jan.-Jun. 2022	Jan.-Jun. 2021	Y-o-Y change		Jan.-Jun. 2022, %	Jan.-Jun. 2021, %	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	125.5	121.0	4.4	3.7	4.3	8.1	(3.8)	(46.9)
	108.5	107.1	1.3	1.3	(3.4)	(6.7)		
Industrial Products	27.2	24.0	3.1	13.3	1.5	1.5	(0.0)	(0.5)
	18.2	16.6	1.6	9.9	(5.7)	(6.5)		
Overseas	61.1	53.5	7.5	14.2	1.8	3.4	(1.6)	(46.0)
	55.6	48.3	7.3	15.3	(3.1)	(6.5)		
Other	6.4	16.3	(9.9)	(60.6)	0.4	1.0	(0.5)	(52.1)
	2.9	1.1	1.7	149.3	(7.5)	(6.2)		
Adjustment	(35.1)	(41.8)	6.6	-	0.8	(0.1)	1.0	-
	(0.1)	(0.0)	(0.1)	-	-	-		
Consolidated Total	185.1	173.2	11.9	6.9	9.0	14.0	(4.9)	(35.2)
					(4.9)	(8.1)		

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

* From the first quarter of the fiscal year under review, due to a change in the business structure of consolidated Group subsidiary Lion Chemical Co., Ltd., said company's business, which was previously concentrated in the Industrial Products segment, has been divided between the Industrial Products and Consumer Products segments.

Segment information for the first half of the previous fiscal year has been restated to reflect this change.

Consumer Products Business Net Sales by Product Category

Sales decreased in living care and pharmaceutical, but overall sales increased

(Billions of yen)	Net sales			
	Jan.–Jun. 2022	Jan.–Jun. 2021	Y-o-Y change	
			Amount	%
Oral Care	33.6	32.1	1.5	4.7
Beauty Care	12.5	11.6	0.9	7.7
Fabric Care	28.9	28.5	0.3	1.1
Living Care	11.4	11.5	(0.1)	(1.7)
Pharmaceutical	11.1	11.4	(0.2)	(2.1)
Other	27.8	25.6	2.2	8.6
Total	125.5	121.0	4.4	3.7

Overseas Business Results by Region

In Southeast Asia, sales increased, driven by market recovery in Malaysia, but profit decreased due to rising raw material prices

In Northeast Asia, sales increased, driven by performance in South Korea, despite the impacts of lockdowns and a delay in responding to changes affecting e-commerce vendors in China

(Billions of yen)	Net sales				Core operating income			
	Jan.–Jun. 2022	Jan.–Jun. 2021	Y-o-Y change		Jan.–Jun. 2022	Jan.–Jun. 2021	Y-o-Y change	
			Amount	%			Amount	%
Southeast Asia	39.1	34.2	4.8	14.3	0.8	2.3	(1.5)	(65.0)
Northeast Asia	22.0	19.3	2.6	14.0	1.0	1.0	(0.0)	(4.6)
Total	61.1	53.5	7.5	14.2	1.8	3.4	(1.6)	(46.0)

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

Southeast Asia: +7.1% (Thailand: +4.0%, Malaysia: +18.1%);

Northeast Asia: +4.2% (China*: -1.7%, South Korea: 14.2%); * Qingdao Lion

Total: +6.0%

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2022 Consolidated Financial Forecast

Unchanged from the start of the year

(Billions of yen)	2022	2021	Y-o-Y change	
			Amount	%
Net sales	375.0	366.2	8.7	2.4
Core operating income* ¹ % of net sales	23.0 6.1	30.9 8.4	(7.9)	(25.6)
Operating profit % of net sales	27.5 7.3	31.1 8.5	(3.6)	(11.8)
Profit for the period attributable to owners of the parent	20.0	23.7	(3.7)	(15.8)
EPS (Yen)	68.79	81.73	(12.94)	(15.8)
EBITDA* ²	40.0	45.1	(5.1)	(11.5)
EBITDA margin (%)* ³	10.7	12.3	—	(1.6)PP
ROIC (%)* ⁴	5.5	8.8	—	(3.3)PP
ROE (%)	8.0	9.8	—	(1.8)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 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 as of 2022).
 ¥43.9 billion in 2021 (adjusted).
 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 equity.

Further cost increases have been factored into forecasts for the latter half of the year, but we aim to absorb them over the full year (including efforts in the first half)

Forecasts for the year
(Forecasts for the
second half)

Increase in raw material prices

-¥7.0 billion (-¥6.5 billion in the second half)

Lion's response and its effects

Raise sales prices,
control promotional expenses by
revising special sale prices and
frequency

+¥5.2 billion
(+¥3.3 billion in the second
half)

Additional cost
reductions, cost
streamlining

+¥3.5 billion
(+¥2.1 billion in the
second half)

Segment
composition
changes, etc.

-¥1.7 billion
(-¥0.4 billion in the
second half)

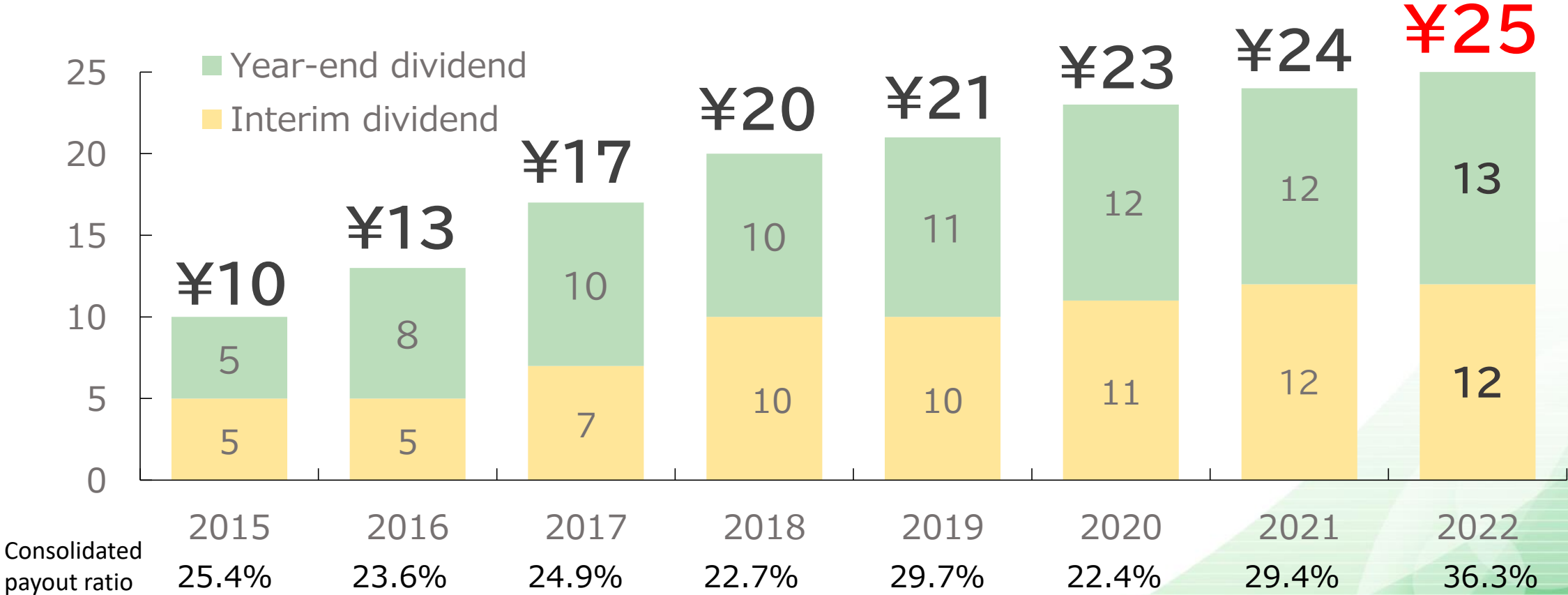
Deviation from forecast for the year

±0 billion (-¥1.5 billion in the second half)

Lion will continue to implement four measures to achieve the targets of Vision2030 1st STAGE (2022–2024)

- 1. Accelerate introduction of high-value-added products**
- 2. Revise profit structure by reshuffling the business portfolio**
- 3. Increase sales prices (passing on increased raw material costs), revise special sale prices and frequency, etc.**
- 4. Additional cost reductions and cost streamlining**

Aiming to increase annual per-share dividend **¥1** to **¥25**
(seventh consecutive year of increase)



Basic dividend policy

Return profits to shareholders on a continuous and stable basis
(Consolidated payout ratio target: 30%)

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Vision2030 management theme: Enhancing Lion's market, economic and social presence

Achieve business growth by putting our purpose—Make a difference in everyday lives by redesigning habits—into action *1

*1 Business growth = More contact with consumers × More targets × More areas

Realize an upward corporate value expansion spiral*2

*2 Up-front investment ⇒ Business growth ⇒ Cash flow generation ⇒ Reinvestment/multi-stakeholder returns ⇒ Further growth..

Corporate value expansion spiral



* Multi-stakeholder returns

Targets for 2030

ReDesign

Make a difference in everyday lives by redesigning habits

Social value

Contribute to a sustainable society

- ▶ Enhance consumer QOL
- ▶ Contribute to the realization of a decarbonized, resource-circulating society

Create **environmentally friendly habits** with consumers

- Decarbonized society: Create water- and power-saving habits
- Resource-circulating society: Create refill habits and waste-free habits (recycling)

Economic value

Net sales Approx. **¥600 billion**
(Approx. 50% from the Overseas Business)

EBITDA* Approx. **¥80 billion**

Core operating income Approx. **¥50 billion**

ROIC **8-12%**

ROE **10-14%**

* EBITDA: Core operating income + depreciation and amortization (excluding depreciation and amortization of right-of-use assets)

Key Growth Points in the Run-Up to 2030

Key growth points in the run-up to 2030

1. New business (+¥30 billion or more)

Secure profit opportunities from new business models

2. Expand in new countries and areas (+¥60 billion or more)

Focus on entering new markets in Asia

3. Existing overseas business (CAGR around 10%)

*Around 5%–6%, excluding Qingdao Lion

Realize growth centering on the Qingdao Lion business (¥100 billion)

4. Existing domestic businesses (CAGR of 2% or more)

Evolve existing businesses by shifting to value-added products and creating markets

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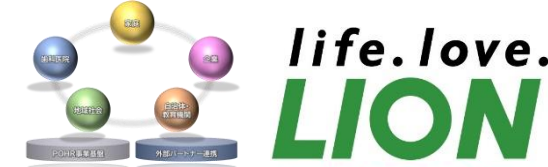
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Lion Oral Health Initiative

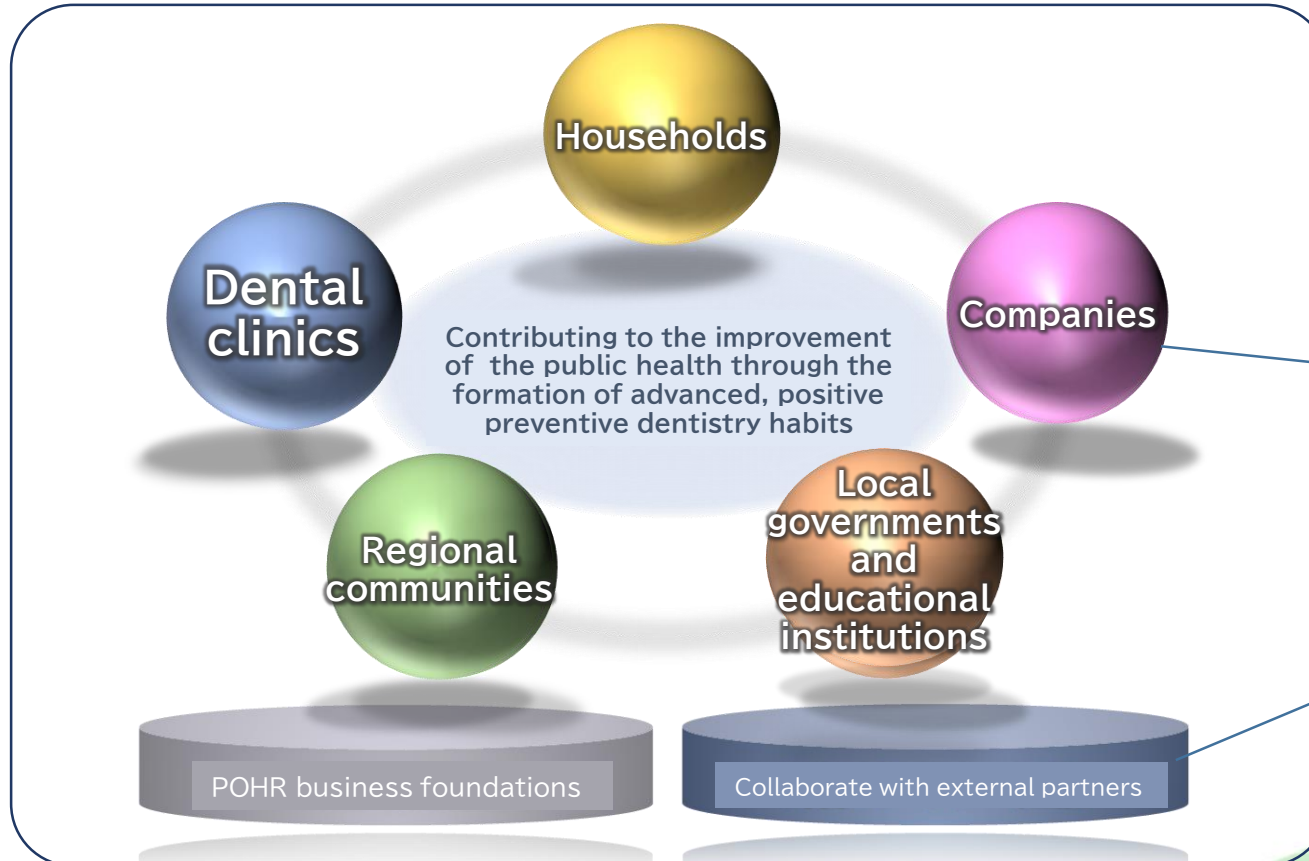


We will contribute to the formation of positive preventive dentistry habits through corporate activities carried out under the Lion Oral Health Initiative

Lion Oral Health Initiative

- ▶An overall name for corporate activities based on our basic approach to the oral health field
- ▶These corporate activities will be developed based on the concept of creating preventive dentistry habits by connecting all points of contact related to oral health
- ▶We will build a new foundation for the POHR* business and collaborate with external partners to achieve this advanced initiative

Lion Oral Health Initiative



- POHR: Personal Oral Health Record, a database of information on underlying health, living habits, oral condition, tooth brushing practices, etc.

Example initiatives

Well-being support service for corporate customers

Lion Oral Health Fund

Launched well-being support business “Okuchi Plus You” (from July 29, 2022)

Rising importance of oral health

Promoting dental checkups to reduce medical costs has been included in national policy

Source: “Basic Policy (2022),” Cabinet Office

New policy indicates initiatives to build and strengthen systems for providing dental healthcare in order to build a sustainable social security system

- ▶Collection of scientific evidence on the relationship between overall health and oral health and appropriate provision of information to the public
- ▶Concrete efforts to study lifetime dental checkups (universal dental checkups)
- ▶Enhance oral health management by dentistry professionals
- ▶Promote the use of ICT in the dental field

Launched well-being support business



A better you through
little habits

Service overview

1. Oral care seminars

Live seminars with specialists
speaking about oral care

Time 30-60 min. (flexible)

Format In-person, online, hybrid

Expense Varies by speaker

Instructor Lion employees, Meisters of Oral Care,
dental hygienists



2. Saliva testing

Evaluates oral condition
in five minutes
A saliva test that shows results
in an easy-to-understand visual
format



3. Oral care support content





e-learning and other content for
fast instruction on oral care
available online exclusively for
customer companies, accessible
anytime, anywhere



Supporting the
formation of positive
habits through products

Investing in start-ups and research institutions in Japan and overseas
to accelerate business opportunity generation

About the Fund

Name	Lion Oral Health Fund		
Overview	<ul style="list-style-type: none">▶ A total of ¥3.0 billion has been earmarked specifically for investment in the oral health field. Lion will invest these funds in start-ups and advanced research institutions in Japan and overseas with the aim of contributing to the improvement of health by supporting the formation of positive preventive dentistry habits.▶ Investment decisions will be made by an investment study committee composed of Lion board members following screening by the investment director.		
Investment budget	▶ ¥3.0 billion		  
Targets	<ul style="list-style-type: none">▶ The fund will invest in start-ups with strengths in the oral health field and other organizations with the potential to contribute to the expansion of related research and digital technologies, both in and outside Japan.		
Key priorities	<ul style="list-style-type: none">▶ Alignment with Lion's purpose and Vision2030 long-term strategic framework▶ Innovative technologies and businesses that can contribute to realizing Lion's vision for the oral health field▶ Synergy with existing businesses		

Key Growth Points in the Run-Up to 2030

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Focus on entering new markets in Asia

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Realize growth centering on the Qingdao Lion business (¥100 billion)

4. Existing domestic businesses (CAGR of 2% or more)

Evolve existing businesses by shifting to value-added products and creating markets

Global Strategy—Joint Venture in Bangladesh

Lion will establish a joint venture company in Bangladesh to expand its presence in Asia (late September 2022)

Expansion into new countries/areas:
Entry into Bangladesh



- ❑ Focus on expanding in **Asia**: Aim to enter **more than 2 countries** and areas by 2024
- ❑ **Enhance the M&A apparatus**: Create a dedicated unit under the direct control of the president, reinforce by hiring mid-career specialists

LION

The Lion Group's product development capabilities and production technologies



কল্লোল গ্রুপ অফ কোম্পানীজ
Kallol Group of Companies

Distribution network and retail capabilities covering all of Bangladesh

LION KALLOL LIMITED

Pursue business expansion in the Bangladesh market through synergy

Promise of rapid economic growth

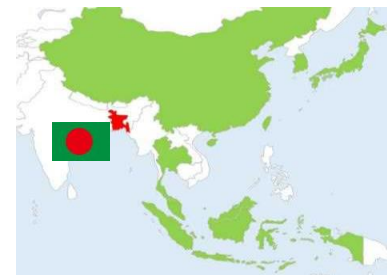
Country	2020 Population (millions of persons)	Per-Capita GDP (US\$)	Annual GDP Growth (%)
Bangladesh	165	1,962	7.2

Source: IMF, 2020 Source: Asian Development Bank, June, 2022

- ▶ Average age: **24** (Japan's is 48.6)
- ▶ Demographic dividend*¹ to continue until **2051**
- ▶ Per-capita GDP expected to reach **US\$4,000** in 2030

*1 Period in which the working-age portion of the population increases

■ Areas Where the Lion Group Operates



■ Per-Capita GDP Forecast (Bangladesh)



Fostering positive habits amid high economic growth to increase QOL and expand the market

Key Growth Points in the Run-Up to 2030

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Evolve existing businesses by shifting to value-added products and creating markets

Lion to hold a presentation of management strategy and new products

1:00 PM, Monday, November 28, 2022
@ Shinagawa Intercity

Topics

- Future business strategy story
- “Major Action Beginning in 2023”
(in Fabric Care, Lion’s largest domestic market)

Reference Materials

Consolidated Results for April-June 2022

(Billions of yen)	2022 Jan.-Mar.	2022 Apr.-Jun.	Y-o-Y change Apr.-Jun.	
			Amount	%
Net sales	87.0	98.1	7.3	8.2
Core operating income*1 (Core operating income ratio)	5.5 (6.3)	3.5 (3.6)	(2.3)	(39.8)
Operating profit (Operating profit ratio)	10.4 (12.1)	3.7 (3.8)	(2.1)	(36.0)
Profit for the period attributed to owners of the parent	7.8	3.1	(1.6)	(34.9)
EPS (Yen)	27.56	11.19	(5.5)	(33.0)
EBITDA*2	9.2	7.5	(1.5)	(16.9)

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.

Segment Results for April-June 2022

(Billions of yen)	Net sales				Segment income (core operating income)			
	2022 Jan.-Mar.	2022 Apr.-Jun.	Y-o-Y change Apr.-Jun.		2022 Jan.-Mar. (%)	2022 Apr.-Jun. (%)	Y-o-Y change Apr.-Jun.	
			Amount	%			Amount	%
Consumer Products	59.6	65.8	2.2	3.6	3.6 (6.0)	0.6 (1.1)	(1.8)	(72.8)
	50.9	57.5	0.7	1.3				
Industrial Products	13.0	14.1	1.9	15.8	0.7 (6.1)	0.7 (5.3)	0.2	38.2
	8.6	9.6	1.2	15.1				
Overseas	28.7	32.4	4.7	17.0	0.8 (3.0)	1.0 (3.1)	(0.7)	(43.1)
	26.1	29.4	4.5	18.2				
Other	2.5	3.9	(4.7)	(54.9)	0.0 (3.1)	0.4 (10.4)	(0.1)	(29.8)
	1.2	1.7	0.9	139.7				
Adjustment	(17.0)	(18.1)	3.2	-	0.1 -	0.7 -	(0.2)	-
	0.0	(0.2)	(0.1)	-				
Consolidated total	87.0	98.1	7.3	8.2	5.5 (6.3)	3.5 (3.6)	(2.3)	(39.8)

* Net sales: The top row shows total net sales, and the bottom row shows external net sales.

* From the first quarter of the fiscal year under review, due to a change in the business structure of consolidated Group subsidiary Lion Chemical Co., Ltd., said company's business, which was previously concentrated in the Industrial Products segment, has been divided between the Industrial Products and Consumer Products segments. Segment information for the first half of the previous fiscal year has been restated to reflect this change.

Consumer Products Net Sales for April–June 2022

(Billions of yen)	Total net sales			
	2022 Jan.–Mar.	2022 Apr.–Jun.	Y-o-Y change Apr.–Jun.	
			Amount	%
Oral care	15.5	18.1	1.2	7.2
Beauty care	5.9	6.6	0.1	3.1
Fabric care	13.7	15.1	0.2	1.6
Living care	5.1	6.2	0.1	2.7
Pharmaceuticals	5.3	5.8	(0.4)	(6.8)
Other	13.9	13.8	0.8	6.6
Total	59.6	65.8	2.2	3.6

Consolidated Statement of Income

(Billions of yen)	Jan.-Jun. 2022	Jan.-Jun. 2021	Y-o-Y change	
			Amount	%
Net sales	185.1	173.2	11.9	6.9
Cost of sales	102.4	86.8	15.5	18.0
Gross profit	82.7	86.3	(3.6)	(4.2)
Selling, general and administrative expenses	73.6	72.3	1.3	1.8
Core operating income	9.0	14.0	(4.9)	(35.2)
Other income	5.8	0.6	5.2	809.6
Other expenses	0.7	0.4	0.2	46.3
Operating profit	14.2	14.1	0.0	0.6
Finance income	0.4	0.4	(0.0)	(2.7)
Finance costs	0.0	0.0	(0.0)	(8.2)
Share of profit of investments accounted for using the equity method	1.0	1.3	(0.2)	(19.1)
Profit before tax	15.7	15.9	(0.1)	(1.1)
Income taxes	4.3	4.1	0.2	5.3
Profit for the period	11.4	11.7	(0.3)	(3.4)
Profit for the period attributable to non-controlling interests	0.3	0.9	(0.6)	(64.8)
Profit for the period attributable to owners of the parent	11.0	10.8	0.2	2.2

Selling, General and Administrative Expenses

(Billions of yen)		Jan.–Jun. 2022		Jan.–Jun. 2021		Y-o-Y change	
		Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses		73.6	39.8	72.3	41.8	1.3	1.8
	Sales commissions	4.7	2.6	4.5	2.6	0.1	3.9
	Promotional expenses	15.4	8.4	13.4	7.8	1.9	14.6
	Advertising expenses	11.2	6.1	12.9	7.5	(1.7)	(13.6)
	Transportation and warehousing expenses	10.0	5.4	9.6	5.6	0.4	8.9
	R&D expenses	5.3	2.9	5.4	3.1	(0.0)	(1.4)
	Other expenses	26.8	14.5	26.2	15.2	0.6	2.3

Consolidated Statement of Financial Position

(Billions of yen)		June 30, 2022	December 31, 2021	Change
Current assets		214.8	232.1	(17.2)
	Cash and cash equivalents	79.3	97.2	(17.9)
	Trade and other receivables	66.8	70.1	(3.2)
	Inventories	56.7	51.7	5.0
Non-current assets		198.0	195.8	2.1
	Property, plant and equipment	124.0	120.6	3.3
	Intangible assets	24.9	23.9	1.0
	Right-of-use assets	5.1	5.4	(0.2)
	Other financial assets	22.4	21.8	0.6
Total assets		412.9	428.0	(15.1)

Consolidated Statement of Financial Position

(Billions of yen)		June 30, 2022	December 31, 2021	Change
Current liabilities		120.6	139.2	(18.5)
	Trade and other payables	107.9	123.1	(15.2)
	Lease liabilities	1.3	1.4	(0.0)
	Other current liabilities	4.5	8.1	(3.6)
Non-current liabilities		24.5	23.7	0.7
	Retirement benefit liabilities	13.6	12.6	0.9
	Lease liabilities	4.7	5.0	(0.3)
Equity		267.7	265.0	2.7
	Share capital	34.4	34.4	-
	Capital surplus	30.9	35.1	(4.2)
	Treasury stock	(8.0)	(4.7)	(3.3)
	Other components of equity	14.7	9.3	5.4
	Retained earnings	181.2	177.3	3.9
Total liabilities and equity		412.9	428.0	(15.1)

Consolidated Statement of Cash Flows

(Billions of yen)	2021年 1-6月	2020年 1-6月	Change
Cash flows from operating activities	4.6	(6.2)	10.8
Cash flows from investing activities	(8.6)	(20.4)	11.7
Cash flows from financing activities	(15.4)	(5.1)	(10.2)
Effect of exchange rate changes on cash and cash equivalents	1.6	0.4	1.1
Net increase (decrease) in cash and cash equivalents	(17.9)	(31.3)	13.4
Cash and cash equivalents at beginning of period	97.2	121.5	(24.2)
Cash and cash equivalents at end of period	79.3	90.1	(10.7)

Revision of Factors Affecting the Core Operating Income Forecast for 2022

(Billions of yen)	Initial forecast	Revised forecast	Change
Changes in sales, product mix and others	+2.1	+3.0	+0.9
Total cost reduction (raw materials, logistics, etc.)	+2.0	+3.0	+1.0
Changes in raw material prices	(6.0)	(13.0)	(7.0)
Changes in competition-related expenses	(3.0)	(0.4)	+2.6
Changes in other expenses	(3.0)	(0.5)	+2.5
Total	(7.9)	(7.9)	±0

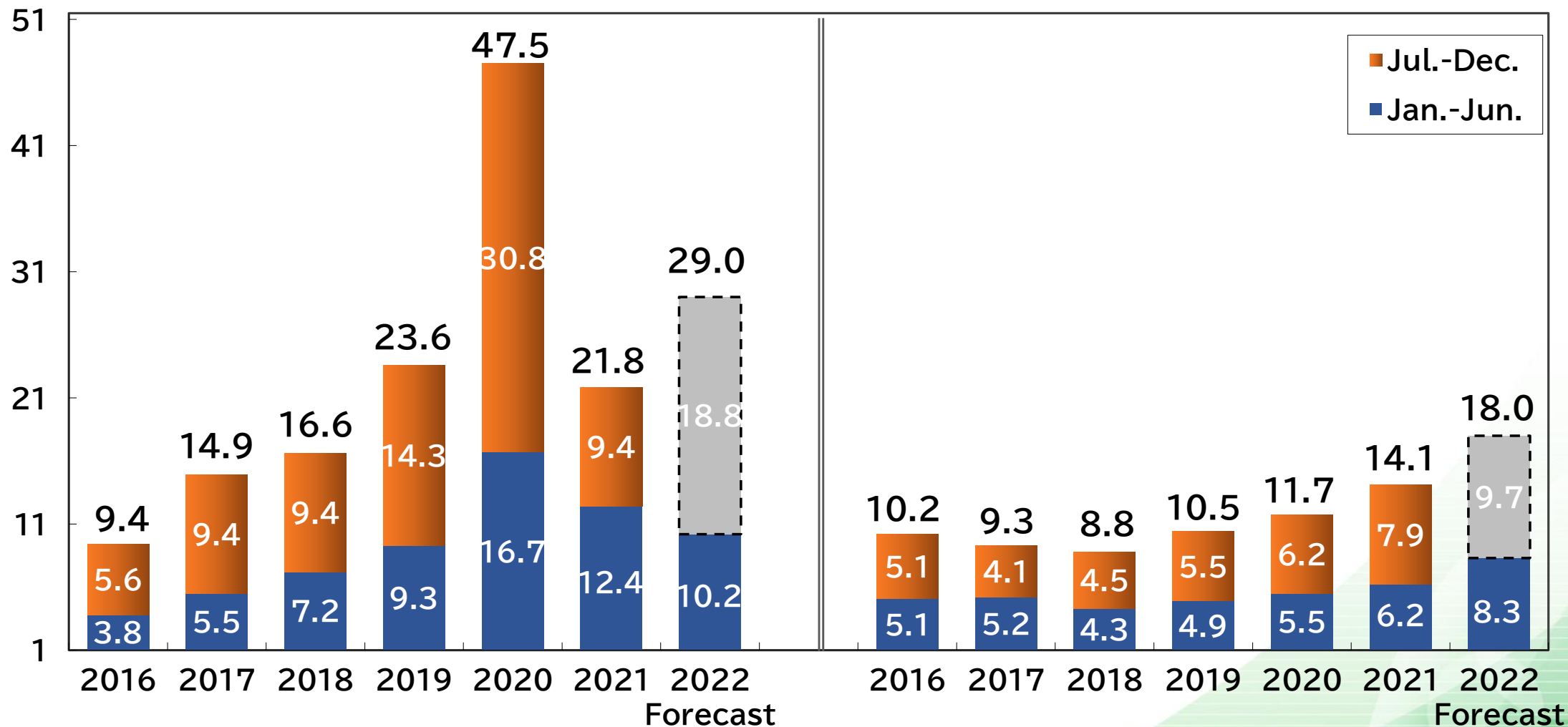
While the impact of rising raw material prices is greater than initially assumed, we will absorb this by advancing total cost reductions and reducing competition-related expenses and other expenses, aiming to reach the amount planned at the start of the year

Capital Expenditures and Depreciation and Amortization

(Billions of yen)

Capital Expenditures

Depreciation and Amortization



*Capital expenditures and depreciation and amortization both include intangible assets.

Changes in Household Products Market and OTC Drug Market

1) Market Environment for Household Products (37 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)

	2017	2018	2019	2020	2021	Jan.–Jun. 2022
Sales value	99	102	102	112	95	100
Unit sales	98	100	100	105	92	97
Average unit price	102	102	102	106	103	104

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

SRI+ Survey data (data for 2021 is for 38 markets; data for 2022 is for 37)

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

	2017	2018	2019	2020	2021	Jan.–Jun. 2022
Sales value	103	102	105	108	102	102
Unit sales	101	100	102	101	96	97
Average unit price	102	103	104	106	107	106

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

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

** The SCI survey collects purchasing data from around 50,000 shoppers (age 15–69) nationwide except for Okinawa

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)

	2017	2018	2019	2020	2021	Jan.–Jun. 2022
Sales value	103	102	100	93	103	102
Unit sales	101	101	99	89	101	101
Average unit price	102	101	101	105	102	101

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

	2017	2018	2019	2020	2021	Jan.–Jun. 2022
Sales value	103	104	104	102	110	102
Unit sales	100	102	102	99	107	100
Average unit price	103	102	102	103	103	102

Source: INTAGE Inc. SCI survey

Assumed Raw Material Prices and Exchange Rates for the Second Half of 2022

Raw Material Prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2022 second-half assumptions	105.0\$/BBL	JPY82,000/KL	5,200RM/ton

Exchange Rates

	U.S. Dollar	Thai Baht
2022 second-half assumptions	JPY130.0	JPY3.60

Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2022 initial assumptions	75.0\$/BBL	JPY58,000/KL	5,000RM/ton

	U.S. Dollar	Thai Baht
2022 initial assumptions	JPY110.0	JPY3.40

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