

February 14, 2022
Company name: Lion Corporation
Representative: Masazumi Kikukawa,
Representative Director,
President and Executive Officer
Code: 4912
Tokyo Stock Exchange

Lion Announces Vision2030 1st STAGE, its New Medium-Term Management Plan

Lion Corporation is pleased to announce that it has formulated Vision2030 1st STAGE, a medium-term management plan covering the three-year period from 2022 to 2024, under which it will seek to achieve business growth and contribute to the realization of a sustainable society by putting the Lion Group purpose into practice.

I. The Positioning of Vision2030 1st STAGE

The Lion Group has established the management vision “Becoming an advanced daily healthcare company” for 2030, driven by its purpose, “Make a difference in everyday lives by redesigning habits: ReDesign,” and is carrying out corporate activities to realize this vision.

In recent years, the social mission of the Group, which is closely involved in daily living, has become increasingly important in light of changes in behavioral patterns caused by the COVID-19 pandemic and the desire for a sustainable society in the face of climate change and other issues. The Group formulated the Vision2030^{*1} long-term strategic framework last year in order to accelerate its evolution into a company that strives to resolve social issues through the fulfillment of its purpose.

Working toward the achievement of the management vision for 2030, we plan to carry out three consecutive three-year medium-term management plans in order to adapt to signs of change in the management environment and steadily implement our strategies. Within this framework, the Vision2030 1st STAGE medium-term management plan is the first phase, beginning in 2022. During this period of the plan, we will shift gears toward accelerated growth by implementing growth strategies and transforming our management base to achieve sales growth and EBITDA^{*2} expansion while helping to solve social issues through our business operations.

*1 Details of the Vision2030 long-term strategic framework can be found in Reference 1, attached to this release.

*2 EBITDA is an indicator of profitability on a cash basis that the Company uses to measure regular business performance, calculated as the sum of core operating income (gross profit minus selling, general and administrative expenses) and depreciation and amortization (excluding that of right-of-use assets as of 2022).

II. Overview of Vision2030 1st STAGE

1. Fundamental Concepts

The Group has been working to improve profitability and has shifted to a management base that can reliably maintain a certain level of profitability by moving toward higher-added-value products and implementing structural reforms. Going forward, we aim to enhance our market, economic and social presence in order to have a bigger and more positive impact on society.

Specifically, in order to make a difference in the daily lives of more people through the fulfillment of our purpose, we will advance business growth based on more contact with more consumers across more areas. By using cash generated from upfront investments and business growth to reinvest in further growth and bolster multi-stakeholder returns, we aim to realize an upward corporate value expansion spiral.

Enhancing Lion's market, economic and social presence

Achieve business growth by putting our purpose—Make a difference in everyday lives by redesigning habits—into action*1

*1 Business growth = More contact with consumers × More targets × More areas

Realize an upward corporate value expansion spiral*2

*2 Up-front investment ⇒ Business growth ⇒ Cash flow generation ⇒ Reinvestment/multi-stakeholder returns ⇒ Further growth..



2. Key Management Indicators

To achieve our management theme of enhancing our market, economic and social presence, we will focus on net sales growth and EBITDA expansion through the fulfillment of our purpose while using ROIC*3 management to improve the profitability and efficiency of invested capital.

Specifically, in 2024 we aim to achieve net sales of ¥420 billion (for a compound annual growth rate of over 4%), EBITDA of ¥52 billion (a record high), ROIC of approximately 7.5% and ROE of approximately 9.0%.

*3 ROIC is an indicator calculated as net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period and measures the efficiency and profitability of the invested capital.

3. Management Strategies

To realize the management vision for 2030, the Lion Group will synergistically address its Sustainability Material Issues and implement its three growth strategies, aiming to contribute to the realization of a sustainable society and achieve business growth.

(1) 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 contribute to the realization of mental and physical health for all and a sustainable society by redesigning habits.

a. Creating Healthy Living Habits

Through inclusive oral care^{*4} and other approaches, we will contribute to health, comfort and cleanliness in everyday living and longer healthy life expectancy.

^{*4} Initiatives aimed at reducing health disparities through oral care.

b. Promoting Environmental Initiatives for a Sustainable Planet

We will contribute to the realization of a decarbonized, resource-circulating society by promoting the formation of environmentally friendly habits together with consumers. In addition to further developing our environmentally friendly technologies, products and services, we will work with other industry actors and companies to develop water-saving habits, power-saving habits, refill habits and waste-free habits^{*5} that reduce environmental impact in the home, both in Japan and the rest of Asia.

^{*5} Creating habits to realize resource recycling through advanced recycling initiatives (infrastructure development, recycling technology, etc.)

(2) Three Growth Strategies

a. Accelerate Growth in Four Fields of Value Creation^{*6}

Focusing on four fields of value creation (oral health, infection control, smart housework and well-being) that drive growth in the Lion Group, we will ambitiously work to evolve existing businesses and create new business models. By providing both functional and experience-based value, we aim to go beyond the boundaries of a manufacturer and contribute to the creation of better habits.

In particular, we will work to expand our overseas business, which will be important to achieving the vision for 2030. To this end, we will evolve our glocalization strategy^{*7} in Asia and reinforce our business in China, our most important overseas market, as well as other countries and areas where we have a presence. We aim to expand our presence in Asia by entering two or more new countries or areas by 2024.

^{*6} The four fields of value creation are described in Reference 2, attached to this release.

^{*7} A strategy for creating a unique competitive advantage by integrating globalization and localization.

b. Transform our Business Foundations for Growth

In addition to securing a steady return on the upfront investments made under the previous medium-term management plan, the LIVE Plan (2018–2020), we will focus on M&A as a way of strengthening necessary strategic investments to secure future growth and reinforce supply chain management, manufacturing infrastructure, digital technologies and sustainability. We will strengthen management control through

ROIC management, application of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the use of internal carbon pricing (ICP).

c. Generate Dynamism to Realize Innovative Change

We will create dynamism to transform into a company that can grow sustainably by improving employee engagement through professional fulfillment reforms and diversity and inclusion initiatives.

(3) Cash Allocation Approach for Vision2030 1st STAGE

By synergistically promoting the above sustainability strategies and three growth strategies, we expect to obtain more than ¥120 billion in cash over the three years of the plan, of which more than ¥80 billion will be used for future strategic investment and more than ¥30 billion will be returned to shareholders through dividends and the acquisition of treasury stock.

In the event that strategically important M&A or additional investment is required, we will flexibly raise funds, taking into consideration financial safety and weighted average cost of capital (WACC).

III. Consolidated Performance Targets and Shareholder Returns

1. Consolidated Performance Targets

Regarding the management theme of enhancing market, economic and social presence, under Vision2030 1st STAGE, we aim to achieve sales growth and record-high EBITDA by shifting gears toward accelerated growth.

Consolidated Performance Targets

	2024 Target	Change from 2021	
		Amount	%
Net sales	420	53.8	14.7%
Core operating income	32	1.1	3.5%
EBITDA	52	6.8	15.1%
Return on invested capital (ROIC)	Approx. 7.5%	—	(1.3 points)
Return on equity (ROE)	Approx. 9.0%	—	(0.8 points)

Net Sales Targets by Business Segment

	2021 Results		2024 Target		Annual average growth rate
	Net sales	Share of total (%)	Net sales	Share of total (%)	
Consumer Products	229.5	62.7%	250.0	59.5%	2.9%
Industrial Products	34.7	9.5%	37.0	8.8%	2.1%
Overseas	98.7	27.0%	130.0	31.0%	9.6%
Other	3.1	0.9%	3.0	0.7%	(2.1%)
Total	366.2	100%	420.0	100%	4.7%

2. Shareholder Returns

In line with our basic policy of returning profits to shareholders on a continuous and stable basis, we will continue to aim for a consolidated payout ratio of approximately 30% and to increase dividends annually over the three years of Vision2030 1st STAGE. Treasury stock acquisition will be carried out flexibly based on the comprehensive consideration of the Company's financial standing, including consolidated business performance and progress in strategic investment. At the meeting of the Board of Directors held today, a resolution to acquire treasury stock and cancel all the acquired shares was passed and announced.

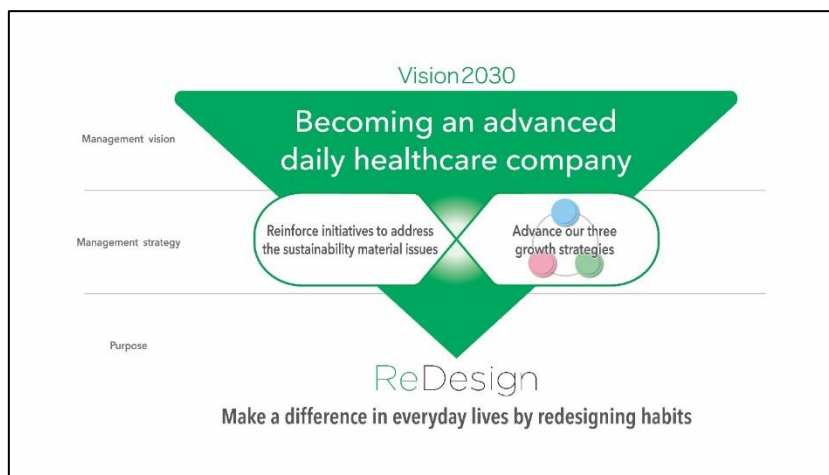
Reference: Notice Concerning the Acquisition of Treasury Stock through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) and the Cancellation of Treasury Stock

*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 changes in the business environment (i.e., the spread of COVID-19, large-scale natural disasters, exchange rate fluctuations, substantial changes in raw material costs, overseas political instability, etc.) and that these statements may be revised without prior notice.

Reference 1

Vision2030 Long-Term Strategic Framework

Vision2030 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.

(2) Management Strategies for Realizing the Management Vision

Lion will speed up business growth by advancing the three basic strategies of Vision2030: a. Accelerate growth in four fields of value creation, b. Transform our business foundations for growth and c. Generate dynamism to realize innovative change.



1. Accelerate growth in four fields of value creation

Focusing on the four fields of value creation, the directions for growth, we will evolve existing businesses and create new businesses to further accelerate growth in Japan and overseas.

2. Transform our business foundations for growth

We will continue to engage in and reinforce strategic investment (M&A, SCM, infrastructure, digital, sustainability, etc.) necessary for future growth and transform our business base to one that promotes growth.

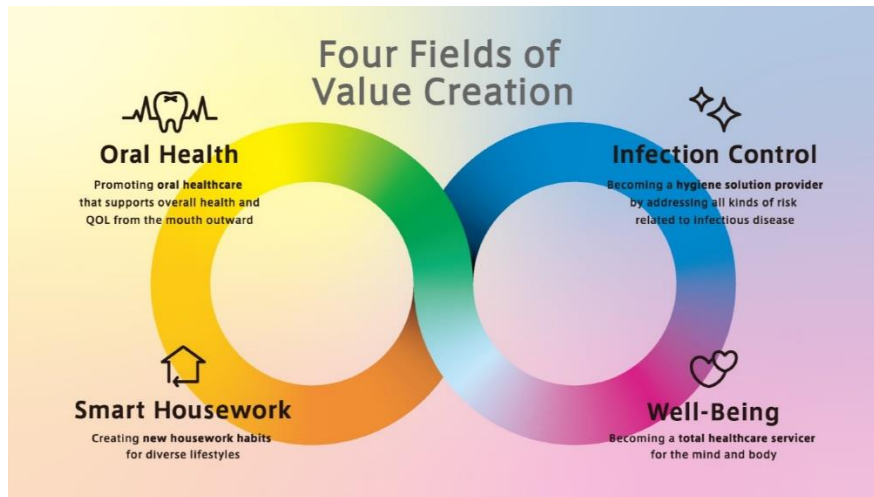
3. Generate dynamism to realize innovative change

We will create dynamism to transform into a company that can grow sustainably by improving employee engagement through professional fulfillment reforms and diversity and inclusion initiatives.

Reference 2

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.



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.