

Management’s Discussion and Analysis of Fiscal 2019 Results

Market Environment

During fiscal 2019 (January 1, 2019–December 31, 2019), despite some weakness in production and exports, the Japanese economy as a whole continued to gradually improve, backed by improvement in personal consumption and continued steady recovery in employment.

Consolidated Results

Under its management vision, “Becoming an advanced daily healthcare company,” the Lion Group moved forward with measures centered on the basic strategies of its three-year medium-term management plan, the LION Value Evolution Plan (LIVE Plan). These basic strategies are “Expand and Evolve Our Business Domains through New Value Creation,” “Accelerate Growth in Overseas Businesses through Glocalization,” “Reinforce Our Management Base through Business Structure Reform” and “Create Dynamism to Foster Innovative Change.” At the same time, the Group introduced future-oriented growth initiatives in and outside Japan.

In its domestic operations, Lion introduced such new products as toothpastes, toothbrushes, laundry detergents, fabric softeners and eye drops. Lion worked to cultivate markets for these products through marketing initiatives designed to elicit an empathetic response in consumers while taking steps to address the demand surge ahead of the consumption tax hike.

In its overseas operations, in addition to efforts related to the home care field, which includes products such as laundry detergents, the Group sought to expand its business, focusing mainly on the personal care field, including oral care and beauty care products. However, geopolitical factors negatively impacted results in certain regions.

The market in the Lion Group’s main business domain, the domestic consumer products industry, remained steady as unit prices continued to rise, despite demand fluctuation due to the consumption tax hike.

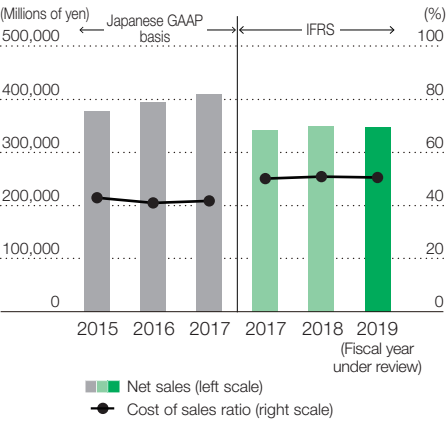
Reflecting these efforts, consolidated results for fiscal 2019 are as follows. Net sales amounted to ¥347,519 million, a year-on-year decrease of 0.5% (or a decrease of 0.4% at constant currency excluding exchange rate fluctuations). Core operating income*¹ rose to ¥30,048 million, up 5.9% compared with the previous fiscal year, while operating profit fell to ¥29,832 million, down 12.8% year on year.*² Profit for the period attributable to owners of the parent totaled ¥20,559 million, down 19.7%*² compared with the previous fiscal year.*

*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.
*2. Operating profit and profit for the period attributable to owners of the parent for 2018 include gains on sales of land in and outside Japan and other extraordinary factors.

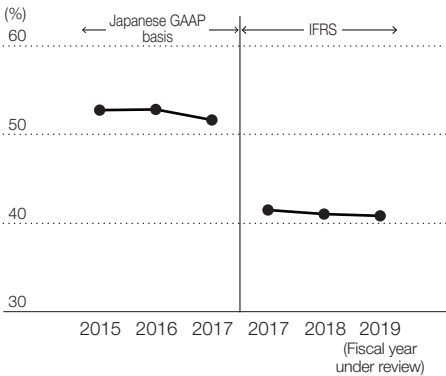
Consolidated Results

| | (Millions of yen) | |
|---|-------------------|---------|
| | 2019 | 2018 |
| Net sales | 347,519 | 349,403 |
| Core operating income | 30,048 | 28,375 |
| Ratio of core operating income to net sales | 8.6% | 8.1% |
| Operating profit | 29,832 | 34,196 |
| Ratio of operating profit to net sales | 8.6% | 9.8% |
| ROE | 10.3% | 13.9% |

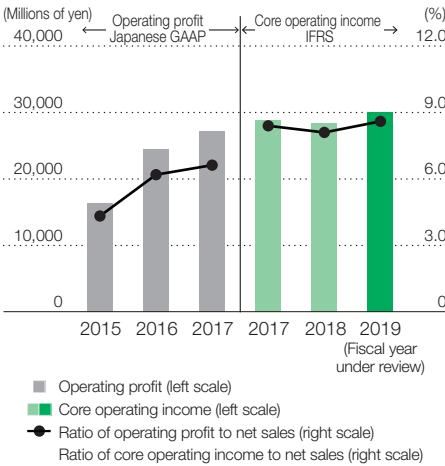
Net Sales and Cost of Sales Ratio



SG&A Expenses to Net Sales

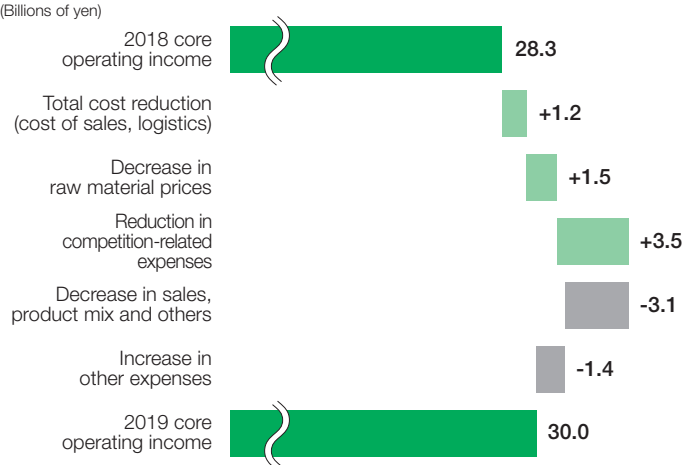


Core Operating Income and Ratio of Core Operating Income to Net Sales



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

Changes in Core Operating Income



Selling, General and Administrative Expenses

| | 2019 | | 2018 | |
|--|-----------------------------|----------------|-----------------------------|----------------|
| | Amount (Millions of yen) | % of net sales | Amount (Millions of yen) | % of net sales |
| Selling, general and administrative expenses | 141,882 | 40.8 | 143,353 | 41.0 |
| Sales commissions | 9,166 | 2.6 | 9,307 | 2.7 |
| Promotion expenses | 26,219 | 7.5 | 25,933 | 7.4 |
| Advertising expenses | 25,119 | 7.2 | 28,787 | 8.2 |
| Transportation and warehousing expenses | 19,785 | 5.7 | 19,104 | 5.5 |
| Salaries and allowances | 15,586 | 4.5 | 15,377 | 4.4 |
| R&D expenses | 10,944 | 3.1 | 10,969 | 3.1 |
| Other expenses | 35,059 | 10.1 | 33,873 | 9.7 |

Conditions by Reportable Segment

The Lion Group's segments are based on its business divisions and subsidiaries, grouped by products, services and region. Its three reportable segments are the 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 increased 1.2% compared with the previous fiscal year. Segment profit increased 10.1%.

Net Sales and Segment Profit

| | (Millions of yen) | | | | |
|----------------|-------------------|----------------|---------|----------------|-----------------------|
| | 2019 | % of net sales | 2018 | % of net sales | Increase/decrease (%) |
| Net sales | 234,357 | | 231,594 | | 1.2% |
| Segment profit | 19,634 | 8.4% | 17,834 | 7.7% | 10.1% |

* Net sales include internal net sales within and among segments, which amounted to ¥14,977 million in 2019 and ¥16,202 million in 2018.

Net Sales by Product Category

| | (Millions of yen) | | | |
|-------------------------|-------------------|--------|-------------------|------------|
| | 2019 | 2018 | Increase/decrease | Change (%) |
| Oral Care Products | 64,555 | 59,503 | 5,051 | 8.5% |
| Beauty Care Products | 22,350 | 21,024 | 1,326 | 6.3% |
| Fabric Care Products | 60,780 | 59,790 | 990 | 1.7% |
| Living Care Products | 19,766 | 17,891 | 1,874 | 10.5% |
| Pharmaceutical Products | 26,222 | 29,228 | (3,005) | (10.3%) |
| Other Products | 40,682 | 44,156 | (3,474) | (7.9%) |

In Oral Care Products, *SYSTEMA Toothbrush* and *NONIO Mouthwash* sales were strong, and the newly released *CLINICA ADVANTAGE NEXT STAGE Toothpaste* and *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste* received favorable consumer reviews.

In Beauty Care Products, sales of *KireiKirei Medicated Foaming Hand Soap* and the *hadakara Body Soap* series were strong. Lion released new *Ban Sweat-Blocking Foot Gel*, but sales of the *Ban Sweat-Blocking Roll-On* series were down year on year.

In Fabric Care Products, Lion released improved versions of *SOFLAN Premium Deodorizer* and *SOFLAN Aroma Rich* in fabric softeners, which received favorable consumer reviews. In laundry detergents, sales of *TOP SUPER NANOX* were strong, and the new *TOP SUPER NANOX For Odors* was released to favorable consumer reviews. However, sales of *ACRON* detergent for delicates fell year on year.



Management’s Discussion and Analysis of Fiscal 2019 Results

In Living Care Products, sales of bathroom fungicide *LOOK Plus Bath Antimold Fogger* were strong, and both new *CHARMY Magica Enzyme + (“Plus”)* and *LOOK Plus Bath Cleansing* bath detergent, released in 2018, received favorable consumer reviews.

In Pharmaceutical Products, sales of antipyretic analgesic *BUFFERIN PREMIUM* were strong, and Lion launched new *BUFFERIN Light*. In eye drops, new products, including *Smile 40 Premium DX* and *Smile 40 Mediclear DX*, received favorable consumer reviews.

In Other Products, in the pet supplies category, sales of *Nioi wo Toru Suna* (Deodorizing Cat Litter) were firm, and those of oral care products were strong. In direct-to-consumer sales products, however, sales of *Nice rim essence Lactoferrin* decreased year on year.

Industrial Products Business

The Industrial Products Business segment includes businesses in 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 decreased 4.8% compared with the previous fiscal year. Segment profit decreased 25.5%.

Net Sales and Segment Income

| (Millions of yen) | | | | | | |
|-------------------|--------|----------------|--------|----------------|-------------------|------------|
| | 2019 | % of net sales | 2018 | % of net sales | Increase/decrease | Change (%) |
| Net sales | 55,164 | | 57,958 | | (2,794) | (4.8%) |
| Segment profit | 1,755 | 3.2% | 2,357 | 4.1% | (601) | (25.5%) |

* Net sales include internal net sales within and among segments, which amounted to ¥22,210 million in 2019 and ¥23,908 million in 2018.

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

In the Electrical and Electronics field, due to the worsening of the market, sales of electro-conductive compounds for semiconductor carrier materials decreased year on year, and overall sales were down year on year.

In the Detergents for Institutional Use Products field, sales of alcohol sanitizers for kitchens were firm, and sales of hand soaps were favorable. Overall sales increased 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 decreased 3.8% year on year (or a decrease of 3.2% at constant currency excluding exchange rate fluctuations). Segment profit increased 9.8% year on year.

Net Sales and Segment Income

| (Millions of yen) | | | | | | |
|-------------------|---------|----------------|---------|----------------|-------------------|------------|
| | 2019 | % of net sales | 2018 | % of net sales | Increase/decrease | Change (%) |
| Net sales | 101,095 | | 105,043 | | (3,948) | (3.8%) |
| Segment profit | 7,552 | 7.5% | 6,875 | 6.5% | 676 | 9.8% |

* Net sales include internal net sales within and among segments, which amounted to ¥9,354 million in 2019 and ¥10,279 million in 2018.

In Southeast Asia, overall sales were down 0.9% year on year. In Thailand, sales of toothpastes and toothbrushes were steady, and sales of *Shokubutsu-Monogatari* body washes were strong. Overall sales after yen conversion were up year on year. In Malaysia, sales of *TOP* laundry detergent were stagnant. Furthermore, in 2018, a detergent raw material manufacturing subsidiary transitioned to a joint venture structure, resulting in its exclusion from the scope of consolidation. Overall sales after yen conversion were down year on year.

In Northeast Asia, overall sales were down 9.5% year on year. In South Korea, sales of laundry detergents and hand soaps were down due to a worsening business environment. Overall sales after yen conversion were down year on year. In China, although sales of *SYSTEMA Toothbrushes* were stagnant, those of *SYSTEMA Toothpastes* were strong, and sales of products imported from Japan significantly increased. Overall sales after yen conversion were up substantially year on year.

Other

Net Sales and Segment Income

| (Millions of yen) | | | | | | |
|-------------------|--------|----------------|--------|----------------|-------------------|------------|
| | 2019 | % of net sales | 2018 | % of net sales | Increase/decrease | Change (%) |
| Net sales | 35,337 | | 34,067 | | 1,270 | 3.7% |
| Segment profit | 1,521 | 4.3% | 1,717 | 5.0% | (196) | (11.4%) |

* Net sales include internal net sales within and among segments, which amounted to ¥31,909 million in 2019 and ¥28,790 million in 2018.

Financial Position

Consolidated Financial Position

| | 2019 | 2018 | Increase/decrease |
|--|---------|---------|-------------------|
| Total assets (millions of yen) | 380,701 | 355,365 | 25,336 |
| Total equity (millions of yen) | 221,201 | 204,271 | 16,929 |
| Ratio of equity attributable to owners of the parent to total assets*1 (%) | 54.7 | 53.8 | 0.9 |
| Equity attributable to owners of the parent per share*2 (yen) | 716.94 | 657.50 | 59.44 |

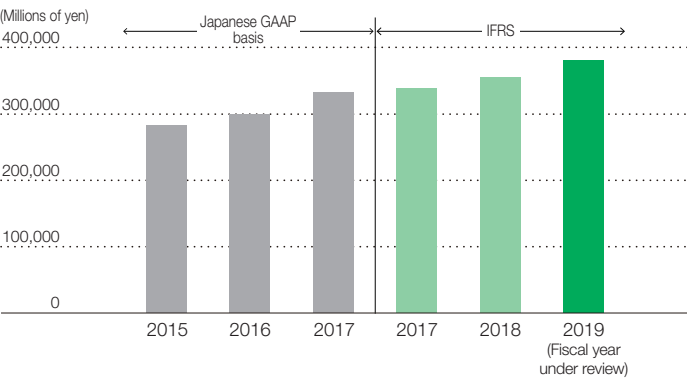
*1. Ratio of equity attributable to owners of the parent to total assets = (Total equity – Non-controlling interests)/Total assets

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

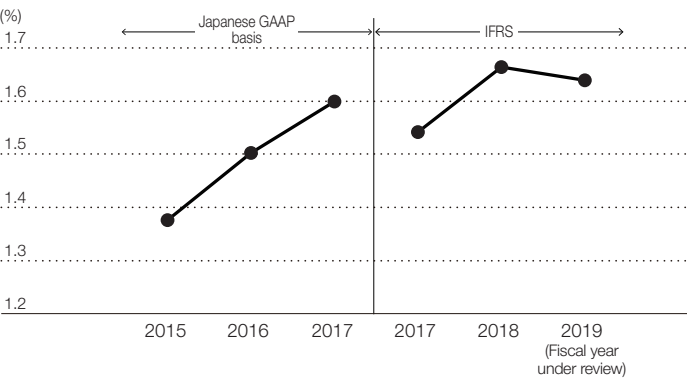
Total assets rose ¥25,336 million compared with the previous fiscal year-end to ¥380,701 million. This was primarily attributable to an increase in property, plant and equipment.

Total equity increased ¥16,929 million, to ¥221,201 million. The ratio of equity attributable to owners of the parent to total assets at year-end stood at 54.7%.

Total Assets



Current Ratio



Consolidated Cash Flows

| (Millions of yen) | | | |
|---|----------|---------|-------------------|
| | 2019 | 2018 | Increase/decrease |
| Net cash provided by (used in) operating activities | 36,762 | 31,879 | 4,882 |
| Net cash provided by (used in) investment activities | (20,754) | (8,989) | (11,765) |
| Net cash provided by (used in) financing activities | (10,561) | (8,754) | (1,806) |
| Effect of exchange rate change on cash and cash equivalents | (12) | (564) | 552 |
| Net increase (decrease) in cash and cash equivalents | 5,433 | 13,570 | (8,136) |
| Cash and cash equivalents at end of period | 110,406 | 104,972 | 5,433 |

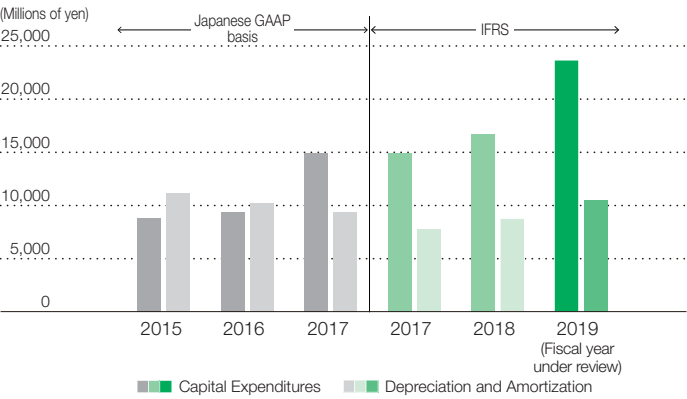
Net cash provided by operating activities totaled ¥36,762 million, due mainly to profit before tax.

Net cash used in investing activities totaled ¥20,754 million, due in part to the purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥10,561 million. A major component of this outflow was cash dividends paid.

As a result of the above, cash and cash equivalents as of December 31, 2019 were up ¥5,433 million from December 31, 2018, to ¥110,406 million.

Capital Expenditures and Depreciation and Amortization



Management’s Discussion and Analysis of Fiscal 2019 Results

Outlook for 2020

(Millions of yen)

| | Fiscal 2020 forecast | 2019 | Increase/ decrease | Change |
|--|----------------------------|---------|-----------------------|--------|
| Net sales | 355,000 | 347,519 | 7,480 | 2.2% |
| Core operating income* | 30,500 | 30,048 | 451 | 1.5% |
| Operating profit | 39,500 | 29,832 | 9,668 | 32.4% |
| Profit for the period attributable to owners of the parent | 27,000 | 20,559 | 6,441 | 31.3% |
| Basic EPS (yen) | 92.88 | 70.72 | 22.16 | 31.3% |

* 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 2020, although gradual continued recovery is forecast for the Japanese economy, the outlook going forward is expected to remain unclear, reflecting shifts in raw material prices and currency exchange rates, geopolitical risks and other factors.

In the domestic consumer products 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 rapidly implement the strategies outlined in the LIVE Plan medium-term management plan. In particular, in 2020, Lion will reinforce future-oriented growth investment aimed at improving corporate value.

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.

Basic Capital Policy and Dividends for 2019 and 2020

The Lion Group aims to improve capital efficiency and profitability while maintaining a sound financial foundation to enable ongoing growth. While maintaining an appropriate balance of investment in growth, shareholder returns and capital reserves over the medium to long term, the Company seeks to enhance Shareholders’ equity while achieving return on equity (ROE) of approximately 12%.

Furthermore, in the Detergents for Institutional Use Products field, 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 2020 are as follows: net sales of ¥355,000 million (up 2.2% year on year), core operating income of ¥30,500 million (up 1.5% year on year), operating profit of ¥39,500 million (up 32.4% year on year) and profit for the period attributable to owners of the parent of ¥27,000 million (up 31.3% year on year).

* Forecasts as of February 28, 2020. These forecasts do not account for the impact of the novel coronavirus.

Assumptions Underlying the Forecast of Consolidated Financial Results for 2020

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

¥110 = US\$1.00
¥3.6 = 1.00 baht

Forecast of 2020 Consolidated Cash Flows

In cash flows from operating activities, Lion projects profit before tax of approximately ¥33,000 million. Depreciation and amortization is estimated to total about ¥11,000 million.

In cash flows from investment activities, Lion plans to undertake capital expenditures of around ¥48,000 million during fiscal 2020.

Cash flows from financing activities are expected to yield an outflow of about ¥10,000 million mainly due to cash dividends paid.

Based on these projections, Lion estimates that cash and cash equivalents at the end of fiscal 2020 will be down approximately ¥14,000 million year on year.

The Lion Group considers returning profits to shareholders on a continuous and stable basis 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 the 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.

Business Risks

The Lion Group’s management performance and financial position may be adversely affected by various risks. 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 and in strict compliance with related laws and regulations, such as the Pharmaceutical and Medical Device Act, to provide worry-free, safe, convenient and environmentally friendly products to consumers. In addition, we use consumer opinions received through our Consumer Service Office to further improve our products and packaging as well as product displays and labels.

However, an unforeseen and serious problem with product quality could lead to a decrease in the perceived value of the affected product and all products made by the Lion Group. 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.

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 ¥11 per share for 2019.

With regard to dividends for 2020, in accordance with its basic policy on the distribution of earnings and cash dividends, Lion plans to pay an interim dividend of ¥11 per share and a year-end dividend of ¥11 per share, for a total annual dividend of ¥22 per share.

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. The yen values of items denominated in foreign currency may be affected by prevailing foreign exchange rates at the time of translation 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

In the year under review, Lion was not involved in any lawsuits that may have a 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

The Lion Group has put in place safety measures against earthquakes and other natural disasters at its product manufacturing facilities. In the event of a major disaster, however, production equipment may be damaged, or a suspension of raw material procurement or distribution activities may interrupt business activities, adversely affecting the Lion Group’s management performance and financial position.

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





Nine-Year Financial Summary

V-1 Plan
2012–2014

V-2 Plan
2015– 2017

LIVE Plan
2018–2020

Japanese GAAP

(Millions of yen)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Consolidated Statements of Income data | | | | | | | |
| Net sales | 327,500 | 335,171 | 352,005 | 367,396 | 378,659 | 395,606 | 410,484 |
| Cost of sales | 139,646 | 145,385 | 153,336 | 160,677 | 162,435 | 161,992 | 171,209 |
| Gross profit | 187,854 | 189,785 | 198,668 | 206,718 | 216,223 | 233,613 | 239,275 |
| Selling, general and administrative expenses | 176,684 | 182,572 | 187,849 | 194,312 | 199,848 | 209,110 | 212,068 |
| Operating income | 11,169 | 7,213 | 10,819 | 12,406 | 16,374 | 24,502 | 27,206 |
| Income before income taxes | 7,780 | 8,594 | 10,925 | 13,085 | 19,387 | 24,035 | 30,560 |
| Profit attributable to owners of parent | 4,077 | 4,235 | 6,097 | 7,368 | 10,680 | 15,951 | 19,827 |

Consolidated Balance Sheets data

| | | | | | | | |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Total assets | 249,272 | 257,595 | 282,098 | 283,352 | 282,434 | 298,510 | 331,751 |
| Property, plant and equipment, net | 58,503 | 61,955 | 68,989 | 79,275 | 75,060 | 74,402 | 80,981 |
| Total noncurrent liabilities | 49,417 | 47,288 | 26,208 | 40,380 | 18,455 | 17,190 | 17,511 |
| Total liabilities | 144,020 | 143,431 | 157,865 | 155,918 | 139,703 | 140,630 | 144,736 |
| Total net assets | 105,252 | 114,163 | 124,232 | 127,434 | 142,730 | 157,879 | 187,015 |

Other selected data

| | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Capital expenditures* | 8,368 | 10,820 | 13,709 | 13,555 | 8,801 | 9,407 | 14,892 |
| R&D expenses | 8,913 | 8,989 | 9,618 | 9,439 | 9,808 | 10,084 | 10,474 |
| Depreciation and amortization* | 12,009 | 11,834 | 11,227 | 10,301 | 11,166 | 10,244 | 9,386 |
| Number of employees | 5,973 | 6,006 | 6,162 | 6,343 | 6,816 | 6,895 | 7,075 |

Common share data (yen)

| | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Earnings per share – basic | 15.18 | 15.77 | 22.72 | 27.47 | 39.35 | 55.13 | 68.23 |
| Earnings per share – diluted | 15.16 | 15.75 | 22.68 | 26.16 | 36.84 | 55.04 | 68.15 |
| Dividends per share | 11.00 | 10.00 | 10.00 | 10.00 | 10.00 | 13.00 | 17.00 |
| Net assets per share | 380.11 | 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 | 299,115,346 |

Ratios to net sales (%)

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| Gross profit | 57.4% | 56.6% | 56.4% | 56.3% | 57.1% | 59.1% | 58.3% |
| Selling, general and administrative expenses | 53.9 | 54.5 | 53.4 | 52.9 | 52.8 | 52.9 | 51.7 |
| Operating income | 3.4 | 2.2 | 3.1 | 3.4 | 4.3 | 6.2 | 6.6 |
| Income before income taxes | 2.4 | 2.6 | 3.1 | 3.6 | 5.1 | 6.1 | 7.4 |
| Profit attributable to owners of parent | 1.2 | 1.3 | 1.7 | 2.0 | 2.8 | 4.0 | 4.8 |

* Includes the effects of intangible assets.

IFRS

(Millions of yen)

| | 2017 | 2018 | 2019 |
|--|---------|---------|----------------|
| Consolidated Statement of Income data | | | |
| Net sales | 342,703 | 349,403 | 347,519 |
| Cost of sales | 171,713 | 177,673 | 175,588 |
| Gross profit | 170,990 | 171,729 | 171,931 |
| Selling, general and administrative expenses | 142,182 | 143,353 | 141,882 |
| Core operating income | 28,807 | 28,375 | 30,048 |
| Operating profit | 30,479 | 34,196 | 29,832 |
| Profit before tax | 31,998 | 35,658 | 31,402 |
| Profit for the period attributable to owners of the parent | 20,883 | 25,606 | 20,559 |

Consolidated Statement of Financial Position data

| | | | |
|-------------------------------|---------|---------|----------------|
| Total assets | 338,855 | 355,365 | 380,701 |
| Property, plant and equipment | 79,539 | 81,546 | 90,903 |
| Total non-current liabilities | 20,662 | 21,350 | 23,781 |
| Total liabilities | 150,062 | 151,093 | 159,499 |
| Total equity | 188,793 | 204,271 | 221,201 |

Other selected data

| | | | |
|--------------------------------|--------|--------|---------------|
| Capital expenditures* | 14,892 | 16,678 | 23,644 |
| R&D expenses | 10,474 | 10,969 | 10,944 |
| Depreciation and amortization* | 7,775 | 8,707 | 10,504 |
| Number of employees | 7,075 | 6,941 | 7,151 |

Common share data (yen)

| | | | |
|---|-------------|-------------|--------------------|
| Basic earnings per share | 71.87 | 88.11 | 70.72 |
| Diluted earnings per share | 71.77 | 87.99 | 70.63 |
| Cash dividends paid per share | 17.00 | 20.00 | 21.00 |
| Equity attributable to owners of the parent to total assets per share | 614.08 | 657.50 | 716.94 |
| Number of outstanding shares (common stock) | 299,115,346 | 299,115,346 | 299,115,346 |

Ratios to net sales (%)

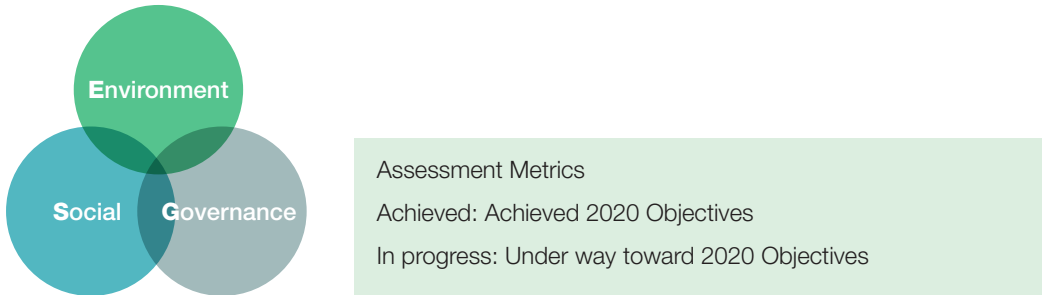
| | | | |
|--|-------|-------|--------------|
| Gross profit | 49.9% | 49.1% | 49.5% |
| Selling, general and administrative expenses | 41.5 | 41.0 | 40.8 |
| Operating profit | 8.9 | 9.8 | 8.6 |
| Profit before tax | 9.3 | 10.2 | 9.0 |
| Profit for the period attributable to owners of the parent | 6.1 | 7.3 | 5.9 |

2020 Sustainability Material Issues and Objectives of the LIVE Plan

Medium-term Management Plan (2018-2020) and Achievements in 2019

Overview

The Lion Group has implemented activities aimed at the resolution of the 2020 Sustainability Material Issues identified in 2018. We manage initiatives that address these material issues using a PDCA cycle, and have confirmed that, overall, activities focused on achieving our objectives were implemented throughout the Group. In particular, our global activities advanced through close collaboration with our overseas Group companies, and we will continue to undertake further measures going forward.



The Contribution of the Lion Group's Initiatives to the Achievement of the SDGs

The Lion Group has identified 13 sustainability material issues and is advancing initiatives toward their resolution. The chart below shows the Sustainable Development Goals (SDGs) to which our efforts to solve each of these issues contribute. In particular, through our products, services and educational initiatives, we are working toward the achievement of SDG 3, “Ensure healthy lives and promote well-being for all at all ages.”

The Lion Group's 13 Sustainability Material Issues and the SDGs They Help Achieve

| | Core Subject | Sustainability Material Issues | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---------------------------------------|--------------------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|
| E | The Environment | 1 | | | | | | | | | | | | | | | | | |
| | Human Rights | 2 | | | | | | | | | | | | | | | | | |
| | Labor Practices | 3 | | | | | | | | | | | | | | | | | |
| | | 4 | | | | | | | | | | | | | | | | | |
| | | 5 | | | | | | | | | | | | | | | | | |
| | | 6 | | | | | | | | | | | | | | | | | |
| | | 7 | | | | | | | | | | | | | | | | | |
| | Fair Operating Practices | 8 | | | | | | | | | | | | | | | | | |
| | Consumer Issues | 9 | | | | | | | | | | | | | | | | | |
| | Community Involvement and Development | 10 | | | | | | | | | | | | | | | | | |
| G | Organizational Governance | 11 | | | | | | | | | | | | | | | | | |
| | | 12 | | | | | | | | | | | | | | | | | |
| | | 13 | | | | | | | | | | | | | | | | | |

| | | | P (Plan) | D (Do) | C (Check) | A (Action) | |
|--------------|---|---|--|---|---|---|--|
| Core Subject | Sustainability Material Issues (Related SDGs) | Basic Approach for Initiatives Aimed at the 2020 Objectives | 2020 Objectives and KPI | Achievements in 2019 (mid-term report) | Assessment | Measures and Challenges to Address in 2020 | |
| E | The Environment | 1 Promoting Environmental Initiatives for a Sustainable Planet 6 7 9 12 13 14 15 17 | Work together with consumers and local communities to actively promote environmental conservation activities, aiming for both a sustainable society and the development of our businesses. | <ul style="list-style-type: none">Promotion of environmental business management1) Promote and achieve the Eco Vision 2020 environmental targets (Global)2) 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)3) Promote the appropriate use and management of chemical substances (Global)4) Confirm and review the progress of environmental management through top environmental audits and the Sustainability Promotion Meeting*1 (Domestic) | 1) Continued activities aimed at achieving Eco Vision 2020 2) Established the LION Eco Challenge 2050 long-term environmental objectives following approval by the Board of Directors in May 2019 3) Introduced a chemical substance information management system to efficiently promote the appropriate use and management of chemical substances (Domestic) Continued to promote the appropriate use and management of chemical substances by complying with country-specific laws and regulations (Global) 4)-(1) Implemented top environmental audits by directors to promote management improvement and understanding of good example initiatives (Chiba, Osaka and Akashi Plant) 4)-(2) Promoted environmental management and bolstered awareness at related divisions through the Sustainability Promotion Meeting | 1) In progress 2) Achieved 3) In progress 4)-(1) In progress 4)-(2) In progress | 1) Continue activities aimed at achieving the objectives of the vision 2) Determine measures and KPIs to achieve the objectives of LION Eco Challenge 2050 3) Continue promoting the appropriate use and management of chemical substances 4)-(1) Reduce risk through top environmental audits 4)-(2) Review progress through the Sustainability Promotion Meeting |
| S | Human Rights | 2 Respecting Human Rights 5 8 10 16 17 | Build a Group structure that respects human rights. | <ul style="list-style-type: none">Enhancement of initiatives for promoting respect for human rights based on the Group philosophy1) Formulate a Group-wide human rights policy (Global) | 1) Established the LION Human Rights Policy for both the domestic and overseas Lion Group and disclosed it on our website in January 2019 Visited overseas Group companies to promote awareness and understanding of the LION Human Rights Policy Implemented e-learning about Lion's human rights initiatives (100% participation) (Domestic) | Achieved | 1) Disseminate and confirm the status of human rights initiatives at overseas Group companies Continue e-learning about Lion's human rights initiatives |
| | | | <ul style="list-style-type: none">Expansion of internal and external contacts for reporting and consultation1) 100% recognition of the AL Heart Hotline (Domestic) | 1) AL Heart Hotline recognition rate: 98.6% Promoted awareness internally through the Compliance Awareness Survey and e-learning about work environments and compliance (100% participation) (Domestic) Promoted awareness of the AL Heart Hotline at overseas Group companies to foster understanding of the hotline's importance | In progress | 1) Continue to implement the Compliance Awareness Survey and compliance education Promote awareness of and reinforce the functions of the AL Heart Hotline at overseas Group companies | |
| | Labor Practices | 3 Promoting Diversity 5 8 10 | Expand creative business activities through the application of diverse human resources. | <ul style="list-style-type: none">Promotion of participation by women at the management level1) Develop female employees to drive the next generation of management (Global)2) Increase proportion of female employees at the management level to 20% (Domestic) | 1) Halted Human Resources Development Training for Next-Generation Management to rebuild the program. Appointed previous female participants as directors at overseas Group companies (two individuals) 2) Proportion of female employees at the management level: 17.1% | 1) In progress 2) In progress | 1) Improve human resource development systems at the global level 2) Continue promoting |
| | | 4 Promoting Work-Life Balance 3 8 | 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 lives1) Implement employee awareness and behavior surveys (Domestic)2) 70% usage rate of annual paid leave (Domestic) | 1) Implemented the Lion Internal Awareness and Behavior Survey for all domestic employees, including those of domestic Group companies 2) Increased planned annual paid leave days from three to five days. Annual paid leave usage rose to 73.7%, reflecting understanding of the importance of work-life balance among both managers and their subordinates. Increased number of users of the telecommuting system by amending it. The proportion of employees who had used the telecommuting system at least once came to 49.2%, with regular users registering at 15%. The establishment of the system is contributing to work style reforms. | 1) In progress 2) In progress | 1) Continue the Lion Internal Awareness and Behavior Survey 2) Encourage planned annual paid leave usage Promote efficient work by expanding the number of employees trying the telecommuting system as well as regular users |
| | | 5 Developing Human Resources 5 8 10 | Create personal dynamism by developing human resources with diverse and abundant ideas about how to meet the expectations of global stakeholders. | Creation of human resource development systems to cultivate personnel who can learn and act independently | <ul style="list-style-type: none">Held the 2nd term of the ReDesign FORUM, which aims to generate new proposals for resolving Company-wide issues through direct discussion between employees and managementLaunched Lion Career Village (LCV) (online educational content usage: Over 60%) Held group case discussions 57 times. Participation among online content users: Over 20% | In progress | <ul style="list-style-type: none">Hold the 3rd term of ReDesign FORUM to foster ReDesign mindsetsEnhance LCV content and promote continued usage as a venue for learning |

*1. Held as the Environmental Conservation Committee until 2018
*2. Highly concentrated work styles aimed at improving productivity



2020 Sustainability Material Issues and Objectives of the LIVE Plan Medium-term Management Plan (2018-2020) and Achievements in 2019

| | | | P (Plan) | D (Do) | C (Check) | A (Action) | |
|--------------|---|---|---|---|--|---|--|
| Core Subject | Sustainability Material Issues (Related SDGs) | Basic Approach for Initiatives Aimed at the 2020 Objectives | 2020 Objectives and KPI | Achievements in 2019 (mid-term report) | Assessment | Measures and Challenges to Address in 2020 | |
| S | Labor Practices | 6 Enhancing the Occupational Safety Management System 3 8 | 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 Zero serious accidents and zero serious incidents (Global) | <ul style="list-style-type: none">Zero serious accidents and zero serious incidents (Global)Held the Safety, Hygiene and Disaster Prevention Meeting twice a year and continued to implement PDCAThe director in charge of safety implemented top safety audits to achieve zero serious accidents and incidents (Odawara, Akashi and Chiba plants)Implemented e-learning for all employees to increase safety awareness (Participation: 99.8%) | In progress | <ul style="list-style-type: none">Hold the Safety, Hygiene and Disaster Prevention Meeting twice a year and continue to implement PDCAReduce risk through top safety auditsImplement e-learning about safety |
| | | 7 Reinforcement of Health and Productivity Management 3 8 17 | Build a Lion health and productivity management model appropriate for an advanced daily healthcare company. | <ul style="list-style-type: none">Expansion of support programs to aid employees in forming good healthcare habits 1) 100% rate of receiving health checkups (Domestic) 2) 100% rate of receiving dental checkups (Domestic) 3) 100% rate of receiving age-specific cancer screenings (Domestic) | Launched Lion-Style Health Support “GENKI” Action, increasing employee health awareness and providing support for self-directed healthy behavior 1) Rate of receiving health checkups: 100% 2) Rate of receiving dental checkups: 91.8%. Health guidance was provided by dental hygienists. <ul style="list-style-type: none">Provided a subsidy program for professional care at dental clinics to promote the practice of preventive dentistry (rate of receiving professional care: 58.4%) 3) Rate of receiving age-specific cancer screenings: N/A (not implemented due to transition to “GENKI” Action) | 1) In progress 2) In progress 3) In progress | Implement Lion-Style Health Support “GENKI” Action Key measures: 1. Build and implement an individual health management system 2. Expand the practice of preventive dentistry by implementing Professional Care 100% Action 3. Implement programs aimed at the early detection of three common types of cancer Expanding the scope of cancer screenings 4. Completely ban smoking inside Company buildings at all times, including outside of work hours |
| | Fair Operating Practices | 8 Building Responsible Supply Chain Management 5 6 7 8 10 12 13 14 15 16 17 | Promote highly effective management practices in the supply chain. | <ul style="list-style-type: none">Build more advanced and sustainable supply chains 1) Implement supplier sustainability self-checks related to procurement (Global) 2) 100% implementation of supplier sustainability self-checks related to procurement (Domestic) | 1) Participated in the Supplier Ethical Data Exchange (Sedex) to reinforce supplier CSR activity implementation 2) Implementation of supplier sustainability self-checks: 99.7%. Provided evaluation results to suppliers as feedback (annual) | 1) In progress 2) In progress | 1) Expand number of countries in which we implement sustainability self-checks Encourage key suppliers to join Sedex to further reinforce sustainable supply chain management 2) Continue supplier sustainability self-checks |
| | | Consumer Issues | 9 Pursuing Customer Trust and Satisfaction 3 10 12 | Thoroughly enforce corporate activities that earn and maintain customer trust 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 chainImprovement of customer satisfaction through enhancement of customer support qualityEnhancement of security system through system construction and supervisory management enhancement | <ul style="list-style-type: none">Held a second Asia QA Meeting to enhance the quality assurance capabilities of staff in charge of quality at overseas Group companies by having such staff share information. In addition to conventional quality management, participants discussed customer support challenges in their respective countries, building a common awareness of such issues at the Group level, and examined measures aimed at their resolution (ongoing)Participated for the first time in a phone service contest to reinforce the customer support quality of phone operators This event helped our staff understand the level of service at other companies and step up their own qualityImplemented e-learning about information security and social media risks and basic insider trading knowledge (100% participation) | In progress |
| | Community Involvement and Development | 10 Creating Healthy Living Habits 3 4 6 12 17 | Contribute to the creation of healthy living habits such as oral healthcare, cleanliness and hygiene practices and habits in order to extend healthy life expectancy and ensure people's everyday well-being. | <ul style="list-style-type: none">Implementation of activities to establish good healthcare habits such as preventive dentistry and hand washing, in coordination with business activitiesContribution to the resolution of social issues based on co-existence with communities, involvement of employees and enhancement of partnerships | <ul style="list-style-type: none">Promoted and continued preventive dentistry activities across the Lion Group Held the Oral Health Event of Tooth Brushing for Children (in Japan and other Asian countries, reaching 240,000 elementary school students) Implemented activities to spread healthy oral care habits through the Lion Foundation for Dentistry Health (Domestic) Implemented preventive dentistry activities in close coordination with experts and retailers (Global)Co-existence with communities: Formed partnerships with governments to promote healthy living habits. These efforts reached consumers in the communities served by these governments, encouraging healthy living habits. Involvement of employees: Junior employees in all job types, from R&D to sales and manufacturing, implemented educational activities to promote hand-washing habits Enhancement of partnerships: Implemented the Happy Marriage City Promotion Project in cooperation with governments | In progress | <ul style="list-style-type: none">Promote and continue preventive dentistry activities across the Lion GroupPromote and continue partnerships with governments |
| G | Organizational Governance | 11 Promoting Risk Management | Enhance the risk management system for the entire Group. | Promotion of comprehensive and extensive risk management across the entire Group | <ul style="list-style-type: none">Continued the promotion of comprehensive and extensive risk management across the entire GroupReported on risk management progress in 2019 to the Executive Committee (annual) Zero incidents of serious risk to business | In progress | <ul style="list-style-type: none">Continue the promotion of comprehensive and extensive risk management across the entire Group |
| | | 12 Embedding Compliance 5 10 16 | Enhance the effectiveness of compliance activities across the entire Group. | <ul style="list-style-type: none">Construction of a compliance management system 1) Expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines (Global) 2) 100% participation in compliance-related training (Domestic) | 1) Requested that overseas Group companies implement the Compliance Awareness Survey to expand familiarity with the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines 2) Training participation: 100%. To strengthen employee awareness of compliance, implemented new training on human rights and bribery in addition to that on the workplace environment and compliance. Conducted the Compliance Awareness Survey of all employees, including part-time employees, and provided feedback (response rate: 92.8%) | 1) In progress 2) In progress | 1) Continue increasing awareness of the Lion Group Charter for Corporate Behavior and the Behavioral Guidelines at overseas Group companies Implement the Compliance Awareness Survey at overseas Group companies Raise awareness of hotlines and strengthen our consultation and reporting contact functions to further build up the compliance framework 2) Continue promoting initiatives toward 100% participation in e-learning |
| | | 13 Enhancing Group Governance 16 | Engage in enhancing governance for the entire Group. | Improvement of the Group governance system in accordance with the Basic Policy for Corporate Governance | <ul style="list-style-type: none">Promoted stronger governance in accordance with the Basic Policy for Corporate Governance.Explained the outline of the LION Anti-Bribery Guidelines at overseas Group companies Assured effectiveness through use in conjunction with the AL Heart Hotline function | In progress | Assure effectiveness by establishing the LION Anti-Bribery Guidelines |

Major Sustainability Indicators

Environment

Eco Vision 2020 achievements and targets

| Categories | | | | Achievements in 2018 | Achievements in 2019 | Targets for 2020 |
|--|------------------------------------|---|---|---|---|---|
| Realizing a Low Carbon Society | Greenhouse gases (domestic) | Within the Company | Reduction of greenhouse gases from business activities | Emission intensity per unit total revenue 36% reduction (compared to 2010)*6 50% reduction (compared to 1990)*6 | Emission intensity per unit total revenue 40% reduction (compared to 2010) 50% reduction (compared to 1990) | Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990) |
| | | | | Absolute quantity 49% reduction (compared to 1990)*6 | Absolute quantity 52% reduction (compared to 1990) | Absolute quantity 40% reduction (compared to 1990) |
| | | Outside the Company | Reduction of greenhouse gases from post-use products | Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) | Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% 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) | Absolute quantity 50% 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*1 | Emission intensity per unit production 2% reduction (compared to 2017) | Emission intensity per unit production 2% reduction (compared to 2017) | Emission intensity per unit production 1% reduction year on year |
| | | Outside the Company | Reduction of greenhouse gases from post-use products overseas | Reduction of 52 thousand tons annually | Reduction of 45 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)*6 49% reduction (compared to 2000)*6 | Water use per unit total revenue 41% reduction (compared to 2010) 54% reduction (compared to 2000) | Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000) |
| | | | | Absolute quantity 48% reduction (compared to 2000)*6 | Absolute quantity 53% reduction (compared to 2000) | Absolute quantity 23% reduction (compared to 2000) |
| | | Outside the Company | Reduction of water use at households using our products | Water use per unit total revenue 29% reduction (compared to 2010) 54% reduction (compared to 2000) | Water use per unit total revenue 29% reduction (compared to 2010) 53% reduction (compared to 2000) | Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000) |
| | | | | Absolute quantity 52% reduction (compared to 2000) | Absolute quantity 51% reduction (compared to 2000) | Absolute quantity 33% reduction (compared to 2000) |
| | Waste | | Zero emissions within the Company*2 | Achievement of zero emissions at all domestic production sites*4 | Achievement of zero emissions at all domestic production sites*4 | Zero emissions at all domestic production sites*4 |
| | Wastewater | | Recycling of factory wastewater discharge*3 | Operation of facilities to recycle industrial wastewater at Chiba Plant | Operation of facilities to recycle industrial wastewater at Chiba Plant | Recycle industrial wastewater at multiple plants |
| Harmonizing with Nature | Procurement | Biodiversity-friendly procurement of plant-derived oils | Continued purchasing RSPO*5-certified palm oil derivatives | Continued purchasing RSPO*5-certified palm oil derivatives | All palm oil derivatives purchased to be RSPO-certified | |
| | Biodiversity | Enhancement of biodiversity conservation activities | Carried out at all Lion plants, with implementation expanding at offices of Lion and its affiliates | Carried out at all Lion plants, with implementation expanding at offices of Lion and its affiliates | Carry out at all domestic sites | |
| Education | Awareness and education in society | | Enhancement of environmental awareness and education for consumers | 1.2 times increase in consumer participants in our awareness activities (compared to 2010) | 0.9 times increase in consumer participants in our awareness activities (compared to 2010) | Double the number of consumer participants in our awareness activities (compared to 2010) |

*1. Covers Lion and consolidated subsidiaries as of December 31, 2019
*2. The waste recycling ratio is 99% or more, excluding recycling residues
*3. Wastewater from production processes
*4. Chiba Plant, Odawara Plant, Osaka Plant, Akashi Plant, Hirai Office Site, 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 Production Site, Lion Specialty Chemicals Co., Ltd. Ono Production Site
*5. Roundtable on Sustainable Palm Oil
*6. The figures have been revised due to an error in past data.

Community Involvement

Established in 1964, the Lion Foundation for Dentistry Health (LDH) changed its status to a public interest incorporated foundation in 2010. Lion fully supports LDH's activities to promote oral health awareness and education. LDH coordinates with the Japan Dental Association, universities, governmental bodies and other partners to help maintain and improve the dental and oral health of consumers. By doing so, LDH stays at the forefront of oral health, contributing to society by helping to improve the quality of life of all people.

| Categories | | | | Achievements in 2016 | Achievements in 2017 | Achievements in 2018 | Achievements in 2019 | Remarks |
|--|-----------|--|--------------|---|--|--|--|--|
| Oral Healthcare Awareness Promotion Activities through LDH | Education | Oral Health Event of Tooth Brushing for Children | Participants | Japan and other Asian countries; about 90,000 elementary schools children | Japan and other Asian countries; about 160,000 elementary schools children | Japan and other Asian countries; about 210,000 elementary schools children | Japan and other Asian countries; about 240,000 elementary schools children | Held annually since 1932 during Dental/Oral Health Week (June 4 to 10), targeting elementary school children |
| | | Oral health promotion activities for adults (industry) | Participants | 27,562 | 21,271 | 14,316 | 15,212 | Instruction on the prevention of gum disease and maintenance/improvement of dental and oral health provided to employees of various companies |
| | | Oral health promotion activities for the elderly | Participants | 17,110 | 46,648 | 47,012 | 66,042 | Support to help maintain the oral functions that will enable individuals to eat using their own teeth and mouths over a long time in the future |
| | Treatment | Dental health examination activities | Examinees | 11,435 | 11,171 | 10,482 | 5,502 | Implementation of highly specialized, quality treatment and preventive dentistry activities for people of all life stages, from infants to the elderly |

Labor Practices

| Categories | | | Achievements in 2016 | Achievements in 2017 | Achievements in 2018 | Achievements in 2019 |
|---|--|--------|-------------------------|-------------------------|-------------------------|-------------------------|
| Employee Data*1 | Employees | Male | 2,239 | 2,203 | 2,267 | 1,863 |
| | | Female | 775 | 821 | 917 | 987 |
| | Female employee ratio | % | 25.7% | 27.1% | 28.8% | 34.6% |
| | New employees (New graduates) | Male | 49 | 57 | 63 | 42 |
| | | Female | 29 | 36 | 33 | 34 |
| | Re-hired retirees | Number | 250 | 216 | 210 | 160 |
| | | % | 8.3% | 7.1% | 6.6% | 5.6% |
| | Temporary employees | Number | 467 | 458 | 532 | 528 |
| | Female employees at the management level*2 | Number | 149 | 170 | 186 | 200 |
| | | % | 12.9% | 14.4% | 15.8% | 17.1% |
| | Employees with disabilities | Number | 55 | 63 | 76 | 77 |
| | | % | 2.2% | 2.4% | 2.8% | 2.8% |
| | Employees who took childcare leave | Male | 2 | 9 | 16 | 13 |
| | | Female | 53 | 57 | 53 | 67 |
| | Employees who took shorter work hours for childcare | Male | 0 | 0 | 0 | 0 |
| | | Female | 40 | 57 | 64 | 71 |
| | Average overtime per month | Hours | 12.3 | 12.5 | 13.7 | 13.5 |
| | Annual paid leave used | % | 55.1% | 50.7% | 60.3% | 73.7% |
| | Average service years | Male | 20.3 | 20.4 | 19.6 | 17.2 |
| | | Female | 18.0 | 18.0 | 16.8 | 14.1 |
| Employees who resigned within three years of entering the Company | Number | 4 | 1 | 2 | 9 | |
| | % | 1.6% | 0.4% | 0.8% | 1.4% | |
| Employee Preventive Dentistry Data | Stress level check test implementation | % | 97.0% | 96.3% | 99.0% | 98.0% |
| | Eligible employees participating in health seminars for 50-year-olds | Number | 152 | 100 | 95 | 120 |
| | | % | 76% | 68% | 68% | 85.7% |
| | Employees who brush their teeth after lunch | % | 71.4% | 74.6% | 74.3% | 73.2% |
| | Employees receiving professional care at dental clinics*3 | % | 36.4% | 40.7% | 44.3% | 40.5% |
| | Incidence of gum disease | % | 26.6% | 26.0% | 27.9% | 29.1% |
| Average number of cavities | Cavities | 0.3 | 0.4 | 0.4 | 0.5 | |

*1. Scope: Lion Corporation, non-consolidated basis (including employees on loan)
*2. Personnel holding managerial positions at the level of assistant manager or higher (figures for Lion Corporation; excludes employees assigned to affiliates)
*3. Employees who received professional care at a dental clinic at some time during the year (excluding those currently undergoing treatment as of the end of the year)

Corporate Overview/Stock Information

(As of December 31, 2019)

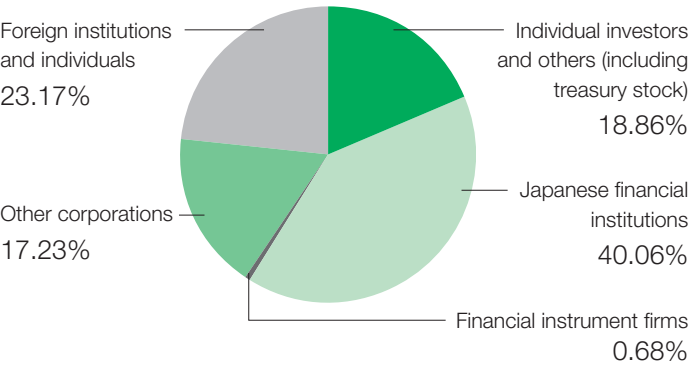
Corporate Overview

| | |
|----------------|--|
| Corporate Name | Lion Corporation |
| Foundation | October 30, 1891 |
| Establishment | September 1918 |
| Capital | ¥34,433 million |
| Address | 3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan |
| Employees | 2,850 (Consolidated: 7,151) |

Stock Information

| | |
|------------------------|--|
| 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 | 69,961 |

Shareholders by Category



Principal Shareholders

| Shareholders | Shareholding ratio (%) |
|--|------------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 9.96 |
| 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) | 4.96 |
| MUFG Bank, Ltd. | 3.47 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 2.35 |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 1.81 |
| Japan Trustee Services Bank, Ltd. (Trust Account 7) | 1.75 |
| Mitsubishi UFJ Trust and Banking Corporation | 1.71 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 1.52 |
| Meiji Yasuda Life Insurance Company | 1.40 |

External Evaluations/Participation in External Groups

(As of May, 2020)

Lion is engaged in addressing issues not just on the financial side, but also on the environmental, social and governance side, and is included in multiple SRI (socially responsible investing) indices.

In addition, our environmental, logistics and human resources initiatives have been highly evaluated by governmental and other external institutions.

Status of Inclusion in SRI Indices

| | | | |
|---|---|--|--|
| In collaboration with SAM | | | |
| MSCI Japan ESG Select Leaders Index | MSCI Japan Empowering Women Index (WIN) | <small>THE INCLUSION OF LION CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF LION CORPORATION. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES[C1].</small> | |

Evaluation and Certification

| Overall CSR | | Environment and Logistics | | | |
|-----------------|--|---------------------------|--|--|--|
| | | | | | |
| Human Resources | | | | | |
| | | | | | |

Participation in External Organizations

| | | | | |
|--|--|--|--|--|
| | | | | |
| | | | | |