# Financial Results for the First Nine Months of 2024

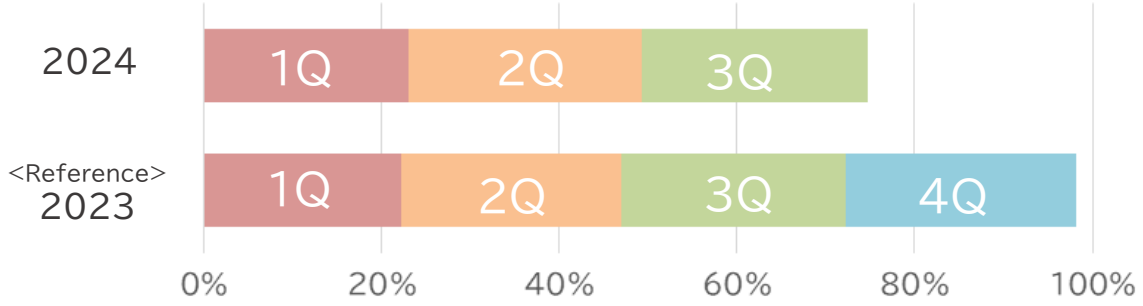
Lion Corporation

November 7, 2024

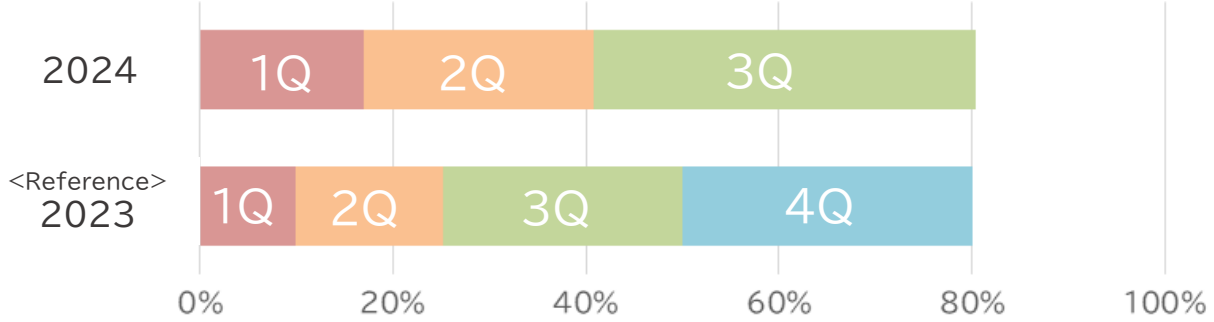
# Highlights of the First Nine Months of Fiscal 2024

- Net sales and profits for the first nine months increased year on year
- Progress was as planned for net sales and, compared with the forecast from the beginning of the year, higher than expected for core operating income, due to the effects of profit structure reforms

Net sales progress against forecast




Core operating income progress against forecast




- To accelerate further profit structure reforms in Consumer Products Business, production items and facilities, primarily in the challenging domestic fabric care category, were consolidated and streamlined, resulting in an impairment loss of approx. ¥6.2 billion in the first nine months
- Forecast of consolidated results for fiscal 2024 remains unchanged from the announcement at the beginning of the year

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- Fiscal 2024 Financial Forecast

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# Consolidated Performance Overview

## Net sales (up Y-o-Y)

- In Consumer Products segment sales were down overall despite a sales increase in oral care products, reflecting comparatively lower sales of fabric care due to new products launched last year, as well as the impact of business and brand transfers
- Overseas, sales increased in key countries; China and Malaysia in particular continued to show double-digit growth, excluding exchange rate fluctuations

## Core operating income (up Y-o-Y)

- Rose significantly due to higher gross profit reflecting increased overseas sales as well as the effects of profit structure reforms in Consumer Products Business (price revisions and streamlining competition-related expenses)

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

- Recorded an impairment loss (approx. ¥6.2 billion) attributable to business streamlining centered on the domestic fabric care category
- Profits increased significantly due to higher core operating income and capital gains on the sale of some brands in the first half of the year

# Consolidated Financial Results

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## Net sales and profits increased Y-o-Y, and the core operating income margin improved by 1.9 points
## An impairment loss was recorded due to business restructuring

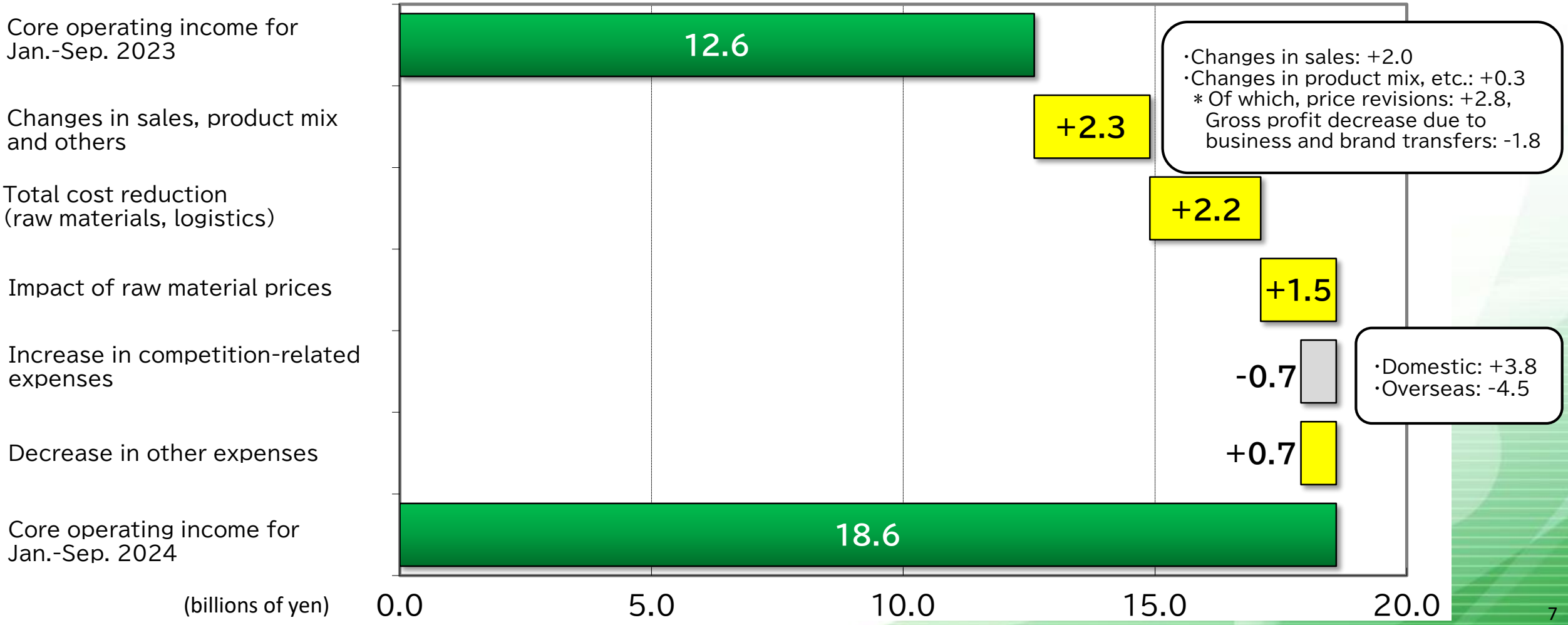
| (Billions of yen) | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Y-o-Y change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net sales | 301.1 | 296.0 | 5.0 | 1.7<br>(0.6)*4<br>0.5*5 |
| Core operating income*1<br>% of net sales | 18.6<br>6.2 | 12.6<br>4.3 | 6.0 | 47.8 |
| Operating profit<br>% of net sales | 17.1<br>5.7 | 12.5<br>4.2 | 4.5 | 36.7 |
| Profit for the period attributable to owners of the parent | 12.6 | 8.8 | 3.8 | 43.1 |
| EPS (Yen) | 45.67 | 31.12 | 14.55 | 46.8 |
| EBITDA*2 | 32.5 | 26.0 | 6.4 | 25.0 |
| EBITDA margin (%)*3 | 10.8 | 8.8 | — | 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: 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.
4. Y-o-Y change at constant currency excluding exchange rate fluctuations.
5. Y-o-Y change excluding exchange rate fluctuations and the impact of business transfers.

# Year-on-Year Changes in Core Operating Income

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## Core operating income increased significantly due to higher gross profit from higher overseas sales, price revisions in Consumer Products Business, and sound progress in total cost reductions



# Results by Business Segment

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## Consumer Products saw lower sales, but profits increased significantly due to price revisions and streamlining competition-related expenses
## Overseas, sales increased significantly and profit margins rose

| (Billions of yen) | Net sales* | | | | Core operating income | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Y-o-Y change | | Jan.–Sep. 2024, % of net sales | Jan.–Sep. 2023, % of net sales | Y-o-Y change | |
| | | | Amount | % | | | Amount | % |
| Consumer Products | 188.7 | 196.5 | (7.7) | (3.9) | 8.3 | 3.0 | 5.2 | 171.3 |
| | 160.2 | 167.4 | (7.1) | (4.3) | 4.4 | 1.6 | | |
| Industrial Products | 40.2 | 42.7 | (2.4) | (5.7) | 2.2 | 2.5 | (0.2) | (11.4) |
| | 27.8 | 28.1 | (0.3) | (1.2) | 5.5 | 5.9 | | |
| Overseas | 123.3 | 109.6 | 13.6 | 12.5 | 7.2 | 5.9 | 1.2 | 21.5 |
| | 112.0 | 99.1 | 12.8 | 12.9 | 5.9 | 5.4 | | |
| Other | 12.4 | 15.5 | (3.0) | (19.9) | 0.4 | 0.9 | (0.5) | (56.3) |
| | 0.9 | 1.2 | (0.2) | (22.4) | 3.3 | 6.0 | | |
| Adjustment | (63.6) | (68.3) | 4.6 | — | 0.3 | 0.0 | 0.2 | — |
| | — | — | — | — | | | | |
| Consolidated Total | 301.1 | 296.0 | 5.0 | 1.7 | 18.6 | 12.6 | 6.0 | 47.8 |
| | | | | | 6.2 | 4.3 | | |

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

# Consumer Products Business Net Sales by Product Category

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**Sales increased in oral care, beauty care and pharmaceutical product (in real terms*)**
**Sales decreased in fabric care due to comparatively lower sales of new products launched last year**

| (Billions of yen) | Net sales | | | |
|---|---|---|---|---|
| | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Y-o-Y change | |
| | | | Amount | % |
| Oral Care | 54.3 | 51.8 | 2.4 | 4.8 |
| Beauty Care | 18.0 | 18.0 | 0.0 | 0.4 |
| Fabric Care | 41.0 | 46.6 | (5.6) | (12.0) |
| Living Care | 15.0 | 15.8 | (0.7) | (4.6) |
| Pharmaceutical | 18.5 | 18.9 | (0.3) | (1.9)<br>3.8* |
| Other | 41.6 | 45.2 | (3.6) | (8.0)<br>(3.3)* |
| Total | 188.7 | 196.5 | (7.7) | (3.9)<br>(2.3)* |

* Actual rate of change excludes the impact of business and brand transfers

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

## Oral Care

**_NONIO_ continued to perform favorably**
**_CLINICA_ sales outperformed the market**

| Y-o-Y | Value | Volume | Price |
|---|---|---|---|
| Oral care market* | 105% | 102% | 103% |
| 予防歯科から生まれた クリニカ | 106% | 105% | 101% |
| システマ | 102% | 100% | 101% |
| 口臭科学から生まれた NONIO | 112% | 114% | 98% |
| ホワイト&ホワイト | 105% | 100% | 105% |

## Beauty Care

**Overall sales of _KireiKirei_ were below market, but high-value-added products performed favorably**

| Y-o-Y | Value | Volume | Price |
|---|---|---|---|
| Hand soap market | 106% | 100% | 106% |
| キレイキレイ | 101% | 96% | 105% |
| KireiKirei Medicated Hand Conditioning Soap  | 115% | 112% | 103% |
| KireiKirei Medicated Foaming Hand Soap Auto Dispenser  | 144% | 146% | 99% |

* Total of toothpastes, toothbrushes, dental rinses, dental care products

Source: INTAGE Inc. SRI+ surveys
Blue text indicates Lion performance of 3% or higher than market, red text indicates Lion performance of -3% or lower than market

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

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## Fabric Care and Living Care

**Focused on raising unit prices**
**Expanded share of total of high-value-added products across the *NANOX* line**

| Y-o-Y | Value | Volume | Price |
|---|---|---|---|
| Laundry detergent market | 112% | 98% | 115%* |
| NANOX | 116% | 96% | 124%* |
| Fabric softener market | 105% | 94% | 108%* |
| ソフラン | 100% | 91% | 109%* |
| Antimold products market | 99% | 96% | 99%* |
| がんばらなくてもキレイ♪ ルック PLUS / 防カビくん煙剤 | 99% | 86% | 145%* |

## Pharmaceutical

**Antipyretic analgesic unit prices increased**
**Eye drops achieved significant value growth due to the launch of new products**

| Y-o-Y | Value | Volume | Price |
|---|---|---|---|
| Antipyretic analgesic market | 101% | 97% | 102%* |
| BUFFERIN | 100% | 96% | 104%* |
| Eye drops market | 101% | 99% | 103% |
| スマイル® | 107% | 100% | 107% |

* Indicates unit price

Source: INTAGE Inc. SRI+ surveys
Blue text indicates Lion performance of 3% or higher than market,
red text indicates Lion performance of -3% or lower than market

# Overseas Business Results by Region

## Sales and profits increased in Southeast, South and Northeast Asia
## Profit margin growth in Southeast and South Asia was particularly driven by Thailand

| (Billions of yen) | Net sales | | | | | Core operating income | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Y-o-Y change | | | Jan.–Sep. 2024, % of net sales | Jan.–Sep. 2023, % of net sales | Y-o-Y change | |
| | | | Amount | % | Real rate (%)*1 | | | Amount | %*2 |
| Southeast and South Asia | 74.8 | 66.8 | 8.0 | 12.0 | 5.2 | 4.5<br>6.0 | 3.4<br>5.1 | 1.0 | 32.2<br>+0.9PP |
| Northeast Asia | 48.4 | 42.7 | 5.6 | 13.2 | 6.6 | 2.7<br>5.7 | 2.5<br>6.0 | 0.1 | 7.1<br>(0.3PP) |
| Total | 123.3 | 109.6 | 13.6 | 12.5 | 5.8 | 7.2<br>5.9 | 5.9<br>5.4 | 1.2 | 21.5<br>+0.5PP |

Notes 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.–Sep. 2024 | Change (amount) | Change (%) | Y-o-Y change*4 (%) | | |
| Thailand | 44.8 | 3.4 | 8.5 | 2.3 | ➢ Sales of mainstay laundry detergents and new body washes launched in the 2nd quarter drove sales | 32.4 |
| Malaysia | 17.7 | 3.2 | 22.1 | 14.1 | ➢ Aggressive in-store measures focused on competitive laundry detergents was successful | 22.2 |
| China*3 | 20.1 | 3.2 | 19.3 | 11.7 | ➢ Mainstay toothpastes and value-added toothbrushes (thin and wide heads) saw growth | 85.8 |
| South Korea | 14.9 | 1.3 | 10.1 | 5.0 | ➢ Significantly higher sales due to aggressive marketing in the capsule detergent market, which is continuously growing | 30.8 |

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

# Policy 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 scale)**
- **Reducing 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

# Towards 2nd STAGE:
# Reform the Profit Structure of Consumer Products

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## Portfolio reforms are on schedule as planned at the beginning of the year, contributing to higher profit

### Policy KPIs for 2027 (Compared to 2023)

**Portfolio Reforms**

- **Shift to high value-added products and execute upward price revisions* (¥15 billion scale)**

  Fiscal 2024 target: Approx. **¥4 billion**, we **expect to achieve this target**

  (Results: **¥2.8 billion** in the first nine months)

- **Reducing SKUs (30% reduction, approx. 270 SKUs)**

  Fiscal 2024 target of **removing** approx. **50** SKUs,

  we **expect to achieve this target**

- **Streamline competition-related expenses (reduced margin of competition-related expenses to net sales by 2 points)**

  **Progressing soundly** (down **1.4** points Y-o-Y in January–September 2024)

# Towards 2nd STAGE:
# Reform the Profit Structure of Consumer Products Business

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## Implementing profit structure reforms to improve profitability in the domestic fabric care category

**Business Structure Reforms**

・Improve productivity (utilize and organize non-current assets, optimize production bases and items)

**Consolidate production items and optimize production operations, primarily in the domestic fabric care category**

- Decided on the removal of a number of production facilities
- Revised recoverability forecast for the category

→ Recorded a total impairment loss of approx. ¥6.2 billion in the first nine months
(Begin reducing fixed expenses in the next fiscal year)

### Future Direction for the Domestic Fabric Care Category

- **Focus on brands and items with market competitiveness**
  *(NANOX, SOFLAN Aroma Rich, SOFLAN Premium Deodorizer)*

➡ Aim to improve profitability of domestic Consumer Products

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Consolidated Financial Results for the First Nine Months of 2024

Fiscal 2024 Financial Forecast

# 2024 Consolidated Financial Forecast

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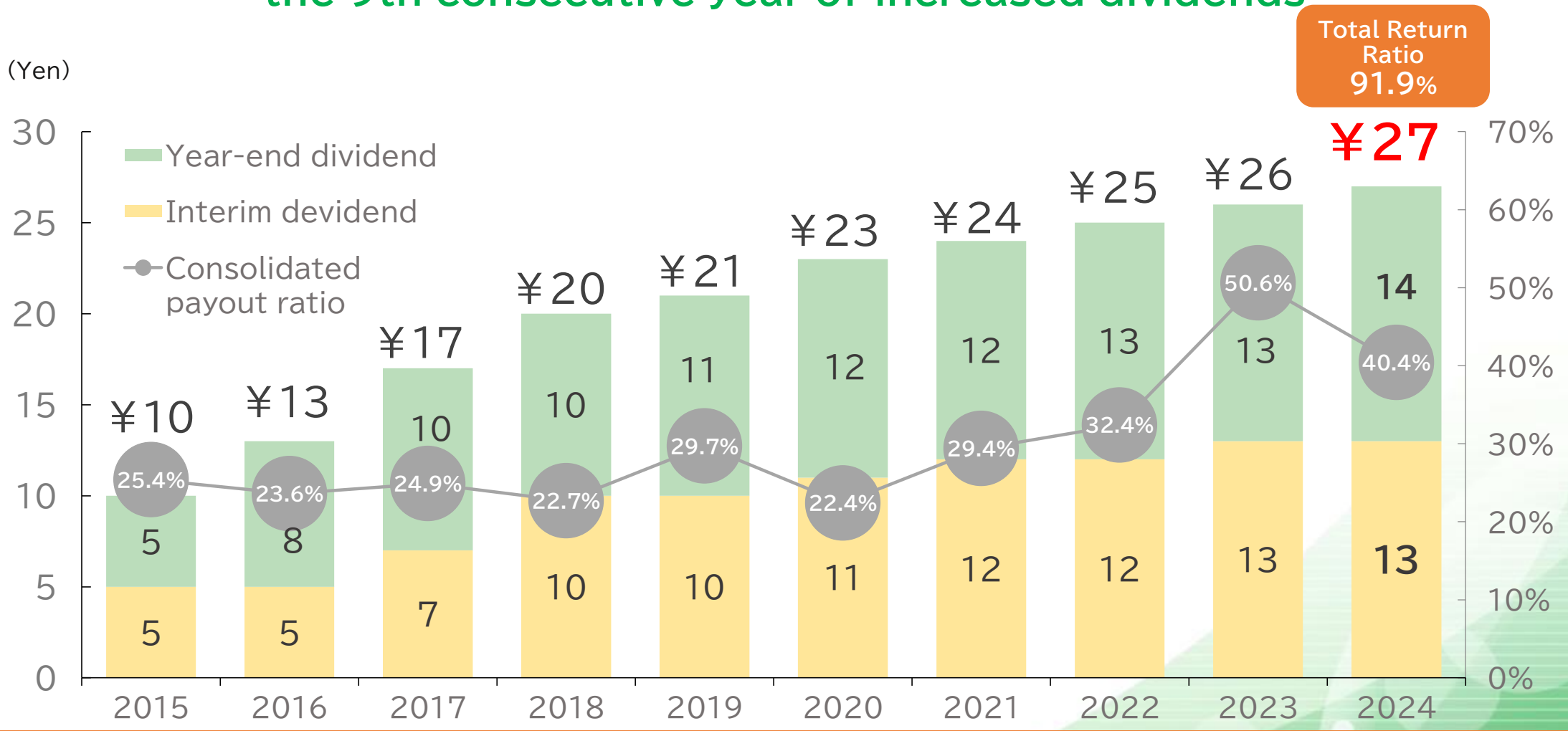
## Although Lion recorded an impairment loss, it is considering measures to improve asset efficiency, such as selling off assets, and the forecast remains unchanged from the beginning of the year

| (Billions of yen) | 2024 | 2023 | Y-o-Y change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net sales*1 | 410.0 | 402.7 | 7.2 | 1.8 |
| Core operating income<br>% of net sales | 23.0<br>5.6 | 20.1<br>5.0 | 2.8 | 14.2 |
| Operating profit<br>% of net sales | 27.0<br>6.6 | 20.5<br>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.

# 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%**

## Accelerate profit structure reforms and growth strategies to further enhance corporate value

### Agenda of the next medium-term management plan

1. Strengthen profitability of Consumer Products Business
2. Strengthen Overseas Business growth measures
3. Strengthen growth strategies for oral healthcare
4. Strengthen management base

### About partnership agreement with Japan Activation Capital, Inc. (“JAC”)

By leveraging JAC’s resources, expertise and network Lion will further enhance its execution of strategies and measures to accelerate sustainable growth

# Reference Materials

# Overview of the October 10 Press Release

## Signed a partnership agreement (“the agreement”) with Japan Activation Capital, Inc. (“JAC”) to enhance corporate value

### Purpose of the Agreement

**Lion will leverage JAC’s resources, expertise and network to enhance its execution and realization capabilities within the ongoing reform of the profit structure of domestic consumer products business and strengthening growth measures for overseas businesses, to realize sustainable growth and enhance corporate value**

JAC acquired Lion common shares based on the agreement on October 9

### Overview of JAC

- JAC is a fund that invests in TSE-listed companies, providing support as a significant shareholder for sustainable enhancement of corporate value based on mutual trust with company management
- Started management of first fund in April 2024 with capital obtained from domestic institutional investors

# Market Trends—Major Product Categories in Japan

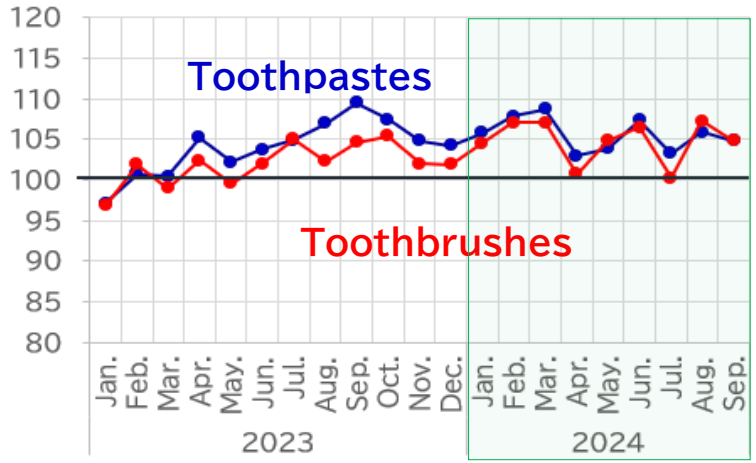
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Source: INTAGE Inc. SRI+ survey

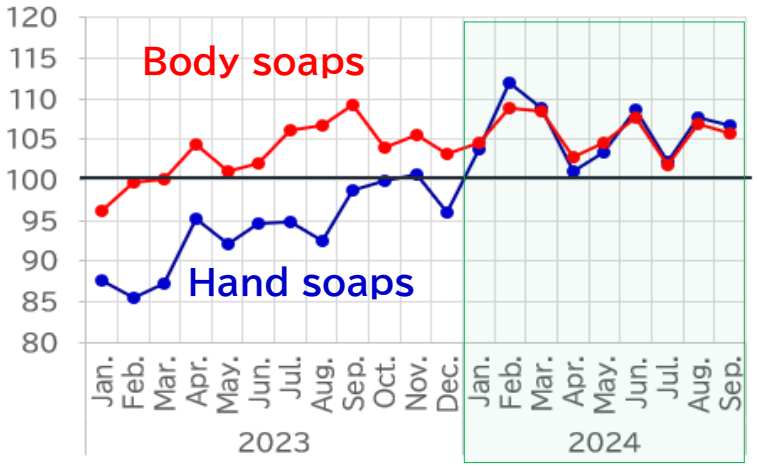
Data was updated in December 2023, and past data uses figures that have been similarly revised.

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

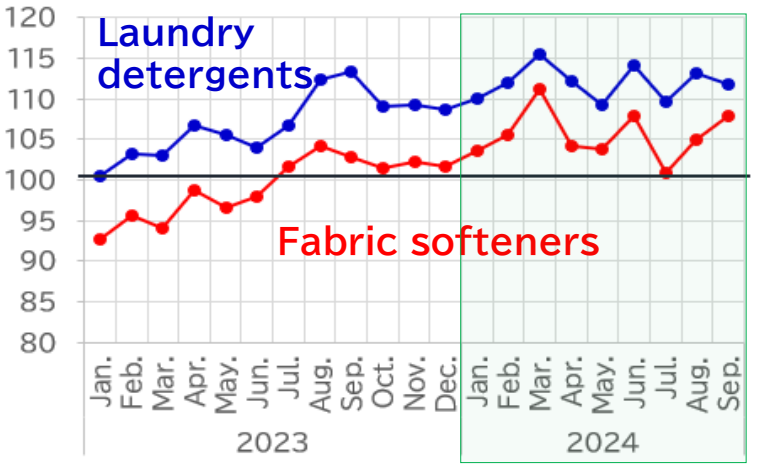
### Oral Care



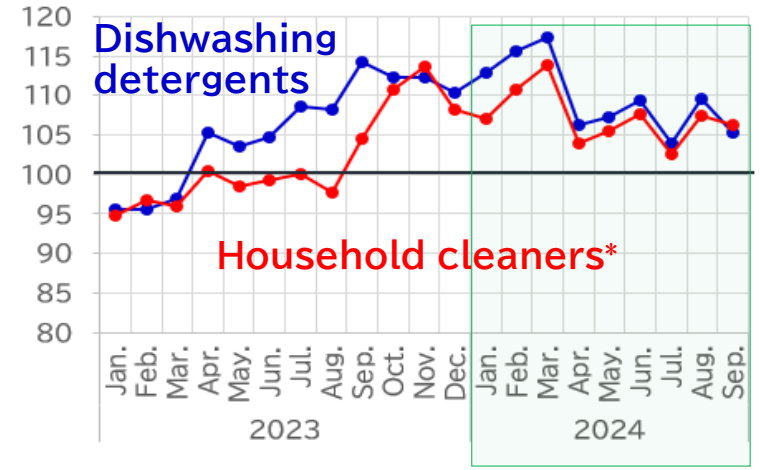

### Beauty Care



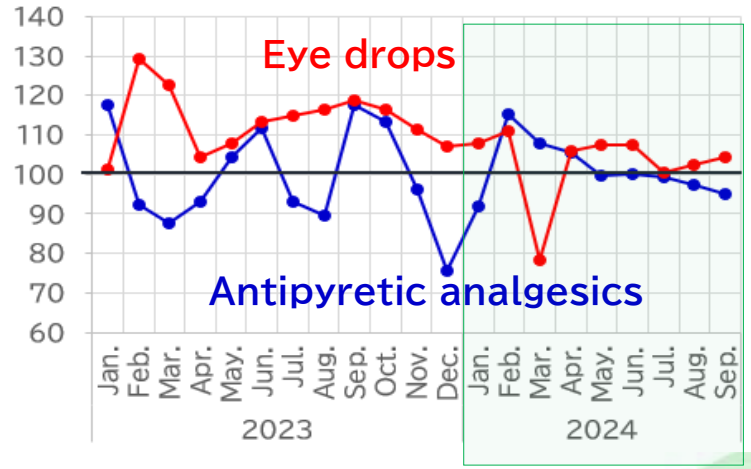

### Fabric Care




### Living Care




### Pharmaceutical




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

| Category | Vs. '23 | Vs. '22 | Vs. '21 |
|---|---|---|---|
| Toothpaste | 106 | 109 | 111 |
| Toothbrushes | 105 | 106 | 109 |
| Hand soaps | 106 | 98 | 93 |
| Laundry detergents | 112 | 119 | 124 |
| Fabric softeners | 105 | 104 | 105 |
| Dishwashing detergents | 109 | 114 | 111 |
| Household cleaners | 107 | 106 | 107 |
| Antipyretic analgesics | 101 | 101 | 106 |

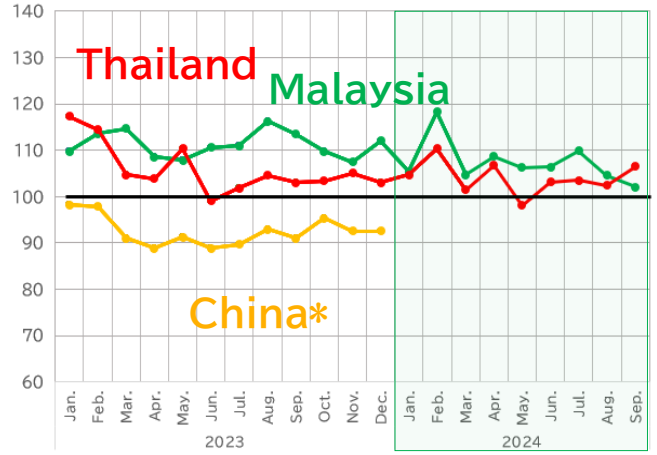
* "Household cleaners" above is the sum of home cleaners, bath detergents and bathroom detergents.

# Market Trends—Major Product Categories Overseas

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

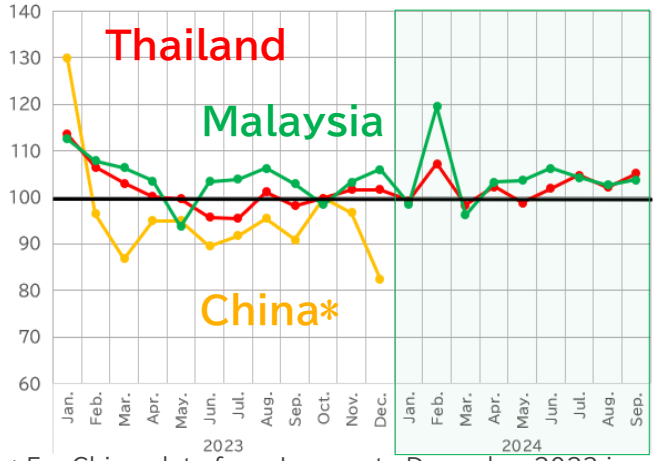
Source: Nielsen

### Toothpastes



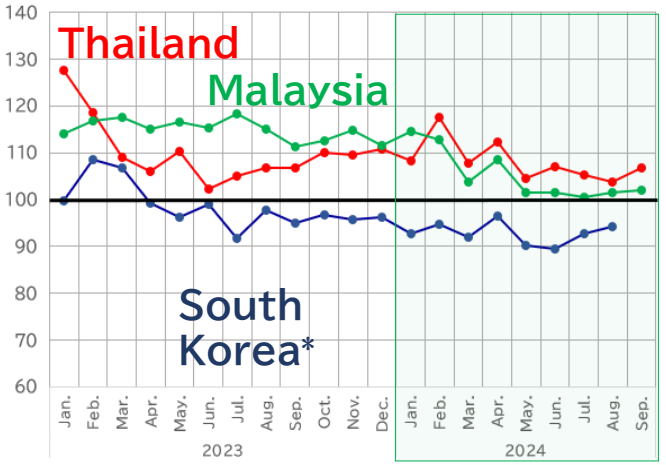

* For China, data from January to December 2023 is published

### Toothbrushes



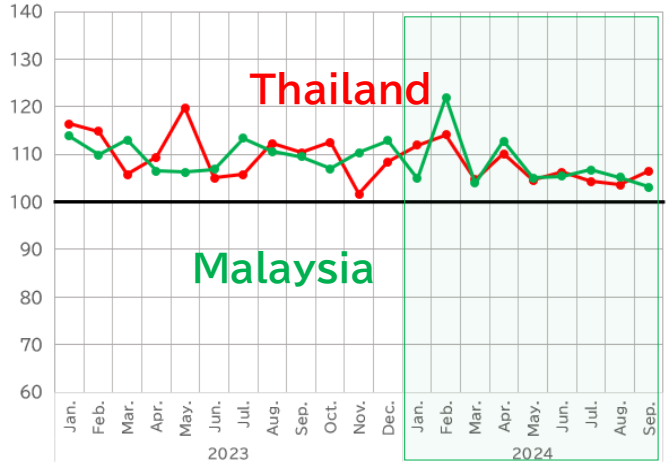

* For China, data from January to December 2023 is published

### Laundry detergents

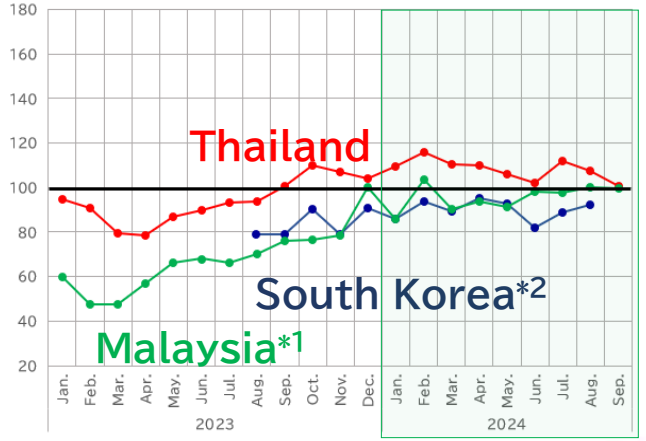



* For South Korea, data from January 2023 to August 2024 is published.
Data was updated and past data uses figures that have been similarly revised.

### Body soaps




### Hand soaps




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

| Category | Thailand | Malaysia |
|---|---|---|
| Toothpaste | 104 | 107 |
| Toothbrushes | 102 | 104 |
| Laundry detergents | 108 | 105 |
| Body soaps | 107 | 107 |
| Hand soaps | 108 | 95 |

Notes 1. Figures for Malaysia represent the entire soap market, including the hand soap market.
2. For South Korea, data from August 2023 to August 2024 is published.
Data was updated and past data uses figures that have been similarly revised.

# Consolidated Results for July–September 2024

| (Billions of yen) | Jan.–Jun. 2024 | Jul.–Sep. 2024 | Jul.–Sep. Year-on-year change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net sales | 198.6 | 102.5 | (0.6) | (0.7) |
| Core operating income*1<br>% of net sales | 9.5<br>4.8 | 9.0<br>8.8 | 2.8 | 45.3 |
| Operating profit<br>% of net sales | 13.3<br>6.7 | 3.7<br>3.7 | (2.5) | (40.1) |
| Profit for the period attributable to owners of the parent | 9.9 | 2.7 | (1.8) | (40.0) |
| EPS (Yen) | 35.76 | 9.89 | (6.11) | (38.2) |
| EBITDA*2 | 18.6 | 13.8 | 2.7 | 24.9 |

Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.
2. EBITDA: An indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets as of 2022).

# Results by Business Segment for July–September 2024

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| (Billions of yen) | Net sales | | | | Core operating income | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan.–Jun. 2024 | Jul.–Sep. 2024 | Jul.–Sep. Y-o-Y change | | Jan.–Jun. 2024, % of net sales | Jul.–Sep. 2024, % of net sales | Jul.–Sep. Y-o-Y change | |
| | | | Amount | % | | | Amount | % |
| Consumer Products | 126.2 | 62.5 | (5.1) | (7.6) | 3.6 | 4.7 | 2.3 | 101.5 |
| | 106.3 | 53.9 | (3.7) | (6.5) | 2.9 | 7.6 | | |
| Industrial Products | 26.4 | 13.8 | (0.4) | (2.8) | 1.4 | 0.7 | (0.1) | (12.5) |
| | 18.5 | 9.3 | (0.1) | (1.1) | 5.6 | 5.3 | | |
| Overseas | 80.6 | 42.6 | 3.2 | 8.3 | 4.5 | 2.7 | 0.2 | 9.5 |
| | 73.0 | 38.9 | 3.2 | 9.0 | 5.6 | 6.4 | | |
| Other | 7.7 | 4.6 | 0.0 | 2.1 | 0.2 | 0.1 | (0.0) | (40.7) |
| | 0.7 | 0.2 | (0.0) | (8.4) | 3.8 | 2.4 | | |
| Adjustment | (42.4) | (21.1) | 1.5 | — | (0.4) | 0.7 | 0.3 | — |
| | — | — | — | — | | | | |
| Consolidated Total | 198.6 | 102.5 | (0.6) | (0.7) | 9.5 | 9.0 | 2.8 | 45.3 |
| | | | | | 4.8 | 8.8 | | |

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

# Consumer Products Business Net Sales by Product Category for July–September 2024

| (Billions of yen) | Net sales | | | |
|---|---|---|---|---|
| | Jan.–Jun. 2024 | Jul.–Sep. 2024 | Jul.–Sep. Y-o-Y change | |
| | | | Amount | % |
| Oral Care | 35.9 | 18.4 | 1.0 | 6.1 |
| Beauty Care | 11.8 | 6.2 | 0.1 | 2.7 |
| Fabric Care | 27.6 | 13.4 | (3.4) | (20.3) |
| Living Care | 10.1 | 4.8 | (0.0) | (2.0) |
| Pharmaceutical | 12.0 | 6.5 | (0.5) | (7.6)<br>6.3* |
| Other | 28.5 | 13.0 | (2.3) | (15.2)<br>(11.4)* |
| Total | 126.2 | 62.5 | (5.1) | (7.6)<br>(5.4)* |

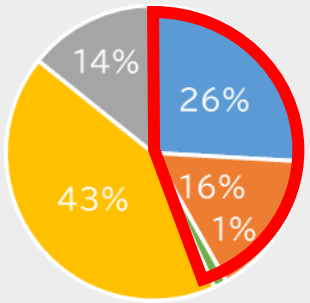
* Actual rate of change excludes the impact of business and brand transfers

# Overseas Business Results by Region for July–September 2024

| (Billions of yen) | Net sales | | | | Core operating income | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan.–Jun. 2024 | Jul.–Sep. 2024 | Jul.–Sep. Y-o-Y change | | Jan.–Jun. 2024 | Jul.–Sep. 2024 | Jul.–Sep. Y-o-Y change | |
| | | | Amount | % | | | Amount | % |
| Southeast and South Asia | 48.3 | 26.5 | 2.3 | 9.7 | 2.8 | 1.6 | 0.3 | 22.7 |
| Northeast Asia | 32.3 | 16.0 | 0.9 | 6.1 | 1.7 | 1.0 | (0.0) | (6.6) |
| Total | 80.6 | 42.6 | 3.2 | 8.3 | 4.5 | 2.7 | 0.2 | 9.5 |

# Overseas Business
# Share of total net sales*1 by category

## Overseas Business total

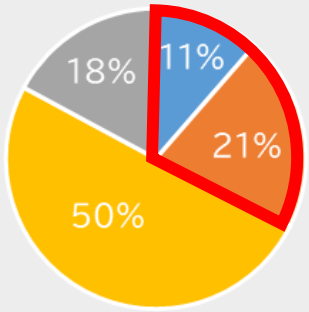



Personal care field

Ratio to consolidated sales :43.2%

Net year-on-year change in net sales : 8.7%

## Thailand

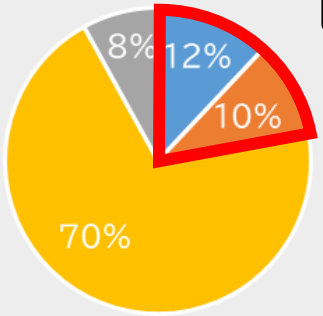



Personal care field

Ratio to consolidated sales : 32.4%

Net year-on-year change in net sales :9.3%

## Malaysia




Personal care field

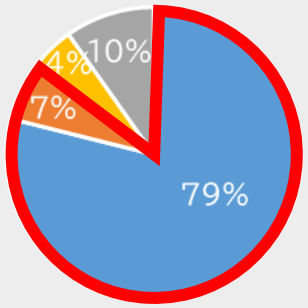
Ratio to consolidated sales : 22.2%

Net year-on-year change in net sales :29.5%

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

Personal care field

## China*2

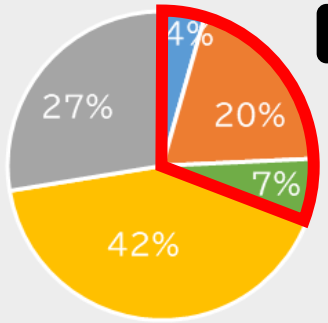



Personal care field

Ratio to consolidated sales : 85.8%

Net year-on-year change in net sales :7.1%

## South Korea




Personal care field

Ratio to consolidated sales : 30.8%

Net year-on-year change in net sales :7.4%

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

2. Qingdao Lion

3. Fabric care and living care

# Consolidated Statement of Income

| (Billions of yen) | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Y-o-Y change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net sales | 301.1 | 296.0 | 5.0 | 1.7 |
| Cost of sales | 163.5 | 164.7 | (1.2) | (0.7) |
| Gross profit | 137.6 | 131.3 | 6.2 | 4.8 |
| Selling, general and administrative expenses | 119.0 | 118.7 | 0.2 | 0.2 |
| Core operating income | 18.6 | 12.6 | 6.0 | 47.8 |
| Other income | 5.6 | 1.0 | 4.6 | 433.9 |
| Other expenses | 7.1 | 1.1 | 6.0 | 522.5 |
| Operating profit | 17.1 | 12.5 | 4.5 | 36.7 |
| Finance income | 0.9 | 0.9 | 0.0 | 1.4 |
| Finance costs | 0.7 | 0.6 | 0.0 | 12.8 |
| Share of profit of investments accounted for using the equity method | 2.1 | 1.3 | 0.8 | 61.6 |
| Profit before tax | 19.5 | 14.2 | 5.3 | 37.8 |
| Income taxes | 4.9 | 4.0 | 0.9 | 24.6 |
| Profit for the period | 14.5 | 10.2 | 4.3 | 42.9 |
| Profit for the period attributable to non-controlling interests | 1.9 | 1.3 | 0.5 | 41.8 |
| Profit for the period attributable to owners of the parent | 12.6 | 8.8 | 3.8 | 43.1 |

# Selling, General and Administrative Expenses

| (Billions of yen) | Jan.–Sep. 2024 | | Jan.–Sep. 2023 | | Y-o-Y change | |
|---|---|---|---|---|---|---|
| | Amount | % of net sales | Amount | % of net sales | Amount | % |
| Selling, general and administrative expenses | 119.0 | 39.5 | 118.7 | 40.1 | 0.2 | 0.2 |
| Sales commissions | 4.3 | 1.4 | 6.2 | 2.1 | (1.9) | (31.1) |
| Promotional expenses | 32.0 | 10.6 | 27.5 | 9.3 | 4.4 | 16.2 |
| Advertising expenses | 14.1 | 4.7 | 15.9 | 5.4 | (1.7) | (11.1) |
| Transportation and warehousing expenses | 16.0 | 5.3 | 15.7 | 5.3 | 0.2 | 1.9 |
| R&D expenses | 8.2 | 2.7 | 8.1 | 2.8 | 0.0 | 0.5 |
| Other expenses | 44.1 | 14.7 | 44.9 | 15.2 | (0.7) | (1.8) |

# Consolidated Statement of Financial Position

| (Billions of yen) | | September 30, 2024 | December 31, 2023 | Change |
|---|---|---|---|---|
| Current assets | | 215.6 | 232.2 | (16.5) |
| | Cash and cash equivalents | 74.9 | 85.5 | (10.5) |
| | Trade and other receivables | 66.8 | 75.2 | (8.4) |
| | Inventories | 59.2 | 56.0 | 3.1 |
| Non-current assets | | 245.1 | 254.0 | (8.9) |
| | Property, plant and equipment | 126.9 | 140.6 | (13.7) |
| | Intangible assets | 21.6 | 22.7 | (1.0) |
| | Right-of-use assets | 30.1 | 31.3 | (1.1) |
| | Other financial assets | 30.4 | 25.4 | 4.9 |
| Total assets | | 460.8 | 486.3 | (25.5) |

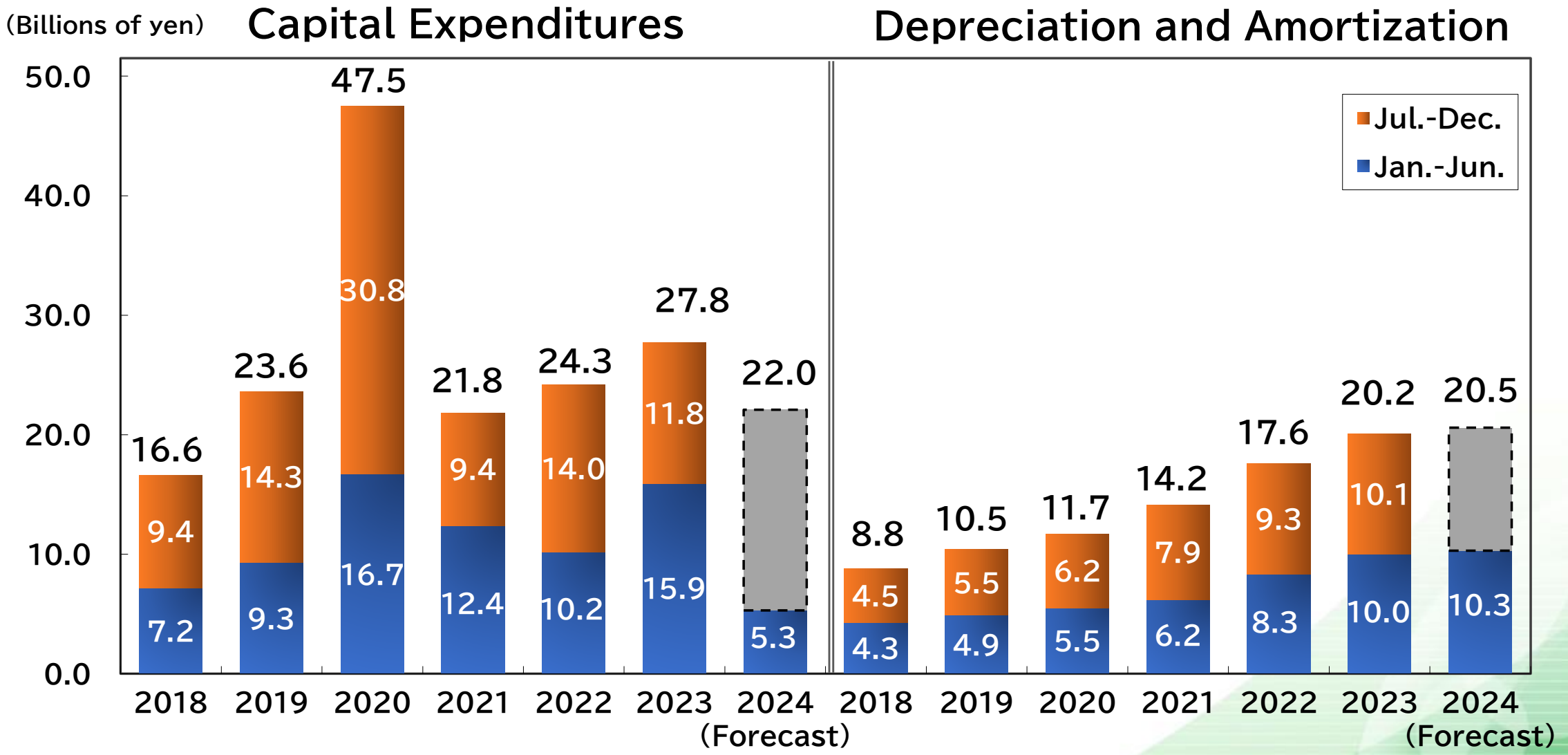
# Consolidated Statement of Financial Position

| (Billions of yen) | | September 30, 2024 | December 31, 2023 | Change |
|---|---|---|---|---|
| Current liabilities | | 121.7 | 143.3 | (21.5) |
| | Trade and other payables | 98.2 | 126.1 | (27.9) |
| | Lease liabilities | 2.0 | 2.0 | 0.0 |
| | Other current liabilities | 8.0 | 7.7 | 0.3 |
| Non-current liabilities | | 38.5 | 44.8 | (6.3) |
| | Retirement benefit liabilities | 2.7 | 4.5 | (1.7) |
| | Lease liabilities | 27.3 | 28.1 | (0.8) |
| Equity | | 300.5 | 298.1 | 2.3 |
| | 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 | 21.1 | 18.3 | 2.7 |
| | Retained earnings | 202.4 | 204.2 | (1.8) |
| Total liabilities and equity | | 460.8 | 486.3 | (25.5) |

# Consolidated Statement of Cash Flows

| (Billions of yen) | Jan.–Sep. 2024 | Jan.–Sep. 2023 | Change |
|---|---|---|---|
| Cash flows from operating activities | 15.7 | 13.1 | 2.5 |
| Cash flows from investing activities | (6.3) | (30.6) | 24.3 |
| Cash flows from financing activities | (20.4) | (11.0) | (9.4) |
| Effect of exchange rate changes on cash and cash equivalents | 0.5 | 1.3 | (0.7) |
| Net increase (decrease) in cash and cash equivalents | (10.5) | (27.2) | 16.6 |
| Cash and cash equivalents at beginning of period | 85.5 | 101.0 | (15.5) |
| Cash and cash equivalents at end of period | 74.9 | 73.8 | 1.1 |

# 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.–Sep. 2024 |
|---|---|---|---|---|---|---|
| Sales Value | 102 | 112 | 95 | 101 | 103 | 107 |
| Sales Volume | 100 | 105 | 92 | 97 | 96 | 100 |
| Average price | 102 | 106 | 103 | 104 | 107 | 107 |

Source: INTAGE Inc. SRI survey (data for 2019–2020 is for 38 markets),
SRI+ survey (data for 2021 is for 38 markets; data for 2022 is for 37; data for 2023 is for 35; date for Jan,-Sep. 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.–Sep. 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.–Sep. 2024 |
|---|---|---|---|---|---|---|
| Sales value | 100 | 93 | 103 | 103 | 111 | 102 |
| Sales volume | 99 | 89 | 101 | 102 | 107 | 99 |
| Average price | 101 | 105 | 102 | 101 | 103 | 103 |

Source: INTAGE Inc. SDI Survey (data for 2019–2020 is for 7 markets), SRI+ Survey (data for 2021-2023 is for 7 markets; data for Jan,-Sep. 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.–Sep. 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.