Financial Results for the First Half of 2024

Lion Corporation

August 7, 2024

Contents

- Consolidated Financial Results for the First Half of 2024
- Progress of the Measures Toward the Next Medium-Term Management Plan and Initiatives for the Second Half of 2024
- Fiscal 2024 Financial Forecast

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Consolidated Performance Overview

First-half sales and profits increased Y-o-Y, surpassing published forecasts

Net sales (up Y-o-Y)

- Consumer Products saw sales growth in oral care but decline in fabric care and business transfers resulted in decreased overall sales
- Overseas sales increased in every key country, especially China and Malaysia, which saw double-digit growth in real terms

Core operating income (up Y-o-Y)

- In addition to increased sales, domestic price increases and firm progress in Company-wide cost reductions led to increased profit

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

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

Consolidated Financial Results

First-half sales and profits increased Y-o-Y, surpassing published forecasts

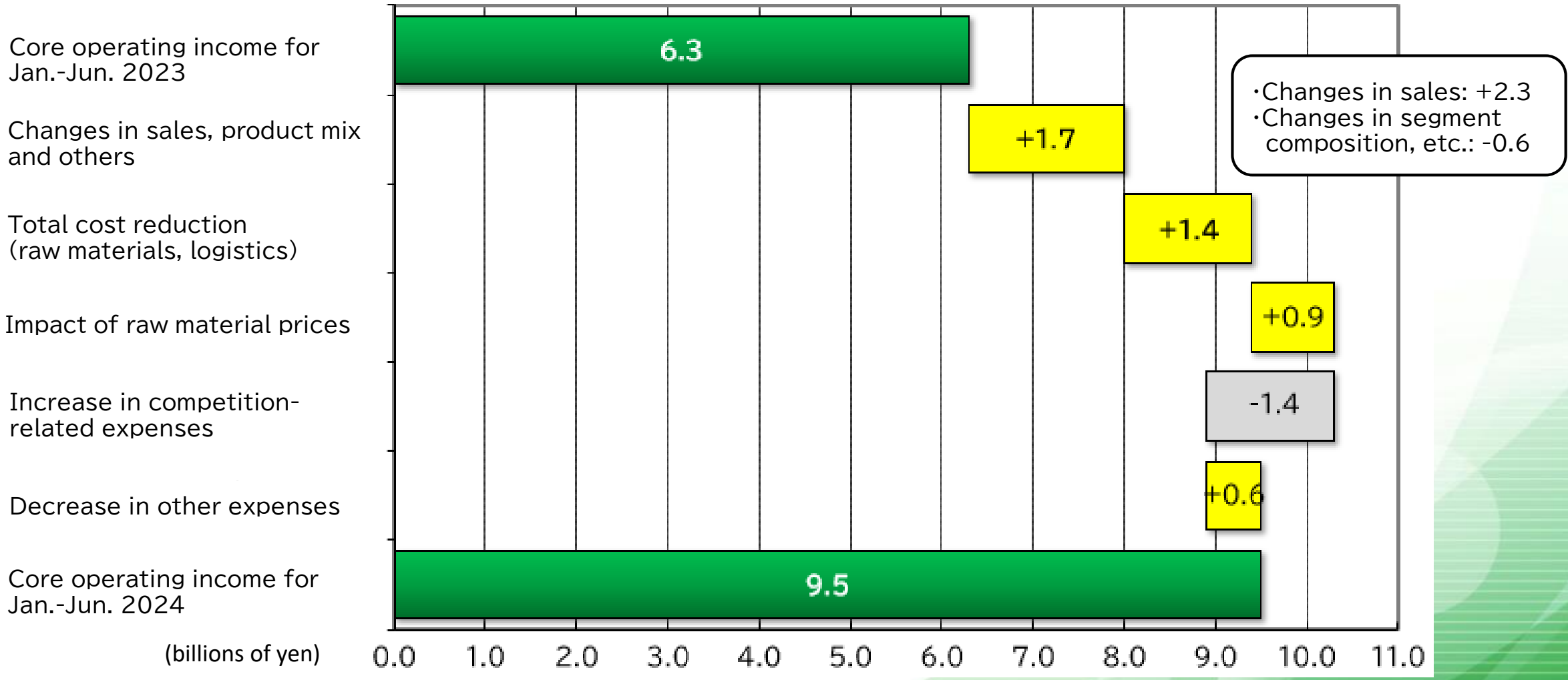
(Billions of yen)	Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change		Deviation from forecast, %
			Amount	%	
Net sales	198.6	192.8	5.7	3.0 0.2*	3.6 1.9
Core operating income*1 % of net sales	9.5 4.8	6.3 3.3	3.1	50.2	1.5 19.4
Operating profit % of net sales	13.3 6.7	6.2 3.2	7.1	113.9	1.3 11.3
Profit for the interim period attributable to owners of the parent	9.9	4.2	5.6	131.0	1.9 24.1
EPS (Yen)	35.76	15.12	20.64	136.5	7.63 27.1
EBITDA*2	18.6	14.9	3.7	25.0	—
EBITDA margin (%)*3	9.4	7.8	—	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: 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

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Profits increased significantly due to sales growth, sound progress of price increases and cost reductions



Results by Business Segment

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Consumer Products saw decreased sales but significantly higher profits due to price increases and improvements in cost efficiency
Overseas, profits significantly increased and margins improved

(Billions of yen)	Net sales*					Core operating income			
	Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change		Deviation from plan %	Jan.–Jun. 2024, %	Jan.–Jun. 2023, %	Y-o-Y change	
			Amount	%				Amount	%
Consumer Products	126.2	128.7	(2.5)	(2.0)	—	3.6	0.7	2.8	394.4
	106.3	109.7	(3.4)	(3.1)	(0.6)	2.9	0.6		
Industrial Products	26.4	28.5	(2.0)	(7.1)	—	1.4	1.6	(0.1)	(10.8)
	18.5	18.7	(0.2)	(1.2)	1.3	5.6	5.9		
Overseas	80.6	70.2	10.4	14.8	—	4.5	3.4	1.0	29.9
	73.0	63.4	9.6	15.2	5.9	5.6	5.0		
Other	7.7	10.9	(3.1)	(29.1)	—	0.2	0.7	(0.4)	(60.3)
	0.7	0.9	(0.2)	(26.9)	0.7	3.8	6.8		
Adjustment	(42.4)	(45.6)	3.1	—	—	(0.4)	(0.2)	(0.1)	—
	–	–	–	—	—				
Consolidated Total	198.6	192.8	5.7	3.0	1.9	9.5	6.3	3.1	50.2
						4.8	3.3		

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

Consumer Products Business Net Sales by Product Category

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Higher sales were secured in the oral care category but overall sales decreased due to such factors as the transfer of businesses and comparatively lower sales of *Airis* fabric softener launched last year

(Billions of yen)	Net sales			
	Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change	
			Amount	%
Oral Care	35.9	34.4	1.4	4.1
Beauty Care	11.8	11.9	(0.0)	(0.7)
Fabric Care	27.6	29.8	(2.1)	(7.3)
Living Care	10.1	10.8	(0.6)	(5.8)
Pharmaceutical	12.0	11.8	0.1	1.4
Other	28.5	29.8	(1.2)	(4.2)
Total	126.2	128.7	(2.5)	(2.0)*

*** Actual rate of change excludes the impact of business and brand transfers: -0.7%**
→Transfer of foods with function claims business (from “Other”) and a topical anti-inflammatory analgesic brand (from “Pharmaceutical”)

Major Consumer Products Brands and Items (Jan.–Jun. 2024)

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Oral Care

NONIO increased young people's interest in oral care

Low-price toothpaste prices corrected

Y-o-Y	Value	Volume	Price
Oral care market*	106%	102%	103%
予防歯科から生まれた クリニカ	107%	106%	101%
システマ	102%	102%	101%
口臭科学から生まれた NONIO	113%	115%	98%
ホワイト&ホワイト	108%	102%	106% * 129% compared to 2022

* Toothpaste, toothbrushes, dental rinses, dental care products

Beauty Care

Overall sales of KireiKirei were below market, but high-value-added products achieved growth

Y-o-Y	Value	Volume	Price
Hand soap market	106%	99%	107%
キレイキレイ	102%	95%	106%
KireiKirei Medicated Hand Conditioning Soap 	115%	111%	103%
KireiKirei Medicated Foaming Hand Soap Auto Dispenser 	147%	151%	97%

Source: INTAGE Inc. SRI+ surveys

Blue text indicates Lion performance of 4% or higher than market, red text indicates Lion performance of -4% or lower than market

Major Consumer Products Brands and Items (Jan.–Jun. 2024)

Fabric Care and Living Care

Improved profitability and focused on increasing unit prices

NANOX achieved significant value growth

＊Indicates unit price

Y-o-Y	Value	Volume	Price
Laundry detergent market	112%	97%	115%*
NANOX	116%	103%	120%*
Fabric softener market	106%	94%	108%*
ソフラン	101%	92%	109%*
Antimold products market	98%	96%	98%*
がんばらなくてもキレイ♪ ルック PLUS / 防カビ	95%	86%	139%*

Pharmaceutical

Antipyretic analgesic unit prices were above market

Eye drops achieved significant value growth

＊Indicates unit price

Y-o-Y	Value	Volume	Price
Antipyretic analgesic market	103%	98%	103%*
BUFFERIN	103%	99%	105%*
Eye drops market	100%	98%	102%
スマイル®	106%	99%	107%

Source: INTAGE Inc. SRI+ surveys

Blue text indicates Lion performance of 4% or higher than market, red text indicates Lion performance of -4% or lower than market

Overseas Business Results by Region

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Sales and profits increased in Southeast, South and Northeast Asia
Sales in Southeast and South Asia were particularly driven by the Thailand, and profit margins rose

(Billions of yen)	Net sales					Core operating income			
	Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change			Jan.–Jun. 2024, %	Jan.–Jun. 2023, %	Y-o-Y change	
			Amount	%	Real rate (%)*1			Amount	%*2
Southeast and South Asia	48.3	42.6	5.6	13.3	5.9	2.8 5.9	2.0 4.8	0.7	38.6 +1.1P
Northeast Asia	32.3	27.5	4.7	17.2	7.6	1.7 5.3	1.4 5.3	0.2	17.7 +0.0P
Total	80.6	70.2	10.4	14.8	6.6	4.5 5.6	3.4 5.0	1.0	29.9 +0.6P

*1 Real rate refers to the rate of change, excluding the effects of exchange rate fluctuations
*2 Figures on the lower line represent change in core operating income ratio

Overseas Business: Status of Business in Key Countries

(Billions of yen)	External net sales*1				Comments	Personal care field*2 Ratio to consolidated sales (%)
	Jan.–Jun. 2024	Change (amount)	Change (%)	Y-o-Y change*3 (%)		
Thailand	29.6	2.6	9.7	3.0	➢ Sales of laundry detergents and body washes were sound ➢ Improved profit margins due to cost reduction measures	32.4
Malaysia	10.5	2.2	26.3	18.2	➢ Sales of laundry detergents and body washes significantly increased ➢ Solidified its #1 market share in laundry detergents and expanded its share of the toothpaste and body wash markets	23.9
China*4	13.3	2.4	23.0	13.1	➢ Toothpaste sales continued to grow, and toothbrushes sales were also strong	85.8
South Korea	9.9	1.1	13.6	5.0	➢ Capsule detergent sales were strong ➢ Sales of pharmaceutical products such as eye drops and cooling gel sheets for feet were strong	30.1

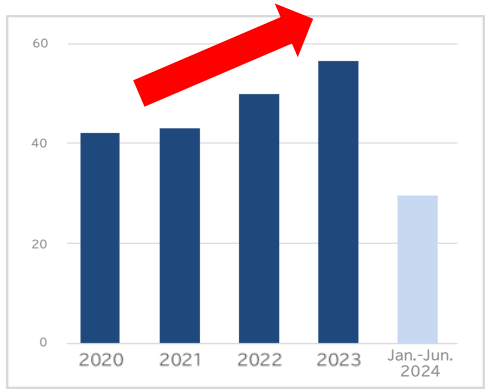
Notes 1. External sales: Total sales, excluding internal sales within and among segments
2. Personal care net sales: Total net sales from the oral care, beauty care and pharmaceutical product fields (calculated based on Lion shipment amounts; year-on-year change rate excludes the effects of exchange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

Overseas Business: Status of Business in Key Countries

Sales continued to expand in categories with strong market positions in key countries

Southeast and South Asia

Thailand



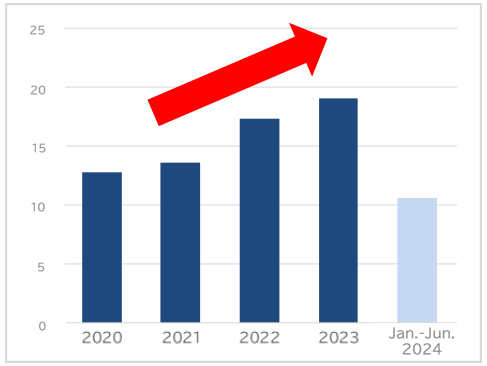
Liquid soap*1 #1 share

Laundry detergents #2 share

Toothpaste Toothbrushes #2 share

*1 Including body washes and hand soaps

Malaysia

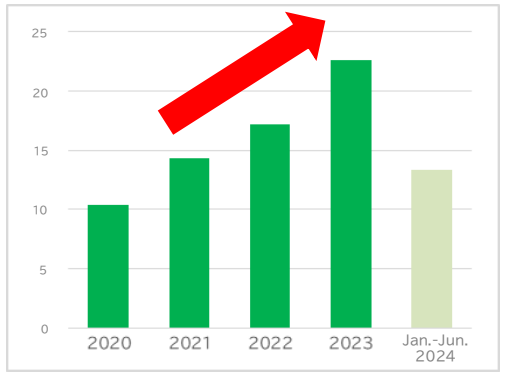


Laundry detergents #1 share

Toothpaste Toothbrushes #4 share

Northeast Asia

China*2

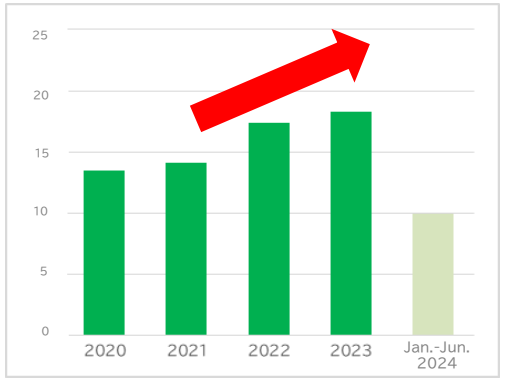


Toothbrushes (e-commerce) #2 share

Oral care Major categories 2–3% share

*2 Qingdao Lion

South Korea



Hand soap #1 share

Capsule detergents 2–3% share

* Bar graph shows external net sales (billions of yen)
* Categories with high market position; categories in which we expect growth (2023)

Source: Nielsen, ECdataway, Lion survey

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

Strengthen Profitability by Promoting the Following Themes in Each Business Segment

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

Towards 2nd STAGE:
Reform the Revenue Structure of Consumer Products

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Policies and KPIs for 2027 (Compared to 2023)

Portfolio Reforms

- **Clarify separation of business fields**
  (strengthen priority areas and streamline non-priority areas)
- **Shift to high value-added products and execute upward price revisions*** **(¥15 billion level)**
- **Reduce SKUs (cut by 30%)**
- Streamline competition-related expenses
  (lower ratio of net sales to competition-related expenses by 2 points)

Business Structure Reforms

- Reduce inventories (reduce inventory days by 30%)
- Improve productivity (utilize and organize non-current assets, optimize production bases and items)
- Streamline indirect operations and costs

* Price revisions include increasing shipping prices, reducing sales promotion expenses, and reducing product volume

Consumer Products:
1. Clarify Separation of Business Fields (Streamline Non-Priority Areas)

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Completed sale of three pharmaceutical product brands

End of March

Part of *Halix* brand of topical anti-inflammatory analgesics



End of June

Guronsan and *Guromont* brands of health tonic drinks



◆ Allocate management resources to key fields such as oral care and overseas business

◆ Continue streamlining non-priority areas to refine portfolio

Consumer Products
2. Clarify Separation of Business Fields (Strengthen Priority Areas)

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Stabilizing Oral Care

- **In addition to conventional appeal marketed toward symptoms, we are accelerating a shift toward high value-added products by proposing new proactive oral care habits that align with lifestyles and values.**
- Aiming to enhance profitability by revising marketing promotions for low-end products (some toothpastes and toothbrushes)

Strengthening and maintaining appeal for products that address symptoms

Y-o-Y change in sales value for Jan.–Jun. 2024*

予防歯科から生まれた クリニカ +7%

システマ +2%

口臭科学から生まれた NONIO +13%

*Based on first-half sales values for each brand of toothpastes, toothbrushes, dental rinses, and dental care products (Source: INTAGE Inc., SRI+)

+

New proposal of selecting products

OCH-TUNE
スタイルで選べる口腔ケア
FAST SLOW



OCH-TUNE
Launched April 4

➡Lion's first-half oral care sales expanded 4.1%.

Eye Drops: Stimulating the High-End Market

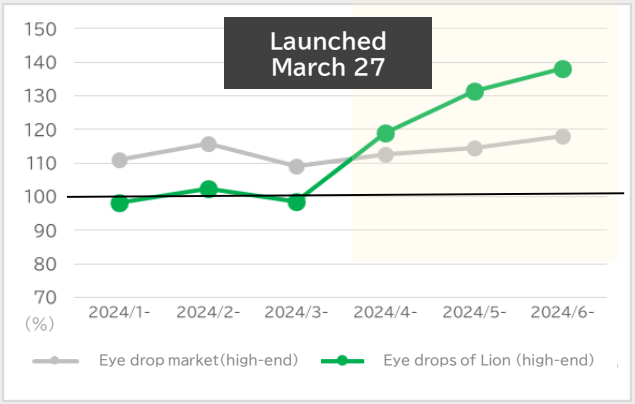
The high-end eye drop market which is marketed for specific symptoms has stagnated. In response, we launched new products in the highest price range to meet the two needs of addressing the specific root causes of symptoms and of doing so in a single product.



Smile 40 Premium THE ONE

Status of new products since launch

Y-on-Y change in the sales value of the eye drop market (high-end)



➡Lion is driving the expansion in the high-end market.

Source: INTAGE Inc., SRI+

Execute effective upward price revisions to improve profitability

Items Subject to Price Increase in the First Half of 2024 (Selection)

Select items and methods according to the competitive environment and customer purchasing behavior and implement effective price increases

Toothbrushes (low-end)



Fabric softeners



Antimold products



Dishwashing detergents



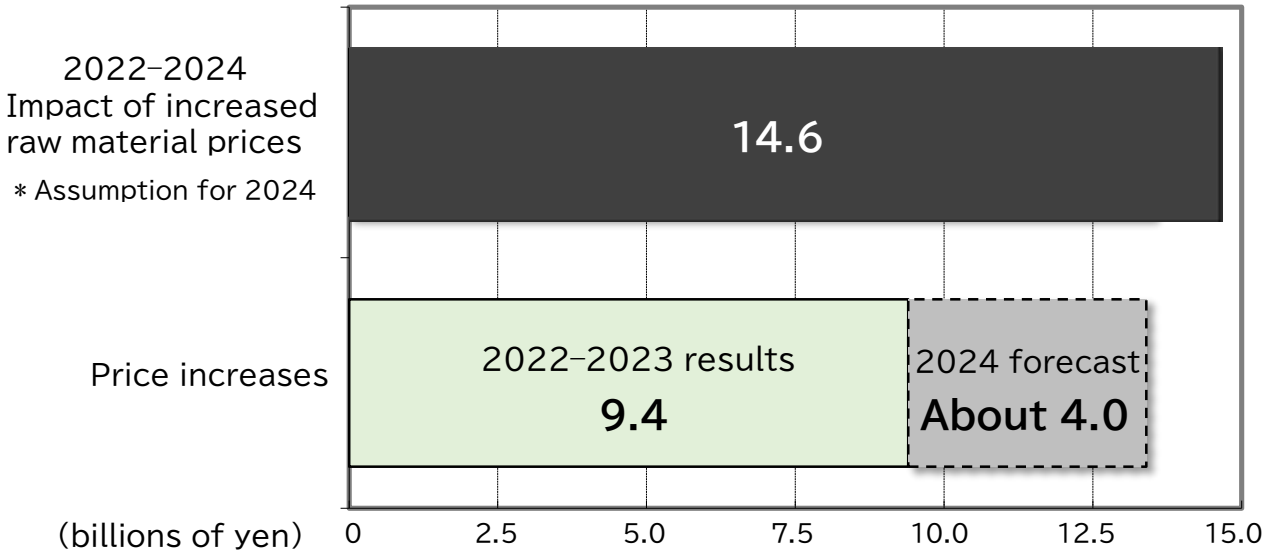
Price revisions in the first half of 2024: ¥1.7 billion

◆ Impact of increased raw material prices and results of price revisions

＊Compared to 2021

Expect to offset any impact of increased raw material prices in the current fiscal year

Considering price increases for next year and beyond to improve profitability



Consumer Products
4. Approach to Reducing SKUs and 2024 Reduction Forecast

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Approach

Consider such factors as sales per SKU, profitability, and production efficiency

Current status (As of Dec. 31, 2023)

General products: Around 630 SKUs

Special products: Around 270 SKUs

Special products:
- Extra-large quantities
- Limited edition fragrances
- Set items, etc.

2024 forecast

We plan to reduce a total of around 50 SKUs in 2024.

Interim reduction results
- *Halix* (End of March)
- *Guronsan* and *Guromont* (End of June), etc.

KPI

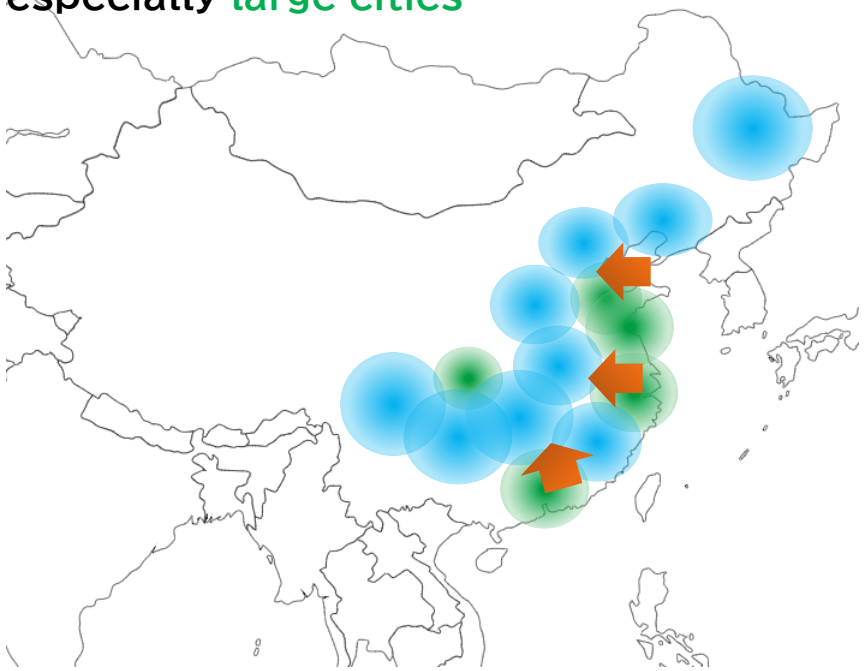
Achieve 30% reduction compared to 2023 by 2027

Towards 2nd STAGE:
Strengthen Growth Measures for Overseas Business

Accelerate growth in existing countries and areas	**・Accelerate business growth in China** **・Strengthen the personal care field**
Strengthen and expand into new countries and areas	・Fully expand business into new countries ・Explore new opportunities

Further strengthen in-store sales challenge to accelerate growth

Expansion in inland areas, especially medium-sized cities, in addition to coastal areas, especially large cities



Green areas indicate large cities
Blue areas indicate medium-sized cities

In-store sales growth potential

◆ In-store sales make up about **70%–80%** of sales, about **90%** of which take place in large and medium-sized cities of the main oral care markets in China (toothpastes and toothbrushes).

Initiatives aimed at expansion

Strengthen sales structure
➡Expand sales areas and channels

Begin full-scale operations at Lion Innovation Center (Shanghai)
➡Accelerate product development to meet local needs

Overseas Business
2. Expand Personal Care Field

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The personal care field is growing soundly, and we will continue to focus on development.

Overseas Business First-half results

The personal care field's share of total net sales in the first half of 2024: **43.4**% (+1.4P*1)
Y-on-Y change(%) in net sales: **10.6%***2

Key countries

First-half results and second-half measures

Thailand

Personal care field's share of total net sales: **32.4%** (+1.0P)

Second-half measures
◆ Plan to launch new products for *Shokubutsu-Monogatari* body washes
Leverage high brand capability to take offensive strategies in the high value-added segment



Malaysia

Personal care field's share of total net sales: **23.9%** (+4.4P)

Second-half measures
◆ Focus on development of *Fresh&White* toothpaste and *SYSTEMA* toothbrushes, etc.



China*3

Personal care field's share of total net sales: **85.8%** (+1.1P)

Second-half measures
◆ Further strengthen in-store sales challenge to accelerate high growth



South Korea

Personal care field's share of total net sales: **30.1%** (+0.9P)

Second-half measures
◆ Focus on the continual development of the strong *Eyemiru* eye drop brand



*1 Figures in parentheses () represent the change from the 2023 personal care field's share of total net sales in each country.
*2 Net sales figures are based on Lion's shipping amounts and change figures are net figures that exclude the effects of exchange rate fluctuations.
*3 Qingdao Lion

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2024 Consolidated Financial Forecast

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Unchanged from the forecast announced at the start 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.

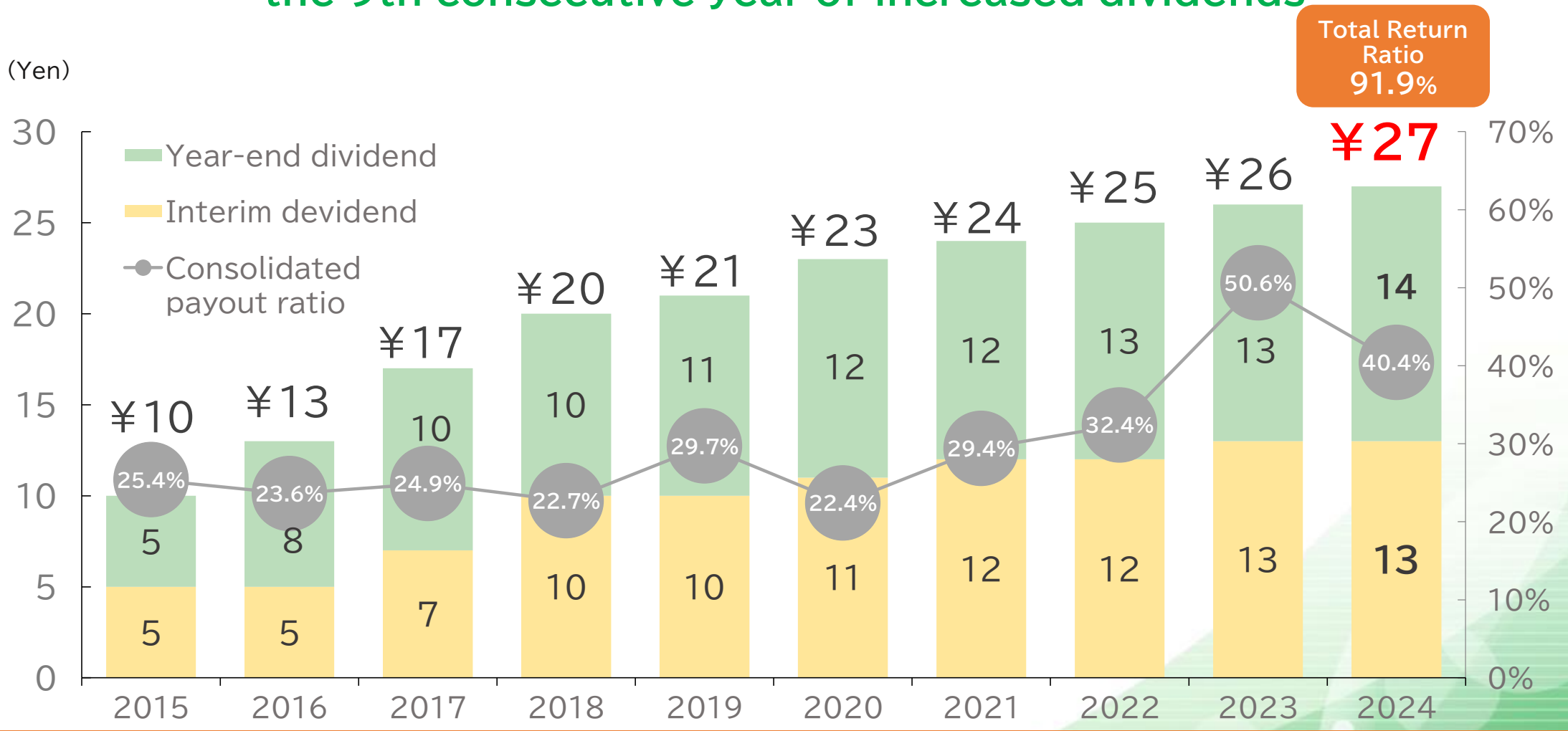
Revisions to Forecast of Change Factors Affecting Full Year Core Operating Income in 2024

(Billions of yen) + indicates gain − indicates loss	Jan.–Dec.		
	Initial forecast	Revision	Change
Changes in sales, product mix and others	+3.0	+3.5	+0.5
Total cost reduction	+2.2	+2.5	+0.3
Impact of raw material prices	±0.0	-1.1	-1.1
Changes in competition-related expenses	-1.5	-2.0	-0.5
Changes in other expenses	-0.8	±0.0	+0.8
Total	+2.9	+2.9	±0.0

* Figures represent change from the previous year

Shareholder Returns

Lion plans to pay a total annual dividend of ¥27 per share, the 9th consecutive year of increased dividends



Basic Dividend Policy:
Achieve progressive dividends while aiming for a consolidated payout ratio of approximately 30%

About the Next Medium-Term Management Plan

Plan to announce the next medium-term management plan Vision2030 2nd STAGE (2025–2027) **in February 2025**

Tune our strategies based on the progress and results of the 1st STAGE

- Accelerate revisions to the profit structure of the Consumer Products Business
- Strengthen measures aimed at further growing the Overseas Business
- Seize new business opportunities

Reference Materials

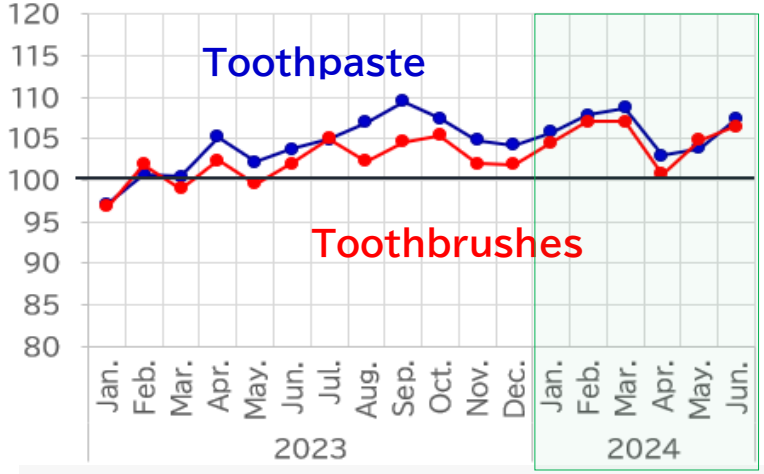
Market Trends—Major Product Categories in Japan

Source: INTAGE Inc. SRI+ survey

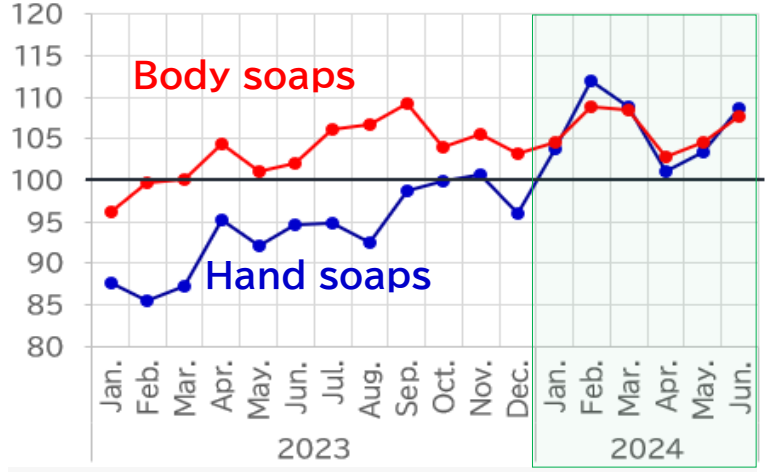
Data was updated in December 2023, and past data uses figures that have been similarly revised.

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

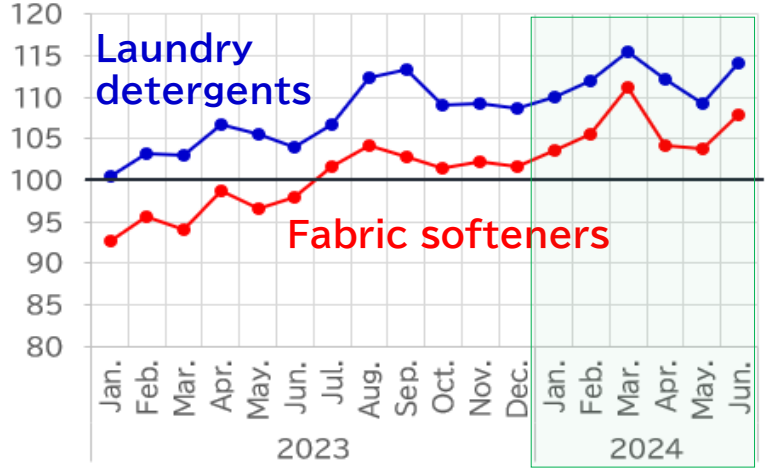
Oral Care



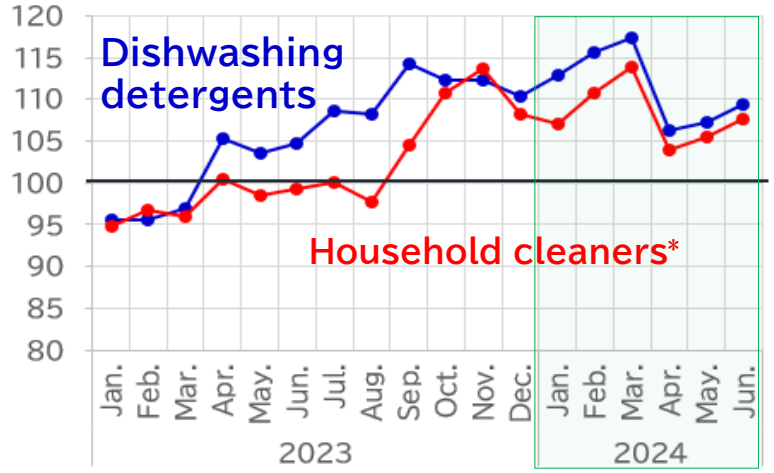
Beauty Care



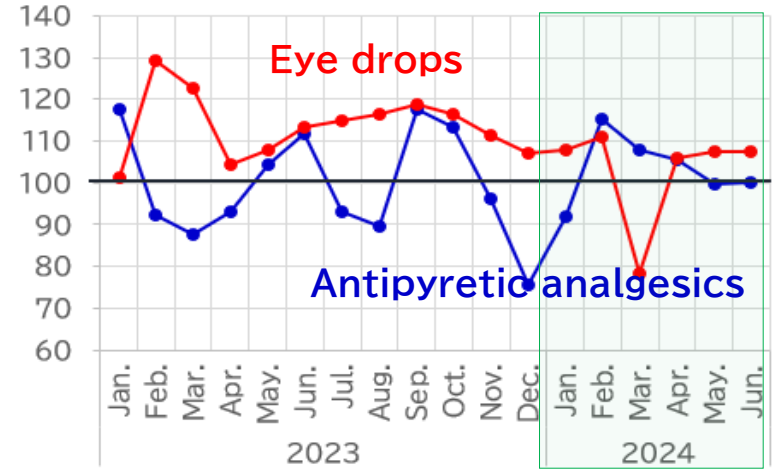
Fabric Care



Living Care



Pharmaceutical



Comparison of key categories in Jan.-Jun. 2024 (%)

Category	Vs. '23	Vs. '22	Vs. '21
Toothpaste	106	108	110
Toothbrushes	105	105	108
Hand soaps	106	96	91
Laundry detergents	112	117	120
Fabric softeners	106	102	104
Dishwashing detergents	111	112	110
Household cleaners	108	106	109
Antipyretic analgesics	103	104	116

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

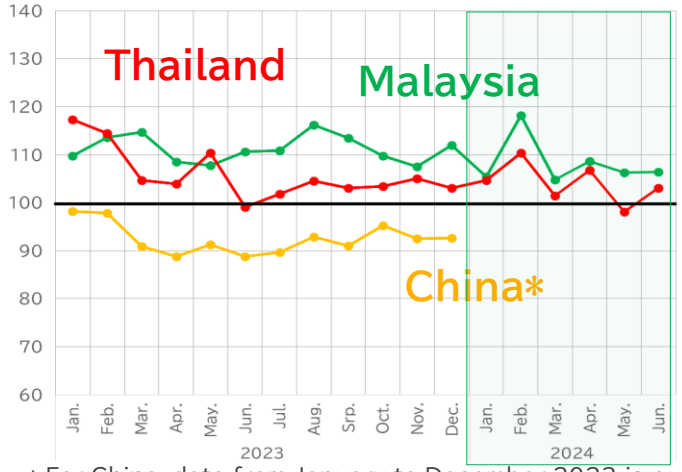
Market Trends—Major Product Categories Overseas

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

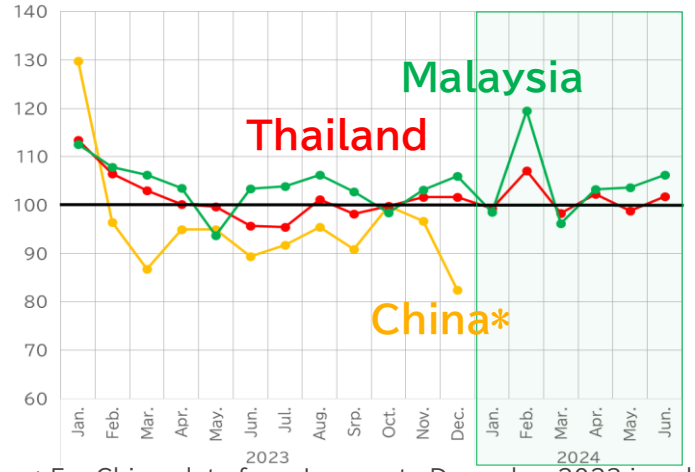
Source: Nielsen

Toothpaste



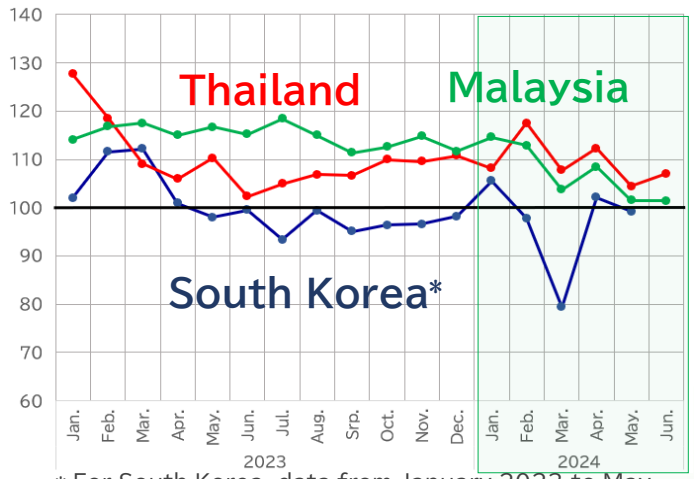
* For China, data from January to December 2023 is published

Toothbrushes



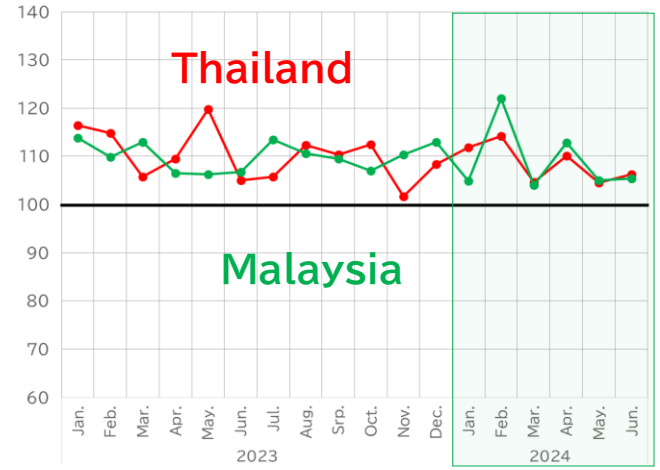
* For China, data from January to December 2023 is published

Laundry detergents

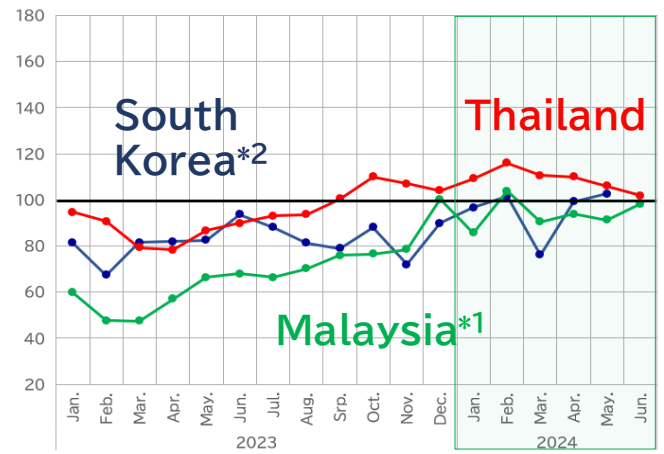


* For South Korea, data from January 2023 to May 2024 is published

Body soaps



Hand soaps



Comparison of key categories in Jan.-Jun. 2024 (%) (compared to 2023)

Category	Thailand	Malaysia
Toothpaste	104	108
Toothbrushes	101	104
Laundry detergents	109	107
Body soaps	108	109
Hand soaps	109	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 May 2024 is published

Consolidated Results for April–June 2024

(Billions of yen)	Jan.–Mar. 2024	Apr.–Jun. 2024	Apr.–Jun. Y-o-Y change	
			Amount	%
Net sales	92.9	105.6	3.6	3.6
Core operating income*1 % of net sales	3.9 4.3	5.5 5.3	1.6	44.0
Operating profit % of net sales	4.8 5.3	8.4 8.0	4.5	118.0
Profit for the period attributable to owners of the parent	3.5	6.3	3.6	134.6
EPS (Yen)	12.72	23.09	13.53	141.5
EBITDA*2	8.6	10.0	1.9	24.4

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 (excluding that of right-of-use assets as of 2022).

Results by Business Segment for April–June 2024

(Billions of yen)	Net sales				Core operating income			
	Jan.–Mar. 2024	Apr.–Jun. 2024	Apr.–Jun. Y-o-Y change		Jan.–Mar. 2024, %	Apr.–Jun. 2024, %	Apr.–Jun. Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	57.8	68.3	(0.4)	(0.6)	2.2	1.3	1.7	—
	47.9	58.3	(1.0)	(1.8)	3.9	2.0		
Industrial Products	13.0	13.4	(0.3)	(2.7)	0.7	0.7	0.0	7.0
	8.6	9.8	0.1	1.7	6.0	5.3		
Overseas	39.7	40.9	4.9	13.7	2.2	2.3	0.4	21.1
	35.8	37.1	4.6	14.4	5.6	5.7		
Other	3.8	3.9	(1.2)	(23.6)	0.1	0.1	(0.1)	(59.6)
	0.3	0.3	(0.1)	(33.3)	4.4	3.2		
Adjustment	(21.5)	(20.9)	0.7	—	(1.3)	0.9	(0.2)	—
	—	—	—	—				
Consolidated Total	92.9	105.6	3.6	3.6	3.9 4.3	5.5 5.3	1.6	44.0

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

Consumer Products Business Net Sales by Product Category for April–June 2024

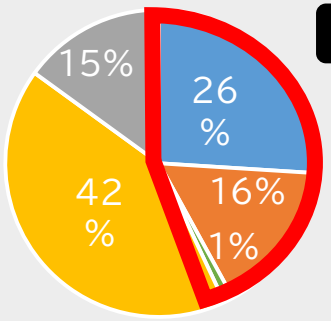
(Billions of yen)	Net sales			
	Jan.–Mar. 2024	Apr.–Jun. 2024	Apr.–Jun. Y-o-Y change	
			Amount	%
Oral Care	15.6	20.2	1.1	6.1
Beauty Care	5.3	6.4	0.0	0.6
Fabric Care	12.9	14.7	(1.2)	(7.7)
Living Care	4.3	5.8	(0.0)	(0.4)
Pharmaceutical	5.6	6.4	0.0	1.4
Other	13.9	14.6	(0.4)	(3.1)
Total	57.8	68.3	(0.4)	(0.6)

Overseas Business Results by Region for April–June 2024

(Billions of yen)	Net sales				Core operating income			
	Jan.–Mar. 2024	Apr.–Jun. 2024	Apr.–Jun. Y-o-Y change		Jan.–Mar. 2024	Apr.–Jun. 2024	Apr.–Jun. Y-o-Y change	
			Amount	%			Amount	%
Southeast and South Asia	24.0	24.3	2.5	11.7	1.4	1.3	0.2	18.9
Northeast Asia	15.7	16.5	2.3	16.8	0.7	0.9	0.1	24.4
Total	39.7	40.9	4.9	13.7	2.2	2.3	0.4	21.1

Overseas Business
Share of total net sales*1 by category

Overseas Business total

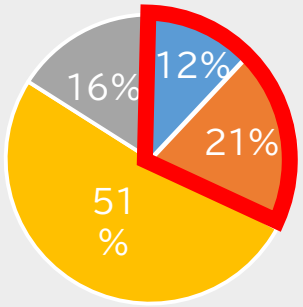


Personal care field

Ratio to consolidated sales :43.4%

Net year-on-year change in net sales : 10.6%

Thailand

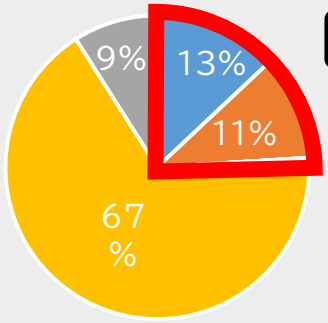


Personal care field

Ratio to consolidated sales : 32.4%

Net year-on-year change in net sales :10.7%

Malaysia



Personal care field

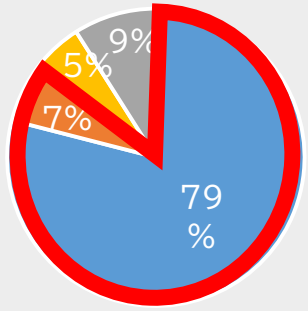
Ratio to consolidated sales :23.9%

Net year-on-year change in net sales : 31.6%

- Oral care
- Beauty care
- Pharmaceutical products
- Home care*3
- Export and others

Personal care field

China*2

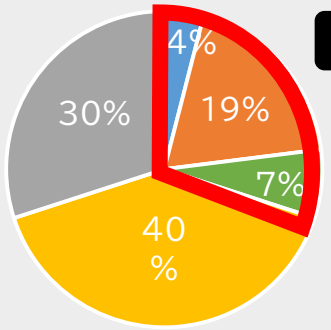


Personal care field

Ratio to consolidated sales : 85.8%

Net year-on-year change in net sales : 10.6%

South Korea



Personal care field

Ratio to consolidated sales : 30.1%

Net year-on-year change in net sales :9.5%

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

2. Qingdao Lion

3. Fabric care and living care

Consolidated Statement of Income

(Billions of yen)	Jan.–Jun. 2024	Jan.–Jun. 2023	Y-o-Y change	
			Amount	%
Net sales	198.6	192.8	5.7	3.0
Cost of sales	108.3	107.0	1.2	1.2
Gross profit	90.3	85.8	4.4	5.2
Selling, general and administrative expenses	80.7	79.4	1.2	1.6
Core operating income	9.5	6.3	3.1	50.2
Other income	4.2	0.7	3.4	456.4
Other expenses	0.4	0.8	(0.4)	(52.9)
Operating profit	13.3	6.2	7.1	113.9
Finance income	1.1	0.6	0.4	70.4
Finance costs	0.4	0.4	(0.0)	(4.6)
Share of profit of investments accounted for using the equity method	1.4	0.7	0.6	90.1
Profit before tax	15.5	7.2	8.2	114.6
Income taxes	4.2	2.1	2.1	101.1
Profit for the period	11.2	5.0	6.1	120.3
Profit for the period attributable to non-controlling interests	1.2	0.7	0.4	62.4
Profit for the period attributable to owners of the parent	9.9	4.2	5.6	131.0

Selling, General and Administrative Expenses

(Billions of yen)	Jan.–Jun. 2024		Jan.–Jun. 2023		Y-o-Y change	
	Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses	80.7	40.7	79.4	41.2	1.2	1.6
Sales commissions	2.8	1.4	4.7	2.5	(1.9)	(40.0)
Promotional expenses	21.4	10.8	17.1	8.9	4.2	24.8
Advertising expenses	10.3	5.2	11.2	5.8	(0.9)	(8.4)
Transportation and warehousing expenses	10.7	5.4	10.2	5.3	0.4	4.9
R&D expenses	5.5	2.8	5.5	2.9	(0.0)	(0.3)
Other expenses	29.8	15.0	30.4	15.8	(0.6)	(2.0)

Consolidated Statement of Financial Position

(Billions of yen)		June 30, 2024	December 31, 2023	Change
Current assets		222.5	232.2	(9.7)
	Cash and cash equivalents	74.9	85.5	(10.5)
	Trade and other receivables	74.6	75.2	(0.6)
	Inventories	59.5	56.0	3.5
Non-current assets		259.7	254.0	5.6
	Property, plant and equipment	138.8	140.6	(1.7)
	Intangible assets	21.9	22.7	(0.7)
	Right-of-use assets	30.8	31.3	(0.5)
	Other financial assets	30.7	25.4	5.3
Total assets		482.2	486.3	(4.1)

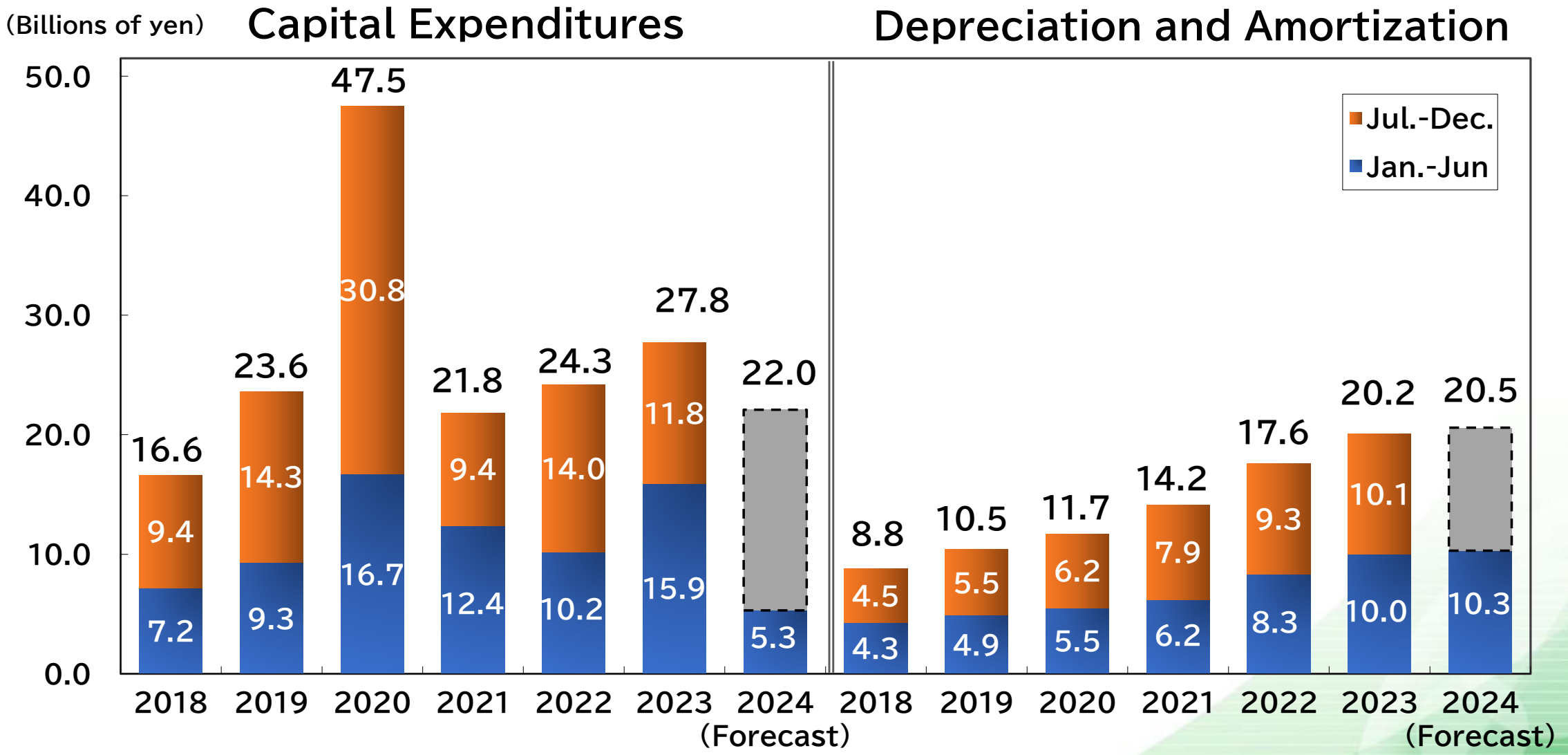
Consolidated Statement of Financial Position

(Billions of yen)		June 30, 2024	December 31, 2023	Change
Current liabilities		135.4	143.3	(7.8)
	Trade and other payables	118.2	126.1	(7.9)
	Lease liabilities	2.1	2.0	0.0
	Other current liabilities	5.3	7.7	(2.3)
Non-current liabilities		42.4	44.8	(2.4)
	Retirement benefit liabilities	1.8	4.5	(2.6)
	Lease liabilities	27.7	28.1	(0.3)
Equity		304.3	298.1	6.1
	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	24.9	18.3	6.5
	Retained earnings	203.4	204.2	(0.7)
Total liabilities and equity		482.2	486.3	(4.1)

Consolidated Statement of Cash Flows

(Billions of yen)	Jan.–Jun. 2024	Jan.–Jun. 2023	Change
Cash flows from operating activities	9.0	3.1	5.8
Cash flows from investing activities	(5.0)	(21.3)	16.3
Cash flows from financing activities	(16.3)	(6.6)	(9.7)
Effect of exchange rate changes on cash and cash equivalents	1.8	0.9	0.9
Net increase (decrease) in cash and cash equivalents	(10.5)	(23.9)	13.3
Cash and cash equivalents at beginning of period	85.5	101.0	(15.5)
Cash and cash equivalents at end of period	74.9	77.1	(2.2)

Capital Expenditures and 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 (26 markets, SRI/SRI+*)

Overall market trend for the 26 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.–Jun. 2024
Sales Value	102	112	95	101	103	107
Sales Volume	100	105	92	97	96	100
Average 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,-Jun. 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.–Jun. 2024
Sales Value	105	108	102	101	100	105
Sales Volume	102	101	96	96	93	97
Average price	104	106	107	106	107	108

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 6 OTC 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.–Jun. 2024
Sales value	100	93	103	103	111	102
Sales volume	99	89	101	102	107	100
Average 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 2 OTC 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.–Jun. 2024
Sales value	104	102	110	101	97	99
Sales volume	102	99	107	100	96	97
Average price	102	103	103	102	101	102

Source: INTAGE Inc. SCI survey

Assumed Raw Material Prices and Exchange Rates

＊All indicators are 2024 averages

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Raw Material Prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2024 Post revision	86$/BBL	JPY77,000/KL	4,000RM/ton

Exchange Rates

	U.S. Dollar	Thai Baht
2024 Post revision	JPY153	JPY4.20

◇ Reference

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

	U.S. Dollar	Thai Baht
2024 Initial forecast	JPY145	JPY4.00

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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.