

February 12, 2021  
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## **Lion Announces its new Long-Term Strategic Framework**

Reflecting major changes in the business environment and the growth of its role and responsibility in society, Lion Corporation has formulated a new long-term strategic framework, Vision 2030, aiming to accelerate its evolution into a company that will continue to contribute to solving social issues through its businesses into the future.

To achieve its management vision for 2030, the Lion Group will further reinforce management driven by its purpose, “Make a difference in everyday lives by redesigning habits,” while synergistically addressing its sustainability material issues and advancing growth strategies in order to contribute to the realization of a sustainable society and achieve business growth.

### **I. The Formulation of Vision 2030**

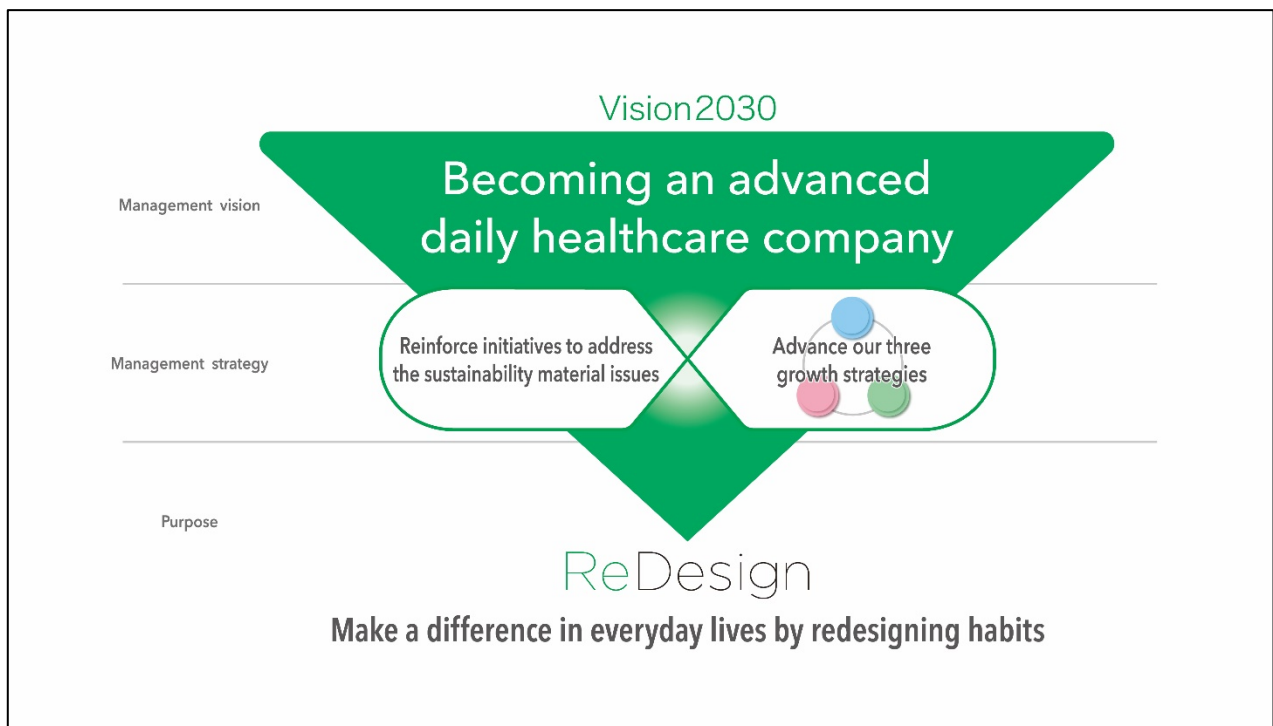
Since its founding, the Lion Group has striven to realize health, comfort and cleanliness in everyday living and to contribute to the realization of a sustainable society through its business activities in line with its corporate motto, “Fulfilling a Spirit of Love,” and its purpose, “Make a difference in everyday lives by redesigning habits.”

The global spread of the novel coronavirus (COVID-19) pandemic has made clearer than ever the importance of daily living habits, such as hand washing and gargling, in maintaining mental and physical health. Furthermore, as demographic graying advances both in and outside Japan, healthcare needs are forecast to see accelerating growth in such areas as improving quality of life (QOL) and extending healthy life expectancy. Accordingly, the Lion Group believes that its role as a familiar presence in people’s everyday lives will continue to grow.

In this environment, the Lion Group believes that it must accelerate efforts to transform itself in order to consistently meet the needs of society and customers and fulfill its social role and responsibility while enhancing its corporate value through activities based on its purpose. To this end, the Group has formulated the Vision 2030 long-term strategic framework.

## II. Vision 2030

The Vision 2030 long-term strategic framework is based on Lion's purpose and comprises Lion's management vision for 2030 and management strategies for achieving this vision.



### 1. Management Vision

#### **Becoming an advanced daily healthcare company**

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

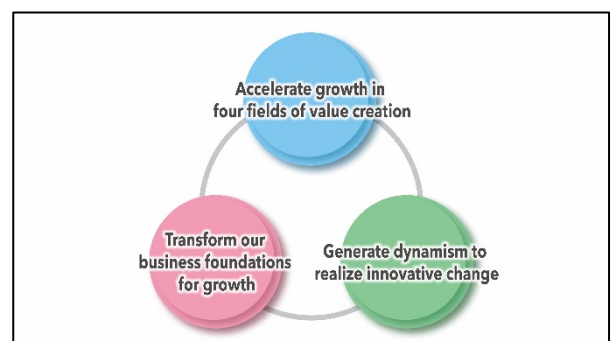
By further evolving and developing its efforts to redesign habits— a form of healthcare Lion is uniquely positioned to address—Lion aims to contribute to the realization of a sustainable society and enhance its corporate value.

### 2. Management Strategies for Realizing the Management Vision

#### **(1) Advancing Our Three Growth Strategies**

Lion will speed up business growth by advancing three growth strategies:

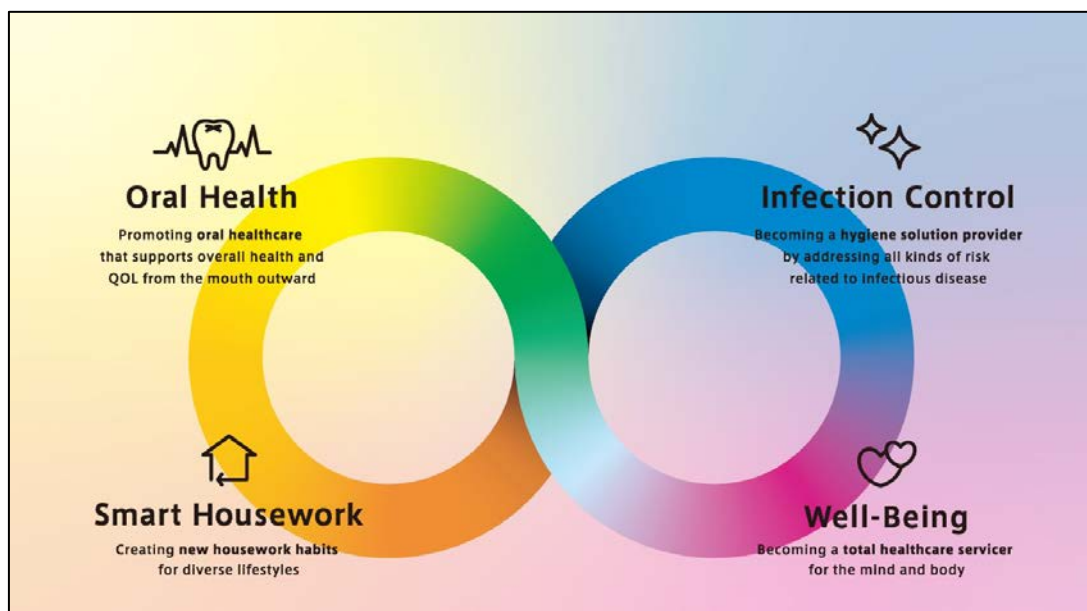
- a. Accelerate growth in four fields of value creation
- b. Transform our business foundations for growth
- c. Generate dynamism to realize innovative change



a. **Accelerate Growth in Four Fields of Value Creation**

The Lion Group will offer healthcare that it is uniquely positioned to provide to more consumers, mainly in Asia. By doing so, the Group aims to make a difference in diverse aspects of daily living and, as a result, accelerate its business growth and enhance its presence in Asia. To this end, we have designated four fields where we provide value as growth drivers for the Lion Group going forward.

Four Fields of Value Creation



#1 Oral Health

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

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

#2 Infection Control

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

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

### #3 Smart Housework

Creating **new housework habits** for diverse lifestyles.

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

### #4 Well-Being

Becoming a **total healthcare servicer** for the mind and body.

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

## **b. Transform Our Business Foundations for Growth**

We will promote business foundation transformation that will spur growth by continuing and reinforcing strategic investment.

### i. Digital transformation (DX)

We will utilize digital technologies and create new value that contributes to the redesign of habits for consumers while advancing operational transformation to improve efficiency.

### ii. Reinforce business infrastructure

We will continue and further reinforce growth-oriented investment in business infrastructure to increase production capacity, such as by developing core systems that will enhance the sophistication of management and build flexible, resilient SCM.

## **c. Generate Dynamism to Realize Innovative Change**

We aim to transform to realize sustainable growth.

### i. Corporate branding

In and outside Japan, we will implement purpose-driven, consistent corporate activities to continually earn the trust and respect of all stakeholders and increase corporate value.

### ii. Professional fulfillment reforms

We will enhance our adaptability and innovativeness by advancing the Lion Professional Fulfillment Reforms to fully bring out and utilize employees' diverse abilities.

iii. Diversity & open innovation

We will accelerate the utilization of diverse human resources and proactive external collaboration to transform our ways of thinking and operational speed and methods and thereby continually create new value.

**(2) Reinforce Initiatives to Address the Sustainability Material issues**

With creating healthy living habits and promoting environmental initiatives for a sustainable planet as our top priority material issues, we will reinforce sustainability initiatives that realize synergies with our growth strategies.

**a. Creating Healthy Living Habits**

Through inclusive oral care\*<sup>1</sup> and other approaches, we will contribute to health, comfort and cleanliness in everyday living and longer healthy life expectancy.

\*<sup>1</sup> Activities aimed at reducing health disparities through oral care.

**b. Promoting Environmental Initiatives for a Sustainable Planet**

To address global-scale environmental problems, we will work with all stakeholders as we accelerate initiatives aimed at the realization of a decarbonized, resource-circulating society.

**III. Financial Performance**

1. Envisioned Financial Performance in 2030

The Lion Group will offer healthcare that it is uniquely positioned to provide based on its close involvement in everyday living and the creation of living habits to consumers, mainly in Asia. By doing so, the Group aims to make a difference in diverse aspects of daily living and increase its corporate value.

• Consolidated net sales	Approx. ¥600 billion (Approx. 50% from the Overseas Business)
• Core operating income* <sup>2</sup>	Approx. ¥50 billion
• Return on invested capital (ROIC)	8–12%
• Return on equity (ROE)	10–14%
• EBITDA margin* <sup>3</sup>	10–14%

\*<sup>2</sup> Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

\*3 The EBITDA margin is the ratio of EBITDA (basically the sum of core operating income and depreciation and amortization) to net sales. The Company uses this ratio as an indicator of profitability on a cash basis.

## 2. Variable Factors

### a. Risks That May Significantly Affect Business Performance

- Epidemics of infectious diseases, including COVID-19, major natural disasters, changes in foreign exchange rates, drastic fluctuations in raw material prices, political turmoil overseas, etc.

### b. Other Uncertainties

- Changes in tax systems or accounting standards, major business reorganizations or changes in the scope of consolidation, etc.

\* Forward-looking statements about financial performance and other matters contained in this document are based on information available at the time of preparation and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

## Reference

### Evaluation of the LIVE Plan Medium-Term Management Plan (2018–2020)

Over the three-year period from 2018 to 2020, Lion implemented its medium-term management plan, the LION Value Evolution Plan (the LIVE Plan; 2018–2020).

Under the LIVE Plan, we worked to advance long-term, future-oriented growth initiatives and framework-building efforts in and outside Japan while further accelerating improvements to management efficiency to reinforce the earnings structure.

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

- We shifted toward high-value-added products in mainstay fields and strove to improve our market position and strengthen profitability while offering new value to customers by such means as providing products and services that leverage IoT technology.
- In terms of new businesses, we accelerated business creation efforts by building and improving related systems and frameworks.

#### 2. Accelerate Growth in Overseas Businesses through Glocalization

- By developing our global brands and reinforcing our business in China that leverages e-commerce, we worked to achieve business expansion. Furthermore, we advanced profit structure reform to increase profitability.

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

- We expanded production capacity for toothbrushes, mouthwashes, hand soaps and other products. We also made strategic investments in future growth, such as establishing a new toothpaste factory and building core systems. Through such efforts, we strove to reinforce the management base.
- We revised the business portfolio, selling an insecticide brand and acquiring dermatological agent brands.
- By reorganizing domestic production sites and integrating logistics management functions, we made Group functions stronger and more efficient.

#### 4. Create Dynamism to Foster Innovative Change

- By advancing professional fulfillment reforms, we enhanced systems aimed at accommodating diverse work styles and promoting evolution toward autonomous, self-directed work management.
- We established the LION Eco Challenge 2050, a new set of environmental objectives, and accelerated sustainability initiatives, including collaboration with other companies to improve logistics efficiency and promote packaging recycling.

As a result of these measures, although we did not reach the LIVE Plan targets for net sales and core operating income due to such factors intensifying competition and geopolitical risks, we met the targets for operating profit, profit for the period and ROE, which include gain on disposal of non-current assets.

### Consolidated Results under the LIVE Plan

The Lion Group adopted International Financial Reporting Standards (IFRS) from fiscal 2018. Values for 2017 have been recalculated to conform to IFRS.

(Billions of yen)	V-2 Plan	LIVE Plan							2017 to 2020		Reference: LIVE Plan targets
	2017	2018		2019		2020			Change (amount)	Change (%)	
		Result	Y-o-Y	Result	Y-o-Y	Result	Y-o-Y	Difference from target			
Net sales	342.7	349.4	102.0%	347.5	99.5%	355.3	102.3%	88.8%	12.6	1.2%	400
Core operating income	28.8	28.3	98.5%	30.0	105.9%	35.9	119.6%	89.8%	7.1	7.7%	40
Operating profit	30.4	34.1	112.2%	29.8	87.2%	44.0	147.7%	110.2%	13.5	13.1%	40
Profit for the period attributable to owners of parent	20.8	25.6	122.6%	20.5	80.3%	29.8	145.3%	106.7%	8.9	12.7%	28
Core operating income ratio	8.4%	8.1%		8.6%		10.1%		101.0%	1.7%		10.0%
R O E	12.7%	13.9%		10.3%		13.6%		Achieved	0.8%		Approx. 12%