

Financial Results for the Fiscal Year Ended December 31, 2021

**Lion Corporation
February 14, 2022**

- Fiscal 2021 Financial Results
- Working toward 2030:
 - ▶ Vision2030
 - ▶ New Medium-Term Management Plan:
Vision2030 1st STAGE 2022–2024
- Fiscal 2022 Financial Forecast

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Comparison to Forecast (revised 7/30)

Sales and profit met forecasts

(net sales: +¥1.2 billion; core operating income: +¥0.9 billion)

- Net sales were driven by the Overseas and Industrial Products businesses
- In core operating income, rising raw material costs were absorbed by increased sales and streamlined expenses

Y-o-Y Change

Sales increased, profit decreased

(net sales: +¥10.8 billion; core operating income: -¥5.0 billion)

- Sales in Consumer Products were about level year on year, despite recoil from strong sales of hand soaps, etc., in 2020; sales in Overseas and Industrial Products rose, reflecting, respectively, strong performance in China and recovery in the chemical market
- Despite total cost reductions, rising raw material costs and competition-related expenses resulted in decreased core operating income
- Operating profit and profit for the period attributable to owners of the parent decreased due to the drop in core operating income and recoil from a gain on transfer of non-current assets (land Lion's head office occupies) recorded in 2020

Period: Jan.–Dec. 2021; Source: INTAGE Inc. SRI+

Aggregate of Key Domestic Markets	In the 38 home product markets surveyed, sales value fell 5% year on year, reflecting a decrease in sales volumes of hand soaps and household cleaners due to year-on-year recoil
Oral Care	<ul style="list-style-type: none"> ✓ Toothpaste unit prices continued to increase, reflecting increased hygiene awareness (sales value up 2% Y-o-Y) ✓ Toothbrush unit prices continued to rise, and sales volumes recovered to the 2020 level from July to December (sales value changed 0% Y-o-Y)
Beauty Care	<ul style="list-style-type: none"> ✓ Hand soap sales volumes fell significantly due to recoil from expansion in 2020 but were still up almost 40% from 2019 (sales value down 30% Y-o-Y)
Fabric Care	<ul style="list-style-type: none"> ✓ Laundry detergents and fabric softeners saw higher unit prices due to a shift to larger size products (laundry detergent sales value up 5% Y-o-Y; fabric softener sales value up 3% Y-o-Y)
Living Care	<ul style="list-style-type: none"> ✓ Dishwashing detergent unit prices rose due to a shift to larger size products reflecting more frequent use (sales value up 1% Y-o-Y) ✓ Household cleaner sales volumes fell due to recoil from the previous year (total sales value of home cleaners, bath detergents and bathroom detergents down 1% Y-o-Y)
Pharmaceutical	<ul style="list-style-type: none"> ✓ Antipyretic analgesic sales volumes increased due to an increase in demand related to treating COVID-19 vaccine side effects (sales value up 18% Y-o-Y) ✓ Eye drop unit sales were level year on year, as the absence of demand from overseas visitors was unchanged from the previous year (sales value up 1% Y-o-Y)

Period: Jan.–Dec. 2021; Source: Nielsen

Aggregate of Key Overseas Markets	Market for hand soap expanded compared to 2007 (increased in Thailand by 80%, Malaysia by 180% and South Korea by 60%) Sales of laundry detergents continued to shrink Y-o-Y due to stagnation in consumption
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Fiscal 2021 Consolidated Financial Results

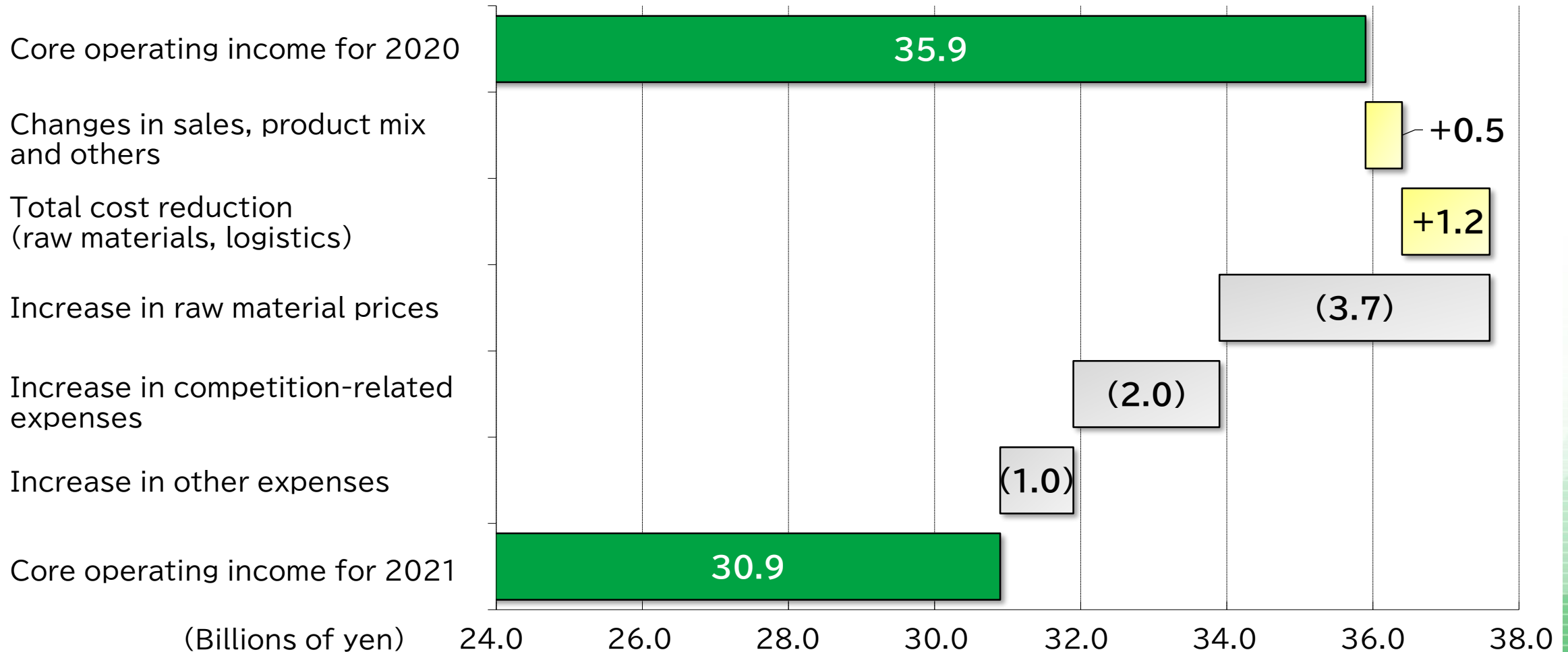
Despite a Y-o-Y increase in sales, profit fell Y-o-Y due largely to rises in raw material prices and competition-related expenses, but exceeded forecasts

(Billions of yen)	2021	2020	Y-o-Y change		Deviation from revised forecast (% deviation)
			Amount	%	
Net sales	366.2	355.3	10.8	12.3 (1.9*5)	1.2 (0.3)
Core operating income* ¹ % of net sales	30.9 8.4	35.9 10.1	(5.0)	(14.0)	0.9 (3.1)
Operating profit % of net sales	31.1 8.5	44.0 12.4	(12.8)	(29.3)	1.1 (3.9)
Profit for the period attributable to owners of parent	23.7	29.8	(6.1)	(20.5)	2.2 (10.5)
EPS (Yen)	81.73	102.75	(21.02)	(20.5)	7.78 (10.5)
EBITDA* ²	45.1	47.6	(2.4)	(5.2)	—
EBITDA margin (%) * ³	12.3	13.4		(1.1)PP	—
ROIC(%)* ⁴	8.8	10.7		(1.9)PP	—
ROE(%)	9.8	13.6		(3.8)PP	—

- Notes
1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting general and administrative expenses from gross profit, selling,
 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. 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.
 5. Y-o-Y change at constant currency excluding exchange rate fluctuations

Year-on-Year Changes in Core Operating Income

Increased sales led to increased gross profit, and total cost reduction helped boost profit, but increases in depreciation and amortization, raw material costs and competition-related expenses led to an overall decrease



Results by Business Segment

Industrial Products saw increases in sales and profit, due to increases in the chemical field, but Consumer Products and Overseas saw increased sales but decreased profit due partly to higher raw material costs

(Billions of yen)	Net sales				Segment profit (Core operating income)		
	2021	2020	Y-o-Y change		2021, %	Y-o-Y change	
			Amount	%		Amount	%
Consumer Products	247.0	245.4	1.5	0.6	19.0	(5.6)	(22.8)
	229.5	229.7	(0.1)	(0.1)	(7.7)		
Industrial Products	61.2	55.0	6.2	11.3	2.6	0.4	22.0
	34.7	31.5	3.2	10.2	(4.3)		
Overseas	109.2	101.6	7.6	7.5	6.0	(1.1)	(15.9)
	98.7	91.2	7.5	8.2	(5.5)		
Other	27.8	34.8	(6.9)	(19.9)	2.1	(0.1)	(7.3)
	3.1	2.8	0.3	12.9	(7.7)		
Adjustment	(79.2)	(81.6)	2.4	-	(1.0)	1.4	-
	(0.0)	0.0	(0.0)	-			
Consolidated Total	366.2	355.3	10.8	3.1	30.9 (8.4)	(5.0)	(14.0)

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

Consumer Products Business Net Sales by Product Category *life.love.* **LION**

Sales increased, except in beauty care, which suffered Y-o-Y recoil

(Billions of yen)	Net sales			
	2021	2020	Y-o-Y change	
			Amount	%
Oral Care	69.4	66.4	3.0	4.5
Beauty Care	24.7	31.4	(6.7)	(21.5)
Fabric Care	60.6	59.1	1.5	2.6
Living Care	25.1	24.0	1.0	4.5
Pharmaceutical	25.3	23.8	1.4	6.2
Other	41.7	40.5	1.2	3.0
Total	247.0	245.4	1.5	0.6

Overseas Business Results by Region

Sales in Southeast Asia increased due to stronger sales promotion of laundry detergents, but profit decreased due to rise in raw material costs

Sales in Northeast Asia increased, driven by strong sales in China which continued to be strong due to strengthened sales promotion in e-commerce and live commerce

(Billions of yen)	Net sales				Core operating income			
	2021	2020	Y-o-Y change		2021	2020	Y-o-Y change	
			Amount	%			Amount	%
Southeast Asia	68.7	66.4	2.3	3.5	3.7	5.1	(1.3)	(26.3)
Northeast Asia	40.4	35.1	5.3	15.1	2.2	2.2	0.2	10.2
Total	109.2	101.6	7.6	7.5	6.0	7.1	(1.1)	(1.5)

*Y-o-Y change at constant currency excluding exchange rate fluctuations:
 Southeast Asia: +1.3% (Thailand: +0.9%, Malaysia: +1.4%);
 Northeast Asia: +6.3% (China*: +21.7%, South Korea: -4.7%); * Qingdao Lion
 Total: +3.1%

- Fiscal 2021 Financial Results
- **Working toward 2030:**
 - ▶ **Vision2030**
 - ▶ New Medium-Term Management Plan:
Vision2030 1st STAGE 2022–2024
- Fiscal 2022 Financial Forecast

We will reinforce management driven by our purpose:
Make a difference in everyday lives by redesigning habits

ReDesign

Make a difference in everyday lives by redesigning habits

Becoming an advanced daily healthcare company

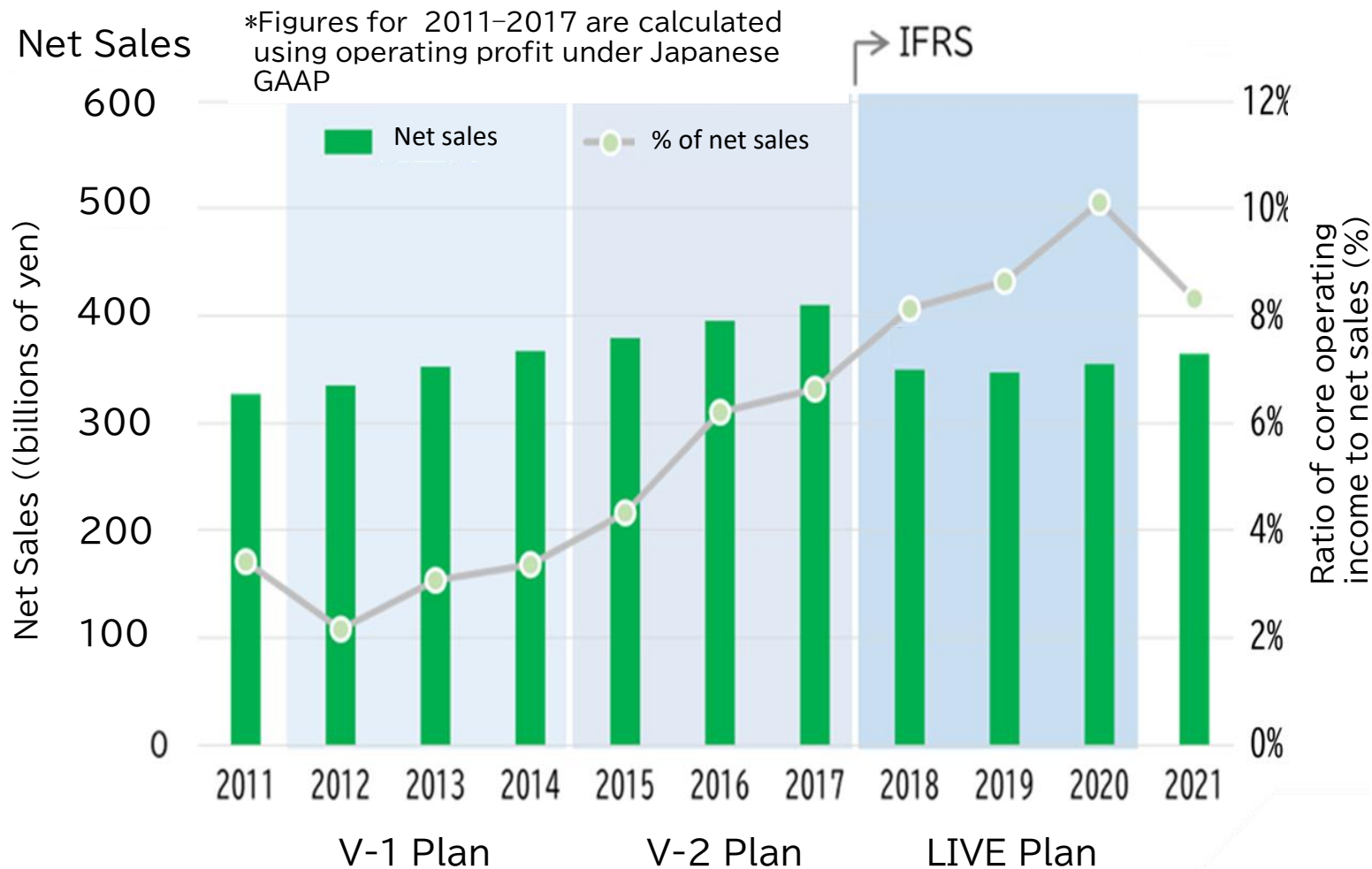
We will realize healthy minds and bodies for all
by creating new customer experiences
to make everyday habits more natural, easy and enjoyable

The Past Decade and Future Growth

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Profitability grew significantly over the past 10 years; we aim to further expand corporate value going forward



The Past 10 Years

Increased profitability

- Shift toward higher-added-value products (unit price > volume)
 - Advanced structural reforms
 - Consolidated the chemicals business
 - Reorganized domestic production sites
 - Consolidated domestic logistics companies
 - Rationalized point-of-sale management
- Etc.

The Next 10 Years

Increase corporate value by expanding our presence

- Expand overseas and new businesses
- Maximize up-front investment
- Continually reinforce future-oriented growth investment

Enhancing Lion's market, economic and social presence

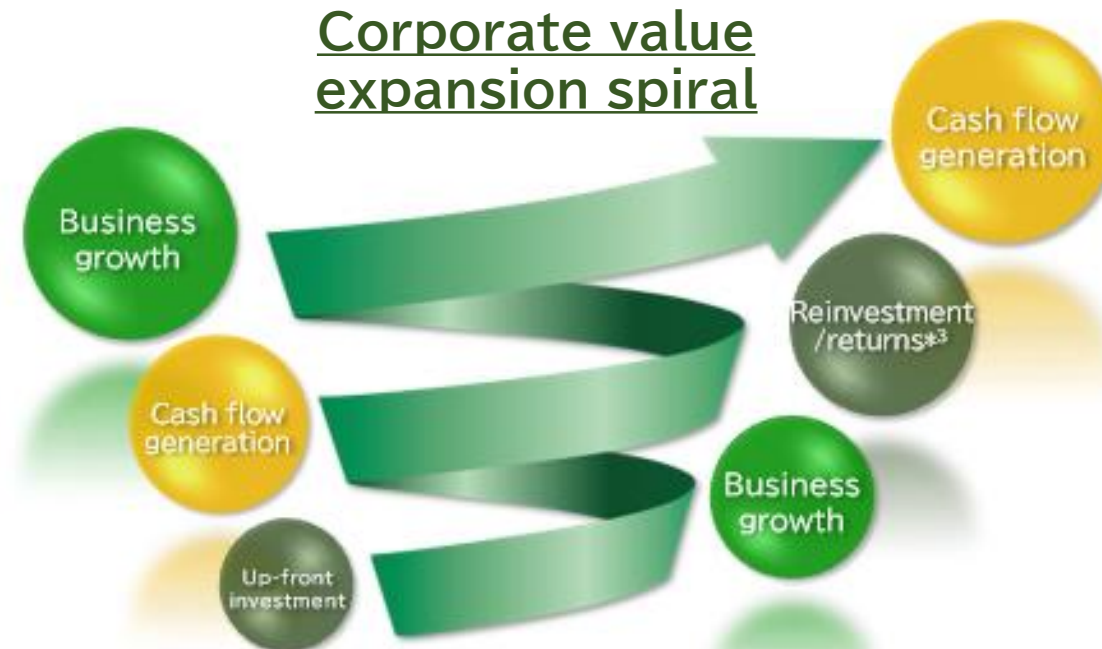
Achieve business growth by putting our purpose—Make a difference in everyday lives by redesigning habits—into action*¹

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

Realize an upward corporate value expansion spiral*²

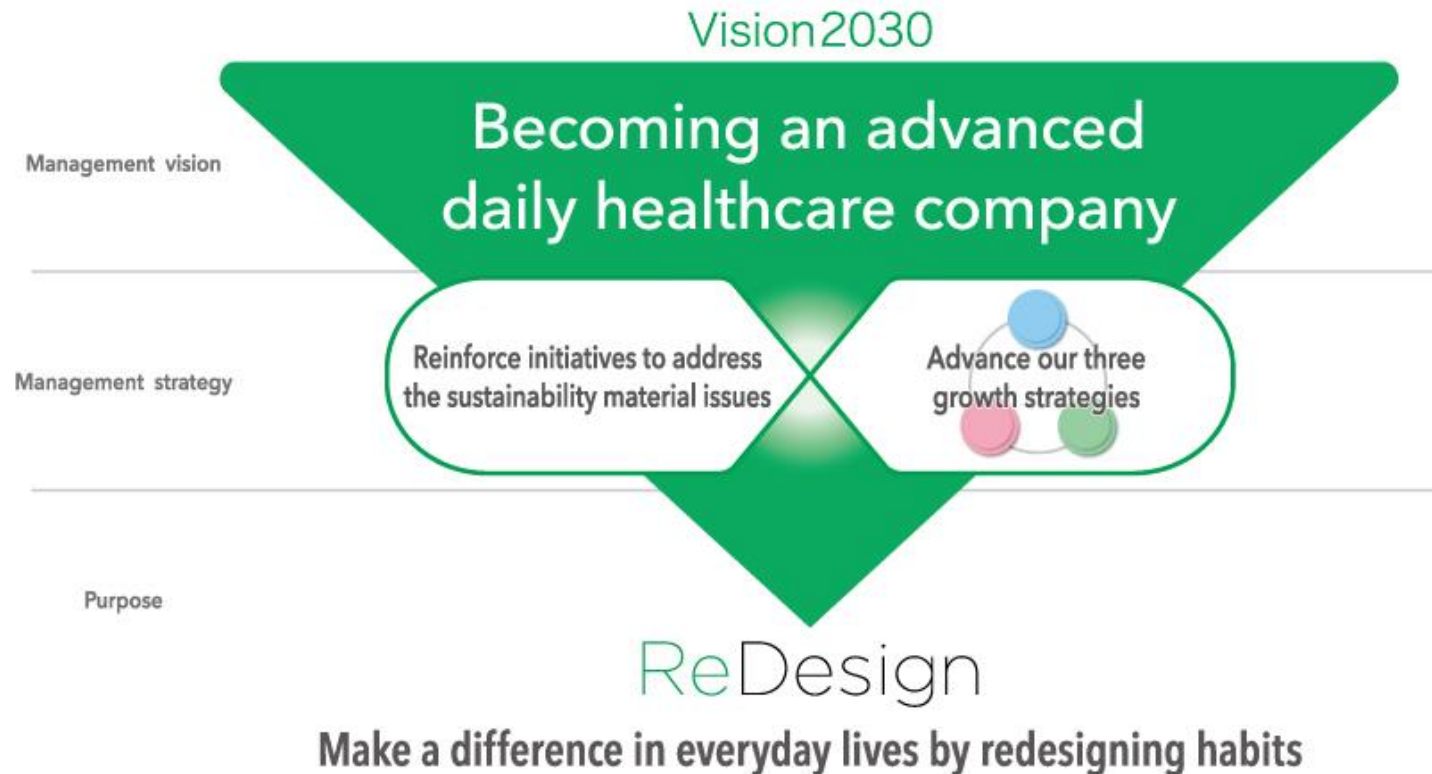
*² Up-front investment ⇒ Business growth ⇒ Cash flow generation ⇒ Reinvestment/multi-stakeholder returns ⇒ Further growth..

Key indicators
<u>Sales growth rate</u>
<u>EBITDA</u>
<u>ROIC</u>



*³ Multi-stakeholder returns

To achieve its management vision for 2030, based on its purpose, the Lion Group will synergistically address its sustainability material issues and advance three growth strategies in order to contribute to the realization of a sustainable society and achieve business growth.



Increase corporate value by enhancing economic value through contribution to the realization of a sustainable society

ReDesign

Make a difference in everyday lives by redesigning habits

Social value

Contribute to a sustainable society

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

Create **environmentally friendly habits** with consumers

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

Economic value

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

EBITDA* Approx. ¥80 billion

Core operating income Approx. ¥50 billion

ROIC 8-12%

R O E 10-14%

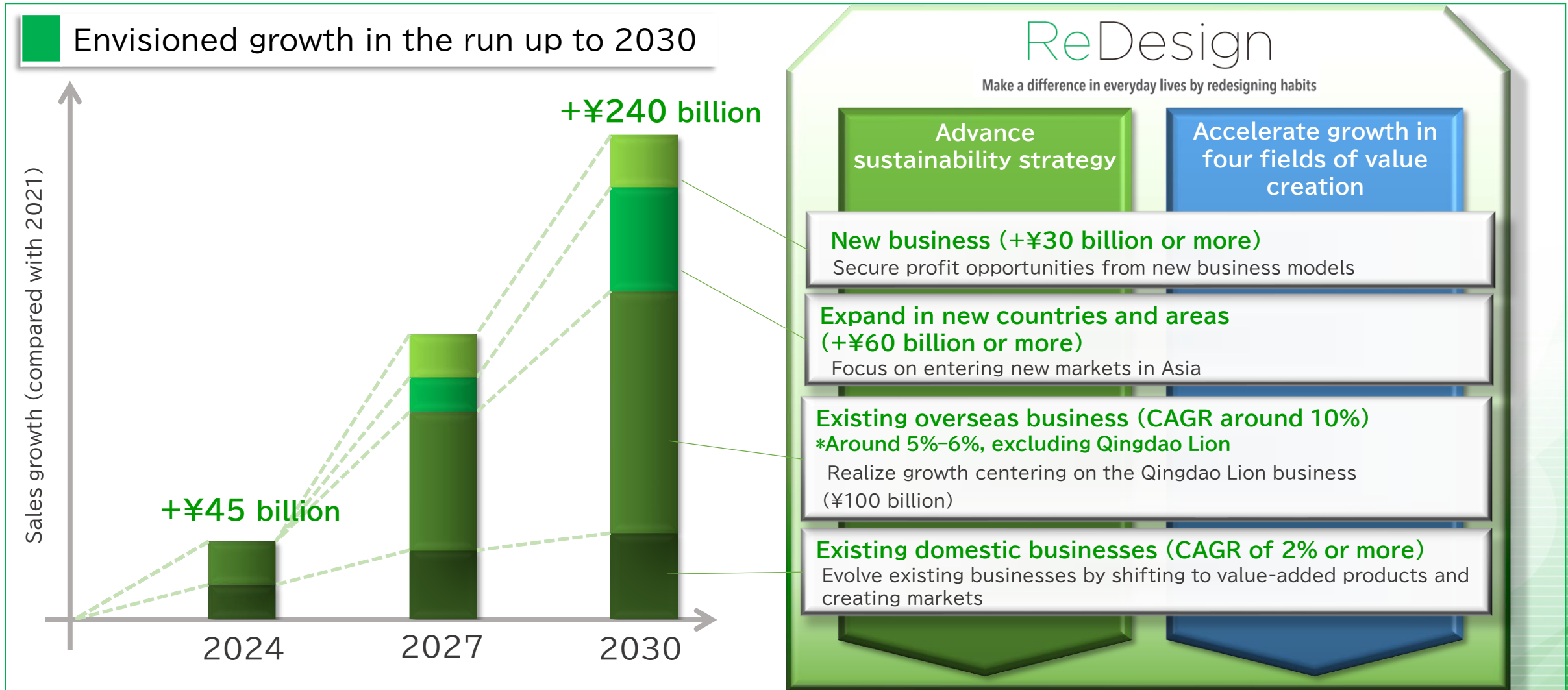
* EBITDA: Core operating income + depreciation and amortization
(excluding depreciation and amortization of right-of-use assets)

Envisioned Growth in the Run-Up to 2030

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In addition to steady growth of existing businesses and improvement of business efficiency by reviewing the business portfolio, we aim to achieve business growth by promoting sustainability strategies, expanding into new countries and areas, and creating new businesses



Envisioned Growth in the Run-Up to 2030

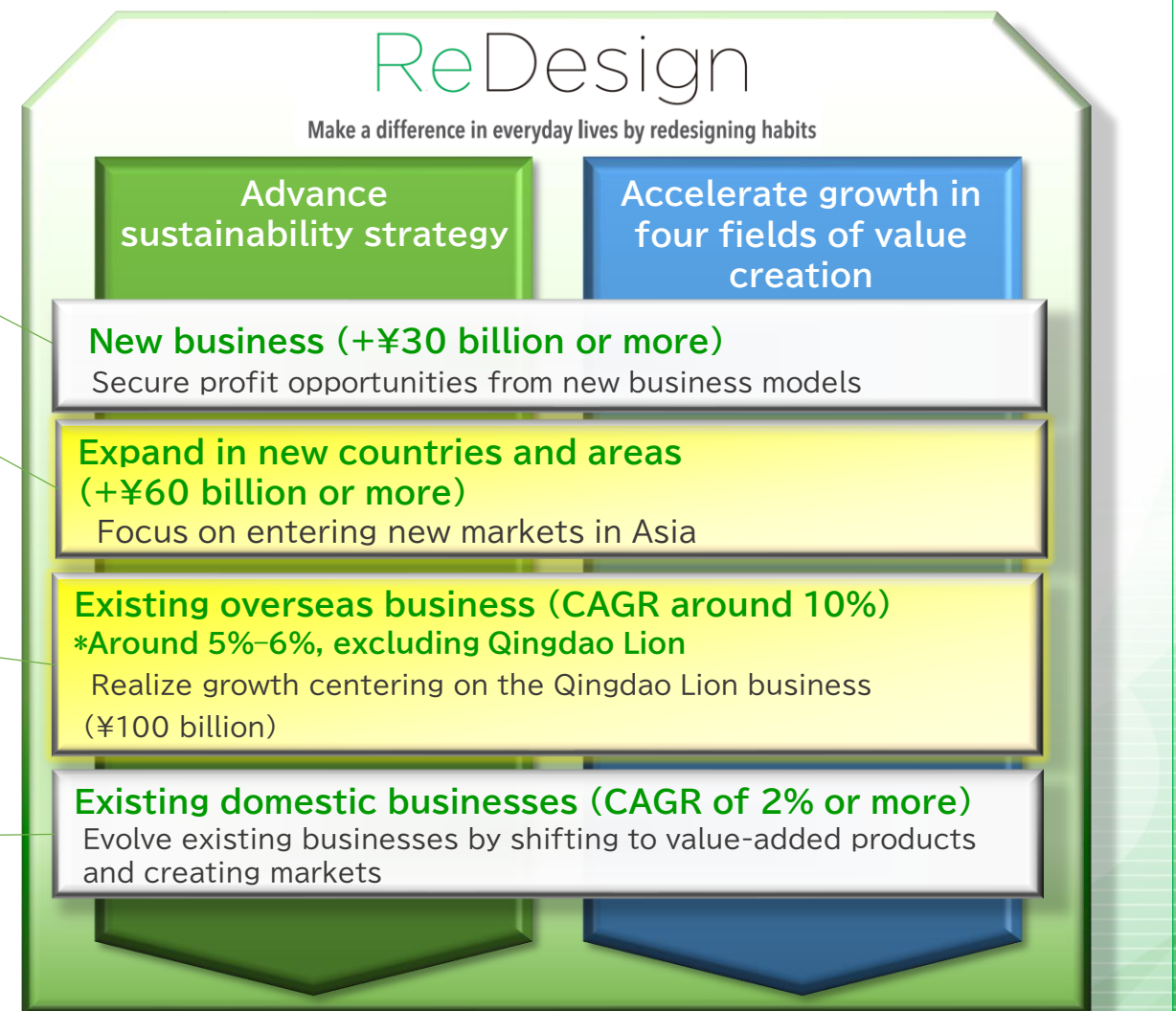
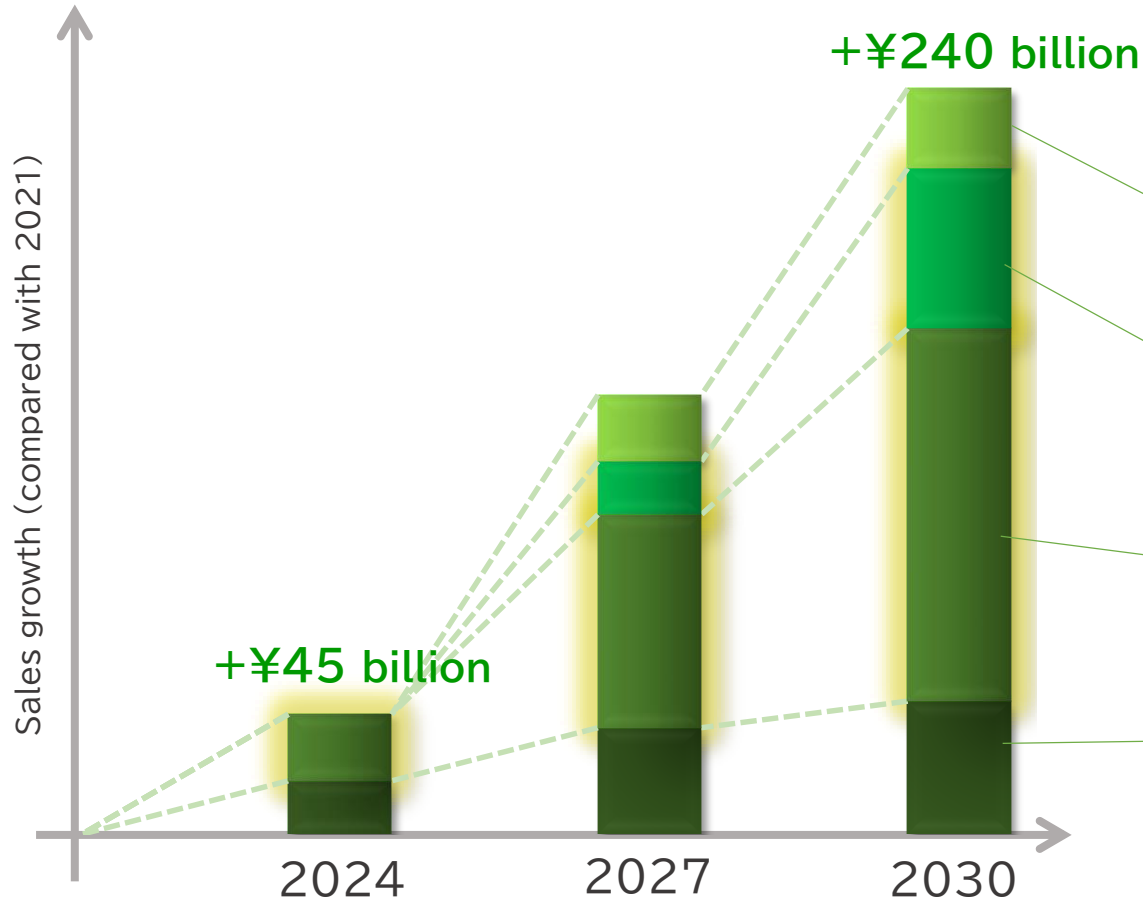
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Key points of global strategy

1. Evolve glocalization to maximize synergy 2. Expand into new countries and areas 3. Evolve global operations

Envisioned growth in the run up to 2030



Evolve the glocalization strategy from its previous country/area focus to a regional focus (by defining market types), achieve strong growth in current countries and expand into new countries and areas to expand the redesign of habits in Asia

Evolving the glocalization strategy

Glocalization

Country/area focus

Regional focus (marketing by type)

Until now (country/area focus)

Balancing the **provision of reliable quality** and **new habit creation** through **global brands** tailored to the needs of each country



Adapting to environmental changes

Regions: **Definition of common lifestyle and need types**

Going forward (regional focus/market classification)

Define cross-border market types in light of countries' characteristics and trends identified through the glocalization strategy

Maximize synergy and advance efficient, effective business management through management and business approaches tailored to each market type

Evolve strategy promotion foundations (global operations)

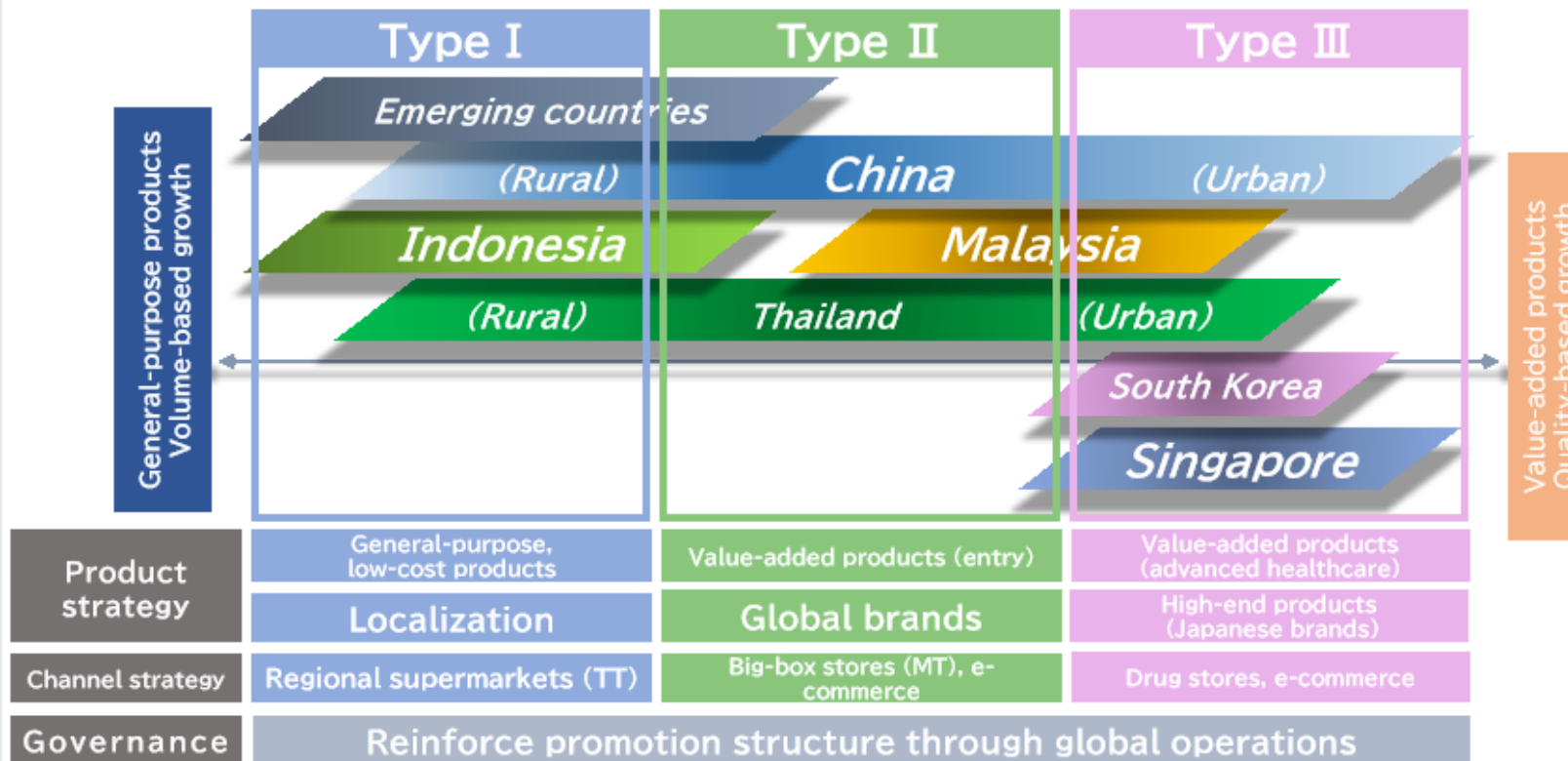
Global Strategy (Market Type-Based Marketing)

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Evolve from the previous country/area focus to a regional focus (by defining market types) and advance more efficient and effective business management

Market-type framework (types I–III)



Expand global business through market type-based marketing

- **Scale expansion** through product and distribution synergy maximization and efficient, effective business management
- **Category expansion** through insights in each market type (product strategy, marketing strategy, channel strategy, etc.) and entry into new countries, areas and fields based on past successes

Global Strategy (Market Type-Based Marketing)

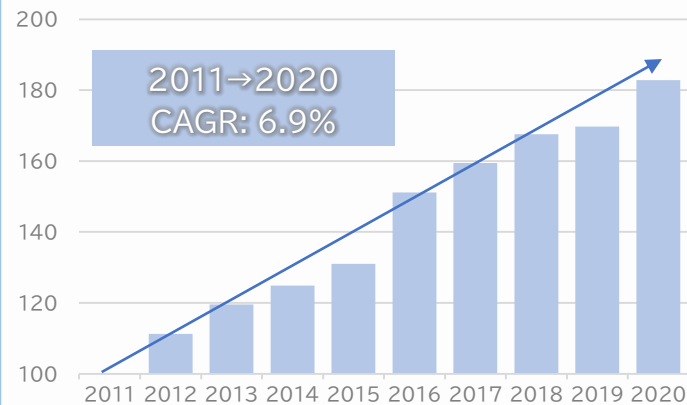
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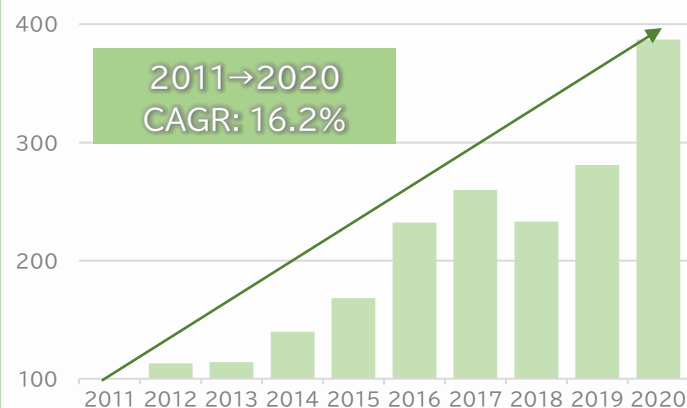
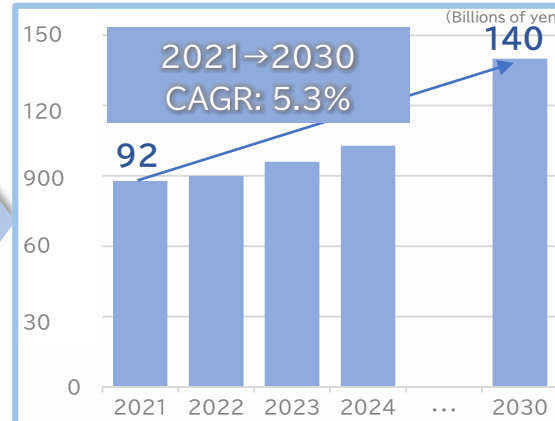
Aim for around ¥240 billion in net sales based on the growth of Qingdao Lion (approx. ¥100 billion) and continue growth in other countries where we currently operate (approx. 5% CAGR)

Growth in countries where we currently operate

The past 10 years
(Growth, with 2011 as 100)



The next 10 years
(IFRS net sales)



Growth areas

Types I-II (mainly Southeast Asia)

- ▶ **Quality-based growth in laundry detergent**
Advance shift to value-added products through optimal formula (market type) strategy (Secure the top market share in each country)
- ▶ **Expand into the personal care field**
Move into personal care (oral care, beauty care, etc.) based on expertise from success in home care
- ▶ **Scale expansion based on e-commerce reinforcement**

Type III (mainly Northeast Asia + urban Southeast Asia)

- ▶ **Leverage Japanese brands** to shift to value-added products
- ▶ **Reinforce mouthwashes** to generate synergy with toothpastes
- ▶ **Expand contacts with consumers through more sophisticated e-commerce**

See the next page for details on the expansion of Qingdao Lion

Global Strategy (Expand Business of Qingdao Lion)

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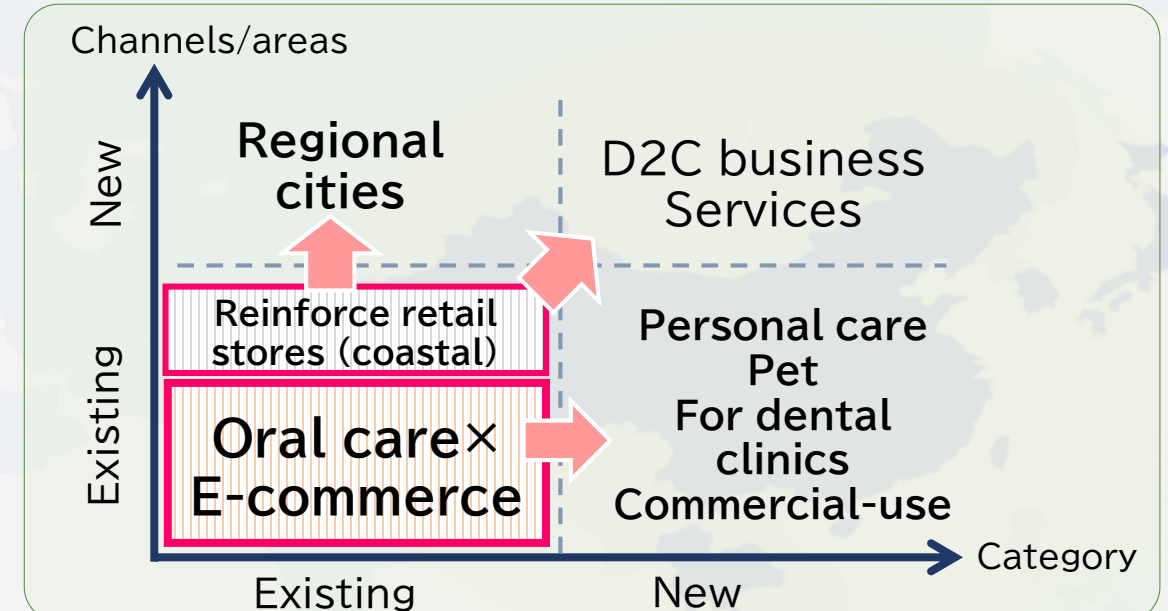
Positioning China as our most important market, we aim for sales of ¥100 billion in 2030 (from approx. ¥17 billion in 2021)
Based on oral care and e-commerce, the core of our existing business, we will expand our business domains
(categories × channels × areas)

Evolving the Qingdao Lion business



Expand business of Qingdao Lion, with the oral care business as a starting point

Maximize daily contact with the oral care business's target users to expand the business domain (categories, channels, areas)



Key Points for Realizing the Strategy

- ❑ Concentration and shift of management resources (mid-career hiring, reinforce local personnel in key roles)
- ❑ Reinforce promotion foundations (establish promotion office, global operations)

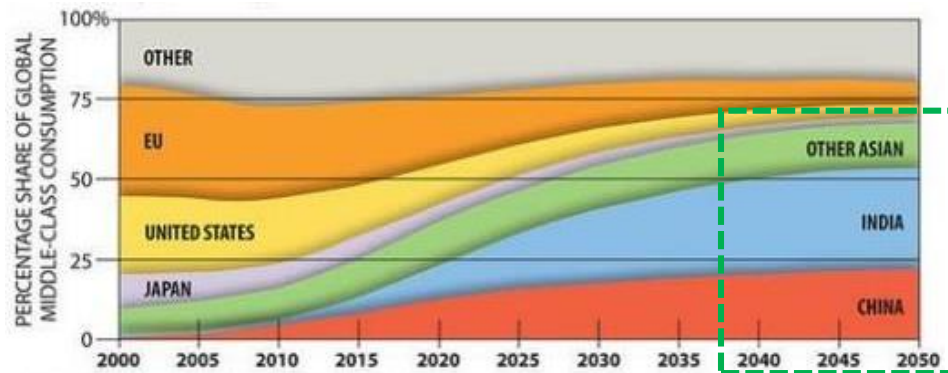
Strengthen the M&A apparatus and aim to enter at least 4 new countries and areas by 2030
(1st STAGE: 2 or more countries and areas)

Expand into new countries and areas

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

◆ Forecast growth of the middle-class, the driver of consumption

- ▶ **Asia's middle class** is expected to **expand significantly** in the future



SOURCE: H. Kharas (2010), "The Emerging Middle Class in Developing Countries," OECD Development Centre Working Paper No. 285

Source: Global Economy and Development

◆ Candidate countries

Country	Population in 2020 (millions of people)	Per-capita GDP (US\$)	GDP growth rate (%)
India	1,367.6	1,928	4.2
Pakistan	204.7	1,225	1.9
Bangladesh	166.6	1,962	8.2
Philippines	107.3	3,323	6.0
Vietnam	96.5	3,525	7.0
⋮	⋮	⋮	⋮

Source: IMF 2020

Source: IMF 2020

Source: ADB Dec., 2020

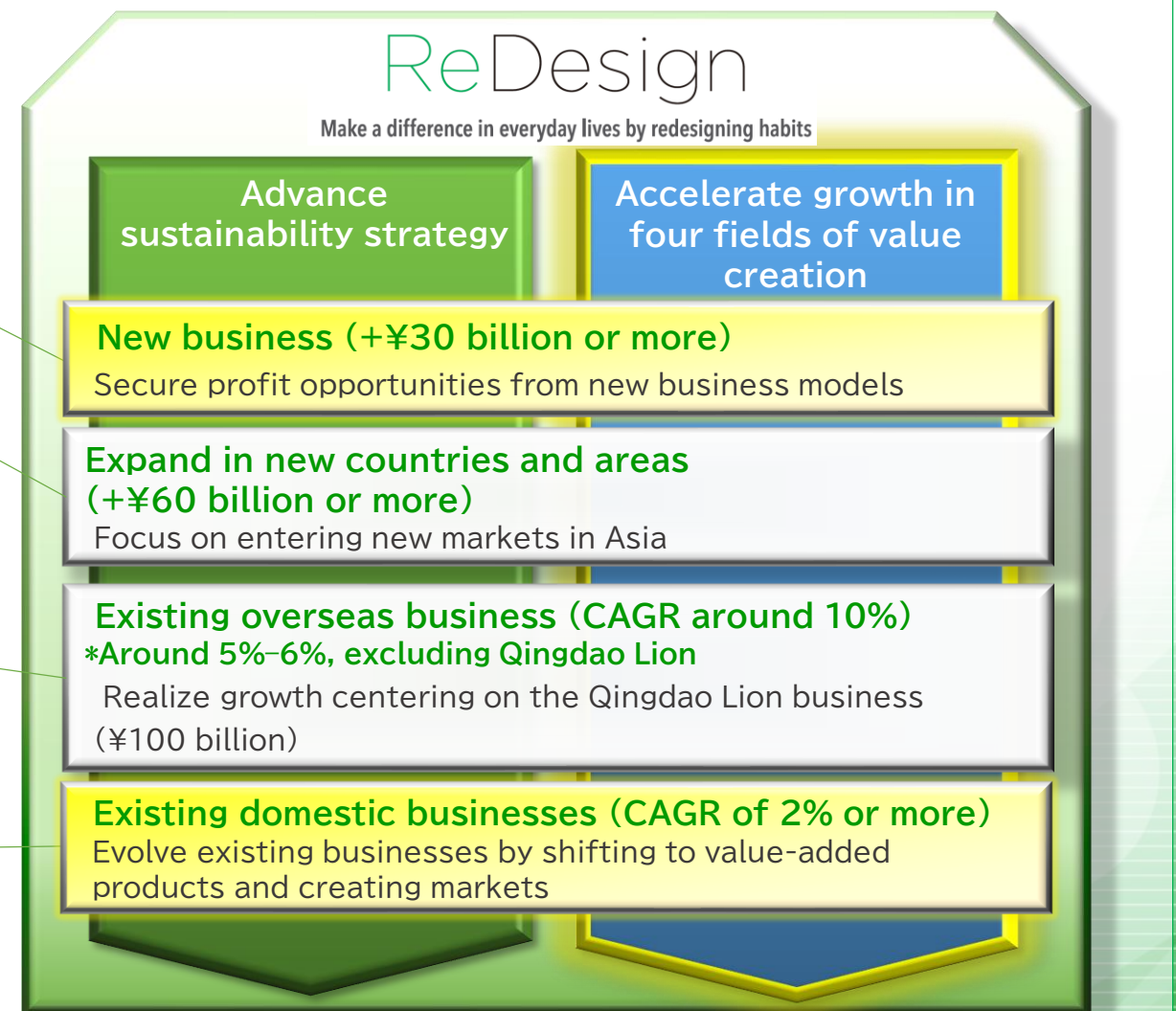
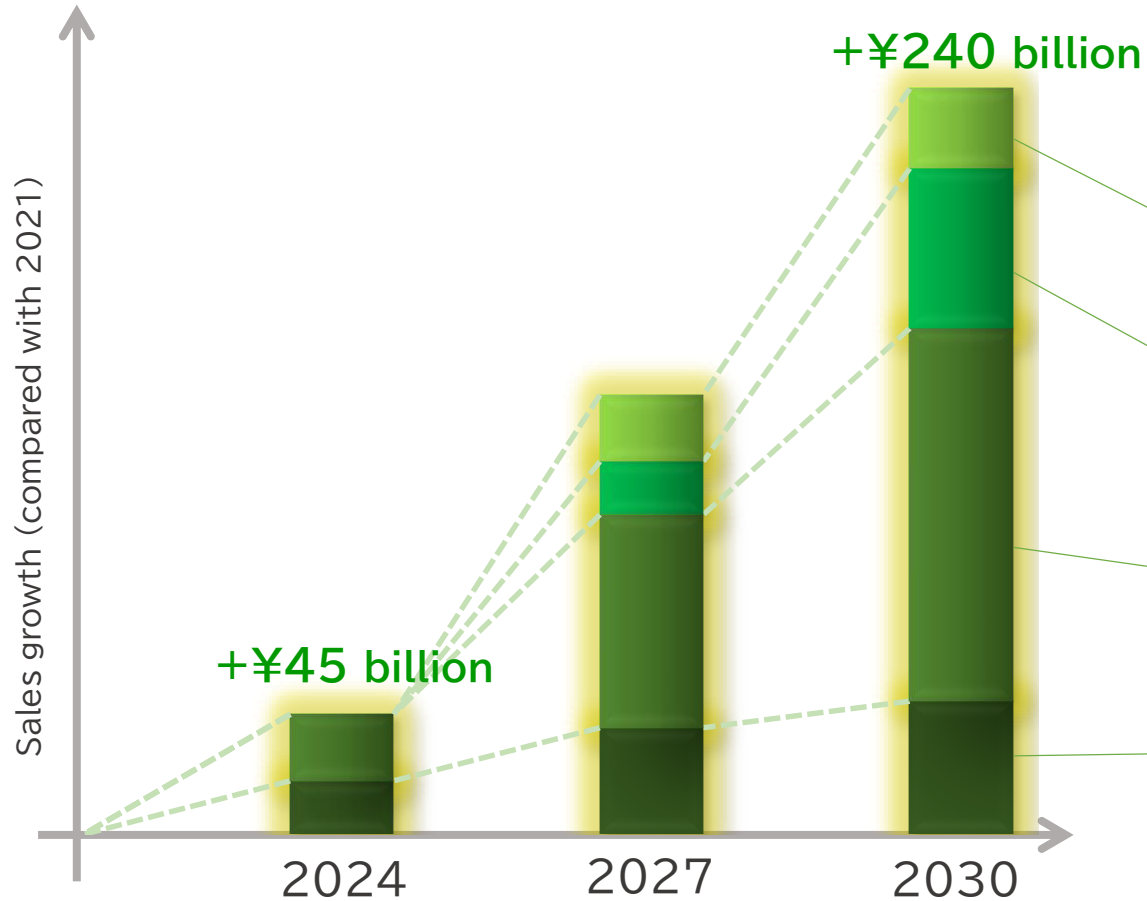
Envisioned Growth in the Run-Up to 2030

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Key points of growth through the evolution of existing domestic businesses and new businesses
➔ Offer new products and services based on the four fields of value creation

Envisioned growth in the run up to 2030



Accelerate business evolution and new value creation to become an advanced daily healthcare company



Oral Health

Promoting oral healthcare that supports overall health and QOL from the mouth outward

Lion aims to leverage its strengths as Japan's leading oral care manufacturer to integrate innovative oral care products and services into the daily lives of individuals as a new form of healthcare. By doing so, we seek to realize business expansion beyond the bounds of our existing businesses.



Infection Control

Becoming a hygiene solution provider by addressing all kinds of risk related to infectious disease

As a company with a long history of supporting cleanliness, Lion's mission is to transform its business. We will expand our business from living spaces to encompass public and industrial spaces—in order to defend against bacteria and viruses on all fronts—bodies, objects and spaces—by providing hygiene solutions.



Smart Housework

Creating new housework habits for diverse lifestyles

As lifestyles and living situations diversify, one-size-fits-all ideas for improving housework increasingly fall short of meeting consumer needs. Building on the basic concept of smart housework that is fun and efficient, we will establish a unique edge by reframing housework generally to maximize authentic comfort at the individual level and by cooperating closely with external partners across a wide range of categories.



Well-Being

Becoming a total healthcare servicer for the mind and body

We will transform into a total healthcare servicer that supports health and happiness at each life stage by building connections with consumers through habitual self-healthcare and by expanding the solutions we offer and integrating our services through collaboration with external partners.

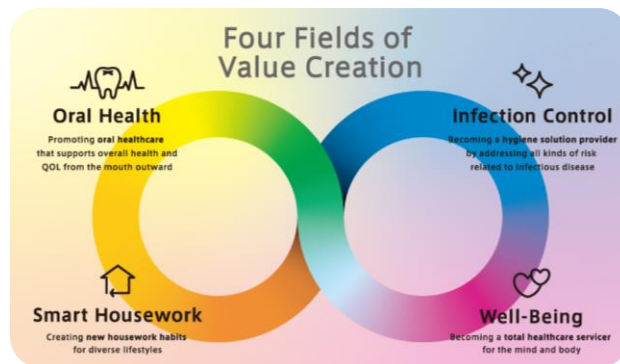


Business Evolution in Four Fields of Value Creation

We will accelerate evolution away from conventional business models, starting with the four fields of value creation

ReDesign

Make a difference in everyday lives by redesigning habits



Value provided

Target

Contacts with consumers

Business type

Scope of coordination

Until now

Tangible things
(functional value)

Individuals
(Personal)

Sold-and-done

Manufacturer

Supply chain

Going forward

Intangible things
(experience-based value)

Society
(Schools, public institutions, etc.)

Recurring

Servicer

Ecosystem

Envisioned Growth in the Run-Up to 2030

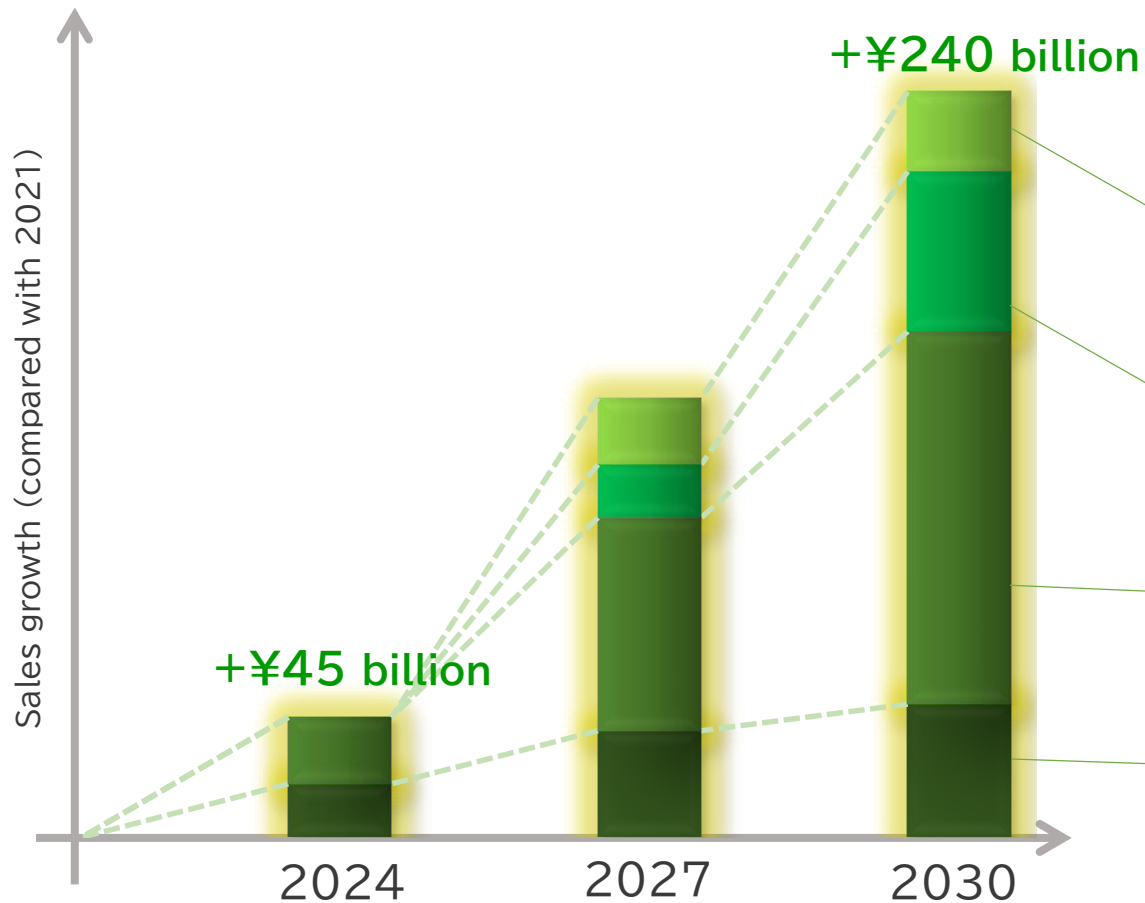
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Key point of sustainability strategy

Achieve both business growth (economic value enhancement) and social value enhancement

■ Envisioned growth in the run up to 2030



ReDesign

Make a difference in everyday lives by redesigning habits

Advance sustainability strategy

Accelerate growth in four fields of value creation

New business (+¥30 billion or more)

Secure profit opportunities from new business models

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

Focus on entering new markets in Asia

Existing overseas business (CAGR around 10%)

*Around 5%–6%, excluding Qingdao Lion

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

Existing domestic businesses (CAGR of 2% or more)

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

Sustainability and Environmental Strategy in the Run-Up to 2030

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As a member of society ambitiously talking on environmental problems, we will contribute to the realization of a decarbonized, resource-circulating society through co-creation with consumers

Accelerating efforts to address environmental problems

Accelerating efforts to achieve the Paris Agreement targets



De-facto adoption of 1.5°C temperature increase target at COP26



Lion's basic approach to environmental strategy

Target for 2050

Decarbonized society: **Carbon negative**

Resource-circulating society: **Using recirculating plastic**

Lion's approach to initiatives

Creating environmentally friendly habits with consumers

►The many points of contact we have with consumers, a result of **putting our purpose into practice**, is a strength of Lion.

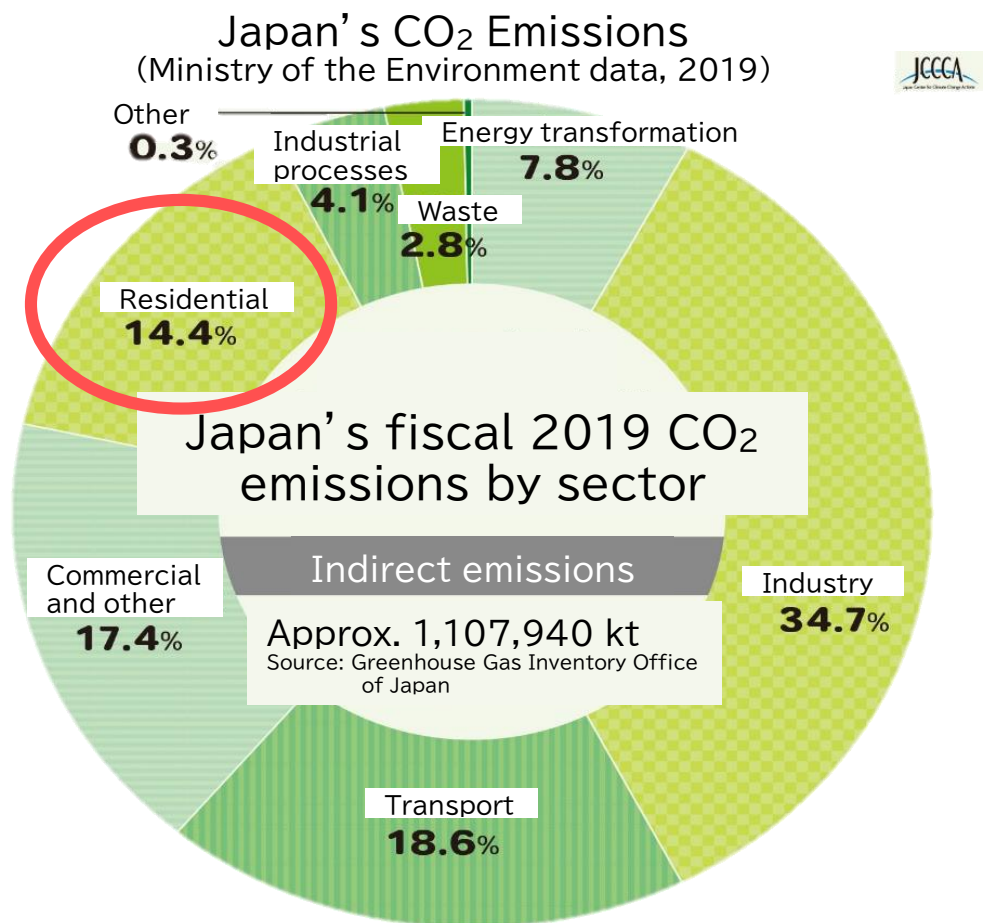
With the new **LION Eco Challenge 2050** environmental objectives at the center of our strategy, we will create **environmentally friendly habits** with consumers to expand the scope of our contribution to society as a whole.

►We will **prioritize speed in creating environmentally friendly habits**. We will create models for doing so quickly by collaborating with other industry actors and companies, creating habits for Japan and **adapting them for Asia, as well**.

Sustainability and Environmental Strategy in the Run-Up to 2030

Lion will help decrease residential environmental impact emissions—a significant factor—to impactfully contribute to society

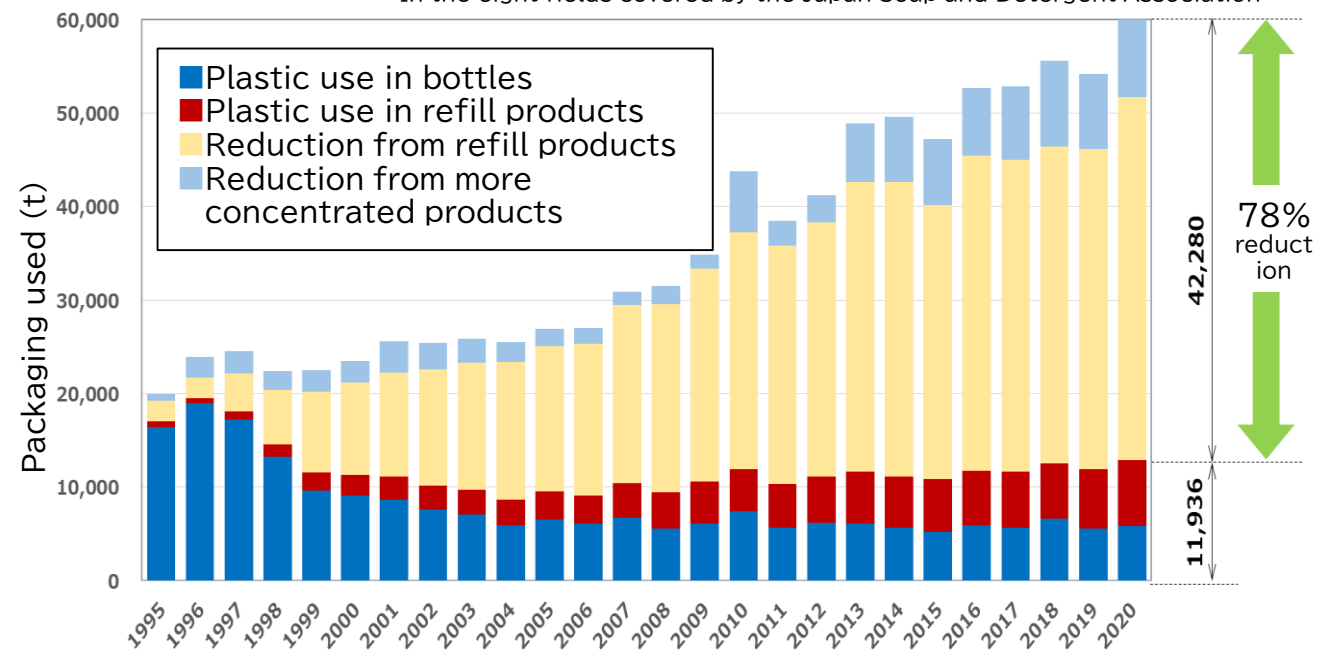
Lion will help reduce residential CO₂ emissions, which represent about 15% of all CO₂ emissions in Japan



Promote the spread of refill habits in Asia, reduce plastic use and promote recycling habits

Lion's plastic use and reduction effects

* In the eight fields covered by the Japan Soap and Detergent Association



In Japan, the use of refill products and more concentrated products has reduced plastic use by almost 80%
(In Japan, refill products account for 80% of sales in these categories)

Sustainability and Environmental Strategy in the Run-Up to 2030

Vision2030

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Spreading water- and power-saving habits and refill habits in Asia to reduce environmental burden in the home

Social value
creation policy

Create **environmentally friendly habits** with consumers to continuously offer planet-friendly lifestyles that make more sustainable living easy

Targets for 2050
KGI

Decarbonized society
Carbon negative

Resource-circulating society
Use recirculated plastic

Key themes
(KPIs for 2030)

- ▶ **Foster water- and power-saving habits** by providing environmentally friendly products
 - ➡ Reduce product life cycle CO₂ emissions 30% (Lion Group)
- ▶ **Create environmentally friendly habits that can be practiced at home to reduce society's CO₂ emissions** by using Lion's products and services
 - ➡ Achieve a CO₂ emission reduction effect in excess of Lion's own emissions (Japan)

Ex. Water-saving habit: One-rinse washing



- ▶ Expand use of sustainable materials
 - ➡ 30% usage (Lion Group)
- ▶ **Foster refill habits** in Asian markets
 - ➡ 50% refill product sales (Lion Group)
- ▶ Expand advanced recycling initiatives to **foster waste-free habits**
 - ➡ Build collaborative industry infrastructure (Japan)



Ex. Reduce plastic use

- ▶ Compact products
- ▶ Refill product



Sustainability Indicators and Long-Term Goals



We aim to achieve these goals through the provision of environmentally friendly products, collaboration with other industry actors and companies, and awareness-raising via the creation of environmentally friendly habits for consumers

Solution to social issues	Long-term goals (2050)		Medium-term goals (2024)	Indicators (goals for 2030)
Decarbonized society	<u>Zero CO₂ emissions throughout business activities</u>	Domes tic	<ul style="list-style-type: none"> 4% energy savings (per unit production) Renewable energy⇒100% renewable energy in Japan 	55% CO ₂ emission reduction (from 2017) 100% renewable energy in Asia
		Overse as	<ul style="list-style-type: none"> 4% energy savings (per unit production) 	
	<u>Reduce CO₂ emissions by half throughout the life cycle of products</u>	Domes tic	<ul style="list-style-type: none"> Provide water- and power-saving products and foster environmentally friendly habits ⇒10% CO₂ emission reduction Reduce CO₂ emissions from raw materials ⇒10% reduction 	30% CO ₂ emission reduction (from 2017) 40% CO ₂ emission from raw materials reduction
		Overse as	<ul style="list-style-type: none"> Provide water- and power-saving products and foster environmentally friendly habits ⇒10% CO₂ emission reduction 	
	<u>Become carbon negative</u>	Domes tic		Achieve a CO ₂ emission reduction effect in excess of Lion's own emissions (Japan) ⇒Reduce CO ₂ emissions through collaboration with other industry actors and companies by 20,000 Mt (Japan) ⇒2,000 Mt reduction effect in residential CO ₂ emissions (Japan)
Resource-circulating society	<u>Use recirculated plastic</u>	Domes tic	<ul style="list-style-type: none"> Expand the use of recycled and biomass materials ⇒90% or less use of fossil plastics Expand recycling initiatives 	Promote the 4Rs (expand recycling initiatives) ⇒10 million participants in Lion recycling programs ⇒70% or less use of fossil plastics ⇒Reduction through collaboration with other industry actors and companies
		Overse as	<ul style="list-style-type: none"> Foster refill habits in Asia 	
	<u>Optimize water usage for sustainability</u>	Domes tic	<ul style="list-style-type: none"> Provide water-saving products ⇒10% water use reduction (per unit net sales) 	Water usage⇒30% reduction from 2017 (per unit net sales)
		Overse as		

- Fiscal 2021 Financial Results
- **Working toward 2030:**
 - ▶ Vision2030
 - ▶ **New Medium-Term Management Plan:
Vision2030 1st STAGE 2022–2024**
- Fiscal 2022 Financial Forecast

Steps toward 2030

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We will implement three consecutive 3-year medium-term management plans toward the realization of Vision2030 on a rolling basis, adjusting strategy and policy to changes in the business environment to enhance precision as we go.

3rd Stage (2028-2030)

- Final touches to achieve the vision
- Creating the foundations for subsequent growth

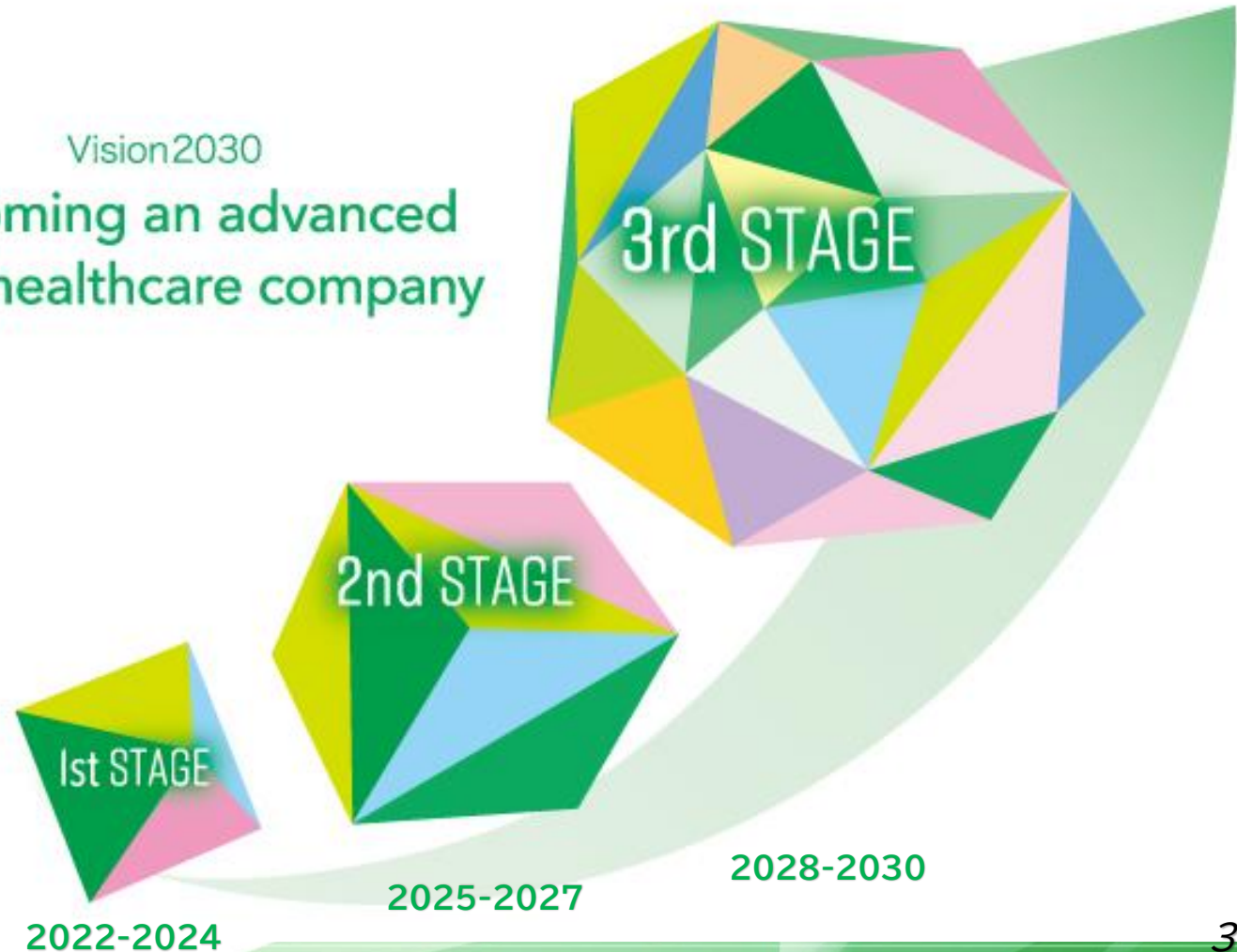
2nd Stage (2025-2027)

- Rolling strategy formulation in response to signs of environmental change
- Accelerate transformation and growth
- Increase the average annual growth rate (CAGR over 5%)

1st STAGE (2022-2024)

- Get on a growth track and create the foundations for new growth
- Transform business foundations (SCM, DX, sustainability)
- Activate human resources and organizations

Vision2030
Becoming an advanced
daily healthcare company



Gear change towards accelerated growth

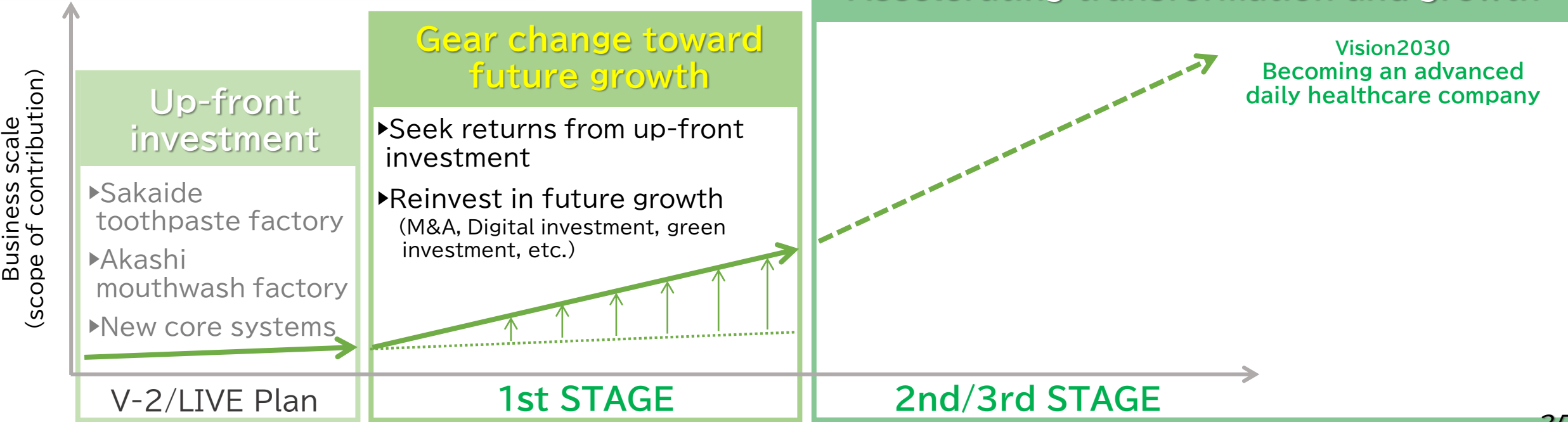
Implement growth strategies and transform the management base to accelerate transformation while growing

Reinvest returns from up-front investment in future growth to get on a sales growth track and reach highest-ever EBITDA

Reinforce ROIC management to enhance management control

Manage the business portfolio with an eye to business efficiency and appropriately allocate management resources

1st STAGE(2022~2024)





Advance three strategies to drive business growth toward the achievement of the management vision

Three growth strategies



1. Accelerate growth in four fields of value creation

Focusing on the four fields of value creation, the directions for growth, we will evolve existing businesses and create new businesses to further accelerate growth in Japan and overseas.

2. Transform our business foundations for growth

We will continue to engage in and reinforce strategic investment (M&A, SCM, infrastructure, digital, sustainability, etc.) necessary for future growth and transform our business base to one that promotes growth.

3. Generate dynamism to realize innovative change

We will create dynamism to transform into a company that can grow sustainably by improving employee engagement through professional fulfillment reforms and diversity and inclusion initiatives.






Advance Three Growth Strategies

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**Secure returns from initiatives implemented so far
and continue to reinvest in future growth**

Growth strategy	Initiatives so far (sowing)	1st STAGE initiatives (reaping, sowing)
 Accelerate growth in four fields of value creation	<ul style="list-style-type: none">• Launch cross divisional initiatives (Field Program) in the four fields of value creation• Accelerate growth in the Qingdao Lion business• Promote inclusive oral care initiatives	<ul style="list-style-type: none">• Secure profit opportunities by evolving existing businesses and creating new businesses in the four fields of value creation• Maintain rapid growth in China• Enter new countries and areas• Expand social contribution by promoting environmentally friendly habits
 Transform our business foundations for growth	<ul style="list-style-type: none">• Increase production capacity (Sakaide toothpaste factory, new drying tower in Thailand, etc.)• Build foundations for Company-wide DX promotion• Build foundations for new business creation• Integrate and concentrate functions (organizational restructuring)	<ul style="list-style-type: none">• Accelerate DX (business foundations, operational streamlining)• Reinforce and make full use of systems infrastructure• Enhance management control• Accelerate the implementation of sustainability strategy
 Generate dynamism to realize innovative change	<ul style="list-style-type: none">• Formulation of our purpose and beliefs• Advance the Lion Professional Fulfillment Reforms (enhance the telecommuting environment, revise systems)• Commercialize business ideas generated by NOIL program	<ul style="list-style-type: none">• Advance the Lion Professional Fulfillment Reforms• Promote diversity & inclusion• Expand investment in personnel development and human capital (DX/Global/New businesses)



Lion's Oral Health Business

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Contribute to the establishment of self-sustaining oral health habits by serving as a hub that connects all points of contact related to oral health

Oral Health

- ▶ Encourage the adoption of preventive dentistry daily as a habit, making oral health management an integral part of healthcare
- ▶ To achieve this, we will build POHR* as a business foundation and a hub that connects all points of contact
- ▶ Pursue industry-government-academia collaboration with both public healthcare institutions and private businesses to promote the uptake of preventive dentistry in social trends and systems.

corporate activities

Existing
businesses

New business
models

Preventive dentistry product
business

Professional care
(preventive dentistry)
support business (targeting
clinics and patients)

Promoting inclusive oral care

Help seniors enhance their QOL
through oral care

Oral care product business

Preventive habit solution
business





In response to the growing importance of oral health in communities around the globe, we will launch an oral care information service (in March 2022, with plans for expansion)

The growing importance of oral health

The WHO passed a resolution on oral health at the 74th World Health Assembly

Source: WHO, Resolutions of the 74th World Health Assembly

In May 2021, the World Health Assembly, the WHO's highest decision-making body called attention to **oral diseases as a public health problem**. The assembly concluded that **oral health must be considered an important healthcare issue** in international efforts to achieve universal health coverage.*

* Universal health coverage

In which all people have access to proper and affordable healthcare services, including for disease prevention, treatment and rehabilitation

Japan's Ministry of Economy, Trade and Industry (METI) incorporated "dental and oral health" into health and productivity management survey items

Source: A 2021 Health and Productivity Management Survey conducted by the METI

"Dental and oral health" was added to items being surveyed to confirm the content of staff education aimed at helping employees maintain and improve their health

Service overview

Provide oral care seminars as part of health education for workers

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Lion Oral Care Seminar

Analyze the effect of seminars in terms of changes in employee awareness and behaviors and report on their impact on health and productivity management

+Help build up oral care habits

Simple diagnosis utilizing Salivary Multi Test



Assist in the formation of new habits via the use of products





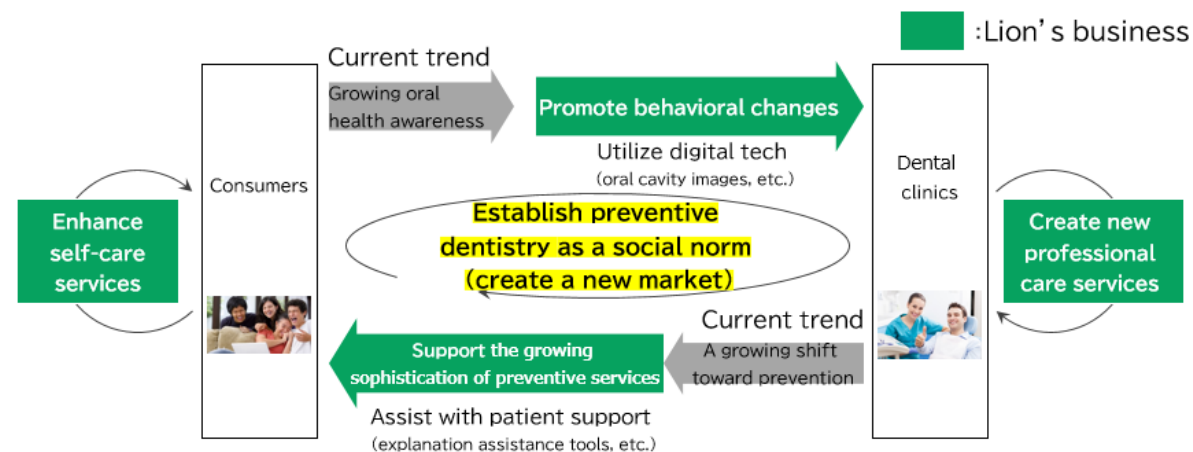
Services to improve preventive dental care habits in communities Trials are scheduled to start in the first half of 2022 under a partnership agreement with Koshi City, Kumamoto

Growing public interest in preventive dentistry

Preventive dentistry practices, already widespread in Europe and the United States as daily habits, have begun attracting public interest in Japan, with an emerging trend in Asia toward encouraging the **maintenance of dental and oral health** through the **combination of professional care and self-care**.

Service model overview: how we facilitate the formation of preventive dentistry habits

Acting in collaboration with government agencies, local municipalities and other companies, we will help **accelerate the uptake of preventive dentistry habits**, working to discover innovative ways to vitalize regional communities



Content of social experiment

Purposes

1. Facilitate the formation of oral health habits via the use of digital technologies
2. Raise the rate of individuals who regularly undergo dental checkups via interventions in daily life

Action

- ▶ Help expand contacts between government agencies and citizens to provide oral care information
- ▶ Offer a simple app designed to predict the user's oral health condition



Example functions to be offered by the app

- Image analysis functions for checking the status of gums, etc.
- Help make visible* oral health-related risks

* A technology powered by AI machine learning from health checkup data gleaned from Lion employees predicts oral health risks users may confront after they answer simple questionnaires aimed at assessing their current oral condition.

1st STAGE Goals

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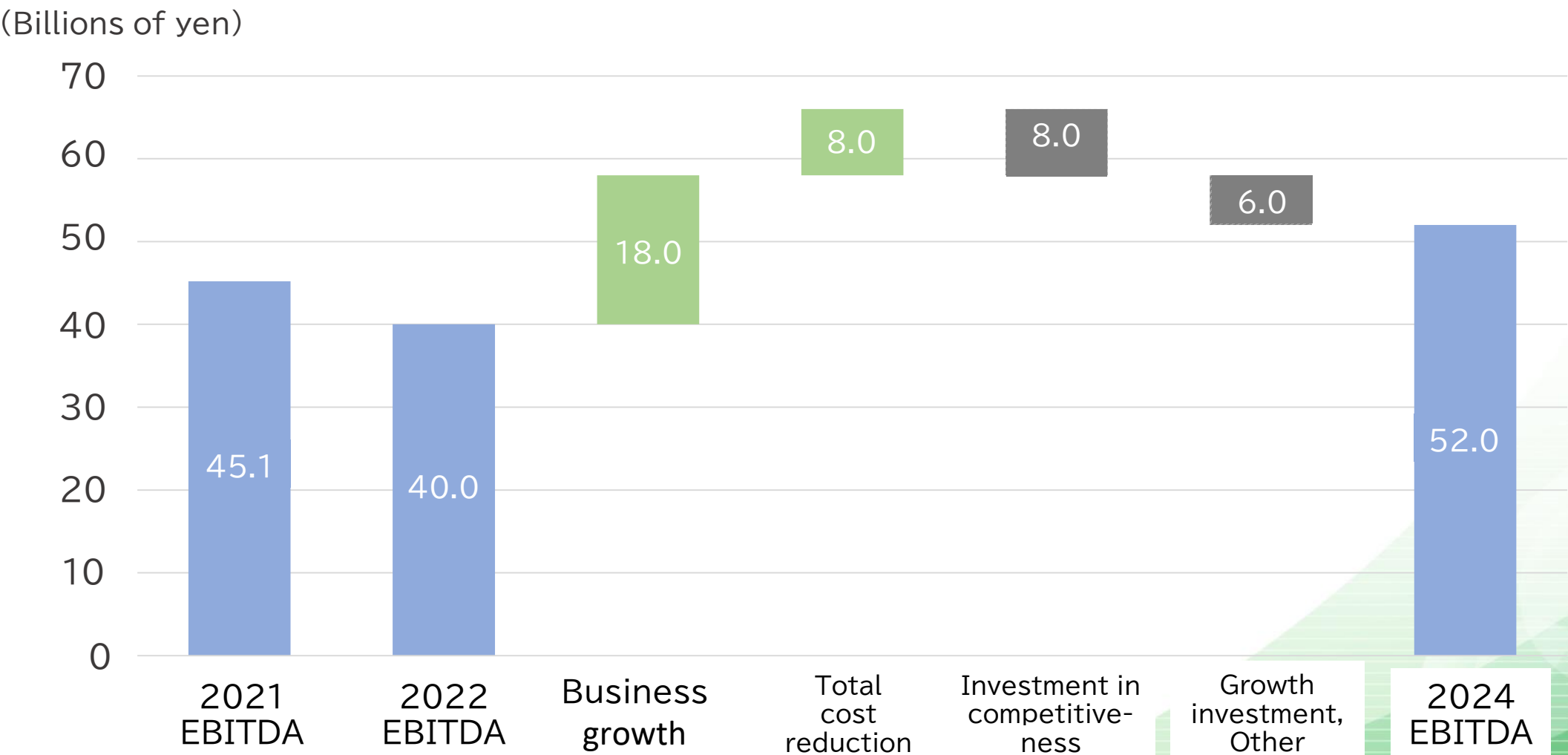
Under 1st STAGE, we will get sales growth on track (CAGR of 4% or more)
and aim to reach our highest ever EBITDA

(Billions of yen)	2024	2021	Y-o-Y change	
			Amount	%
Net sales	420.0	366.2	53.7	14.7
Core operating income* ¹ (% of net sales)	32.0 (7.6%)	30.9 (8.4%)	1.0	3.5
Operating profit (% of net sales)	32.0 (7.6%)	31.1 (8.5%)	0.8	2.7
Profit for the period attributable to owners of the parent	23.0	23.7	(0.7)	(3.2)
EPS (Yen)	72.24	81.73	(9.49)	(11.6)
EBITDA* ²	52.0	45.1	6.8	15.1
ROIC(%)* ³	Approximately 7.5	8.8	—	(1.3)PP
ROE (%)	Approximately 9.0	9.8	—	(0.8)PP

- Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.
2. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets as of 2022).
¥43.9 billion in 2021(adjusted).
3. 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.

Factors Affecting EBITDA in the 1st STAGE

EBITDA will fall in 2022, reflecting high raw material costs, but profitability is expected to improve by 2024 due to growth in revenue



EBITDA for 2021 was calculated as the sum of core operating income and depreciation and amortization; recalculated using the 2022 calculation method, 2021 EBITDA was ¥43.9 billion.
EBITDA for 2022 was calculated as the sum of core operating income and depreciation and amortization (excluding depreciation and amortization of right-of-use assets).

Sales to External Customers by Business Segment
During 1st STAGE

1st STAGE



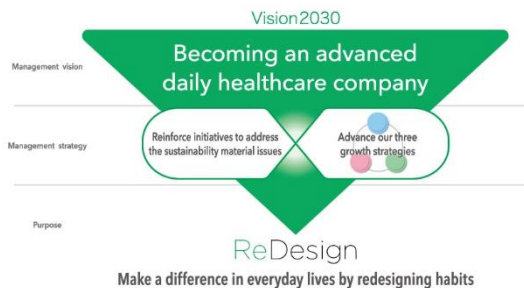
Focus on growth overseas to bring consolidated net sales
CAGR of 4% or more

(Billions of yen)	2024	2021	Y-o-Y change	
			Amount	CAGR (%)
Consumer Products	250.0	229.5	20.4	2.9
Industrial Products	37.0	34.7	2.2	2.1
Overseas	130.0	98.7	31.2	9.6
Other	3.0	3.1	(0.1)	(2.1)
Consolidated Total	4,20.0	366.2	53.7	4.7

Put cash obtained from up-front investments into strategic future-oriented investments and multi-stakeholder returns, powering further growth and cash generation to enhance corporate value

1st STAGE cash allocation

Purpose-driven



- ▶Get sales on a growth track
- ▶Highest-ever EBITDA

Cash flows from operating activities, Other

Approx. ¥120 billion

Strategic investment

Approx. ¥80 billion or more

Shareholder returns
Approx. ¥30 billion or more

Basic financial operations policy/ROIC management

Reinvestment in growth

- ▶Creation and acquisition of foundations for future growth
- ▶Management base transformation and evolution supporting growth acceleration
M&A, DX, green, etc.

Continuous and stable returns

- ▶Aiming to increase dividends three years in a row
- ▶Flexible share buy-backs

Under 1st STAGE, we aim to increase dividends annually and flexibly buy back and cancel treasury stock

Continuous and stable returns

Policy on shareholder returns

- Pay continuous and stable dividends, aiming for a consolidated dividend payout ratio of 30%
- Acquire treasury stock based on comprehensive reviews to ensure the levels of internal reserves required to secure medium- and long-term growth.

1st STAGE (2022–2024)

Dividends

Aim for three years of annual increases (to reach nine consecutive years of increases since 2016)

Share buybacks

Flexibly buy back and cancel treasury stock
▶ Resolved to acquire and cancel of **¥10 billion** in treasury stock (February 14, 2022)

- Fiscal 2021 Financial Results
- Working toward 2030:
 - ▶ Vision2030
 - ▶ New Medium-Term Management Plan:
Vision2030 1st STAGE 2022–2024
- Fiscal 2022 Financial Forecast

Our projection of the external environment and its impact on Lion's operating results

❑ The COVID-19 pandemic will not be contained until 2Q or later

- ☞ Stay-at-home demand will continue; health awareness will grow stronger; and demand related to treating the side effects of booster shots will fluctuate
- ☞ The oral care market will continue to expand gradually, while markets for hand soaps and other hygiene-related products are expected to be on par with 2021
- ☞ In Southeast Asia, consumption is expected to be robust thanks to economic recovery

❑ Raw material costs will remain high

- ☞ Manufacturing costs will substantially increase

2021 Consolidated Financial Forecast

Planning for a year on year increase in sales and decrease in profits

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

- Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.
 2. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets as of 2022).
 ¥43.9 billion in 2021 (adjusted).
 3. EBITDA margin: The ratio of EBITDA to consolidated net sales.
 4. ROIC is an indicator calculated from net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period, and measures the efficiency and profitability of the invested equity.

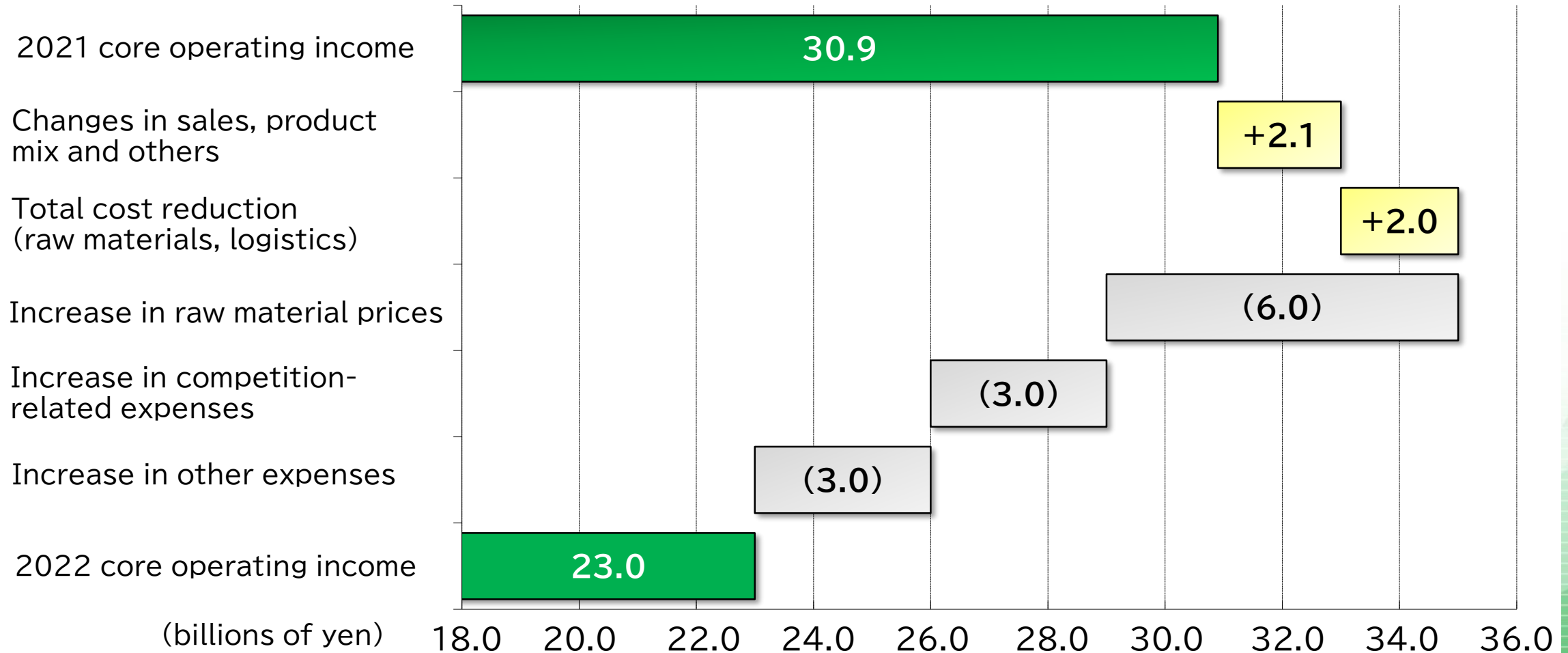
2022 Results by Business Segment Forecast

A 2.4% increase in Consumer Products and 3.3% increase in Overseas drove an increase in overall sales

(Billions of yen)	Sales to external customers			
	2022	2021	Y-o-Y change	
			Amount	%
Consumer Products	235.0	229.5	5.4	2.4
Industrial Products	35.0	34.7	0.2	0.6
Overseas	102.0	98.7	3.2	3.3
Other	3.0	3.1	(0.1)	(6.1)
Consolidated Total	375.0	366.2	8.7	2.4

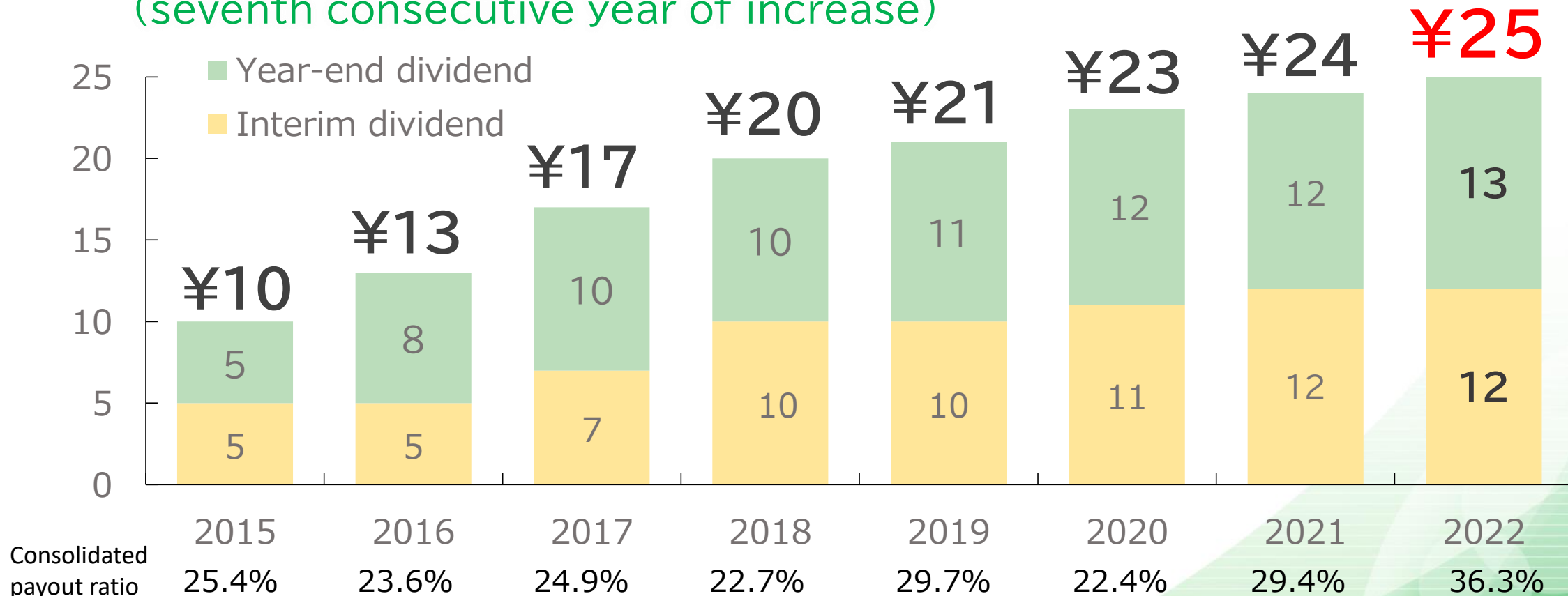
Fiscal 2022 Forecast of Change Factors Affecting Core Operating Income

Factors increasing profit will be outpaced by higher raw material costs, rises in growth investment (including depreciation and amortization associated with investments executed in past years), and other factors.



Shareholder Returns

- ❑ Resolved to **acquire and cancel** up to a total of **¥10 billion** in treasury stock (February 14, 2022)
- ❑ Aiming to increase annual per-share dividend **¥1** to **¥25** (seventh consecutive year of increase)



Basic dividend policy

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

APPENDIX

Key Themes of the Three Growth Strategies for 2022

- Transform our business foundations for growth
- Generate dynamism to realize innovative change



Three Growth Strategies—Transform Our Business Foundations for Growth

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Continue and reinforce strategic investment to transform our business base to one that promotes growth

Promote digital transformation (DX)

Increase productivity via operational reforms

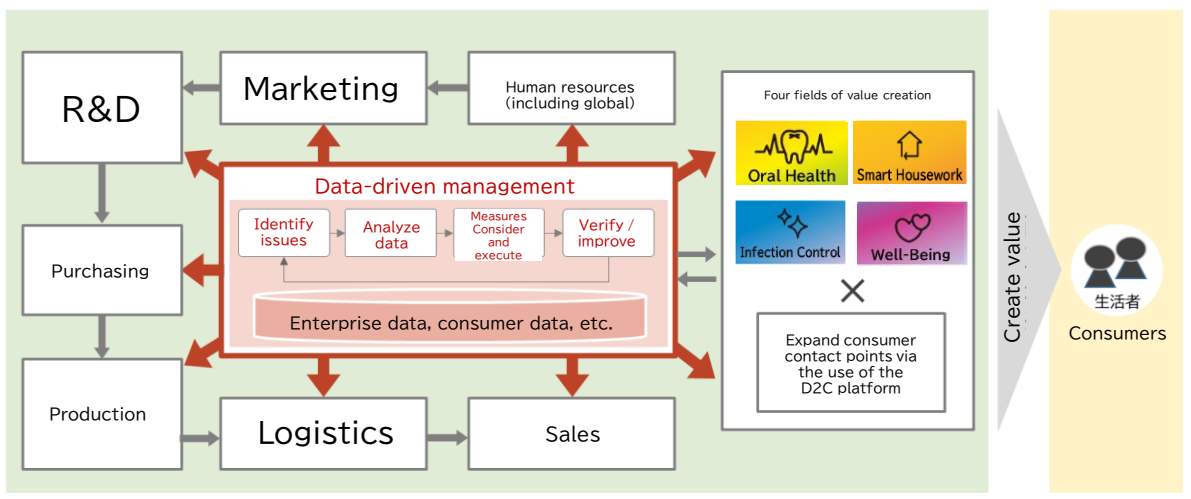
- ▶ Raise **efficiency** (via operational automation, etc.) while increasing **sophistication** (via data-driven business management)

Innovate value we can create through the science of habits

- ▶ **Develop a D2C platform** enabling the realization of new business models
- ▶ **Accelerate DX** via a business alliance with NTT DATA (since January 2022)

□ Data-driven business management

Science of Habits
LION Digital Transformation **LDX**



Strengthen business management

- ▶ Increase the sophistication of business management via **ROIC management**
- ▶ Step up response to the **TCFD recommendations** and implement **ICP** and other environmental investment management measures

Develop a sustainable SCM platform

Increase the flexibility and resilience of the entire supply chain

- ▶ **Coordinate production, distribution and sales data** (via a shift to universal numbering) to optimize inventories and minimize the occurrence of product shortages
- ▶ **Upgrade BCPs** (by securing multiple raw material suppliers and multiple transport and distribution routes)

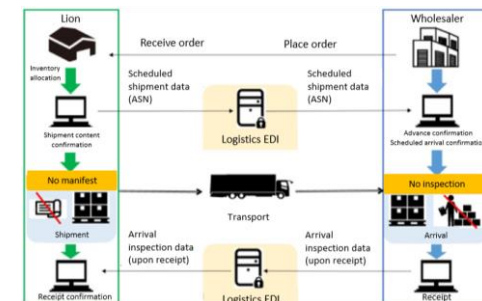
Continuously step up responsible supply chain initiatives

- ▶ Promote a **logistics EDI concept** (collaborative distribution involving industry peers) to achieve operational streamlining, reinforce our logistics crisis response capabilities, and curb CO2 emissions and other environmental footprints

□ Expected effects

1. Improve the labor environment for drivers and warehouse workers engaged in loading and unloading
2. Increase labor productivity
3. Curb environmental burden (reduction in CO2 emissions and the use of paper resources)

□ How we achieve operational streamlining





Three Growth Strategies—Generate Dynamism to Realize Innovative Change

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Generate dynamism to realize innovative change via corporate branding and professional fulfillment reforms

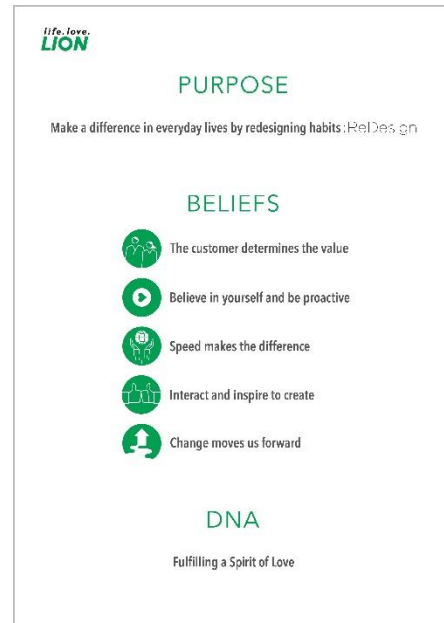
Corporate branding

Transition to a corporate culture capable of practicing our purpose and empowering employees to “Make a difference in everyday lives by redesigning habits: Redesign”

Win employee understanding of and sympathy for our purpose and beliefs on a Companywide basis

❑ Corporate philosophy (formulation of beliefs)

- Focus on enhancing employee engagement and **introduce a corporate philosophy** designed to encourage employees to more strongly feel a personal relevance in our purpose
- **Transition to a corporate culture embodying our purpose** by providing employees with opportunities to practice it themselves



Continuously promote Lion Professional Fulfillment Reforms

Create a team of professionals who work vibrantly with a sense of professional fulfillment as they pursue the realization of the management vision in line with their own aspirations and actions

Clearly define job duties and roles while constantly nurturing human resources capable of fulfilling these definitions

- Promote **diversity & inclusion** to promote innovation
- Strengthen the development of **global human resources and DX specialists**

Continuously promote the diversification of work styles with an eye to adapting to the new normal

- Provide management skill enhancement training to help **strengthen interpersonal relationships** among employees
- **Offer diverse and flexible working conditions**, for example, allowing remote work, spare-time careers, side jobs, etc.

❑ Lion Professional Fulfillment Reforms



PURPOSE

Make a difference in everyday lives by redesigning habits :ReDesign

BELIEFS



The customer determines the value



Believe in yourself and be proactive



Speed makes the difference



Interact and inspire to create



Change moves us forward

DNA

Fulfilling a Spirit of Love

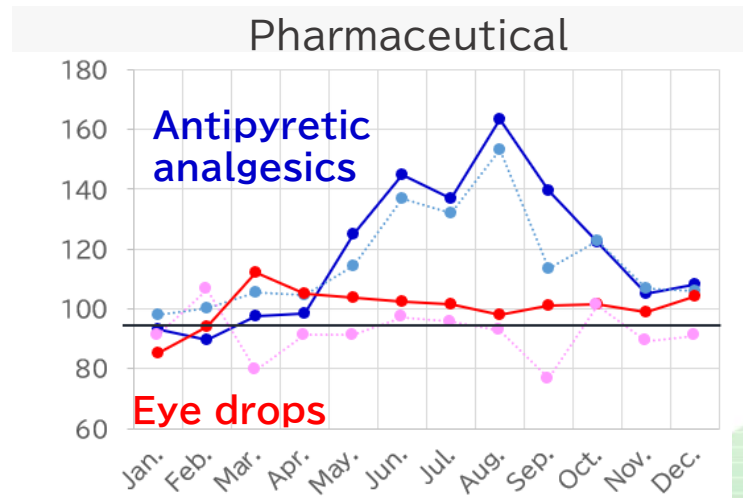
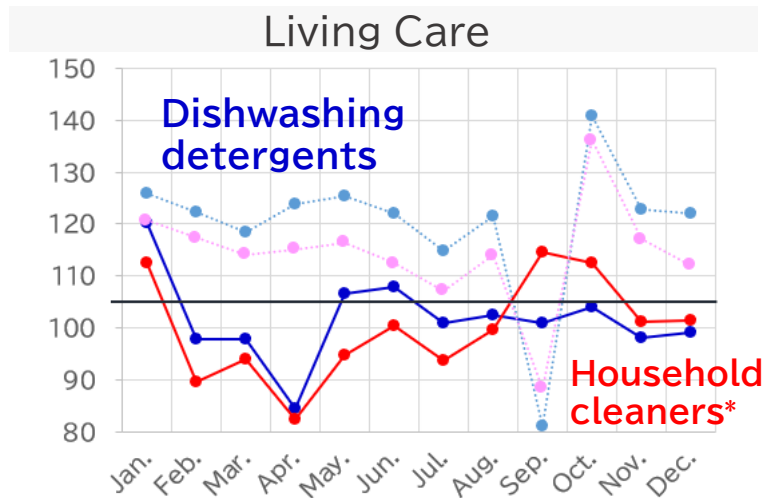
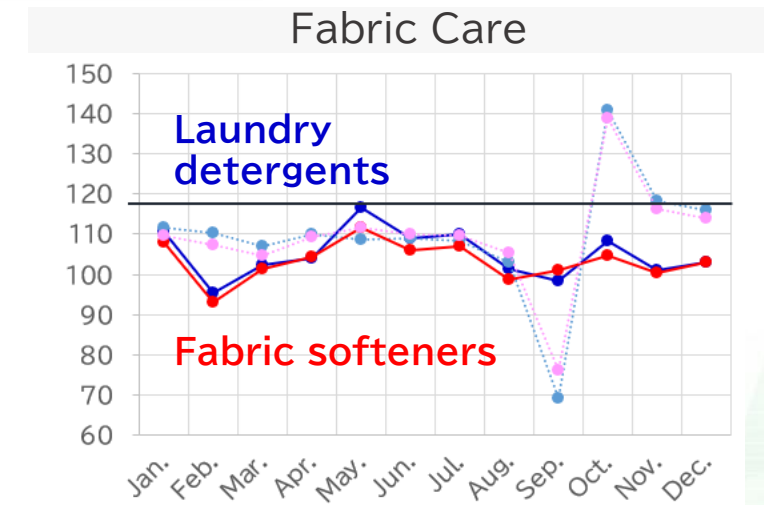
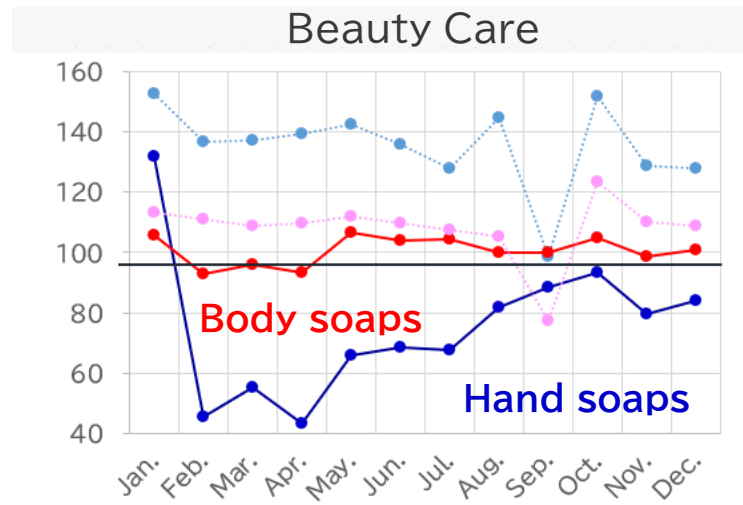
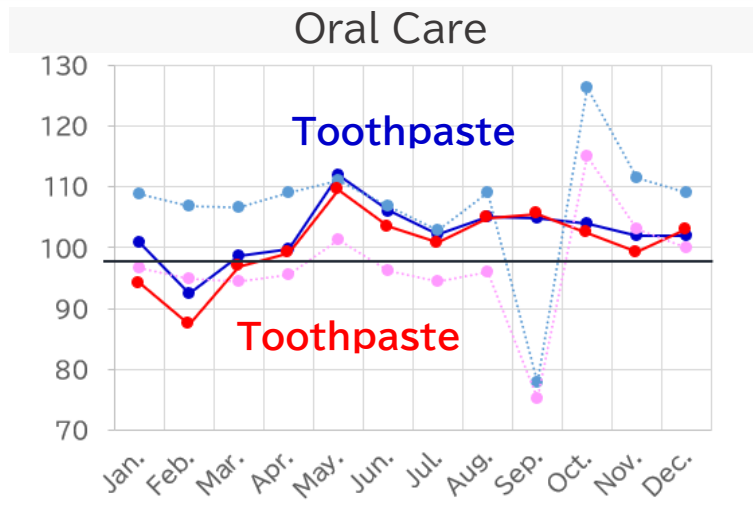
Market Trends

Market Trends—Major Product Categories in Japan

In comparison with 2020, market size remained virtually unchanged, except for hand soaps, etc.; compared with 2019, however, markets expanded in many fields

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

Source: INTAGE Inc. SRI+



2019 figures are shown in dotted lines, for reference.

- Toothbrushes were on par with 2020 and down 4% from 2019
- Hand soaps were down 30% from 2020 but up 34% from 2019
- Antipyretic analgesics were up 18% from 2020 due to growing demand associated with vaccination
- Eye drops shrunk from 2019 in step with a decline in inbound tourism demand

Note: Fluctuations in demand recorded in September 2019 are attributable to last-minute surges in demand prior to consumption tax hikes

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

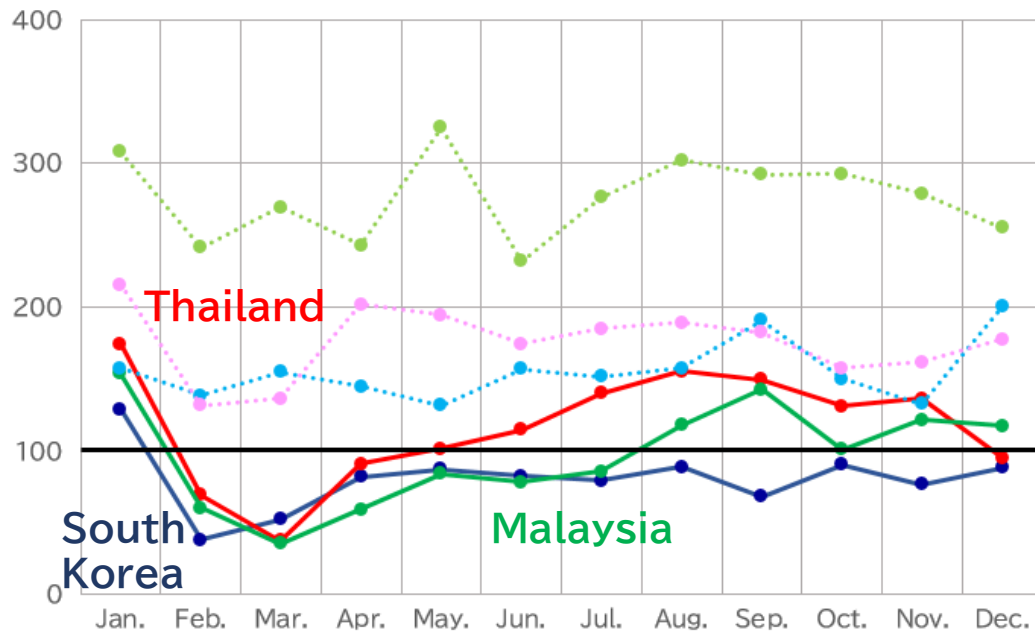
Market Trends—Major Product Categories Overseas

Despite ongoing stagnation in consumption, the hand soap market expanded from 2019

Hand soap sales value by country (Jan.–Dec. 2021)

	Thailand	Malaysia	South Korea
Compared with 2020	103%	84%	73%
Compared with 2019	175%	277%	155%

Hand soaps

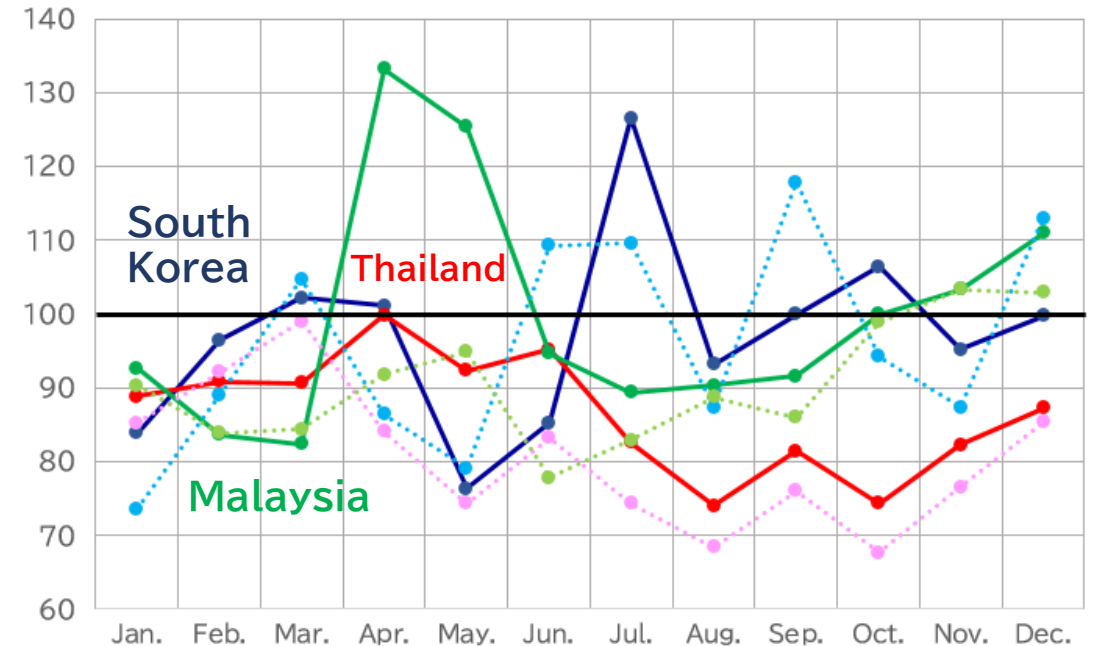


Note: Figures for Malaysia represent the entire soap market, including the hand soap market.

Laundry detergent sales value by country (Jan.–Dec. 2021)

	Thailand	Malaysia	South Korea
Compared with 2020	86%	98%	97%
Compared with 2019	80%	90%	96%

Laundry detergents



2019 figures are shown in dotted lines, for reference.

Changes in Household Products Market and OTC Drug Market

1) Market Environment for Household Products (38 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)

	2016	2017	2018	2019	2020	2021
Sales value	104	99	102	102	112	95
Sales volume	102	98	100	100	105	92
Average unit price	102	102	102	102	106	103

Source: INTAGE Inc. SRI Survey (data for 2016 is for 38 markets; data for 2017 is for 37; data for 2018–2020 is for 38)
SRI+ Survey data (data for 2021 is for 38 markets)

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)

	2016	2017	2018	2019	2020	2021
Sales value	105	103	102	105	108	102
Sales volume	101	101	100	102	101	96
Average unit price	104	102	103	104	106	107

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

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

** The SCI survey monitors around 50,000 shoppers nationwide for its sales data.

Changes in Household Products Market and OTC Drug Market

3) Market Environment for OTC Drug Market (7 markets, SDI/SRI+)

Overall market trends in the seven drug markets in which Lion participates

(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020	2021
Sales value	104	103	102	100	93	103
Sales volume	102	101	101	99	89	101
Average unit price	101	102	101	101	105	102

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

* Panel data changed from January 2019. Data for 2016 onward has been updated accordingly.

4) Market Environment for OTC Drug Market (2 markets, SCI)

Overall market trends in the two drug markets in which Lion participates

(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020	2021
Sales value	104	103	104	104	102	110
Sales volume	102	100	102	102	99	107
Average unit price	102	103	102	102	103	103

Source: INTAGE Inc. SCI survey

Financial and Other Statements

Consolidated Results for October–December 2021

(Billions of yen)	2021 Jan.–Sep.	2021 Oct.–Dec.	Y-o-Y change Oct.–Dec.	
			Amount	%
Net sales	267.5	98.6	5.3	5.7
Core operating income*1 (Core operating income ratio)	25.3 (9.5)	5.5 (5.6)	(0.5)	(8.9)
Operating profit (Operating profit ratio)	25.4 (9.5)	5.7 (5.8)	(0.1)	(2.2)
Profit for the period attributed to owners of the parent	19.0	4.7	2.0	79.7
EPS (Yen)	65.46	16.27	7.21	79.6
EBITDA*2	35.6	9.5	0.1	1.3

Notes 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

2. EBITDA: An indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization.

Segment Results for October–December 2021

(Billions of yen)	Net sales				Segment income (core operating income)			
	2021 Jan.–Sep.	2021 Oct.–Dec.	Y-o-Y change Oct.–Dec.		2021 Jan.–Sep. (%)	2021 Oct.–Dec. (%)	Y-o-Y change Oct.–Dec.	
			Amount	%			Amount	%
Consumer Products	180.4	66.6	1.1	1.7	16.6 (9.2)	2.3 (3.6)	(0.2)	(10.1)
	166.9	62.6	1.2	2.1				
Industrial Products	43.4	17.8	2.9	20.0	1.6 (3.9)	0.9 (5.3)	0.2	28.5
	25.1	9.5	0.8	9.6				
Overseas	81.4	27.8	2.9	11.7	4.7 (5.9)	1.2 (4.4)	(0.3)	(23.1)
	73.6	25.0	2.5	11.4				
Other	22.8	5.0	(5.3)	(51.3)	1.7 (7.7)	0.3 (7.9)	(0.4)	(51.6)
	1.8	1.3	0.6	101.7				
Adjustment	(60.5)	(18.7)	3.6	-	0.5 -	0.5 -	0.3	-
	(0.0)	0.0	(0.0)	-				
Consolidated total	267.5	98.6	5.3	5.7	25.3 (9.5)	5.5 (5.6)	(0.5)	(8.9)

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

Consumer Products Net Sales for October–December 2021

(Billions of yen)	Total net sales			
	2021 Jan.–Sep.	2021 Oct.–Dec.	Y-o-Y change Oct.–Dec.	
			Amount	%
Oral care	49.8	19.5	0.6	3.5
Beauty care	18.5	6.2	(0.8)	(11.9)
Fabric care	44.0	16.6	0.6	4.4
Living care	18.3	6.8	0.1	2.5
Pharmaceuticals	18.4	6.9	0.8	13.8
Other	31.2	10.4	(0.4)	(3.8)
Total	180.4	66.6	1.1	1.7

Consolidated Statement of Income

(Billions of yen)	2021	2020	Y-o-Y change	
			Amount	%
Net sales	366.2	355.3	10.8	3.1
Cost of sales	187.1	175.4	11.6	6.6
Gross profit	179.1	179.8	(0.7)	(0.4)
Selling, general and administrative expenses	148.1	143.9	4.2	3.0
Core operating income	30.9	35.9	(5.0)	(14.0)
Other income	1.2	12.2	(11.0)	(90.1)
Other expenses	0.9	4.1	(3.1)	(76.8)
Operating profit	31.1	44.0	(12.8)	(29.3)
Finance income	0.8	0.6	0.1	20.3
Finance costs	0.1	0.1	(0.0)	(7.0)
Share of profit of investments accounted for using the equity method	2.2	(0.1)	2.3	-
Profit before tax	34.0	44.4	(10.4)	(23.4)
Income taxes	8.6	12.5	(3.8)	(31.0)
Profit for the period	25.4	31.9	(6.5)	(20.4)
Profit for the period attributable to non controlling interests	1.6	2.0	(0.4)	(19.8)
Profit for the period attributable to owners of the parent	23.7	29.8	(6.1)	(20.5)

Selling, general and administrative expenses

(Billions of yen)		2021		2020		Y-o-Y change	
		Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses		148.1	40.5	143.9	40.5	4.2	3.0
	Sales commissions	9.8	2.7	9.4	2.7	0.4	4.6
	Promotional expenses	28.4	7.8	26.9	7.6	1.5	5.8
	Advertising Expenses	24.9	6.8	24.9	7.0	(0.0)	(0.1)
	Transportation and warehousing expenses	20.1	5.5	18.8	5.3	1.3	7.0
	R&D expenses	11.1	3.1	10.9	3.1	0.2	2.5
	Other expenses	53.5	14.6	52.8	14.9	0.6	1.3

Consolidated Statement of Financial Position

(Billions of yen)		2021	2020	Y-o-Y change
Current assets		232.1	245.4	(13.2)
	Cash and cash equivalents	97.2	121.5	(24.2)
	Trade and other receivables	70.1	62.4	7.6
	Inventories	51.7	45.1	6.5
Non-current assets		195.8	190.0	5.7
	Property, plant and equipment	120.6	118.3	2.2
	Intangible assets	23.9	18.9	5.0
	Right-of-use assets	5.4	4.8	0.5
	Other financial assets	21.8	24.8	(3.0)
Total assets		428.0	435.5	(7.4)

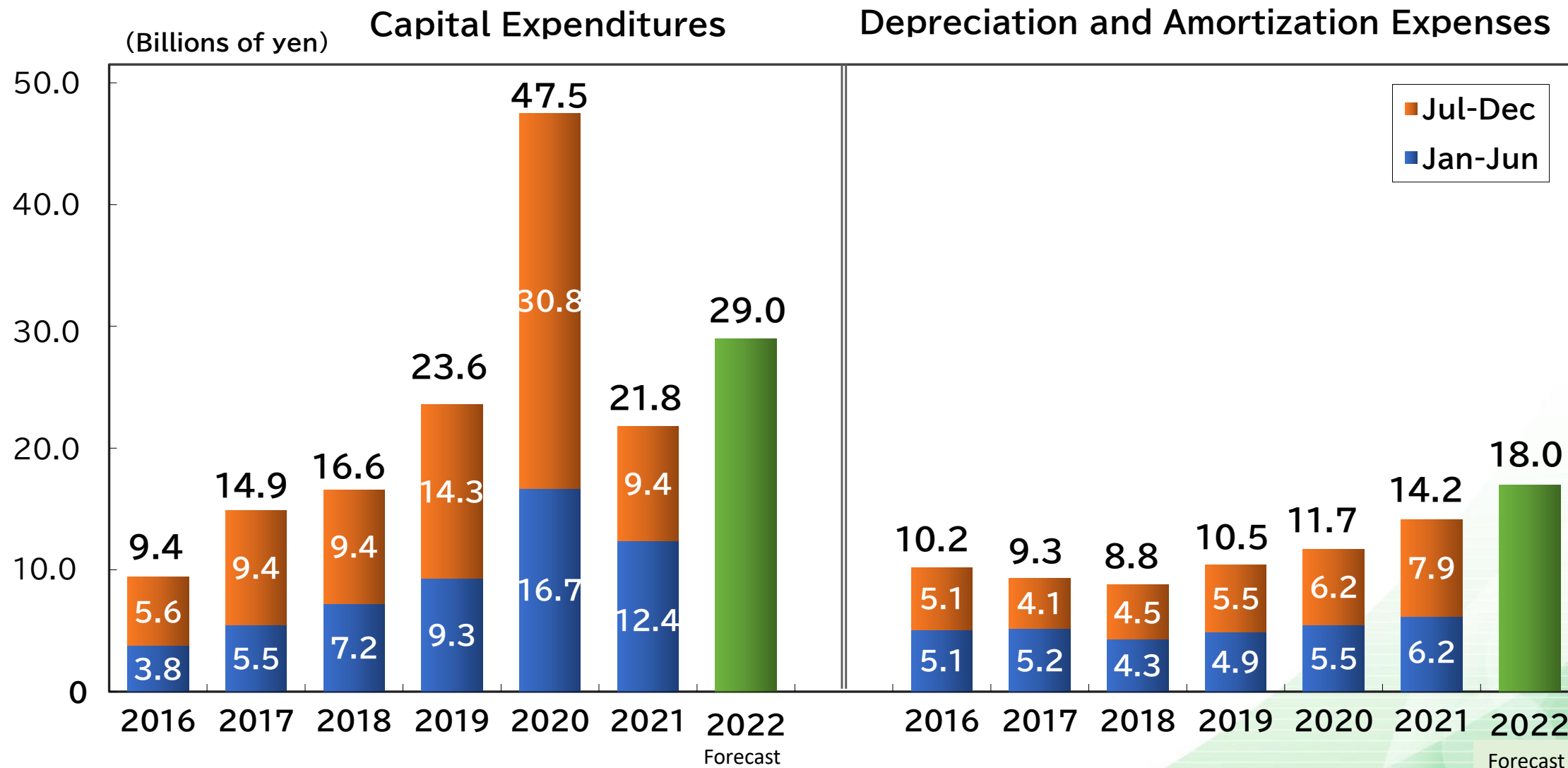
Consolidated Statement of Financial Position

(Billions of yen)		2021	2020	Y-o-Y change
Current liabilities		139.2	166.6	(27.4)
	Trade and other payables	123.1	141.2	(18.1)
	Lease liabilities	1.4	1.3	0.0
	Other current liabilities	8.1	8.7	(0.5)
Non-current liabilities		23.7	24.0	(0.2)
	Retirement benefit liabilities	12.6	13.0	(0.3)
	Lease liabilities	5.0	4.6	0.4
Equity		265.0	244.8	20.1
	Share capital	34.4	34.4	-
	Capital surplus	35.1	34.9	0.2
	Treasury stock	(4.7)	(4.7)	0.0
	Other components of equity	9.3	10.0	(0.7)
	Retained earnings	177.3	156.9	20.4
Total liabilities and equity		428.0	435.5	(7.4)

Consolidated Statement of Cash Flows

(Billions of yen)	2021	2020	Change
Cash flows from operating activities	19.2	40.7	(21.4)
Cash flows from investing activities	(34.1)	(19.8)	(14.3)
Cash flows from financing activities	(10.2)	(9.1)	(1.0)
Effect of exchange rate changes on cash and cash equivalents	0.8	(0.5)	1.4
Net increase (decrease) in cash and cash equivalents	(24.2)	11.1	(35.4)
Cash and cash equivalents at beginning of period	121.5	110.4	11.1
Cash and cash equivalents at end of period	97.2	121.5	(24.2)

Capital Expenditures and Depreciation and Amortization Expenses



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

2022 Consolidated Financial Forecast

(Billions of yen)	2022	2021	Y-o-Y change		Jan.– Jun. 2022	Jan.– Jun. 2021	Y-o-Y change	
			Amount	%			Amount	%
Net sales	375.0	366.2	8.7	2.4	179.0	173.2	5.7	3.3
Core operating income % of net sales	23.0 6.1	30.9 8.4	(7.9)	(25.6)	7.6 4.2	14.0 8.1	(6.4)	(45.8)
Operating profit % of net sales	27.5 7.3	31.1 8.5	(3.6)	(11.8)	12.3 6.9	14.1 8.2	(1.8)	(13.3)
Profit for the period attributable to owners of parent % of net sales	20.0 5.3	23.7 6.5	(3.7)	(15.8)	9.0 5.0	10.8 6.2	(1.8)	(16.8)
EPS(Yen)	68.79	81.73	(12.94)	(15.8)	30.96	37.20	(6.24)	(16.8)

2022 Sales to External Customers Forecast

(Billions of yen)	2022	2021	Y-o-Y change		Jan.– Jun. 2022	Jan.– Jun. 2021	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	235.0	229.5	5.4	2.4	110.0	107.1	2.8	2.6
Industrial Products	35.0	34.7	0.2	0.6	17.0	16.6	0.3	2.2
Overseas	102.0	98.7	3.2	3.3	50.0	48.3	1.6	3.5
Others	3.0	3.1	(0.1)	(6.1)	2.0	1.1	0.8	70.7
Consolidated Total	375.0	366.2	8.7	2.4	179.0	173.2	5.7	3.3

Impact on income

(Billions of yen)	Assumptions at start of year
Sales, product mix and others	+2.1
Total cost reduction (raw materials, logistics, etc.)	+2.0
Raw material prices	(6.0)
Competition-related expenses	(3.0)
Other expenses	(3.0)
Total	(7.9)

Raw Material Prices

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

Exchange Rates

	U.S. Dollar	Thai Baht
2022 forecasts	JPY110.0	JPY3.40

Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2021 actual	69.2\$/BBL	JPY50,017/KL	4.449RM/ton

	U.S. Dollar	Thai Baht
2021 actual	JPY110.3	JPY3.40

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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.