



life.love.
LION

Financial Results for the Fiscal Year Ended December 31, 2020

Lion Corporation
February 12, 2021

1. Fiscal 2020 Financial Results
2. Long-Term Strategic Framework (Vision2030)
3. Fiscal 2021 Financial Forecast

1. Fiscal 2020 Financial Results

Fiscal 2020 Financial Results Highlights

Comparison to Forecast (revised 11/5)

Sales and profit met forecasts

- The net sales forecast was met due to increased sales in mainstay domestic markets (oral care, fabric softeners, etc.), where we made strategic investments in competition-related expenses, despite weak performance in Southeast Asia due to sluggish consumption in the fourth quarter.
- Core operating income exceeded the forecast due to an increase in gross profit that reflected changes in the sales mix

Y-o-Y Change

Both sales and profit increased

- Sales, particularly of hygiene-related products, grew due to the spread of the novel coronavirus (COVID-19).
- Core operating income and the ratio of core operating income to net sales both rose, mainly due to cost reductions and an increase in gross profit that reflected the increase in sales and changes in the sales mix.
- Operating profit and profit for the period attributable to owners of parent rose substantially due to a gain on transfer of non-current assets (land Lion's head office occupies).

Period: Jan.-Dec. 2020; Source: INTAGE Inc. SRI, SDI survey

Aggregate of 38 Home Products Markets	Driven by hygiene-related products, both sales volume and unit prices increased, and sales value grew 12% year on year
Oral Care	<ul style="list-style-type: none"> ✓ Toothpaste unit prices rose, reflecting a shift to higher-value-added products, driving market expansion (up 4% Y-o-Y) ✓ Toothbrush fell (down 3% Y-o-Y) due to a decrease in sales volume but showed signs of improvement in the second half (up 6% in Oct.-Dec. Y-o-Y)
Beauty Care	<ul style="list-style-type: none"> ✓ Hygiene-related products, including hand soaps, expanded (hand soaps: up 44% Y-o-Y)
Fabric Care	<ul style="list-style-type: none"> ✓ Laundry detergents and fabric softeners were level year on year, reflecting a decrease in sales volume that was offset by rising unit prices
Living Care	<ul style="list-style-type: none"> ✓ Dishwashing detergents and food preparation products grew due to an increase in eating at home (up 18% and 22% Y-o-Y, respectively) ✓ Household cleaner expanded due to increased hygiene awareness (up 16% Y-o-Y)

Period: Jan.-Nov. 2020; Source: Nielsen

Aggregate of Key Overseas Markets	Hand soap benefitted from more frequent hand washing, while laundry detergent were down Y-o-Y but improving
Hand soaps	<ul style="list-style-type: none"> ✓ In South Korea, sales value was double the previous year's results ✓ In Thailand, sales value was 1.7 times the previous year's results ✓ In Malaysia, sales value was 3.4 times the previous year's results
Laundry detergents	<ul style="list-style-type: none"> ✓ In South Korea, sales value was down 1% year on year, largely unchanged on a full-year basis, despite fluctuations during the year ✓ In Thailand, sales value was down 7%, as, despite gradual improvement, recovery from the impact of sluggish consumption was slow ✓ In Malaysia, sales value was down 8%, gradually recovering from April onward and, in November, reaching a level on par with the previous year

Consolidated Financial Results

Core operating income, operating profit and profit for the period reached new record highs and the ratio of core operating income ratio reached 10%

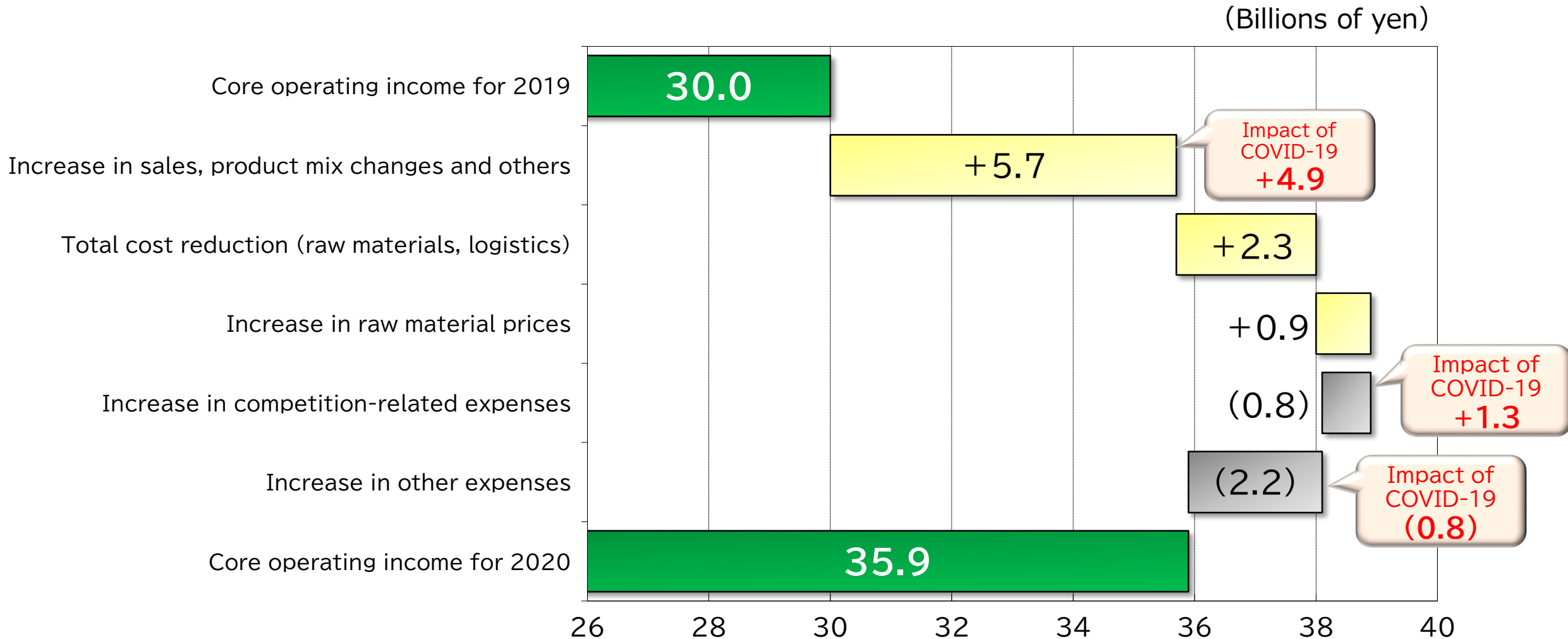
(Billions of yen)	2020	2019	Y-o-Y change		Deviation from revised forecast (% deviation)
			Amount	%	
Net sales	355.3	347.5	7.8	2.3 3.2*	0.3 0.1%
Core operating income % of net sales	35.9 10.1	30.0 8.6	5.8	19.6	2.9 8.9%
Operating profit % of net sales	44.0 12.4	29.8 8.6	14.2	47.7	2.5 6.2%
Profit for the period attributable to owners of parent	29.8	20.5	9.3	45.3	2.8 10.6%
EPS(Yen)	102.75	70.72	32.03	45.3	9.87 10.6%

Note: 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.

* Y-o-Y change at constant currency excluding exchange rate fluctuations.

Year-on-Year Changes in Core Operating Income

Core operating income increased significantly, reflecting increased sales of hygiene-related products due to COVID-19 and cost reductions



Results by Business Segment

Consumer Products drove major growth in both sales (up ¥11.1 billion) and profit (up ¥5.0 billion)

(Billions of yen)	Net sales*				Segment profit (Core operating income)		
	2020	2019	Y-o-Y change		2020	Y-o-Y change	
			Amount	%		Amount	%
Consumer Products	245.4	234.3	11.1	4.8	24.6 10.0%	5.0	25.5
	229.7	219.3	10.3	4.7			
Industrial Products	55.0	55.1	(0.0)	(0.2)	2.1 3.9%	0.4	23.7
	31.5	32.9	(1.3)	(4.2)			
Overseas	101.6	101.0	0.5	0.5	7.1 7.0%	(0.4)	(5.4)
	91.2	91.7	(0.5)	(0.6)			
Other	34.8	35.3	(0.5)	(1.5)	2.3 6.6%	0.7	52.2
	2.8	3.4	(0.5)	(17.5)			
Adjustment	(81.6)	(78.4)	(3.2)	-	(0.3)	0.0	-
	0.0	0.0	(0.0)	(78.9)			
Consolidated Total	355.3	347.5	7.8	2.3	35.9 10.1%	5.8	19.6

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

Consumer Products Business Net Sales by Product Category

Rising hygiene awareness and increased time spent at home
drove major growth in beauty care and living care

(Billions of yen)	Net sales			
	2020	2019	Y-o-Y change	
			Amount	%
Oral Care	66.4	64.5	1.8	2.9
Beauty Care	31.4	22.3	9.1	40.9
Fabric Care	59.1	60.7	(1.6)	(2.7)
Living Care	24.0	19.7	4.2	21.7
Pharmaceutical	23.8	26.2	(2.3)	(8.9)
Other	40.5	40.6	(0.1)	(0.4)
Total	245.4	234.3	11.1	4.8

Overseas Business Net Sales by Region

Sales in Southeast Asia fell due to sluggish consumption, but sales in China drove sales in Northeast Asia, leading to an overall increase

(Billions of yen)	Net sales			
	2020	2019	Y-o-Y change	
			Amount	%
Southeast Asia	66.4	69.5	(3.0)	(4.4)
Northeast Asia	35.1	31.5	3.6	11.5
Total	101.6	101.0	0.5	0.5

*Y-o-Y change at constant currency excluding exchange rate fluctuations:
Southeast Asia: -0.8%; Northeast Asia: 14.4%; Total: 4.0%

Impact of COVID-19 on Lion's Financial Results

Net sales: +¥6.1 billion

Main Factors Affecting Net Sales (billions of yen)

POSITIVE

+10.0	<ul style="list-style-type: none">•Hygiene-related products (hand soaps, hand sanitizers)•Dishwashing detergents, food preparation products <p>Rising hygiene awareness and increased time spent at home</p>
+1.1	<ul style="list-style-type: none">•Institutional use products (hygiene-related products) <p>Rising hygiene awareness</p>
+2.6	<ul style="list-style-type: none">•Northeast Asia (China, South Korea) <p>Increased demand for hygiene-related products</p>

Consumer Products

Industrial Products

Overseas

NEGATIVE

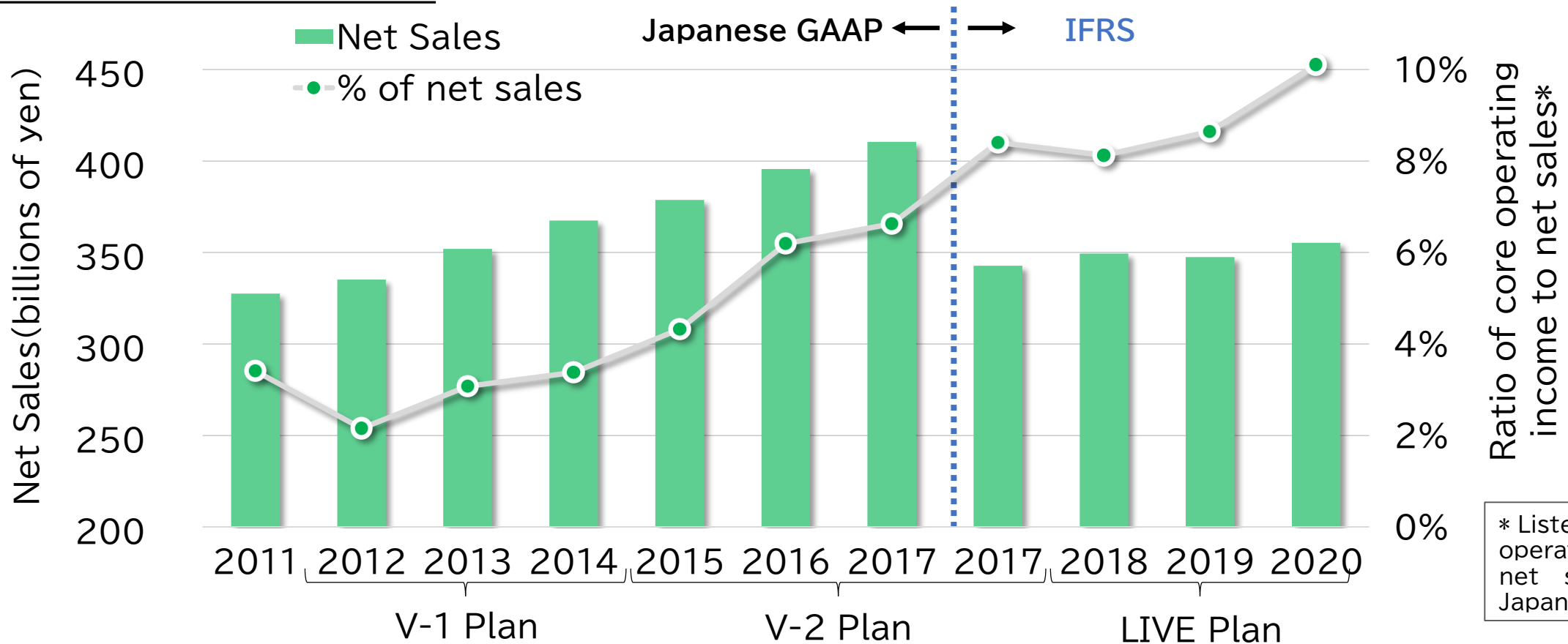
<ul style="list-style-type: none">•Oral care (toothbrushes, travel products, professional care products)•Pharmaceuticals (acne medicines, foot cooling sheets) <p>Efforts to stay home, decreased demand from overseas visitors</p>	-3.4
<ul style="list-style-type: none">•Chemicals (Automotive, Electrical and Electronics)•Institutional use products (dishwashing detergents, food preparation products) <p>Sluggish demand for industrial products</p>	-1.9
<ul style="list-style-type: none">•Southeast Asia (Thailand, Malaysia) <p>Sluggish consumption due to restrictions on activity</p>	-1.7

2. Long-Term Strategic Framework (Vision2030)

Financial Results Over the Past Decade (2011 to 2020)

Profitability has improved greatly over the past decade, but the rise of net sales has been slow for several years, and bolstering growth remains an issue going forward.

Financial Results



* Listed as ratio of operating profit to net sales under Japanese GAAP.

Financial Results Over the Past Decade (2011 to 2020)

Profitability, efficiency and productivity rose significantly as we steadily reinforced the management base. In addition, we made future-oriented investments in growth.

Key Indicators		V-1 Plan	V-2 Plan	LIVE Plan	Change*1 (2011→2020)	
		2011	2014	2017		2020*1
Profitability	Core operating income*2	¥11.1 b	¥12.4 b	¥27.2 b	¥35.9 b	+¥24.7 b
	EBITDA*3	¥23.1 b	¥22.7 b	¥36.5 b	¥47.6 b	+¥24.4 b
Efficiency	ROE	4.0%	6.2%	12.2%	13.6%	+9.6 p
	ROIC	4.7%	4.8%	11.1%	10.7%	+6.0 p
Productivity	Core operating income per person*2	¥1.8 m	¥1.9 m	¥3.8 m	¥4.8 m	+¥2.9 m
Investment	Advertising	¥22.1 b	¥24.5 b	¥29.9 b	24.9 b	+¥2.8 b
	R&D	¥8.9 b	¥9.4 b	¥10.4 b	10.9 b	+¥1.9 b
	Capital expenditure	¥8.3 b	¥13.5 b	¥14.8 b	47.5 b	+¥39.2 b

*1 Figures for 2020 are on an IFRS basis.

*2 2011-2017: Operating income under J GAAP.

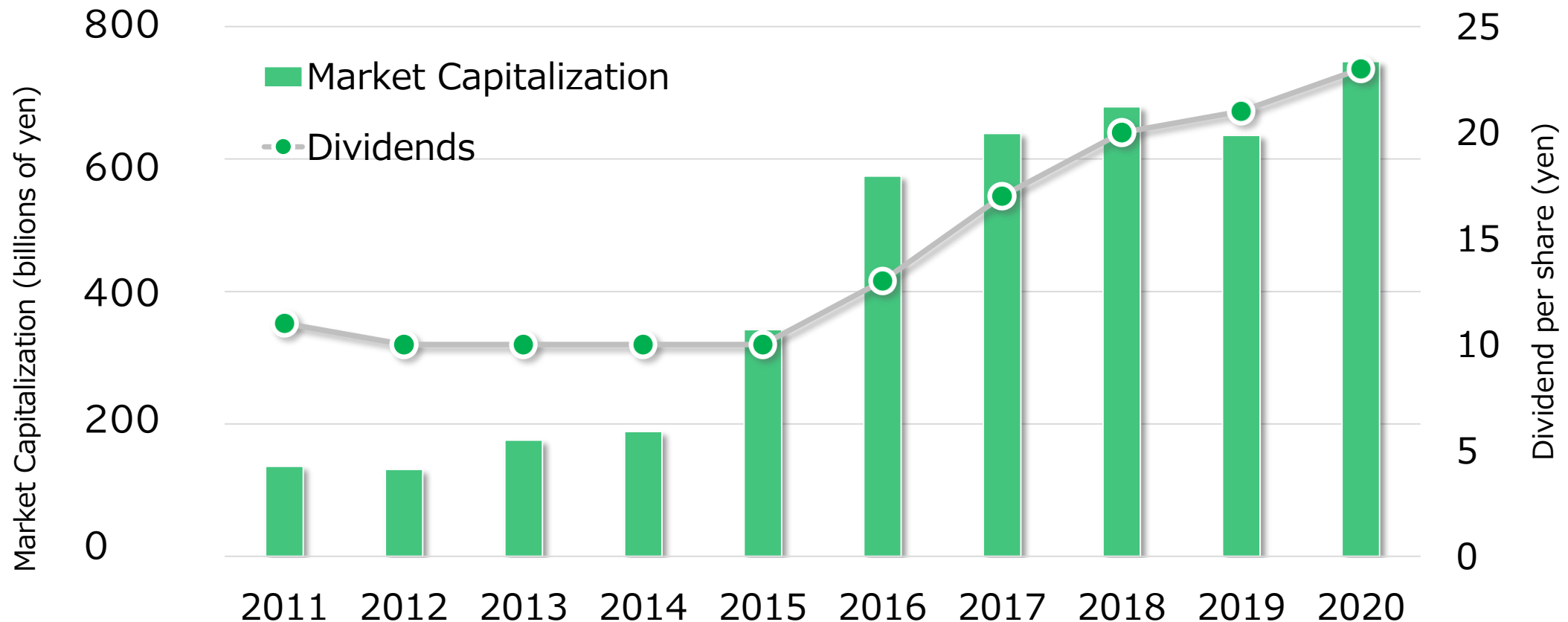
*3 2011-2017: Operating income + depreciation and amortization

2020: Core operating income + depreciation and amortization

Financial Results Over the Past Decade (2011 to 2020)

Market capitalization in 2020 was approximately 5.5 times that of 2011, and per-share dividends have increased for five consecutive years, rising from ¥11 to ¥23

Market Capitalization and Dividend Per Share



* Market capitalization based on year-end share price

Review of the LIVE Plan (2018 to 2020)

Sales and profit rose from 2017 but did not reach the LIVE Plan targets; growth remains an issue.

(Billions of yen)	2017	2020	Difference from 2017		LIVE Plan target	Difference from target
			Change	CAGR		
Net sales	342.7	355.3	+12.6	1.2%	400.0	(44.6)
Core operating income	28.8	35.9	+7.1	7.7%	40.0	(4.0)
% of net sales	8.4%	10.1%	+1.7P		10%	
Operating profit	30.4	44.0	+13.5	13.1%	40.0	+4.0
Profit for the period attributable to owners of the parent	20.8	29.8	+8.9	12.7%	28.0	+1.8
ROE	12.7%	13.6%	+0.9P	—	Approx. 12%	—

Achievements

- Growth in oral care and China
- Reinforced business foundations (Revenue structure, production framework)

Challenges

- Business expansion in fabric care and Southeast Asia
- Creating new points of business growth (Business creation beyond existing frameworks)

Difference from 2017: Net sales, income, profit and profitability all rose.

Difference from targets: Targets for net sales and core operating income were not met.

Key factors: Weak performance in the domestic fabric care category and in Southeast Asia and inability to fully compensate for said performance

Targets for operating profit, profit for the period attributable to owners of the parent and ROE were met

Key factors: Gain on transfer of non-current assets, etc.

The Coming Decade (2021 to 2030)

The social role and significance of Lion, with its close involvement in everyday living, will grow further as the world adapts to the new normal with COVID-19

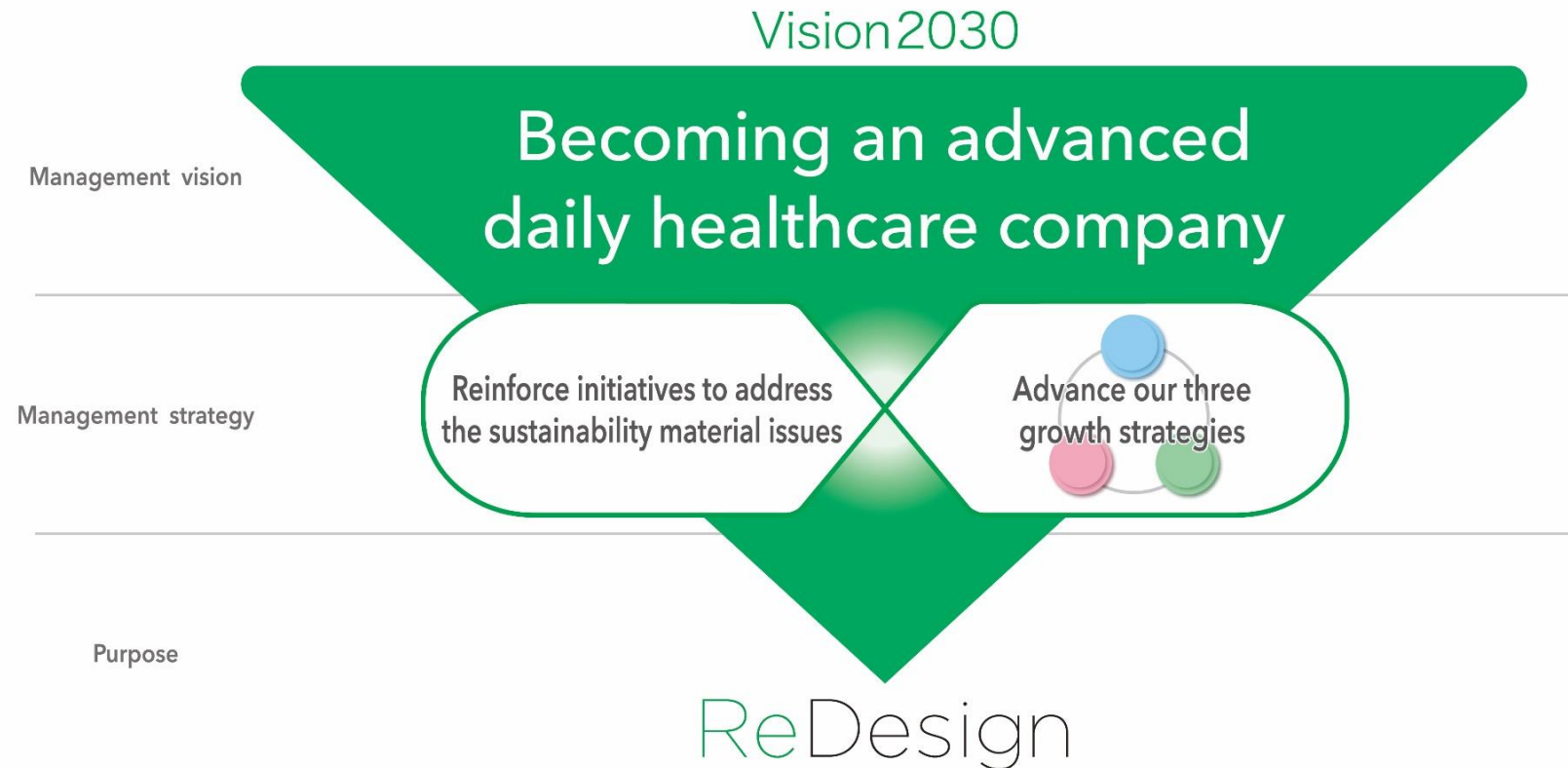
Changes in values and behavior

- Renewed awareness of the importance of daily habits
- Increased hygiene needs
- Increased healthcare awareness
- Changes in housework patterns

Key themes for the decade ending in 2030

- Create social value and economic value through **purpose-driven management**
- **Achieve business growth by making a difference in the everyday lives of even more people**
- Transform into a **company that constantly evolves** in response to changes in society

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



Make a difference in everyday lives by redesigning habits

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

ReDesign

Make a difference in everyday lives by redesigning habits

Becoming an advanced daily healthcare company

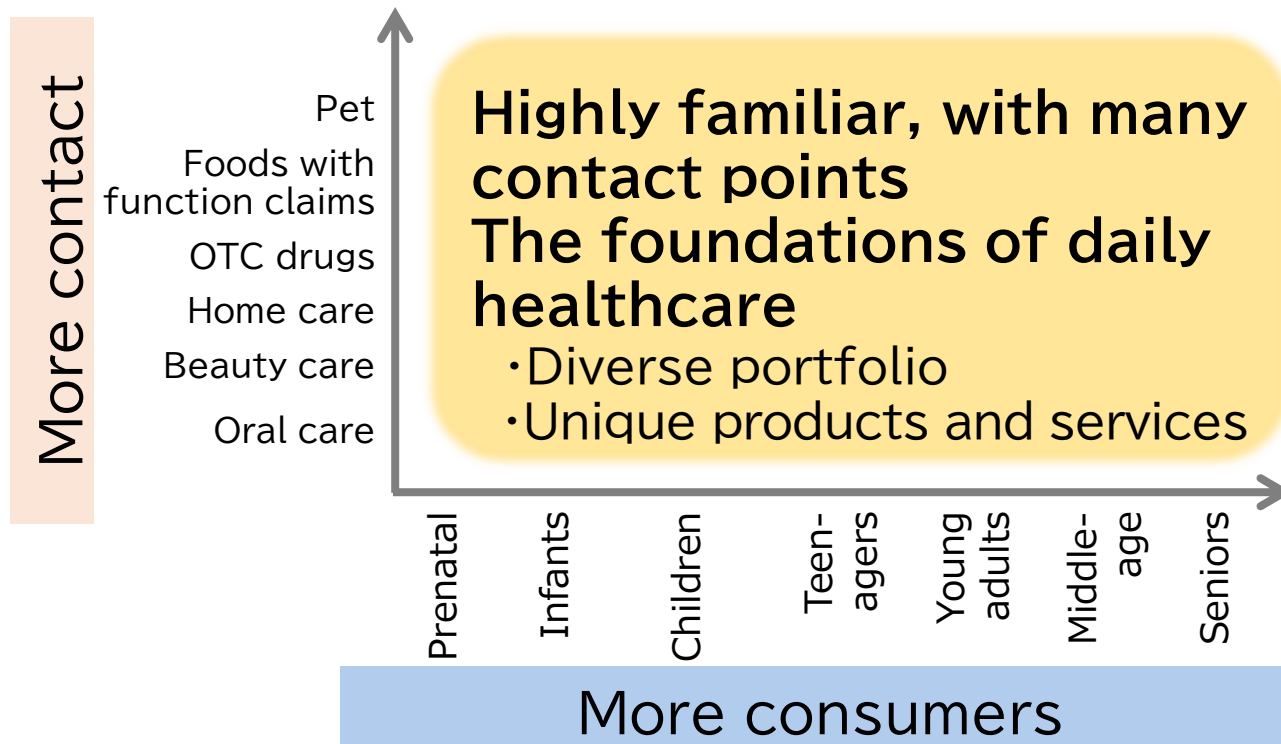
We will realize healthy minds and bodies for all
by creating new customer experiences
to make everyday habits more natural, easy and enjoyable

Approach to Achieving the Management Vision

Implement purpose-driven management and make a difference in more people's lives to achieve business growth

$$\begin{array}{c} \text{More contact} \\ \hline \text{Contacts with consumers/day} \end{array} \times \begin{array}{c} \text{More consumers} \\ \hline \text{Number of people (age groups)} \end{array} \times \begin{array}{c} \text{More areas} \\ \hline \text{Number of people (countries/areas)} \end{array} = \text{Business growth}$$

Business Fields



Regions/areas

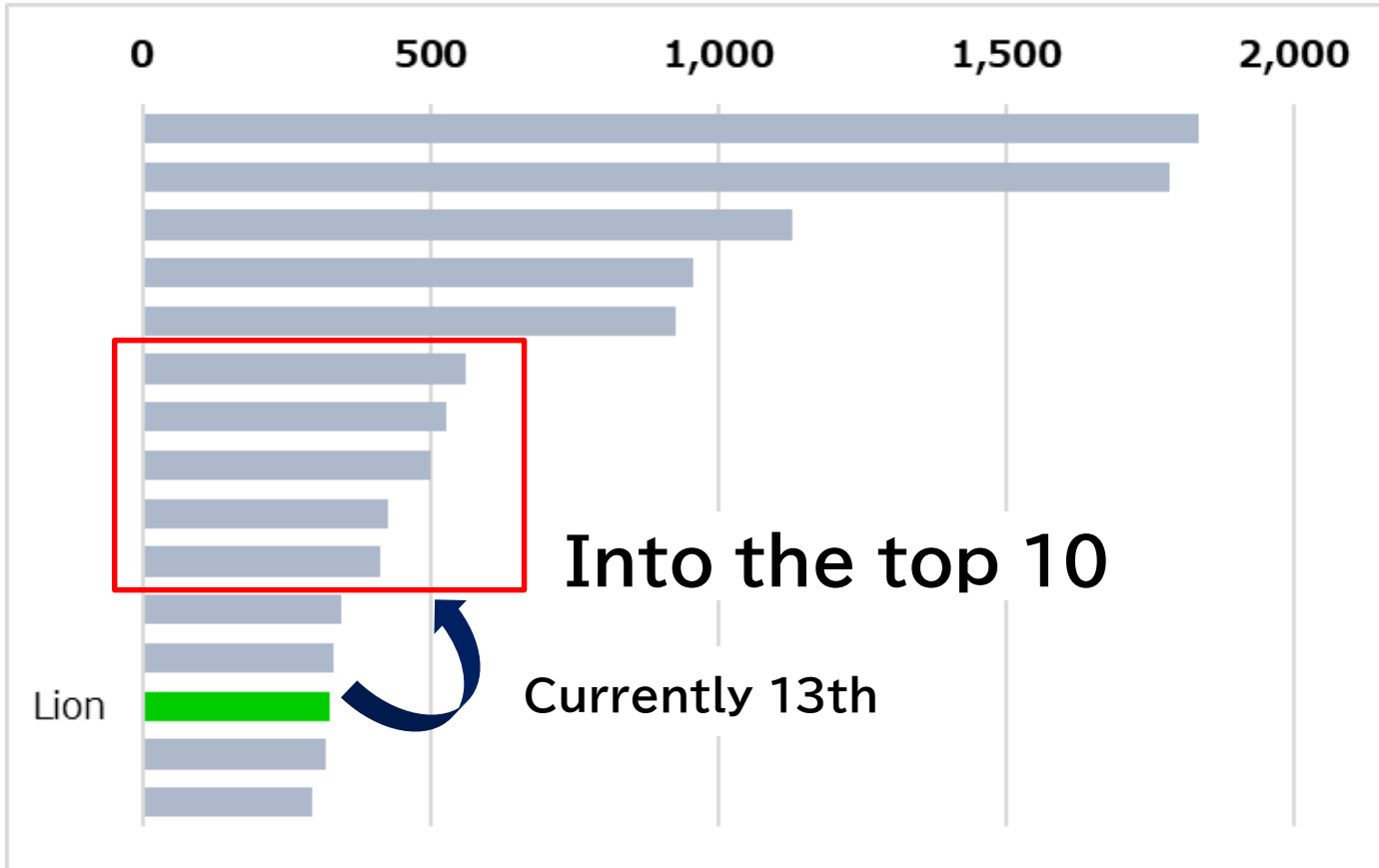


More areas, mainly in Asia

Envisioned Financial Performance in 2030

Put our purpose into action to realize business growth and, as a result, increase our **market presence in Asia**

Enhance our market presence in Asia (Billions of yen)



Envisioned Financial Performance in 2030

- Scale: Net sales of ¥600 billion
(In the top 10 in Asia)
- Core operating income: ¥50 billion
- ROIC: 8–12%, ROE: 10–14%
- EBITDA* margin: 10–14%

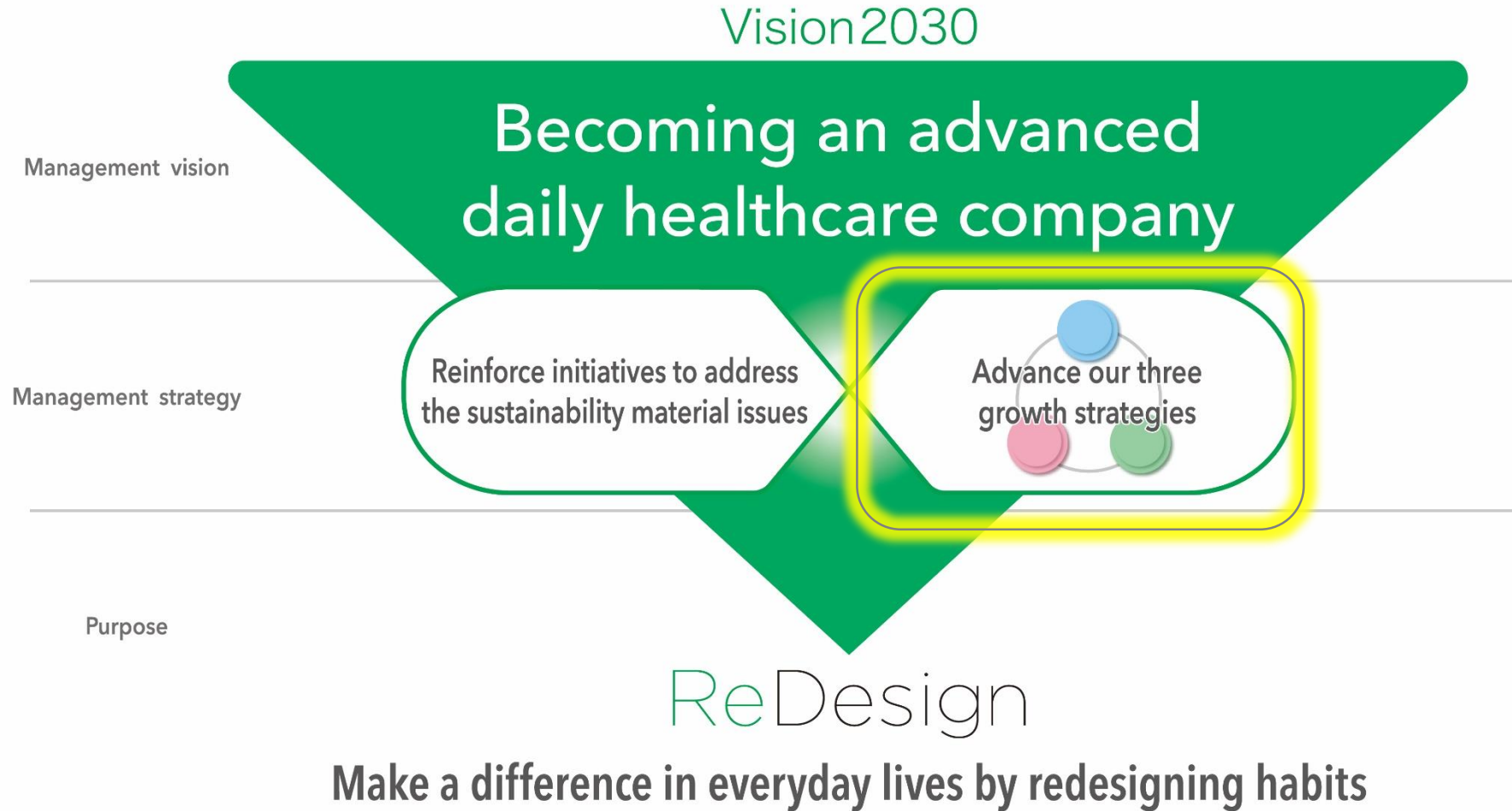
* EBITDA: Core operating income + depreciation and amortization

Source: Prepared by Lion using data from Euromonitor International

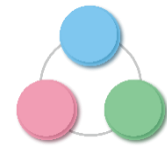
Sum of 2019 figures for the Beauty and Personal Care, Home Care and Consumer Health categories (Lion's key markets)

Asia/Pacific region

Our Three Growth Strategies



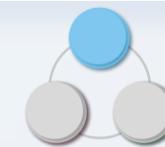
Our Three Growth Strategies



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We will advance three strategies toward the achievement of the management vision to drive business growth





Designating the Four Fields of Value Creation

The “health” that Lion aims to promote means

being able to live authentically, and to connect with others while healthy in mind and body.

It means that everyone can find happiness every day with their families and communities.

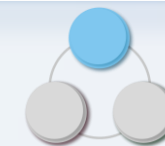
Awareness of and social demand for health and cleanliness are on the rise.

To support each individual’s mental and physical health,

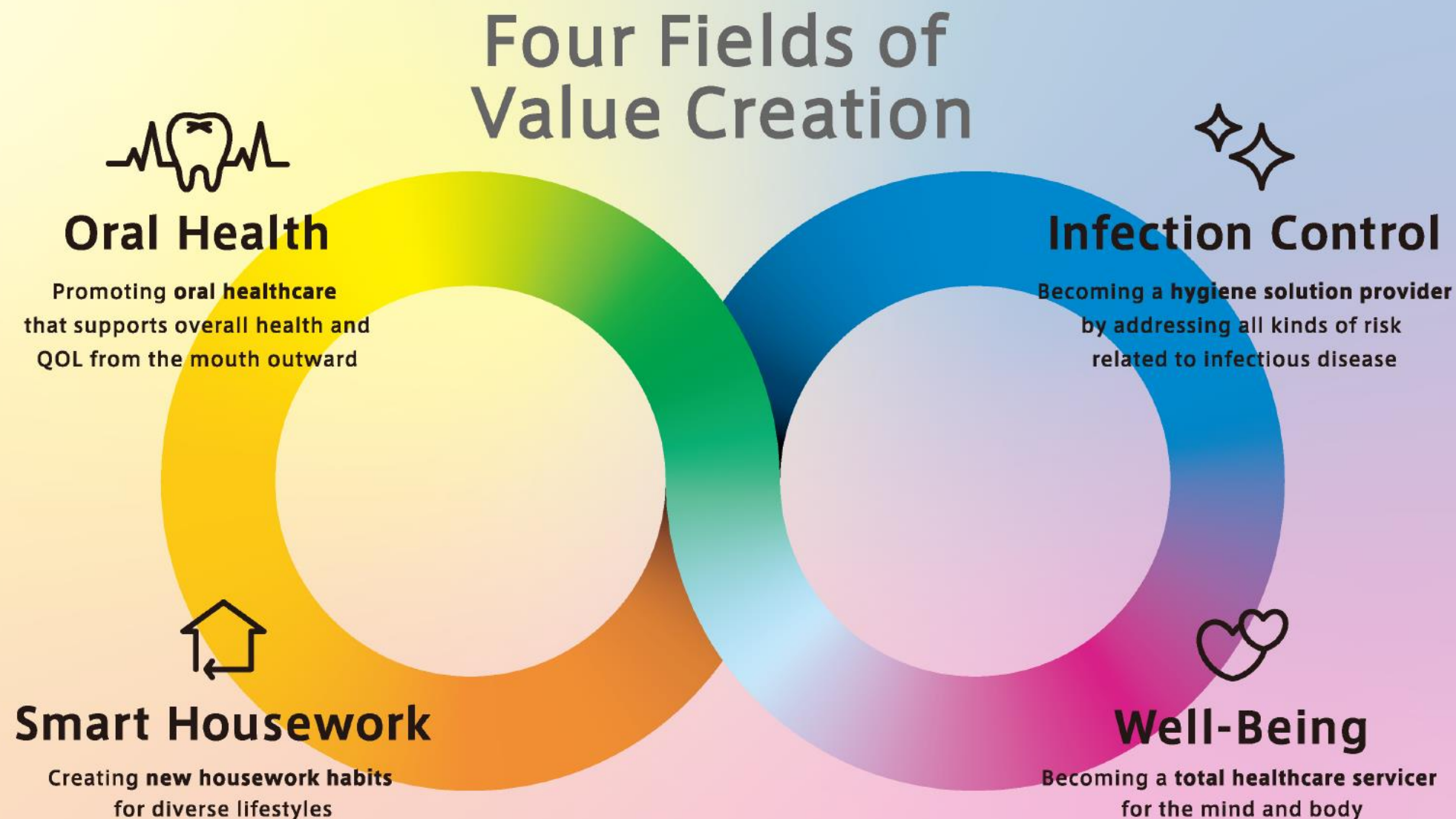
we have designated four fields of value creation that will be growth drivers going forward.

In these four fields, Lion will continue to evolve and develop its efforts to enhance healthcare by **redesigning habits** — a form of healthcare Lion is uniquely positioned to address.

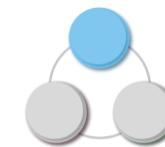
Our Three Growth Strategies: Accelerate Growth in Four Fields of Value Creation



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Our Approach to the Four Fields of Value Creation



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



Oral Health

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

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



Infection Control

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

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



Smart Housework

Creating new housework habits for diverse lifestyles.

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



Well-Being

Becoming a total healthcare servicer for the mind and body.

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

Specific Opportunities: Oral Health Area



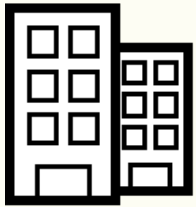
Provide value that starts with oral care in various aspects of daily life



Specific Opportunities: DX in Oral Health

Utilize oral health data to create and offer individually tailored oral health solutions

Business partners



Provide personalized services and solutions



LION



**LION
Oral Health
Database**

Leverage oral health data with business partners



- Basic health
- Living data
- Oral condition
- Tooth brushing habits

For every customer



← -1y/o 100y/o →



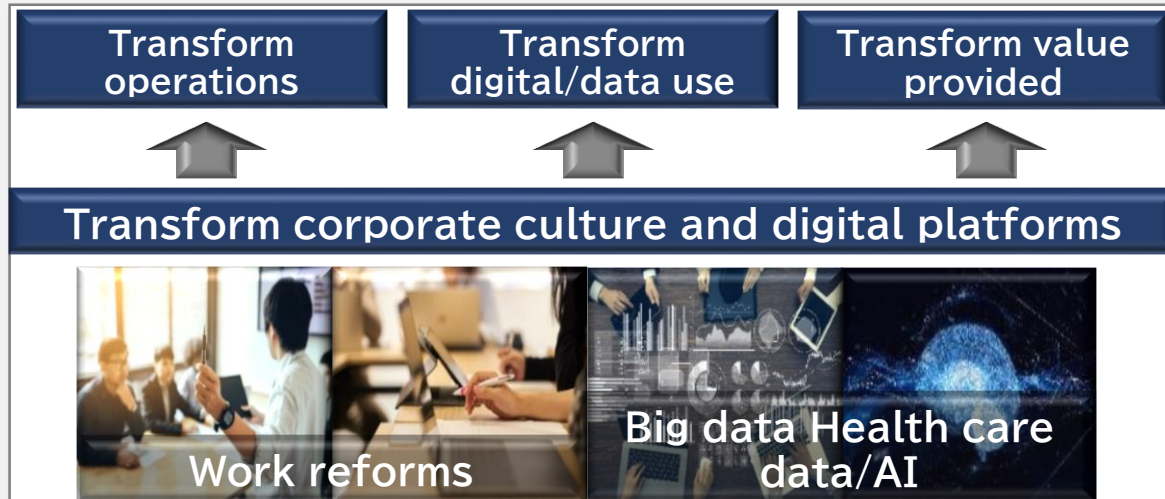
Build new contact points with customers to acquire oral health data

Our three growth strategies: Transform our business foundations for growth

Promote business foundation transformation that will spur growth
by continuing and reinforcing strategic investment

Digital transformation (DX)

- Create new value by building digital infrastructure
- Improve efficiency and speed through operational transformation
- Enhance decision-making precision and speed with real-time business data



Reinforce business infrastructure

- Increase production capacity to support business growth
- Develop core systems that will enhance the sophistication of management
- Build a flexible, resilient and sustainable SCM platform
- Build business foundations that are adaptable to new business models



Sakaide
Toothpaste Factory
Operations begin
July 2021

Our three growth strategies: Generate dynamism to realize innovative change

We will transform to realize sustainable growth through corporate brand reinforcement, professional fulfillment reforms and the promotion of diversity and open innovation

Corporate Branding

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

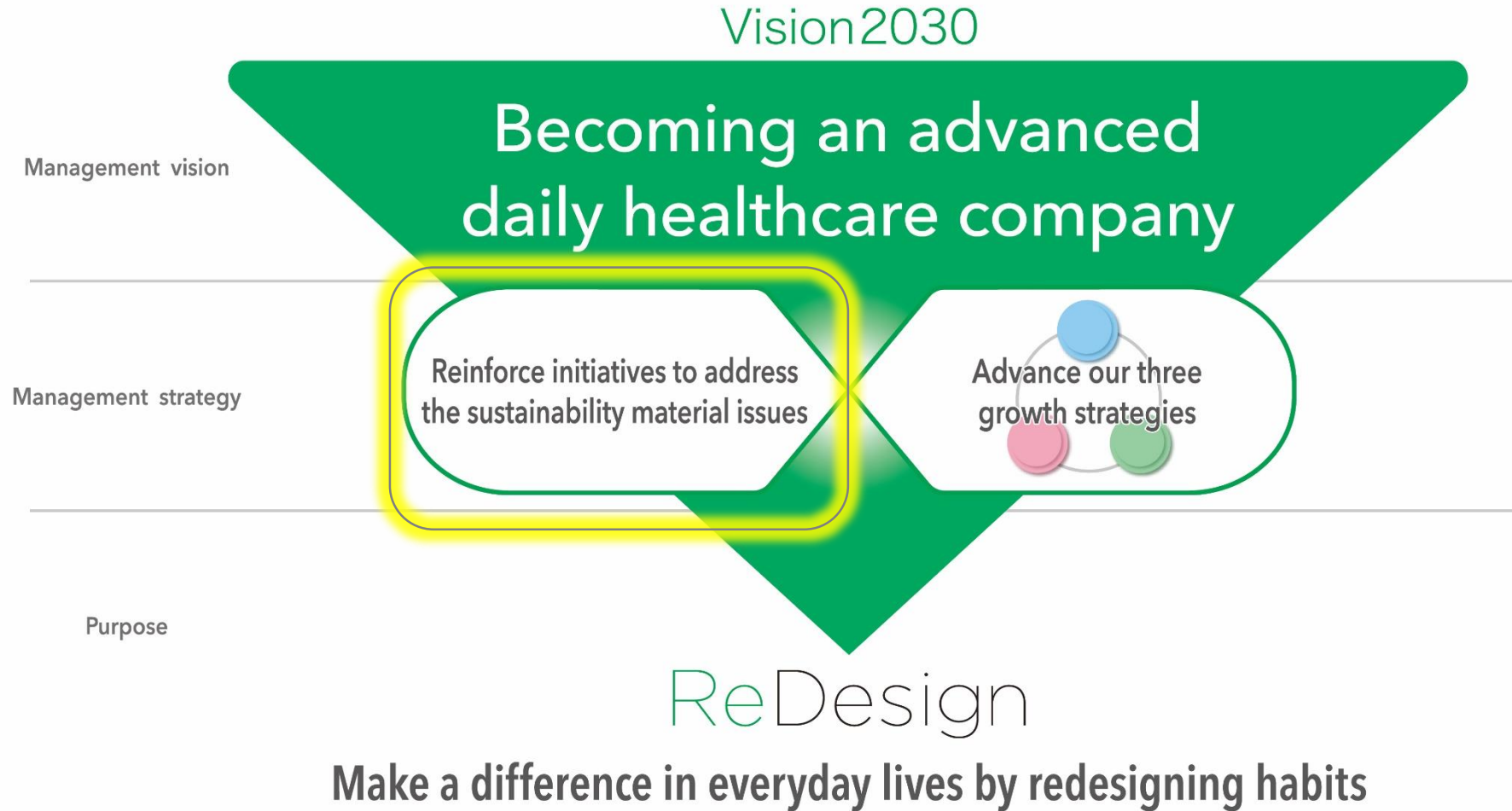
Diversity & Open Innovation

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

Professional Fulfillment Reforms

Advance the Lion Professional Fulfillment Reforms, including the radical transformation of personnel systems to support employees' self-directed growth and thereby enhance adaptability and innovativeness

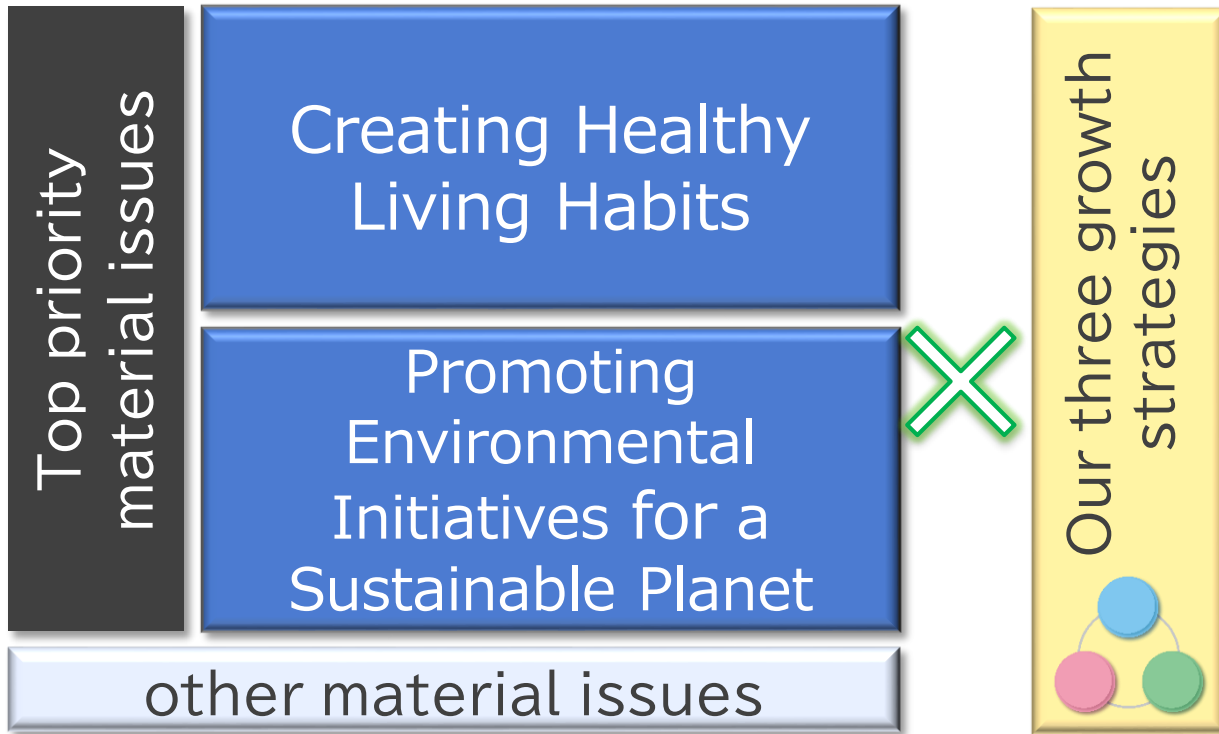




Reinforce Initiatives to Address the Sustainability Material Issues

By advancing initiatives to address the sustainability material issues in coordination with our three growth strategies, we will contribute to health, comfort and cleanliness in everyday living and the realization of a sustainable society

Sustainability material issues × Three growth strategies



Creating social value



Related SDGs



Inclusive Oral Care

Oral care for all.

For the health of all.

Many people do not practice adequate oral care due to a wide range of factors, such as their living environment, physical limitations, economic circumstances, or lack of education or information.

We want to offer oral care for all.

Through oral care, we can share with people everywhere habits that nurture and enhance their natural ability to live a healthy life.

Working to reduce health disparities through oral care—we call these activities “inclusive oral health.”



* We will reduce four types of disparity that we believe give rise to health disparities, namely, disparities in living environment, physical ability, economic circumstances and education/information.

Inclusive Oral care



Our motivation

Lion is working to enable oral care for all—oral care that can be practiced by anyone, by oneself, and is supported by systems.

Not because anyone told you to, and not because you told anyone else to;
creating oral care habits that each individual can practice by themselves, for themselves.

By Anyone

Offering oral care that is accessible to all, regardless of physical handicap, age, environment, or other circumstances.

By Oneself

By Systems

Building systems of mutual support to overcome the issues individuals cannot solve alone and realize lasting health for all.

Inclusive Oral care

Supporting children

Programs to develop self-esteem

- Compared with the children of more affluent households, the children of economically disadvantaged families typically grow up having fewer positive experiences—like being praised, communicating with adults and acquiring life skills—and have significantly lower self-esteem.
- Humans need to eat to live, and tooth brushing is closely related to eating. Using this as an entry point, Lion offers a variety of oral health-related programs via community spaces that provide meals and services to economically disadvantaged children. These programs provide the kind of positive experiences that children need to grow their self-esteem.

Programs related to tooth brushing

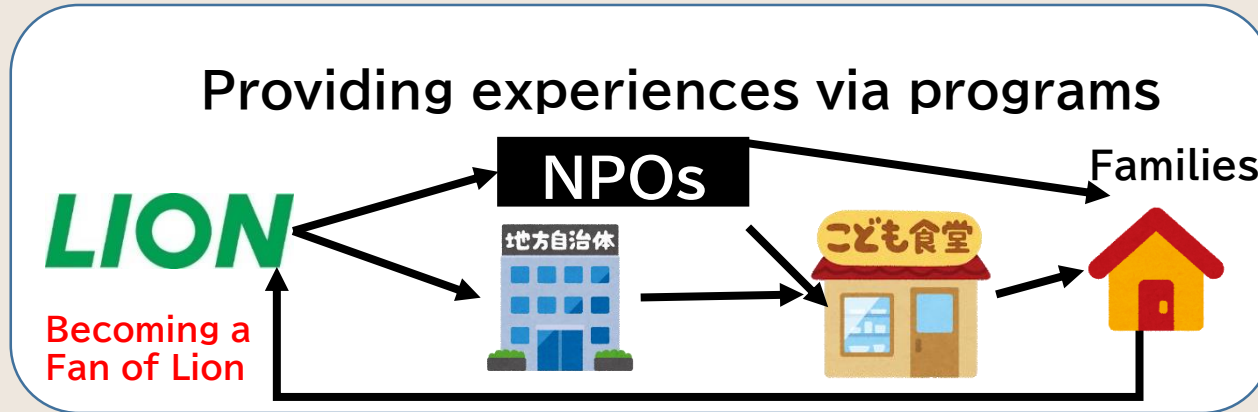
- Developing self-expression through dance
- Learning through fun quizzes and other games
- Experiencing accomplishment by solving problems through programming
- Expanding thinking and ingenuity through building and crafts



Inclusive Oral care

Supporting children

- Coordinating with NPOs and municipalities to build support frameworks for children



- NPO partners



Florence



Musubie

- Channels: Community spaces, after-school academic programs, homes, websites, apps, etc.
- Communities: Focused on areas with high rates of poverty and food insecurity



Inclusive Oral care

Switch to certified mint for toothpaste

Supporting mint producers in India by using certified sustainable mint

- We are switching to the exclusive use of mint (*Mentha canadensis*) certified via strict inspections* for all Lion toothpastes (beginning with *Dentor Clear MAX* in June 2021 and expanding to all brands by 2022).

*Sustainable Agriculture Initiative (SAI) Platform-certified mint

This mint is certified under the Farm Sustainability Assessment (FSA, a survey comprising 127 questions about social and environmental practices) operated by the SAI Platform, which supports the creation of sustainable agricultural supply chains.

- Increasing our procurement of certified mint and sales of products made using it will lead to higher production of certified mint and more producers being certified, in turn supporting the social, environmental and economic sustainability of India's mint producers.

Conditions for certification

- Workers' human rights protected
- Farms set up to save water
- Regular training provided
- Modern farming methods used for high yields
- No environmentally harmful fertilizers
- Discrimination-free worker compensation at or above the legal minimum wage



*Mentha
canadensis*



Lion researchers
visit farms to gain
an understanding
of conditions

Work with many other companies and municipalities
to accelerate initiatives aimed at realizing a sustainable planet

Plastic film packaging horizontal recycling



- Began horizontal recycling efforts for film packaging in collaboration with Kao Corporation
- 1) Studying packaging **sorting and collection methods**
- 2) Advancing recyclable container **quality design**
- 3) Studying **uses** of recycled materials
- 4) Fostering **awareness and uptake** among consumers

Kao **LION**

Smart logistics (logistics EDI)



- Advance and implement **logistics EDI**
 - ➔ Effectively utilize logistics resources and improve logistics efficiency through improved accessibility of logistics data and mutual collaboration

● Expected effects

- | | | |
|--|---|--|
| ① Improved work environments <ul style="list-style-type: none">• Reduce standby times | ② Improved labor productivity <ul style="list-style-type: none">• Eliminate inspections• Paperless• Save pallet management work• Increase loads and loaded running rate | ③ Reduced environmental burden <ul style="list-style-type: none">• Reduce CO₂ emissions• Reduce paper use |
|--|---|--|

3. Fiscal 2021 Financial Forecast

2021 Consolidated Financial Forecast

Planning for a Y-o-Y increase in sales and decrease in profit

(Billions of yen)	2021	2020	Y-o-Y change	
			Amount	%
Net sales	365.0	355.3	9.6	2.7
Core operating income % of net sales	30.0 8.2	35.9 10.1	(5.9)	(16.5)
Operating profit % of net sales	30.0 8.2	44.0 12.4	(14.0)	(31.9)
Profit for the period attributable to owners of the parent	21.0	29.8	(8.8)	(29.7)
EPS (Yen)	72.24	102.75	(30.51)	(29.7)
ROE	8.8	13.6		(4.8)P
ROIC	8.5	10.7		(2.2)P
EBITDA	43.5	47.6	(4.1)	
EBITDA margin	11.9	13.4		(1.5)P

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

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

3. EBITDA margin: The ratio of EBITDA to consolidated net sales.

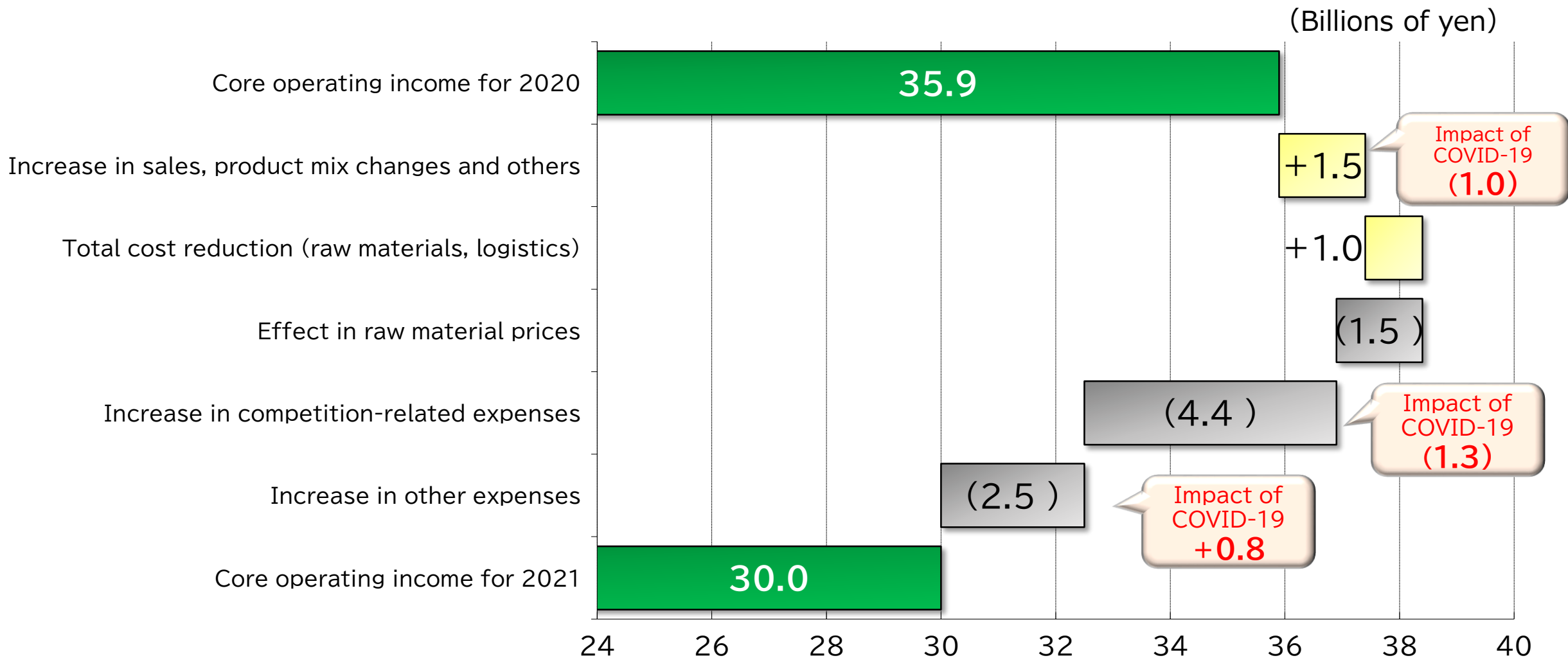
Results by Business Segment

Increases in sales across all segments

(Billions of yen)	Net sales			
	2021	2020	Y-o-Y change	
			Amount	%
Consumer Products	235.0	229.7	5.2	2.3
Industrial Products	32.0	31.5	0.4	1.4
Overseas	95.0	91.2	3.7	4.2
Other	3.0	2.8	0.1	6.0
Consolidated Total	365.0	355.3	9.6	2.7

Fiscal 2021 Forecast of Change Factors Affecting Core Operating Income

Profit forecast to decrease, reflecting sales mix changes (recoil from positive effects of COVID-19), increases in competition-related expenses and depreciation expenses, and market factors



- The Lion Group provides products that are essential to daily living. As such, we will **maintain and reinforce measures to prevent the infection of employees** while continuing business activities.
- We will design and implement systems that help improve employee safety and professional fulfillment as we **adapt to and enhance new work styles**.
- Positioning 2021 as the start of efforts to achieve our vision for 2030, we will **begin to steadily implement the growth strategies of Vision2030 and achieve steady growth in business size (net sales)**.

Key Themes in 2021

Growth strategy	Key themes in 2021
1. Accelerate growth in four fields of value creation	<ul style="list-style-type: none">○ Building new business models that leverage individuals' oral data○ Develop hygiene businesses for the new normal with COVID-19○ Accelerate expansion in the Chinese market through domestic-overseas coordination○ Advance inclusive oral care
2. Transform our business foundations for growth	<ul style="list-style-type: none">○ Build digital platforms for new value creation and work reforms○ Stably operate the Sakaide Toothpaste Factory to expand the toothpaste business in Japan and China○ Build a new SCM management platform for timely and adequate product supply
3. Generate dynamism to realize innovative change	<ul style="list-style-type: none">○ Build awareness of Vision2030 within the Group to realize the management vision○ Reinforce operational changes and human resource development to expand the Overseas business○ Implement the Lion Professional Fulfillment Reforms in line with new ways of working

Example Initiative: Providing Value in Oral Health

Oral Health

Key theme: Accelerate expansion in the Chinese market through domestic-overseas coordination

Simultaneous launch of new *Lightee* brand in Japan and China



Wed., March 31, 2021

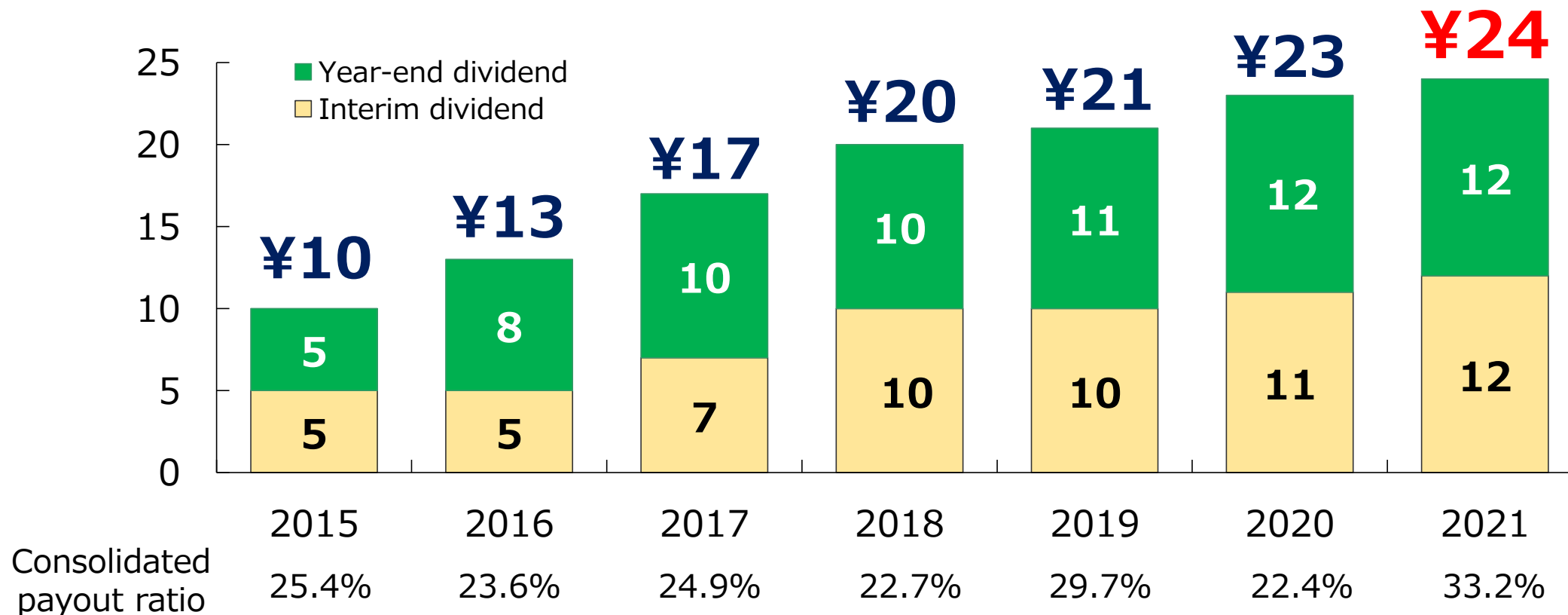
**Simultaneous launch in
Japan and China**

A solution in response to a common insight in both Japan and China—**consumers want to improve the appearance of their faces through tooth whitening**

We will realize Group synergy through a unified rollout that includes product packaging and communication
(leveraging our brand strength as No. 1 in the Japanese oral care market)

Within the whitening sub-category, which boasts the greatest volume in the Chinese toothpaste market, we will target the especially fast-growing **super high-end range**

Annual per-share dividend forecast up **¥1** to **¥24**
(increased for a **sixth consecutive year**)



Basic dividend policy

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

APPENDIX

Market Trends

1) Market Environment for Home Products (38 markets, SRI*)

Overall market trend for the 38 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2015	2016	2017	2018	2019	2020
Sales value	103	104	99	102	102	112
Unit sales	100	102	98	100	100	105
Average unit price	102	102	102	102	102	106

Source: INTAGE Inc. SRI Survey (data for 2015 are for 39; data for 2016 are for 38; data for 2017 are for 37; data for 2018 onward are for 38)

2) Market Environment for Home Products (15 markets, SCI**)

Overall market trend for the 15 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020
Sales value	105	103	102	105	108
Unit sales	101	101	100	102	101
Average unit price	104	102	103	104	106

Source: INTAGE Inc. SCI survey

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

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

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

Overall market trends in the seven drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

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

Source: INTAGE Inc. SDI Survey (2016–2018, 8 markets)

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

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

Overall market trends in the two drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	2018	2019	2020
Sales value	104	103	104	104	102
Unit sales	102	100	102	102	99
Average unit price	102	103	102	102	103

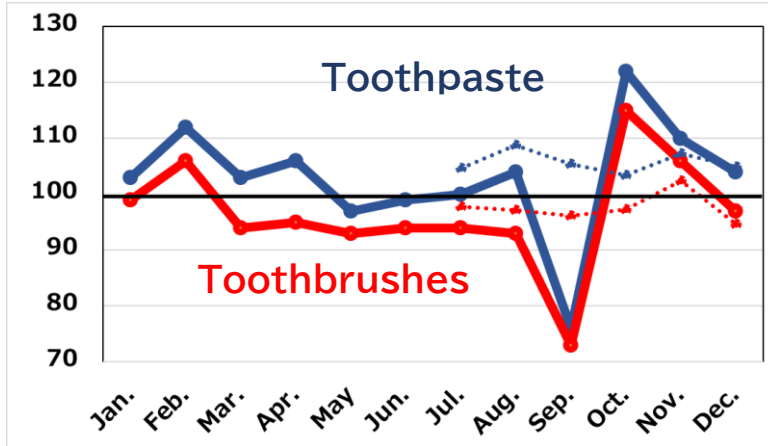
Source: INTAGE Inc. SCI survey

Market Trends

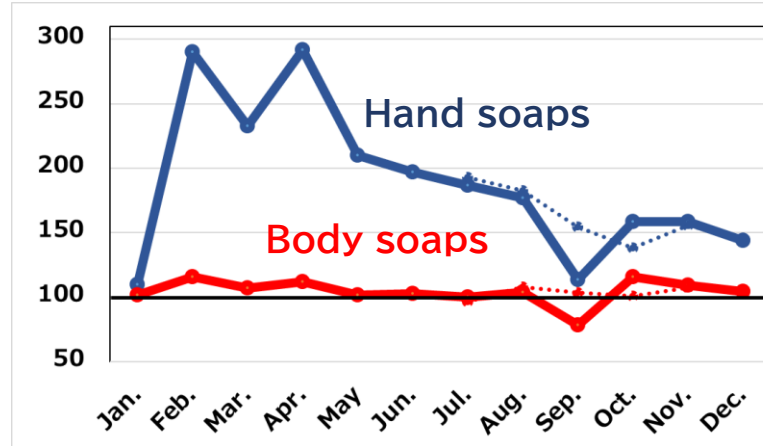
Y-o-Y comparison of consumer products markets in Japan by in-store sales value (%)

Source: INTAGE Inc. SRI, SDI survey

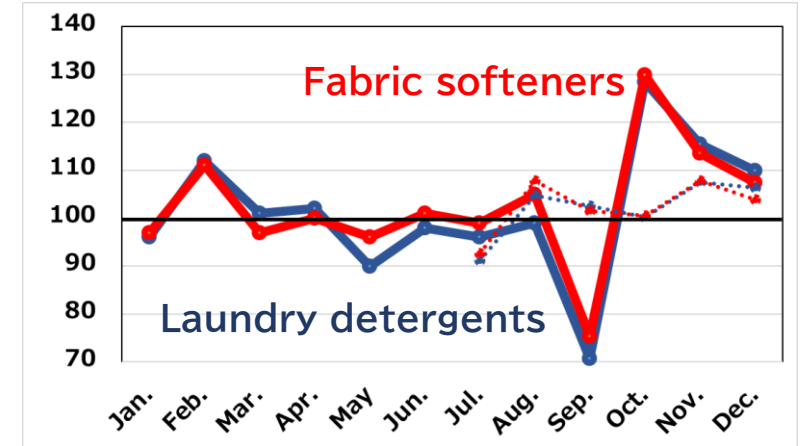
Oral Care



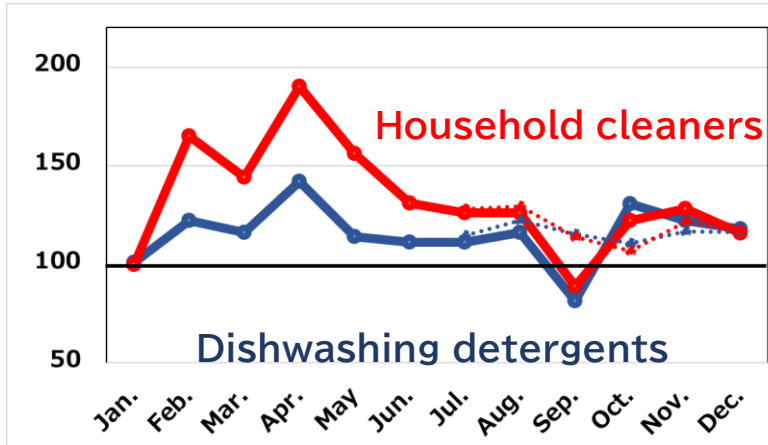
Beauty Care



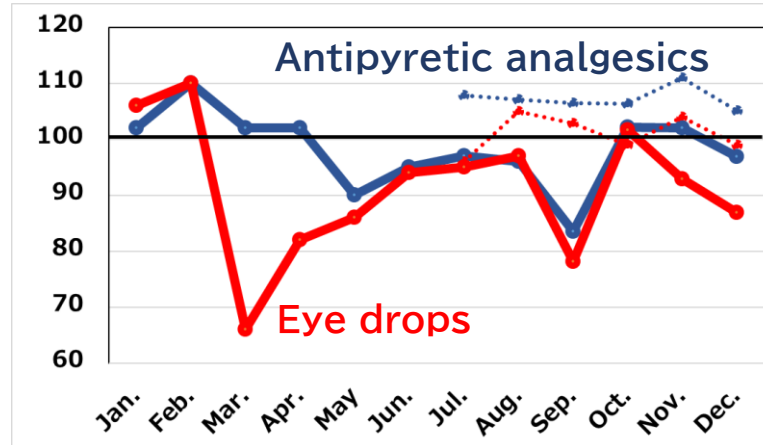
Fabric Care



Living Care



Pharmaceutical



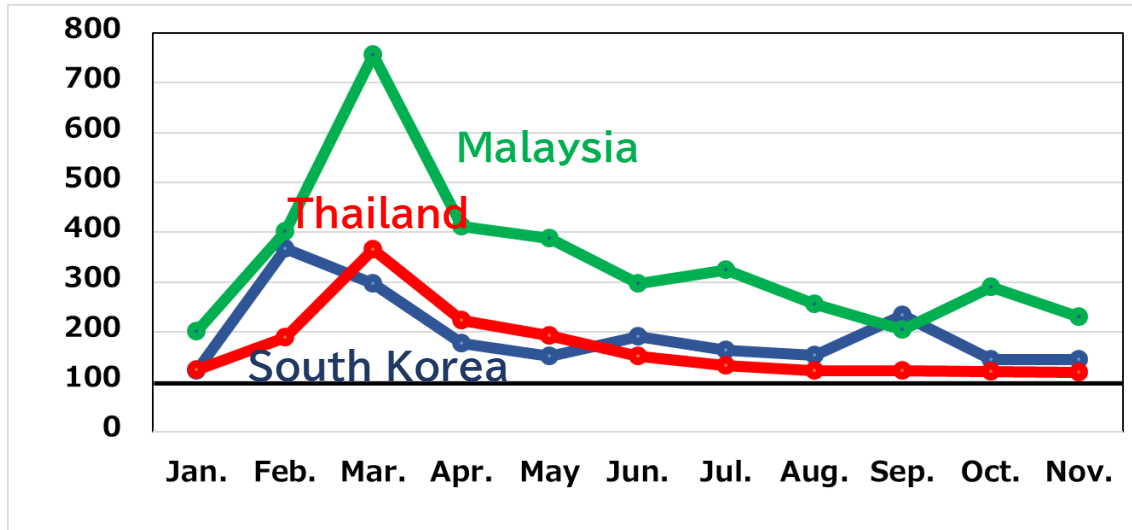
The Y-o-Y dip in markets in September is a result of the demand surge ahead of the consumption tax hike in October 2019
 * Reference: Sales in home products markets were up 32% Y-o-Y in September 2019.
 * Y-o-Y comparison with 2018 is shown with dotted lines for July to December.

Market Trends (Overseas)

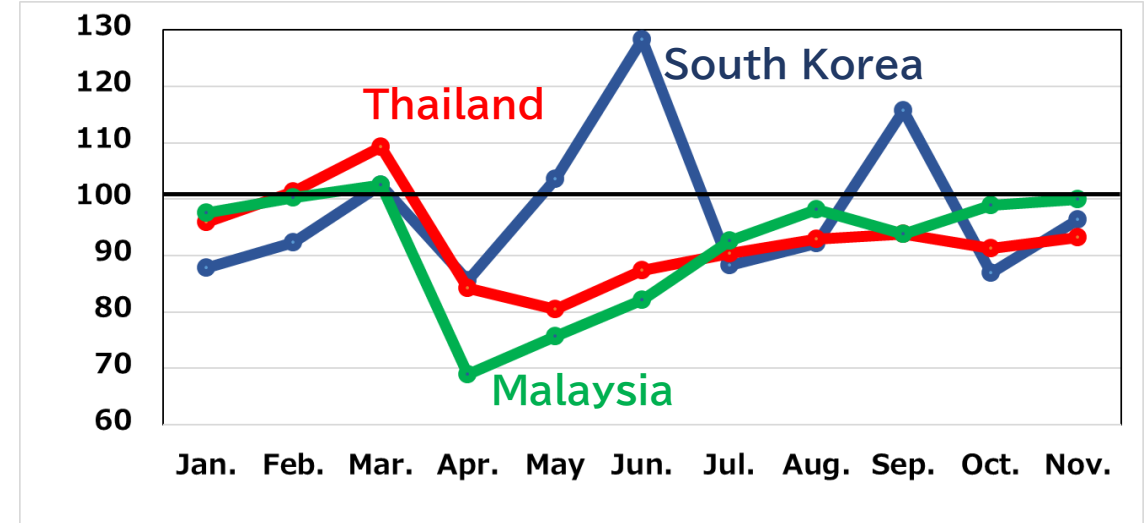
Y-o-Y comparison of overseas markets (%)

Source: Nielsen

■ Hand Soaps



■ Laundry Detergents



Jan.–Nov. Sales by Country and Category

	Thailand	Malaysia	South Korea
Hand soap	168%	340%	201%
Laundry detergent	93%	92%	99%















Hand Washing Habits

(Consumers who wash 5 times/day or more)

	Pre-COVID-19	Post COVID-19	Change
South Korea	61.4%	80.3%	+18.9%
Thailand	45.0%	74.6%	+29.6%
Malaysia	60.9%	81.7%	+20.8%
China	27.1%	45.4%	+18.3%

Impact of COVID-19

Impact of COVID-19 on Lion's Financial Results

Oral care			<ul style="list-style-type: none"> • Not readily affected by COVID-19 as a product category • While toothbrush replacement cycles are lengthening and demand for travel products is stagnant, sales of toothpastes, mouthwashes and dental care products are growing, and the category is expanding (+4% Y-o-Y)
Laundry detergents			<ul style="list-style-type: none"> • The share of antibacterial products is growing, reflecting rising hygiene awareness • The category has shrunk slightly due to less frequent washing as a result of efforts to stay home (-3% Y-o-Y)
Dishwashing detergents			<ul style="list-style-type: none"> • Average purchase size is increasing due to efforts to stay home • Growth is mainly in antibacterial products, reflecting rising hygiene awareness (+12% Y-o-Y)
Household cleaners			<ul style="list-style-type: none"> • Average purchase size is increasing due to efforts to stay home • In bath detergents, sales of LOOK Plus Bath Cleansing were strong (+44% Y-o-Y)
Hygiene-related			<ul style="list-style-type: none"> • Average purchase size is increasing • Hand soap: +59% Y-o-Y; Hand sanitizers: +266% Y-o-Y
Body care			<ul style="list-style-type: none"> • Not readily effected by COVID-19 as a product category • Driving market growth with the addition of new products (+6% Y-o-Y)
OTC drugs			<ul style="list-style-type: none"> • Sales of acne medicines and cooling sheets for feet were impacted by lower demand from overseas visitors (-42% Y-o-Y) • Sales of a new brand in dermatologic agents were strong, and the category grew considerably (+170% Y-o-Y)

Ensuring employee health and safety

- Promoting telecommuting and establishing a full-flex system
- Increasing work efficiency by proactively moving meetings online

Fulfilling our supply responsibility

- Increasing hand soap supply capacity
- Emergency production of highly concentrated ethanol (for institutional use)

Engaging in Social activities

- Providing information on hand washing methods, etc.
- Supporting medical professionals
- Donating money and goods to single-parent households through an NPO
- Donating money and goods to a support center for non-profit children's facilities nationwide

Four Fields of Value Creation

Oral Health

Evolving from oral care focused on the health of the mouth to oral healthcare that supports overall health and QOL from the mouth outward.

The links between oral hygiene and healthy life expectancy are becoming more apparent all the time. 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.

By providing a more specialized and personalized advanced oral healthcare platform (POHR*), Lion aims to create new habits and thereby create new business opportunities, evolving from manufacturer to servicer through the proactive innovation of its business models. *Personal Oral Health Record



Infection Control

Evolving from a hand soap manufacturer that supports good hand washing habits to a hygiene solution provider that addresses all kinds of risk related to infectious disease.

The COVID-19 pandemic has prompted a reexamination of hygiene-related practices, and new markets related to combating infectious disease are emerging. As a company with a long history of supporting cleanliness, Lion's mission is to transform its business and to become a leader in hygiene solutions in Japan and throughout Asia.

Aiming for greater peace of mind throughout society, we will expand our business from living spaces to encompass public and industrial spaces, defending against bacteria and viruses on all fronts—bodies, objects and spaces—by providing hygiene solutions.



Smart Housework

Evolving from offering one-size-fits-all ideas for improving housework to 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. Lion has long focused closely on the daily lives of individuals and will use that expertise to create new housework habits for diverse lifestyles and generate new business opportunities.

Building on the basic concept of smart housework that is more fun and efficient, we will establish a unique edge by reframing housework generally to maximize authentic comfort at the individual level and by cooperating closely with external partners across a wide range of categories.

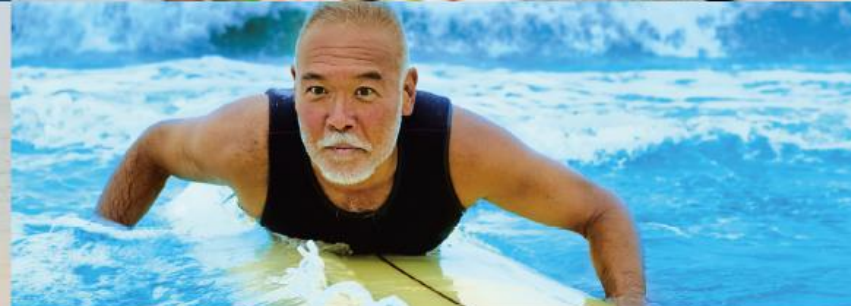


Well-Being

Evolving into a total healthcare servicer for the mind and body to enable consumers to maintain their health naturally and positively.

By enabling each individual to select prevention and treatment solutions for their specific needs, we aim to make it easier for everyone to maintain their health and find happiness every day with their families and communities.

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.



Reference Materials

Consolidated Statement of Income

(Billions of yen)	2020	2019	Y-o-Y change	
			Amount	%
Net sales	355.3	347.5	7.8	2.3
Cost of sales	175.4	175.5	(0.1)	(0.1)
Gross profit	179.8	171.9	7.9	4.6
Selling, general and administrative expenses	143.9	141.8	2.0	1.4
Core operating income	35.9	30.0	5.8	19.6
Other income	12.2	1.5	10.7	706.1
Other expenses	4.1	1.7	2.3	137.0
Operating profit	44.0	29.8	14.2	47.7
Finance income	0.6	0.7	(0.0)	(9.6)
Finance costs	0.1	0.1	(0.0)	(12.7)
Share of profit of investments accounted for using the equity method	(0.1)	0.9	(1.0)	-
Profit before tax	44.4	31.4	13.0	41.7
Income taxes	12.5	8.4	4.1	48.9
Profit for the period	31.9	22.9	8.9	39.1
Profit for the period attributable to non-controlling interests	2.0	2.4	(0.3)	(13.9)
Profit for the period attributable to owners of the parent	29.8	20.5	9.3	45.3

Selling, general and administrative expenses

(Billions of yen)		2020		2019		Y-o-Y change	
		Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses		143.9	40.5	141.8	40.8	2.0	1.4
	Sales commissions	9.4	2.7	9.1	2.6	0.2	2.8
	Promotional expenses	26.9	7.6	26.2	7.5	0.6	2.6
	Advertising expenses	24.9	7.0	25.1	7.2	(0.1)	(0.7)
	Transportation and warehousing expenses	18.8	5.3	19.7	5.7	(0.9)	(4.7)
	R&D expenses	10.9	3.1	10.9	3.1	(0.0)	(0.3)
	Other expenses	52.8	14.9	50.6	14.6	2.2	4.4

Consolidated Statement of Financial Position

(Billions of yen)		2020	2019	Change
Current assets		245.4	222.4	22.9
	Cash and cash equivalents	121.5	110.4	11.1
	Trade and other receivables	62.4	61.7	0.6
	Inventories	45.1	43.5	1.6
Non-current assets		190.0	158.2	31.8
	Property, plant and equipment	118.3	90.9	27.4
	Intangible assets	18.9	13.4	5.4
	Right-of-use assets	4.8	5.9	(1.0)
	Other financial assets	24.8	25.5	(0.6)
Total assets		435.5	380.7	54.7

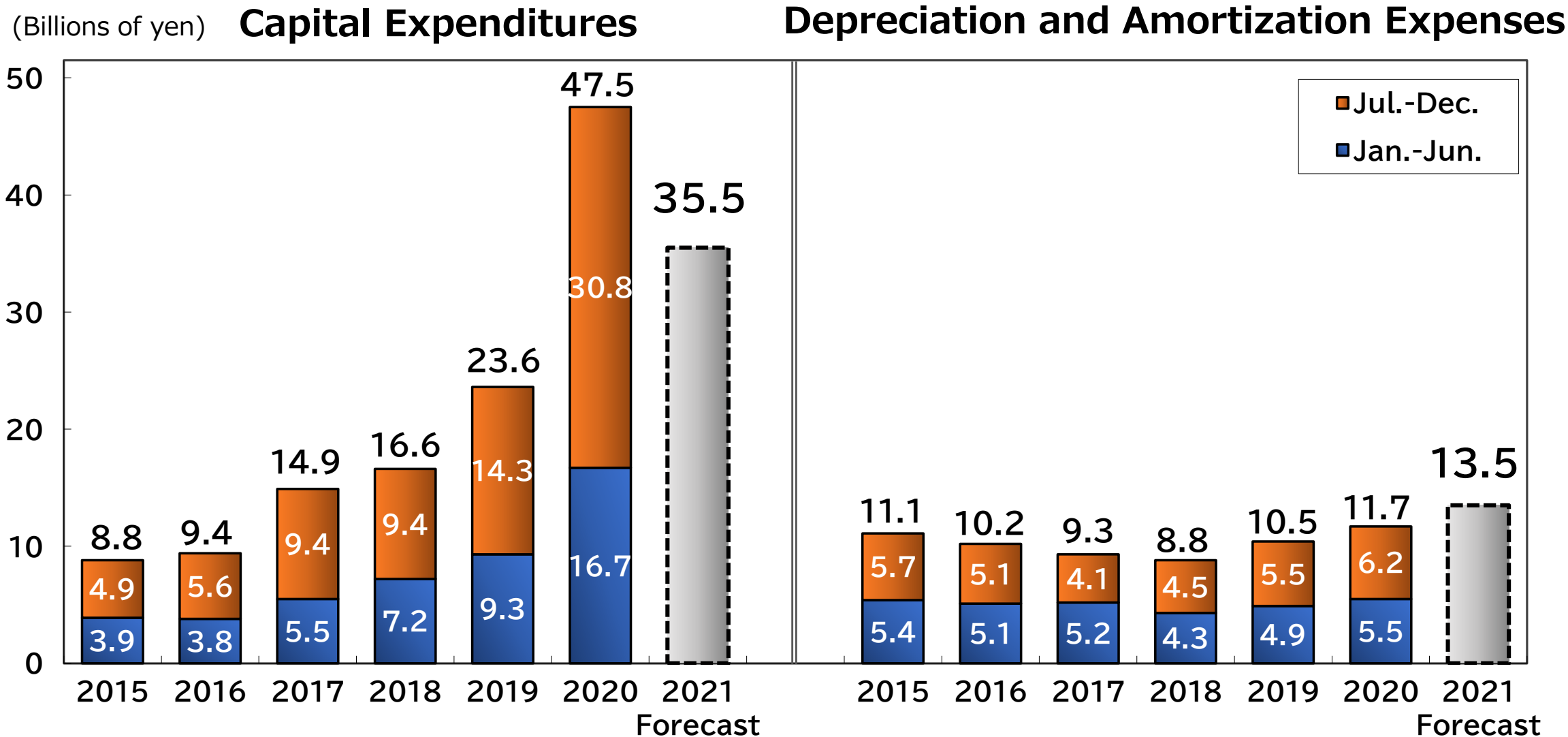
Consolidated Statement of Financial Position

(Billions of yen)		2020	2019	Change
Current liabilities		166.6	135.7	30.9
	Trade and other payables	141.2	116.2	24.9
	Lease liabilities	1.3	1.4	(0.1)
	Other current liabilities	8.7	7.6	1.0
Non-current liabilities		24.0	23.7	0.2
	Retirement benefit liabilities	13.0	12.0	0.9
	Lease liabilities	4.6	5.5	(0.8)
Equity		244.8	221.2	23.6
	Share capital	34.4	34.4	-
	Capital surplus	34.9	34.7	0.1
	Treasury stock	(4.7)	(4.7)	0.0
	Other components of equity	10.0	11.3	(1.2)
	Retained earnings	156.9	132.6	24.3
Total liabilities and equity		435.5	380.7	54.7

Consolidated Statement of Cash Flows

(Billions of yen)	2020	2019	Change
Cash flows from operating activities	40.7	36.7	3.9
Cash flows from investing activities	(19.8)	(20.7)	0.8
Cash flows from financing activities	(9.1)	(10.5)	1.4
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(0.0)	(0.5)
Net increase (decrease) in cash and cash equivalents	11.1	5.4	5.6
Cash and cash equivalents at beginning of period	110.4	104.9	5.4
Cash and cash equivalents at end of period	121.5	110.4	11.1

Capital Expenditures and Depreciation and Amortization Expenses



* Capital expenditures and depreciation expenses both include intangible assets.

2021 Consolidated Financial Forecast

(Billions of yen)	2021	2020	Y-o-Y change		Jan.– Jun. 2021	Jan.– Jun. 2020	Y-o-Y change	
			Amount	%			Amount	%
Net sales	365.0	355.3	9.6	2.7	173.0	169.1	3.8	2.3
Core operating income % of net sales	30.0 8.2	35.9 10.1	(5.9)	(16.5)	11.5 6.6	16.3 9.7	(4.8)	(29.8)
Operating profit % of net sales	30.0 8.2	44.0 12.4	(14.0)	(31.9)	11.5 6.6	25.9 15.4	(14.4)	(55.7)
Profit for the period attributable to owners of parent % of net sales	21.0 5.8	29.8 8.4	(8.8)	(29.7)	8.0 4.6	18.6 11.0	(10.6)	(57.0)
EPS(Yen)	72.24	102.75	(30.51)	(29.7)	27.52	64.06	(36.54)	(57.0)

2021 Sales to External Customers Forecast

(Billions of yen)	2021	2020	Y-o-Y change		Jan.– Jun. 2021	Jan.– Jun. 2020	Y-o-Y change	
			Amount	%			Amount	%
Consumer Products	235.0	229.7	5.2	2.3	110.0	108.1	1.8	1.7
Industrial Products	32.0	31.5	0.4	1.4	16.0	15.1	0.8	5.3
Overseas	95.0	91.2	3.7	4.2	46.0	44.3	1.6	3.8
Others	3.0	2.8	0.1	6.0	1.0	1.4	(0.4)	(31.5)
Consolidated Total	365.0	355.3	9.6	2.7	173.0	169.1	3.8	2.3

Impact on income

(Billions of yen)	Assumptions at start of year
Sales, product mix and others	+1.5
Total cost reduction (cost of sales, logistics, etc.)	+1.0
Raw material prices	(1.5)
Competition-related expenses	(4.4)
Other expenses	(2.5)
Total	(5.9)

Assumed Raw Material Prices and Exchange Rates

Raw material prices

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2021 forecasts	\$56.0/BBL	JPY35,000/KL	3,800RM/ton

Exchange Rates

	U.S. Dollar	Thai Baht
2021 forecasts	JPY104.0	JPY3.40

◇Reference

	Dubai Crude	Domestic Naphtha	Crude Palm Oil
2020 actual	\$42.4/BBL	JPY33,091/KL	2,810RM/ton

	U.S. Dollar	Thai Baht
2020 actual	JPY106.4	JPY3.40



The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

- * The Lion Group applies the International Financial Reporting Standards (IFRS) .
- * Monetary amounts herein are truncated after the last digit shown.