Financial Results for the First Quarter Ended March 31, 2024

Lion Corporation

May 8, 2024

Contents

- Consolidated Financial Results for the First Quarter of 2024
- Fiscal 2024 Financial Forecast

Contents

- Consolidated Financial Results for the First Quarter of 2024
- Fiscal 2024 Financial Forecast

Consolidated Performance Overview

First quarter sales and profits increased in line with plans

Net sales (up Y-o-Y)

- Consumer Products saw growth in oral care and pharmaceutical products, but overall sales declined
- Overseas sales increased significantly in every key country

Core operating income (up Y-o-Y)

- Increased due to higher sales and total cost reductions, etc.

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

- Significantly increased profits due to higher core operating income and capital gains on the sale of some brands

Consolidated Financial Results

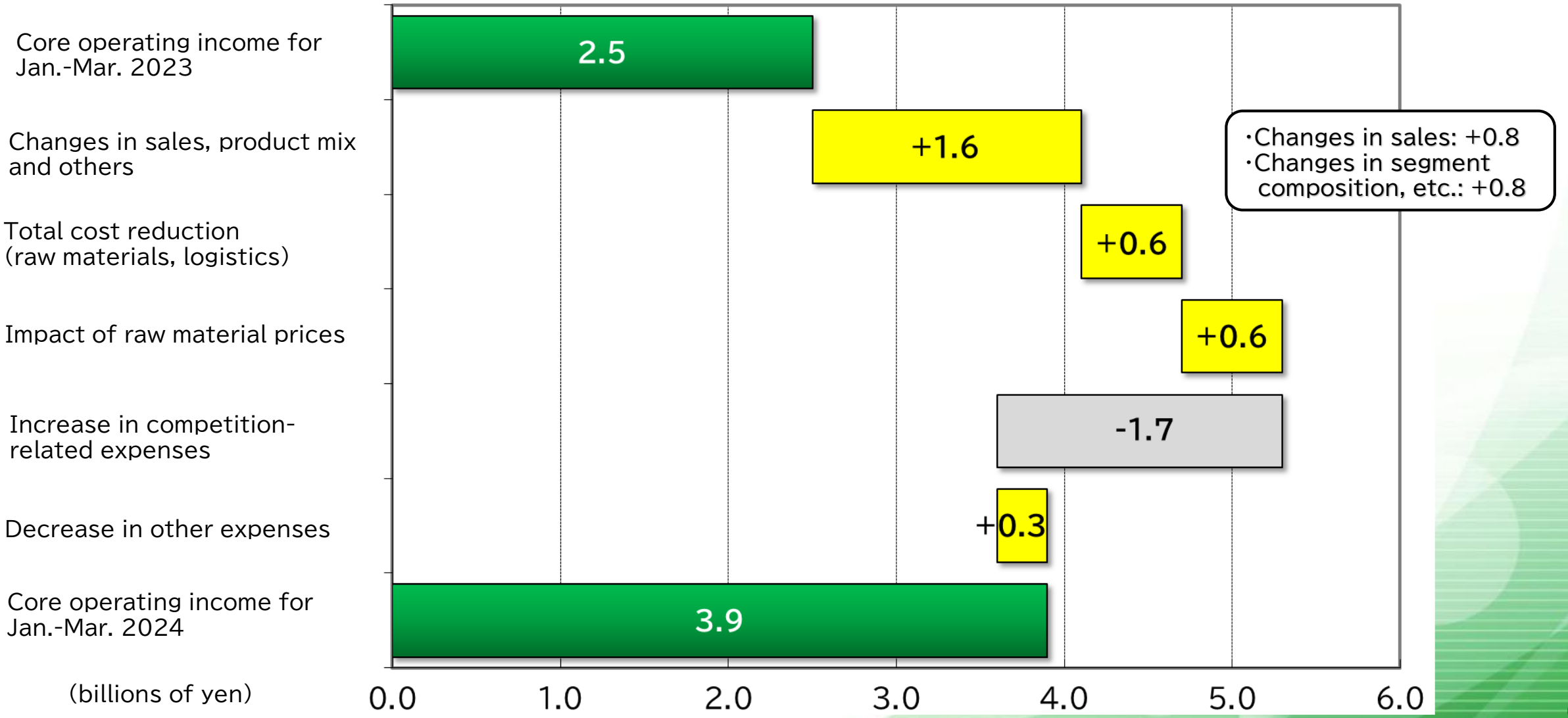
Increased year-on-year net sales and profits

(Billions of yen)	Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change*	
			Amount	%
Net sales	92.9	90.8	2.1	2.3 (0.2)*
Core operating income*1 % of net sales	3.9 4.3	2.5 2.8	1.4	59.6
Operating profit % of net sales	4.8 5.3	2.3 2.6	2.5	107.2
Profit for the period attributable to owners of the parent	3.5	1.5	1.9	124.9
EPS (Yen)	12.72	5.55	7.17	129.2
EBITDA*2	8.6	6.8	1.7	25.8
EBITDA margin (%)*3	9.3	7.5	—	1.8PP

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

Increased due to higher sales and total cost reductions, etc.



Towards 2nd STAGE:
Challenges in Consumer Products and Overseas Business

life.love. LION

Consumer Products

Reform revenue structure

- **Portfolio reforms**
  - ・Clarify separation of business fields
  - ・Shift to high value-added products
  - ・Execute upward price revisions
  - ・Reduce SKU
  - ・Streamline competition-related expenses
- **Business structure reforms**
  - ・Reduce inventories
  - ・Improve productivity
  - ・Streamline indirect operations and costs

Overseas Business

Strengthen growth measures

- **Accelerated growth in existing countries and regions**
  - ・Maintain high growth in the Chinese business
  - ・Strengthen our operations in the personal care field
- **Strengthening and expansion of operations in new countries and regions**
  - ・Launch full-scale operations in new countries
  - ・Explore new opportunities

Results by Business Segment for the First Quarter of 2024

life. love. LION

In Consumer Products, sales decreased but profits increased, and both increased overseas

(Billions of yen)	Net sales				Core operating income			
	Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change		Jan.–Mar. 2024, %	Jan.–Mar. 2023, %	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	57.8	60.0	(2.1)	(3.6)	2.2	1.0	1.1	111.7
	47.9	50.3	(2.3)	(4.7)	3.9	1.8		
Industrial Products	13.0	14.7	(1.6)	(11.3)	0.7	1.0	(0.2)	(22.5)
	8.6	9.0	(0.3)	(4.3)	6.0	6.9		
Overseas	39.7	34.2	5.4	16.0	2.2	1.5	0.6	40.8
	35.8	30.9	4.9	16.0	5.6	4.6		
Other	3.8	5.7	(1.9)	(34.0)	0.1	0.4	(0.2)	(60.8)
	0.3	0.4	(0.1)	(20.8)	4.4	7.3		
Adjustment	(21.5)	(23.9)	2.4	—	(1.3)	(1.5)	0.1	—
	—	—	—	—				
Consolidated Total	92.9	90.8	2.1	2.3	3.9	2.5	1.4	59.6
					4.3	2.8		

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

Consumer Products Business Net Sales by Product Category

Oral care and pharmaceutical product sales increased, but fabric care and living care sales decreased
Other sales decreased due to the termination of the foods with function claims business

(Billions of yen)	Net sales			
	Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change	
			Amount	%
Oral Care	15.6	15.4	0.2	1.7
Beauty Care	5.3	5.4	(0.1)	(2.3)
Fabric Care	12.9	13.8	(0.9)	(6.9)
Living Care	4.3	4.9	(0.6)	(12.2)
Pharmaceutical	5.6	5.5	0.0	1.4
Other	13.9	14.7	(0.7)	(5.4)
Total	57.8	60.0	(2.1)	(3.6)

Overseas Business Results by Region

Top lines performed favorably in key countries, with operations in both Southeast and South Asia and Northeast Asia seeing increased sales and profits

(Billions of yen)	Net sales					Core operating income			
	Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change			Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change	
			Amount	%	Real rate (%)			Amount	%
Southeast and South Asia	24.0	20.8	3.1	15.0	8.4	1.4	0.8	0.5	64.9
Northeast Asia	15.7	13.3	2.3	17.6	9.2	0.7	0.6	0.0	10.3
Total	39.7	34.2	5.4	16.0	8.7	2.2	1.5	0.6	40.8

* Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations

Overseas Business: Status of business in Key Countries

(Billions of yen)	External net sales*1					Personal care field*2	
	Jan.–Mar. 2024	Change (amount)	Change (%)	Y-o-Y change*4 (%)	Comments	Year-on-year change (%)	Ratio to consolidated sales (%)
Thailand	14.6	1.6	12.3	5.6	Sales growth in major product categories, such as laundry detergents and body washes	14.1	31.1
Malaysia	5.3	1.0	25.7	21.1	Strengthening store-front marketing measures was successful, especially for mainstay laundry detergents	26.1	24.8
China*3	6.4	1.3	25.3	17.3	Offline, stores stocking Lion *White&White* toothpaste continued to increase	10.9	89.2
South Korea	4.8	0.4	10.3	2.6	Sales of eye drops and cooling sheets for feet as well as mainstay laundry detergents are also growing	7.8	30.5

Notes 1. External sales: Total sales, excluding internal sales within and among segments
2. Personal care net sales: Total net sales from the oral care, beauty care and pharmaceutical product fields (calculated based on Lion shipment amounts; year-on-year change rate excludes the effects of exchange rate fluctuations)
3. Qingdao Lion
4. Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations

Contents

Consolidated Financial Results for the First Quarter of 2024

Fiscal 2024 Financial Forecast

2024 Consolidated Financial Forecast

No change from announcement at the beginning of the year

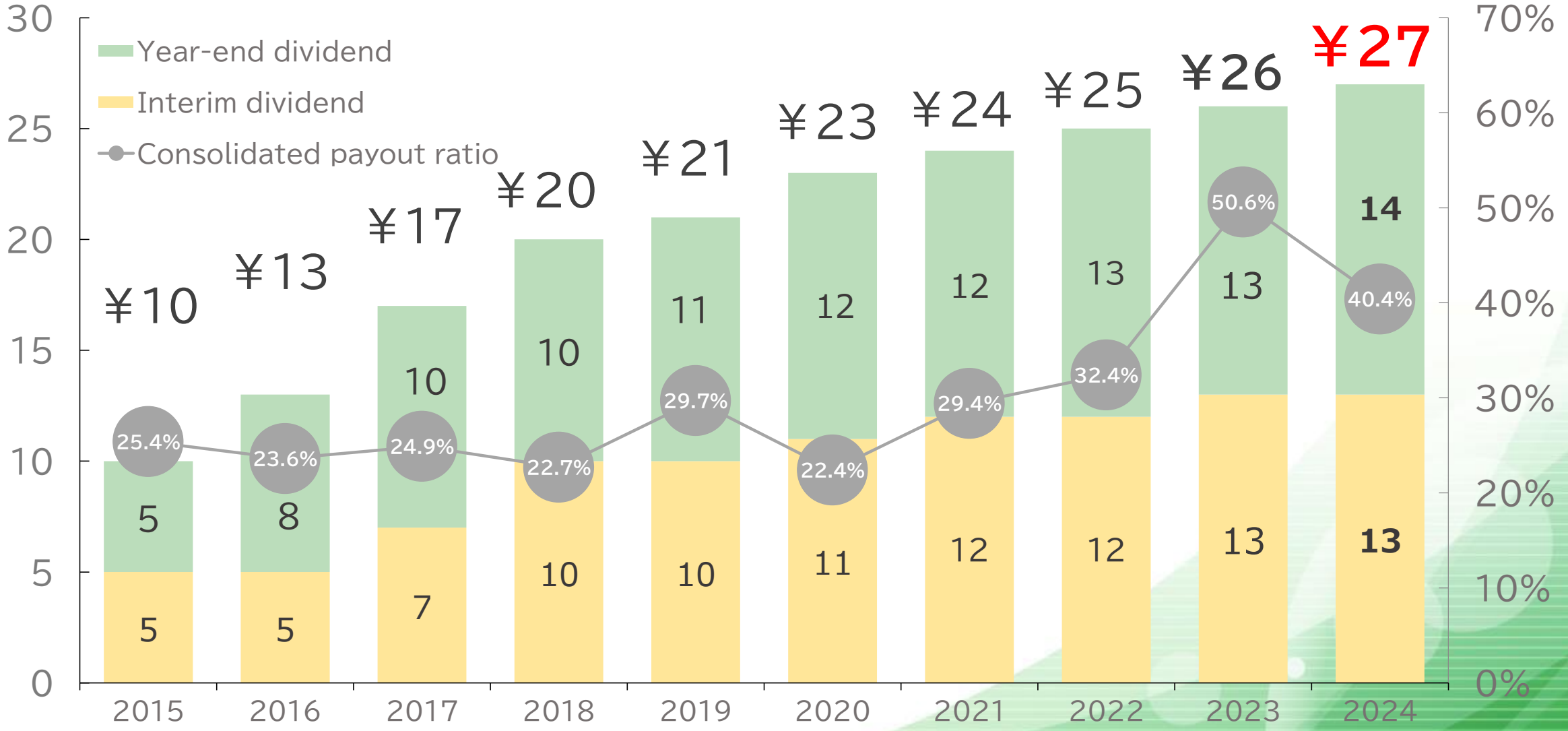
(Billions of yen)	2024	2023	Y-o-Y change	
			Amount	%
Net sales	410.0	402.7	7.2	1.8
Core operating income*1 % of net sales	23.0 5.6	20.1 5.0	2.8	14.2
Operating profit % of net sales	27.0 6.6	20.5 5.1	6.4	31.7
Profit for the period attributable to owners of the parent	19.0	14.6	4.3	29.9
EPS (Yen)	66.81	51.42	15.39	29.9
EBITDA*2	41.0	38.0	2.9	7.9
EBITDA margin (%)*3	10.0	9.4	—	0.6PP
ROIC (%)*4	5.0	4.7	—	0.3PP
ROE (%)	7.0	5.4	—	1.6PP

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 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.

Trends in Shareholder Dividends

life. love. LION

Lion plans to pay a total annual dividend of ¥27 per share, the 9th consecutive year of increased dividends (consolidated dividend payout ratio of 40.4%)



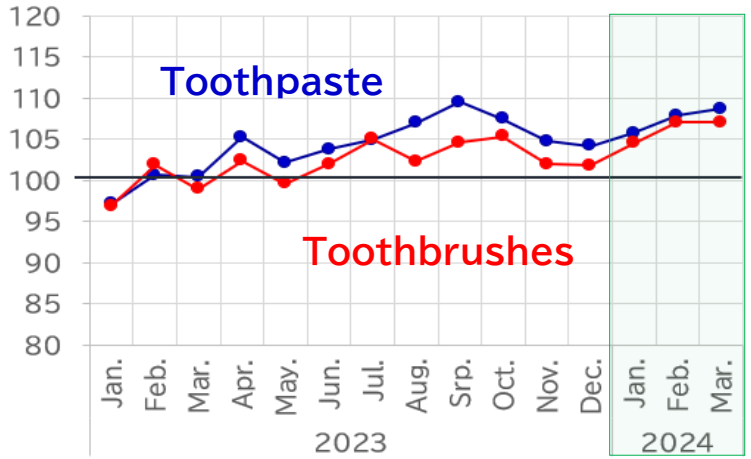
Reference Materials

Market Trends—Major Product Categories in Japan

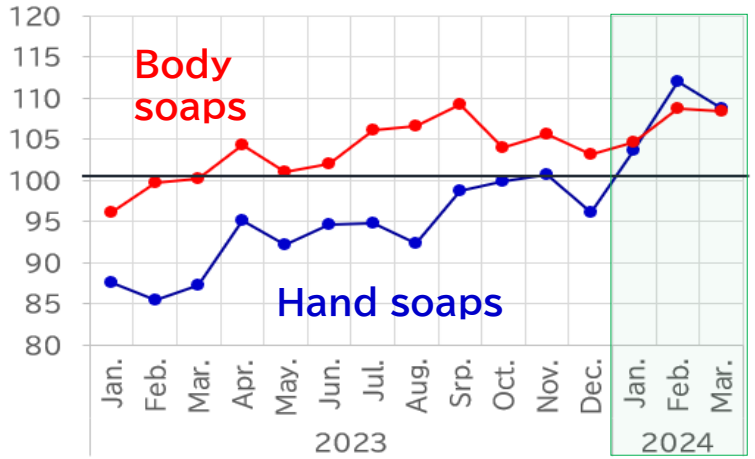
Y-o-Y comparison of consumer product markets in Japan by in-store sales value (%)

Source: INTAGE Inc. SRI+
This data was updated in December 2023, with data for prior periods revised accordingly

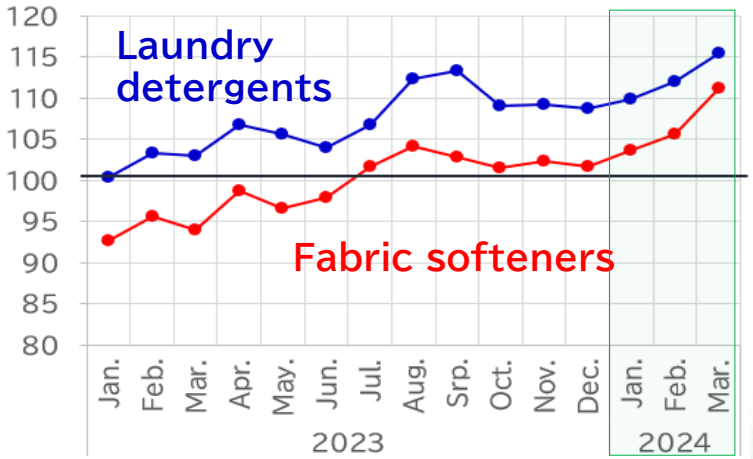
Oral Care



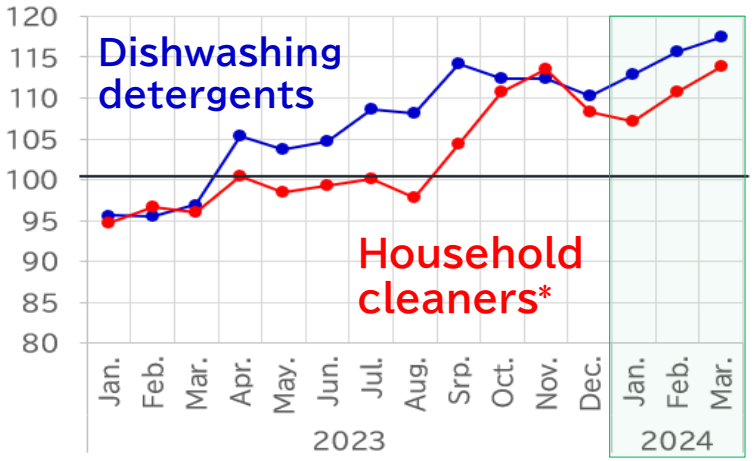
Beauty Care



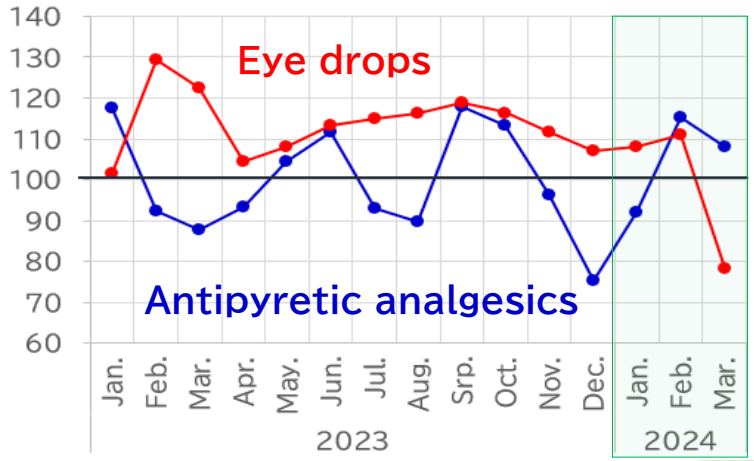
Fabric Care



Living Care



Pharmaceutical



Comparison of major categories from January to March 2024 (%)

Category	Vs. '23	Vs. '22	Vs. '21
Toothpaste	107	107	110
Toothbrushes	106	105	107
Hand soaps	108	94	88
Laundry detergents	113	115	119
Fabric softeners	107	100	104
Dishwashing detergents	115	111	112
Household cleaners	111	106	111
Antipyretic analgesics	104	103	128

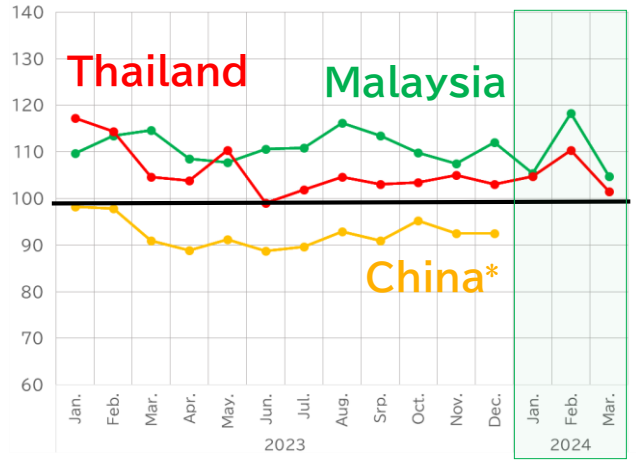
* Household cleaners refers to the sum of figures for bath detergents and toilet cleaners

Market Trends—Major Product Categories Overseas

Y-o-Y comparison of consumer product markets in Overseas by in-store sales value (%)

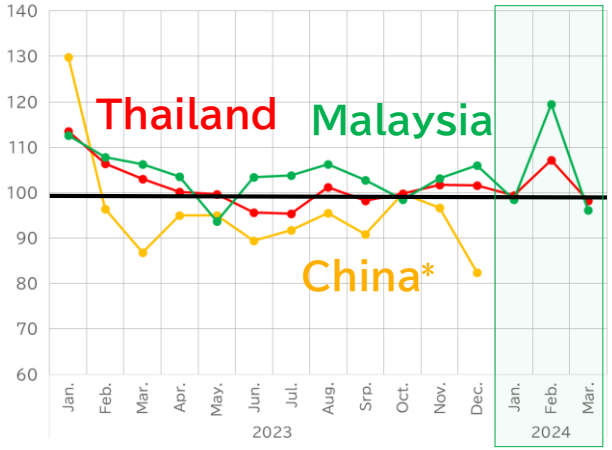
出典:Nielsen

Toothpaste



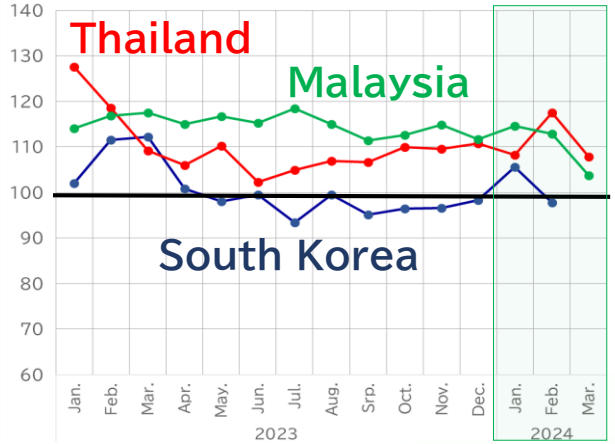
＊For China, data from January to December 2023 is published

Toothbrushes



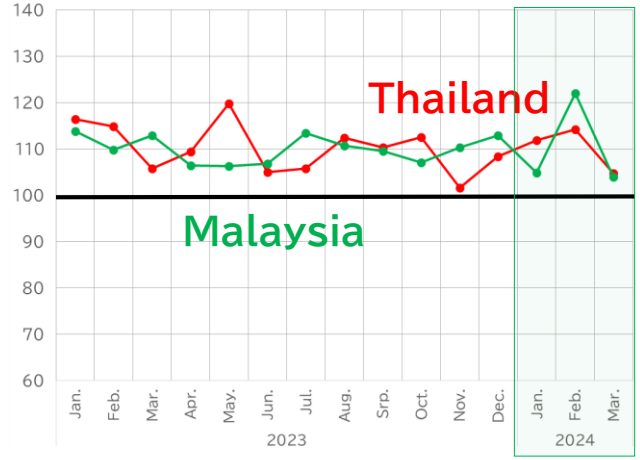
＊For China, data from January to December 2023 is published

Laundry detergents

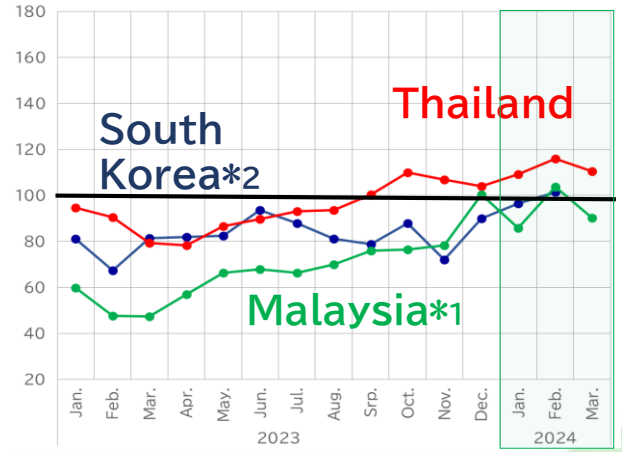


＊For South Korea, data from January 2023 to February 2024 is published

Body soaps



Hand soaps



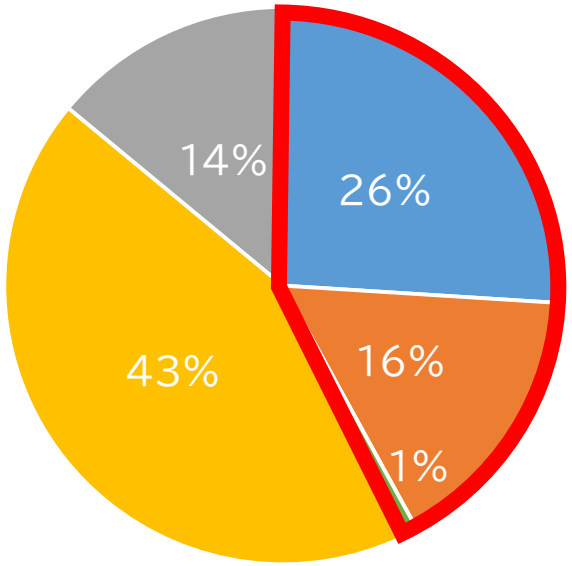
Comparison of major categories from January to March 2024 (%) (compared to 2023)

Category	Thailand	Malaysia
Toothpaste	105	109
Toothbrushes	101	104
Laundry detergents	111	110
Body soaps	110	109
Hand soaps	112	93

Notes 1. Figures for Malaysia represent the entire soap market, including the hand soap market.
2. For South Korea, data from January 2023 to February 2024 is published

Overseas Business
Share of total net sales*1 by segment

Overseas Business total

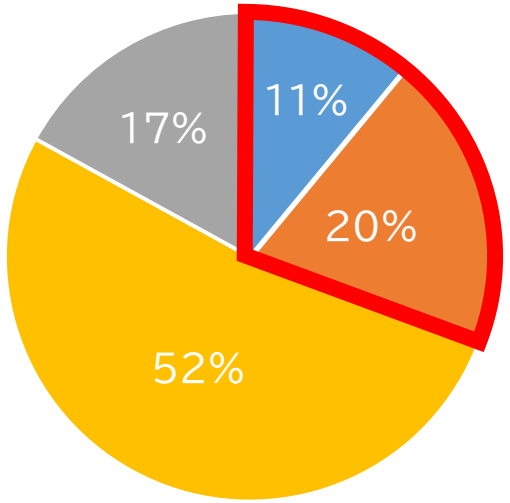


- Oral care
- Beauty care
- Pharmaceutical products

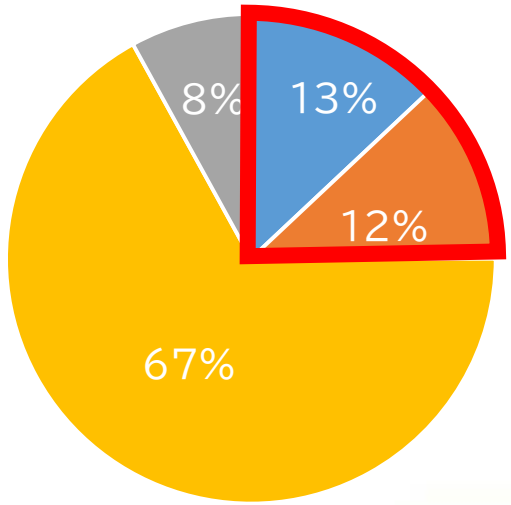
Personal care field

- Home care*3
- Export and others

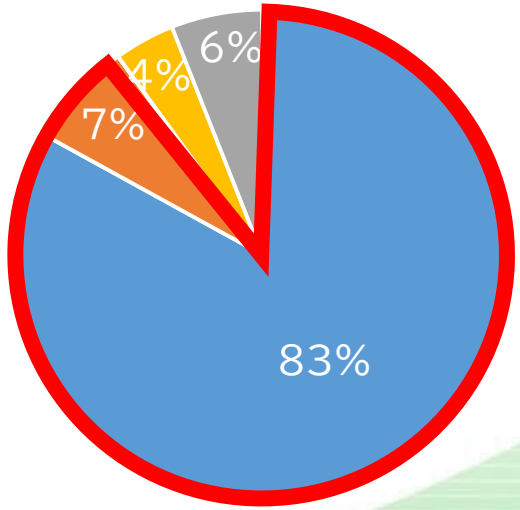
Thailand



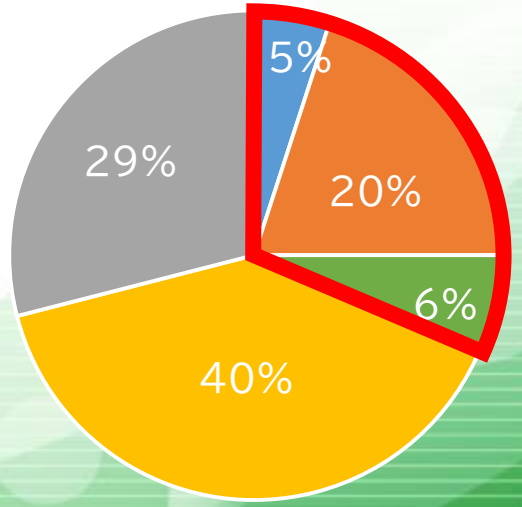
Malaysia



China*2



South Korea



Notes 1. Based on Lion shipment amounts(Jan.–Mar. 2024)

2. Qingdao Lion

3. Fabric care and living care

Consolidated Statement of Income

(Billions of yen)	Jan.–Mar. 2024	Jan.–Mar. 2023	Y-o-Y change	
			Amount	%
Net sales	92.9	90.8	2.1	2.3
Cost of sales	50.7	51.6	(0.8)	(1.7)
Gross profit	42.2	39.2	2.9	7.6
Selling, general and administrative expenses	38.2	36.7	1.4	4.1
Core operating income	3.9	2.5	1.4	59.6
Other income	1.1	0.3	0.8	257.1
Other expenses	0.2	0.4	(0.2)	(46.6)
Operating profit	4.8	2.3	2.5	107.2
Finance income	0.4	0.1	0.2	191.0
Finance costs	0.2	0.2	(0.0)	(18.4)
Share of profit of investments accounted for using the equity method	0.7	0.4	0.3	76.8
Profit before tax	5.8	2.6	3.1	120.2
Income taxes	1.6	0.7	0.8	110.9
Profit for the period	4.1	1.8	2.3	124.0
Profit for the period attributable to non-controlling interests	0.6	0.2	0.3	119.5
Profit for the period attributable to owners of the parent	3.5	1.5	1.9	124.9

Selling, General and Administrative Expenses

(Billions of yen)	Jan.–Mar. 2024		Jan.–Mar. 2023		Y-o-Y change	
	Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses	38.2	41.1	36.7	40.4	1.4	4.1
Sales commissions	1.2	1.4	2.1	2.4	(0.9)	(41.7)
Promotional expenses	10.5	11.3	7.6	8.4	2.8	37.9
Advertising expenses	4.5	4.9	4.7	5.3	(0.2)	(5.6)
Transportation and warehousing expenses	5.2	5.7	5.0	5.5	0.2	4.2
R&D expenses	2.5	2.7	2.5	2.8	(0.0)	(2.2)
Other expenses	14.1	15.2	14.5	16.0	(0.3)	(2.5)

Consolidated Statement of Financial Position

(Billions of yen)		March 31, 2024	December 31, 2023	Change
Current assets		210.6	232.2	(21.6)
	Cash and cash equivalents	61.7	85.5	(23.7)
	Trade and other receivables	69.6	75.2	(5.5)
	Inventories	61.9	56.0	5.8
Non-current assets		252.2	254.0	(1.8)
	Property, plant and equipment	137.3	140.6	(3.3)
	Intangible assets	22.3	22.7	(0.3)
	Right-of-use assets	31.0	31.3	(0.2)
	Other financial assets	26.2	25.4	0.7
Total assets		462.9	486.3	(23.4)

Consolidated Statement of Financial Position

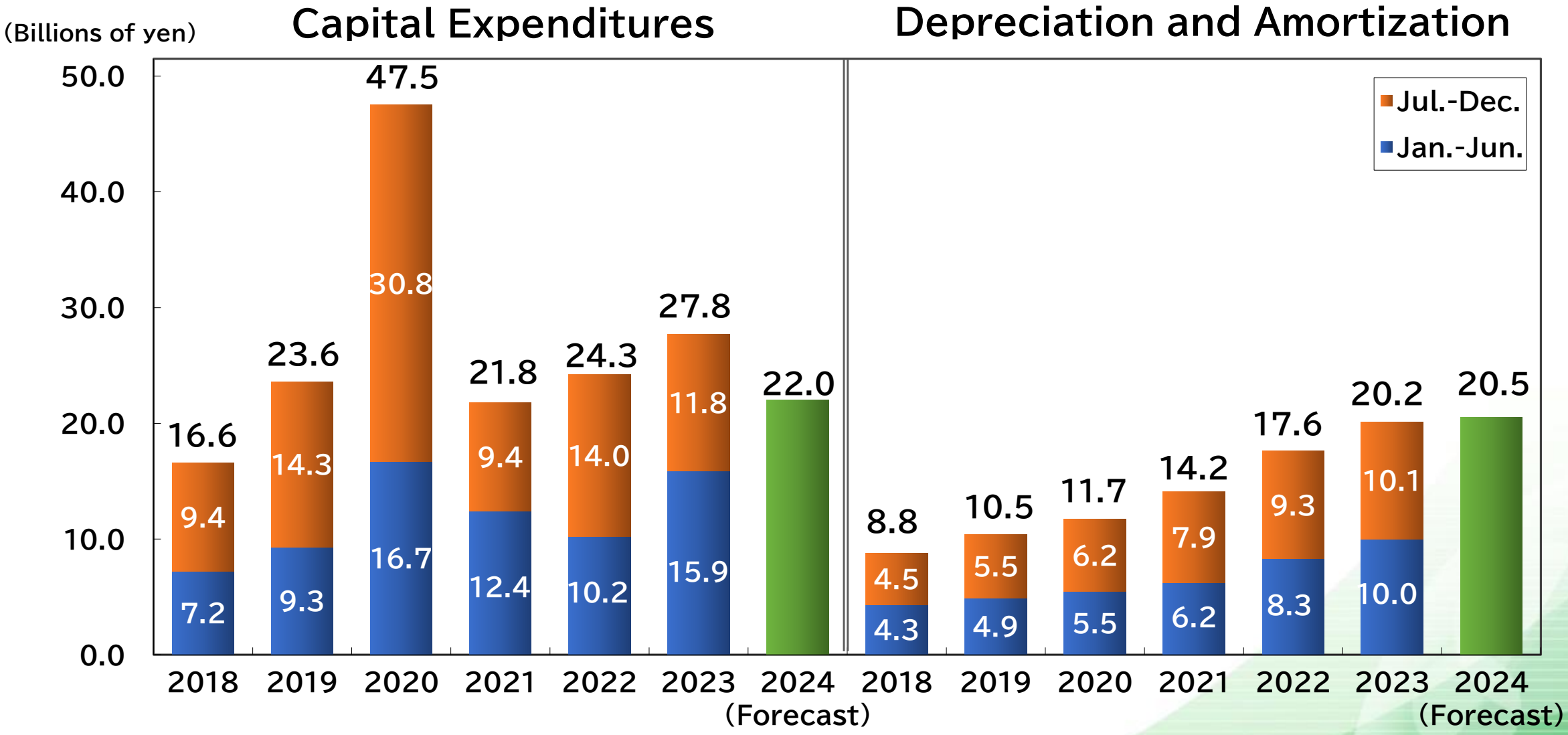
(Billions of yen)		March 31, 2024	December 31, 2023	Change
Current liabilities		127.4	143.3	(15.9)
	Trade and other payables	112.5	126.1	(13.6)
	Lease liabilities	2.0	2.0	0.0
	Other current liabilities	5.3	7.7	(2.4)
Non-current liabilities		43.1	44.8	(1.7)
	Retirement benefit liabilities	2.6	4.5	(1.8)
	Lease liabilities	27.8	28.1	(0.3)
Equity		292.3	298.1	(5.8)
	Share capital	34.4	34.4	—
	Capital surplus	31.1	31.1	0.0
	Treasury stock	(8.7)	(7.8)	(0.8)
	Other components of equity	20.7	18.3	2.4
	Retained earnings	195.9	204.2	(8.2)
Total liabilities and equity		462.9	486.3	(23.4)

Consolidated Statement of Cash Flows

life. love. LION

(Billions of yen)	Jan.–Mar. 2024	Jan.–Mar. 2023	Change
Cash flows from operating activities	(5.1)	(11.2)	6.1
Cash flows from investing activities	(5.0)	(12.7)	7.6
Cash flows from financing activities	(14.2)	(5.1)	(9.1)
Effect of exchange rate changes on cash and cash equivalents	0.7	0.2	0.5
Net increase (decrease) in cash and cash equivalents	(23.7)	(28.9)	5.1
Cash and cash equivalents at beginning of period	85.5	101.0	(15.5)
Cash and cash equivalents at end of period	61.7	72.1	(10.4)

Capital Expenditures and Depreciation and Amortization



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

2024 Consolidated Financial Forecast

(Billions of yen)	2024	2023	Y-o-Y change		Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change	
			Amount	%			Amount	%
Net sales	410.0	402.7	7.2	1.8	195.0	192.8	2.1	1.1
Core operating income, % of net sales	23.0 5.6	20.1 5.0	2.8	14.2	8.0 4.1	6.3 3.3	1.6	25.7
Operating profit, % of net sales	27.0 6.6	20.5 5.1	6.4	31.7	12.0 6.2	6.2 3.2	5.7	92.2
Profit for the period attributable to owners of the parent, % of net sales	19.0 4.6	14.6 3.6	4.3	29.9	8.0 4.1	4.2 2.2	3.7	86.1
EPS (Yen)	66.81	51.42	15.39	29.9	28.13	15.12	13.01	86.0

Fiscal 2024 External Sales Forecasts by Segment

(Billions of yen)	2024	2023	Y-o-Y change		Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	225.0	228.6	(3.6)	(1.6)	107.0	109.7	(2.7)	(2.5)
Industrial Products	38.5	38.3	0.1	0.4	18.3	18.7	(0.4)	(2.5)
Overseas	145.0	134.1	10.8	8.1	69.0	63.4	5.5	8.8
Others	1.5	1.6	(0.1)	(7.4)	0.7	0.9	(0.2)	(27.5)
Consolidated Total	410.0	402.7	7.2	1.8	195.0	192.8	2.1	1.1

Changes in Household Products Market and OTC Drug Market

1) Market Environment for Household Products (26 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)

	2019	2020	2021	2022	2023	Jan.–Mar. 2024
Sales value	102	112	95	101	103	109
Unit sales	100	105	92	97	96	100
Average unit price	102	106	103	104	107	108

Source: INTAGE Inc. SRI survey (data for 2019–2020 is for 38),
SRI+ survey (data for 2021 is for 38 markets; data for 2022 is for 37; data for 2023 is for 35; date for Jan,-Mar. 2024 is for total of 26 major markets in which Lion operates)

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)

	2019	2020	2021	2022	2023	Jan.–Mar. 2024
Sales value	105	108	102	101	100	106
Unit sales	102	101	96	96	93	98
Average unit price	104	106	107	106	107	109

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

Notes 1. The SRI+ survey uses point-of-sales data from around 3,000 stores nationwide for its estimates.
2. The SCI survey collects purchasing data from around 50,000 shoppers (age 15-69) nationwide except for Okinawa

Changes in Household Products Market and OTC Drug Market

3) Market Environment for OTC Drug Market (6 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)

	2019	2020	2021	2022	2023	Jan.–Mar. 2024
Sales value	100	93	103	103	111	102
Unit sales	99	89	101	102	107	99
Average unit price	101	105	102	101	103	103

Source: INTAGE Inc. SDI Survey (data for 2019–2020 is for 7), SRI+ Survey (data for 2021 onward is for 7 markets; date for Jan. -Mar. 2024 is for 6 markets)

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)

	2019	2020	2021	2022	2023	Jan.–Mar. 2024
Sales value	104	102	110	101	97	96
Unit sales	102	99	107	100	96	96
Average unit price	102	103	103	102	101	100

Source: INTAGE Inc. SCI survey

Assumed Raw Material Prices and Exchange Rates

Raw Material Prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2024 forecasts	80$/BBL	JPY71,000/KL	4,000RM/ton

Exchange Rates

	U.S. Dollar	Thai Baht
2024 forecasts	JPY145	JPY4.00

Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2023 actual	82$/BBL	JPY66,225/KL	3,817RM/ton

	U.S. Dollar	Thai Baht
2023 actual	JPY141	JPY4.06

life. love.
LION

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.