

Financial Results for the Fiscal Year Ended December 31, 2022

**Lion Corporation
February 13, 2023**

- Fiscal 2022 Financial Results
- Review of Fiscal 2022
- Key Theme for Fiscal 2023
- Fiscal 2023 Financial Forecast

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Fiscal 2022 Financial Results Highlights

Comparison to Forecasts

Sales and profit met forecasts

(net sales: +¥14.8 billion; core operating income: +¥0.5 billion)

- Net sales were driven by the Overseas and Industrial Products businesses
- Core operating income reached initial forecasts as increased gross profit from higher net sales as well as efforts to reduce special sales, raise sales prices and streamline expenses absorbed the impact of increased raw material prices, which were significantly higher than expected at the start of the year

Y-o-Y Change

Sales increased, profit decreased

(net sales: +¥23.6 billion; core operating income: -¥7.3 billion)

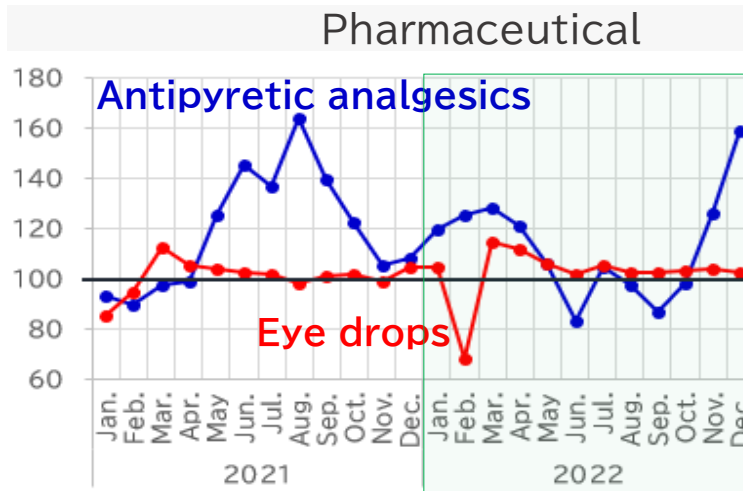
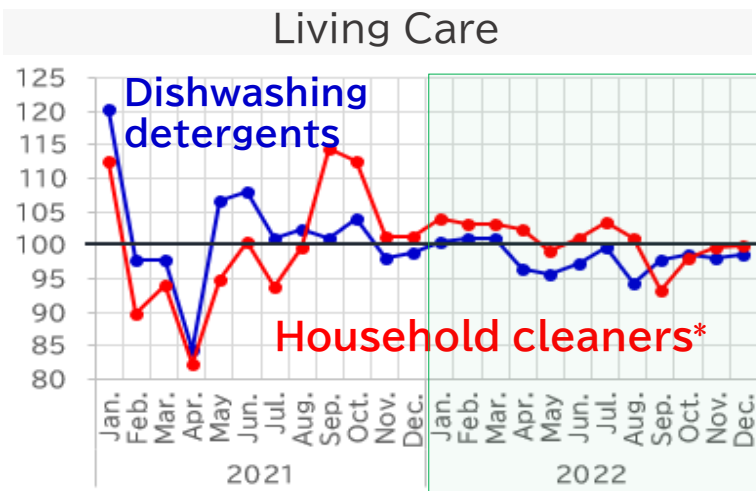
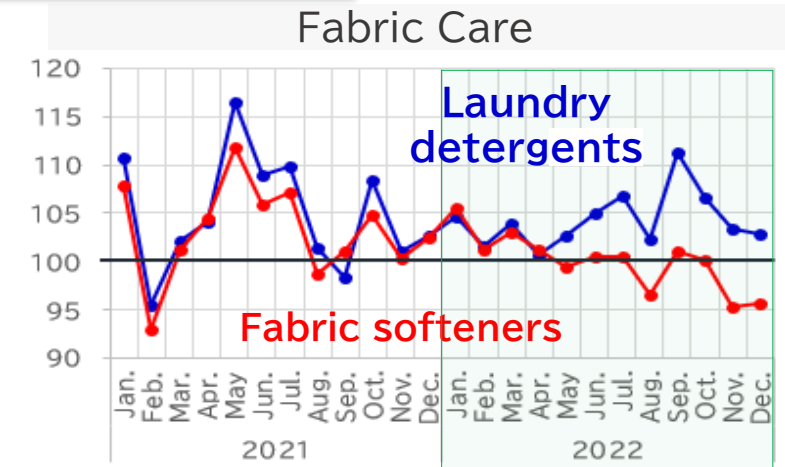
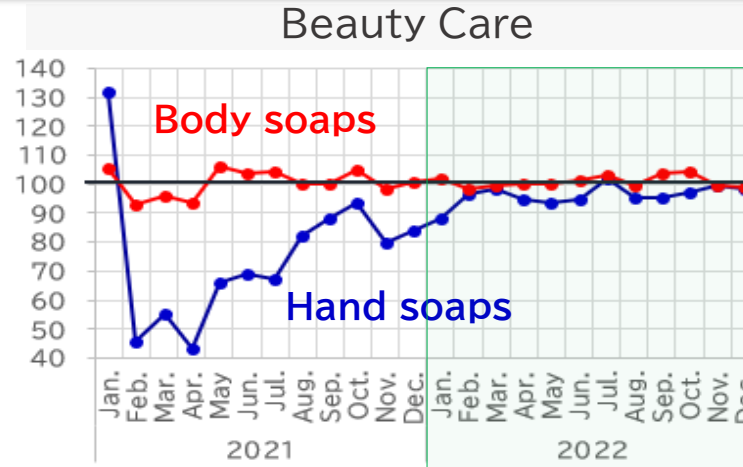
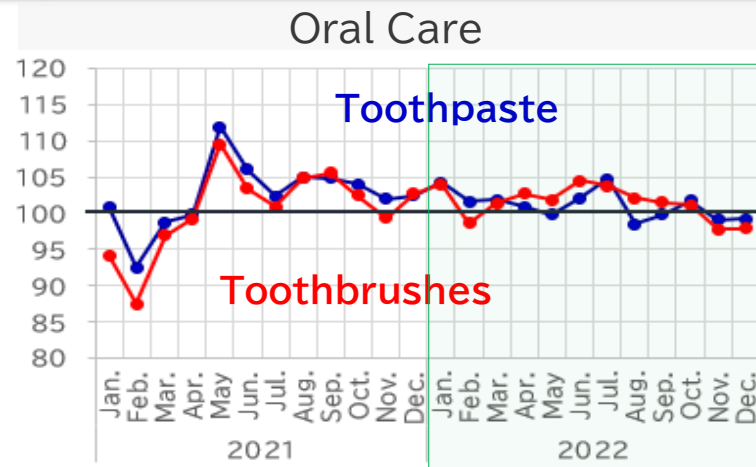
- Net sales rose in the Consumer Products, Overseas and Industrial Products businesses
Consumer Products: Sales of oral care and beauty care products increased
Overseas: Malaysia and South Korea drove sales growth
Industrial Products: Sales of electro-conductive carbon for secondary batteries and hygiene-related products were strong
- Core operating income decreased, reflecting rising raw material prices and increased depreciation and amortization, despite sales price increases and total cost reductions
- Operating profit and profit for the period attributable to owners of the parent decreased, mainly due to the drop in core operating income

Market Trends—Major Product Categories in Japan

The laundry detergent and antipyretic analgesic markets expanded, but overall markets were largely level year on year

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

Source: INTAGE Inc. SRI+



Comparison of key categories for the full year (%)

Category	Vs. '21	Vs. '20	Vs. '19
Toothpaste	101	104	107
Toothbrushes	101	102	98
Hand soaps	96	67	128
Laundry detergents	104	109	112
Fabric softeners	100	103	108
Dishwashing detergents	98	99	116
Household cleaners	100	100	114
Antipyretic analgesics	111	131	129

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

Market Trends—Major Product Categories Overseas

Full-year sales value of toothbrushes and laundry detergents rose year on year

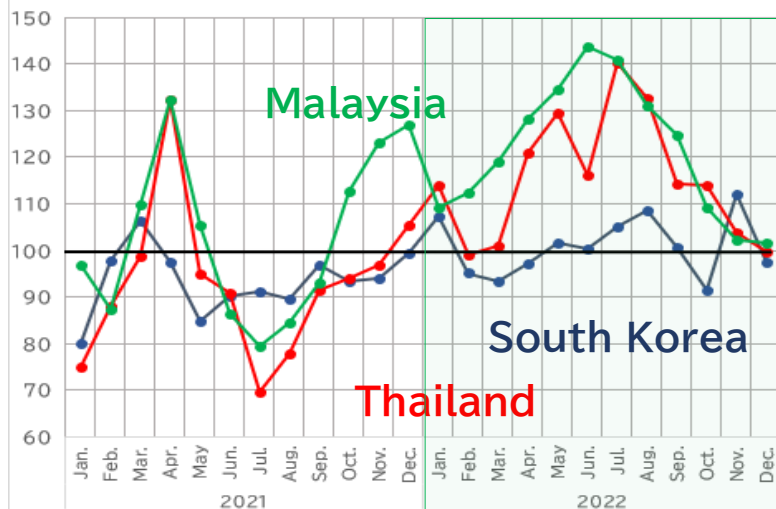
Sales value by country and category compared with previous years (%) (Jan.–Dec. 2022)

Source: Nielsen

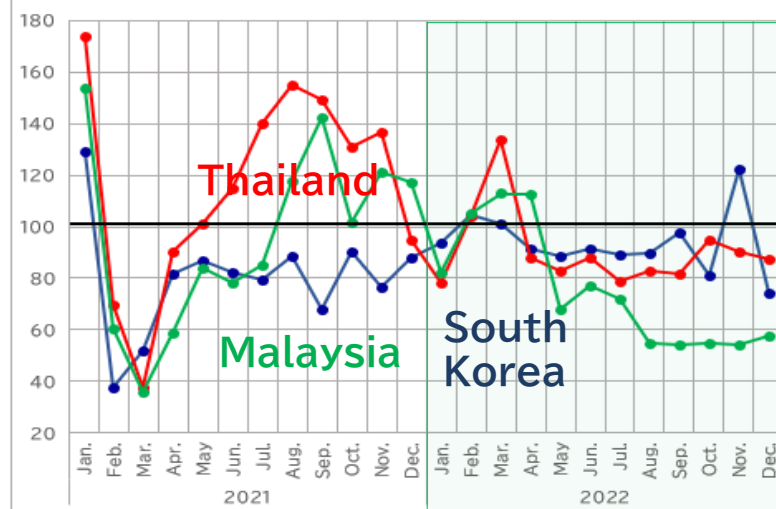
	Thailand			Malaysia			South Korea		
Category	Vs. '21	Vs. '20	Vs. '19	Vs. '21	Vs. '20	Vs. '19	Vs. '21	Vs. '20	Vs. '19
Toothbrushes	114	105	93	120	122	119	101	94	91
Hand soap	89	92	156	74	62	204	93	68	145
Laundry detergent	109	94	87	114	112	103	101	97	97

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

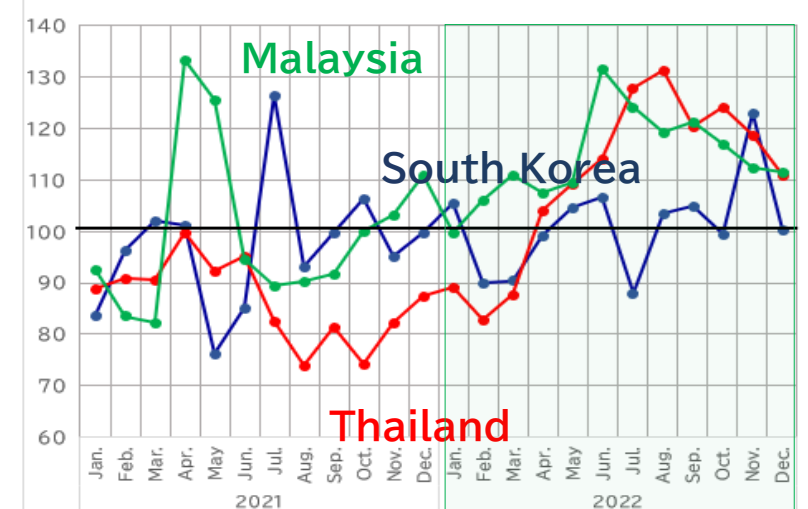
Toothbrushes



Hand soaps



Laundry detergents



Consolidated Financial Results

Sales, income and profit all met forecasts

(Billions of yen)	2022	2021	Y-o-Y change		Deviation from forecast (% deviation)
			Amount	%	
Net sales	389.8	366.2	23.6	6.5 3.4*	14.8 4.0
Core operating income* ¹ % of net sales	23.5 6.0	30.9 8.4	(7.3)	(23.8)	0.5 2.4
Operating profit % of net sales	28.8 7.4	31.1 8.5	(2.3)	(7.5)	1.3 4.9
Profit for the period attributable to owners of the parent	21.9	23.7	(1.8)	(7.7)	1.9 9.7
EPS (Yen)	77.04	81.73	(4.69)	(5.7)	8.25 12.0
EBITDA* ²	39.9	45.1	(5.2)	(11.6)	—
EBITDA margin* ³ (%)	10.2	12.3	—	(2.1PP)	—
ROIC* ⁴ (%)	6.0	8.8	—	(2.8PP)	—
ROE (%)	8.5	9.8	—	(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 as of 2022).

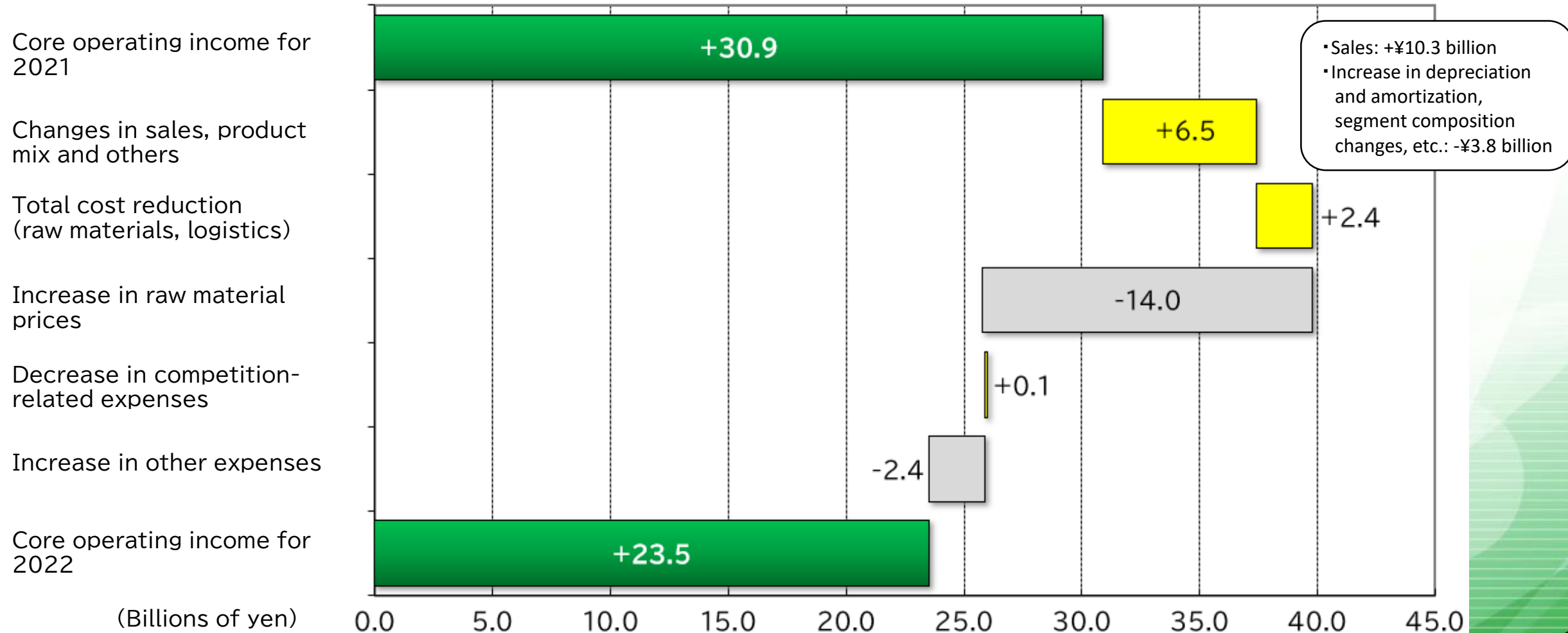
3. EBITDA margin: The ratio of EBITDA to consolidated net sales.

4. ROIC: An indicator that measures the efficiency and profitability of invested equity; calculated as net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period.

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

Year-on-Year Changes in Core Operating Income

The increase in gross profit due to increased sales and total cost reductions helped boost core operating income, but the growing impact of rising raw material prices led to an overall year-on-year decrease



Impact of and Response to Raw Material Markets (Difference from Initial Assumptions)

Implemented Company-wide measures to absorb the impact of rising raw material prices, which was greater than expected at the start of the year

Full-year deviation
from forecast

Increase in raw material prices

-¥8.0 billion

Lion's response and its effects

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

+¥6.0 billion

Additional cost reductions,
cost streamlining

+¥4.1 billion

Segment
composition
changes, etc.

-¥1.6 billion

Total

+¥0.5 billion

Results by Business Segment

Industrial Products saw increases in sales and profit; however, the Consumer Products and Overseas businesses saw increased sales but decreased profit due in part to higher raw material prices

(Billions of yen)	Net sales				Segment profit (Core operating income)		
	2022	2021	Y-o-Y change		2022, %	Y-o-Y change	
			Amount	%		Amount	%
Consumer Products	265.5	257.9	7.6	3.0	11.4	(7.5)	(39.6)
	230.5	229.5	0.9	0.4	4.3		
Industrial Products	58.0	50.4	7.6	15.2	3.1	0.4	15.3
	37.8	34.7	3.0	8.8	5.4		
Overseas	129.3	109.2	20.0	18.4	5.1	(0.8)	(14.8)
	118.0	98.7	19.3	19.6	4.0		
Other	15.3	27.8	(12.4)	(44.8)	1.2	(0.9)	(44.0)
	3.4	3.1	0.2	8.8	7.8		
Adjustment	(78.4)	(79.2)	0.7	—	2.6	1.5	—
	(0.0)	(0.0)	0.0	—	—		
Consolidated Total	389.8	366.2	23.6	6.5	23.5 6.0	(7.3)	(23.8)

* 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 nine months of the previous fiscal year has been restated to reflect this change.

Consumer Products Business Net Sales by Product Category

Oral care and beauty care sales increased, but living care sales decreased due partly to market contraction

In addition, Group internal sales recorded by manufacturing subsidiaries increased

(Billions of yen)	Net sales			
	2022	2021	Y-o-Y change	
			Amount	%
Oral Care	72.2	69.4	2.8	4.2
Beauty Care	26.4	24.7	1.7	7.1
Fabric Care	60.1	60.6	(0.5)	(0.9)
Living Care	23.6	25.1	(1.5)	(6.1)
Pharmaceutical	25.1	25.3	(0.2)	(0.9)
Other	57.8	52.5	5.2	10.1
Total	265.5	257.9	7.6	3.0

Overseas Business Results by Region

In Southeast Asia, despite significantly increased sales in Malaysia, profit decreased due to the rise in raw material costs

Sales and profit in Northeast Asia increased, driven by profit improvement, including in South Korea where sales increased, sales prices rose and cost reductions progressed

(Billions of yen)	Net sales				Core operating income			
	2022	2021	Y-o-Y change		2022	2021	Y-o-Y change	
			Amount	%			Amount	%
Southeast Asia	81.2	68.7	12.4	18.1	2.3	3.7	(1.3)	(37.0)
Northeast Asia	48.0	40.4	7.6	18.9	2.7	2.2	0.5	22.8
Total	129.3	109.2	20.0	18.4	5.1	6.0	(0.8)	(14.8)

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

Southeast Asia: +7.0% (Thailand: +5.9%, Malaysia: +12.1%);

Northeast Asia: +7.2% (China*: +3.3%, South Korea: +17.2%); * Qingdao Lion

Total: +7.1%

- Fiscal 2022 Financial Results
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The top line expanded steadily, and efforts to change gears to accelerate growth made firm progress

Fiscal 2022 results

Net sales: ¥389.8 billion

- +¥14.8 billion (+4.0%) from the forecast
- +¥23.6 billion (+6.5%) YoY
- *Y-o-Y change at constant currency excluding exchange rate fluctuations: +3.4%

Overseas sales ratio: 30.3%

- Fiscal 2021 ratio: 27.0%
- * Sales to external customers

Achievements

- **Domestic oral care**
Sales of new high-value-added-products were strong
- **Malaysia, South Korea**
Sales of laundry detergents were strong, reflecting market recovery
- **Industrial Products**
Sales of electro-conductive carbon and hygiene-related products increased, and efforts to pass along increased raw material costs in highly impacted areas made progress

Challenges

- **China**
Despite expansion in the second half of the year, the growth rate was lower than initially assumed
- **Domestic fabric care, living care**
Decreased sales in mainstay categories due in part to market contraction

Worked to offset and absorb the impact of raw material price increases, which was significantly greater than assumed

Impact of raw material price increases

Soaring prices of crude oil, naphtha, palm oil and other raw materials due to international conditions and the significant depreciation of the yen

Initial assumption	-¥6.0 billion/year
Full-year impact	-¥14.0 billion/year
Difference from assumption	-¥8.0 billion/year

Lion's response

- **Accelerating shift toward high added value**
Ex.: Introduction and development of new CLINICA PRO toothpastes
- **Controlling promotional expenses by reducing special sales, etc.**
Ex.: Reduced special sales of low-end toothpastes
- **Raised wholesale prices in some categories**
- **Cut some competition-related expenses and other costs**

Preparations are under way to create the foundations for future growth

Growth strategy	1st stage initiative	Progress in 2022 (achievements and challenges)
 <p>Accelerate growth in four fields of value creation</p>	<ul style="list-style-type: none"> Secure profit opportunities by evolving existing businesses and creating new businesses in the four fields of value creation Maintain rapid growth in China Enter new countries and areas 	<p>Achievements:</p> <p><u>Launched a new business in the oral health field</u></p> <p><u>Entered Bangladesh</u></p> <p>Challenge: Accelerating growth in China</p>
 <p>Transform our business foundations for growth</p>	<ul style="list-style-type: none"> Accelerate DX (business foundations, operational streamlining) Reinforce and make full use of systems infrastructure Enhance management control Accelerate the implementation of sustainability strategy 	<p>Achievements:</p> <p>Full-scale start of operations at the Sakaide toothpaste factory</p> <p>Launched new core systems (beginning May 2022)</p> <p>Challenge: Making maximum use of large investments</p>
 <p>Generate dynamism to realize innovative change</p>	<ul style="list-style-type: none"> Advance the Lion Professional Fulfillment Reforms Promote diversity & inclusion Expand investment in personnel development and human capital 	<p>Achievement:</p> <p>Established new corporate philosophy (including our purpose and Behavioral Guidelines), promoted awareness</p>

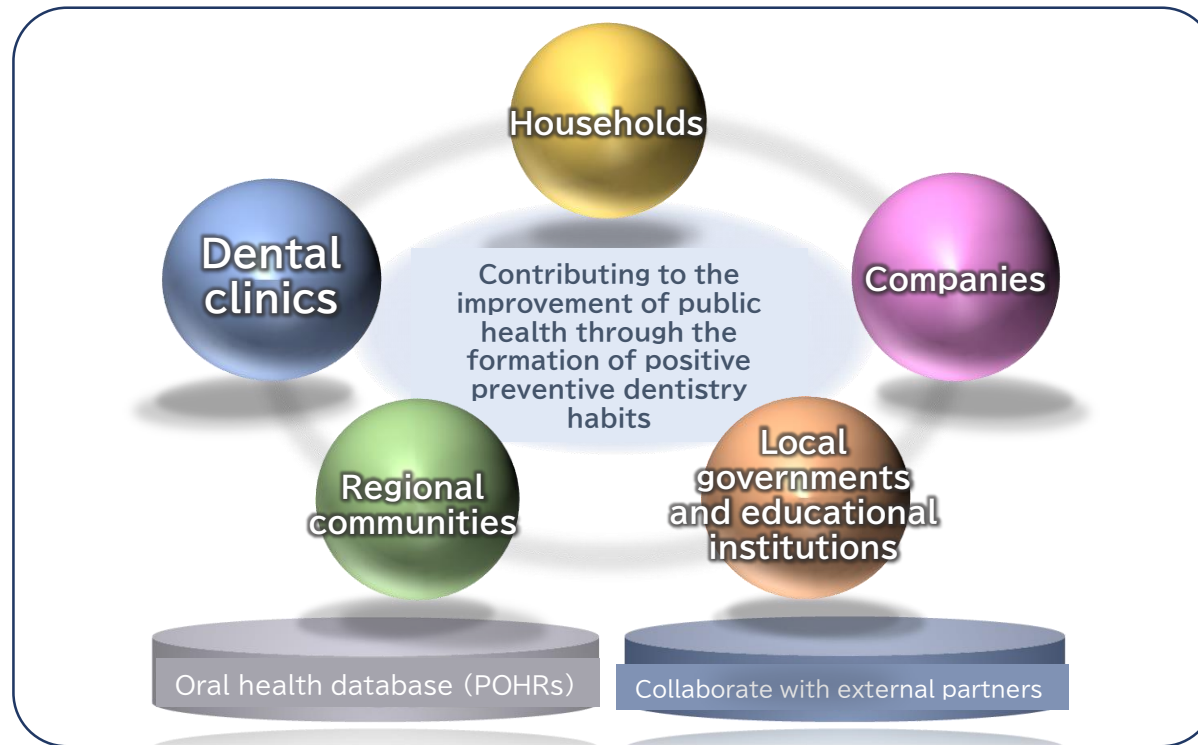
Rolling out new business activities under the Lion Oral Health Initiative

Lion Oral Health Initiative

- ▶An overall name for corporate activities based on our basic approach to oral health (preventive dentistry)
- ▶Aimed at creating positive preventive dentistry habits by connecting all points of contact related to oral health
- ▶Implemented by building an oral health database (using POHR*) and collaborating with external partners

* Database containing information on basic health, living habits, oral condition, tooth brushing habits, etc.

Lion Oral Health Initiative



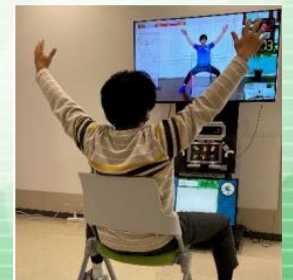
Oral fitness service (ORAL FIT)



Well-being support service for corporate customers (Okuchi Plus You)



Motion training system for nursing care facilities that makes it fun and easy to stick with exercising (TANO-LT)



Progress (2): Entering New Countries and Areas

Established a joint venture company in Bangladesh to expand its presence in Asia

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

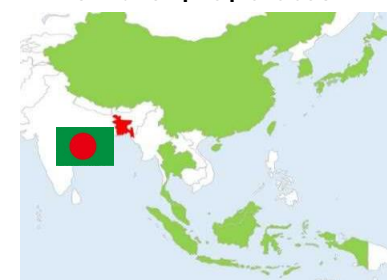
Country	2020 Population (millions of persons)	Per-Capita GDP (US\$)	Annual GDP Growth (%)
Bangladesh	165	1,962	7.2

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

- Fiscal 2022 Financial Results
- Review of Fiscal 2022
- **Key Theme for Fiscal 2023**
- Fiscal 2023 Financial Forecast

Key Theme

Accelerate top line expansion and reform the revenue structure to be resilient to changes in the external environment

Key Measures

- 1 Expand markets by proposing new habits
- 2 Optimize the portfolio
- 3 Accelerate growth in China
- 4 Create the foundations for future growth

(1) Expand Markets by Proposing New Habits

We will accelerate growth through market expansion based on positive habits

What are positive habits?

Habits that create positive experiences and impacts

By changing the minutia that occupy so much of our daily lives into positive habits, we can increase our total happiness

Economic value of positive habits

- Economic value of positive habits estimated to have a +¥80.0 billion impact on the fabric care market



* Clothing washing and finishing agents = the sum of laundry detergents, detergents for delicates, bleaches, fabric softeners, clothing care agents and washing machine tub cleaners
* Target for growth by 2025 based on INTAGE Inc. SRI+ 2020 annual laundry finishing agent sale

New products that offer new habits

- April 2023
- Release of a new fabric softener: SOFLAN Airis
- Transforming the laundry experience something light and positive



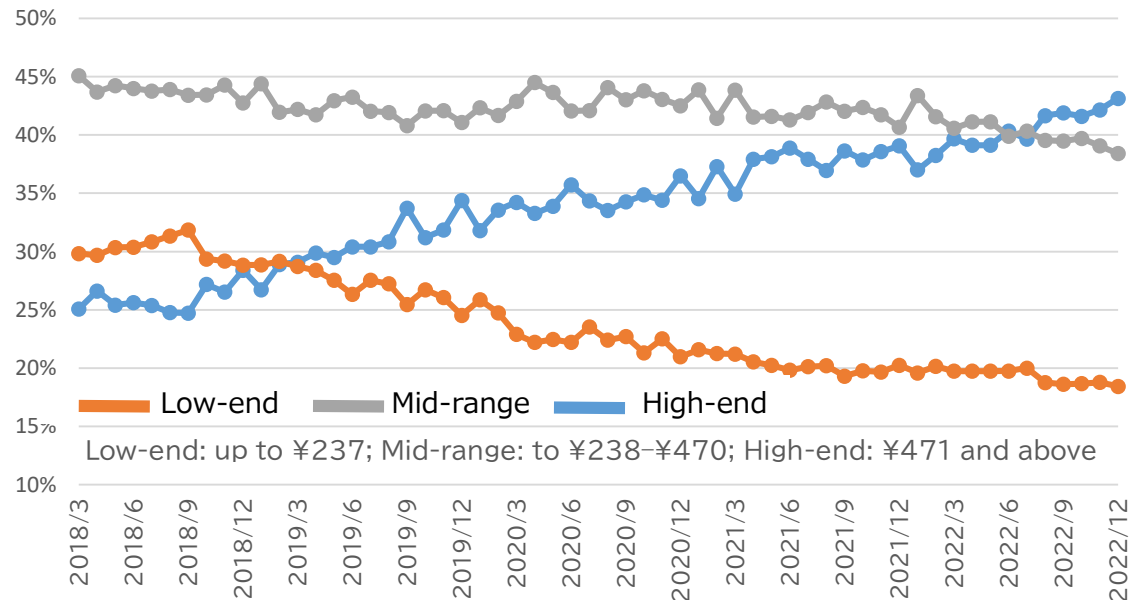
- Additional new product announcements are planned for early June and early December 2023

(2) Optimize the Portfolio (Domestic)

By accelerating the launch and nurturing of high-value-added products,
we will expand markets and increase profitability

Shift toward high-value-added products

Lion toothpaste sales value by price range



Y-o-Y comparison of toothpaste in-store sales value



Source: INTAGE Inc. SRI+

- In oral care, the high-end portion of the product mix is expanding
- In other fields as well, we will focus on nurturing highly profitable products through the targeted allocation of competition-related expenses

(2) Optimize the Portfolio (Overseas)

In Southeast Asia, we aim to increase profitability by reinforcing the personal care field

Business Conditions in Southeast Asia

- We have a strong market position in fabric care, and this field represents a large portion of sales in each country
 - However, fabric care is sensitive to fluctuations in raw material prices
 - By strengthening oral care and other parts of the personal care field,*¹ we aim to bolster profitability
- *¹ Oral care, beauty care, and pharmaceutical products
- * Portion of total sales accounted for by personal care field by country (2022):
Thailand: Approx. 30%; Malaysia: Approx. 20%

Policy going forward

- Personal care field
Consider business expansion through new target development
- Fabric care field
Shift toward higher-value-added products and reduce costs to improve profit



(3) Accelerate growth in China

We aim to accelerate growth by reinforcing e-commerce channels and advancing glocalization strategy

Review of Business in China in 2022

- Despite expansion in the second half, the growth rate fell short of initial expectations
Main factors: Impact on demand and distribution of COVID-19-related government policies, impact of the switch in e-commerce vendors
- However, in-store sales of toothpastes well suited to local needs were strong



Accelerating Growth Going Forward

- Quickly redevelop and utilize the e-commerce customer base
- Reinforce Japanese brands and accelerate local product development to meet the needs of Chinese consumers

Establish an R&D subsidiary in Shanghai (May 2023)

Objectives

- Reinforce the development of oral care products closely tailored to Chinese consumers
- Accelerate product development
⇒ Strengthen competitiveness in China

Name	Lion Innovation Center (Shanghai) Co., Ltd.
Business	R&D
Establishment	May 2023

(4) Create the Foundations for Future Growth

Investing in MERAP to expand business in Vietnam, where market growth is forecast

Business Environment and Opportunities in the Vietnam Market

- Ongoing economic development is expected, reflecting overall population growth and the expansion of those in the middle-income portion
- However, average life expectancy is 74 years, and healthy life expectancy is only 65 years

*Source: WHO The Global Health Observatory (2019)

Aims of the Investment

- Business expansion in the personal care field, where Lion has strengths
- Leveraging Lion's product development capabilities and MERAP's distribution network, we will contribute to create better living habits among more consumers

MERAP's strengths

- Powerful brands in the healthcare field (eyedrops, nasal drops, etc.)
- Nationwide distribution and sales networks



Going forward, we will advance investment in growth to evolve and expand better living habits

Investment to create the foundations for future growth



Continue to enter new countries and areas and advance new business development

- By entering Bangladesh and Vietnam, we have accomplished our target under Vision2030 1st STAGE (enter two new countries or areas)
- Going forward, we will continue to explore opportunities to expand our presence

Large-scale investment in expanding domestic production capacity



Completed for now

- With the construction of the new pharmaceutical product factory on the grounds of the Odawara Plant, most of the planned capital expenditure will be complete
(Plans call for the factory construction to begin in March 2023 and production to start in 2025)

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- **Fiscal 2023 Financial Forecast**

2023 Consolidated Financial Forecast

Planning for year-on-year increases in sales and core operating income

(Billions of yen)	2023	2022	Y-o-Y change	
			Amount	%
Net sales	410.0	389.8	20.1	5.2
Core operating income* ¹ % of net sales	25.0 6.1	23.5 6.0	1.4	6.1
Operating profit % of net sales	25.0 6.1	28.8 7.4	(3.8)	(13.3)
Profit for the period attributable to owners of the parent	17.5	21.9	(4.4)	(20.2)
EPS (Yen)	61.45	77.04	(15.59)	(20.2)
EBITDA* ²	42.0	39.9	2.0	5.1
EBITDA margin (%)* ³	10.2	10.2	—	(0.0PP)
ROIC (%)* ⁴	5.5	6.0	—	(0.5PP)
ROE (%)	6.5	8.5	—	(2.0PP)

- 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).
¥39.9 billion in 2022 (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.

Growth in Consumer Products and Overseas will drive an overall increase in sales

(Billions of yen)	Sales to external customers			
	2023	2022	Y-o-Y change	
			Amount	%
Consumer Products	244.0	230.5	13.4	5.8
Industrial Products	38.0	37.8	0.1	0.4
Overseas	126.0	118.0	7.9	6.7
Other	2.0	3.4	(1.4)	(42.5)
Consolidated Total	410.0	389.8	20.1	5.2

Raw material prices

- Prices peaked in 2022 and are expected to remain lower than in 2022 going forward

Exchange rates

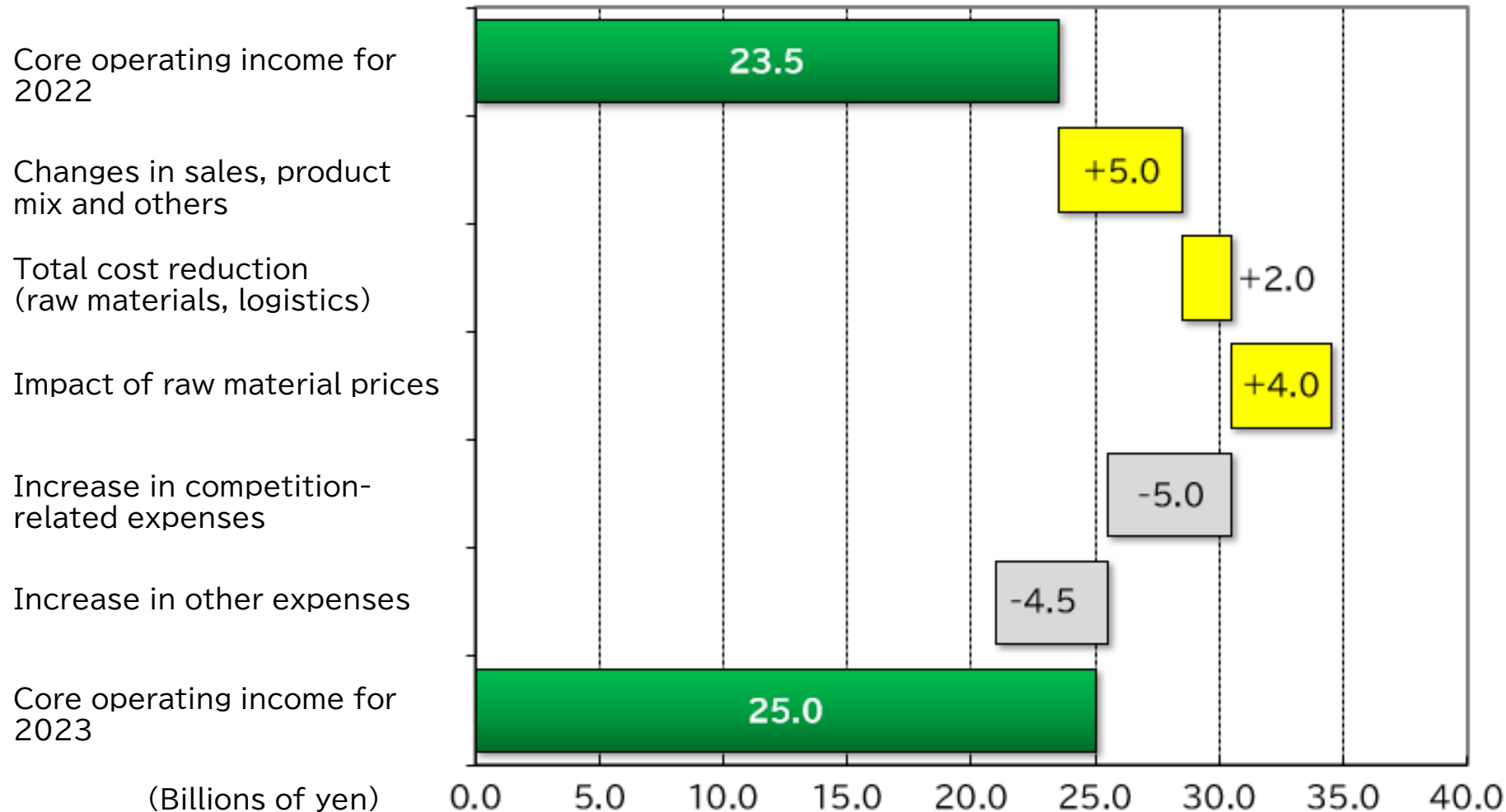
- Volatility may increase due to the monetary policies of various countries and geological risks, but rates over the year are expected to average out largely around current levels

Consumer sentiment

- As inflation continues, consumers will take a defensive stance
- A rise in health consciousness and the return of demand from inbound international tourists are expected to contribute

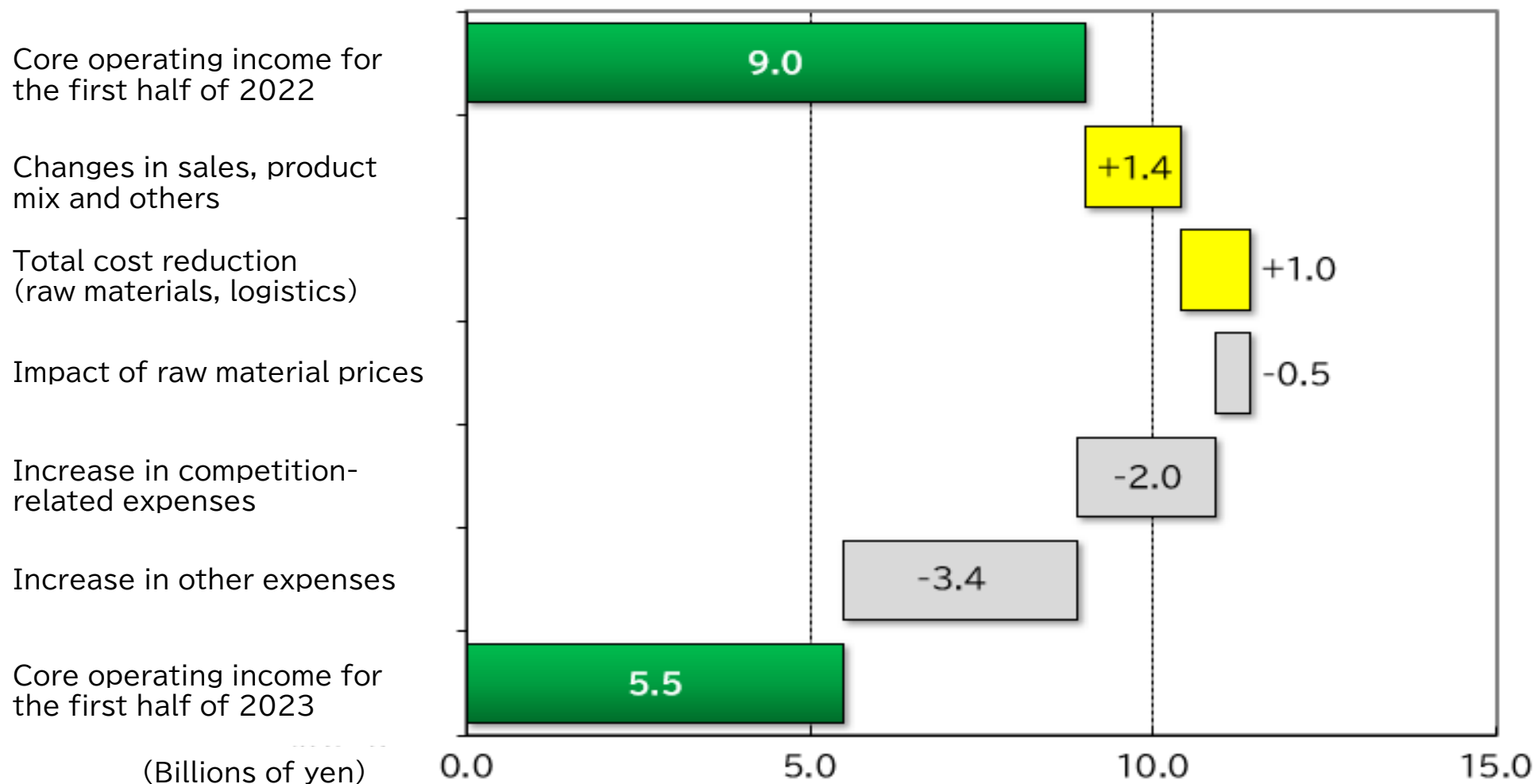
Fiscal 2023 Forecast of Change Factors Affecting Annual Core Operating Income

A rise in gross profit on the back of increased sales and a turnaround in the impact of raw materials prices will lead to a year-on-year increase

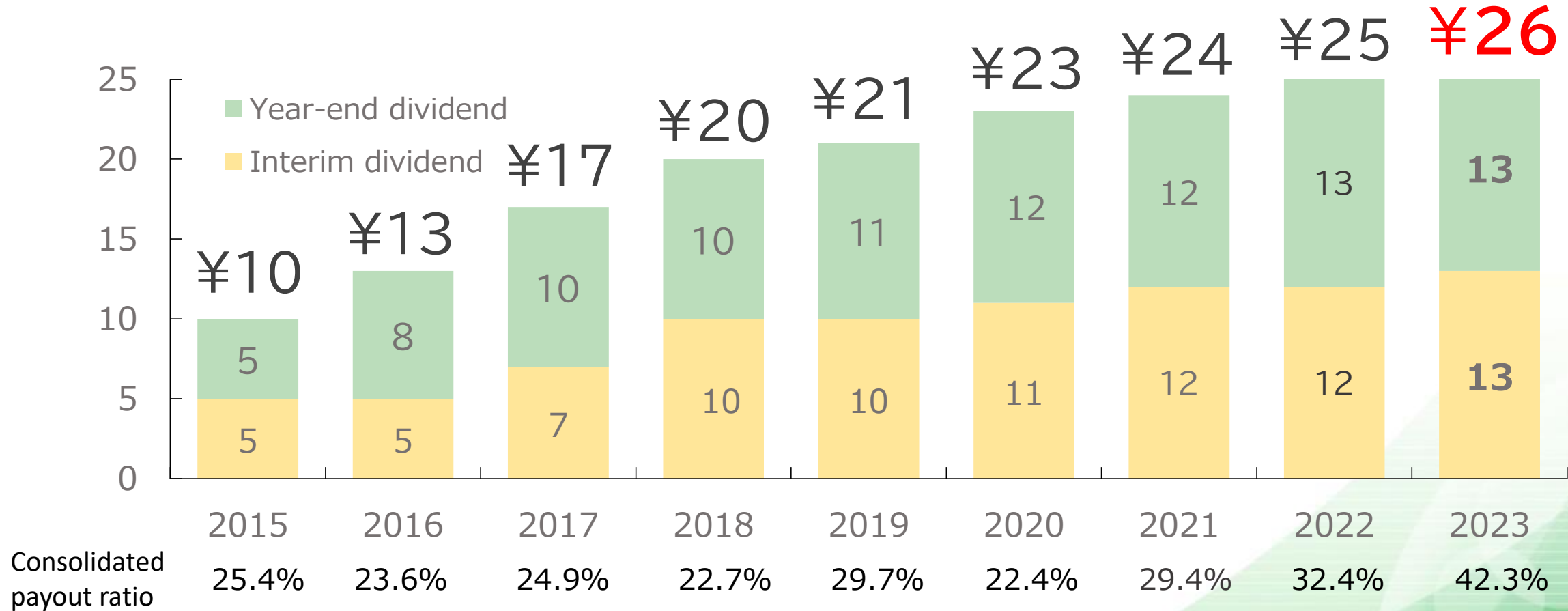


Fiscal 2023 Forecast of Change Factors Affecting Core Operating Income in the First Half

Expenses related to the head office relocation and an increase in competition-related expenses due to major new product launches will lead to a year-on-year decrease in the first half



Aiming to increase annual per-share dividend **¥1** to **¥26**
(eighth consecutive year of increase)



Basic dividend policy

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

Reference Materials

Consolidated Results for October–December 2022

(Billions of yen)	2022 Jan.–Sep.	2022 Oct.–Dec.	Y-o-Y change Oct.–Dec.	
			Amount	%
Net sales	286.1	103.7	5.0	5.2
Core operating income* ¹ % of net sales	17.2 6.0	6.3 6.1	0.8	14.6
Operating profit % of net sales	22.3 7.8	6.4 6.2	0.7	13.1
Profit for the period attributable to owners of the parent	17.1	4.8	0.1	2.1
EPS (Yen)	60.04	17.00	0.73	4.5
EBITDA* ²	28.7	11.1	1.5	16.7

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 October–December 2022

(Billions of yen)	Net sales				Segment income (core operating income)			
	2022 Jan.–Sep.	2022 Oct.–Dec.	Y-o-Y change Oct.–Dec.		2022 Jan.–Sep., %	2022 Oct.–Dec., %	Y-o-Y change Oct.–Dec.	
			Amount	%			Amount	%
Consumer Products	193.0	72.5	1.6	2.3	8.9	2.4	(0.5)	(17.4)
	167.3	63.2	0.5	0.9	4.6	3.4		
Industrial Products	42.3	15.7	2.1	16.2	2.3	0.7	0.4	128.2
	27.6	10.1	0.5	6.1	5.7	4.7		
Overseas	96.2	33.0	5.2	18.8	3.3	1.7	0.5	42.8
	88.1	29.9	4.8	19.3	3.5	5.3		
Other	11.2	4.1	(0.9)	(18.8)	0.8	0.3	(0.0)	(16.1)
	3.0	0.4	(0.8)	(68.0)	7.7	8.1		
Adjustment	(56.7)	(21.7)	(3.0)	–	1.6	1.0	0.4	–
	(0.0)	0.0	0.0	–	–	–		
Consolidated total	286.1	103.7	5.0	5.2	17.2 6.0	6.3 6.1	0.8	14.6

- **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 previous fiscal year used to calculate the above figures has been restated to reflect this change.

Consumer Products Net Sales for October–December 2022

(Billions of yen)	Total net sales			
	2022 Jan.–Sep.	2022 Oct.–Dec.	Y-o-Y change Oct.–Dec.	
			Amount	%
Oral care	52.0	20.2	0.7	3.7
Beauty care	19.8	6.6	0.4	7.3
Fabric care	43.9	16.1	(0.4)	(2.7)
Living care	17.0	6.5	(0.2)	(4.1)
Pharmaceuticals	17.9	7.2	0.3	4.8
Other	42.2	15.6	0.8	5.9
Total	193.0	72.5	1.6	2.3

Consolidated Statement of Income

(Billions of yen)	2022	2021	Y-o-Y change	
			Amount	%
Net sales	389.8	366.2	23.6	6.5
Cost of sales	215.2	187.1	28.1	15.0
Gross profit	174.6	179.1	(4.4)	(2.5)
Selling, general and administrative expenses	151.0	148.1	2.8	1.9
Core operating income	23.5	30.9	(7.3)	(23.8)
Other income	6.7	1.2	5.5	457.6
Other expenses	1.4	0.9	0.5	52.5
Operating profit	28.8	31.1	(2.3)	(7.5)
Finance income	0.8	0.8	(0.0)	(1.7)
Finance costs	0.1	0.1	0.0	31.6
Share of profit of investments accounted for using the equity method	1.8	2.2	(0.4)	(18.2)
Profit before tax	31.2	34.0	(2.7)	(8.2)
Income taxes	8.1	8.6	(0.4)	(5.5)
Profit for the period	23.1	25.4	(2.3)	(9.1)
Profit for the period attributable to non- controlling interests	1.1	1.6	(0.5)	(29.9)
Profit for the period attributable to owners of the parent	21.9	23.7	(1.8)	(7.7)

Selling, General and Administrative Expenses

(Billions of yen)		2022		2021		Y-o-Y change	
		Amount	% of sales	Amount	% of sales	Amount	%
Selling, general and administrative expenses		151.0	38.7	148.1	40.5	2.8	1.9
	Sales commissions	10.2	2.6	9.8	2.7	0.3	3.8
	Promotional expenses	31.7	8.2	28.4	7.8	3.3	11.7
	Advertising expenses	21.1	5.4	24.9	6.8	(3.7)	(15.1)
	Transportation and warehousing expenses	20.7	5.3	20.1	5.5	0.5	2.8
	R&D expenses	11.0	2.8	11.1	3.1	(0.1)	(0.9)
	Other expenses	56.0	14.4	53.5	14.6	2.4	4.6

Consolidated Statement of Financial Position

(Billions of yen)		2022	2021	Change
Current assets		237.6	232.1	5.5
	Cash and cash equivalents	101.0	97.2	3.8
	Trade and other receivables	71.2	70.1	1.1
	Inventories	53.9	51.7	2.1
Non-current assets		231.5	195.8	35.7
	Property, plant and equipment	130.1	120.6	9.4
	Intangible assets	23.9	23.9	(0.0)
	Right-of-use assets	31.5	5.4	26.1
	Other financial assets	22.8	21.8	1.0
Total assets		469.2	428.0	41.2

Consolidated Statement of Financial Position

(Billions of yen)		2022	2021	Change
Current liabilities		141.5	139.2	2.3
	Trade and other payables	126.0	123.1	2.8
	Lease liabilities	1.7	1.4	0.2
	Other current liabilities	7.0	8.1	(1.1)
Non-current liabilities		48.5	23.7	24.7
	Retirement benefit liabilities	10.4	12.6	(2.2)
	Lease liabilities	28.8	5.0	23.7
Equity		279.1	265.0	14.1
	Share capital	34.4	34.4	—
	Capital surplus	31.0	35.1	(4.1)
	Treasury stock	(8.0)	(4.7)	(3.3)
	Other components of equity	13.9	9.3	4.6
	Retained earnings	192.8	177.3	15.4
Total liabilities and equity		469.2	428.0	41.2

Consolidated Statement of Cash Flows

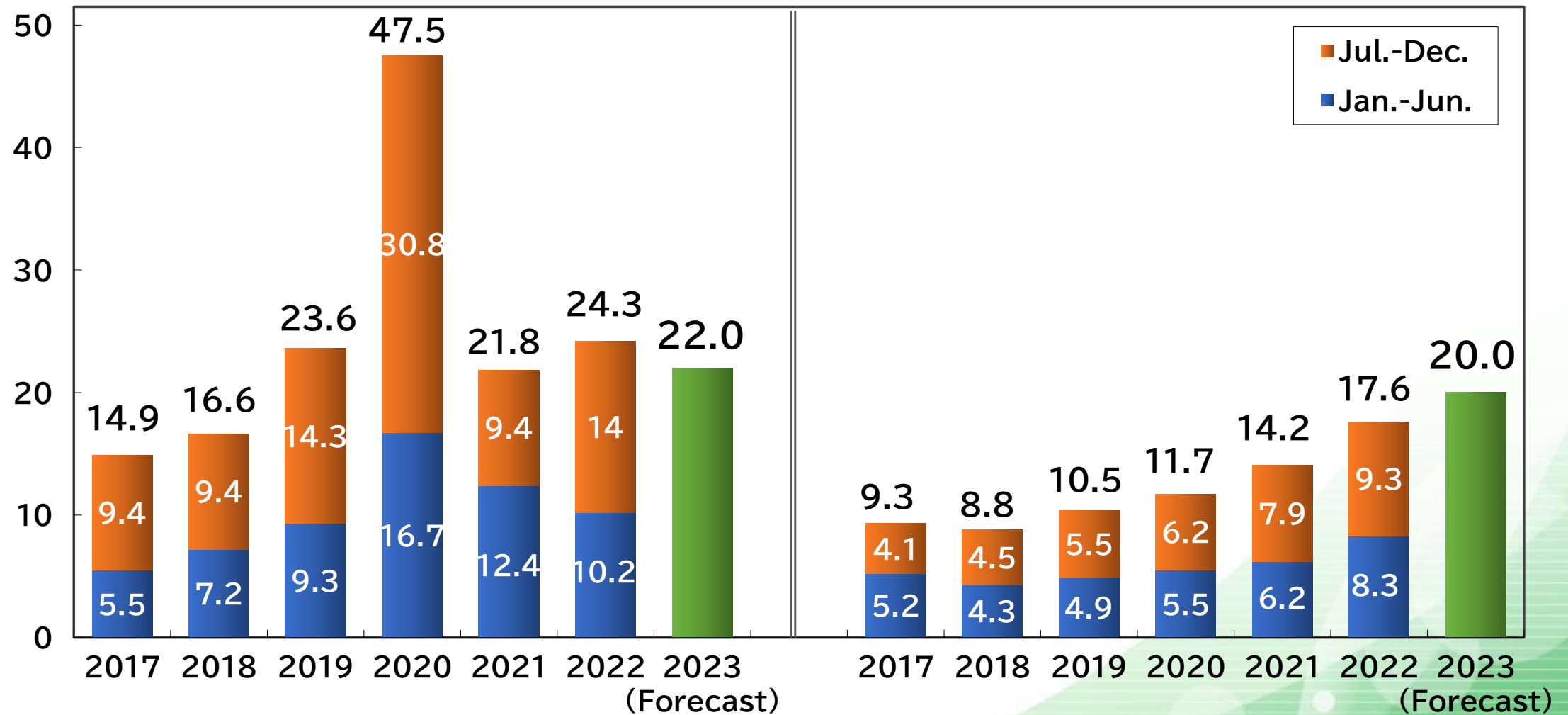
(Billions of yen)	2022	2021	Change
Cash flows from operating activities	41.9	19.2	22.6
Cash flows from investing activities	(19.5)	(34.1)	14.6
Cash flows from financing activities	(19.8)	(10.2)	(9.5)
Effect of exchange rate changes on cash and cash equivalents	1.2	0.8	0.4
Net increase (decrease) in cash and cash equivalents	3.8	(24.2)	28.1
Cash and cash equivalents at beginning of period	97.2	121.5	(24.2)
Cash and cash equivalents at end of period	101.0	97.2	3.8

Capital Expenditures and Depreciation and Amortization

(Billions of yen)

Capital Expenditures

Depreciation and Amortization



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

2023 Consolidated Financial Forecast

(Billions of yen)	2023	2022	Y-o-Y change		Jan.-Jun. 2023	Jan.-Jun. 2022	Y-o-Y change	
			Amount	%			Amount	%
Net sales	410.0	389.8	20.1	5.2	190.0	185.1	4.8	2.6
Core operating income % of net sales	25.0 6.1	23.5 6.0	1.4	6.1	5.5 2.9	9.0 4.9	(3.5)	(39.5)
Operating profit % of net sales	25.0 6.1	28.8 7.4	(3.8)	(13.3)	5.5 2.9	14.2 7.7	(8.7)	(61.5)
Profit for the period attributable to owners of the parent % of net sales	17.5 4.3	21.9 5.6	(4.4)	(20.2)	4.0 2.1	11.0 6.0	(7.0)	(63.8)
EPS (Yen)	61.45	77.04	(15.59)	(20.2)	14.05	38.75	(24.70)	(63.7)

2023 Sales to External Customers Forecast

(Billions of yen)	2023	2022	Y-o-Y change		Jan.-Jun. 2023	Jan.-Jun. 2022	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	244.0	230.5	13.4	5.8	110.0	108.5	1.4	1.4
Industrial Products	38.0	37.8	0.1	0.4	19.0	18.2	0.7	3.9
Overseas	126.0	118.0	7.9	6.7	60.0	55.6	4.3	7.8
Others	2.0	3.4	(1.4)	(42.5)	1.0	2.9	(1.9)	(65.8)
Consolidated Total	410.0	389.8	20.1	5.2	190.0	185.1	4.8	2.6

Impact on income

(Billions of yen)	Assumptions at start of year
Sales, product mix and others	+5.0
Total cost reduction (raw materials, logistics, etc.)	+2.0
Raw material prices	+4.0
Competition-related expenses	(5.0)
Other expenses	(4.5)
Total	+1.5

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	2022
Sales value	99	102	102	112	95	101
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	2022
Sales value	103	102	105	108	102	101
Unit sales	101	100	102	101	96	96
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	2022
Sales value	103	102	100	93	103	104
Unit sales	101	101	99	89	101	102
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	2022
Sales value	103	104	104	102	110	101
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

Raw Material Prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2023 forecasts	75.0\$/BBL	JPY60,000/KL	3,800RM/ton

Exchange Rates

	U.S. Dollar	Thai Baht
2023 forecasts	JPY128.0	JPY3.80

Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2022 actual	97\$/BBL	JPY73,925/KL	5,116RM/ton

	U.S. Dollar	Thai Baht
2022 actual	JPY132	JPY3.74



The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

- * The Lion Group applies the International Financial Reporting Standards (IFRS).
- * Monetary amounts herein are truncated after the last digit shown.