

# Seven-Year Financial Summary

## Japanese GAAP

V-2 Plan  
2015–2017

(Millions of Yen)	2012	2013	2014	2015	2016	2017
<b>Consolidated Statements of Income data</b>						
Net sales	335,171	352,005	367,396	378,659	395,606	410,484
Cost of sales	145,385	153,336	160,677	162,435	161,992	171,209
Gross profit	189,785	198,668	206,718	216,223	233,613	239,275
Selling, general and administrative expenses	182,572	187,849	194,312	199,848	209,110	212,068
Operating income	7,213	10,819	12,406	16,374	24,502	27,206
Income (loss) before income taxes and minority interests	8,594	10,925	13,085	19,387	24,035	30,560
Profit (loss) attributable to owners of parent	4,235	6,097	7,368	10,680	15,951	19,827
<b>Consolidated Balance Sheets data</b>						
Total liabilities and net assets	257,595	282,098	283,352	282,434	298,510	331,751
Property, plant and equipment, net	61,955	68,989	79,275	75,060	74,402	80,981
Total long-term liabilities	47,288	26,208	40,380	18,455	17,190	17,511
Total liabilities	143,431	157,865	155,918	139,703	140,630	144,736
Total net assets	114,163	124,232	127,434	142,730	157,879	187,015
<b>Other selected data</b>						
Capital expenditures*1	10,820	13,709	13,555	8,801	9,407	14,892
R&D expenses	8,989	9,618	9,439	9,808	10,084	10,474
Depreciation and amortization*1	11,834	11,227	10,301	11,166	10,244	9,386
Number of employees	6,006	6,162	6,343	6,816	6,895	7,075
<b>Common share data (yen)</b>						
Net income (loss) per share - basic	15.77	22.72	27.47	39.35	55.13	68.23
Net income (loss) per share - diluted	15.75	22.68	26.16	36.84	55.04	68.15
Dividends paid per share	10.00	10.00	10.00	10.00	13.00	17.00
Net assets per share	407.08	441.59	449.94	469.05	513.76	607.61
Common stock (number of shares outstanding)	299,115,346	299,115,346	299,115,346	299,115,346	299,115,346	299,115,346
<b>Financial ratios (%)</b>						
Gross profit	56.6%	56.4%	56.3%	57.1%	59.1%	58.3%
Selling, general and administrative expenses	54.5	53.4	52.9	52.8	52.9	51.7
Operating income	2.2	3.1	3.4	4.3	6.2	6.6
Income (loss) before income taxes and minority interests	2.6	3.1	3.6	5.1	6.1	7.4
Profit (loss) attributable to owners of parent	1.3	1.7	2.0	2.8	4.0	4.8

\*1 Includes the effects of intangible assets.

## IFRS

LIVE Plan  
2018–2020

(Millions of Yen)	2017	2018
<b>Consolidated Statement of Income data</b>		
Net sales	342,703	349,403
Cost of sales	171,713	177,673
Gross profit	170,990	171,729
Selling, general and administrative expenses	142,182	143,353
Core operating income	28,807	28,375
Operating profit	30,479	34,196
Profit before tax	31,998	35,658
Profit for the period attributable to owners of the parent	20,883	25,606
<b>Consolidated Statement of Financial Position</b>		
Total assets	338,855	355,365
Property, plant and equipment	79,539	81,546
Total non-current liabilities	20,662	21,350
Total liabilities	150,062	151,093
Total equity	188,793	204,271
<b>Other selected data</b>		
Capital expenditures	14,892	16,678
R&D expenses	10,474	10,969
Depreciation and amortization	7,775	8,707
Number of employees	7,075	6,941
<b>Common share data (yen)</b>		
Basic earnings per share	71.87	88.11
Diluted earnings per share	71.77	87.99
Dividends paid per share	17.00	20.00
Equity attributable to owners of the parent per share	614.08	657.50
Number of outstanding shares (common stock)	299,115,346	299,115,346
<b>Financial ratios (%)</b>		
Gross profit	49.9%	49.1%
Selling, general and administrative expenses	41.5	41.0
Operating profit	8.9	9.8
Profit before tax	9.3	10.2
Profit for the period attributable to owners of the parent	6.1	7.3

## Performance

## Management's Discussion and Analysis

## Market Environment

During fiscal 2018 (January 1, 2018–December 31, 2018), the Japanese economy as a whole continued to gradually improve, backed by ongoing recovery in personal consumption and corporate profits amid steady improvement in employment.

The market in the Lion Group's main business domain, the domestic consumer products industry, was steady, as unit prices continued to rise.

## Consolidated Results

Under its new management vision, "Becoming an advanced daily healthcare company," the Lion Group has launched the LION Value Evolution Plan (LIVE Plan) medium-term management plan for the three years beginning fiscal 2018. To achieve the management vision, Lion has been implementing measures based on the basic strategies "Expand and Evolve Our Business Domains through New Value Creation," "Accelerate Growth in Overseas Businesses through Globalization,"\* "Reinforce Our Management Base through Business Structure Reform" and "Create Dynamism to Foster Innovative Change" while introducing future-oriented growth initiatives in and outside Japan.

In its domestic operations, Lion introduced such new products as toothpastes, toothbrushes, dental rinses, body washes, laundry detergents, fabric softeners and eye drops and worked to cultivate markets for these products through aggressive marketing. At the same time, in the Living Care field, the Company launched new products that offer new living habits. In its overseas operations, the Group sought to develop its key brands and increase profitability, focusing mainly on the personal care field, including oral care and beauty care products.

Reflecting these efforts, consolidated results for fiscal 2018 are as follows. Net sales amounted to ¥349,403 million, a

In the overseas market, the market for high-value-added products continued to expand along with aging in society and the growing middle class in major Asian countries, in which the Lion Group develops its business, and greater demand for the health, cleanliness and comfort.

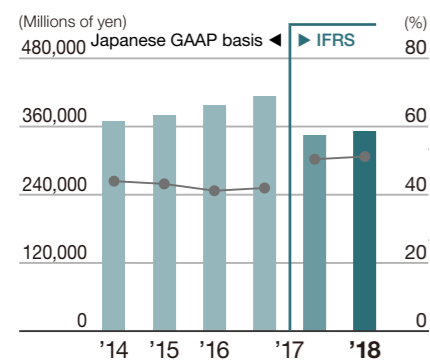
year-on-year increase of 2.0% (or an increase of 1.4% in terms of real net sales, which exclude the influence of exchange rate conversions). Core operating income came to ¥28,375 million, down 1.5% compared with the previous fiscal year, and operating profit to ¥34,196 million, up 12.2% year on year. Profit for the period attributable to owners of parent totaled ¥25,606 million, up 22.6% compared with the previous fiscal year.

\* A fusion between globalization and localization

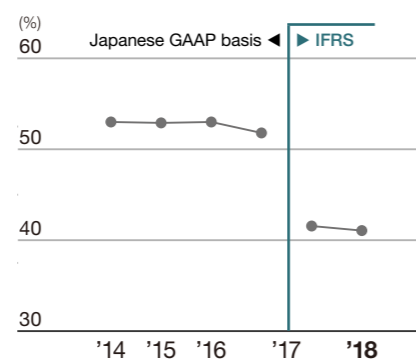
## LIVE Plan 2018–2020

	Billions of yen	
	2020 Target	2018
Net sales	400.0	<b>349.4</b>
Operating profit	40.0	<b>34.1</b>
Operating profit margin ratio	10%	<b>9.8%</b>
ROE	12% level	<b>13.9%</b>

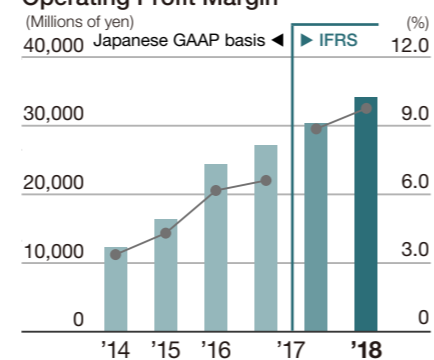
## Net Sales and Cost of Sales Ratio



## SG&amp;A Expenses to Net Sales



## Operating Profit and Operating Profit Margin



## SG&amp;A Expenses Breakdown

	2018		2017	
	Amount (Millions of yen)	% of net sales	Amount (Millions of yen)	% of net sales
Selling, general and administrative expenses	<b>143,353</b>	<b>41.0</b>	142,182	41.5
Sales commission expenses	<b>9,307</b>	<b>2.7</b>	9,012	2.6
Promotion expenses	<b>25,933</b>	<b>7.4</b>	25,441	7.4
Advertising expenses	<b>28,787</b>	<b>8.2</b>	29,935	8.7
Transportation and warehousing expenses	<b>19,104</b>	<b>5.5</b>	18,653	5.4
Salaries and allowances	<b>15,377</b>	<b>4.4</b>	15,034	4.4
Research and development expenses	<b>10,969</b>	<b>3.1</b>	10,474	3.1
Other	<b>33,873</b>	<b>9.7</b>	33,631	9.8

## Factors Accounting for Changes in Operating Profit

(Billions of yen)



## Conditions by Reportable Segment

The Lion Group comprises the corporate headquarters, segments centered on the products and services that are the foundation for the Company, and regional segments.

Its three reportable segments are Consumer Products Business, Industrial Products Business, and Overseas Business.

## Consumer Products Business

The Consumer Products Business segment comprises the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales decreased 4.0% compared with the previous fiscal year. Segment profit decreased 5.8%.

## Net Sales and Segment Income

	Millions of yen					
	2018	Ratio to net sales	2017	Ratio to net sales	Increase/decrease	Change
Net sales	<b>231,594</b>		241,203		(9,608)	(4.0%)
Segment income	<b>17,834</b>	7.7%	18,934	7.8%	(1,100)	(5.8%)

Note: Net sales include internal net sales within and among segments, which amounted to ¥16,202 million in 2018 and ¥26,007 million in 2017.

## Net Sales by Products

	Millions of yen			
	2018	2017	Increase/decrease	Change
Oral Care Products	<b>59,503</b>	56,486	3,017	5.3%
Beauty Care Products	<b>21,024</b>	20,307	716	3.5%
Fabric Care Products	<b>59,790</b>	61,521	(1,730)	(2.8%)
Living Care Products	<b>17,891</b>	16,949	942	5.6%
Pharmaceutical Products	<b>29,228</b>	29,407	(178)	(0.6%)
Other Products	<b>44,156</b>	56,531	(12,374)	(21.9%)

## Performance

## Management's Discussion and Analysis

In Oral Care Products, sales of *CLINICA ADVANTAGE Toothpaste*, *SYSTEMA Haguki (the Gums) Plus Toothbrush*, and *CLINICA ADVANTAGE Toothbrush* were strong. In addition, *NONIO Toothpaste* and *NONIO Mouthwash*, part of the *NONIO* bad breath prevention brand, released in 2017, received favorable consumer reviews.

In Beauty Care Products, *KireiKirei Medicated Foaming Hand Soap* and the *hadakara Body Soap series* saw strong sales and remained favorable.

In Fabric Care Products, sales of *SOFLAN Aroma Rich* were favorable and Lion released new *TOP Hareta*, a super-concentrated liquid laundry detergent. However, sales of *TOP Clear Liquid* were impacted by intensifying competition, and sales of powder detergents fell year on year, reflecting continued market contraction.

In Living Care Products, although sales of *CHARMY Magica* were stagnant, sales of bathroom fungicide *LOOK Plus Bath Antimold Fogger* were favorable, and new product *LOOK Plus Bath Cleansing* received favorable consumer reviews.

In Pharmaceutical Products, sales of *BUFFERIN PREMIUM* and *BUFFERIN Luna i* were strong and *Smile Medical A*, new eye drops, received favorable consumer reviews,

In Other Products, while sales of *Nice rim essence Lactoferrin* decreased year on year, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm, and those of oral care products were strong.

### Industrial Products Business

The Industrial Products Business segment includes the Automotive, Electrical and Electronics, and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 5.3% compared with the previous fiscal year. Segment profit increased 1.7%.

### Net Sales and Segment Income

	Millions of yen					
	2018	Ratio to net sales	2017	Ratio to net sales	Increase/decrease	Change
Net sales	57,958		55,047		2,910	5.3%
Segment income	2,357	4.1%	2,316	4.2%	40	1.7%

Note: Net sales include internal net sales within and among segments, which amounted to ¥23,908 million in 2018 and ¥22,441 million in 2017.

In Automotive, sales of carbon for auto parts were favorable, and overall sales increased year on year.

In Electrical and Electronics, sales of electro-conductive carbon for secondary batteries for overseas markets and electro-conductive compounds for semiconductor carrier materials were favorable, and overall sales increased significantly year on year.

In Detergents for Institutional Use Products, sales of alcohol sanitizers for kitchens were favorable, but overall sales edged down year on year.

### Overseas Business

The Overseas Business segment comprises business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Segment net sales increased 2.4% year on year (or in terms of real net sales, which exclude the influence of exchange rate fluctuations, increased 0.5%).

Segment profit dramatically increased 55.8% year on year.

### Net Sales and Segment Income

	Millions of yen					
	2018	Ratio to net sales	2017	Ratio to net sales	Increase/decrease	Change
Net sales	105,043		102,567		2,475	2.4%
Segment income	6,875	6.5%	4,413	4.3%	2,462	55.8%

Note: Net sales include internal net sales within and among segments, which amounted to ¥10,279 million in 2018 and ¥11,842 million in 2017.

In Southeast Asia, overall sales were up 3.8% year on year. In Thailand, sales of *Shokubutsu-Monogatari Body Soap* were strong, and sales of toothbrushes and laundry detergents were up year on year. Overall sales after yen conversions were up year on year. In Malaysia, sales of *TOP* laundry detergent were favorable, but because of the merger of a detergent ingredient manufacturing subsidiary that caused said subsidiary to be excluded from the scope of consolidation during the fiscal year, overall sales after yen conversions were down year on year.

In Northeast Asia, overall sales were down 0.2% year on year. In South Korea, sales of *KireiKirei* hand soap were favorable. Overall sales after yen conversions were up year on year. In China, sales of *SYSTEMA* toothbrushes fell year on year. Overall sales after yen conversions were down year on year.

### Financial Position

	Millions of yen		
	2018	2017	Increase/decrease
Total assets (millions of yen)	355,365	338,855	16,509
Total equity (millions of yen)	204,271	188,793	15,478
Ratio of equity attributable to owners of the parent to total assets*1 (%)	53.8	52.7	1.1
Equity attributable to owners of the parent per share*2 (yen)	657.50	614.08	43.42

\*1 Shareholders' equity to total assets = (Total equity – Non-controlling interests) / Total assets

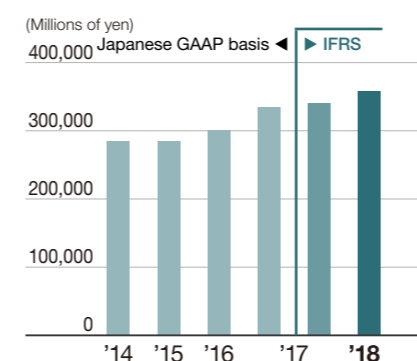
\*2 Non-controlling interests were excluded from calculation of equity attributable to owners of the parent per share.

Total assets rose ¥16,509 million compared with the previous consolidated fiscal year-end to ¥355,365 million. This was primarily attributable to an increase in cash and cash equivalents.

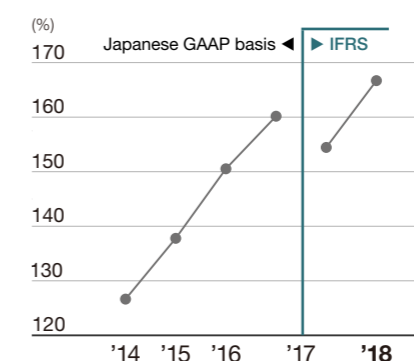
Total liabilities increased ¥1,030 million, to ¥151,093 million year on year. Current liabilities increased ¥341 million, to ¥129,742 million, with the liquidity rate at 166.4%.

Total equity increased ¥15,478 million, to ¥204,271 million. The ratio of equity attributable to owners of the parent to total assets stood at 53.8%.

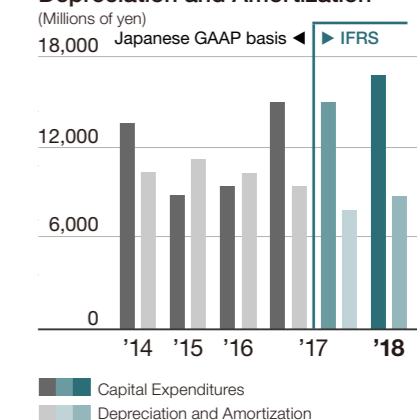
### Total Assets



### Current Ratio



### Capital Expenditures and Depreciation and Amortization



### Other

#### Net Sales and Segment Income

	Millions of yen					
	2018	Ratio to net sales	2017	Ratio to net sales	Increase/decrease	Change
Net sales	34,067		30,565		3,501	11.5%
Segment income	1,717	5.0%	1,336	4.4%	381	28.5%

Note: Net sales include internal net sales within and among segments, which amounted to ¥28,790 million in 2018 and ¥26,469 million in 2017.

### Cash Flows

#### Consolidated Cash Flows

	Millions of yen		
	2018	2017	Increase/decrease
Net cash provided by (used in) operating activities	31,879	28,559	3,320
Net cash provided by (used in) investment activities	(8,989)	(8,750)	(238)
Net cash provided by (used in) financing activities	(8,754)	(6,751)	(2,003)
Effect of exchange rate change on cash and cash equivalents	(564)	603	(1,168)
Net increase (decrease) in cash and cash equivalents	13,570	13,661	(90)
Cash and cash equivalents at end of period	104,972	91,401	13,570

Net cash provided by operating activities totaled ¥31,879 million, due mainly to profit before tax.

Net cash used in investing activities totaled ¥8,989 million, due in part to the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥8,754 million. Major components of this outflow included cash dividends paid.

As a result of the above, cash and cash equivalents as of December 31, 2018 increased ¥13,570 million compared with the consolidated fiscal year ended December 31, 2017, to ¥104,972 million.

## Outlook for Fiscal 2019

	Millions of yen			
	Fiscal 2019 forecast	2018	Increase/decrease	Change
Net sales	360,000	349,403	10,597	3.0%
Core operating income*1	31,500	28,375	3,124	11.0%
Operating profit	31,000	34,196	(3,197)	(9.3%)
Profit attributable to owners of parent	21,000	25,606	(4,607)	(18.0%)
Basic EPS (yen)	72.25	88.11	(15.86)	(18.0%)

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

During fiscal 2019 (the year ending December 31, 2019), although gradual continued recovery is forecast for the Japanese economy, the outlook going forward is expected to remain unclear, reflecting the impact of the scheduled consumption tax hike, shifts in raw material prices and currency exchange rates, geopolitical risks and other factors. In the domestic toiletries industry, the Lion Group's main business domain, despite anticipated expansion in the market for high-value-added products, competition is expected to remain fierce.

Amid these circumstances, the Lion Group will aim to improve corporate value as it rapidly implements the strategies outlined in the LION Value Evolution Plan (LIVE Plan) medium-term management plan.

In the Consumer Products Business segment, the Lion Group will cultivate markets for high-value-added products in its mainstay businesses, working to improve its market position and strengthen profitability while offering new value to customers. The Group will also work to expand production capacity, especially in the oral care field, and make its production system more efficient.

In the Industrial Products Business segment, Lion will focus management resources on key areas, such as automotive

and electrical/electronic products, to reinforce its business foundation. Furthermore, Lion will continue efforts to cultivate new customers in its vegetable washing system business.

With regard to the Overseas Business segment, the Lion Group will continue its aggressive marketing activities, primarily in the area of personal care, and strengthen sales through e-commerce channels, seeking to expand its business.

As a result of the above, consolidated results forecasts for fiscal 2019 are as follows: net sales of ¥360,000 million (up 3.0% year on year), core operating income of ¥31,500 million (up 11.0% year on year), operating profit of ¥31,000 million (down 9.3% year on year) and profit attributable to owners of parent of ¥21,000 billion (down 18.0% year on year).

### Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2019

Lion utilized the following foreign exchange rates in the calculation of the aforementioned forecasts.

¥110= US\$1.00

¥3.4 = 1.00 baht

### Forecast of Fiscal 2019 Consolidated Cash Flows

In cash flows from operating activities, Lion projects profit before tax of approximately ¥32,500 million. Depreciation and amortization is estimated to total about ¥10,000 million.

In cash flows from investment activities, Lion plans to undertake capital expenditures of around ¥33,000 million during fiscal 2019.

The cash flows from financing activities are expected to yield an outflow of about ¥7,000 million mainly due to cash dividends paid and the repayment of borrowings.

Based on these projections, Lion estimates that cash and cash equivalents at the end of fiscal 2019 will be up approximately ¥2,500 million year on year.

## Basic Policy on the Distribution of Earnings and Cash Dividends

Lion considers returning profits to shareholders on a continuous and stable basis by increasing its consolidated earnings capacity to be one of its most important management issues. To this end, the Company strives to ensure the payment of continuous and stable cash dividends, aiming for a consolidated payout ratio of 30%, and bases the acquisition of treasury stock on comprehensive reviews to ensure that it maintains levels of internal reserves required to secure medium- and long-term growth.

Lion allocates internal reserves to research and development, capital investment in production facilities and the acquisition of external resources, aiming to reinforce the

Company's growth potential and to develop a sustainable business foundation.

Taking into consideration the Company's cash dividend payment record, as well as its dividend payout ratio target, Lion's Board of Directors resolved to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share for fiscal 2018.

With regard to dividends for fiscal 2019, in accordance with its basic policy on the distribution of earnings and cash dividends, Lion plans to pay an interim dividend of ¥10 per share and a year-end dividend of ¥11 per share, for a total annual dividend of ¥21 per share.

## Business Risks

The Lion Group's management performance and financial position may be adversely affected by various risks as business activities are pursued in the future. Of these risks, the following items, in particular, may have a material impact on the decisions of investors.

Note that forward-looking statements are based on decisions made by the Lion Group as of the date of the issuance of this report, and that business risks are not limited to the items listed below.

### (1) Product quality and value

The Lion Group plans, develops, produces, and sells products under management based on international quality standards while strictly following related laws and regulations, such as the Pharmaceutical and Medical Device Act, to provide worry-free, safe, convenient, and environmentally conscious products to consumers. In addition, we use consumers' opinions received through our Consumer Service Office to improve our products and packaging as well as respective displays and text.

In the event of an unforeseen and serious problem with product quality, however, the affected product and all products made by the Lion Group may lose their perceived value. This may adversely affect the Lion Group's management performance and financial position.

### (2) Changes in raw material prices

The Lion Group's products use petrochemical and vegetable oils and fats as basic materials. Since these materials are easily affected by international market prices, we have measures in place to reduce costs and diversify the range of materials used. However, an increase in raw material prices may adversely affect the Lion Group's management performance and financial position.

### (3) Exchange rate fluctuations

The Lion Group translates into yen the financial statements of overseas subsidiaries when preparing consolidated financial statements. For items denominated in foreign currency, their yen values may be affected by prevailing foreign exchange rates when translated into yen. The Lion Group has taken steps to minimize the risk of an increase in raw material costs by hedging against exchange rate fluctuations. However, short-, medium-, and long-term changes in foreign exchange rates may adversely affect the Lion Group's management performance and financial position.

### (4) Major lawsuits

As of February 13, 2019, Lion is not involved in any lawsuits that may have significant impact on its business. However, if the Lion Group were to be sued and found liable for significant damages, these could adversely affect the Lion Group's management performance and financial position.

### (5) Earthquakes and other natural disasters

In the product manufacturing process, the Lion Group has put in place safety measures against earthquakes and other natural disasters. In the event of a major disaster, however, our production equipment may be damaged, or a suspension of raw materials procurement or distribution activities may cause business activities to cease, adversely affecting the Lion Group's management performance and financial position.

For more-detailed IR information on the Lion Group, please access the following site.

<http://www.lion.co.jp/en/ir/>

## Performance

## ESG Data

## Major Sustainability Indicators

## ■ Environment

Achievements and target values of Eco Vision 2020

Categories		Achievements in 2016	Achievements in 2017	Achievements in 2018	Target values for 2020		
Realizing a Low Carbon Society	Greenhouse gases (domestic)	Within the Company	Emission intensity per unit total revenue 27% reduction (compared to 2010) 43% reduction (compared to 1990)  Absolute quantity 43% reduction (compared to 1990)	Emission intensity per unit total revenue 32% reduction (compared to 2010) 47% reduction (compared to 1990)  Absolute quantity 47% reduction (compared to 1990)	Emission intensity per unit total revenue 35% reduction (compared to 2010) 49% reduction (compared to 1990)  Absolute quantity 48% reduction (compared to 1990)	Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990)  Absolute quantity 40% reduction (compared to 1990)	
		Outside the Company	Reduction of greenhouse gases from business activities	Emission intensity per unit total revenue 8% reduction (compared to 2010) 52% reduction (compared to 1990)  Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990)  Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990)  Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990)  Absolute quantity 41% reduction (compared to 1990)
	Greenhouse gases (overseas)	Within the Company	Reduction of greenhouse gases from business activities*, overseas	Emission intensity per unit of production 4% reduction in two years (compared to 2014)	Emission intensity per unit of production 6% reduction in three years (compared to 2014)	Emission intensity per unit total production 2% reduction (compared to 2017)	Emission intensity per unit of production 1% reduction year on year
		Outside the Company	Reduction of greenhouse gases from post-use products, overseas	Reduction of 64 thousand tons annually	Reduction of 66 thousand tons annually	Reduction of 52 thousand tons annually	Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle Society	Water	Within the Company	Reduction of water use in business activities	Water use per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 2000)  Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 35% reduction (compared to 2010) 50% reduction (compared to 2000)  Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 33% reduction (compared to 2010) 48% reduction (compared to 1990)  Absolute quantity 47% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000)  Absolute quantity 23% reduction (compared to 2000)
		Outside the Company	Reduction of water usage at households using our products	Water use per unit total revenue 23% reduction (compared to 2010) 49% reduction (compared to 2000)  Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 27% reduction (compared to 2010) 52% reduction (compared to 2000)  Absolute quantity 51% reduction (compared to 2000)	Water use per unit total revenue 29% reduction (compared to 2010) 54% reduction (compared to 2000)  Absolute quantity 52% reduction (compared to 2000)	Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000)  Absolute quantity 33% reduction (compared to 2000)
	Waste	Zero emissions within the Company <sup>2</sup>	Achievement of zero emissions at all domestic production sites <sup>4</sup>	Achievement of zero emissions at all domestic production sites <sup>4</sup>	Achievement of zero emissions at all domestic production sites <sup>4</sup>	Zero emissions at all domestic production sites <sup>4</sup>	
	Wastewater	Recycle of factory wastewater discharge <sup>3</sup>	Operation of facilities to recycle wastewater from production processes at Chiba Plant	Operation of facilities to recycle wastewater from production processes at our Chiba Plant	Stable operation of facilities to recycle wastewater from production processes at Chiba Plant	Recycle factory wastewater at multiple plants	
Harmonizing with Nature	Procurement	Procurement of plant-derived oils that take biodiversity into consideration	Continuing purchase of RSPO <sup>5</sup> -certified palm oil derivatives	Continuing purchases of RSPO <sup>5</sup> -certified palm oil derivatives	Continuing purchases of RSPO <sup>5</sup> -certified palm oil derivatives	All palm oil derivatives purchased to be RSPO-certified	
	Biodiversity	Increase biodiversity conservation activities	Carried out in all Lion's plants and at offices of Lion and some of its affiliate companies	Carried out in all of Lion's plants, with implementation expanding at offices of Lion and its affiliate companies	Carried out in all of Lion's plants with implementation expanding at offices of Lion and its affiliate companies	Carry out in all domestic sites	
Education	Awareness and education in the society	Environmental awareness and education for consumers	70% increase in consumer participation in our awareness activities (compared to 2010)	80% increase in consumer participation in our awareness activities (compared to 2010)	120% increase in consumer participation in our awareness activities (compared to 2010)	100% increase in consumer participation in our awareness activities (compared to 2010)	

\*1 Covers affiliated companies as of December 31, 2018

\*2 The recycling ratio of waste generation is 99% or more, excluding recycling residues

\*3 Wastewater from production processes

\*4 Chiba Plant, Odawara Plant, Osaka Plant, Akaishi Plant, Hirai Office, Sapporo Office, Sendai Office, Headquarters/ Tokyo Office, Nagoya Office, Osaka Office, Fukuoka Office, Lion Chemical Co., Ltd. Fine Chemical Production Site, Lion Chemical Co., Ltd. Oleochemical Production Site, Lion Specialty Chemicals Co., Ltd. Yokkaichi Plant, Lion Specialty Chemicals Co., Ltd. Ono Plant, Lion Packaging Co., Ltd. Fukushima Plant

\*5 Roundtable on Sustainable Palm Oil

## ■ Community Involvement

Lion gives full support to the activities of the Lion Foundation for Dentistry Health (LDH) established in 1964 as a foundation. LDH changed its status to a public interest incorporated foundation in 2010 and works to promote awareness and education activities regarding oral health. LDH has consistently been coordinating with the Japan Dental Association, universities and administrators to maintain and promote the dental and oral health of consumers. LDH is also contributing to society at the forefront of oral health in order to improve the quality of life of all people.

Categories	Achievements in 2015	Achievements in 2016	Achievements in 2017	Achievements in 2018	Remarks	
Educational Activities for Oral Health	Number of practitioners for the Oral Health Event of Tooth Brushing for Children	Seven countries/regions about 70,000 elementary schools	Eight countries/regions about 90,000 elementary schools	Eight countries/regions about 160,000 elementary schools	Six countries/regions about 210,000 elementary schools	Held at the same time as the "dental/oral health week (June 4 to 10)" each year targeting elementary school children since 1932
Educational Activities for Oral Health via Foundations	Activities for oral health promotion for adults (industry)	Diagnosed: 28,326 people	Diagnosed: 27,562 people	Diagnosed: 21,271 people	Diagnosed: 14,316 people	Education focused on the prevention of periodontal disease and instructions on the maintenance/improvement of teeth and oral health provided to employees of various companies
	Activities for oral health promotion for the elderly	Attendance: 691 people	Attendance: 17,110 people	Attendance: 46,648 people	Attendance: 47,012 people	Support to help maintain the oral functions that will enable individuals to eat with their own teeth and mouths over a long time in the future
	Treatment activities	Diagnosed: 11,691 people	Diagnosed: 11,435 people	Diagnosed: 11,171 people	Diagnosed: 10,513 people	Implementation of highly professional, quality treatment and preventive dentistry activities based on the concept of risk control dentistry

## ■ Corporate Culture

Categories	Achievements in 2015	Achievements in 2016	Achievements in 2017	Achievements in 2018	
Labor Practices	Average service years (Male/Female)	19.8 years/ 17.4 years	20.3 years/ 18.0 years	20.4 years/ 18.0 years	19.6 years/ 16.8 years
	Number of new employees (new graduates) (Male/Female)	57/28	49/29	57/36	63/33
	Ratio of employees who resigned within three years of entering the Company	2.4%	1.6%	0.4%	0.8%
	Ratio of re-hired retirees	8.7%	8.3%	7.1%	6.6%
	Number of temporary employees	461	467	458	532
	Ratio of female employees	25.0%	25.7%	27.1%	28.8%
	Ratio of female managers <sup>1</sup>	12.0%	12.9%	14.4%	15.8%
	Ratio of employees with disabilities	2.0%	2.2%	2.4%	2.8%
	Average overtime per month (hours)	12.1	12.3	12.5	13.7
	Annual paid leave used (%)	51.8%	55.1%	50.7%	60.3%
	Number of employees who took childcare leave (Male/Female)	5/33	2/53	8/57	16/53
	Number of employees who took shorter work hours for childcare (Male/Female)	0/58	0/40	0/57	0/60
	Employee pride toward the Lion Group (%)	96.8%	96.4%	97.2%	96.1%
	Employee Health	Stress level check test implementation rate	97.9%	97.0%	96.3%
Number and percentage of employees participating in health seminars for 50-year olds		140 (87%)	152 (76%)	100 (68%)	95 (68%)
Percentage of employees who brush their teeth after lunch		71.1%	71.4%	74.6%	74.3%
Percentage of employees undergoing professional care at dental clinics		41.1%	36.4%	40.7%	44.3%
Incidence of periodontal disease		28.3%	26.6%	26.0%	27.9%
Average number of cavities	0.3	0.3	0.4	0.4	

\*1 Personnel in a managerial position, which is at the level of an assistant manager or higher.

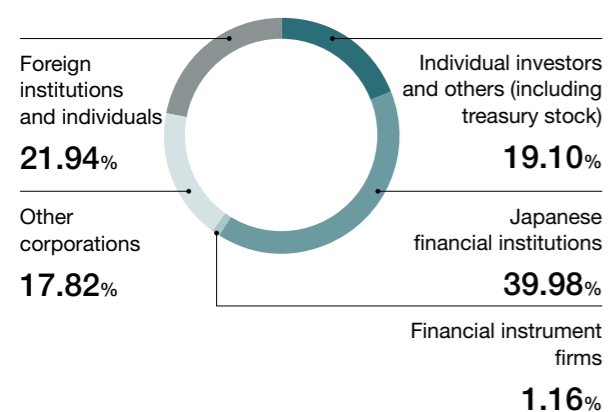
## Corporate Overview

Corporate Name	Lion Corporation
Foundation	October 30, 1891
Establishment	September 1918
Capital	¥34,433 million (as of December 31, 2018)
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Employees	Consolidated: 6,941 Non-consolidated: 2,727 (as of December 31, 2018)

## Stock Information (As of December 31, 2018)

Stock Listing	1st Section of Tokyo Stock Exchange (Security Code: 4912)
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Number of Common Stock	299,115,346 shares (Issued and outstanding)
Number of Shareholders	60,541

### Composition Ratios by Shareholder Category



### Principal Shareholders

Shareholders	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	10.43
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	5.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.57
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.47
SSBTC CLIENT OMNIBUS ACCOUNT	2.38
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.87
Mitsubishi UFJ Trust and Banking Corporation	1.71
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.52
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.47
Meiji Yasuda Life Insurance Company	1.40

## Lion's Disclosure

### External Evaluation

- Dow Jones Sustainability Asia Pacific Index



- 2018 Constituent MSCI Japan ESG Select Leaders Index



- FTSE4Good Index



- 2018 Constituent MSCI Japan Empowering Women Index (WIN)



- FTSE Blossom Japan Index

- S&P/JPX Carbon Efficient Index



### Supporting the UN Global Compact

- UN Global Compact



### Corporate Website

#### ■ Corporate website

[www.lion.co.jp/en/](http://www.lion.co.jp/en/)

This website offers important management and financial information, as well as timely press releases on a wide range of topics, such as new products. In addition, the website provides a variety of information to ensure a better understanding of Lion and its history, such as detailed product information that could not be included in the annual report.



#### ■ Sustainability (ESG) website

<https://www.lion.co.jp/en/csr/>

This website provides information on sustainability (ESG) activities, which is one of the material key factors for the Company.



#### ■ Investor Relations website

<https://www.lion.co.jp/en/ir/>

This website provides not only the timely release of important management decisions and financial information but also historical financial data.