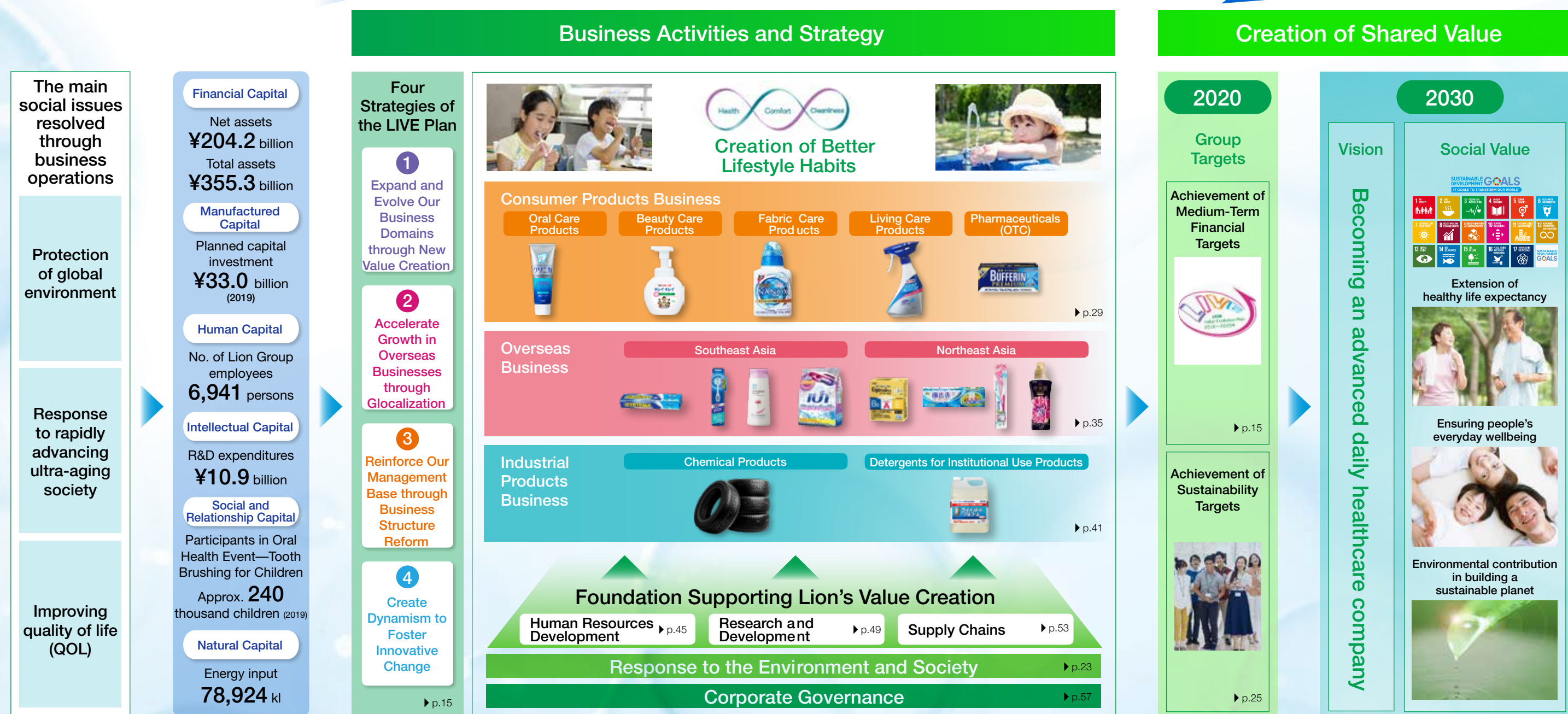


Lion's Value Creation Model

Since its founding, Lion has sought to build a healthy and comfortable living for people through the creation of better lifestyle habits, in line with its Company motto of "Fulfilling a Spirit of Love." By striving to realize its new Management Vision of "becoming an advanced daily healthcare company," and taking the lead in fostering people's contentment from a new perspective, Lion aims to increase corporate value and help build a sustainable society.

Creating value for business and society through the resolution of social issues



Investment for resolving social issues

Management Vision

Looking toward 2030

Becoming an Advanced Daily Healthcare Company

The Group has worked to improve business performance under Vision 2020. But, in light of the drastically changing environment going forward, Lion believes that it must clarify the orientation of its businesses and accelerate efforts aimed at innovation in order to meet the needs of society and customers and sustainably increase its corporate value.

Lion has set its new vision for 2030 as “Becoming an advanced daily healthcare company.”



Lion's Purpose

ReDesign the Everyday

Aiming to become an advanced daily healthcare company,
Lion will “ReDesign” everyday rituals to become more natural,
easy and enjoyable.

From bothersome to easy.

From chores to things you want to do.

From effort to what you do naturally.

We will create happiness never before experienced, and realize
healthy minds and bodies for all.

And we believe that this is the very purpose of Lion.

ReDesign



The Four Strategies/Goals of the Medium-Term Management Plan: The LIVE Plan

Basic Strategy

Aiming to achieve the management vision, we will implement a medium-term management plan, the LION Value Evolution Plan (LIVE Plan), over the three-year period of 2018 to 2020.



1. ■ Expand and Evolve Our Business Domains through New Value Creation ■

Creating new combinations of various technologies and services, we will create new business value that realizes “healthy minds and bodies for all”.

● Oral-to-Body Solution

We aim for expansion and evolution that will create an “oral health care business” in which oral care contributes to whole-body health care.

● Daily Self-Care Enhancement

We will work toward evolution aimed at creating a health care business that will, in turn, “ReDesign” daily living to create healthful habits that help enhance QOL.

● Infotech Health Support

We will create new health care business models that leverage cutting-edge technologies, such as IoT and AI.

2. ■ Accelerate Growth in Overseas Businesses through Glocalization ■

Focusing on growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our businesses and the areas in which we operate.

- We will evolve Group management by reinforcing regional management.
- We will aim for business area expansion based on e-commerce channels and M&A.

3. ■ Reinforce Our Management Base through Business Structure Reform ■

By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.

- We will reinforce investment in the flexible, efficient manufacturing infrastructure that will drive business growth.
- We will build more advanced and sustainable supply chains.
- We will reinforce information system foundations to promote more-sophisticated Group management.
- We will advance revisions of business fields and the Group structure to improve the efficiency of management resources and business activities.

4. ■ Create Dynamism to Foster Innovative Change ■

We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations, and corporate culture.

- We will create human dynamism by utilizing diverse human resources.
- We will create organizational dynamism that fosters ambition and creativity through open innovation.
- We will create management dynamism through environmental, social, and governance (ESG) initiatives and the reinforcement of health and productivity management.

Investment Strategy

Under the LIVE plan, Lion plans to invest a total of ¥100 billion over a three-year period. Funds will be allocated to further strengthen the management foundation and gain new growth opportunities, including considerable increases in such areas as R&D, production infrastructure, and IT infrastructure. In addition, both in Japan and overseas, we will designate funds to acquiring external resources and exploring new businesses through M&A.

Total
¥100 billion
over three years

Strengthen the management base

- R&D
- Production and IT infrastructure

Gain growth opportunities

- M&A
- New businesses

The Live Plan Financial Target (Consolidated)

(Billions of yen)	Targets for 2020	
		Ratio to net sales
Net sales	400	—
Core operating income	40	10.0%
Operating profit	40	10.0%
Profit for the period attributable to owners of the parent	28	7.0%
ROE	12% level	—

* Effective from the fiscal year ended December 31, 2018, the Lion Group voluntarily adopted International Financial Reporting Standards (IFRS).

Top Message

“Becoming an advanced daily healthcare company”

The foundation of Lion Corporation’s management is “Fulfilling a Spirit of Love,” a value that has continued unchanged since our founding. For over 120 years, Lion has offered exceptional products and services that make everyday life better. Going forward, with the aim of realizing advanced health care, Lion is taking the lead in fostering contentment from a new perspective in order to increase corporate value and help build a sustainable society.

Itsuo Hama

Representative Director,
Chairman of the Board of Directors

Masazumi Kikukawa

Representative Director,
President and Executive Officer

Aims of the New Management Vision

Lion’s new Management Vision for 2030 is to “become an advanced daily healthcare company.” This vision, formulated in 2018, aims to accelerate the shift to a new stage of growth by clarifying Lion’s direction for the future, increasing the pace of reform while being responsive to changes in the business environment, and sustainably enhancing corporate value.

The business environment for Lion is changing rapidly as a result of the aging population, greater health consciousness, and an expansion in products and

services utilizing digital technologies. Considering this market, we formulated our Management Vision with the aim of being a company with an even greater presence, and that is considered essential by society and customers, both in Japan and throughout Asia. Through the ReDesign of the everyday rituals to become more natural, easy, and enjoyable, we will contribute to healthy minds and bodies for all customers, and establish a solid position for Lion as a leading company. This is, in essence, the purpose of Lion Corporation.

Both inside and outside the company, Lion is demonstrating the reason that it exists, the contributions it makes to the world, and the type of company that it endeavors to be.

In 2018, with the aim of being an advanced daily healthcare company, Lion launched the three-year LION Value Evolution (LIVE) Plan. Through this plan, we accelerate business growth, placing priority on creating a new growth engine looking ahead to 2030. To achieve this, in January 2019, Lion put in place a two-person top management structure comprising

the chairman (CEO) and president (COO). The chairman will integrate the business strategy of the corporate group, and work to generate business value from a medium- to longer-term perspective, in order to establish powerful growth engines. The president will handle business execution overall, further accelerating the growth of existing businesses, and advancing them to a higher level.

We believe that this “dual-handed management” will further enhance corporate value.

Review of the First Year of the LIVE Plan

Four Basic Strategies of the LIVE Plan

1 Expand and Evolve Our Business Domains through New Value Creation

2 Accelerate Growth in Overseas Businesses through Glocalization

3 Reinforce Our Management Base through Business Structure Reform

4 Create Dynamism to Foster Innovative Change

Expand and Evolve Our Business Domains through New Value Creation

Through the integration of various technologies and services, Lion is working to create new business value that realizes “healthy minds and bodies for all”.

■ Continued growth for high value-added products

The market environment for existing businesses remains harsh, but Lion is continuing to focus on customer experience-based value that elicits a sympathetic or emotional response, developing brands and enhancing added value. During 2018, we received a

positive response for value-creating products such as *LOOK Plus Bath Cleansing* bathtub cleaner, *hadakara Body Soap*, and *NONIO* toothpaste and dental rinse. We expect these positive effects to continue in 2019 and beyond.

■ Initiatives in new business fields

Lion is venturing into new businesses utilizing leading-edge technologies. Examples include the development of a smartphone app that uses digital data to support bad breath care, and the commercialization of *VISOURIRE*, a beauty appliance launched through a crowdfunding platform.



Accelerate Growth in Overseas Businesses through Glocalization

Focusing on the growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our business and the areas in which we operate.

■ Growth in Southeast Asian markets

Lion expanded sales mainly in Thailand and Malaysia, while also managing to counter the negative impact from higher material costs through cost reductions and other measures, with a significant increase in earnings.

■ Structural reforms in Northeast Asia

Lion reformed the business structure in China, creating a foundation for future business growth. We feel that this will allow us to increase the pace of growth from 2019.

■ Promoting preventive dentistry

Preventive dentistry is an initiative backed by governments, health experts, and retailers. The aim of preventive dentistry is to improve people's health, and at the same time expand business. Lion is making efforts in countries and regions in Asia for further expansion going forward.

Reinforce Our Management Base through Business Structure Reform

By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.

■ Expanded production capacity in the oral care sector

Under the LIVE plan, Lion plans to invest a total of ¥100 billion over a three-year period on R&D, M&A, and facilities. During the initial year of the plan, we expanded production capacity in anticipation of growth in the oral care sector, both in Japan and

overseas. As part of this expansion, Lion established a new toothbrush manufacturing plant in Sakaide, Kagawa Prefecture and launched its operations. Lion also built a new facility for dental rinse at the Akashi Plant (Akashi, Hyogo Prefecture), increasing domestic production capacity. Moreover, the Company decided to build a new toothbrush manufacturing plant to be completed in 2021.

Create Dynamism to Foster Innovative Change

We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations, and corporate culture.

■ Establishment of the Innovation Lab

The Innovation Lab was established in January 2018 as part of the Research and Development Headquarters as an initiative to create new business. Instead of a pyramid-type organization, the lab has a flat structure, with all members encouraged to pursue development with the mindset of an entrepreneur. During its initial year, the lab developed a smartphone app to support bad breath care and, as the next step to practical application, conducted verification tests with employees working for customer service industries. The lab also developed the new beauty device *VISOURIRE*, using Japan's largest crowdfunding service Makuake to support commercialization. The product is expected to be available in 2019.

■ ReDesign Forum

Lion brought together around 100 young employee volunteers to advance internal reforms. The aim of this forum is to consider management messages such as the new Management Vision and Purpose and apply them to everyday business practices, suggesting their own ideas and discussing directly with the management. In effect, this was an effort to ReDesign the mindset of management and employees and change the future of Lion.

Achieving the LIVE Plan

Management Acceleration

The keyword for 2019 is “Acceleration”. To achieve this, Lion will implement reforms from the three standpoints of sensitivity, decision-making, and business implementation. We aim to reach new levels of sensitivity that will detect signs of risks and opportunities before others, make decisions quickly in response, and take immediate action. We expect to see the benefits from this in fiscal 2019 and fiscal 2020.

To support continued business growth, in the domestic market we will generate high value-added products, while for the overseas market we will further enhance the pace of profitable growth.

■ Domestic Business

Japan has entered a period of population decline, but we expect to realize sustainable growth by stepping up the pace of our ongoing efforts to offer high value-added products. We find untapped high value-added areas, the “blank spaces” in the market, and target these with focused activity. For example, one of the new products launched in 2019 *CLINICA ADVANTAGE NEXT STAGE Toothpaste*, a toothpaste enhancing preventive dentistry for adults. This product expands the category of cavity prevention toothpaste, an area where there have been few advances in high value-added products. *BUFFERIN Light*, an antipyretic analgesic and has a milder efficacy that greatly reduces the burden on the body, is uncovering demand among consumers who have reduced their use of antipyretic analgesics, or who’ve never taken them before.

These products stimulate the market by raising unit prices and generating new demand.

In the fabric care sector, where price competition remains fierce, we feel that fundamental innovation is needed. Without adding excessive price competition for liquid and powdered detergents, we are focusing on super-concentrated liquid laundry, continuing on a high value-added track. We are also pursuing development of new style detergents.

■ Overseas Business

Penetrating the Chinese market is the key to expansion in the overseas business. Lion reformed its business structure in China in 2018, and this fiscal year is taking steps for profitable growth. We are concentrating on specific brands and regions, and developing online sales channels, as well as offline channels from the standpoint of the product ripple effect. Lion’s greatest strength is the sense of trust that comes from “Made in Japan.” The number of visitors to Japan is expected to rise sharply with the 2019 Rugby World Cup and 2020 Tokyo Olympic Games, and we will seize this opportunity to raise awareness of Lion products among inbound visitors and encourage trial purchases, generating repeat demand after they return to their own countries.

Through these activities, we plan to build trust in Lion brands such as *CLINICA* and *SYSTEMA*, and then utilize that reputation to ultimately expand sales of locally-produced products in China and other areas.

In 2019, we established the Cross-Border Business Promotion Department to support these activities. This office will integrate the various business promotion divisions to conduct company-wide activities.

Lion currently conducts business in eight countries and regions, and is planning further expansion. We will establish an identity in Asia as a company originating in Japan, confronting the global giants.

Measures for Sustainable Management

Since its founding, Lion has placed importance on contributing to society through its business activities, and sustainability management continues in Lion’s corporate DNA. We also believe that “sustainability” will be a vital keyword to realizing our management purpose. In the LIVE plan, with a thorough understanding of the requirements of societies described in the ISO 26000 international standard for social responsibility, as well as universal issues such as the UN Sustainable Development Goals (SDGs), we put our heads together on management issues, and identified the important sustainability issues for Lion to pursue as a company, and set targets for 2020. Along with ESG (environmental, society and governance) measures aimed at establishing a stronger

management foundation, Lion is also actively pursuing CSV (creating shared value) for its business and society, and generating opportunities. These efforts have been recognized and highly regarded, leading to Lion being included in various ESG indices in Japan and overseas.

Further, in 2019 we plan to establish a Sustainability Promotion Meeting comprising management members, in order to strengthen sustainability management.

Going forward, Lion will continue to pursue sustainability management, in order to be a highly trusted company that meets the expectations of society.



Lion’s Sustainability

Basic Approach

With its origins in soap and toothpaste, Lion has aimed to promote daily health for people, since its foundation, by providing useful products and have driven educational activities and provision of information to consumers, thus helping to foster good habits. We have long been deeply aware that the pollution of the global environment is a worldwide issue and have taken steps to respond to environmental concerns such as by developing environment-friendly products. Lion has, and will continue to respond to social issues, which change overtime, and will promote initiatives for a sustainable, society and business growth.

We are committed to providing solutions to social issues both in and outside Japan such as improvement of QOL, and to contributing to the UN Sustainable Development Goals (SDGs) through our business activities in the field of healthcare.

In line with this, the Lion Group will contribute to achieving Goal 3 of the SDGs—ensure healthy lives and promote well-being for all at all ages—through our products and services. We aim to turn the world vision of the SDGs into reality through the pursuit of our medium-term management plan, the LIVE Plan.



Materiality

Toward realization of the LIVE Plan and Management Vision, we have identified our 2020 Sustainability Material Issues through the steps indicated on the right and have classified them into risks and opportunities with careful consideration for the entire supply chain and stakeholders. We have also defined the directions for initiatives to be executed in response to each issue and have set targets and KPI.

We will dedicate ourselves to strengthening our management foundation by reducing risks and to realizing individual “healthy minds and bodies for all” through oral health care and cleanliness and hygiene rituals.

Steps for identifying Sustainability Material Issues

- Step 1

Identify social issues

39 social issues were identified based on ISO 26000, the SDGs, the GRI Standard and the ten principles of the UN Global Compact.
- Step 2

Consider their degrees of impact on society and businesses

The issues identified in Step 1 were arrived at by conducting important evaluation from the perspective of degrees of impact on society and businesses respectively, and by conducting reviews related departments, the director in charge of sustainability, and the Board of Directors.
- Step 3

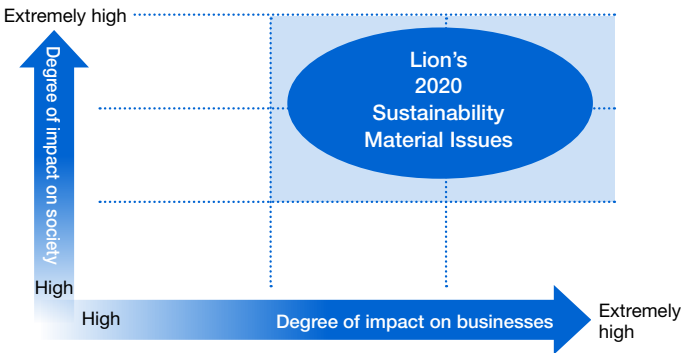
Investigate validity of material issues

The validity of each item was investigated while incorporating the viewpoints of third-party institutions, and reviews were conducted as necessary.
- Step 4

Obtain approval from the Executive Committee and Board of Directors

The identified 2020 Sustainability Material Issues were approved by the Executive Committee and Board of Directors.

Approach to identify our Sustainability Material Issues



Risks and Opportunities Regarding Sustainability Material Issues in the Supply Chain

		Procurement of Raw Materials, Packages and Containers ▶▶▶▶	▶▶▶ Major Initiatives Undertaken by Lion ▶▶▶▶	▶▶▶▶▶ Use by Consumers ▶▶▶	▶▶▶▶▶▶ Disposal by Consumers
Sustainability Material Issues	Opportunities		<div>Promoting Diversity</div> <div>Promoting a Work-Life Balance</div> <div>Developing Human Resources</div> <div>Reinforcement of Health and Productivity Management</div> <div>Pursuing Customer Trust and Satisfaction</div> <div>Creating Healthy Living Habits</div>		
	Risks	<div>Promoting Environmental Initiatives for a Sustainable Planet</div> <div>Respecting Human Rights</div> <div>Enhancing the Occupational Safety Management System</div> <div>Building Responsible Supply Chain Management</div> <div>Promoting Risk Management</div> <div>Embedding Compliance</div> <div>Enhancing Group Governance</div>			
Key Stakeholders		Business Partners		Customers	
		Employees			
				Shareholders and Investors	
				Local Communities	

2020 Sustainability Material Issues and Objectives

The following are the Lion Group's Sustainability Material Issues and Objectives to be implemented by 2020. Further details in relation to the status of progress toward the implementation of the objectives are updated in Lion's Sustainability Report and on the website.

(Websites are only in Japanese)

	Core Subjects	Sustainability Material Issues	Directions for Initiatives toward the 2020 Objectives	2020 Objectives and KPI	Web
E	The Environment	① Promoting Environmental Initiatives for a Sustainable Planet	Work together with consumers and local communities actively to promote environmental conservation activities, aiming harmonization of a sustainable society and the development of our businesses.	<ul style="list-style-type: none"> Promotion of environmental business management Promote and achieve the "Eco Vision 2020" environmental objectives (Global) Establish the "New Environmental Objectives 2030" to minimize environmental impacts over the entire life cycle of products, including at the stage of their use in customer households (Global) Promote appropriate use and management of chemical substances (Global) Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting*1 (Domestic) 	
S	Human Rights	② Respecting Human Rights	Build a Group system which respects human rights.	<ul style="list-style-type: none"> Enhancement of initiatives for respecting human rights based on the Group philosophy Formulate human rights policies for all Lion companies (Global) Expansion of internal and external contacts for reporting and consultations 100% recognition rate for the "AL Heart Hotline" (Domestic) 	
	Labor Practices	③ Promoting Diversity	Expand creative business activities through the application of diverse human resources.	<ul style="list-style-type: none"> Promotion of activity by women at the management level Develop female employees to drive the next generation of management (Global) 20% proportion of female employees at the management level (Domestic) 	
		④ Promoting a Work-Life Balance	Create an uplifting feeling among employees through work style reforms.	<ul style="list-style-type: none"> Realization of smart work*2 to harmonize productive work and personal lives Implement employee awareness and behavior surveys (Domestic) 70% usage rate of annual paid leave (Domestic) 	
		⑤ Developing Human Resources	Create personal dynamism by developing human resources with diverse and abundant ideas which enable to fulfill the expectations of global stakeholders.	<ul style="list-style-type: none"> Arrangement of human resources development systems to successfully cultivate personnel who can learn and act independently 	
		⑥ Enhancing the Occupational Safety Management System	Enhance and thoroughly enforce the Occupational Health and Safety Management System across the entire Group.	<ul style="list-style-type: none"> Thorough enforcement of occupational safety and the safety of facilities 0 serious accident and 0 serious incident (Global) 	
		⑦ Reinforcement of Health and Productivity Management	Build a Lion's health management model, which will be appropriate for an advanced daily healthcare company.	<ul style="list-style-type: none"> Expansion of support programs to aid employees in forming health care habits 100% health checkups (Domestic) 100% dental checkups (Domestic) 100% rate of receiving examinations for cancer classified by age (Domestic) 	
	Fair Operating Practices	⑧ Building Responsible Supply Chain Management	Promote management with high effectiveness in the supply chain.	<ul style="list-style-type: none"> Build more advanced and sustainable supply chains Implement supplier sustainability self-checks related to procurement (Global) 100% implementation rate of supplier sustainability self-checks related to procurement (Domestic) 	
	Consumer Issues	⑨ Pursuing Customer Trust and Satisfaction	Thoroughly promote corporate activities with a high level of credibility to customers across the entire Group, and further develop customer-oriented management.	<ul style="list-style-type: none"> Enhancement of reliability assurance systems covering the entire supply chain Improvement of customer satisfaction through enhancement of customer support quality Enhancement of security system through system construction and supervisory management enhancement 	
G	Organizational Governance	⑩ Creating Healthy Living Habits	Contribute to the creation of healthy living habits such as oral health care, and cleanliness and hygiene practices and habits, in order to extend healthy life expectancy of all people and to ensure people's everyday well-being.	<ul style="list-style-type: none"> Implementation of activities to establish health care habits such as preventive dentistry and hand washing, in coordination with business activities Contribution to the resolution of social issues based on co-existence with communities, involvement by employees, and enhancement of partnerships 	
		⑪ Promoting Risk Management	Enhance the risk management system for the entire Group.	<ul style="list-style-type: none"> Promotion of comprehensive and extensive risk management across the entire Group 	
		⑫ Embedding Compliance	Enhance the effectiveness of compliance activities across the entire Group.	<ul style="list-style-type: none"> Construction of a compliance management system Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global) 100% rate of participation in compliance-related training (Domestic) 	
		⑬ Enhancing Group Governance	Engage in enhancing governance for the entire Group.	<ul style="list-style-type: none"> Arrangement of a Group Governance System in accordance with the Basic Policy for Corporate Governance 	

*1 Was held as the "Environmental Action Promotion Committee" until 2018.

*2 Work styles to promote highly-concentrated work in order to improve productivity.

[Sustainability Report](#)

Financial and ESG Highlights

Financial Highlights

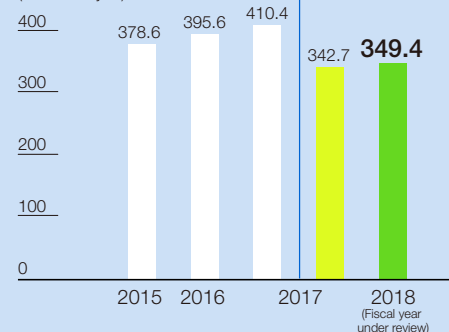
Net Sales

¥349.4 billion

Net sales rose ¥6.6 billion,
a year-on-year increase of 2.0%.

Net Sales

(Billions of yen)



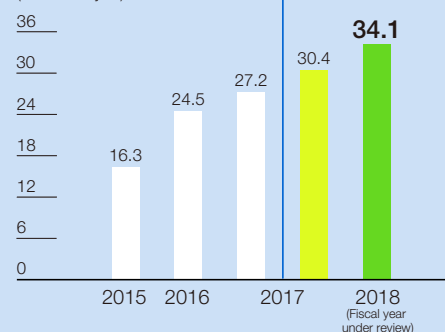
Operating Profit

34.1 billion

Substantial year-on-year increase of 12.2%.

Operating Profit*

(Billions of yen)



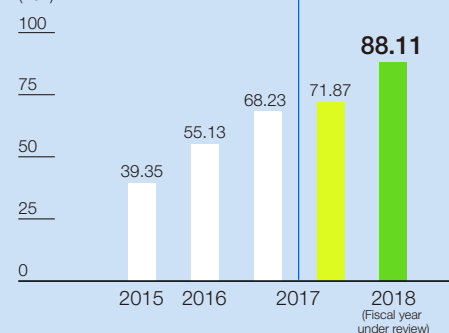
Basic Earnings per Share

¥88.11

Year-on-year increase of 12.3%.

Basic Earnings per Share*

(Yen)



* Listed as Earning per Share under Japanese GAAP.

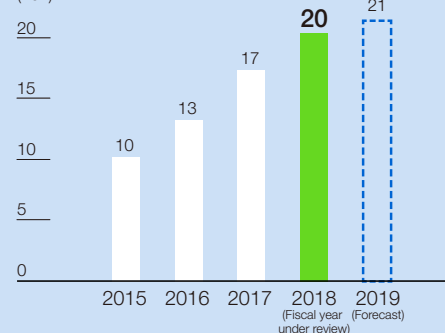
Cash Dividends per Share

¥20

Third consecutive fiscal year of dividend growth. Annual dividend projected to again increase in 2019 to ¥21 per share.

Cash Dividends per Share

(Yen)



ESG Highlights

Reduction of Greenhouse Gas Emissions from Business Activities*¹

-48%

*¹ Compared to 1990 levels; Absolute quantity; Business locations in Japan



Lion is promoting energy-saving activities throughout the entire Company, including the production, administration, sales, and R&D divisions.



Participants in the Oral Health Event of Tooth Brushing for Children

Approx. 1.45 million

(cumulative from 1932 to 2018)



The Oral Health Event of Tooth Brushing for Children is held annually in June during the “Dental/Oral Health Week” for elementary school students. The goal of the event is to raise awareness toward the importance of dental and oral health. In 2018, a record number of schools and students participated. The event was attended by roughly 210,000 students from elementary schools across Japan and six other Asian countries and regions.



Reduction of Water Use in Business Activities*²

-48%

*² Compared to 2000 levels; Absolute quantity; Business locations in Japan



In addition to the full-scale operation of facilities to recycle waste water at the Chiba Plant, where the volume of water used is the largest of any of the Company's domestic production facilities, Lion is promoting a raft of water saving activities at each of its operating sites.



Proportion of Female Employees at the Management Level

15.8%



Lion is working to promote diversity with an eye toward the 20% target set for 2020.

Trends in the Proportion of Female Employees at the Management Level

